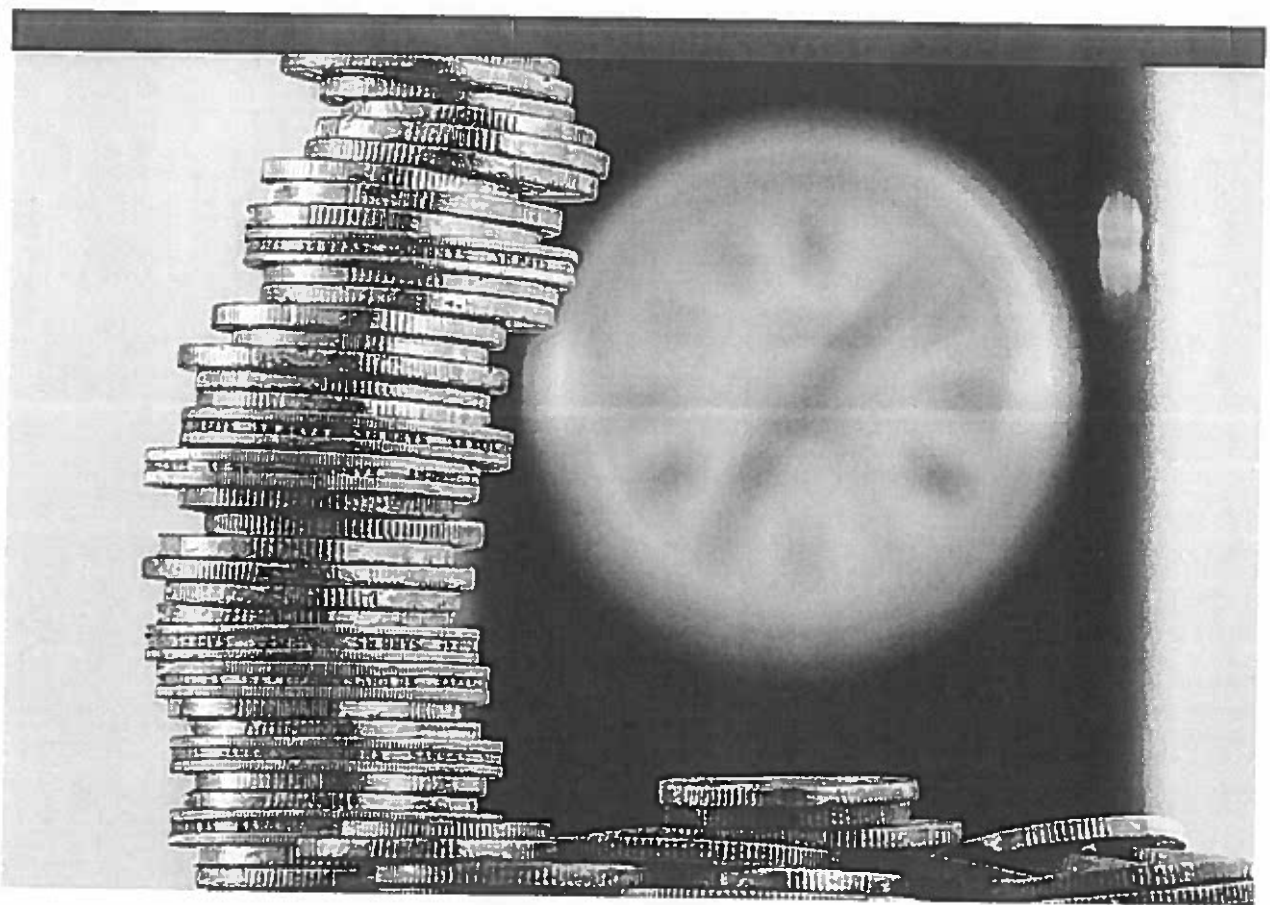




Fermanagh & Omagh  
District Council  
Comhairle Ceantair  
Fhear Manach agus na hÓmaí

# Audited Statement of Accounts Year Ended March 2018





# Fermanagh and Omagh District Council

## Statement of Accounts for Year Ended 31 March 2018

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# **Fermanagh and Omagh District Council**

## **Report on Annual Statement of Accounts 2017/18**

### **Introduction**

The Audited Statement of Accounts for the year ended 31 March 2018 have been prepared in a form directed by the Department for Communities in accordance with Regulations 3(7) and (8) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 (the Regulations).

They have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31 March 2018 (the Code) and the Department for Communities Accounts Direction, Circular LG 05/2018 and LG 17/18. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Council.

This Statement of Accounts explains Fermanagh and Omagh District Council's finances during the financial year 2017/18 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

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

The Council's financial performance for the year ended 31 March 2018 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

The style and format of the Statement of Accounts (the Accounts) is similar to that of previous years except for the Comprehensive Income and Expenditure Statement (and supporting notes) which reflects the Organisational Structure of the Council. The comparative figures, which were previously reported in line with the Service Reporting Code of Practice (SeRCOP) have been restated.

### **Group Accounts**

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

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

This statement, as set out on page 35, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

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

This Statement, as set out on page 36, shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance. The 'Net increase/Decrease before transfers to Earmarked Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

## **The Balance Sheet**

The Balance Sheet, as set out on page 37, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

## **The Cash Flow Statement**

The Cash Flow Statement, as set out on page 38, shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

## **Basis of Preparation**

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

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

In line with the Regulations the Unaudited Statement of Accounts were signed by the Chief Financial Officer and submitted to the Northern Ireland Audit Office and the Department for Communities before the prescribed date of 30th June 2018. The final Statement of Accounts, will be considered by the Council's Audit Panel and Policy and Resources Committee. Following consideration, the Statement of Accounts will be presented for approval, signing and dating and will be published on the Council's website no later than 30th September 2018. The Council expects to receive the Local Government Auditors Report before that date.

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

- 1) An Introduction to Fermanagh and Omagh District Council
- 2) Community and Corporate Planning
- 3) Governance Arrangements and Organisational Model
- 4) Estimates of Income and Expenditure for 2017/18
- 5) Medium Term Financial Planning
- 6) Revenue Income and Expenditure 2017/18
- 7) Capital Programme 2017/18
- 8) Reserves and Treasury Management
- 9) Performance against the Corporate Plan and the Council's Improvement Objectives.
- 10) Summary Position 2017/18

## 1 An Introduction to Fermanagh and Omagh District Council

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

The Council covers an area of 2,829 square kilometres in the South West of Northern Ireland which represents approximately 20% of the total land mass of Northern Ireland. Hence, the district is the largest, geographically, of the 11 Council areas, however it has the smallest population with about 115,000 people. The district is a place of outstanding natural beauty, with a unique mix of tranquil lakelands, heather clad mountains, ancient boglands, forest parks, historic towns and villages and a rich cultural heritage.

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

The Council's mission is:

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

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

## 2 Community and Corporate Planning

### Community Planning

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

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

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

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

- Theme 1 People and Communities the aim of which is to improve the wellbeing of our citizens and develop thriving rural and urban communities;
- Theme 2 Economy, Infrastructure and Skills the aim of which is to improve employment opportunities for all by supporting the development and growth of a more sustainable local economy and better-connected area;
- Theme 3 Environment the aim of which is to promote positive action on climate change, sustainable management and enhancement of natural, built and cultural environment; and
- Theme 4 Supporting Service Delivery the aim of which is to promote the ongoing development of a well-governed and continuously improving organisation which achieves excellence in service delivery.

### **Annual Improvement Objectives**

Each year the Council will identify, consult upon and publish Improvement Objectives which will set out what the Council will do in the year ahead to deliver on its statutory duty to secure continuous improvement.

### **3 Governance Arrangements and Organisational Model**

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

The political makeup of the Council during 2017/18 was as follows:

Sinn Fein	16 Councillors
Ulster Unionist Party	8 Councillors
Social Democratic and Labour Party	6 Councillors
Democratic Unionist Party	6 Councillors
Independent	4 Councillors

The policies of Fermanagh and Omagh District Council are directed by the Political Leadership and implemented by the Senior Management Team and all employees of the Council. Council services are delivered from both Omagh and Enniskillen, and all Council and Committee meetings alternate between the Grange in Omagh and the Townhall in Enniskillen.

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

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

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

### **Management Structure**

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

During 2017/18 the Senior Management Team comprised the Chief Executive (the Head of Paid Service) and four Directors:

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



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

### **Risk Management**

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

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

The Council has a detailed risk register which outlines specific risks, mitigations and opportunities and this is regularly reviewed. The most significant risks currently relate to uncertainties associated with the Brexit decision and compliance with General Data Protection Regulations and these are further discussed in the Governance statement.

### **Annual Governance Statement**

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

Following consideration of the findings of the review of the governance arrangements, including Internal Audit's Annual Opinion, the Council will approve an Annual Governance Statement which is included in the Accounts. As part of producing this statement, Directors and Heads of Service within the Council are required to produce individual, signed annual assurance statements, setting out the risk control framework in place for their area of responsibility and disclosing any significant governance issues and the action planned to address them. The significant risk issues noted in the statement for 2017/18 relate to uncertainties around Brexit decision, financial uncertainty in relation to Central Government budgets including the allocation of the Rates Support Grant, fluctuations and pressures on the waste disposal market and achieving compliance with the requirements of the new General Data Protection Regulations.

### **Financial Regulations**

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

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

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

### **Budget Monitoring**

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

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

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

- ensure all income and expenditure is properly recorded and accounted for;
- ensure that individual sub-budgets are not overspent;
- exercise discretion in managing the service's budgets;
- ensure that a monitoring process is in place; and
- provide explanations for variations to the Director of Corporate Services and Governance.

Monthly income and expenditure reports and forecasting information are included as a standing item on the agenda for meetings of the Senior Management Team and Departmental Management Teams. Quarterly reports on the Capital Expenditure and funding streams are presented individually, as part of the reporting requirements under the Prudential Indicators and in conjunction with the Funding and Investment Unit of the Council. Regular Reports are also provided to the Policy and Resources Sub-Committee of the Council.

## **4 Estimates of Income and Expenditure for 2017/18**

The Estimates of Income and Expenditure for 2017/18 were prepared, in accordance with Local Government Finance Act (Northern Ireland) 2011. Subsection 3 of this Act requires that before 15 February each year the Council:

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

The Estimates of Income and Expenditure for 2017/18 were approved by the Council on 8 February 2017 following consultation with a Members Estimates Working Group which met at agreed intervals to consider the Estimates of Income and Expenditure before they were presented to the Policy and Resources Committee or a meeting of the full Council.

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

The objectives of the rates process include:

- To support the aims and objectives of the Community Plan 2030, and the Corporate Plan;
- To help elected members to determine service and capital priorities and their timing;
- To forecast the changes in demand for services;
- To highlight the likely implications of changes in legislation on spending;
- To show the future costs of alternative policies and match demand with resources;
- To support the overall legislative duty of continuous improvement;
- To determine how future operations and resources should be directed; and
- To provide a framework for programming activities by individual services.

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

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

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

There are a number of other ear-marked grants which are related to specific areas of service delivery.

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

In formulating the Estimates for 2017/18 consideration was given to the Council's Corporate Priorities, strategic reviews, appraisals needed to support Capital Plans, the penny product and budget available within central government for the Rates Support Grant and other grant support.

The Revenue Estimates for 2017/18 is detailed in the following table which includes approved transfers to and from the Council's Reserves. The increase in domestic and non-domestic rate was 2.95% on the 2016/17 year.

Revenue Estimates 2017/18	Total Expenditure	Total Income	Net Expenditure
	£	£	£
Community Planning and Performance	333,385	0	333,385
Policy and Strategic Services	388,624	-76,352	312,272
Corporate Management	1,352,993	-560	1,352,433
Environmental Health	2,219,944	-942,420	1,277,524
Community Services	2,647,990	-1,503,796	1,144,194
Arts and Heritage	3,111,392	-798,740	2,312,652
Leisure, Recreation and Sport	5,097,468	-2,305,865	2,791,603
Finance	1,130,706	-5,000	1,125,706
Operations and Estates	2,736,712	-494,201	2,242,511
Democratic and Customer Services	1,867,596	-167,000	1,700,596
Human Resources and Organisational Development	668,401	0	668,401
Building Control and Licensing	2,393,466	-2,028,088	365,378
Waste and Recycling	8,952,409	-322,898	8,629,511
Contracts and Operation Management	684,681	0	684,681
Parks and Open Spaces	4,374,163	-62,250	4,311,913
Funding and Investment	607,375	0	607,375
Planning	1,716,928	-1,025,000	691,928
Tourism and Economic Development	3,463,394	-2,120,670	1,342,724
Bank Interest and Investment Income		-20,000	-20,000
<b>Total</b>	<b>43,747,627</b>	<b>-11,872,840</b>	<b>31,874,787</b>
<b>Transfers to/from Reserves</b>			
Renewal and Repairs Fund (net)			476,500
<b>Financing of Capital Expenditure</b>			
Minimum Revenue Provision & Loan interest			2,100,000
Direct Revenue Financing			640,000
<b>Total</b>			<b>2,740,000</b>
<b>Total expenditure to be funded</b>			<b>35,091,287</b>
<b>Estimated Central Government Support</b>			<b>3,822,562</b>
<b>Estimated Amount to be raised from Rates Base</b>			<b>31,268,725</b>

## 5 Medium-Term Financial Planning

A Medium-Term Financial Plan was approved by Council in conjunction with the Revenue Estimates for 2017/18 which included the Capital Expenditure Programme for 2017-2020 as well as setting out the Council's overall Financial Strategy. The Capital Plan for 2017/18 was subsequently revised and a summary, together with proposed funding, is detailed below.

2017/18 Capital Estimates	Gross Spend	Grant	Net Cost
	£	£	£
Projects developed/advanced for delivery	2,704,000	280,000	2,424,000
Projects at feasibility stage awaiting approval	75,000	-	75,000
General allocations to support planned works	1,100,000	15,000	1,085,000
Projects subject to funding with Council match element	670,000	625,000	45,000
<b>Total</b>	<b>4,549,000</b>	<b>920,000</b>	<b>3,629,000</b>
<b>Funded by:</b>			
Repairs and Renewals Fund			937,000
Capital Fund			492,000
Leisure Fund			200,000
Transformational Reserve			990,000
Revenue Transfers			900,000
Capital Receipts			110,000
<b>Total</b>			<b>3,629,000</b>

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

Capital Estimates	2018/19	2019/20	2020/21
	£	£	£
Projects developed/advanced for delivery	2,925,000	720,000	0
Projects at feasibility stage awaiting approval	1,095,000	4,670,000	6,300,000
General allocations to support planned works	2,740,000	1,865,000	1,750,000
Projects subject to full funding	250,000	1,000,000	0
Projects subject to funding with Council match element	3,455,000	4,749,000	3,705,000
<b>Total</b>	<b>10,465,000</b>	<b>13,004,000</b>	<b>11,755,000</b>
<b>Anticipated Funding</b>	<b>1,949,000</b>	<b>4,915,500</b>	<b>2,955,000</b>
<b>Council Funding and Proposed Borrowing</b>	<b>8,516,000</b>	<b>8,088,500</b>	<b>8,800,000</b>

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

### Prudential Indicators

Prudential Indicators for 2017-20 were prepared in line with CIPFA's Prudential Code and they include the impact of the financing strategy for the 2017-2020 capital plans on the Council's borrowing levels. The main objective of Prudential Indicators is to ensure that the Council's capital plans are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice. In order to account for the repayment of the Council's borrowing, irrespective of when the timing of loan receipts and payments might take place, the Council is required to make an annual prudent provision for the repayment of borrowing through a charge to its General Fund referred to as Minimum Revenue Provision (MRP). The Council's approved MRP policy is based on the asset life method for borrowing. Quarterly reports on Prudential Indicators are presented to the Policy and Resources Committee.

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

## 6 Revenue Income and Expenditure 2017/18

The total net operating expenditure reported in the Comprehensive Income and Expenditure Statement is £41.4m.

The Council's financial performance for the 2017/18 year has resulted in an overall surplus (underspend against budget) and this has been contributed to by:

- cost savings against budget expenditure of £430k for waste disposal as a result of positive variation in recycling waste disposal contract costs and tonnages of waste to landfill being less than estimated;
- additional grant received and underspends in certain budgets against match-funding requirements, mainly in the budgets of Economic Development and Urban Regeneration and Community Development (combined net £490k) due to timing issues;
- additional income generated in a number of service areas including leisure centres, tourist facilities, planning and off-street car parking (£435k);
- an underspend in Members Allowances of £70k;
- additional bank interest received in excess of budget of £55k; and
- general underspends in some budget areas.

The reported position includes some overspends against budget, which have been previously reported to the Policy and Resources Committee. These have arisen due to variation in income levels and expenditure not anticipated at the time of setting the 2017/18 budgets.

Rates Income of £31.2m, has been supplemented by an additional £1m of Penny Product which results in total Rates Income for 2017/18 of £32.3m. The Department for Communities (DfC) updated the allocation of De-Rating Grant for 2017/18. The Council received £1.76m of grant and the indicative year end Actual Penny Product amounts to £1.71m which results in a repayment of £43k due to the Department. Rates Support Grant of £1.48m and Transferred Functions Grant of £520k (which includes grant for the Regional Property Certificate Unit which is detailed in Note 28) were received during 2017/18. The Transferred Functions Grant is in line with the Estimate for 2017/18 and the Rate Support Grant is £61k less than the Estimate, as previously reported to the Policy and Resources Committee.

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

A summary of the actual income and expenditure (excluding technical accounting adjustments and Tullyvar which is accounted for as a Joint Arrangement - note 29 and including finance & investment income and expenditure note 9) for 2017/18 compared with the Estimates for the year is shown below.

	2017/18		
	Actual	Estimated	Variance
	£	£	£
<b>Net Income and Expenditure *</b>	30,035,389	31,874,787	-1,839,398
			-
<b>Transfers to/from Reserves</b>	2,845,346	476,500	2,368,846
<b>Financing of Capital Expenditure</b>			-
Minimum Revenue Provision & HP/Loan interest	1,988,342	2,100,000	- 111,658
Direct Revenue Financing	716,261	640,000	76,261
<b>Total net expenditure to be funded</b>	<b>35,585,338</b>	<b>35,091,287</b>	<b>494,051</b>
Central government support**	- 3,360,519	- 3,822,562	462,043
Rates income	- 32,347,947	- 31,268,725	- 1,079,222
<b>Surplus for the year</b>	<b>123,128</b>	<b>0</b>	<b>123,128</b>

refer to expenditure and funding analysis

\* Includes Finance and Investment Income

\*\*Fermanagh and Omagh District Council provides a Regional Property Certificate service on behalf of all Councils following transfer of this service from the Department for Communities (DfC) on 01 April 2015. Transactions relating to this service including the Transferred Functions Grant received from the DfC are not included in the Statement of Accounts but are disclosed in Note 28.

### Significant Transactions in 2017/18

#### i) Provisions

The Council has an obligation for the closure of Drummee Landfill Site and for the aftercare of both Drummee and Glassmullagh Landfill Sites. Provisions are required in the Annual Statement of Accounts for the Council for both landfill sites for 60 years post closure which

have been agreed by the Northern Ireland Environment Agency at 31 March 2014 and are assessed annually by a suitably qualified civil engineer. Discount rates are used to discount the cash flows in the provisions and reliance is placed on the rates provided by the Council's Treasury Management Advisors. The provisions are detailed in Note 19 to the Statement of Accounts.

**ii) Valuation of Council Property**

A valuation exercise was carried out by Land and Property Services at 31 March 2018 on the Council's Land and Buildings. The overall movement is £11.9m and is included in Note 11 to the accounts.

**iii) Joint Operation - Tullyvar Landfill Site**

Tullyvar Joint Committee is a landfill site jointly owned and managed by the Council and Mid Ulster District Council on equal ownership share basis. Following changes in the CIPFA Code of Practice as a result of amendments to IFRS 11 Joint Arrangements, the Joint Committee is now considered to be a Joint Operation. To ensure compliance with accounting standard IFRS 11 Joint Arrangements the Council's share of Tullyvar income and expenditure is included within Environmental Services reporting line in the Comprehensive Income and Expenditure Account and the Council's rights to assets and obligations for liabilities are included in the relevant reporting lines on the Balance Sheet. A summary of the accounting adjustments to reflect the Council's share of Tullyvar Landfill site is detailed in Note 29.

**iv) Transactions Relating to Retirement Benefits**

The Council participates in the Northern Ireland Local Government Officers' Pension Fund. The Scheme, which is administered by Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC), is accounted for as a defined benefit scheme and reliance is placed on the accounting schedules for this Scheme which are provided by an independent firm of Actuaries. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. Full detail included within Note 21. The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions. A loss of £600k resulting from the measurement of the net defined liability is included in the Comprehensive Income and Expenditure Statement. The actuarial valuation of the Council's pension scheme liabilities shown on the Balance Sheet has increased by £2.98m to £28.1m.

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

## **7 Capital Programme 2017/18**

The revised planned spend for the Capital Programme in 2017/18 was £4.55m. The Council incurred gross expenditure of £3.87m for capital purposes during the year. The remainder of the programme is reprofiled for future years.

The capital expenditure for year was funded by Government grants, revenue contributions, transfers from the Council's usable funds and capital receipts. The funding of the capital programme is detailed in the Note 12 to the Accounts. The most significant spends on capital programmes were:

Enniskillen County Buildings	£462k
Omagh RiverWalk	£106k
Vehicles, plant and equipment	£1.39m

Project Citizen-High Street Building	£135k
Bawnacre Tennis Courts	£249k
Refurbishment of Dublin Road Building	£106k
Fermanagh Lakeland Forum New Store	£192k
Enniskillen Castle Development	£176k

## 8 Reserves and Treasury Management

The Local Government Finance Act (Northern Ireland) 2011 requires the Chief Financial Officer to submit a report to Council on the adequacy of the financial reserves for a financial year. In arriving at his recommendation on the minimum prudent level of reserves, strategic, operational and financial risks were taken into account. The minimum general reserve balance set by the Council for 2017/18 was £3.0m. The position will increase the Council's General Reserve balance by £123k to £3.2m which exceeds the minimum general reserve balance set for 2017/18 of £3m but which is considered prudent in light of the current economic climate.

The financial position includes transfers to the Council's specified Usable Reserves and Funds of £2.845m (inclusive of an interest transfer of £43.8k but exclusive of Tullyvar movement of £229k):

Renewal and Repairs Fund	£726.5k
Election Reserve	£120k
Capital Fund	£295k
Economic Development Fund	£910k
Waste Management Reserve	£450k
General Contingency Reserve	£300k

Details of Council's Reserves are included in Movement in Reserves Statement (page 36).

### Treasury Management

A Treasury Management Policy (incorporating Treasury Management practices) which sets out the expected treasury management activities and treasury management practices was approved by the Council for 2017/18 and it is linked to the Council's Corporate and Capital Plans. The Council aims to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity giving priority to security first, liquidity second and then return.

The Council appointed Treasury Management Advisors during the year 2015/16 and use the services of these advisors to continually assess and monitor the credit quality of Financial Institutions within which short-term investments are held. At the end of the financial year 31 March 2018, the Council had £19.71m of short-term investments. The return on investments in the year was £76k.

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

There were no new loans or leases taken out during the year. All Hire Purchase liabilities were settled during the year and early repayment of some loans was made during the year, following approval by the Policy and Resources Committee. The total level of borrowing at 31 March 2018 is £8.23m. The Minimum Revenue Provision charge to the General Fund was £1.38m. Interest paid on the hire purchase agreements and loans during the year was £607k.



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

Performance against the Council's Improvement Objectives is monitored half yearly and the Council's performance against its Corporate Plan will be included in the Annual Performance Report for the year 2017/2018 along with the annual review of the Improvement Objectives. The Council published its Annual Performance Report covering performance during the 2016/17 year in September 2017.

- a) 95.08% of the Theme 1 (People and Communities) actions programmed for that year were achieved.
- b) 90.48% of the actions programmed under Theme 2 (Economy, Infrastructure and Skills) were achieved.
- c) 92% of the actions programmed under Theme 3 (Environment) were achieved.

Three Improvement Objectives – concerned with reducing environmental impact; improving local services and seeking to be a more modern and efficient Council were satisfactorily progressed through six associated Improvement Projects during 2016/17. The overall evaluation of the Council's position for the delivery of improvement objectives and projects was Good where strengths outweighed areas for improvement. The Annual Report for 2016/17 is available on the Council website. The Northern Ireland Audit Office (NIAO) audit the Councils Annual Improvement Performance. The NIAO Annual Improvement Report is available on the Council website. The Annual Report for 2017/18 will be available in September 2018.

## **10 Summary Position 2017/18**

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

In addition to meeting statutory functions, during 2017/18, the Council addressed new challenges in service delivery in implementing new food waste collection services and undertaking a programme of route optimisation for refuse collection. There has been increased participation in recreation, leisure and sporting activities provided by the Council and enhanced community services provision. A comprehensive programme of economic development work has been delivered and there has been considerable time and effort devoted to partnership working with other agencies and bodies to support the delivery of effective services in our district.

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

The Council recognises that having completed the initial programme of transition to a new organisation following the Review of Public Administration, the focus for the future is on transformational work to develop long-term strategies to ensure continued effective delivery of services. This is being approached through a structured programme which has commenced work in the areas of leisure, recreation and sport; Fleet and the Council's Estate. This work will ensure that the Council is well placed to adapt to the challenges, progress with key investment projects and to take advantage of the opportunities offered.

The Council's financial and non-financial performance in 2017/18 continues to perform well. The overall revenue surplus of £123k (after the transfer to earmarked reserves to support the 2018/19 budget) is in line with expectations. The capital outturn has been managed to minimise the level of re-profiling required at the year end and the Council has sufficient reserves and balances to

provide financial resilience for 2018/19 and future years. There are risks and challenges as well as opportunities as highlighted throughout this report, but there are well established and robust risk management processes in place and, together with robust financial management and reporting, the Council is in a strong position as it moves into 2018/19.

### **Receipt of Further Information**

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

### **Acknowledgements**

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

**Celine McCartan**  
**Director of Corporate Services and Governance**

## Fermanagh and Omagh District Council

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

#### The Council's Responsibilities

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

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

These audited accounts were approved by the Chief Executive, as Chief Financial Officer of Fermanagh and Omagh District Council, on 24<sup>th</sup> September 2018.

Signed:  Date: 24.09.18.  
Chief Financial Officer

#### The Chief Financial Officer's Responsibilities

Under Regulation 8 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department for Communities.

The accounts must give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

In preparing this Statement of Accounts, the Chief Financial officer is required to:

- observe the Accounts Direction issued by the Department for Communities including compliance with the Code of Practice on Local Authority Accounting in the United Kingdom;
- follow relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis; and
- make judgements and estimates that are reasonable and prudent.

The Chief Financial Officer is also required to:

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

## **Fermanagh and Omagh District Council**

### **Annual Governance Statement**

#### **Scope of Responsibility**

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

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

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

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

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

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

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

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

The governance framework has been in place at Fermanagh and Omagh District Council for the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

#### **The Governance Framework**

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

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

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

district. The Community Plan was formally launched to the public in March 2017 and copies have been widely distributed. Since then a Community Plan Action Plan has been developed and widely consulted upon. It was agreed by the Council and by the Community Planning Partnership in March 2018 and includes reference to the Vision for the district and how the agreed long-term outcomes for the district will be taken forward through a range of partnership actions. Both documents are available to view at [www.fermanaghomagh.com](http://www.fermanaghomagh.com).

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

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

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

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

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

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

During 2017/18, Fermanagh and Omagh District Council, commissioned Social Market Research (SMR) to undertake a Residents' Survey across the Council district. The aim of the survey was to gain information on how residents assess their local area, the Council's performance on a selection of areas and to collect information that will provide key indicators of the wellbeing of residents that are not available elsewhere. The objectives of the survey were two-fold:

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

The survey provided a wide range of valuable statistical data which can be used as a baseline for gauging future quality of services and service user satisfaction. The overall residents' satisfaction rating for the Council was 70%. The Residents' Survey will be utilised across all service areas to establish baseline data and to monitor progress year on year.

The Council has agreed three related Corporate strategies- Customer Service Strategy; Community Engagement and Involvement Strategy; and a Communications Strategy. The strategies are closely aligned, place significant emphasis on citizen involvement in the Council's

decision-making process, communicating with the public and on customer satisfaction with service delivery. A composite action plan is in place which sets out the corporate objectives and actions focussed on the delivery of high-quality services for customers to meet their needs. Performance indicators are also in place to measure the outcomes from the implementation of these strategies.

A key part of this action plan is 'Project Citizen' - a programme of work which aims to develop a Council-wide customer service culture; develop a programme of staff development to enable staff to acquire new customer focussed skills to enhance efficient service delivery to customers; demonstrate the achievements of continuous improvement and; where applicable, deploy innovative technology to support citizen engagement with the Council. Project Citizen was progressed during 2017/18 with the first Connect Centre opened to the public in May 2018.

The Council also has in place Comments, Compliments and Complaints policy and procedure, through which customers can provide feedback on their satisfaction levels with the Council's service delivery. Customers can feedback through email, telephone, letter, face to face, via the website or Facebook. The Leisure Centres and Arts Centres have specific customer satisfaction/ comments recording processes in place. The feedback received from all these sources is used to inform service delivery and improvements.

As an extension of this work, it is proposed that a Citizens' Panel will be established to help inform the decision-making process in the interim and to assist in developing customer service improvements. The Citizen's Panel would also be available to the Community Planning Partners to help inform decisions relevant to the progression of the district's Community Plan.

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

Fermanagh and Omagh District Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Council operates a committee system, although the Council remains ultimately responsible for the exercise of all functions. Meetings of the Council and committees are generally open to the public except where 'confidential' or 'exempt' matters, as defined by the Local Government Act (Northern Ireland) 2014, are discussed.

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

During 2017/18, the Council approved a Marketing Communication Strategy to support effective communications. This strategy is being implemented through an action plan linked to the key objectives to improve communications. This work is also reflected in the Council's Performance Improvement objectives for 2018/19.

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

The Council's Constitution includes the Northern Ireland Local Government Code of Conduct for Councillors, the Code of Conduct for Employees and the Employee/Councillor Working Relationship Protocol which sets out the working relationship between Councillors and Employees and the steps to be taken to deal with concerns and seek a resolution to difficulties that may arise. All Members were issued with a copy of the Constitution as part of their induction.

In January 2015, the Council adopted the Code of Conduct for Local Government Employees as outlined in Circular LGRJF/09 – November 2014 and the associated Local Government Employee and Councillor Working Relationship Protocol. The Code builds on, and is in keeping with, the seven principles of public life articulated by the Nolan Committee on Standards in Public Life and the five further principles of conduct that have been adopted by the Northern Ireland Assembly.

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

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

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

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

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

A range of employee awareness training has taken place in 2017/18, including a further session on Code of Conduct Awareness Training which was held in May 2017, and four Corporate Induction Programmes for new employees – which specifically includes information on the Code of Conduct. During 2017/18 an elearning module was developed on the Council's Learning Management System. A copy of the Code of Conduct for Employees is included in the employee induction pack as well as being provided on the Employee Intranet.

**Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedures notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks.**

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

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

The Council's Financial Regulations set out the overarching financial responsibilities of the Council and its staff and provides the framework within which the Council's financial affairs are managed. The Financial Regulations, which were reviewed and updated in March 2018, are supported by a detailed Accounting Manual which covers all operational areas within the Finance section.

The Council's Corporate Risk register is developed and reviewed by senior management and reported to the Audit Panel. The minutes of the Audit Panel are reported through the Policy and Resources Committee to the Council. Internally, Departmental Risk Registers have been developed and these are regularly reviewed and updated by Departmental Risk Management

Teams and reported through to Senior Management Team to inform the Council's Corporate Risk register.

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

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

Fermanagh and Omagh District Council has an established Risk Management Policy, the aim of which is to establish and operate risk management procedures and to promote an organisational culture which ensures that risk management is an integral part of every activity. The Policy is supported by a Risk Management Procedure which provides guidance on Risk Identification and Analysis and the Monitoring and Reporting Timetable. Departmental Risk Registers are reviewed bi-annually and are reported to Senior Management Team. The Council's Corporate Risk Register is also reviewed bi-annually by Senior Management Team and is presented to the Audit Panel. The Audit Panel consider and approve any updates to the Risk Management Policy and consider the effectiveness of the Council's risk management arrangements and seek assurances that action has been taken on risk related issues identified by External and Internal Audit.

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

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

The Council has in place a Fraud and Corruption Policy the objective of which is to ensure that the approach of the Council to Fraud and Corruption is open, clear and transparent to all. The policy details the processes of reporting suspicion and includes a fraud response plan, reporting responsibilities and the role of Internal Audit. Fraud and Whistleblowing are a standing item on the Audit Panel agenda and regular reports on any relevant matters were provided during the 2017/18 year.

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

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

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

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



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

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

Core activities and behaviours:

- championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
- giving an objective and evidence-based opinion on all aspects of governance, risk management and internal control.

To perform this role the Head of Internal Audit:

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

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

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

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

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

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

The Audit Panel met four times during 2017/18 and the Chair of the Audit Panel may also convene additional meetings as they deem necessary. Audit Panel meetings will normally be attended by the Chief Executive, the Director of Corporate Services and Governance, the Head of Finance, the Head of Community Planning and Performance, the Internal Auditor and a representative of External Audit. The Audit Panel may ask any other officials of the Council to attend to assist it with its discussions on any particular matter.

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

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

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

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

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

Fermanagh and Omagh District Council has a Fraud and Corruption Policy and a Whistleblowing Policy both of which were reviewed, updated and approved by the Council in 2017/18.

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

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

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

Fermanagh and Omagh District Council is committed to dealing with all complaints fairly and impartially. The complaints procedure is available in electronic format via the Council website or is available in hard copy on request. An internal audit review of Customer Service (Complaints and Feedback) was completed during the year and work on the recommendations is ongoing.

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

Fermanagh and Omagh District Council has signed up to the Elected Member Development Charter Award and is progressing toward accreditation at Level 1. Members have been offered the opportunity to avail of a Training Needs Analysis which helps inform the requirement for both individual and/or all Councillor learning and development opportunities. An Elected Member Development Steering Group comprising cross-party representation has been established and meets bi-monthly to champion learning and development for Members of the Council. An Elected Member Learning and Development Policy has been developed and approved which also assists in embedding learning and development. Members have also been provided with a copy of the '21st Century Councillor' which highlights the competencies required by Councillors to fulfil their role.

Elected Members are informed of the mandatory training they are required to undertake in order to fulfil their role as Councillor as part of the induction process. This includes the Code of Conduct for Councillors; equality training; and use of MinutePad for accessing documentation for Council and Committee meetings. Additionally, Members are informed of other discretionary training they can avail of, which includes Presentation Skills, Chairing of Meetings etc. which they can voluntarily undertake. If Members identify any specific individual training needs they wish to address these are noted and arrangements made through the Council's Democratic Services' function. The Council actively participates in the Northern Ireland Local Government Association (NILGA) Regional Learning and Development Programme which has provided a range of capacity building for

Members over the course of the last financial year and will be participating in the proposed leadership programme in 2018/19.

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

The Council approved a new Employee Learning and Development Policy in May 2016. The policy sets out the Council's commitment to the development and training of employees and outlines the range of supports available to employees to support the delivery of the Council's aims and objectives as outlined in the Corporate Plan. The Learning and Development policy is intrinsically linked to the Council's performance management cycle and learning and development needs are identified at the performance appraisal stage.

The Council also has a Corporate Learning and Development Plan (2016-18) which identifies the corporate learning and development needs of employees and the proposals to address these. This Plan is subject to review and a new Plan will be developed for 2018-2020.

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

Council and Committee meetings are open to the public and are recorded. The agendas and associated papers, audio recordings and minutes of the meetings are available on the Council's website [www.fermanaghmagh.com](http://www.fermanaghmagh.com).

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

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

Fermanagh and Omagh District Council has led on the Community Planning process involving a number of statutory partners who are key public sector providers. Through this process, the Council has sought to focus service delivery for the district to ensure effective meaningful outcomes are achieved in line with the key objectives of the Community Plan around People and Communities; Economy and Environment.

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

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

Fermanagh and Omagh District Council, as lead partner with responsibility to initiate, maintain, facilitate and participate in community planning for its district, has put in place processes to ensure effective governance of the community planning partnership for the district. The partnership has established a Partnership Agreement and Operating Arrangements and has agreed a core set of values and principles, including commitments to openness, accountability and transparency; continuous improvement; effective engagement; and working collaboratively. Reports on the process and progress in relation to community planning are reported regularly to the Council's Policy and Resources Committee which has responsibility for oversight of the community planning

function. Minutes of meetings of the Community Planning Strategic Partnership Board are also published on the Council's website.

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

### **Review of Effectiveness**

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

Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. During 2017/18, Internal Audit assignments were carried out in accordance with the Annual Internal Audit Plan agreed by the Audit Panel. Any weaknesses identified in internal control procedures were considered by senior management and reported to the Audit Panel with actions agreed to strengthen the internal control environment. All internal audit reports included an overall assurance on the quality and effectiveness of internal control within the areas audited.

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

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

The Audit Panel provides independent assurances to the Council on the adequacy of the Council's risk management framework and associated control environment. It also provides an independent scrutiny of the Council's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment. The Audit Panel met four times during 2017/18 and satisfactorily discharged its programme of work and therefore is satisfied that the governance arrangements in place are effective and continue to be fit for purpose.

### **Significant Governance Issues**

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

- The Council has previously identified that the Brexit decision creates considerable uncertainties and risks which may affect a number of different aspects of the Council's business. The Council completed an initial assessment in 2017 which indicated that these may include changes to legislation influencing Council activities; impact on funding sources supporting programme and project delivery; issues related to the movement of people around the border which may affect staffing and district visitors and other cross border working arrangements. During the 2017/18 year, the Council has actively sought to engage in relevant forums to monitor and report on key developments but remains concerned about the level of uncertainty in respect of changes which is considered an ongoing risk. The Council plans to work in collaboration with other local government organisations to develop

Day 1 Contingency Plans which will consider the implications in further detail from an organisational and governance perspective;

- The Council previously identified financial uncertainties stemming from the impact of Central Government budgets. Whilst this is still an issue, particularly in the absence of the local Assembly, this risk is being satisfactorily managed at present through financial management and budgetary planning processes;
- The Council is also concerned about fluctuations and pressures on the waste disposal market, particularly in respect of mixed dry recyclables. The context of this issue is increasing targets for recycling, changes to consumer behaviours, worldwide market pressure and potential Brexit implications. In response to the consideration of this risk, the Council proposes to establish a ring-fenced reserve fund to be in a position to absorb impact of exceptional fluctuations in excess of normal budgets if these arise; and
- The Council has identified risks arising from achieving compliance with the new requirements placed upon it by the General Data Protection Regulations (GDPR), with particular reference to the possibility of a significant financial penalty being levied in the event of a data breach. In order to mitigate against this occurrence, the Council has adopted a new Data Protection Policy and a Data Protection Procedural Framework which provides guidance on meeting the new requirements. A significant programme of training has also been delivered to both Councillors and employees.
- On 20<sup>th</sup> September 2018, judgement was handed down in a legal case taken by a Council against the Department for Communities relating to the allocation of Rate Support Grant. Fermanagh and Omagh District Council is a recipient of Rate Support Grant and the decision in this case potentially has a significant impact on the amount of Rate Support Grant that the Council may receive. It is not possible for the Council to accurately assess the impact of the Court decision until such times as the Department for Communities has indicated how it intends to give effect to the Court judgement.

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

  
Signed: Brendan Hegarty  
Chief Executive of Fermanagh and Omagh District Council

Date: 24 September 2018

  
Signed: Councillor Sean Donnelly

Date: 24 September 2018

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

## **Fermanagh and Omagh District Council**

### **Remuneration Report for the year ended 31 March 2018**

#### **Introduction**

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

#### **Allowance and Remuneration Arrangements**

##### **Councillors**

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

Guidance and determinations on Councillors' Allowances applicable from 1 April 2017 were issued by the Department for Communities on 6 July 2016 (Circular LG 14/2016). Details of the allowances paid to individual Councillors are published on Council websites.

Following local elections on 22 May 2014, 462 Councillors were elected to the 11 new Councils for a four-year term. Fermanagh and Omagh District Council had 40 Councillors in 2017/18.

##### **Senior Employees**

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

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

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

##### **Allowances Paid to Councillors**

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

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

	2017/18		2016/17	
	Total Allowances	Number of Councillors receiving the allowance	Total Allowances	Number of Councillors receiving the allowance
	£		£	
Basic Allowance	579,398	40	569,403	42
Special Responsibility Allowance	25,444	18	25,162	18
Chairperson/Deputy Mayor Allowance	10,000	2	10,000	2
Vice Chairperson/ Deputy Mayor Allowance	5,000	2	5,000	2
Mileage Allowance	73,422	34	74,270	35
PCSP Attendance Allowance	7,500	10	6,960	9
Subsistence/Miscellaneous	557	10	9,281	16
Courses/ Conferences Visits (registration & joining fees)	4,411	0	15,142	0
Dependents' Carers Allowance	1,483	1	431	1
<b>Total</b>	<b>707,215</b>		<b>715,649</b>	

Details of the allowances paid to individual Councillors in 2017/18 are published on the Council website at [www.fermanaghmagh.com/your-Council/Councillors-expenses](http://www.fermanaghmagh.com/your-Council/Councillors-expenses).

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

#### Remuneration of Senior Employees

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

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

Officers	2017/18				2016/17			
	Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total	Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total
	£	£	£	£	£	£	£	£
Brendan Hegarty	112,211	0	0	112,211	106,000	0	0	106,000
Alison McCullagh	83,099	0	0	83,099	81,000	0	0	81,000
Robert Gibson	83,099	0	0	83,099	81,000	0	0	81,000
Kevin O'Gara	83,099	0	0	83,099	81,000	0	0	81,000
Joan McCaffrey (left 31/12/16)	-	0	0	-	61,000 (81,000)	0	0	61,000 (81,000)
Celine McCartan (appointed 07/02/17)	80,226	0	0	80,226	12,000 (78,000)	0	0	12,000 (78,000)

The banded remuneration of the highest paid member of the Senior Management Team in the financial year 2017/18 was £110k - £120k. This was 5.6 times the median remuneration of the workforce, which was £20.1k.

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

	2017/18	2016/17
Salary Band of Highest Paid member of the Executive Management Team/ Senior Management Team	£110k-£120k	£100-£110k
Median Total Remuneration	£20.1k	£20.4k
Ratio	5.6:1	5:1

In 2017/18, no employees received remuneration in excess of the highest paid member of the Senior Management Team.

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

### Salary

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

### Bonus Payments

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses paid in 2017/18.

### Benefits in Kind

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

### Exit Packages for staff

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

**Table 4: Exit Packages in 2017/18 (audited information)**

Severance Package Cost Band	2017/18				2016/17			
	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band
				£				£
£0 - £20,000	0	0	0	0	0	0	0	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	1	1	82,877	0	1	1	91,938
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>82,877</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>91,938</b>



## Pension Benefits

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

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. Pension benefits in relation to membership between 1 April 2009 and 31 March 2015 were built up at the rate of 1/60th pensionable pay for each year of membership. There is no automatic lump sum provided in respect of membership after 31 March 2009. Pension benefits in relation to any membership before 1 April 2009 were built up at the rate of 1/80th (pension) and 3/80ths (tax-free lump sum) of pensionable pay for each year of membership up to 31 March 2009. At retirement, members may give up some pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The conversion rate is £12 additional lump sum for every £1 of pension given up.

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

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

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2016, were as follows:

**Table 5: Employee Contribution Rates**

Band	Range	Employee Contribution Rate
1	£0 - £14,000	5.5%
2	£14,001 - £21,300	5.8%
3	£21,301 - £35,600	6.5%
4	£35,601 - £43,000	6.8%
5	£43,001 - £85,000	8.5%
6	More than £85,000	10.5%

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

**Table 6: Employer Contribution Rates**

Year	Employer Contribution Rate
1 April 2017 - 31 March 2018	18%
1 April 2018 - 31 March 2019	19%
1 April 2019 - 31 March 2020	20%

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 2017/18 was £100,498.

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 2017/18 (audited information)**

Officers	Accrued Pension at pension age as at 31/3/18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/18	CETV at 31/3/17	Real increase in CETV
	£	£	£	£	£
Brendan Hegarty	43,905	2,122	757,183	685,824	44,893
Alison McCullagh	24,022	1,695	305,034	272,391	15,672
Robert Gibson	31,025	1,574	630,226	596,395	8,876
Kevin O'Gara	35,687	1,564	737,946	703,681	6,091
Celine McCartan*	35,240	34,995	390,404	2,310	381,248

\* Pension and CETV figures include a transfer-in of previous benefits accrued by a member who joined the Scheme on 7 February 2017.

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

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

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

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

**Chief Executive**  
**24<sup>th</sup> September 2018**

**Fermanagh and Omagh District Council**

**Certificate of the Chief Financial Officer**

I certify that:

- a) the Statement of Accounts for the year ended 31 March 2018 on pages 35 to 38 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 39 to end.
- b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31 March 2018.

Signed:

  
Chief Financial Officer

Date: 24.09.18

**Council Approval of Statement of Accounts**

These accounts were approved by resolution of the Council on 24<sup>th</sup> September 2018.

Signed:

  
Councillor Sean Donnelly

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

Date: 24/09/18

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

### **Opinion on financial statements**

I have audited the financial statements of Fermanagh and Omagh District Council for the year ended 31 March 2018 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18, of the financial position of Fermanagh and Omagh District Council as at 31 March 2018 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

### **Basis of opinion**

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

### **Other Information**

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

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

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local

Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and

- the information given in the Narrative Report for the financial year ended 31 March 2018 is consistent with the financial statements.

#### **Responsibilities of the Chief Financial Officer for the financial statements**

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

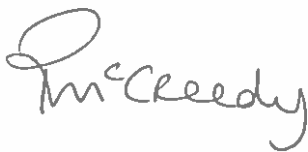
I have nothing to report in respect of the following matters which I report to you if:

- in my opinion:
  - the Annual Governance Statement:
    - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017-18;
    - does not comply with proper practices specified by the Department for Communities;
    - is misleading or inconsistent with other information I am aware of from my audit; or
  - adequate accounting records have not been kept; or
  - the Statement of Accounts and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
  - I have not received all of the information and explanations I require for my audit; or

- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

#### **Certificate**

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



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

27 September 2018

Fermanagh and Omagh District Council

Comprehensive Income and Expenditure Statement for the year ended 31 March 2018

Service Expenditure	Notes	2017/18			Restated 2016/17		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£	£	£	£	£	£
Community Planning and Performance	2	341,813	(888)	340,925	287,636	(7,331)	280,305
Policy and Strategic Services	2	427,532	(68,270)	359,262	410,014	(106,529)	303,485
Corporate Management	2	1,257,805	(9,665)	1,248,140	1,315,248	(825)	1,314,423
Environmental Health	2	2,582,558	(1,124,666)	1,457,892	2,454,797	(1,215,436)	1,239,361
Community Services	2	2,379,353	(989,543)	1,389,810	2,085,072	(900,557)	1,184,515
Arts and Heritage	2	4,226,365	(1,045,428)	3,180,937	3,507,893	(812,517)	2,695,376
Leisure, Recreation and Sport	2	6,799,245	(2,410,801)	4,388,444	6,164,558	(2,260,934)	3,903,624
Finance	2	1,257,083	(32,916)	1,224,167	1,120,688	(25,178)	1,095,510
Operations and Estates	2	2,483,709	(439,290)	2,044,419	2,884,242	(312,097)	2,572,145
Democratic and Customer Services	2	1,871,559	(196,858)	1,674,701	1,693,103	(205,074)	1,488,029
Human Resources and Organisational Development	2	752,825	(35,622)	717,203	675,905	(32,661)	643,244
Building Control and Licensing	2	2,608,750	(1,976,510)	632,240	2,230,576	(2,000,107)	230,469
Waste and Recycling	2	11,614,921	(544,040)	11,070,881	8,900,162	(1,477,223)	7,422,939
Contracts and Operation Management	2	1,262,232	-	1,262,232	606,301	(342)	605,959
Parks and Open Spaces	2	6,936,807	(80,278)	6,856,529	5,594,279	(125,854)	5,468,425
Funding and Investment	2	501,863	(11,725)	490,138	484,914	-	484,914
Planning	2	1,629,644	(1,148,336)	481,308	1,691,368	(1,287,835)	403,533
Tourism and Economic Development	2	2,614,510	(1,517,111)	1,097,399	2,002,931	(1,367,454)	635,477
Non-distributed costs	2	87,877	-	87,877	89,576	(47,134)	42,442
Tullyvar	2,29	644,738	(284,103)	360,635	298,065	(412,610)	(114,545)
<b>Cost of Services on Continuing Operations</b>		<b>52,281,189</b>	<b>(11,916,050)</b>	<b>40,365,139</b>	<b>44,497,328</b>	<b>(12,597,698)</b>	<b>31,899,630</b>
Other Operating Expenditure	8	-	-	-	-	(24,675)	(24,675)
Financing and Investment Income and Expenditure	9	1,237,233	(185,691)	1,051,542	1,028,611	(581,669)	446,942
<b>Net Operating Expenditure</b>		<b>53,518,422</b>	<b>(12,101,741)</b>	<b>41,416,681</b>	<b>45,525,939</b>	<b>(13,204,042)</b>	<b>32,321,897</b>
Taxation and Non-Specific Grant Income	10	-	(41,110,545)	(41,110,545)	-	(35,241,278)	(35,241,278)
<b>Surplus/(Deficit) on the Provision of Services</b>		<b>53,518,422</b>	<b>(53,212,286)</b>	<b>(306,136)</b>	<b>45,525,939</b>	<b>(48,445,320)</b>	<b>2,919,381</b>
Surplus/(Deficit) on revaluation of non-current assets	11	-	-	13,166,995	-	-	2,162,561
Remeasurements of the Net Defined Benefit Liability/(Asset)	21	-	-	55,492	-	-	(10,086,317)
<b>Other Comprehensive Income and Expenditure</b>				<b>13,222,487</b>			<b>(7,923,756)</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>12,916,351</b>			<b>(5,004,375)</b>

Fermanagh and Omagh District Council

Movement in Reserves Statement for the year ended 31 March 2018

	General Fund Summary	Other Fund Balances and Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
<b>Balance as at 1 April 2016</b>	<b>2,965,574</b>	<b>7,019,881</b>	<b>165,540</b>	<b>10,150,995</b>	<b>97,374,294</b>	<b>107,525,289</b>
<b>Movement in reserves during the year</b>						
Surplus/(Deficit) on the provision of services	2,919,381	-	-	2,919,381	-	2,919,381
Other Comprehensive Income and Expenditure	-	-	-	-	(7,923,756)	(7,923,756)
<b>Total Comprehensive Income and Expenditure</b>	<b>2,919,381</b>	<b>-</b>	<b>-</b>	<b>2,919,381</b>	<b>(7,923,756)</b>	<b>(5,004,375)</b>
Adjustments between accounting basis & funding under regulations	1,978,692	510,061	39,995	2,528,748	(2,528,748)	-
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>4,898,073</b>	<b>510,061</b>	<b>39,995</b>	<b>5,448,129</b>	<b>(10,452,504)</b>	<b>(5,004,375)</b>
Transfers to/from Statutory and Other Reserves	(4,793,431)	4,793,431	-	-	-	-
<b>Increase/Decrease in year</b>	<b>104,642</b>	<b>5,303,492</b>	<b>39,995</b>	<b>5,448,129</b>	<b>(10,452,504)</b>	<b>(5,004,375)</b>
<b>Balance as at 31 March 2017</b>	<b>3,070,216</b>	<b>12,323,373</b>	<b>205,535</b>	<b>15,599,124</b>	<b>86,921,790</b>	<b>102,520,915</b>
<b>Movement in reserves during the year</b>						
Surplus/(Deficit) on the provision of services	(306,136)	-	-	(306,136)	(234,894)	(541,030)
Other Comprehensive Income and Expenditure	-	-	-	-	13,222,487	13,222,487
<b>Total Comprehensive Income and Expenditure</b>	<b>(306,136)</b>	<b>-</b>	<b>-</b>	<b>(306,136)</b>	<b>12,987,593</b>	<b>12,681,457</b>
Adjustments between accounting basis & funding under regulations	3,045,379	2,179,544	(71,480)	5,153,443	(5,153,443)	-
<b>Net increase before transfers to Statutory and Other Reserves</b>	<b>2,739,243</b>	<b>2,179,544</b>	<b>(71,480)</b>	<b>4,847,307</b>	<b>7,834,150</b>	<b>12,681,457</b>
Transfers to/from Statutory and Other Reserves	(2,616,115)	2,616,115	-	-	-	-
<b>Increase in year</b>	<b>123,128</b>	<b>4,795,659</b>	<b>(71,480)</b>	<b>4,847,307</b>	<b>7,834,150</b>	<b>12,681,457</b>
<b>Balance as at 31 March 2018</b>	<b>3,193,344</b>	<b>17,119,032</b>	<b>134,055</b>	<b>20,446,431</b>	<b>94,755,940</b>	<b>115,202,372</b>



Fermanagh and Omagh District Council

Balance Sheet as at 31 March 2018

	Notes	31 March 2018	31 March 2017
		£	£
Fixed Assets	11	133,190,118	122,836,885
Long-Term Investments	16	-	-
Investment in Associates and Joint Ventures		-	-
Long-Term Debtors	15	804,018	1,076,123
<b>LONG-TERM ASSETS</b>		<b>133,994,136</b>	<b>123,913,008</b>
Inventories	14	454,044	508,214
Short-Term Debtors	15	10,530,949	6,873,508
Cash and Cash Equivalents	25	19,715,995	18,004,794
Assets Held for Sale	11	55,318	52,318
<b>CURRENT ASSETS</b>		<b>30,756,306</b>	<b>25,438,834</b>
Bank Overdraft	25	182,527	175
Short-Term Borrowing	17	1,017,463	1,467,124
Short-Term Creditors	18	6,951,311	6,498,858
Provisions	19	122,877	131,937
<b>CURRENT LIABILITIES</b>		<b>8,274,178</b>	<b>8,098,094</b>
Provisions	19	5,955,022	4,439,151
Long-Term Borrowing	17	7,215,870	9,179,682
Other Long-Term Liabilities	21	28,103,000	25,114,000
<b>LONG-TERM LIABILITIES</b>		<b>41,273,892</b>	<b>38,732,833</b>
<b>NET ASSETS</b>		<b>115,202,372</b>	<b>102,520,915</b>
<b>USABLE RESERVES</b>			
Capital Receipts Reserve	26	134,055	205,535
Capital Grants Unapplied Account	26	5,229,062	1,166,362
Capital Fund	26	2,859,608	3,071,071
Renewal and Repairs Fund	26	3,825,717	3,443,334
Other Balances and Reserves	26	5,204,645	4,642,606
General Fund	26	3,193,344	3,070,216
		<b>20,446,431</b>	<b>15,599,124</b>
<b>UNUSABLE RESERVES</b>			
Capital Adjustment Account	27	86,616,254	87,903,117
Revaluation Reserve	27	37,485,074	24,328,973
Pensions Reserve	27	(28,103,000)	(25,114,000)
Capital Receipts Deferred Account	27	466,459	491,461
Accumulated Absences Account	27	(693,529)	(762,491)
Provisions Discount Rate Reserve	27	(1,015,318)	74,731
		<b>94,755,941</b>	<b>86,921,791</b>
<b>NET WORTH</b>		<b>115,202,372</b>	<b>102,520,915</b>

Fermanagh and Omagh District Council

Cash Flow Statement for the year ended 31 March 2018

	Notes	2017/18	2016/17
		£	£
Net Deficit on the provision of services		(306,136)	2,919,381
Adjustment for non-cash movements	25a	11,366,182	5,095,582
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25a	(5,402,079)	(1,418,259)
<b>Net cash flows from operating activities</b>		<b>5,657,967</b>	<b>6,596,704</b>
Cash flows from Investing Activities	25d	(1,715,645)	(1,061,963)
Net Cash flows from Financing Activities	25e	(2,413,473)	(2,189,109)
<b>Net increase or decrease in cash and cash equivalents</b>		<b>1,528,849</b>	<b>3,345,632</b>
Cash and cash equivalents at the beginning of the reporting period	25b	18,004,619	14,658,987
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>19,533,468</b>	<b>18,004,619</b>

## Fermanagh and Omagh District Council

### Notes to the Statement of Accounts for the year ended 31 March 2018

#### 1 Accounting Policies

##### A) General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at the year-end of 31 March 2018. 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 2017/18 and the Service Reporting Code of Practice for 2017/18 (SeRCOP), 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 2017/18 also requires disclosure in respect of:

##### Summary of Significant Accounting Policies

###### i) Accruals of Income and Expenditure

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest 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) 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 365 days from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **iii) Contingent Assets**

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

### **iv) Contingent Liabilities**

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

### **v) Employee Benefits**

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

#### **Termination benefits**

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

- a) when the offer cannot be withdrawn; or
- b) when the related restructuring costs are incurred.

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

#### **Post-Employment Benefits**

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

#### **The Northern Ireland Local Government Officers' Pension Fund**

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

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

Liabilities are discounted to their value at current prices, using a discount rate based on the rate of return on high quality corporate bonds of equivalent term and currency to the Council's Fund liabilities determined using the constituents of the iBoxx Sterling Corporate Index of AA corporate bonds.

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
- Unlisted securities – current bid price

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

#### **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).

Any Gains or Losses on Settlement – (where applicable) arising where a council enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.

#### **Within Financing and Investment Income and Expenditure**

Net Interest on the Net Defined Benefit Liability/(Asset) – the change in the net defined benefit liability/(asset) that arises from the passage of time.

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

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.

Actuarial Gains and Losses – changes in the present value of the defined benefit obligation resulting from:

- a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- b) the effects of changes in actuarial assumptions.

Any change in the Effect of the Asset Ceiling – (where applicable) excluding amounts included in the Net Interest on the Net Defined Benefit Liability/(Asset).

#### **Within the Movement in Reserves Statement Appropriations**

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

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

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

### **Discretionary Benefits**

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

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

#### **vi) Events After the Balance Sheet Date**

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

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

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

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

#### **vii) Exceptional Items**

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

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

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

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

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

### ix) Financial Instruments

Most financial instruments held by Councils would fall to be classified into just one class of financial liability and two classes of financial assets:

#### Financial Liabilities

Amortised Cost

#### Financial Assets

Loans and Receivables

Available for Sale

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.

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

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 or charged to the Comprehensive Income and Expenditure Statement in the period when premium or discount arose.

## **Financial Assets**

Financial assets are classified into two types:

- a) loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- b) available-for-sale assets – that have a quoted market price and/or do not have fixed or determinable payments.

## **Loans and Receivables**

Loans and receivables 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 then 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 loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

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 District 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.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

## **Available-for-Sale Assets**

Available-for-sale assets 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. Where the asset has fixed or determinable payments, 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 amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g., dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- a) instruments with quoted market prices – the market price;



- b) other instruments with fixed and determinable payments – discounted cash flow analysis; and
- c) equity shares with no quoted market prices – independent appraisal of company valuations.

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; and
- Level 3 inputs - unobservable inputs for the asset.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for -Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

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

#### **Instruments Entered into Before 1 April 2006**

The Council has not entered into any financial guarantees that are required to be accounted for as financial instruments. These guarantees, if they had been entered into, would be reflected in the Statement of Accounts to the extent that provisions might be required, or a contingent liability note is needed under the policies set out in the sections on Provisions, Contingent Liabilities and Contingent Assets.

#### **x) Foreign Currency Translation**

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

#### **xi) Government Grants and Contributions**

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

assurance that:

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

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

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

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

## **xii) Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. 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 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 District Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £5,000) the Capital Receipts Reserve.

### **xiii) Inventories & Long-Term Contracts**

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

Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the value of works and services received under the contract during the financial year.

### **xiv) Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, 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 District Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

### **xv) Landfill Allowance Scheme**

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

### **xvi) Leases**

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

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

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

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

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

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

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.

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

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

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

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

Lease rentals receivable are apportioned between:

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

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

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

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

## **xvii) Disposals and Non-Current Assets Held for Sale**

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

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

Assets that are to be decommissioned i.e. abandoned or scrapped are not reclassified as Assets Held for Sale.

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

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

The written-off value of disposals is not a charge against district rates, as the cost of 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.

## **xviii) Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2016/17 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- a) Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation; and
- b) Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

#### **xix) Property, Plant and Equipment**

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

##### **Recognition**

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

##### **Measurement**

Assets are initially measured at cost, comprising:

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

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, where the asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost; and
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

### **Impairment**

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

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

- a) where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains), with any excess charged to the service line in the Comprehensive Income and Expenditure Statement; and
- b) 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.

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

### **Depreciation**

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

Depreciation is calculated on the following bases:

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

### **Componentisation**

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

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

## Revaluations

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

## Joint Operations

A joint operation is one whereby parties have rights to assets and obligations for liabilities of a joint arrangement. The Council's interest in Tullyvar Landfill Site is accounted for as a joint operation. The Council's share of income and expenditure of Tullyvar Landfill is included within the Comprehensive Income and Expenditure Statement and the Council's share of the assets, liabilities and reserves are included in the relevant lines in the Balance Sheet.

## xx) Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historic associations. They would be held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage.

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

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

**Fine & Decorative Arts Collection** - the fine and decorative arts collection includes paintings (both oil and watercolour) and sketches and is reported in the Balance Sheet at market value. Valuations are completed periodically when there has been changes in the market for similar items or when the museum curator believes valuation is necessary. The assets within the fine and decorative arts collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation. Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions. Art Sculptures - these are carried at historical cost and are not depreciated. Heritage Assets - General - 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 in this summary of significant accounting policies. The Museum will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are



accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the statement of accounts and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

#### **xxi) Provisions**

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

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

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

Where some or all 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.

#### **xxii) Reserves**

The Council sets aside specific amounts as reserves 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 and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

#### **xxiii) Charges to Revenue for Non-Current Assets**

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

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

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

replaced by minimum revenue provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **xxiv) Revenue Expenditure Funded from Capital under Statute**

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

#### **xxv) Value Added Tax**

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

#### **xxvi) Fair Value Measurement**

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

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority 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 authority 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 statement of accounts are categorised within the fair value hierarchy, as follows:

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

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

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

Accounting changes that are introduced in the 2018/19 code are:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 1;
- Clarifications to IFRS 15 Revenue from Contracts with Customers;
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses; and
- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative.

For 2018/19 it is anticipated that the introduction of IFRS 9 - Financial Instruments may have a material impact on the Council's core financial statements. IFRS 9 Financial Instruments, which introduces extensive change in the classification and measurement of financial assets by providing a single approach. A new "expected credit loss" model has also been introduced for impairing financial assets. As such the council are required to reassess the classification of assets which are currently disclosed as loans and receivables, and available for sale to amortised cost and fair value through other comprehensive income respectively based on the contractual cash flows and business model for holding the assets.

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

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

#### **i) Landfill**

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

#### **ii) Pension Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2018 and the projected service cost for the year ending 31 March 2019 is set out in note 21.

# Fermanagh and Omagh District Council

## Notes to the Statement of Accounts for the Year Ended 31 March 2018

### 2a) Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, general income and rates income) by the Council in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's departments. 2016/17 comparatives have been amended due to Telling the Story, the Council now reports on the same basis as it is organised by breaking the formal link between the Service Reporting Code of Practice (SeRCOP) and the CIES statement.

Expenditure and Funding Analysis	2017/18			2016/17		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Community Planning and Performance	310,586	30,339	340,925	272,109	8,196	280,305
Policy and Strategic Services	314,365	44,897	359,262	287,770	15,715	303,485
Corporate Management	1,147,626	100,514	1,248,140	1,272,701	41,722	1,314,423
Environmental Health	1,235,256	222,636	1,457,892	1,184,857	54,504	1,239,361
Community Services	1,098,509	291,301	1,389,810	948,790	235,725	1,184,515
Arts and Heritage	2,412,494	768,443	3,180,937	2,069,348	626,028	2,695,376
Leisure, Recreation and Sport	2,795,221	1,593,223	4,388,444	2,766,527	1,137,097	3,903,624
Finance	1,117,389	106,778	1,224,167	1,067,390	28,120	1,095,510
Operations and Estates	1,986,668	57,751	2,044,419	1,824,909	747,236	2,572,145
Democratic and Customer Services	1,523,269	151,432	1,674,701	1,467,910	20,119	1,488,029
Human Resources and Organisational Development	665,837	51,366	717,203	629,772	13,472	643,244
Building Control and Licensing	286,739	345,501	632,240	76,929	153,540	230,469
Waste and Recycling	8,174,600	2,896,281	11,070,881	6,461,497	961,442	7,422,939
Contracts and Operation Management	643,065	619,167	1,262,232	554,383	51,576	605,959
Parks and Open Spaces	4,427,789	2,428,740	6,856,529	3,919,716	1,548,709	5,468,425
Funding and Investment	449,832	40,306	490,138	457,750	27,164	484,914
Planning	525,881	(44,573)	481,308	402,426	1,107	403,533
Tourism and Economic Development	976,666	120,733	1,097,399	601,988	33,489	635,477
Non-distributed costs	98,813	(10,936)	87,877	57,429	(14,987)	42,442
Tullyvar	229,229	131,406	360,635	-	(114,545)	(114,545)
<b>Net Cost of Services</b>	<b>30,419,834</b>	<b>9,945,305</b>	<b>40,365,139</b>	<b>26,324,201</b>	<b>5,575,429</b>	<b>31,899,630</b>
<b>Other Income and Expenditure</b>	<b>(33,159,077)</b>	<b>(6,899,926)</b>	<b>(40,059,003)</b>	<b>(31,222,274)</b>	<b>(3,596,737)</b>	<b>(34,819,011)</b>
<b>Surplus/(Deficit)</b>	<b>2,739,243</b>	<b>(3,045,379)</b>	<b>(306,136)</b>	<b>4,898,073</b>	<b>(1,978,692)</b>	<b>2,919,381</b>
<b>Opening General Fund</b>	<b>3,070,216</b>		<b>3,070,216</b>	<b>2,965,574</b>		<b>2,965,574</b>
<b>Transfer to/from Statutory and Other Reserves</b>	<b>(2,616,115)</b>		<b>(2,616,115)</b>	<b>(4,793,431)</b>		<b>(4,793,431)</b>
<b>Surplus/(Deficit) on General Fund Balance in Year</b>	<b>123,128</b>		<b>2,739,243</b>	<b>104,642</b>		<b>4,898,073</b>
<b>Closing General Fund</b>	<b>3,193,344</b>		<b>3,193,344</b>	<b>3,070,216</b>		<b>3,070,216</b>

## b) Note to the Expenditure and Funding Analysis

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

### Adjustments between Funding and Accounting Basis 2017/18

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

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

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

Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

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

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

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

- i) The charge for services here is a statutory adjustment for a financial instrument relating to a decision by services to issue soft loans to community organisations. Soft loans are loans below market rates;
- ii) For financing and investment income and expenditure the other differences column recognises adjustments to General Fund for the timing differences for premiums and discounts; and
- iii) The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

c) Adjustments between Funding and Accounting Basis 2016/17

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other Differences	Total
	£	£	£	£	£
Community Planning and Performance	-	6,838	1,358	-	8,196
Policy and Strategic Services	-	11,331	4,384	-	15,715
Corporate Management	-	37,045	4,677	-	41,722
Environmental Health	308	63,528	(9,332)	-	54,504
Community Services	200,722	24,609	10,394	-	235,725
Arts and Heritage	559,237	45,377	21,414	-	626,028
Leisure, Recreation and Sport	1,040,380	92,489	4,228	-	1,137,097
Finance	-	31,204	(3,084)	-	28,120
Operations and Estates	682,508	33,642	4,744	26,342	747,236
Democratic and Customer Services	-	20,764	(645)	-	20,119
Human Resources and Organisational Development	-	14,489	(1,017)	-	13,472
Building Control and Licensing	102,606	47,029	3,905	-	153,540
Waste and Recycling	999,591	81,894	18,236	(138,279)	961,442
Contracts and Operation Management	31,349	15,032	5,195	-	51,576
Parks and Open Spaces	1,443,500	94,957	10,252	-	1,548,709
Funding and Investment	-	11,959	15,205	-	27,164
Planning	-	-	1,107	-	1,107
Tourism and Economic Development	17,621	29,482	(13,614)	-	33,489
Non-distributed costs	-	(14,987)	-	-	(14,987)
Tullyvar	-	-	-	(114,545)	(114,545)
<b>Net Cost of Services</b>	<b>5,077,822</b>	<b>646,682</b>	<b>77,407</b>	<b>(226,482)</b>	<b>5,575,429</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(4,122,282)	411,000	-	114,545	(3,596,737)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>955,540</b>	<b>1,057,682</b>	<b>77,407</b>	<b>(111,937)</b>	<b>1,978,692</b>

### 3 Expenditure and Income Analysed by Nature

Expenditure	Notes	2017/18	2016/17
		£	£
Employee Benefits Expenses	7	23,606,940	22,171,231
Other Services Expenditure		3,044,492	1,057,683
Depreciation, Amortisation, Impairment	4	6,689,618	4,881,821
Interest Payments	9	1,237,233	1,028,611
Gain on the Disposal of Assets		-	24,675
Other Expenditure		18,940,139	16,361,918
<b>Total Expenditure</b>		<b>53,518,422</b>	<b>45,525,939</b>
<b>Income</b>			
Interest and Investment Income	9	(185,691)	(581,669)
District rate income	10	(32,347,947)	(30,468,116)
Government grants and Contributions	10	(8,762,598)	(4,773,162)
Support Service Income		-	(39,995)
Other Income		(11,916,050)	(12,582,378)
<b>Total Income</b>		<b>(53,212,286)</b>	<b>(48,445,320)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>		<b>306,136</b>	<b>(2,919,381)</b>



4a) Adjustments between an Accounting Basis and Funding Basis under Regulations  
 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	2017/18		2016/17	
		£	£	£	£
<b>Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:</b>					
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	1,255,681		(294,186)	
Depreciation charged in the year on non-current assets	11	<u>5,433,937</u>	6,689,618	<u>5,176,007</u>	4,881,821
Derecognition of finance lease	11		-		200,775
Carrying amount of non-current assets sold	8	-		15,320	
Proceeds from the sale of PP&E, investment property and intangible assets	8,9	-	-	<u>(39,995)</u>	(24,675)
Net charges made for retirement benefits in accordance with IAS 19	21b		6,164,000		4,270,000
Direct revenue financing of capital expenditure	12,23		(716,261)		(1,226,424)
Capital Grants and Donated Assets Receivable and Applied in year	10c		(327,018)		(419,793)
Capital Grants Receivable and Unapplied in year	10d		(5,075,061)		(1,012,361)
Adjustments in relation to short-term compensated absences	27g		(68,962)		77,407
Adjustments in relation to lessor arrangements	6		25,002		26,342
Provisions Discount Rate Reserve Adjustment	27h		855,155		(138,279)
<b>Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year</b>					
Statutory Provision for the financing of capital investment	27a		(1,381,586)		(1,443,804)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(3,119,508)		(3,212,317)
			<b>3,045,379</b>		<b>1,978,692</b>

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

	Notes	2017/18		2016/17	
		£	£	£	£
<b>Capital Fund</b>					
Interest		(10,890)		(11,596)	
Other	26	(295,000)	(305,890)	(2,025,000)	(2,036,596)
Interest		(15,097)		(12,795)	
Other	26	(726,500)	(741,597)	(1,489,750)	(1,502,545)
<b>Other Funds and earmarked reserves</b>					
Interest		(17,859)		(8,180)	
From Other Funds		229,231		(246,110)	
Other	26	(1,780,000)	(1,568,628)	(1,000,000)	(1,254,290)
<b>Total</b>			<b>(2,616,115)</b>		<b>(4,793,431)</b>

## 5 Cost of Services on Continuing Operations

### a) General power of competence

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

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

The actual expenditure under the power of competence amounted to £0 during 2017/18 (£0 in 2016/17)

### b) External Audit Fees

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

	2017/18	2016/17
External Audit Fees	£	£
External Audit Fees	53,200	50,625
Other Fees	-	1,201
	<b>53,200</b>	<b>51,826</b>

The audit fees for 2017/18 include the financial audit fees and the improvement and assessment audit fees. There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described (2016/17 £0.)

## 6 Operating and Finance Leases

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

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

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

Gross receivables from finance leases	2017/18	2016/17
	£	£
<b>Long-Term Debtors</b>		
<b>Net Present Value</b>	<b>442,729</b>	<b>466,459</b>
<b>Short-Term Debtors</b>		
Finance leases – gross receivables	23,730	25,002
<b>Net Present Value</b>	<b>23,730</b>	<b>£25,002</b>
<b>Gross receivables from finance leases</b>		
No later than 1 year	23,730	25,002
Later than 1 year and no later than 5 years	83,447	87,920
Later than 5 years	359,281	378,539
<b>Total gross receivables</b>	<b>466,458</b>	<b>491,461</b>
<b>Net investment in finance leases</b>	<b>466,458</b>	<b>491,461</b>

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

	2017/18	2016/17
	£	£
No later than 1 year	23,730	25,002
Later than 1 year and no later than 5 years	83,447	87,920
Later than 5 years	359,281	378,539
<b>Total gross receivables</b>	<b>466,458</b>	<b>491,461</b>

The unguaranteed residual values of the assets leased under finance leases at the end of the year are estimated to be £0 (2016/17 - £0). The accumulated allowance for uncollectable minimum lease payments receivable is £0 (2016/17 - £0). No contingent rents were recognised as receivable by the Council.

The long-term finance lease debtor relates to a 999-year lease with current rental income of £40,000 per annum and a 5-year rent review period.

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

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

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

- any other purposes.

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £155,977. No contingent rents were recognised.

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

	2017/18		2016/17	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
	£	£	£	£
<b>Minimum lease rentals receivable:</b>				
No later than 1 year	-	214,400	-	276,614
Later than 1 year and no later than 5 years	-	283,750	-	324,397
Later than 5 years	-	317,683	-	394,289
<b>Total</b>	-	<b>815,833</b>	-	<b>995,300</b>

The assets leased by the Council to third parties are included in the following categories of Property, Plant and Equipment with carrying values of:

	2017/18		2016/17	
	Operational Land and Buildings	Non-Operational Investment Properties	Operational Land and Buildings	Non-Operational Investment Properties
	£	£	£	£
Cost	7,547,738	2,365,850	5,358,263	4,354,700
Accumulated depreciation and impairments at 1 April	(760,044)	-	(511,028)	-
Depreciation charge for the year	(236,358)	-	(181,426)	-
Impairments/ Revaluations	617,801	(138,850)	114,317	(1,988,850)
<b>Total</b>	<b>7,169,137</b>	<b>2,227,000</b>	<b>4,780,126</b>	<b>2,365,850</b>

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

The Council no longer hold any vehicles that are held under finance leases. The net carrying amount of the vehicles held under finance lease arrangements is £0 (2016/17 £527k). For the comparative year the assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment (see Note 11g - leased assets). The final rentals paid for vehicles held under finance leases totalled £351k (2016/17 £214k).

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

The lease agreements for the vehicles and IT equipment include fixed lease payments and a purchase option at the end of the respective lease terms. The agreements are non-cancellable but do not include any further restrictions.

Future minimum finance lease payments at the end of each reporting period under review are as follows:

Included in the Balance Sheet as:

	2017/18	2016/17
	£	£
Current liabilities	351,505	257,375
Long-term liabilities	-	906,538
<b>Total</b>	<b>351,505</b>	<b>1,163,913</b>

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

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

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

	Vehicles, Plant and Equipment	
	2017/18	2016/17
	£	£
Minimum lease payments	33,137	30,790
<b>Total</b>	<b>33,137</b>	<b>30,790</b>

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

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

	Vehicles, Plant and Equipment	
	2017/18	2016/17
	£	£
<b>Minimum lease rentals payable:</b>		
No later than 1 year	19,842	26,916
Later than 1 year and no later than 5 years	3,568	53,627
<b>Total</b>	<b>23,410</b>	<b>80,543</b>

**7 Employee Costs and Member Allowances**

a) **Staff Costs**

Staff Costs	2017/18	2016/17
	£	£
Salaries and Wages	18,881,904	17,484,065
Employers NIC	1,514,965	1,386,998
Employers Superannuation	3,210,071	3,300,168
<b>Total staff costs</b>	<b>23,606,940</b>	<b>22,171,231</b>

The above Staff costs include redundancy costs of £83k (2016/17: £92k) and Apprenticeship levy of £79k (2016/17: £0). Also included is £254k (2016/17: £282k) of staff costs in relation to Regional Property Certificate Unit (RPCU). These staff costs are not included within the Comprehensive Income & Expenditure Statement as the RPCU is accounted for as an agency service and is detailed in Note 28. In addition, agency costs during the year amounted to £265k (2016/17: £299k).

The Council's current contribution rate to NILGOSC scheme is 18% (not including deficit funding payment). At the last actuarial valuation, dated 31 March 2016, the Fund's assets as a whole were sufficient to meet 82.6% of the liabilities accrued up to that date.

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

Average Number of Employees	2017/18	2016/17 RESTATED
	FTE	FTE
Chief Executive's Department	16	14
Community Health and Leisure	241	230
Corporate Services & Governance	99	104
Environment and Place	286	272
Regeneration and Planning	72	70
<b>Total Number</b>	<b>714</b>	<b>690</b>

	2017/18	2016/17 RESTATED
	Actual Numbers	Actual Numbers
Full-time numbers employed	661	647
Part-time numbers employed	257	215
<b>Total Number</b>	<b>918</b>	<b>862</b>

**c) Senior Employees' Remuneration**

Senior Employees Remuneration	2017/18	2016/17
	Nos	Nos
£50,001 to £60,000	20	10
£60,001 to £70,000	1	1
£80,001 to £90,000	4	3
£100,001 to £110,000	-	1
£110,001 to £120,000	1	-
<b>Total Number</b>	<b>26</b>	<b>15</b>

**d) Members' Allowance**

Members' Allowance	2017/18	2016/17
	£	£
Basic Allowance	579,398	569,403
Mayor's & Deputy Mayor's allowance	15,000	15,000
Special Responsibility allowance	25,444	25,162
Dependents' Carers allowance	1,483	431
PCSP Attendance allowance	7,500	6,960
Employer costs	145,520	152,409
Mileage	73,422	74,270
Conferences and courses	4,411	15,142
Travel & subsistence costs	319	8,425
Miscellaneous costs	238	428
<b>Total</b>	<b>852,735</b>	<b>867,630</b>

**e) Northern Ireland Civil Service Pension Arrangements**

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

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

March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2018.

For 2017/18, employers' contributions of £251k were payable to the NICS pension arrangements at one of four rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2015 was completed by the Actuary during 2016/17. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2017/18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

## 8 Other Operating Expenditure

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

	2017/18	2016/17
	£	£
Proceeds from sale	-	(39,995)
Carrying amount of non-current assets sold (excluding investment properties)	-	15,320
<b>Total</b>	-	<b>(24,675)</b>

Other Operating Expenditure	2017/18	2016/17
	£	£
(Surplus)/Deficit on non-current assets	-	(24,675)
<b>Total</b>	-	<b>(24,675)</b>

## 9 Financing and Investment Income and Expenditure

### a) Interest Payable and Similar Charges

	2017/18	2016/17
	£	£
Lease/hire purchase interest	9,685	32,476
Government loan interest	597,071	585,135
<b>Total</b>	<b>606,756</b>	<b>617,611</b>

### b) Interest and Investment Income

	2017/18	2016/17
	£	£
Bank interest	32,879	43,647
Employee car loan interest	-	6
Investment income on Fund Balances		
Capital Fund	10,890	11,596
Repairs & Renewals Fund	15,097	12,795
Other Funds	17,859	8,180
Other investment income	14,998	13,658
<b>Total</b>	<b>91,723</b>	<b>89,882</b>

c) Pensions Interest Codes

	2017/18	2016/17
	£	£
Net interest on the net defined benefit liability/(asset)	600,000	411,000
	600,000	411,000

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

Income/Expenditure from Investment Properties:	2017/18	2016/17
	£	£
Net income from investment properties	(93,968)	(295,787)
Changes in Fair Value of Investment Properties	30,477	(196,000)
	(63,491)	(491,787)

Financing and Investment Income and Expenditure	2017/18			2016/17		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest payable and similar charges	606,756	-	606,756	617,611	-	617,611
Interest and investment income	-	(91,723)	(91,723)	-	(89,882)	(89,882)
Pensions interest cost	600,000	-	600,000	411,000	-	411,000
Other investment income	-	(93,968)	(93,968)	-	(295,787)	(295,787)
Changes in fair value of investment properties	30,477	-	30,477	-	(196,000)	(196,000)
	1,237,233	(185,691)	1,051,542	1,028,611	(581,669)	446,942



## 10 Taxation and Non-Specific Grant Income

### a) Revenue Grants

	2017/18	2016/17
	£	£
General	(3,360,519)	(3,341,008)
<b>Total</b>	<b>(3,360,519)</b>	<b>(3,341,008)</b>

### b) Revenue Grants - Unapplied

	2017/18	2016/17
	£	£
	-	-
	-	-

These Revenue Grants appear in the Planning and Development Service line of the Comprehensive Income and Expenditure Statement rather than Taxation and Non-Specific Grant Income line. Hence, they are not included in the total at the bottom of Note 9.

### c) Capital Grants and Donated Assets - Applied

	2017/18	2016/17
	£	£
Government & Other Grants - Conditions met and applied in year	(327,018)	(365,903)
Donated Assets - Conditions met	-	(53,890)
<b>Total</b>	<b>(327,018)</b>	<b>(419,793)</b>

### d) Capital Grants - Unapplied

	2017/18	2016/17
	£	£
Government & Other Grants - Conditions met and not applied in year	(5,075,061)	(1,012,361)
<b>Total</b>	<b>(5,075,061)</b>	<b>(1,012,361)</b>

### e) District Rates

	2017/18	2016/17
	£	£
Current year	(32,347,947)	(30,468,116)
<b>Total</b>	<b>(32,347,947)</b>	<b>(30,468,116)</b>

Taxation and Non-Specific Grant Income	2017/18	2016/17
	£	£
District Rate Income	(32,347,947)	(30,468,116)
Revenue Grants	(3,360,519)	(3,341,008)
Capital Grants and Contributions	(5,402,079)	(1,432,154)
<b>Total</b>	<b>(41,110,545)</b>	<b>(35,241,278)</b>

Fermanagh and Omagh District Council

Notes to the Statement of Accounts for the Year Ended 31 March 2018

11 Fixed Assets

a) Current year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	18,458,979	96,053,485	5,189,882	2,699,745	13,914,124	1,571,780	4,215,376	337,501	142,440,872	1,616,656	4,902,050	100,000	-	149,059,578
Balance as at 1 April 2017	18,458,979	96,053,485	5,189,882	2,699,745	13,914,124	1,571,780	4,215,376	337,501	142,440,872	1,616,656	4,902,050	100,000	-	149,059,578
Additions	-	462,000	-	-	1,397,910	-	2,018,947	-	3,878,857	-	-	-	-	3,878,857
Revaluation increases/ (decreases) to Revaluation Reserve	4,041,917	-	-	(576,523)	-	-	-	12,000	3,477,394	-	(5,153)	15,000	-	3,487,241
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	97,687	(8,761,886)	-	-	-	-	-	2,500	(8,661,699)	-	(30,477)	-	-	(8,692,176)
Reclassifications & Transfers	125,418	5,087,955	-	-	-	13,752	(5,505,635)	-	(278,510)	-	249,781	-	-	(28,729)
Reclassified to (-) / from (+) Held for Sale	-	-	-	-	(426,448)	-	-	-	(426,448)	-	-	-	-	(426,448)
Balance as at 31 March 2018	22,724,001	92,841,554	5,189,882	2,123,222	14,885,686	1,585,532	728,688	352,001	140,430,466	1,616,656	5,116,201	115,000	-	147,278,323

a) (continued)

Depreciation and Impairment	Land	Buildings	Infrastructure	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	-	12,690,974	1,207,889	650,655	11,142,838	530,337	-	-	26,222,693	-	-	-	-	26,222,693
Balance as at 1 April 2017	-	12,690,974	1,207,889	650,655	11,142,838	530,337	-	-	26,222,693	-	-	-	-	26,222,693
Depreciation Charge	-	3,921,057	257,194	131,405	1,073,976	50,305	-	-	5,433,937	-	-	-	-	5,433,937
Depreciation written out on Revaluation Reserve	-	(9,129,535)	-	(550,219)	-	-	-	-	(9,679,754)	-	-	-	-	(9,679,754)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(7,436,495)	-	-	-	-	-	-	(7,436,495)	-	-	-	-	(7,436,495)
Reclassifications & Transfers	-	(30,602)	-	-	-	1,873	-	-	(28,729)	-	-	-	-	(28,729)
Eliminated on reclassification to Held for Sale	-	-	-	-	(423,448)	-	-	-	(423,448)	-	-	-	-	(423,448)
Balance as at 31 March 2018	-	15,399	1,465,083	231,841	11,793,366	582,515	-	-	14,088,204	-	-	-	-	14,088,204
NBV as at 31 March 2018	22,724,001	92,826,155	3,724,799	1,891,381	3,092,220	1,003,017	728,688	352,001	126,342,262	1,616,656	5,116,201	115,000	-	133,190,118

b) Comparative Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2016	17,969,619	91,641,030	5,135,036	2,658,141	14,185,625	1,571,780	3,352,791	318,001	136,832,023	1,613,656	6,766,050	100,000	-	145,311,729
Balance as at 1 April 2016	17,969,619	91,641,030	5,135,036	2,658,141	14,185,625	1,571,780	3,352,791	318,001	136,832,023	1,613,656	6,766,050	100,000	-	145,311,729
Additions	-	-	-	-	400,497	-	1,562,605	-	1,963,102	-	-	-	-	1,963,102
Donations	-	50,890	-	-	-	-	-	-	50,890	3,000	-	-	-	53,890
Revaluation increases/decreases to Revaluation Reserve	200,000	1,618,966	-	41,604	-	-	-	10,000	1,870,570	-	-	-	-	1,870,570
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	-	347,638	-	-	-	-	-	9,500	357,138	-	196,000	-	-	553,138
Derecognition - Disposals	-	-	-	-	(236,256)	-	-	-	(236,256)	-	-	-	-	(236,256)
Reclassifications & Transfers	310,000	2,394,961	54,846	-	-	-	(700,020)	-	2,059,787	-	(2,060,000)	-	-	(213)
Reclassified to(-) / from(+) Held for Sale	(20,640)	-	-	-	(435,742)	-	-	-	(456,382)	-	-	-	-	(456,382)
Balance as at 31 March 2017	18,458,979	96,053,485	5,189,882	2,699,745	13,914,124	1,571,780	4,215,376	337,501	142,440,872	1,616,656	4,902,050	100,000	-	149,059,578

b) (continued)

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Inangible Assets	Assets Held for Resale	Assets TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2016	-	8,999,389	948,395	511,914	10,799,404	480,787	-	-	21,739,889	-	-	-	-	21,739,889
Balance as at 1 April 2016	-	8,999,389	948,395	511,914	10,799,404	480,787	-	-	21,739,889	-	-	-	-	21,739,889
Depreciation Charge	-	3,731,842	259,494	131,524	1,003,597	49,550	-	-	5,176,007	-	-	-	-	5,176,007
Depreciation written out on Revaluation Reserve	-	(40,257)	-	7,217	-	-	-	-	(33,040)	-	-	-	-	(33,040)
Derecognition - Disposals Eliminated on reclassification to Held for Sale	-	-	-	-	(231,507)	-	-	-	(231,507)	-	-	-	-	(231,507)
	-	-	-	-	(428,656)	-	-	-	(428,656)	-	-	-	-	(428,656)
Balance as at 31 March 2017	-	12,690,974	1,207,889	650,655	11,142,838	530,337	-	-	26,222,693	-	-	-	-	26,222,693
<b>Net Book Values</b>														
Balance as at 31 March 2017	18,458,979	83,362,511	3,981,993	2,049,090	2,771,286	1,041,443	4,215,376	337,501	116,218,179	1,616,656	4,902,050	100,000	-	122,836,885
Balance as at 31 March 2018	22,724,001	92,826,155	3,724,799	1,891,381	3,092,220	1,003,017	728,688	352,001	126,342,262	1,616,656	5,116,201	115,000	-	133,190,118

**Valuations**

The last valuation of freehold and leasehold properties was carried out as at 31 March 2018 by an independent valuer from Land and Property Services. Please refer to Note 1 for further information on revaluation and depreciation policies.

**Impairment**

The revaluations carried out at 31 March 2018 resulted in the recognition of the following Operational Land and Building gains and losses:

- **Land:** Overall increase in value by £4,139,604, of which £4,388,462 was taken to the Revaluation Reserve, £459,999 being reversals of impairment losses recognised in CIES in previous years, less £708,857 of impairment losses recognised in year.
- **Buildings:** Overall increase in value by £7,804,144, of which £9,129,535 was taken to the Revaluation Reserve, £776,375 being reversals of impairment losses recognised in CIES in previous years, less £2,101,766 of impairment losses recognised in year.

### c) Intangible Assets

The Council owns Intangible Assets which relate solely to market rights. The asset was valued at 31 March 2018 by an independent valuer from Land and Property Services. The asset is not amortised as it is considered to have an indefinite life.

	31/3/18	31/3/17
	£	£
Market Trading Rights	115,000	100,000
	<b>115,000</b>	<b>100,000</b>

### d) Investment Properties

	31/3/18	31/3/17
	£	£
Rental Income from Investment Activities	(93,968)	(295,787)
<b>Net Gain/(Loss)</b>	<b>(93,968)</b>	<b>(295,787)</b>

### e) Heritage Assets

#### Local History and Folk Life

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

#### Fine and Decorative Arts

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

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

#### Art Sculptures

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

### f) Disposals in the financial year:

There were no disposals of Assets Held For Sale during the year.

Assets Held For Sale – Current Year	Current	Non-Current	Total
	£	£	£
<b>Cost or Valuation</b>			
Balance as at 1 April 2017	52,318	-	52,318
Transferred from Non-Current Assets during year	3,000	-	3,000
<b>Balance as at 31 March 2018</b>	<b>55,318</b>	<b>-</b>	<b>55,318</b>

Assets Held For Sale – Comparative Year	Current	Non-Current	Total
	£	£	£
<b>Cost or Valuation</b>			
Balance as at 1 April 2016	35,249	-	35,249
Transferred from Non-Current Assets during year	27,640	-	27,640
Derecognition - Disposals	(10,571)		(10,571)
<b>Balance as at 31 March 2017</b>	<b>52,318</b>	<b>-</b>	<b>52,318</b>
<b>Net Book Value</b>			
Balance as at 31 March 2018	55,318	-	55,318
Balance as at 31 March 2017	52,318	-	52,318

g) Long-Term Assets – Leased Assets

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

Long-term Leased assets – Comparative Year	Vehicles	TOTAL
	£	£
<b>Cost or Valuation</b>		
At 1 April 2016	2,763,348	2,763,348
Additions	0	0
<b>At 31 March 2017</b>	<b>2,763,348</b>	<b>2,763,348</b>
<b>Depreciation</b>		
At 1 April 2016	2,077,281	2,077,281
Provided for year	152,428	152,428
<b>At 31 March 2017</b>	<b>2,229,709</b>	<b>2,229,709</b>
<b>Net Book Value</b>	<b>533,639</b>	<b>533,639</b>

h) Fair Value Hierarchy for Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2018 and 2017 are as follows:

2017/18 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2018
	£	£	£	£
Capital sales market comparables	-	317,000	-	317,000
Market rental capitalisation	-	35,000	-	35,000
<b>Total</b>	-	<b>352,000</b>	-	<b>352,000</b>
2016/17 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2017
	£	£	£	£
Capital sales market comparables	-	302,500	-	302,500
Market rental capitalisation	-	35,000	-	35,000
<b>Total</b>	-	<b>337,500</b>	-	<b>337,500</b>

#### Transfers between levels of the fair value hierarchy

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

#### Valuation Techniques used to Determine Level 2 and 3

##### Fair Values for Surplus Assets

##### Significant Observable Inputs – Level 2

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

#### Valuation Techniques

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

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

The net gain for the period included in the Surplus or Deficit on the Provision of Services attributable to a change in unrealised gains relating to those assets held at the end of the reporting period amounted to £2.5k (2016/17 £9.5k), this was recognised under Operations & Estates in the Surplus or Deficit on the Provision of Services.

#### Valuation Process for Surplus Assets

The fair value of the council's surplus assets are measured at each year end. All valuations are carried out externally, by Land & Property Services, in accordance with the methodologies and



bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors who work closely with council officers regarding all valuation matters.

#### i) Fair Value Hierarchy for Investment Properties

Details of the Council's Investment Properties and information about the fair value hierarchy as at 31 March 2018 and 2017 are as follows

2017/18 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2018
	£	£	£	£
Capital sales market comparables	-	2,484,200	-	2,484,200
Market rental capitalisation	-	1,332,000	-	1,332,000
Market rental capitalisation and capital sales market	-	1,300,000	-	1,300,000
<b>Total</b>	-	<b>5,116,200</b>	-	<b>5,116,200</b>

2016/17 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2017
	£	£	£	£
Capital sales market comparables	-	2,421,200	-	2,421,200
Market rental capitalisation	-	1,180,850	-	1,180,850
Market rental capitalisation and capital sales market	-	1,300,000	-	1,300,000
<b>Total</b>	-	<b>4,902,050</b>	-	<b>4,902,050</b>

#### Transfers between levels of the fair value hierarchy

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

#### Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties Significant observable inputs – Level 2

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

#### Highest and best use of investment properties

In estimating the fair value of the Council's Investment Properties, the highest and best use of the properties in their current use.

#### Valuation Techniques

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

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

### Valuation Process for Investment Properties

The fair value of the Council's Investment Properties are measured at each year end. All valuations are carried out externally, by Land & Property Services, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors who work closely with council officers regarding all valuation matters.

## 12 Capital Expenditure and Capital Financing

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

Capital Expenditure	Notes	2017/18	2016/17
		£	£
<b>Opening Capital Financing Requirement</b>		10,874,999	12,118,029
<b>Capital Investment</b>			
Property, Plant and Equipment	11	3,878,857	2,016,992
Intangible Assets			-
Revenue Expenditure Funded from Capital under Statute		-	200,775
<b>Sources of Finance</b>			
Capital Receipts	26a	(71,480)	-
Government Grants and Other Contributions	10	(1,339,379)	(685,569)
Transfers from Earmarked Reserves		(1,883,156)	(105,000)
<b>Sums set aside from Revenue:</b>			
Direct Revenue Contributions	4	(716,261)	(1,226,424)
Minimum Revenue Provision		(1,381,586)	(1,443,804)
<b>Closing Capital Financing Requirement</b>		<b>9,361,994</b>	<b>10,874,999</b>
<b>Explanation of Movements in Year</b>		<b>2017/18</b>	<b>Restated 2016/17</b>
		£	£
Increase in underlying need to borrow		(1,381,586)	(1,443,805)
Derecognition of finance lease		-	200,775
<b>Increase/(decrease) in Capital Financing Requirement</b>		<b>(1,381,586)</b>	<b>(1,243,030)</b>

The line "derecognition of finance lease" for £200,775 was omitted from the 2016/17 statement of accounts.

### 13 Future Capital Commitments

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

Closing Capital Financing Requirement	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	2,850,000	215,000	2,635,000
Other Commitments	7,615,000	1,734,000	5,881,000
<b>Total</b>	<b>10,465,000</b>	<b>1,949,000</b>	<b>8,516,000</b>

### 14 Inventories

Inventories	2017/18	2016/17
	£	£
Central Stores	265,302	329,938
Other	188,742	178,276
<b>Total</b>	<b>454,044</b>	<b>508,214</b>

The cost of inventories written down, recognised as an expense and included in 'services' amounted to £9k.

### 15 Debtors

#### a) Long-Term Debtors

Long-Term Debtors	2017/18	2016/17
	£	£
Government Departments	317,273	531,743
Finance Lease Debtors	442,729	466,458
Other	44,016	77,922
<b>Total Long-Term Debtors</b>	<b>804,018</b>	<b>1,076,123</b>

#### b) Debtors – Short-Term Debtors

Short-Term Debtors	2017/18	2016/17
	£	£
Government Departments	1,298,831	1,877,495
Other Councils	757	89,835
Other Debtor - Tullyvar	749,439	913,734
Revenue Grants	356,898	166,862
Capital Grants	5,507,877	1,705,738
Value Added Tax	459,815	502,635
Prepayments	153,791	1,051,815
Finance Lease Debtors	23,730	25,002
Other	1,345,767	183,792
Trade Receivables	1,063,549	958,388
Impairment Loss - Trade Receivables	(429,505)	(601,788)
<b>Total Short-Term Debtors</b>	<b>10,530,949</b>	<b>6,873,508</b>
<b>Total Debtors</b>	<b>11,334,968</b>	<b>7,949,632</b>

The large increase in debtors relates to a significant increase to the balance of 'Capital Grants' debtors outstanding at year end due to the recognition of a £4.7m grant in relation to Enniskillen Public Realm.

Debts amounting to £223k were written off in the 2017/18 year.

## 16 Investments

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

## 17 Borrowings

### a) Short-Term Borrowing

Short-Term-Borrowing	2017/18	2016/17
	£	£
Loans re-payable within one year	1,017,463	1,115,619
Finance Lease Principal	-	351,505
<b>Total Short-Term Borrowing</b>	<b>1,017,463</b>	<b>1,467,124</b>

### b) Long-Term Borrowing

Long-Term Borrowing	2017/18	2016/17
	£	£
Between 1 and 2 years	1,043,658	1,131,981
Between 2 and 5 years	2,312,442	3,046,516
Between 5 and 10 years	2,778,861	2,017,530
In more than 10 years	1,080,909	2,983,655
<b>Total - Government Loans Fund</b>	<b>7,215,870</b>	<b>9,179,682</b>
<b>Total Borrowing</b>	<b>8,233,333</b>	<b>10,646,806</b>

## 18 Creditors

### a) Short-Term Creditors

Short-Term Creditors	2017/18	2016/17
	£	£
Government Departments	199,318	537,325
Other Councils	644,019	743,785
Other Creditor - Tullyvar	512,835	871,781
Remuneration due to Employees	255,926	245,397
Accumulated Absences	693,529	762,491
Loan Interest Payable	73,900	87,293
Capital Creditors	900,535	442,650
Receipts in Advance	651,599	535,580
Trade Creditors	3,019,650	2,272,556
<b>Total Short-Term Creditors</b>	<b>6,951,311</b>	<b>6,498,858</b>
<b>Total Creditors</b>	<b>6,951,311</b>	<b>6,498,858</b>

The short-term creditor balance includes £616k (2016/17 £621k) of amounts due to other Councils as the distribution of income regarding the Regional Property Certificate Unit.

### b) Payment of Invoices

The Council has a target, where no other terms are agreed, of paying supplier invoices within 30 calendar days. During the year the Council paid invoices totalling £22,643,993.

The Council paid:

- 15,935 (87%) invoices with 30 calendar days target;
- 10,692 (58%) invoices within 10 working days target; and
- 2,367 invoices outside of the 30-day target.

The average number of days taken to pay suppliers during the year was 18 days.

## 19 Provisions

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

	Balance as at 1 April 2016	Increase in provision during year	Utilised during year	Other Movements	Interest cost and/or discount rate changes	Balance as at 31 March 2017
	£	£	£	£	£	£
Landfill Closure - Mullaghmore	120,000	65,105	(65,105)	-	-	120,000
Landfill Closure - Drummeemee	1,948,733	161,850	-	(46,580)	187,722	2,251,725
Landfill Closure - Glassmullagh	1,286,686	76,059	(13,909)	(52,313)	119,966	1,416,489
Redundancy	327,083	91,937	(327,083)	-	-	91,937
Landfill Closure - Tullyvar	885,797	-	(58,726)	(136,134)	-	690,937
<b>Total</b>	<b>4,578,299</b>	<b>394,951</b>	<b>(474,823)</b>	<b>(235,027)</b>	<b>307,688</b>	<b>4,571,088</b>
Current Provisions	50,000	157,042	(75,105)	-	-	131,937
Long-Term Provisions	4,528,299	237,909	(399,718)	(235,027)	307,688	4,439,151
<b>Total</b>	<b>4,578,299</b>	<b>394,951</b>	<b>(474,823)</b>	<b>(235,027)</b>	<b>307,688</b>	<b>4,571,088</b>

### **Landfill Closure - Mullaghmore**

Ongoing costs have been incurred in dealing with the discharge of one of the Council's closed landfill sites. These costs are deemed substantial. A proposal has been prepared whereby the water going onto the site from adjoining properties will be diverted into a storm drain. Discussions are ongoing with the landowners agents in relation to the site. A provision has been established to finance costs which are expected to arise over the next three years and will be reviewed at each year end.

### **Landfill Closure - Drummee**

The Council has an operational landfill site at Drummee. At 31 March 2018, the Council has an obligation for the closure of the site and the subsequent aftercare costs. In line with recommended accounting practice and the Code, the gas income due for Drummee is included in Other Debtors (Note 15). This adjustment is reflected in Other Movements. In 2017/18, the Council followed circular (LG 17/18) advising of amendment to accounts direction 2017/18 to reflect financial arrangements for discounting landfill provisions. The Council applied at 31 March 2018 discount rates which exclude inflation (2016/17 rates included inflation) and which were provided by the Council's Treasury Advisors, to the cash flows included in the calculation of the landfill provision. The impact of this change in rate is charged to the Comprehensive Income and Expenditure Account and is reversed out of the Comprehensive Income and Expenditure Account and charged to the Council's Provisions Discount Rate Reserve (Note 27h) to mitigate the impact of the change in interest rates on the General Fund. The Northern Ireland Environment Agency (NIEA) has approved the provision calculations as at 31 March 2014. The calculations as at 31 March 2018 have been assessed and agreed with a qualified civil engineer (who is the Director of Environment and Place).

### **Landfill Closure - Glassmullagh**

The Council has a landfill site at Glassmullagh that has ceased operations. At 31 March 2018, the Council has an obligation for the aftercare costs of the site. In line with recommended accounting practice and the Code, the gas income due for Glassmullagh is included in Other Debtors (Note 15). This adjustment is reflected in other movements. In 2017/18, the Council followed circular (LG 17/18) advising of amendment to accounts direction 2017/18 to reflect financial arrangements for discounting landfill provisions. The Council applied at 31 March 2018 discount rates which exclude inflation (2016/17 rates included inflation) and which were provided by the Council's Treasury Advisors, to the cash flows included in the calculation of the landfill provision. The impact of this change in rate is charged to the Comprehensive Income and Expenditure Account and is reversed out of the Comprehensive Income and Expenditure Account and charged to the Council's Provisions Discount Rate Reserve (Note 27) to mitigate the impact of the change in interest rates on the General Fund. The Northern Ireland Environment Agency (NIEA) has approved the provision calculations as at 31 March 2014. The calculations as at 31 March 2018 have been assessed and agreed with a qualified civil engineer (who is the Director of Environment and Place).

### **Landfill Closure – Tullyvar**

Refer to Note 29 - Investment in Joint Operations.

### **Redundancy**

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

## **20 Financial Instruments**

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

## Credit Risk

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

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

Trade debtors (exclusive of Tullyvar landfill site), inclusive of VAT, can be analysed by age as follows:

Trade debtors, inclusive of VAT, can be analysed by age as follows:	
	£
Less than three months	507,971
Three to six months	32,020
Six months to one year	57,943
More than one year	102,275
	<b>700,209</b>

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

## Liquidity Risk

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

## Market Risk

### Interest Rate Risk

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

### Foreign Exchange Risk

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

### Fair Value of Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £10,194,584 broken down as follows:



Fair Value	
	£
Government Loans	10,194,584
<b>Total</b>	<b>10,194,584</b>

**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 Liabilities	Balance as at 31 March 2018		Balance as at 31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£	£	£	£
Financial liabilities held at amortised cost	10,716,062	10,194,584	13,426,226	12,968,972
Finance lease liabilities	-	-	361,346	361,346
<b>Total</b>	<b>10,716,062</b>	<b>10,194,584</b>	<b>13,787,572</b>	<b>13,330,318</b>

The fair value of borrowings is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2018) arising from a commitment to pay interest to lenders below current market rates.

Financial Assets	Balance as at 31 March 2018		Balance as at 31 March 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Values
	£	£	£	£
Long-term debtors	486,745	486,745	544,381	544,381
<b>Total</b>	<b>486,745</b>	<b>486,745</b>	<b>544,381</b>	<b>544,381</b>

The fair value of the financial assets is lower than the carrying amount because the Council's portfolio of long-term debtors (Note 15). Short-term debtors and creditors are not disclosed above and are carried at cost as this is a fair approximation of their value.

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

Recurring Fair Value Measurements using:	Balance as at 31 March 2018			Balance as at 31 March 2017		
	Quoted prices in active markets for identical assets/liabilities (level 1)	Other significant observable inputs (Level 2)	Total	Quoted prices in active markets for identical assets/liabilities (level 1)	Other significant observable inputs (Level 2)	Total
	£	£	£	£	£	£
<b>Financial Liabilities</b>						
<b>Financial Liabilities held at amortised cost:</b>						
Loans/ borrowings	-	10,194,584	<b>10,194,584</b>	-	12,968,972	<b>12,968,972</b>
Finance lease liabilities	-	-	-	-	361,346	<b>361,346</b>
<b>Total</b>	-	<b>10,194,584</b>	<b>10,194,584</b>	-	<b>13,330,318</b>	<b>13,330,318</b>
<b>Financial Assets</b>						
Loans and Receivables	-	486,745	<b>486,745</b>	-	544,381	<b>544,381</b>
<b>Total</b>	-	<b>486,745</b>	<b>486,745</b>	-	<b>544,381</b>	<b>544,381</b>

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

Financial Assets	Financial Liabilities
No early repayment or impairment is recognised	No early repayment is recognised
Estimated ranges of interest rates at 31 March 2018 are based on appropriate rates provided to the Council.	Estimated ranges of interest rates at 31 March 2018 of 1.15% to 2.95% for loans payable based on new lending rates for equivalent loans at that date.
The fair value of trade and other receivables is taken to be the invoiced or billed amount.	

## 21 Retirement Benefits

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

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

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

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

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

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

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

	Note	2017/18	2016/17
		£	£
<b>Net cost of services:</b>			
Current service cost	21c	5,559,000	3,802,000
Past service cost/(gain)	21c	5,000	57,000
Net Interest on net defined benefit liability/(asset)	21c	600,000	411,000
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>		<b>6,164,000</b>	<b>4,270,000</b>
<b>Movement in Reserves Statement:</b>			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(6,164,000)	(4,270,000)
Employers' contributions payable to scheme	21c	3,119,508	3,212,317
<b>Net adjustment to General Fund</b>		<b>(3,044,492)</b>	<b>(1,057,683)</b>

The service cost figures include an allowance for administration expenses of 1.24%.

Remeasurements recognised in Other Comprehensive Income and Expenditure	2017/18	2016/17
	£	£
Liability gains/(losses) due to change in assumptions	2,787,000	26,337,000
Liability gains/(losses) due to due to demographic changes	-	(812,000)
Liability experience gains/(losses) arising in the year	524,000	(1,831,000)
Actuarial gains/(losses) on plan assets	(3,108,000)	(13,618,000)
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>	<b>203,000</b>	<b>10,076,000</b>

**c) Assets and Liabilities in relation to retirement benefits**

Reconciliation of present value of the scheme liabilities:	2017/18	2016/17
	£	£
Balance as at 1 April	142,717,000	113,379,000
Current service cost	5,559,000	3,802,000
Interest cost	3,677,000	3,812,000
Contributions by members	1,083,000	994,000
Remeasurement (gains) and losses:		
- Actuarial gains/losses arising from changes in financial assumptions	2,787,000	26,337,000
- Actuarial gains/losses arising from demographic changes	-	(812,000)
- Actuarial gains/losses arising on liabilities from experience	524,000	(1,831,000)
Past service costs/(gains)	5,000	57,000
Estimated benefits paid	(3,060,000)	(3,021,000)
<b>Balance as at 31 March</b>	<b>153,292,000</b>	<b>142,717,000</b>

Reconciliation of present value of the scheme assets:	2017/18	2016/17
	£	£
Balance as at 1 April	117,603,000	99,409,000
Interest Income	3,077,000	3,401,000
Contributions by members	1,083,000	994,000
Contributions by employer	3,103,572	3,196,533
Contributions in respect of unfunded benefits	15,936	15,784
Remeasurement gain/(loss)	3,108,000	13,618,000
Assets distributed on settlements	258,492	(10,317)
Benefits paid	(3,060,000)	(3,021,000)
<b>Balance as at 31 March</b>	<b>125,189,000</b>	<b>117,603,000</b>

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

The actual return on scheme assets in the year was a loss of £6.185m (2016/17 loss of £17.019m)

Fair Value of Plan Assets	2017/18	2016/17
	£	£
Equity investments	89,384,946	87,614,235
Bonds	15,523,436	13,524,345
Property	12,518,900	12,348,315
Cash	5,633,505	3,057,678
Other	2,128,213	1,058,427
	<b>125,189,000</b>	<b>117,603,000</b>

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

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

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

	2017/18	2016/17
	£	£
Fair Value of Employer Assets	125,189,000	117,603,000
Present value of funded defined benefit obligation	(153,634,000)	(143,056,000)
Pension asset/(liability) of Funded Scheme	(28,445,000)	(25,453,000)
Present Value of unfunded defined benefit obligation	342,000	339,000
<b>Net asset/(liability) arising from the defined benefit obligation</b>	<b>(28,103,000)</b>	<b>(25,114,000)</b>
<b>Amount in the Balance sheet:</b>		
Liabilities	(153,292,000)	(142,717,000)
Assets	125,189,000	117,603,000
<b>Net Asset/(Liability)</b>	<b>(28,103,000)</b>	<b>(25,114,000)</b>

#### d) Scheme History

Analysis of scheme assets and liabilities	2017/18	2016/17
	£	£
Fair Value of Assets in pension scheme	125,189,000	117,603,000
Present Value of defined benefit obligation	(153,292,000)	(142,717,000)
<b>Surplus/(deficit) in the Scheme</b>	<b>(28,103,000)</b>	<b>(25,114,000)</b>

Amount recognised in Other Comprehensive Income and Expenditure:	2017/18	2016/17
	£	£
Actuarial gains/(losses)	(203,000)	(10,076,000)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	258,492	(10,317)
Remeasurements recognised in Other Comprehensive Income and Expenditure	55,492	(10,086,317)
Cumulative actuarial gains and losses	(5,149,479)	(5,204,971)
<b>History of experience gains and losses:</b>		
Experience gains/(losses) on assets	3,108,000	13,618,000
Experience gains/(losses) on liabilities	(524,000)	1,831,000

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £28.1m has a substantial impact on the net worth of the

Council as recorded in the Balance Sheet and is matched by a corresponding unusable reserve of (£28.1m.)

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 2019	2018/19	2017/18
	£	£
Projected current cost	5,924,000	5,237,000
Net Interest on the net defined benefit liability/(asset)	675,000	603,000
	<b>6,599,000</b>	<b>5,840,000</b>

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2019 is £3.659m.

#### History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2017/18 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2018.

	2017/18	2016/17
	%	%
Experience gains and (losses) on Assets	2.48%	11.58%
Experience gains and (losses) on Liabilities	0.34%	-1.28%

e) **Basis for estimating assets and liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2016.

<b>Long-term expected rate of return on assets in the scheme:</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>%</b>	<b>%</b>
Equity investments	71.4%	74.5%
Bonds	12.4%	11.5%
Property	10.0%	10.5%
Cash	4.5%	2.6%
Other	1.7%	0.9%
<b>Mortality assumptions:</b>		
<b><i>Longevity at 65 current pensioners:</i></b>	<b>Years</b>	<b>Years</b>
Men	23.3	23.2
Women	25.9	25.8
<b><i>Longevity at 65 for future pensioners:</i></b>		
Men	25.5	25.4
Women	28.2	28.1
<b>Inflation/Pension Increase Rate</b>	2.10%	2.00%
<b>Salary Increase Rate</b>	3.60%	3.50%
<b>Discount Rate</b>	2.60%	2.60%
<b>Pension accounts revaluation rate</b>	2.10%	2.00%
<b>Take-up of option to convert annual pension into retirement lump sum:</b>		
Service to April 2009	75%	75%
Service post April 2009	75%	75%

**Pension Assumptions Sensitivity Analysis**

The pension figures disclosed in these statement of accounts are sensitive to the assumptions used.

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2018 is set out below.

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

## Funded Assumptions Scheme Benefits

Discount Rate Assumption	2017/18	2016/17
Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	149,968,000	155,991,000
% change in the present value of the total obligation	-1.90%	2.00%
Projected service cost	5,753,000	6,099,000
Approximate % change in projected service cost	-2.90%	3.00%
<b>Rate of General Increase in Salaries</b>		
Adjustment to salary increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	153,873,000	152,036,000
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost	5,924,000	5,924,000
Approximate % change in projected service cost	0.00%	0.00%
<b>Rate of Increase to Pensions in Payment and Deferred Pension Assumption</b>		
Adjustment to pension increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation	155,059,000	150,872,000
% change in the present value of the total obligation	1.40%	-1.40%
Projected service cost	6,099,000	5,753,000
Approximate % change in projected service cost	3.00%	-2.90%
<b>Post Retirement Mortality Assumption</b>		
Adjustment to mortality age rating assumption*	- 1 Year	+1 Year
Present value of the total obligation	157,477,000	148,448,000
% change in the present value of the total obligation	3.00%	-2.90%
Projected service cost	6,133,000	5,716,000
Approximate % change in projected service cost	3.50%	-3.50%

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

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

	2017/18	2016/17
	%	%
Equity investments	71.40%	74.50%
Government Bonds	5.20%	5.40%
Corporate Bonds	7.20%	6.10%
Property	10.00%	10.50%
Cash	4.50%	2.60%
Other	1.70%	0.90%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### g) Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/03/2015. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2018.



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

## 22 Donated Assets Accounts

	2017/18	2016/17
The Council has no transactions that would require use of this account	-	-

## 23 Capital Grants Received in Advance

	2017/18	2016/17
The Council has no transactions that would require use of this account	-	-

## 24 Contingencies

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

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

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

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

On 20<sup>th</sup> September 2018, judgement was handed down in a legal case taken by a Council against the Department for Communities relating to the allocation of Rate Support Grant. Fermanagh and Omagh District Council is a recipient of Rate Support Grant and the decision in this case potentially has a significant impact on the amount of Rate Support Grant that the Council may receive. It is not possible for the Council to accurately assess the impact of the Court decision until such times as the Department for Communities has indicated how it intends to give effect to the Court judgement.

## 25 Other Cash Flow Disclosures

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

Adjustment to surplus or deficit on the provision of services for noncash movements	Notes	2017/18	2016/17
		£	£
Depreciation	11	5,433,937	5,176,007
Impairment & downward revaluations (& non-sale derecognitions)	11	1,255,681	(294,186)
(Increase)/Decrease in Stock		54,170	(106,260)
(Increase)/Decrease in Debtors		37,555	(1,248,648)
Increase/(Decrease) in impairment provision for bad debts		38,422	(237)
Increase/(Decrease) in Creditors		7,961	367,123
Payments to NILGOSC	4, 21	3,044,492	1,057,683
Carrying amount of non-current assets sold	11	-	15,320
Contributions to Other Reserves/Provisions		1,493,964	128,780
		<b>11,366,182</b>	<b>5,095,582</b>

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Notes	2017/18	2016/17
		£	£
Proceeds from the sale of PP&E, investment property and intangible assets	8a	-	(39,995)
Capital grants included in "Taxation & non-specific grant income"	10e	(5,402,079)	(1,378,264)
		<b>(5,402,079)</b>	<b>(1,418,259)</b>

### b) Cash and Cash Equivalents

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

	2017/18	2016/17	2015/16 Restated
	£	£	£
Cash and Bank Balances	-	1,279,142	1,737,825
Short-Term Deposits (considered to be cash equivalents)	18,866,150	15,802,986	12,047,935
Short-Term Investments (considered to be cash equivalents – Tullyvar cash balances)	849,845	922,666	879,402
Bank Overdraft	(182,527)	(175)	(175)
	<b>19,533,468</b>	<b>18,004,619</b>	<b>14,658,987</b>

c) Cash Flows from Operating Activities

	2017/18	2016/17
	£	£
The cash flows from operating activities include:		
Interest received	32,879	43,647
Interest paid	606,756	617,611

d) Cash Flows from Investing Activities

	2017/18	2016/17
	£	£
Purchase of PP&E, investment property and intangible assets	3,420,972	2,355,055
Proceeds from the sale of PP&E, investment property and intangible assets	-	(39,995)
Capital Grants and Contributions Received	(1,705,327)	(1,253,097)
<b>Net Cash Flows from Investing Activities</b>	<b>1,715,645</b>	<b>1,061,963</b>

e) Cash Flows from Financing Activities

	2017/18	2016/17
	£	£
Cash Receipts from Short and Long-Term Borrowing	(351,505)	(245,955)
Repayment of Short and Long-Term Borrowing	(2,061,968)	(1,175,928)
Other payments for Financing Activities	-	(767,226)
<b>Net Cash Flows from Investing Activities</b>	<b>(2,413,473)</b>	<b>(2,189,109)</b>

## 26 Usable Reserves

### a) Capital Receipts Reserve

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

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

Capital Receipts Reserve	Notes	2017/18	2016/17
		£	£
<b>At 1 April</b>		205,535	165,540
<b>Movement</b>			
Disposal of Non-Current Assets/ Capital Sales	11	-	39,995
Capital Receipts used to finance capital expenditure	12	(71,480)	-
<b>At 31 March</b>		<b>134,055</b>	<b>205,535</b>

### b) Capital Grants Unapplied Account

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

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

Capital Grants Unapplied account	Notes	2017/18	2016/17
		£	£
<b>At 1 April</b>		1,166,362	419,777
<b>Movement</b>			
Unapplied Capital Grants received in year	10d	5,075,061	1,012,361
Unapplied Capital Grants transferred to CAA in year		(1,012,361)	(265,776)
<b>At 31 March</b>		<b>5,229,062</b>	<b>1,166,362</b>

c) Capital Fund

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

Capital Grants	Notes	2017/18	2016/17
		£	£
At 1 April		3,071,071	1,139,475
Transfers between statutory & other reserves & the General Fund		305,890	2,036,596
Transfers between Capital Fund & CAA to finance Capital Expenditure	12	(517,353)	(105,000)
<b>At 31 March</b>		<b>2,859,608</b>	<b>3,071,071</b>

d) Renewal and Repairs Fund

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

Renewal and Repairs Fund		2017/18	2016/17
		£	£
At 1 April		3,443,334	1,940,789
Transfers between statutory & other reserves & the General Fund		741,597	1,502,545
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure		(359,214)	-
<b>At 31 March</b>		<b>3,825,717</b>	<b>3,443,334</b>

e) Other Balances & Reserves

Other Balances & Reserves	Notes	2017/18	2016/17
		£	£
At 1 April		4,642,606	3,519,840
Transfers between statutory & other reserves & the General Fund	4b	1,568,628	1,254,290
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure		(1,006,589)	(131,524)
<b>At 31 March</b>		<b>5,204,645</b>	<b>4,642,606</b>

f) General Fund

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

General Fund	Notes	2017/18	2016/17
		£	£
At 1 April		3,070,216	2,965,574
Applied Capital Grants	10c	(327,018)	(419,793)
Unapplied Capital Grants received in year	10d	(5,075,061)	(1,012,361)
Direct Revenue Financing	4,12	(716,261)	(1,226,424)
Depreciation and Impairment adjustment	4	6,689,618	4,881,821
Statutory Provision for financing Capital Investment	4	(1,381,586)	(1,443,804)
Net Revenue expenditure funded from capital under statute	4,12	-	200,775
Surplus/(Deficit) on the Provision of Services	CIES	(306,136)	2,919,381
Transfers between Statutory and Other Reserves and the General Fund	4b	(2,616,115)	(4,793,431)
Net movements on Pension Reserve	21b	3,044,492	1,057,683
Disposal of Fixed Assets/Capital Sales	4	-	(24,675)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	(68,962)	77,407
Other Movements		880,157	(111,937)
<b>At 31 March</b>		<b>3,193,344</b>	<b>3,070,216</b>

## 27 Unusable Reserves

### a) Capital Adjustment Account

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

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

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

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

Capital Adjustment Account	Notes	2017/18	2016/17
		£	£
At 1 April		87,903,116	90,299,043
Applied Capital Grants	10	327,018	419,793
Unapplied Capital Grants transferred to CAA in year	26b	1,012,361	265,776
Direct Revenue Financing	4,12	716,261	1,226,424
Depreciation & Impairment adjustment	4,11	(6,689,618)	(4,881,821)
Statutory Provision for financing Capital Investment	4,12	1,381,586	1,443,804
Net Revenue expenditure funded from Capital under statute	4,12	-	(200,775)
Disposal of Fixed Assets/ Capital Sales	4,11	-	(15,320)
Capital Receipts used to finance capital expenditure	4,12	71,480	-
Other Movements		10,894	(890,332)
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	1,883,156	236,524
<b>At 31 March</b>		<b>86,616,254</b>	<b>87,903,116</b>

### b) Financial Instruments Adjustment Account

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

### c) Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to Surplus/(Deficit) on the Provision of Services) are mirrored in Other Comprehensive Income and Expenditure. It is a fundamental principle of this account that it never

becomes negative. If an asset was held at current value when derecognised, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

Revaluation Reserve	Notes	2017/18	2016/17
		£	£
At 1 April		24,328,973	21,276,080
Revaluation & Impairment	11	13,166,995	1,903,610
Other Movements - Impairment Adjustments			258,951
Other Movements		(10,894)	890,332
<b>At 31 March</b>		<b>37,485,074</b>	<b>24,328,973</b>

**d) Available for Sale Financial Instruments Reserve**

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

**e) Pension Reserve**

Pension Reserve	Notes	2017/18	2016/17
		£	£
At 1 April		(25,114,000)	(13,970,000)
Net Movements on Pension Reserve	3, 21a	(3,044,492)	(1,057,683)
Revaluation & Impairment	21d	55,492	(10,086,317)
<b>At 31 March</b>		<b>(28,103,000)</b>	<b>(25,114,000)</b>

**f) Deferred Capital Receipts Account**

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

Capital Receipts Deferred Account	Notes	2017/18	2016/17
		£	£
At 1 April		491,461	517,803
Other Movements	4	(25,002)	(26,342)
<b>At 31 March</b>		<b>466,459</b>	<b>491,461</b>

**g) Accumulated Absences Account**

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

Accumulated Absences Account	Notes	2017/18	2016/17
		£	£
At 1 April		(762,491)	(685,084)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	68,962	(77,407)
<b>At 31 March</b>		<b>(693,529)</b>	<b>(762,491)</b>



## h) Provision Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2012/13 accounts direction (see DOE circular 28/2013), to allow for mitigation of the costs not allowed for by Councils who had adopted the HM Treasury Central Government discount rate for long-term provisions such as Landfill costs. Following agreement with the Department, this arrangement allows a council to spread the cost of the impact of discount rate changes over a period of not more than 6 years. A final charge has been made to the General Fund of £138k in 2017/18 in respect of this mitigation.

The Provision Discount Rate Reserve also covers the change in the current value of the long-term provisions for landfill costs as a result of a change in the valuation of the provision due to the use in 2017/18 of interest rates excluding inflation. The impact of the change in use of interest rates in 2017/18 is £ 993k which has been charged to the General Fund but which is mitigated by a charge to this reserve in line with DfC circular LG 17/18.

Provision Discount Rate Reserve	Notes	2017/18	2016/17
		£	£
At 1 April		74,731	(63,548)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	(855,155)	138,279
Provisions Discount Rate Reserve - Tullyvar		(234,894)	-
<b>At 31 March</b>		<b>(1,015,318)</b>	<b>74,731</b>

## 28 Agency Services

Fermanagh and Omagh District Council provides a Regional Property Certificate service on behalf of all 11 Councils following the transfer of this service to the Council from the Department for Communities (previously Department of the Environment) on 1 April 2015. A Transferred Function Grant of £358k was received from DfC for running costs in 2017/2018. The cost of providing this service in 2017/18 was £317k. Income received during the year on behalf of the 11 Councils amounted to £1,373k. Amounts due to other Councils at 31 March 2018 in respect of the Regional Property Certificates is £616k and included within Note 18. Transactions relating to this service are not included within the statement of accounts.

Fermanagh and Omagh District Council is the billing authority for Enniskillen BID Ltd and is responsible for collecting the BID Levy following the introduction on 1 April 2017. The cost of providing this service in 2017/18 was £3k which was fully recouped from the Enniskillen BID Ltd. Invoices raised during the year on behalf of Enniskillen BID Ltd amounted to £215k. Transactions relating to this service are not included within the statement of accounts.

## 29 Joint Arrangements

Tullyvar Joint Committee is a landfill site jointly owned and managed by Mid Ulster District Council and Fermanagh and Omagh District Council.

The financial provision for landfill capping and aftercare costs was reviewed in the year and discounted in accordance with IAS 37, this resulted in a total discounted provision of £3,325k (2016/17 £2,227k). Also, in accordance with IAS 37, the provision is based on the percentage utilisation of the site which has been changed from 62.1% in the previous year to 63.9% currently and calculated to be £2,125k (2016/17 £1,382k). This is to bring the assumptions into line with the current management position that the site is to be "mothballed" for a number of years with the potential for re-opening to fill cell 4. The Northern Ireland Environment Agency have reviewed

Tullyvar's financial provision for landfill capping and aftercare costs in line with its paper "Financial Provision for waste management activities in NI" and have confirmed they are comfortable with the current provision.

Golder Associates previously reviewed the site gas generation potential and modelled the income projection. Their model has been reviewed by management to reflect more recent actual gas generation and income figures. The future projected discounted gas income is £894k over the next 9 years (2016/17: £1,233k)

The value of Fermanagh and Omagh District Council's investment in Tullyvar is £2,233k (2016/17: £2,855k) which represents half of Tullyvar's net assets employed and is broken down as follows:

	2017/18	2016/17
	£	£
Long-term assets	2,208,655	2,580,833
Current assets	1,599,283	1,836,399
Current liabilities	(512,835)	(871,781)
Long-term liabilities	(1,062,422)	(690,937)
<b>Net Assets</b>	<b>2,232,681</b>	<b>2,854,514</b>

The movement in Fermanagh and Omagh District Council's investment in Tullyvar is a decrease of £622k (2016/17 increase of £149k) is broken down as follows:

	2017/18	2016/17
	£	£
Sales	300,866	386,286
Gas income	(17,873)	24,959
Other	1,110	1,365
<b>Total Income</b>	<b>284,103</b>	<b>412,610</b>
Administration costs	130,325	117,312
Operating costs	514,414	180,712
<b>Total costs</b>	<b>(644,739)</b>	<b>(298,024)</b>
Revaluation reserve movement	(26,303)	34,387
Provisions Discount Rate Reserve	(234,894)	-
<b>Net Movement</b>	<b>(621,833)</b>	<b>148,973</b>

### 30 Related Party Transactions

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transaction exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council. In addition, where the relationship with the Council and the entity is solely that of an Agency (see note 28) these are not deemed to be Related Party Transactions.

- Transactions with related parties not disclosed elsewhere in these statement of accounts are set out below, where a description of the nature, the amount of the transaction and the amount of the outstanding balance is as follows. Note that related party relationships where control exists should be disclosed irrespective of whether there have been transactions between the related parties.
- Fermanagh and Omagh District Council appointed Councillors to the boards and committees of 73 various bodies ranging from local groups such as Fermanagh Enterprise Limited and Omagh Independent Advice Services to national groups such as Northern Ireland Amenity Council and the Northern Ireland Local Government Association. During the year the Council had financial transactions with 21 of these bodies.
- Councillors have direct control over the Council's financial and operating policies. In the 2017/18 financial year the Council received £105k for services provided and commissioned £1,962k of works and services from companies in which Councillors have an interest. The Council entered into these contracts in full compliance with the Council's standing orders and codes of conduct. Included in this sum are the transactions with Tullyvar Landfill.
- Tullyvar Landfill disposal site is jointly owned by Fermanagh and Omagh District Council and Mid Ulster District Council. During the year Fermanagh and Omagh District Council paid £1,401k in disposal charges and landfill tax and contributions to environmental bodies. A further £224k was outstanding at 31 March 2018 for disposal charges and landfill tax for the periods February and March 2018.
- In addition, Fermanagh and Omagh District Council paid the Education Authority (Western Region) £41k for catering, bus hire, printing, training and a refund of rental income. The Education Authority (Western Region), in turn, paid Fermanagh and Omagh District Council £139k for rent, commercial and trade waste charges, hire of the leisure centre facilities and for costs in relation to Omagh Youth Centre and Bawnacre.
- Fermanagh and Omagh District Council also paid NILGOSC (Northern Ireland Local Government Officers Superannuation Committee) a total of £3,397k whereby a Director held a public appointment as a member of the Management Committee.
- The Council also paid grants of £752k to a number of organisations in which Councillors and Council officers had an interest. These grants were made with proper consideration of declaration of interests.
- Included in grants is £65k paid to Fintona Regeneration Initiative during 2017/18 from which Fermanagh and Omagh District Council deducted £9k as repayment of a loan.
- During 2017/18, Fermanagh and Omagh District Council had actual expenditure of £1,711k to other Councils with a further £644k (see note 18a) outstanding at 31 March 2018. The Council received £204k from other Councils with a further £757 (see note 15b) outstanding at 31 March 2018. These amounts relate mainly to services provided.

## **Fermanagh and Omagh District Council**

### **Accounts Authorised for the Issue Certificate**

#### **31 Events after the Reporting Period**

There were no additional events occurring after 31 March 2018 which require adjustment to the Council's Statement of Accounts or additional disclosures.

#### **Date of authorisation for issue**

The Chief Financial Officer authorised the Statement of Accounts for issue on 24<sup>th</sup> September 2018.