



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

# **Audited Statement of Accounts Year Ended March 2021**





# Fermanagh and Omagh District Council

## Audited Statement of Accounts for Year Ended 31 March 2021

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# **Fermanagh and Omagh District Council**

## **Report on Annual Statement of Accounts 2020/21**

### **Introduction**

The audited Statement of Accounts for the year ended 31 March 2021 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 2021 (the Code) and the Department for Communities Accounts, Circular LG 08/2021. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Council.

The audited Statement of Accounts explains Fermanagh and Omagh District Council's finances during the financial year 2020/21 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The Council's financial performance for the year ended 31 March 2021 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

The purpose of this narrative report is to provide information on the Council, its objectives, strategies and the principal risks it faces, to provide context to the financial reports for the year. The impact of the Covid-19 pandemic and Council's Emergency response is considered in respect of the financial performance for the year ended 31<sup>st</sup> March 2021 and the report also reflects on future implications for the Council.

### **Group Accounts**

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

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

This statement, set out on page 41, 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 (Rates). Authorities raise taxation to cover expenditure in accordance with regulations and 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 42, shows the movement in the year on various 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/(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 Statutory and Other 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 43, shows the value as at 31 March 2021 of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

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

### **The Cash Flow Statement**

The Cash Flow Statement, as set out on page 44, 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 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 30 June 2021.

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 2020/21
- 5) Medium Term Financial Planning
- 6) Revenue Income and Expenditure 2020/21
- 7) Capital Programme 2020/21
- 8) Reserves and Treasury Management
- 9) Performance against the Corporate Plan and Improvement Objectives
- 10) Summary of Position 2020/21

## 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 through 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 117,000 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 a number of 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.

## 2 Community and Corporate Planning

### Community Planning

Community Planning is a statutory duty for the Council under the Local Government Act (Northern Ireland) 2014 which sees it lead in bringing together partner organisations from the public, private and community/voluntary sectors operating in the area.

The Community Plan for the district, 'Fermanagh and Omagh 2030', is the overarching, long-term strategy for the area, based on a thorough analysis of the district's needs and priorities. Further information on our community planning process, including a copy of the Community Plan, is available at [bit.ly/3uYZvtm](http://bit.ly/3uYZvtm).

Legislation requires that Councils report to the public, by way of a published statement, highlighting progress on outcomes achieved and actions taken. The Council's most recent interactive Statement of progress can be viewed at <http://bit.ly/FO2030StatementOfProgress>.

### Corporate Plan

In January 2020, the Council agreed a new Corporate Plan 2020-2024 'Delivering Sustainable Change Together', <https://bit.ly/3waMpcD> which sets out the strategic direction for Fermanagh and Omagh District Council for the next four years, contributing towards delivering the six long-term outcomes which our communities have told us will improve quality of life in Fermanagh and Omagh.

The Council's vision for Fermanagh and Omagh is **'of a welcoming, shared and inclusive district, where people and places are healthy, safe, connected and prosperous; and where our outstanding natural, built and cultural heritage is cherished and sustainably managed.'**

The Council has defined its core purpose as:

**"We work in partnership to improve the lives and wellbeing of our communities and to provide the best quality experience for those who visit our district"**

The Council has adopted 6 Values – Leadership; Integrity; Engagement and Involvement; Sustainability; Accountability and Innovation to guide its behaviour in the workplace and how the Council will relate to its work colleagues, customers, communities and partners. A Values Framework has been developed outlining 9 actions that the Council will take to implement these Values.

The Council has also sought to align its services and activities, with 15 related Sustainable Development Goals, to deliver towards the six long-term agreed community planning outcomes across 3 key themes (a) People and Communities (b) Economy, Infrastructure and Skills and (c) the Environment.

In response to the Covid-19 pandemic, the Council developed and agreed a Corporate Business and Recovery Plan 2020-22 (the Plan) <https://bit.ly/3wchaOy> focusing on setting out its priorities to respond to the impacts of the pandemic both in terms of the impacts on the organisation and on communities and businesses across our district.

In progressing towards recovery, the Council will apply the key principles of Safeguarding Public Health, Building Resilience in our organisation and Working with Others across the public, private and the community/voluntary sector and will continually monitor and review. The Plan includes 25 Corporate Actions which are linked to the Council's Values. Performance Report Cards are in place for each Corporate Action and a suite of Performance Measures will enable monitoring of the effectiveness of those Actions in terms of their impact and contribution towards Council values and outcomes; these will follow an Outcomes Based Accountability (OBA) approach.

### **Annual Improvement Plan and Objectives**

Part 12 of the Local Government Act (NI) 2014 places a duty on councils to make arrangements to secure continuous improvement in the exercise of their functions. This includes the setting of improvement objectives for each financial year and putting in place arrangements to achieve those objectives, as well as publishing annual reports on progress. Performance Improvement is subject to audit by the Northern Ireland Audit Office (NIAO).

Improvement is defined in statutory guidance as 'more than just quantifiable gains in service output or efficiency, or the internal effectiveness of an organisation. Improvement for Councils should mean activity that enhances the sustainable quality of life and environment for ratepayers and communities'. Essentially, improvement is about making things better and the Council focus is on how it can deliver better services for the benefit of our residents and service users.

As a result of the Covid-19 pandemic and in recognition of the exceptional circumstances, the Department for Communities provided direction that Councils were not required to publish a Performance Improvement Plan for 2020/21. The Performance Improvement Plan for 2021/22 is under development.

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

The District is served by 40 Councillors who were elected across seven District Electoral Areas (DEAs) on 02 May 2019.

The political makeup of the Council is as follows:-

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

The policies of Fermanagh and Omagh District Council are agreed by the political leadership and implemented by the senior management and employees of the Council. Council services are delivered from both Omagh and Enniskillen, and normally all Council and Committee meetings alternate between the Grange in Omagh and the Townhall in Enniskillen. In line with The Local Government (Coronavirus) (Flexibility of District Council Meetings) Regulations (Northern Ireland) 2020, meetings took place virtually during 2020/21.

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

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



The Council also has an Audit Panel which meets four times per year and reports to the Policy and Resources Committee. The Council facilitates Local Strategic Partnership Board meetings in line with the Local Government Act (NI) 2014 which places a statutory duty on local authorities to initiate, facilitate, maintain and participate in community planning in their areas and on partners to participate in community planning and to assist the Council in carrying out its community planning duties.

## **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, Ms Alison McCullagh, who is the Council's Chief Financial Officer. The financial management reporting arrangements of the Council are determined by the organisational structure.

During 2020/21 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 (retired 30 June 2020)
- 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. Since the retirement of the Director of Environment and Place interim arrangements have been put in place by the Senior Management Team to provide strategic direction and to undertake a detailed review of operational controls and procedures in this Directorate. This work is ongoing alongside the implementation of a new Organisational Structure for the Council scheduled for completion in 2021/22, which realigns services and functions to reflect natural synergies and improved focus on the collective achievement of outcomes and to support the delivery of the Council's Corporate Plan and Covid-19 Business Recovery 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 the 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's Corporate Risk Registers (Internal and External) are informed by individual Departmental Risk Registers, which outline specific risks, mitigations and opportunities, and these are reviewed regularly by the Senior Management Team. The most significant risks currently relate to uncertainties delivering an effective response to a pandemic outbreak; not optimising opportunities to mitigate against the impact of the Climate emergency; the enactment of Council decisions; retaining an appropriate profile of services at the Hospitals; and delivering an effective response to the implications of EU Exit.

The Audit Panel considers and approves any updates to the associated Risk Management Policy, considers the effectiveness of the Council's risk management arrangements, and seeks assurances that action has been taken on risk related issues identified by External and Internal Audit. The minutes of the Audit Panel are reported through the Policy and Resources Committee to the Council.

## **Annual Governance Statement**

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

Following consideration of the findings of the review of the governance arrangements, including Internal Audit's Annual Opinion, the Council approves an Annual Governance Statement which is included in the Statement of Accounts. As part of producing the Annual Governance Statement, Directors and Heads of Service within the Council are required to produce Internal Annual Assurance Statements, setting out the risk control framework in place for their area of responsibility and disclosing any significant governance issues and the actions planned to address them. The significant risk issues highlighted in the statement for 2020/21 relate to the Emergency Management arrangements related to the Covid-19 response; publication of inaccurate information and related data breaches; and financial uncertainty related to the Rates base, central government funding issues and recovery of income levels.

## **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 were subject to review in 2020/21, form part of the Council's Constitution, they link with other internal regulatory frameworks and they 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 delivered within agreed budgets unless the Council agrees otherwise;
- all officers responsible for committing expenditure comply with corporate guidance, Financial Regulations and Standing Orders;
- each Director is provided with timely information on income and expenditure on each budget heading;
- significant variances from budget are investigated on a timely basis;
- relevant training is provided to Managers responsible for budget monitoring;
- there is a scheme of budget virement; and
- reserves are adequately maintained.

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

- all income and expenditure is properly recorded and accounted for;
- individual sub-budgets are not overspent;
- discretion is exercised in managing the service's budgets;
- monitoring processes are in place; and

- explanations for variations are provided to the Director of Corporate Services and Governance.

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

#### **4 Estimates of Income and Expenditure for 2020/21**

The Estimates of Income and Expenditure for 2020/21 were prepared, in accordance with the Local Government Finance Act (Northern Ireland) 2011. Subsection 3 of this Act requires that before 15 February each year the Council:

- Shall consider the estimates for the next financial year;
- May revise the estimates in such a manner as the Council thinks fit;
- Shall approve the estimates, subject to any revisions under paragraph (b);
- Shall authorise the expenditure included in the estimates; and
- 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 overall aim of the Estimates and Rate setting process is to meet legislative requirements to ensure that there is adequate funding in place to support the Council's delivery plans, whilst ensuring that an affordable district rate is charged to the ratepayer. The objectives of the rates process include:

- Supporting the aims and objectives of the Community Plan 2030, and the Corporate Plan 2020/24;
- Helping elected members to determine service and capital priorities and their timing;
- Forecasting the changes in demand for services;
- Highlighting the likely implications of changes in legislation on spending;
- Showing the future costs of alternative policies and match demand with resources;
- Supporting the overall legislative duty of continuous improvement;
- Determining how future operations and resources should be directed; and
- Providing a framework for programming activities by individual services.

The Estimates of Income and Expenditure for 2020/21 were approved by the Council on 6 February 2020 following consultation with a Members Estimates Working Group which met at agreed intervals to consider detailed aspects of the Estimates of Income and Expenditure to inform presentation to the Policy and Resources Committee and a meeting of the full Council.

The Finance Act (NI) 2011 makes provision for the Estimates of Income and Expenditure to be revised by the Council in such a manner as the Council thinks fit. In accordance with this provision, the Council revised its budgets for 2020/21 in the context of the Covid-19 pandemic.

The Council strikes a rate each year based on the net expenditure for running its services and to fund the Capital Plan. Other factors include the level of Central Government Support and the ability of the Rates Base to generate Rates Income. The process of revising the 2020/21 budgets did not alter the rates chargeable for the year but aimed to provide better information for financial management, planning and decision making and took account of central government funding made available at that time to mitigate against the loss of income and addition expenditure that arose due to the implementation of Covid-19 restrictions.

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

- The Rate Support Grant is determined by the Department for Communities based on a formula laid down in the Local Government (Rates Support Grant) Regulations (Northern Ireland) 2011 and considers both Entitlement and Proportion of Rates Support Grant. The formula considers the wealth and needs of the Council area relative to other Council districts in Northern Ireland;
- Part 2 of the Local Government Finance Act (NI) 2011 – Grants to Councils, requires the Department for Communities each year to pay a De-Rating Grant to 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.

In addition to the above, central government support was received during 2020/21 from the Department of Communities (DfC) to meet income lost and additional costs incurred due to the Covid-19 pandemic and associated restrictions, and the Council participated in the HM Revenue and Customs Coronavirus Job Retention Scheme by claiming for wages paid to employees who were placed on Furlough. Other Covid-19 direct service support was received from central government bodies - the Department of Agriculture, Environment and Rural Affairs (DAERA), DfC and the Department for Infrastructure for additional household waste collection and disposal costs, Community Support and Recovery and Revitalisation support.

The Penny Product 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 then the Actual Penny Product for each year. A non-domestic revaluation exercise was undertaken by Land and Property Services effective from 01 April 2020. Revaluations are carried out to ensure that business rates stay up-to date and reflect economic changes by distributing rate liability fairly across all sectors in line with changes in rental values.

In formulating the Estimates for 2020/21 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 original Revenue Estimates for 2020/21, which includes approved transfers to and from the Council's Reserves and financing of capital expenditure, provided for expenditure of £39,151,500 which was to be funded by central government grants and Rates raised.

The Summary Revenue Estimates for 2020/21 are detailed in the following table which includes approved transfers to and from the Council's Reserves in line with the Council's Financial Regulations. The increase in non-domestic rate was 0% and the increase in the domestic rate was 2.79% on the previous year. A differential in rate increases was as a result of Land and Property Services undertaking the non-domestic revaluation exercise in 2020.

Revenue Estimates 2020/21 (Original)	Total Expenditure	Total Income	Net Expenditure
	£	£	£
Waste and Recycling	10,130,000	-615,000	9,515,000
Parks and Open Spaces	5,491,000	-49,000	5,442,000
Leisure, Recreation and Sport	5,436,000	-2,420,000	3,016,000
Arts and Heritage	3,766,000	-986,000	2,780,000
Operations and Estates	2,839,000	-554,000	2,285,000
Democratic and Customer Services	1,994,000	-167,000	1,827,000
Corporate Management	1,792,000	-	1,792,000
Tourism and Economic Development	2,469,000	-1,039,000	1,430,000
Environmental Health	2,421,000	-1,032,000	1,389,000
Community Services	2,177,000	-946,000	1,231,000
Finance	1,205,000	-20,000	1,185,000
Funding and Investment	815,000	-	815,000
Human Resources and Organisational Development	825,000	-25,000	800,000
Planning	1,879,000	-1,087,000	792,000
Contracts and Operation Management	757,000	-4,000	753,000
Community Planning and Performance	458,000	-	458,000
Policy and Strategic Services	402,000	-33,000	369,000
Building Control and Licensing	2,440,000	-2,086,000	354,000
Bank Interest and Investment Income	-	-90,000	-90,000
<b>Total Net expenditure</b>	<b>47,296,000</b>	<b>11,153,000</b>	<b>36,143,000</b>
<b>Transfers to/from Reserves</b>			
Renewal and Repairs Fund (net)			500,000
Capital Fund			508,500
Other Reserves			-300,000
<b>Total Reserve Transfers</b>			<b>708,500</b>
<b>Financing of Capital Expenditure</b>			
Minimum Revenue Provision			1,600,000
Direct Revenue Financing			700,000
<b>Total</b>			<b>2,300,000</b>
<b>Total Expenditure to be Funded</b>			<b>39,151,500</b>
<b>Estimated Central Government Support</b>			<b>3,053,645</b>
<b>Estimated Amount to be raised from Rates Base</b>			<b>36,097,855</b>

The revised Estimates for 2020/21 which were approved by the Policy and Resources Committee on 14 October 2020 and ratified by Council on 03 November 2020 included the following amendments:-

Reduction in Income and grants	£3,455,925
Additional Expenditure projected	£1,256,450
Reduction of budgets	(£1,530,375)
Estimated increase in Net Service Expenditure	£3,182,000

This additional expenditure was to be funded by additional Grant income of £2,863,000 and £319,000 from the Council's Contingency Reserve, which was established as part of the consideration of the 2019/20 end of year financial results when a surplus was identified and ear-marked as a General Contingency Reserve for Covid-19, to mitigate, to some degree, future financial pressures related to the Emergency and Recovery. Throughout the year there were further changes to restrictions which impacted on the operation of Council services as well as additional central government support received in the latter part of 2020/21 to further mitigate against loss of income. These changes were monitored and regular reports on financial performance were brought to Senior Management and to the Policy & Resources Committee of the Council. Comparison is made in this report to the Actual outturn for 2020/21 against the original Estimates for 2020/21.

## 5 Medium-Term Financial Planning

A Medium-Term Financial Plan was approved by Council in conjunction with the Revenue Estimates for 2020/21 which included a Capital Expenditure Programme for 2020-2025 as well as setting out the Council's overall Financial Strategy. A Medium-Term Financial Plan for the period 2021/22 to 2025/26 was approved by Council in February 2021 which includes proposed capital spending plan (reduced in the period 2022-26 by an optimism bias of 10%) in the table below:

Capital Estimates	2020/21 (revised)	2022-26	Total
	£m	£m	£m
Projects subject to external funding (deemed priority)	8.28	12.10	20.38
Council funded projects	1.75	49.90	51.65
General allocations to support in year works planned	0.70	3.50	4.20
<b>Total</b>	<b>10.73</b>	<b>65.50</b>	<b>76.23</b>
<b>Anticipated Funding</b>	<b>6.62</b>	<b>6.63</b>	<b>13.25</b>
<b>Council Funding and Proposed Borrowing</b>	<b>4.11</b>	<b>58.87</b>	<b>62.98</b>

The major expenditure included in the Capital Plan involves enhancement of Council properties and facilities, including leisure centres; tourism facilities; theatres; play parks, park development and open spaces, waste infrastructure and the replacement of fleet, plant and equipment.

Whilst the Medium-Term Financial Plan is reviewed on an annual basis, there is ongoing review work both in connection with current and future financial projections.

### Prudential Indicators

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 adequate annual 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. The Prudential Indicators for 2020/2025 were prepared in line with CIPFA's Prudential Code as part of the 2020/21 Estimates and Rate setting process and these were updated for the period 2021/2026 in February 2021. The Council also has an approved Capital Strategy in place in compliance with the Prudential Code and this sets out the long term context in which capital expenditure and investment decisions are made and which gives due consideration of both risk and reward; the impact on the achievement of priority outcomes; and includes the impact of the financing strategy for the 2020/2025 capital plans on the Council's borrowing levels.

The Council is satisfied that it has adequate cashflow to meet future revenue expenditure through existing working capital and income streams, including the impact of the Covid-19 Emergency and will keep the Prudential Indicators under review in this context. Quarterly reports on Prudential Indicators are presented to the Policy and Resources Committee.

## 6 Revenue Income and Expenditure 2020/21

The Net Cost of Services (on Continuing Operations) for 2020/21 reported in the Comprehensive Income and Expenditure Statement is £43.81m (2019/20 £43.39m). The Net Cost of Services is adjusted for differences in the Funding and Accounting Basis (Note 2a) which results in a Net Cost of Services chargeable to the General Fund of £34.18m (2019/20 £33.18m).

Due to numerous changes throughout the period due to Covid-19 restrictions and the impact that these have had on the operation of Council services, together with additional central government support received in the latter part of 2020/21 to further mitigate against loss of income and ongoing Covid-19

costs, comparison is made in this report on the Actual outturn for 2020/21 against the original Estimates for 2020/21.

The Council's financial performance for the 2020/21 year has resulted in an overall surplus (underspend against budget) and this has been contributed to by the following significant elements of variance in financial performance in 2021/21 as follows:-

- A reduction in income generated by services due to Covid-19 restrictions of £3.45m;
- An overall net savings in staff costs of £1.05m which includes efficiency savings of £665k, reduction in casual staff costs related directly to service income of £895k, reduction in other operating service staff costs of £374k, increase in staff costs in specific service areas due to Covid-19 of £587k and additional early retirement costs of £300k;
- Additional Covid-19 related costs and expenditure of £832k which includes Covid-19 direct employment related costs; protective clothing; additional operational costs for vehicle, plant and equipment; additional premises costs including signage and adaptations required; additional telecommunications and information technology costs and Covid-19 grant payments in the early lockdown period; and
- Underspends in operating costs of £2.36m which includes reductions in travel and expenses (£288k), reductions in utility costs (£475k) and reductions in direct service costs (£1.59m) - related to cost savings and to reduced or deferred service delivery.

The surplus for the year also takes account of the financing of capital expenditure of £2.70m, which is £370k in excess of the amount included in the Estimates. The costs include Minimum Revenue Provision of £1,242,763, direct revenue financing charge of £1,100,363 and also includes interest paid on borrowings of £326,203.

Council officers actively pursued external funding support during 2020/21 to mitigate against the loss of service income and the increased operational costs required to ensure all Executive guidance was followed in relation to Covid-19 safe working practices. A summary of Covid-19 related funding and its allocation in the Comprehensive Income and Expenditure Statement in 2020/21 is as follows:-

Mitigation	Amount of Funding (£)	Allocation in CIES
DfC - loss of Income due to the closure of services and facilities and exceptional Covid-19 costs for 2020/21	£2,893,038	General Grant
DfC - loss of Income anticipated due to the closure of services and facilities and exceptional Covid-19 costs for 2021/22	£2,134,443	General Grant
Furlough claims to HMRC Furlough Scheme	£1,032,113	General Grant
SEFA (Emergency Financial Scheme)	£3,294	Service Income – Covid-19
DfC – Community Support Funding	£688,260	Service Income – Covid-19
Department of Agriculture, Environment and Rural Affairs (DAERA) - waste management	£805,681	Service Income – Covid-19
DfC/DfI/DAERA - Covid-19 Recovery Revitalisation Scheme	£1,287,000	Service Income – Covid-19
<b>Total</b>	<b>£8,843,829</b>	

A total of £8.84m exceptional funding was received during 2020/21 of which £2.13m was received in March 2021 from the Department of Communities towards future service income losses and further Covid-19 associated costs. In addition, £1.06m of funding (out of a total £1.287m) received from the Department of Communities (DfC)/Department for Infrastructure (DfI) /Department of Agriculture, Environment and Rural Affairs (DAERA) for Covid-19 Recovery and Revitalisation support has been earmarked for spend in 2021/22. Both of these amounts have been transferred to earmarked reserves to meet losses and costs as they arise and to provide community funding in 2021/22.

Financing of Council spend is by means of Central Government Support (General Grant), Rates Income and Council Reserve Transfers and in 2020/21 also includes support from the Department for

Communities and the HMRC Furlough Scheme detailed above.

The Council receives Central Government Support from the Department for Communities by way of a De-Rating Grant, Rates Support Grant and Transferred Functions Grant which are classified as Revenue Grants (Note 10e).

- The Council estimated £1,976,082 of De-Rating grant from the Department for Communities and the indicative year end position amounts to £2,035,550 which results in a further amount due from the Department of £59,468.
- Rates Support Grant Income of £1,256,162 was received for the year, which amounts to £726,162 more than the amount included in the original Estimates for 2020/21 and which represents the Council's share (5.63%) of a final allocation by DfC of £22.3m.
- Transferred Functions Grant of £547,461 was received during 2020/21 and this amount is in line with the Estimates for 2020/21. The Council's contribution to the Northern Ireland Public Services Ombudsman is deducted from this grant payment from the Department for Communities. The Ombudsman costs for 2020/21 were £32,190. The Transferred Functions Grant includes a contribution towards the costs of the Council providing a Regional Property Certificate Unit (RPCU) on behalf of all 11 NI Councils, totalling £377,627. 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.

Rates Income of £36,097,855 has been supplemented by an additional £844,838 of Rates finalisation income which results in total Rates income for 2020/21 of £36,942,693 (Note 10e) (2019/20 £35,280,058). This position is advised by Land and Property Services (LPS) but will not be fully confirmed until later in 2021.

The Expenditure and Funding Analysis at Note 2 shows how Council annual expenditure is used and funded from resources (government grants, rates and general income) in comparison with those resources consumed and earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Service functions. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The Council operates a landfill site at Drummeemore (Enniskillen) and maintains closed landfill sites at Mullaghmore (Omagh) and Glassmullagh (Enniskillen). Aftercare provisions are required in compliance with the Northern Ireland Environment Agency (NIEA) for both Drummeemore and Glassmullagh (Note 19). The Council also has an interest in a waste disposal site at Tullyvar Road, Aghnacloy, Co Tyrone. This comprises a landfill site, a recycling centre and associated services which is jointly owned and operated with Mid Ulster District Council. On the basis of technical advice, the Council's share of financial results for this operation is accounted for as a joint arrangement, the details of which are set out in Note 29.

A summary of the actual income and expenditure (excluding technical accounting adjustments and Tullyvar) and including finance and investment income and expenditure (Note 9) and the income and expenditure for the Regional Property Certificate Unit (Note 28) for 2020/21 compared with the Estimates for the year is shown below.



	2020/21		
	Actual (£)	Estimated (£)	Variance (£)
<b>Net Income and Expenditure *</b>	34,286,178	36,143,000	(1,856,822)
<b>Transfers to/from Reserves</b>	6,550,000	708,500	5,841,500
<b>Transfers to Reserves (future specified spend)</b>	3,140,443	-	3,140,443
<b>Financing of Capital Expenditure</b>			
Minimum Revenue Provision	1,242,763	1,265,000	(22,237)
Loan interest	326,303	335,000	(8,697)
Direct Revenue Financing	1,100,363	700,000	400,363
<b>Total net expenditure to be funded</b>	<b>46,646,050</b>	<b>39,151,500</b>	<b>7,494,550</b>
Central government grant support *	3,839,173	3,053,645	785,528
Rates income	36,942,693	36,097,855	844,838
Covid-19 Related Funding *	6,059,594	-	6,059,594
<b>Total Grant and Rates Income</b>	<b>46,841,460</b>	<b>39,151,500</b>	<b>7,689,960</b>
<b>Surplus for the year</b>	<b>195,410</b>	<b>-</b>	<b>195,410</b>

\* Includes Finance and Investment Income and Regional Property Certificate Unit expenditure and Income, and Central Government grant income (Transferred Function Grant and Mitigation of Loss of Income Grant)

### Significant Transactions in 2020/21

#### 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 of the Council for both landfill sites. A 60 year provision is required for Glassmullagh Landfill Site which was agreed by the Northern Ireland Environment Agency (NIEA) as at 31 March 2014, the provision for Drummee is 20 years as agreed by NIEA during 2019/20. Both provisions are assessed annually by a suitably qualified civil engineer. Discount rates are used to discount the cash flows 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

Valuations of Land and Buildings are carried out externally by Land and Property Services (LPS), in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). At the valuation date, LPS notes that property markets are mostly functioning again, with transaction volumes and other relevant evidence at or returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, LPS valuations are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards, except for a number of assets identified, particularly in relation to office buildings, which in the opinion of LPS continue to be faced with an unprecedented set of circumstances caused by Covid-19 and an absence of relevant/sufficient market evidence on which LPS base judgement. However, LPS advised that their material uncertainty clause serves as a precaution and does not invalidate the valuation.

The overall movement is an increase of £503k (Land – increase in value of £249k and Buildings – increase in value of £254k) and is included in Note 11 to the accounts.

#### iii) 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 £932k (Note 9c) representing the net interest on 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 £16.5m to £59.2m.

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.

#### iv) Covid-19 Income and Expenditure

Income and expenditure relating specifically to the initial phase of the Covid-19 has been included as a separate Service Expenditure line in the Comprehensive Income and Expenditure Statement. Also included within this service line is Central Government funding and related expenditure which is specific to Covid-19 related grants within Community Services and Economic Development. HMRC Furlough Income and support from the Department for Communities to meet loss of income is recognised in the Taxation and Non-Specific Grants income line in the Comprehensive Income and Expenditure Statement.

## 7 Capital Programme 2020/21

The revised planned spend for the Capital Programme in 2020/21 was £10.41m of which £10.34m (Note 11 & 12) was for capital purposes and additions to Heritage Assets amounted to £72k. The remainder of the 2020/21 programme has been reprofiled for future years.

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

The most significant spends on capital programmes were:-

Capital Programme	Spend (£)
Enniskillen Public Realm Scheme	2,628,634
Economic Development – Including Full Fibre NI Project	1,442,625
Village Renewal Schemes	1,354,924
Gortrush Depot Improvements Project	928,783
Tourism Facilities (Gortin Glens Phase 1&2 and Marble Arch Caves Experience Development)	829,947
Upgrades To Council Buildings and Administration Centres	703,814
IT Equipment and Software	645,960
Recycling Centre Facility and Refuse Disposal - Drummeemee	615,302
Plant & Equipment and Fixtures & Fittings	265,353
Cuilcagh Experience/Killykeegan Nature Reserve Project	263,076
Leisure Facilities Improvements	172,501
Parks and Play areas – Improvements	130,333
Cultural and Art Facilities Improvements	125,241

The Council's total fixed assets amounted to £142.10m at 31 March 2021 (Note 11). Included in this amount are intangible assets valued at £120k (Note 11c) which relates solely to market rights. Also included are investment properties valued at £8.50m (Note 11d) which comprise assets held for rental income, valued at £5.85m and assets held for future market appreciation of £2.65m.

A valuation of freehold and leasehold properties was carried out as at 31 March 2021 by an independent valuer from Land and Property Services. This valuation resulted in an overall increase in value of Land

and Buildings of £0.503m of which £0.314m was credited to the Revaluation Reserve. £0.075m of impairment losses were charged to the Comprehensive Income and Expenditure Statement in the year and £0.263m of previous years impairment losses was credited to the Comprehensive Income and Expenditure Statement.

**Valuations** - The last valuation of freehold and leasehold properties was carried out as at 31 March 2021 and was undertaken by an independent valuer from Land and Property Services. Please refer to Note 1 for further information on revaluation and depreciation policies and comments above about 'material valuation uncertainty'.

## 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 her 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 2020/21 was £3.65m. The position will increase the Council's General Reserve balance by £195k to £3.987m which exceeds the minimum general reserve balance set for 2020/21 but which is considered prudent in light of the current economic climate.

The Reserves were credited with £13k interest in the year and the financial position for 2020/21 includes transfers (Note 4b) to the following Usable Reserves from the General Fund (exclusive of Tullyvar movements):-

Reserve Transfers	£
Covid-19 Contingency and Resilience	2,750,000
Covid-19 Contingency and Resilience (2021/22 funding)	3,140,443
Capital Fund	1,780,000
Repairs and Renewals	700,000
Transformation and Climate Change	500,000
Economic Development Reserve	370,000
Environment and Waste Reserve	250,000
Local Development Plan	100,000
Election Reserve	100,000
<b>Total</b>	<b>9,690,443</b>

The net movement is £9.67m which is detailed included in the Movement in Reserves Statement (page 42) and Note 4b.

### 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 2020/21 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 use the services of treasury management 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 2021, the Council had £20.77m of deposits and cash balances (includes Tullyvar investment - Note 25b). The return on investments earned during the year was £61k (2019/20 £160k - Note 9b). This reduction from previous year of almost £100k is due to reduced interest rates following the impact of Covid-19.

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been funded from loan debt as cash supporting the

Council's reserves, balances and cash flow has been used as a temporary measure (this is known as the Councils Internal Borrowings). This strategy is prudent as investment returns are low and counterparty risk is relatively high.

There were no new loans or leases taken out during the year. The total level of borrowing at 31 March 2021 is £5.27m (Note 17). The Minimum Revenue Provision charge to the General Fund was £1.24m (Note 12). Interest paid on loans during the year was £326k (Note 9a).






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

As a result of the Covid-19 pandemic and in recognition of the exceptional circumstances, the Department for Communities provided direction that Councils were not required to publish a Performance Improvement Plan for 2020/21 in recognition that Council's focus would be work on service delivery and performance recovery.

In response to the Covid-19 pandemic, the Council developed a Corporate Business and Recovery Plan 2020-22 which was agreed by the Council in November 2020 focusing on setting out its priorities to respond to the impacts of the pandemic both in terms of the impacts on the organisation and on communities and businesses across our district.

The Council's Annual Report 2020/21 will set out progress achieved in respect of delivery of the Corporate Business and Recovery Plan during the 2020/21 year. This will be reported to Council in September 2021 and published on the Council's website.

The Council has developed the following draft Performance Improvement Plan (PIP) for 2021/22 which is based around the improvement priorities identified in its Corporate Plan 2020-24 and also to reflect on the impacts of the Covid-19 pandemic.

Corporate Improvement Priority Area 2020-24	
	<b>Positive Climate Action:</b> what we will do to support an agenda to positively address climate change, including promotion of a circular economy ethos
	<b>Promoting and Supporting Health and Wellbeing:</b> in line with our 'Active Together' strategy provide accessible and inclusive opportunities for all to participate in physical activity and other leisure services
	<b>Jobs and the Local Economy:</b> our district is highly dependent on small, local businesses and continued high levels of entrepreneurship which we will continue to nurture and support
	<b>Developing our Tourism Potential:</b> capitalise on the untapped tourism potential in our district and working in partnership so that the district can benefit from the rewards
	<b>Tackling Disadvantage:</b> work to address the difficulties preventing people from participating fully in society, including poverty, but also, eg, limiting factors in one's life situation (such as a lack of skills), unequal levels of health and wellbeing associated with economic disadvantage and discrimination

The draft plan has been subject to public consultation and the final draft plan, once approved by Council, will be available on the website. The plan will be subject to quarterly progress reports which will be presented to the Council's Regeneration and Community Committee and to the Audit Panel.

## **10 Summary of Position for 2020/21**

Throughout the emergency management period in 2020/21, the Council worked to meet its statutory functions, with a focus on front-line services of Waste Management, Cemeteries and Registration Services. Other services continued to operate in a reduced or adapted way and the Council's Corporate Support Services, including ICT, Finance, Human Resources and Marketing/Communications were fully operational in business continuity mode and worked to support delivery in quite different circumstances. Arts, Heritage, Leisure, Recreation and some Community facilities were significantly impacted by Covid-19 restrictions and were closed for significant periods during 2020/21. Work was progressed on some areas of strategy and policy development, most notably in relation to Climate Change and Sustainable Development. With a backdrop of the EU Exit, a comprehensive programme of economic development work, including revitalisation projects and other funded capital schemes have been delivered. 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, notably in the area of community support. Further support was provided to communities through a number of grants programmes as well as the operation of a Community Hub for a number of months in 2020. As discussed in section 6 of this report, the Council's financial performance for the year was impacted by these operational issues and mitigating actions.

The Council's financial performance in 2020/21 generated an overall revenue surplus of £195k (after the transfer to earmarked reserves) which was in line with in-year expectations. Generally, the financial standing of the Council continues to be robust and this is demonstrated by this Statement of Accounts. There is evidence of good financial management approaches, 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.

The Council is satisfied that it has sufficient reserves and balances to provide financial resilience for 2021/22 and subsequent years. There are some uncertainties as well as opportunities as highlighted throughout this report, but there are established risk management processes in place and, together with robust financial management and reporting, the Council is in a satisfactory position as it moves into 2021/22.

More detailed financial projections and planning are required to support medium term financial planning, particularly in respect of the Council's ambitious capital plans and the challenges of climate change. Work has commenced on this, and this will be supported by work on long term strategies and plans together with financial review, to ensure continued effective delivery of services in a sustainable manner.

### **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 exceptional 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.



## 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 27<sup>th</sup> September 2021

Signed:  Date: 27/09/21  
**Chief Financial Officer**

#### The Chief Financial Officer's Responsibilities

Under Regulation 8(2) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Chief Financial Officer is responsible for the preparation of the Council's Statement of Accounts in the form directed by the Department for Communities.

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

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

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

The Chief Financial Officer is also required to:

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

# **Fermanagh and Omagh District Council**

## **Annual Governance Statement**

### **Scope of Responsibility**

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

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

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

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

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

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

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

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

The governance framework has been in place at Fermanagh and Omagh District Council for the year ended 31 March 2021 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, in its role as lead partner in February 2017, following significant consultation and was formally launched in March 2017. In 2020, following further public and stakeholder engagement, an updated Community Plan was agreed and published focusing on six outcomes promoting social, economic and environmental wellbeing. The Community Plan identifies a long-term Vision for the district and how the agreed long-term outcomes for the district will be taken forward through a range of partnership actions.

The document is available to view at [bit.ly/3uYZvtm](https://bit.ly/3uYZvtm).

In January 2020, the Council agreed a new Corporate Plan for the 2020-24 period aligned to the Community Plan Vision and Outcomes. 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 a Performance Report Card for each Corporate Action.

The Corporate Plan 2020-24 is issued to all consultees on the Council's consultee database and copies are available to the public at key Council facilities and online through the Council website. Internal communication channels have included staff briefings, corporate communication bulletins, the use of the staff hub and corporate induction briefings for new employees.

In response to the Covid-19 pandemic, the Council developed and agreed a Corporate Business and Recovery Plan 2020-22 focusing on setting out its priorities to respond to the impacts of the pandemic both in terms of the impacts on the organisation and on communities and businesses across our district. This document has been shared with the public and stakeholders and is available on the Council website [bit.ly/3waMpcD](https://bit.ly/3waMpcD).

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

The Council's Vision has been reviewed and confirmed to align with the Vision for the District as set out in the Community Plan. This supports ongoing 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. In the 2020/21 year, as a result of the Covid-19 Pandemic, the Council focus was on the delivery of the Corporate Business and Recovery Plan agreed for the 2020-22 period and it will report to Members on progress of this activity in July 2021.

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

Fermanagh and Omagh District Council conducted a second Residents' Survey early in 2021 and will continue to use the information and data provided by the Residents' Survey to inform service delivery, engagement with residents and service users. The objectives of the survey were two-fold:

- The Council has a statutory duty to publish improvement objectives annually and, as such, it is focused on achieving and evidencing continuous improvement; and
- The Council has the lead role in the development and rollout of the Community Plan for the district, which requires long-term data to track performance. The Residents' Survey provided data against a range of performance indicators and helped to fill gaps in existing data, including data on issues such as wellbeing and communication that were not available.

The survey provided a wide range of valuable statistical data which can be used as a baseline for gauging future quality of services and service user satisfaction. The overall residents' satisfaction rating for the Council was 84%, an increase on the 70% satisfaction level recorded in 2017/18 (the previous survey).

During 2020/21, the Council's Connect Centres (Enniskillen and Omagh) were mainly closed to the public due to Covid-19 lockdown requirements however, Customer Service Advisors (CSAs) have continued to provide support remotely and in office facilities in line with Health and Safety Covid-19 guidance. Alternative forms of communication were introduced for customers including Webchat functionality and increased use of email [info@fermanaghomagh.com](mailto:info@fermanaghomagh.com).

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



The Customer Services Strategy and Customer Service Protocol will be reviewed in line with the new Corporate Plan 2020-2024, which will include the development of revised Customer Service Protocols and Guidance. The Customer Service Standards were reviewed and implemented in April 2021.

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

Fermanagh and Omagh District Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Council operates a Committee System. Meetings of the Council and Committees are open to the public with the exception of where 'confidential' or 'exempt' matters are being discussed, as defined by the Local Government Act (Northern Ireland) 2014. The Constitution is available on the Council's website: [bit.ly/33wqNve](http://bit.ly/33wqNve)

With effect from January 2021 the Council has agreed that all the Statutory Committees will have delegated authority for decision making on specific issues in accordance with their terms of reference. This arrangement has been reviewed and confirmed to operate until May 2022 when it will be subject to further consideration.

The minutes and associated reports for all Council and Committee Meetings are uploaded to the Council's website [www.fermanaghomagh.com](http://www.fermanaghomagh.com) with the exception of confidential minutes and reports. Additionally, all Council and Committee meetings are audio recorded, which are uploaded to the website, except for discussions relating to confidential business. With effect from May 2020, due to the Covid-19 pandemic, Council and Committee meetings have been held remotely which has provided the opportunity to livestream Council and Committee meetings to YouTube. These actions ensure that the Council is communicating with its public in an open and transparent manner.

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

The Marketing Communications team have continued to support effective communications with the public. The Corporate Plan 2020-2024 includes an action to 'Develop and deliver a proactive communications programme aimed at promoting and supporting the Council's key priorities and improving community involvement and engagement'. The marketing communications strategy and action plan is being reviewed to further reflect this action. The Council's values framework also includes a commitment to engagement and involvement.

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

The Council's Constitution [bit.ly/33wqNve](http://bit.ly/33wqNve) 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. Both Codes have recently been updated.

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

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

and will observe the Code of Conduct.

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

Facilitated training is provided to Councillors and incorporates the NI Local Government Code of Conduct for Councillors, the Register of Interests (as required by law to be completed by individual Councillors and made available for public inspection); Standing Orders and the Planning Protocol. The Council also participates in NILGA's regional learning and development programme which includes training on the Code of Conduct.

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.

A range of employee training took place in 2020/21 including Corporate Induction Programmes for new employees which specifically includes information on the Code of Conduct. The Council's eLearning system also includes a module on the Code of Conduct for Employees. A copy of the Code of Conduct for Employees is included in the employee induction pack as well as being provided on the Staff Hub.

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

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

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

The Council's Financial Regulations set out the overarching financial responsibilities of the Council and its staff and provides the framework within which the Council's financial affairs are managed. The Financial Regulations, which were reviewed and updated during 2020/21, are supported by a detailed Accounting Manual which covers all operational areas within the Finance section.

The Council is committed to working in partnership and has established and facilitated a Community Planning Partnership for the district. This Partnership, which includes a Strategic Partnership Board, has agreed a governance structure and guidance document setting out the community planning governance arrangements which apply in the Fermanagh and Omagh district. It outlines the mechanisms of the partnership and the role and remit of the various structures within the partnership. This has been approved by the Board and the respective partners. A review of Community Planning governance is proposed and will be conducted in the 2021/22 year.

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

The Council (and Community Planning Partnership) are utilising an Outcomes Based Accountability

approach. The population indicators used in the Community Plan can all be sourced accordingly; the vast majority are sourced from NISRA, and in most instances are aligned to the Programme for Government indicators (where possible). No project specific data, which can be volatile and lack robustness, is used at the population indicator level. Project specific data is used at performance measures level to support ongoing report against actions.

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 Registers (Internal and External) are informed by the Departmental Risk Registers and reviewed by Senior Management and reported to the Audit Panel. The Audit Panel considers and approve any updates to the Risk Management Policy, considers the effectiveness of the Council's risk management arrangements, and seeks assurances that action has been taken on risk related issues identified by External and Internal Audit. The minutes of the Audit Panel are reported through the Policy and Resources Committee to the Council.

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

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

The Council has in place a Fraud and Corruption Policy the objective of which is to ensure that the approach of the Council to fraud and corruption is open, clear and transparent to all. The Policy, which was reviewed and updated during 2020/21, 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 2020/21 year.

The Council has a cyber-security framework in place, which is regularly tested and reviewed, to ensure that as far as possible, a secure IT environment is operated to reduce the risk of fraud.

### **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. The Council recognises that further transformation change is required within specific service areas and the organisation generally in the context of other strategic issues and the Community Plan 2030 for the district. The current focus of this work in 2020/21 has been an Organisational Review which has progressed through consultation and is now moving into implementation in 2021/22. This work is supported by a Corporate Projects Manager and a leadership capacity building programme is in development.

The Council recognises that Climate Change represents a significant challenge for the future. It has recently agreed a Climate Change and Sustainability Strategy and is currently working to develop the Action Plan to support this work.

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

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

The CFO in a public sector organisation:

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

To deliver these responsibilities the CFO:

- Must be satisfied that the finance function is resourced and fit for purpose; and
- Its staff is professionally qualified and suitably experienced.

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

## **Ensuring the Council's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit 2019 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 2019 sets out five principles that define the core activities and behaviours that are expected of this role in public service organisations and the organisational arrangements needed to support them:

Core activities and behaviours:

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

To perform this role the Head of Internal Audit:

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

Fermanagh and Omagh District Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit 2019.

## **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 her 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 six members with cross-party representation, appointed for the term of the Council, and two non-voting, externally recruited independent members.

The Audit Panel met five times during 2020/21 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 2020/21.

The Council is committed to carrying out business in a transparent manner, 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 and the Council's Whistleblowing Policy are included as modules in the Council's Learning Management System.

Fermanagh and Omagh District Council is committed to dealing with all complaints fairly and impartially. The Complaints Procedure is available in electronic format via the Council website or is available in hard copy on request. The Council is awaiting an update on complaints handling from the NI Public Services Ombudsman after which it will review its complaints procedure.

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

Fermanagh and Omagh District Council is accredited with the Elected Member Development Charter

Award Level 1. Members undertake corporate learning and development and are also invited to undertake an Individual Training Needs Analysis to identify appropriate learning and development. The Council has established an Elected Member Development Steering Group which comprises cross-party representation and meets bi-monthly to champion learning and development for Members of the Council. The Council has an approved Elected Member Learning and Development Policy which assists in embedding learning and development and more recently the Council has moved to developing an Elected Members Learning and Development Hub. The Council also works in partnership with other organisations to provide accredited training to Members.

The Council actively participates in the Northern Ireland Local Government Association (NILGA) Regional Learning and Development Programme which provides a range of capacity building opportunities for Members. During 2020/21 due to Covid-19 restrictions this programme of training was delivered remotely in the latter part of the year, together with a number of other virtual training initiatives. The Council was successful in retaining Level 1 Elected Member Development Charter Award following recent review.

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

The Corporate Learning and Development Plan is currently under review and will be finalised in 2021/22. This plan outlines the corporate learning and development needs of employees and the proposals to address these. A Leadership Development Programme is also being developed to support changes to the organisational structure and this programme will commence in 2021/22.

### **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 and are live streamed to YouTube. The agendas and associated papers, audio recordings and minutes of the meetings are available on the Council's website [www.fermanaghomagham.com](http://www.fermanaghomagham.com).

The Council's corporate strategies in the areas of 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 leads the Community Planning process involving a number of statutory partners who are key public sector providers. Through this process, the Council has sought to focus service delivery for the district to ensure effective meaningful outcomes are achieved in line with the key objectives of the Community Plan around People and Communities; Economy and Environment. All papers relating to Community Planning Strategic Partnership Board meetings are publicly available on the Council website and a performance management framework is in place. In November 2019, the Fermanagh and Omagh Community Planning Partnership published its first Statement of Progress in fulfilment of its legislative requirement to do so. This is available to view at [bit.ly/3tXLw5z](https://bit.ly/3tXLw5z)

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

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

Fermanagh and Omagh District Council, as lead partner with responsibility to initiate, maintain, facilitate and participate in community planning for its district, has put in place processes to ensure effective

governance of the community planning partnership for the district. In 2017, the partnership established a Partnership Agreement and Operating Arrangements which have since been reviewed with a Governance Framework and Guidance Paper agreed by the Partnership in February 2019 and available on the Council website. 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 Regeneration and Community 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. The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual Report and also by any relevant comments made by the External Auditors.

The Internal Audit function continued to operate during the Covid-19 pandemic with updates on the Internal Audit Plan presented to the Audit Panel on a quarterly basis. Internal Audit acknowledged the co-operation from management which enabled Internal Audits to be undertaken in this challenging year and to adapt to new approaches to evidence gathering.

Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. During 2020/21, 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 were 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 five times during 2020/21 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.

In the interest of continuous improvement, the Council itself has undertaken a Governance Review to consider the effectiveness of decision-making process in the context of legislative requirements. This work has involved input from NILGA, together with a peer review exercise and has informed some changes to Committee arrangements agreed during the year. Further work on alternate governance models and wider considerations will be progressed to inform the next mandate of the Council.




## Significant Governance Issues

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

- The Council's Emergency Management Team stood up on 13 March 2020 in response to Covid-19. Emergency plans were operational throughout the 2020/21 year and the Emergency Management Team has been managing the risks associated with that. A Corporate Business and Recovery Plan 2020-2022 has been agreed by Council. The financial and going concern implications of the Covid-19 situation and associated recovery have been considered in the context of financial planning and action to mitigate against loss of income is being progressed.
- During the year, inaccurate information was published relating to the Council's agreed position as part of the consultation on the Schedule of Proposed Changes in relation to the Local Development Plan 2030 – draft Plan Strategy. This issue was investigated and a series of recommendations made. There were also a number of data breaches related to this incident and other matters which have been reported to the Information Commissioners Office and have also been subject to investigation. Further action to address the recommendations of these investigations will progress during 2021/22.
- The Council previously identified financial uncertainties stemming from the impact of Central Government budgets and this is still a risk due to the uncertain financial climate. These are still relevant together with uncertainties around the future ability of the Rates Base to generate income required to support the Council. The Council seeks to establish and manage reserves to absorb fluctuations and ensure effective financial planning.

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

Signed: 

Date: 27/09/21

**Chief Executive and Chief Financial Officer of Fermanagh and Omagh District Council**

Signed: 

Date: 27/09/21

**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 2021**

#### **Introduction**

The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 require larger local government bodies to prepare a Remuneration Report as part of the Statement of Accounts.

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

##### **Councillors**

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

Guidance and determinations on Councillors' Allowances applicable from 1 April 2020 were issued by the Department for Communities on 03 April 2020 (Circular LG 08/2020) and on 08 March 2021 (Circular LG 07/2021). Details of the allowances paid to individual Councillors are published on Council websites.

Following local elections on 2 May 2019, 462 councillors were elected to the 11 new councils for a four year term. Fermanagh and Omagh District Council had 40 councillors in 2020/21.

##### **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)**

	2020/21		2019/20	
	Total Allowances	Number of Councillors receiving the allowance	Total Allowances	Number of Councillors receiving the allowance
	£		£	
Basic Allowance	619,683	40	602,477	54*
Special Responsibility Allowance	30,174	22	28,358	28
Chairperson/ Mayor Allowance	10,027	2	10,027	2
Vice Chairperson/ Deputy Mayor Allowance	5,000	2	4,812	2
Mileage Allowance	8,653	25	75,253	40
PCSP Attendance Allowance	4,860	11	6,540	14
Subsistence/Miscellaneous	-	-	176	7
Public Transport and Other Travel Incidentals	-	-	89	2
Courses/ Conferences Visits (registration & joining fees)	-	-	978	-
<b>Total</b>	<b>678,397</b>		<b>728,710</b>	

Details of the allowances paid to individual Councillors in 2020/21 are published on the Council website at [www.fermanaghomagh.com/your-Council/Councillors-expenses](http://www.fermanaghomagh.com/your-Council/Councillors-expenses).

\*This figure represents Councillors paid over two terms. At the election in May 2019, 13 new members were elected and 1 was replaced mid year. Normally 40 members are paid in each month. 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	2020/21				2019/20			
	Actual Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total	Actual Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total
	£	£	£	£	£	£	£	£
Brendan Hegarty (retired Chief Executive 31 October 2019)	-	-	-	-	103,840 (116k)	-	-	103,840
Alison McCullagh (appointed as Chief Executive 1 Feb 2020)	106,114	-	-	106,114	93,340 (105k)	-	-	93,340
Robert Gibson (retired Director 31 March 2020)	-	-	-	-	89,170	-	-	89,170
Kevin O'Gara (retired Director 30 June 2020)	21,854 (87k)	-	-	21,854	89,059	-	-	89,059
Celine McCartan (Director)	87,881	-	-	87,881	89,574	-	-	89,574
Kim McLaughlin (appointed Director 1 March 2020)	85,004	-	-	85,004	56,079 (82k)	-	-	56,079
John Boyle (appointed as Director 27 April 2020)	78,576 (84k)	-	-	78,576	-	-	-	-

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

The banded remuneration of the highest paid member of the Senior Management Team in the financial year 2020/21 was £100k - £110k. This was 5 times the median remuneration of the workforce, which was £22.2k.

**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)**

	2020/21	2019/20
Salary Band of Highest Paid member of the Executive Management Team/ Senior Management Team	£100k-£110k	£100k-£110k
Median Total Remuneration	£22.2k	£21.1k
Ratio	5:1	5:1

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

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

### Salary

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

### Bonus Payments

There were no bonuses paid in 2020/21.

### 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

During the year, the Council approved early retirement arrangements for a number of staff. This entailed a discretionary payment of retirement benefits which is classified as an exit payment. The number of exit packages provided to all staff by the Council, together with total cost per band and total cost of compulsory and other redundancies are set out in the table below:

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

Severance Package Cost Band	2020/21				2019/20			
	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages	Total Cost of Packages £	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages	Total Cost of Packages £
£0-£20,000	-	4	4	18,676	-	-	-	-
£20,001-£40,000	-	3	3	96,605	-	-	-	-
£40,001-£60,000	-	4	4	184,424	-	-	-	-
<b>Total</b>	-	<b>11</b>	<b>11</b>	<b>299,705</b>	-	-	-	-

## Independent Member – Audit Panel

Mr Gary Miller and Ms Brona Slevin are Independent Members of the Audit Panel. Their role is to help promote the highest standards in the financial management of the Council and thereby ensure the accountability of public funds. A payment of £250 is paid per meeting (this includes preparation time) plus travel and expenses.

## Pension Benefits

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

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

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

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

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

**Table 5: Employee Contribution Rates**

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

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

**Table 6: Employer Contribution Rates**

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

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

Councillors were able to join the Scheme from May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all Councillors during 2020/21 was £120,322 (note 7d).

The value of pension benefits of the Senior Management Team accrued during the year was as follows:

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

Officers	Accrued Pension at pension age as at 31/3/21	Real increase in pension and related lump sum at pension age	CETV at 31/3/21	CETV at 31/3/20	Real increase in CETV
	£	£	£	£	£
Alison McCullagh	36,679	6,424	548,772	484,463	48,345
Kevin O'Gara	41,633	3,805	863,761	830,856	30,012
Celine McCartan	44,547	2,805	585,312	537,810	37,241
Kim McLaughlin	13,047	2,074	176,512	145,531	22,932
John Boyle	1,623	1,623	19,972	0	13,211

#### **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.

Alison McCullagh  
Chief Executive

27<sup>th</sup> September 2021

**Fermanagh and Omagh District Council**

**Certificate of the Chief Financial Officer**

I certify that:

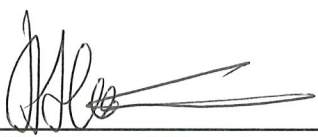
- a) the audited Statement of Accounts for the year ended 31 March 2021 on pages 41 to 44 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 45 to end.
- b) in my opinion the audited Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31 March 2021.

Signed:   
Chief Financial Officer

Date: 27/09/21

**Council Approval of Statement of Accounts**

These accounts were approved by resolution of the Council on 15<sup>th</sup> September 2021.

Signed:   
Councillor Howard Thornton

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

Date: 27/09/21

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

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

In my opinion the financial statements:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that Fermanagh and Omagh District Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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

### **Other Information**

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

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

## **Opinion on other matters**

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

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

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

In the light of the knowledge and understanding of the Fermanagh and Omagh District Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Statement of Accounts.

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

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

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

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

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

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

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

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

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



My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Fermanagh and Omagh District Council through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015;
- making enquires of management and those charged with governance on Fermanagh and Omagh District Council's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Fermanagh and Omagh District Council's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading Council and Audit Panel minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

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

This report is made solely to the Members of 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.

#### **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.



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

**30 September 2021**

# Fermanagh and Omagh District Council

## Comprehensive Income and Expenditure Statement for the year ended 31 March 2021

Service Expenditure	Notes	2020/21			2019/20		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£	£	£	£	£	£
Community Planning and Performance	2	370,438	-	370,438	460,228	(1,875)	458,353
Policy and Strategic Services	2	443,167	(32,165)	411,002	432,622	(45,576)	387,046
Corporate Management	2	1,171,783	(472)	1,171,311	1,489,868	(72,838)	1,417,030
Environmental Health	2	2,560,431	(924,980)	1,635,451	2,617,333	(1,040,348)	1,576,985
Community Services	2	2,302,507	(963,103)	1,339,404	3,040,897	(1,344,676)	1,696,221
Arts and Heritage	2	3,922,723	(241,910)	3,680,813	4,588,472	(1,305,160)	3,283,312
Leisure, Recreation and Sport	2	6,211,548	(502,970)	5,708,578	7,545,357	(2,366,452)	5,178,905
Finance	2	1,277,404	(25,370)	1,252,034	1,237,658	(30,637)	1,207,021
Operations and Estates	2	2,590,403	(301,529)	2,288,874	3,347,190	(424,198)	2,922,992
Democratic and Customer Services	2	2,075,906	(189,207)	1,886,699	2,514,730	(200,581)	2,314,149
Human Resources & Organisational Development	2	846,858	(57,105)	789,753	877,071	(50,937)	826,134
Building Control and Licensing	2	2,792,888	(1,475,718)	1,317,170	2,893,340	(2,243,430)	649,910
Waste and Recycling	2	11,273,031	(435,104)	10,837,927	10,276,901	(570,839)	9,706,062
Contracts and Operation Management	2	812,934	(5,617)	807,317	904,357	(10,834)	893,523
Parks and Open Spaces	2	7,425,246	(126,275)	7,298,971	7,612,472	(106,521)	7,505,951
Funding and Investment	2	787,087	(5,368)	781,719	1,097,757	(105,727)	992,030
Planning	2	1,720,479	(925,762)	794,717	1,810,666	(1,020,028)	790,638
Tourism and Economic Development	2	2,534,679	(1,372,726)	1,161,953	3,763,977	(2,428,255)	1,335,722
Covid-19	2	2,596,005	(2,790,235)	(194,230)	-	-	-
Non-distributed costs	2	299,988	-	299,988	-	-	-
Tullyvar	2,29	231,523	(60,452)	171,071	336,538	(83,701)	252,837
<b>Cost of Services on Continuing Operations</b>		<b>54,247,028</b>	<b>(10,436,068)</b>	<b>43,810,960</b>	<b>56,847,434</b>	<b>(13,452,613)</b>	<b>43,394,821</b>
Other Operating Expenditure/(Income)	8	650,372	(10,000)	640,372	18,524	(35,417)	(16,893)
Financing and Investment Income and Expenditure	9	1,853,203	(1,159,501)	693,702	1,271,018	(378,289)	892,729
<b>Net Operating Expenditure</b>		<b>56,750,603</b>	<b>(11,605,569)</b>	<b>45,145,034</b>	<b>58,136,976</b>	<b>(13,866,319)</b>	<b>44,270,657</b>
Taxation and Non-Specific Grant Income	10	-	(52,076,192)	(52,076,192)	-	(42,415,735)	(42,415,735)
<b>(Surplus)/Deficit on the Provision of Services</b>		<b>56,750,603</b>	<b>(63,681,761)</b>	<b>(6,931,158)</b>	<b>58,136,976</b>	<b>(56,282,054)</b>	<b>1,854,922</b>
(Surplus)/Deficit on revaluation of non-current assets	11a/11c	-	-	(319,270)	-	-	(3,666,680)
Remeasurements of the Net Defined Benefit Liability/(Asset)	21d	-	-	12,086,895	-	-	6,360,627
<b>Other Comprehensive Income and Expenditure</b>				<b>11,767,625</b>			<b>2,693,947</b>
<b>Total Comprehensive Income and Expenditure</b>				<b>4,836,467</b>			<b>4,548,869</b>

## Fermanagh and Omagh District Council

### Movement in Reserves Statement for the year ended 31 March 2021

	General Fund Summary	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
<b>Balance as at 31 March 2019</b>	<b>3,501,668</b>	<b>18,867,990</b>	<b>118,700</b>	<b>22,488,358</b>	<b>93,435,839</b>	<b>115,924,197</b>
<b>Movement in reserves during the year</b>						
Surplus/(Deficit) on the provision of services	(1,854,922)	-	-	(1,854,922)	8,100	(1,846,822)
Other Comprehensive Income and Expenditure	-	-	-	-	(2,693,947)	(2,693,947)
<b>Total Comprehensive Income and Expenditure</b>	<b>(1,854,922)</b>	<b>-</b>	<b>-</b>	<b>(1,854,922)</b>	<b>(2,685,847)</b>	<b>(4,540,769)</b>
Adjustments between accounting basis & funding under regulations	4,465,565	211,419	35,417	4,712,401	(4,712,401)	-
<b>Net increase/decrease before transfers to Statutory and Other Reserves</b>	<b>2,610,643</b>	<b>211,419</b>	<b>35,417</b>	<b>2,857,479</b>	<b>(7,398,248)</b>	<b>(4,540,769)</b>
Transfers to/from Statutory and Other Reserves	(2,320,158)	2,320,158	-	-	-	-
<b>Increase/(decrease) in year</b>	<b>290,485</b>	<b>2,531,577</b>	<b>35,417</b>	<b>2,857,479</b>	<b>(7,398,248)</b>	<b>(4,540,769)</b>
<b>Balance as at 31 March 2020</b>	<b>3,792,153</b>	<b>21,399,567</b>	<b>154,117</b>	<b>25,345,837</b>	<b>86,037,591</b>	<b>111,383,428</b>
<b>Movement in reserves during the year</b>						
Surplus/(Deficit) on the provision of services	6,931,158	-	-	6,931,158	8,100	6,939,258
Other Comprehensive Income and Expenditure	-	-	-	-	(11,767,625)	(11,767,625)
<b>Total Comprehensive Income and Expenditure</b>	<b>6,931,158</b>	<b>-</b>	<b>-</b>	<b>6,931,158</b>	<b>(11,759,525)</b>	<b>(4,828,367)</b>
Adjustments between accounting basis & funding under regulations	2,931,966	(3,809,953)	10,000	(867,987)	867,987	-
<b>Net increase/ (decrease) before transfers to Statutory and Other Reserves</b>	<b>9,863,124</b>	<b>(3,809,953)</b>	<b>10,000</b>	<b>6,063,171</b>	<b>(10,891,538)</b>	<b>(4,828,367)</b>
Transfers to/from Statutory and Other Reserves	(9,667,714)	9,667,714	-	-	-	-
<b>Increase/(decrease) in year</b>	<b>195,410</b>	<b>5,857,761</b>	<b>10,000</b>	<b>6,063,171</b>	<b>(10,891,538)</b>	<b>(4,828,367)</b>
<b>Balance as at 31 March 2021</b>	<b>3,987,563</b>	<b>27,257,328</b>	<b>164,117</b>	<b>31,409,008</b>	<b>75,146,053</b>	<b>106,555,061</b>

## Fermanagh and Omagh District Council

### Balance Sheet as at 31 March 2021

	Notes	31 March 2021	31 March 2020
		£	£
Fixed Assets	11a	133,477,880	131,555,022
Intangible Assets	11c	120,000	120,000
Investment Properties	11d	8,500,301	6,760,701
Long-Term Debtors	15a	1,484,927	668,413
<b>LONG-TERM ASSETS</b>		<b>143,583,108</b>	<b>139,104,136</b>
Inventories	14	373,118	389,965
Short-Term Debtors	15b	15,342,527	13,136,117
Short-Term Investments	16	4,500,000	7,500,000
Cash and Cash Equivalents	25b	20,765,598	12,448,647
Assets Held for Sale	11f	595,607	476,507
<b>CURRENT ASSETS</b>		<b>41,576,850</b>	<b>33,951,236</b>
Bank Overdraft	25	-	1,014,300
Short-Term Borrowing	17a	739,093	902,862
Short-Term Creditors	18a	9,330,627	7,167,733
Provisions	19	106,533	96,533
<b>CURRENT LIABILITIES</b>		<b>10,176,253</b>	<b>9,181,428</b>
Provisions	19	4,702,389	4,524,167
Long-Term Borrowing	17b	4,530,255	5,269,349
Other Long-Term Liabilities	21c	59,196,000	42,697,000
<b>LONG-TERM LIABILITIES</b>		<b>68,428,644</b>	<b>52,490,516</b>
<b>NET ASSETS</b>		<b>106,555,061</b>	<b>111,383,428</b>
<b>USABLE RESERVES</b>			
Capital Receipts Reserve	26a	164,117	154,117
Capital Grants Unapplied Account	26b	5,961,671	8,108,725
Capital Fund	26c	4,879,256	3,860,228
Renewal and Repairs Fund	26d	4,789,177	4,254,737
Other Balances and Reserves	26e	11,627,224	5,175,877
General Fund	26f	3,987,563	3,792,153
		<b>31,409,008</b>	<b>25,345,837</b>
<b>UNUSABLE RESERVES</b>			
Capital Adjustment Account	27a	90,500,434	85,070,551
Revaluation Reserve	27c	44,317,801	44,600,734
Pensions Reserve	27e	(59,196,000)	(42,697,000)
Capital Receipts Deferred Account	27f	1,539,927	706,269
Accumulated Absences Account	27g	(1,020,532)	(862,573)
Provisions Discount Rate Reserve	27h	(995,577)	(780,390)
		<b>75,146,053</b>	<b>86,037,591</b>
<b>NET WORTH</b>		<b>106,555,061</b>	<b>111,383,428</b>

## Fermanagh and Omagh District Council

### Cash Flow Statement for the year ended 31 March 2021

	Notes	2020/21	2019/20
		£	£
Net Surplus/(Deficit) on the provision of services		6,931,158	(1,854,922)
Adjustment for non-cash movements	25a	10,694,861	10,666,933
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25a	(5,631,149)	(4,397,142)
<b>Net cash flows from operating activities</b>		<b>11,994,870</b>	<b>4,414,869</b>
Cash flows from Investing Activities	25d	(927,100)	(8,645,280)
Net Cash flows from Financing Activities	25e	(1,736,520)	(1,043,659)
<b>Net increase or decrease in cash and cash equivalents</b>		<b>9,331,250</b>	<b>(5,274,070)</b>
Cash and cash equivalents at the beginning of the reporting period	25b	11,434,348	16,708,418
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>20,765,598</b>	<b>11,434,348</b>

## **Fermanagh and Omagh District Council**

### **Notes to the Statement of Accounts for the year ended 31 March 2021**

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

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

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

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

#### **Balance Sheet**

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

#### **Cash Flow Statement**

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

### **1 Accounting Policies**

#### **A) General Principles**

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with Regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

## **Summary of Significant Accounting Policies**

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

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

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

### **ii) Cash and Short Term Investments**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months 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.

Short term investments are liquid assets that mature between 92 days and 365 days.

### **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 wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, and non-monetary benefits for current employees, and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end and which employees can carry

forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

### **Termination benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

### **Post-Employment Benefits**

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

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

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

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

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

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

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

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

### **Service Cost Comprising:**

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

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



**Within Financing and Investment Income and Expenditure:**

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

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

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

Actuarial Gains and Losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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

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

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

**Discretionary Benefits**

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

**Principal Civil Service Pension Scheme Northern Ireland**

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

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

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

- a) those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- b) those that are indicative of conditions that arose after the reporting period – the Statement of

Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

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

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

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

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

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

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

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

#### **ix) Financial Instruments**

##### **Financial Liabilities**

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

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

##### **Financial Assets**

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

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

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

##### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair

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

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

### **Expected Credit Loss Model**

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

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

### **Financial Assets Measured at Fair Value through Profit or Loss (FVPL)**

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

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

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

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

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

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

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

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

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

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

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

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

or service potential must be returned to the transferor.

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

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

## **xii) Intangible Assets**

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

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

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

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

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

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

## **xiv) Investment Property**

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

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

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

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

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

#### **xvi) Leases**

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

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

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

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

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

Lease payments are apportioned between:

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

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

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

Statement for the difference between the two.

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

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

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

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

Lease rentals receivable are apportioned between:

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

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

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

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

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

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

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

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of its carrying amount before they were classified as Held for

Sale: adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

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

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

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

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

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

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

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

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

#### **Recognition**

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

#### **Measurement**

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

### **Impairment**

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

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

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

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

### **Depreciation**

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

Depreciation is calculated on the following bases:

- Vehicles, Plant and equipment - vehicles depreciated using a standard life of 7 years, 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.
- Infrastructure Assets & Community Assets- depreciated on a straight-line allocation over a range of 10 to 45 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 and Property Services. Depending on the type of building, installation or fitting, the maximum useful life will be in the range of 15 to 50 years.

### **Componentisation**

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Componentisation is only applicable to larger value land and buildings or equipment assets.



## **Revaluations**

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

## **xx) Heritage Assets**

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

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

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

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

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

**Fine & Decorative Arts Collection** - the fine and decorative arts collection includes paintings (both oil and watercolour) and sketches and is reported in the Balance Sheet at market value. Valuations are completed periodically when there has been changes in the market for similar items or when the museum curator believes valuation is necessary. The assets within the fine and decorative arts collection are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation. Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions. Art Sculptures are carried at historical cost and are not depreciated. The carrying amount of Heritage Assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. 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 will make provision

for the closure and aftercare costs of its landfill sites in compliance with Regulations or may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

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

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

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

## **xxii) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred 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 amortisation. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by minimum revenue provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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

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

## **xxv) Value Added Tax**

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

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 Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

## **xxvii) Joint Operation**

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

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

The Council's interest in Tullyvar Waste Disposal Site is accounted for as a joint operation. The Council's share of income and expenditure of the Tullyvar Waste Disposal Site is included within the Comprehensive Income and Expenditure Statement and the Council's share of the assets, liabilities and reserves are included in the relevant lines in the Balance Sheet. The joint arrangement is detailed in Note 29.

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires an authority to disclose information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The Code also requires that changes in accounting

policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced in the 2020/21 Code are:

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

Accounting changes deferred until 01 April 2022

- IFRS 16 Leases

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

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

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

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

#### **i) Landfill**

The calculation of the necessary financial provision for the capping and aftercare costs for the Council's landfill sites 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 provisions are 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 2021 and the projected service cost for the year ending 31 March 2022 is set out in Note 21.

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

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

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

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

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

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

It is estimated that the annual depreciation charge for buildings would increase by £210k for every year that useful lives had to be reduced.

Valuations of Land and Buildings are carried out externally by Land and Property Services (LPS), in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). At the valuation date, LPS notes that property markets are mostly functioning again, with transaction volumes and other relevant evidence at or returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, LPS valuations are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards, except for a number of assets identified, particularly in relation to office buildings, which in the opinion of LPS continue to be faced with an unprecedented set of circumstances caused by Covid-19 and an absence of relevant/sufficient market evidence on which LPS base judgement. However, LPS advised that their material uncertainty clause serves as a precaution and does not invalidate the valuation.

## **ii) Fair Value Measurement**

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in activate markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the Council's Chief Valuation Officer and External Valuer.) Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in the notes.

The Council uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discounts rates - adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

## **iii) Provisions**

The Council has made a provision for the closure and aftercare of its landfill sites over a period of between 20 years and 60 years. Any changes to the estimation of costs or discount rates would lead to a higher or lower provision requirement. A suitably qualified engineer has assessed the provision costs. The discount rates used are provided by the Council's Treasury Management Advisors. In line with guidance issued by the Department for Communities, movements relating to the change in discount rates applied to the provisions is accounted for through the Council's Provision Discount Rate Reserve.

## **iv) Pension Liability**

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

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £4.309m.

However, the assumptions interact in complex ways. During 2020/21, the Council's actuaries advised that the net pension liability had decreased by £1.503m as a result of experience and increased by £38.65m attributable to updating of the assumptions.

**Fermanagh and Omagh District Council**  
**Notes to the Statement of Accounts for the Year Ended 31 March 2021**

**2 Expenditure and Funding Analysis**

- a) The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, general income and rates income) by the Council in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding Analysis	2020/21			2019/20		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Community Planning and Performance	327,302	43,136	370,438	408,535	49,818	458,353
Policy and Strategic Services	352,886	58,116	411,002	341,363	45,683	387,046
Corporate Management	1,034,850	136,461	1,171,311	1,241,735	175,295	1,417,030
Environmental Health	1,322,374	313,077	1,635,451	1,245,307	331,678	1,576,985
Community Services	1,005,450	333,954	1,339,404	1,196,914	499,307	1,696,221
Arts and Heritage	2,807,270	873,543	3,680,813	2,622,591	660,721	3,283,312
Leisure, Recreation and Sport	3,891,440	1,817,138	5,708,578	3,248,724	1,930,181	5,178,905
Finance	1,100,729	151,305	1,252,034	1,060,596	146,425	1,207,021
Operations and Estates	1,785,999	502,875	2,288,874	1,998,033	924,959	2,922,992
Democratic and Customer Services	1,645,744	240,955	1,886,699	2,068,045	246,104	2,314,149
Human Resources and Organisational Development	692,080	97,673	789,753	723,812	102,322	826,134
Building Control and Licensing	792,729	524,441	1,317,170	141,370	508,540	649,910
Waste and Recycling	8,982,370	1,855,557	10,837,927	8,201,122	1,504,940	9,706,062
Contracts and Operation Management	718,841	88,476	807,317	770,864	122,659	893,523
Parks and Open Spaces	5,210,576	2,088,395	7,298,971	5,067,789	2,438,162	7,505,951
Funding and Investment	707,953	73,766	781,719	915,363	76,667	992,030
Planning	725,155	69,562	794,717	753,082	37,556	790,638
Tourism and Economic Development	1,008,604	153,349	1,161,953	1,153,037	182,685	1,335,722
Covid-19	(250,977)	56,747	(194,230)	-	-	-
Non-distributed costs	316,786	(16,798)	299,988	16,792	(16,792)	-
Tullyvar	-	171,071	171,071	-	252,837	252,837
<b>Net Cost of Services</b>	<b>34,178,161</b>	<b>9,632,799</b>	<b>43,810,960</b>	<b>33,175,074</b>	<b>10,219,747</b>	<b>43,394,821</b>
<b>Other Income and Expenditure (includes financing, investment, taxation and non-specific grant income)</b>	<b>(44,041,285)</b>	<b>(6,700,833)</b>	<b>(50,742,118)</b>	<b>(35,785,717)</b>	<b>(5,754,182)</b>	<b>(41,539,899)</b>
<b>Surplus/(Deficit)</b>	<b>9,863,124</b>	<b>(2,931,966)</b>	<b>6,931,158</b>	<b>2,610,643</b>	<b>(4,465,565)</b>	<b>(1,854,922)</b>
<b>Transfer (to)/from Statutory and Other Reserves</b>	<b>(9,703,886)</b>			<b>(2,435,387)</b>		
<b>Transfer (to)/from Tullyvar Reserve</b>	<b>36,172</b>			<b>115,229</b>		
<b>Surplus/(Deficit) on General Fund Balance in Year</b>	<b>195,410</b>			<b>290,485</b>		
<b>Opening General Fund</b>	<b>3,792,153</b>			<b>3,501,668</b>		
<b>Closing General Fund</b>	<b>3,987,563</b>			<b>3,792,153</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 2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other Adjustments	Total
	£	£	£	£	£
Community Planning and Performance	-	41,950	1,186	-	43,136
Policy and Strategic Services	-	53,116	5,000	-	58,116
Corporate Management	-	133,209	3,252	-	136,461
Environmental Health	-	299,448	13,629	-	313,077
Community Services	197,806	136,474	(326)	-	333,954
Arts and Heritage	652,377	210,677	10,489	-	873,543
Leisure, Recreation and Sport	1,514,842	294,669	7,627	-	1,817,138
Finance	-	147,108	4,197	-	151,305
Operations and Estates	319,119	183,912	(156)	-	502,875
Democratic and Customer Services	-	233,877	7,078	-	240,955
Human Resources and Organisational Development	18,624	77,699	1,350	-	97,673
Building Control and Licensing	280,968	228,735	14,738	-	524,441
Waste and Recycling	1,084,762	507,946	39,562	223,287	1,855,557
Contracts and Operation Management	5,782	87,633	(4,939)	-	88,476
Parks and Open Spaces	1,518,272	539,624	30,499	-	2,088,395
Funding and Investment	-	70,939	2,827	-	73,766
Planning	-	54,300	15,262	-	69,562
Tourism and Economic Development	7,825	138,840	6,684	-	153,349
Covid-19	-	56,747	-	-	56,747
Non-distributed costs	-	(16,798)	-	-	(16,798)
Tullyvar	134,899	-	-	36,172	171,071
<b>Net Cost of Services</b>	<b>5,735,276</b>	<b>3,480,105</b>	<b>157,959</b>	<b>259,459</b>	<b>9,632,799</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(7,596,661)	932,000	-	(36,172)	(6,700,833)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(1,861,385)	4,412,105	157,959	223,287	2,931,966

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

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

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

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

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

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

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

### c) Adjustments between Funding and Accounting Basis 2019/20

<i>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</i>	<i>Adjustments for Capital Purposes</i>	<i>Net Change for the Pension Adjustments</i>	<i>Other Statutory Adjustments</i>	<i>Other Adjustments</i>	<i>Total</i>
	£	£	£	£	£
<i>Community Planning and Performance</i>	-	49,848	(30)	-	49,818
<i>Policy and Strategic Services</i>	-	48,861	(3,178)	-	45,683
<i>Corporate Management</i>	-	164,600	10,695	-	175,295
<i>Environmental Health</i>	7,384	314,241	10,053	-	331,678
<i>Community Services</i>	342,007	154,066	3,234	-	499,307
<i>Arts and Heritage</i>	344,128	319,480	(2,887)	-	660,721
<i>Leisure, Recreation and Sport</i>	1,477,277	460,082	(7,178)	-	1,930,181
<i>Finance</i>	-	146,935	(510)	-	146,425
<i>Operations and Estates</i>	764,154	163,086	(2,281)	-	924,959
<i>Democratic and Customer Services</i>	-	246,046	58	-	246,104
<i>Human Resources and Organisational Development</i>	18,624	83,846	(148)	-	102,322
<i>Building Control and Licensing</i>	270,372	243,006	(4,838)	-	508,540
<i>Waste and Recycling</i>	1,155,237	529,916	20,669	(200,882)	1,504,940
<i>Contracts and Operation Management</i>	5,782	103,263	13,614	-	122,659
<i>Parks and Open Spaces</i>	1,848,185	563,664	26,313	-	2,438,162
<i>Funding and Investment</i>	-	72,878	3,789	-	76,667
<i>Planning</i>	-	53,078	(15,522)	-	37,556
<i>Tourism and Economic Development</i>	4,120	184,269	(5,704)	-	182,685
<i>Non-distributed costs</i>	-	(16,792)	-	-	(16,792)
<i>Tullyvar</i>	137,608	-	-	115,229	252,837
<b><i>Net Cost of Services</i></b>	<b>6,374,878</b>	<b>3,884,373</b>	<b>46,149</b>	<b>(85,653)</b>	<b>10,219,747</b>
<i>Other Income and Expenditure from the Expenditure and Funding Analysis</i>	(6,343,953)	705,000	-	(115,229)	(5,754,182)
<b><i>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</i></b>	<b>30,925</b>	<b>4,589,373</b>	<b>46,149</b>	<b>(200,882)</b>	<b>4,465,565</b>



### 3 Expenditure and Income Analysed by Nature

Expenditure	Notes	2020/21	2019/20
		£	£
Employee Benefits & Expenses	7	26,127,933	26,556,128
Other Services Expenditure	21b	4,412,105	4,589,373
Support Services Recharges		135,673	260,808
Depreciation, Amortisation, Impairment	4,11	6,324,698	6,410,241
Finance and Investment Expenditure	9	1,853,203	1,271,018
Gain on the Disposal of Assets	8	16,850	(16,893)
Covid-19 Expenditure		2,596,005	-
Other Expenditure		15,284,136	19,066,301
<b>Total Expenditure</b>		<b>56,750,603</b>	<b>58,136,976</b>
<b>Income</b>			
Interest and Investment Income	9	(1,159,501)	(378,289)
District rate income	10	(36,942,693)	(35,280,058)
Revenue and Capital Grants and Contributions – Covid-19 Grants	10	(6,050,804)	-
Revenue and Capital Grants and Contributions	10	(9,082,695)	(7,135,677)
Support Service Income		(135,673)	(260,808)
Covid-19 Other Income		(2,790,235)	-
Other Income		(7,520,160)	(13,227,222)
<b>Total Income</b>		<b>(63,681,761)</b>	<b>(56,282,054)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>		<b>(6,931,158)</b>	<b>1,854,922</b>

#### 4 Adjustments between an Accounting Basis and Funding Basis under Regulations

- a) Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

	Notes	2020/21		2019/20	
		£	£	£	£
<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>					
Derecognition (other than disposal) of non-current assets	11d		595,000		-
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11a,d	400,862		248,386	
Depreciation charged in the year on non-current assets	11	5,923,836	6,324,698	6,161,855	6,410,241
Net Revenue Expenditure funded from capital under statute	12		-		146,392
Carrying amount of non-current assets sold	8	26,850		18,524	
Proceeds from the sale of PP&E, investment property and intangible assets	8	(10,000)	16,850	(35,417)	(16,893)
Net charges made for retirement benefits in accordance with IAS 19	21b		8,269,000		8,462,000
Direct revenue financing of capital expenditure	12		(1,100,363)		(821,353)
Capital Grants and Donated Assets Receivable and Applied in year	10c		(3,011,885)		(450,313)
Capital Grants Receivable and Unapplied in year	10d		(2,609,264)		(3,911,412)
Adjustments in relation to short-term compensated absences	27g		157,959		46,148
Adjustments in relation to lessor arrangements	26f		(833,658)		-
Provisions Discount Rate Reserve Adjustment	27h		223,287		(200,882)
<b>Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year</b>					
Statutory Provision for the financing of capital investment	12		(1,242,763)		(1,325,736)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21b		(3,856,895)		(3,872,627)
<b>Total</b>			<b>2,931,966</b>		<b>4,465,565</b>

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

	Notes	2020/21		2019/20	
		£	£	£	£
<b>Capital Fund</b>					
Interest		(4,028)		(20,424)	
Other	26c	(1,780,000)	(1,784,028)	(1,186,693)	(1,207,117)
<b>Renewal and Repairs Fund</b>					
Interest		(4,440)		(27,374)	
Other	26d	(700,000)	(704,440)	(716,840)	(744,214)
<b>Other Funds and earmarked reserves</b>					
Interest		(4,975)		(29,641)	
Other	26e	(7,210,443)	(7,215,418)	(454,415)	(484,056)
<b>Total</b>			<b>(9,703,886)</b>		<b>(2,435,387)</b>
From Other Funds (Tullyvar)	26e/29		36,172		115,229
<b>Total</b>			<b>(9,667,714)</b>		<b>(2,320,158)</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 2020/21 (£0 in 2019/20).

**b) External Audit Fees**

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

External Audit Fees	2020/21	2019/20
	£	£
External Audit Fees	55,250	73,500
Other Fees	1,244	-
	<b>56,494</b>	<b>73,500</b>

The audit fees for 2020/21 include £4,750 (2019/20 £14,500) for the improvement and assessment audit fees. The other fees of £1,244 (2019/20 £0) were incurred in respect of the National Fraud Initiative audit services provided by the appointed auditor.

## 6 Operating and Finance Leases

### a) Council as Lessor - Finance Leases

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 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.

<b>Gross receivables from finance leases</b>	<b>2020/21</b>	<b>2019/20</b>
	£	£
<b>Long-Term Debtors</b>		
<b>Net Present Value</b>	<b>1,484,927</b>	<b>706,269</b>
<b>Short-Term Debtors</b>		
<b>Net Present Value</b>	<b>55,000</b>	<b>37,856</b>
<b>Gross receivables from finance leases</b>		
No later than 1 year	55,000	37,856
Later than 1 year and no later than 5 years	214,485	132,192
Later than 5 years	1,270,442	536,221
<b>Total gross receivables</b>	<b>1,539,927</b>	<b>706,269</b>
<b>Investment in finance leases</b>	<b>1,539,927</b>	<b>706,269</b>

The gross investment in finance leases and the minimum lease payments may be analysed as follows:

	<b>2020/21</b>	<b>2019/20</b>
	£	£
No later than 1 year	55,000	37,856
Later than 1 year and no later than 5 years	214,485	132,192
Later than 5 years	1,270,442	536,221
<b>Total gross investment</b>	<b>1,539,927</b>	<b>706,269</b>

The unguaranteed residual values of the assets leased under finance leases at the end of the year are estimated to be £0 (2019/20 - £0). The accumulated allowance for uncollectable minimum lease payments receivable is £0 (2019/20 - £0). No contingent rents were recognised as receivable by the Council.

The long-term finance lease debtor relates to two leases, a 999-year lease with current rental income of £40,000 per annum and a 5-year rent review period, and a 99 year lease, which was entered into during 2020/21, with current rental income of £20,000 per annum and a 5 year rent review period.

### b) Council as Lessor - Operating Leases

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;
- 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 £246k (2019/20 £285k). No contingent rents were recognised. The lease terms are between 1 and 99 years. Future minimum lease income under non-cancellable operating leases is set out below:

	2020/21	2019/20
	Vehicles, Plant and Equipment	Vehicles, Plant and Equipment
	£	£
<b>Minimum lease rentals receivable:</b>		
No later than 1 year	249,359	251,192
Later than 1 year and no later than 5 years	376,077	298,155
Later than 5 years	1,187,379	1,218,046
<b>Total</b>	<b>1,812,815</b>	<b>1,767,393</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21, £0 contingent rents were receivable by the Council (2019/20 £0).

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

The Council does not hold any vehicles that are held under finance leases.

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

The Council has entered into operating leases for office photocopiers and printers with typical lease periods 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	2020/21	2019/20
	£	£
Minimum lease payments	58,932	31,516
<b>Total</b>	<b>58,932</b>	<b>31,516</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	2020/21	2019/20
	£	£
<b>Minimum lease rentals payable:</b>		
No later than 1 year	37,609	17,662
Later than 1 year and no later than 5 years	11,313	8,056
<b>Total</b>	<b>48,922</b>	<b>25,718</b>

## 7 Employee Costs and Member Allowances

### a) Staff Costs

Staff Costs	2020/21	2019/20
	£	£
Salaries and Wages	20,530,140	20,812,729
Employers NIC	1,648,178	1,684,273
Employers Superannuation	3,949,615	4,059,126
<b>Total staff costs</b>	<b>26,127,933</b>	<b>26,556,128</b>

The above Staff Costs include an Apprenticeship Levy payment of £88k (2019/20: £89k). Also included is £299k (2019/20: £309k) of staff costs in relation to the Regional Property Certificate Unit (RPCU). These staff costs are not included within the Comprehensive Income and 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 £11k (2019/20: £62k).

For 2020/21 the Council's contribution rate to the NILGOSC scheme was 19.5%.

At last actuarial valuation dated 31st March 2019 the funds' assets meet 112% of liabilities at that date. Previous actuarial valuation dated 31st March 2016 the funds' assets meet 82.6% of liabilities.

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

Average Number of Employees	2020/21	2019/20
	FTE	FTE
Chief Executive's Department	14	18
Community Health and Leisure	247	268
Corporate Services & Governance	106	108
Environment and Place	288	288
Regeneration and Planning	77	76
<b>Total Number</b>	<b>732</b>	<b>758</b>

	2020/21	2019/20
	Actual Numbers as at 31 March 2021	Actual Numbers as at 31 March 2020
Full-time numbers employed	636	685
Part-time numbers employed	201	253
<b>Total Number</b>	<b>837</b>	<b>938</b>

### c) Senior Employees' Remuneration

Senior Employees Remuneration	2020/21	2019/20
	Nos	Nos
£50,001 to £60,000	12	12
£60,001 to £70,000	8	7
£80,001 to £90,000	4	3
£90,001 to £100,000	-	1
£100,001 to £110,000	1	1
<b>Total Number</b>	<b>25</b>	<b>24</b>

#### d) Members' Allowance

Members' Allowance	2020/21	2019/20
	£	£
Basic Allowance	619,683	602,477
Chair and Vice Chair's allowance	15,027	14,839
Special Responsibility allowance	30,174	28,358
PCSP Attendance allowance	4,860	6,540
Employer costs – Pension	120,322	116,390
Employer costs – NI	44,463	45,295
Mileage	8,653	75,253
Conferences and courses	-	978
Travel and subsistence costs	-	265
<b>Total</b>	<b>843,182</b>	<b>890,395</b>

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

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

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes, but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2021.

For 2020/21, employers' contributions of £264k were payable to the NICS pension arrangements at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2016 was completed by the Actuary during 2016/17. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2019. The contribution rates are set to meet the cost of the benefits accruing during 2020/21 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

3 persons retired on ill-health grounds however the actuarial cost for employees for the early payment of retirement benefits was £nil.

### 8 Other Operating Income and Expenditure

(Surplus)/Deficit on Non-Current Assets (excluding Investment Properties)	2020/21	2019/20
	£	£
Proceeds from sale	(10,000)	(35,417)
Carrying amount of non-current assets sold (excluding investment properties)	26,850	18,524
<b>Net Total</b>	<b>16,850</b>	<b>(16,893)</b>

	2020/21	2019/20
	£	£
Other Operating (Income)/Expenditure	623,522	-
<b>Total</b>	<b>640,372</b>	<b>(16,893)</b>

Other Operating (Income)/Expenditure relates to Impairment of assets held for sale.

## 9 Financing and Investment Income and Expenditure

### a) Interest Payable and Similar Charges

	2020/21	2019/20
	£	£
Government loan interest	326,203	384,264
	<b>326,203</b>	<b>384,264</b>

### b) Interest and Investment Income

	2020/21	2019/20
	£	£
Loan Interest from Other Local Authorities	10,658	38,124
Bank interest	37,328	45,075
Investment income on Fund Balances		
Capital Fund	4,028	20,424
Repairs & Renewals Fund	4,440	27,374
Other Funds	4,975	29,641
<b>Sub total</b>	<b>61,429</b>	<b>160,638</b>
Other Investment income	888,658	40,000
<b>Total</b>	<b>950,087</b>	<b>200,638</b>

### c) Pensions Interest Costs

	2020/21	2019/20
	£	£
Net interest on the net defined benefit liability	932,000	705,000
	<b>932,000</b>	<b>705,000</b>

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

Income/Expenditure from Investment Properties:	2020/21	2019/20
	£	£
Net income from investment properties	(175,314)	(177,651)
Carrying amount of investment properties derecognised	595,000	-
Changes in Fair Value of Investment Properties	(34,100)	181,754
	<b>385,586</b>	<b>4,103</b>

Financing and Investment Income and Expenditure	2020/21			2019/20		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest payable and similar charges	326,203	-	326,203	384,264	-	384,264
Interest and investment income	-	(950,087)	(950,087)	-	(200,638)	(200,638)
Pensions interest cost	932,000	-	932,000	705,000	-	705,000
Other investment income	-	(175,314)	(175,314)	-	(177,651)	(177,651)
Carrying amount of investment properties derecognised	595,000	-	595,000	-	-	-
Changes in fair value - investment properties	-	(34,100)	(34,100)	181,754	-	181,754
	<b>1,853,203</b>	<b>(1,159,501)</b>	<b>693,702</b>	<b>1,271,018</b>	<b>(378,289)</b>	<b>892,729</b>



## 10 Taxation and Non-Specific Grant Income

### a) Revenue Grants

	2020/21	2019/20
	£	£
Rates Support Grant	(1,256,162)	(705,343)
Transferred Functions Grant (Net of RPCU costs)	(169,834)	(169,934)
De-Rating Grant	(2,035,550)	(1,898,675)
Covid-19 Grants	(6,050,804)	-
<b>Total</b>	<b>(9,512,350)</b>	<b>(2,773,952)</b>

Covid-19 grants include HMRC Furlough Income and support from the Department for Communities to meet loss of income and Covid-19 related expenditure.

### b) Revenue Grants - Unapplied

There are no transactions that require the use of this account.

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

	2020/21	2019/20
	£	£
Government & Other Grants - Conditions met and applied in year	(3,011,885)	(321,573)
Donated Assets – Conditions Met	-	(165,000)
Other	-	36,260
<b>Total</b>	<b>(3,011,885)</b>	<b>(450,313)</b>

Other relates to the reduction in a Capital Grant previously recognised through the General Fund.

### d) Capital Grants - Unapplied

	2020/21	2019/20
	£	£
Government & Other Grants - Conditions met and not applied in year	(2,630,557)	(3,928,621)
Other	21,293	17,209
<b>Total</b>	<b>(2,609,264)</b>	<b>(3,911,412)</b>

Other relates to a reduction in a Capital Grant accounted for in 2019/20 (prior year relates to a reduction in a Capital Grant accounted for in 2018/19).

### e) District Rates

	2020/21	2019/20
	£	£
Current year	(36,942,693)	(35,280,058)
<b>Total</b>	<b>(36,942,693)</b>	<b>(35,280,058)</b>

Taxation and Non-Specific Grant Income Summary	2020/21	2019/20
	£	£
District Rate Income	(36,942,693)	(35,280,058)
Revenue Grants	(9,512,350)	(2,773,952)
Capital Grants and Contributions	(5,621,149)	(4,361,725)
<b>Total</b>	<b>(52,076,192)</b>	<b>(42,415,735)</b>

## Fermanagh and Omagh District Council

### Notes to the Statement of Accounts for the Year Ended 31 March 2021

#### 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	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2020</b>	<b>25,223,001</b>	<b>91,992,763</b>	<b>6,477,206</b>	<b>1,955,704</b>	<b>17,497,157</b>	<b>1,680,864</b>	<b>1,760,444</b>	<b>165,001</b>	<b>146,752,140</b>	<b>1,781,656</b>	<b>148,533,796</b>
Additions	-	-	-	12,414	477,786	-	9,846,187	-	<b>10,336,387</b>	72,450	<b>10,408,837</b>
Revaluation increases/ (decreases) to Revaluation Reserve	226,000	(4,138,215)	-	(125,888)	-	-	-	-	<b>(4,038,103)</b>	-	<b>(4,038,103)</b>
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	23,000	165,560	-	-	-	-	-	-	<b>188,560</b>	-	<b>188,560</b>
Reclassifications & Transfers	(1,620,500)	2,516,428	167,929	-	-	-	(3,434,358)	(85,000)	<b>(2,455,501)</b>	-	<b>(2,455,501)</b>
Reclassified to (-) / from (+) Held for Sale	(28,000)	(578,472)	-	-	(636,811)	-	-	-	<b>(1,243,283)</b>	-	<b>(1,243,283)</b>
<b>Balance as at 31 March 2021</b>	<b>23,823,501</b>	<b>89,958,064</b>	<b>6,645,135</b>	<b>1,842,230</b>	<b>17,338,132</b>	<b>1,680,864</b>	<b>8,172,273</b>	<b>80,001</b>	<b>149,540,200</b>	<b>1,854,106</b>	<b>151,394,306</b>

a) (current year continued)

Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	TOTAL
	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2020</b>	-	10,987	2,112,803	212,677	13,966,774	675,533	-	-	16,978,774	-	16,978,774
Depreciation Charge	-	4,226,433	320,471	134,898	1,189,997	52,037	-	-	5,923,836	-	5,923,836
Depreciation written out on Revaluation Reserve	-	(4,226,433)	-	(130,940)	-	-	-	-	(4,357,373)	-	(4,357,373)
Reclassification & Transfers	-	(10,987)	10,987	-	-	-	-	-	-	-	-
Eliminated on reclassification to Held for Sale	-	-	-	-	(628,811)	-	-	-	(628,811)	-	(628,811)
<b>Balance as at 31 March 2021</b>	-	-	2,444,261	216,635	14,527,960	727,570	-	-	17,916,426	-	17,916,426
<b>NBV as at 31 March 2021</b>	23,823,501	89,958,064	4,200,874	1,625,595	2,810,172	953,294	8,172,273	80,001	131,623,774	1,854,106	133,477,880

b) Comparative Year

<b>Cost or Valuation</b>	<b>Land</b>	<b>Buildings</b>	<b>Infrastructure Assets</b>	<b>Landfill Sites</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Community Assets</b>	<b>PP&amp;E Under Construction</b>	<b>Surplus Assets</b>	<b>Total PP&amp;E</b>	<b>Heritage Assets</b>	<b>TOTAL</b>
	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2019</b>	<b>23,850,501</b>	<b>90,632,766</b>	<b>6,477,206</b>	<b>2,044,109</b>	<b>16,405,707</b>	<b>1,635,074</b>	<b>1,802,864</b>	<b>400,829</b>	<b>143,249,056</b>	<b>1,616,656</b>	<b>144,865,712</b>
<i>Additions</i>	-	-	-	100,203	1,226,499	-	3,825,789	-	<b>5,152,491</b>	-	<b>5,152,491</b>
<i>Donations</i>	-	-	-	-	-	-	-	-	-	165,000	<b>165,000</b>
<i>Revaluation increases/ (decreases) to Revaluation Reserve</i>	926,822	(1,516,897)	-	(167,736)	-	-	-	2,000	<b>(755,811)</b>	-	<b>(755,811)</b>
<i>Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services</i>	417,850	(494,482)	-	-	-	-	-	10,000	<b>(66,632)</b>	-	<b>(66,632)</b>
<i>Derecognition - Disposals</i>	-	-	-	(20,872)	(135,049)	-	-	-	<b>(155,921)</b>	-	<b>(155,921)</b>
<i>Reclassifications &amp; Transfers</i>	124,828	3,462,419	-	-	-	45,790	(3,868,209)	(244,828)	<b>(480,000)</b>	-	<b>(480,000)</b>
<i>Reclassified to (-) / from(+) Held for Sale</i>	(97,000)	(91,043)	-	-	-	-	-	(3,000)	<b>(191,043)</b>	-	<b>(191,043)</b>
<b>Balance as at 31 March 2020</b>	<b>25,223,001</b>	<b>91,992,763</b>	<b>6,477,206</b>	<b>1,955,704</b>	<b>17,497,157</b>	<b>1,680,864</b>	<b>1,760,444</b>	<b>165,001</b>	<b>146,752,140</b>	<b>1,781,656</b>	<b>148,533,796</b>

**b) (Comparative year continued)**

<b>Depreciation and Impairment</b>	<b>Land</b>	<b>Buildings</b>	<b>Infrastructure Assets</b>	<b>Landfill Sites</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Community Assets</b>	<b>PP&amp;E Under Construction</b>	<b>Surplus Assets</b>	<b>Total PP&amp;E</b>	<b>Heritage Assets</b>	<b>TOTAL</b>
	£	£	£	£	£	£	£	£	£	£	£
<b>Balance as at 1 April 2019</b>	-	-	1,788,943	229,591	12,742,722	627,776	-	-	15,389,032	-	15,389,032
<b>Depreciation Charge</b>	-	4,294,828	323,860	137,608	1,357,802	47,757	-	-	6,161,855	-	6,161,855
<b>Depreciation written out on Revaluation Reserve</b>	-	(4,283,841)	-	(133,650)	-	-	-	-	(4,417,491)	-	(4,417,491)
<b>Derecognition - Disposals</b>	-	-	-	(20,872)	(133,750)	-	-	-	(154,622)	-	(154,622)
<b>Balance as at 31 March 2020</b>	-	10,987	2,112,803	212,677	13,966,774	675,533	-	-	16,978,774	-	16,978,774
<b>NBV as at 31 March 2020</b>	25,223,001	91,981,776	4,364,403	1,743,027	3,530,383	1,005,331	1,760,444	165,001	129,773,366	1,781,656	131,555,022

**Valuations** - The last valuation of freehold and leasehold properties was carried out as at 31 March 2021 and was undertaken by an independent valuer from Land and Property Services. Please refer to Note 1 for further information on revaluation and depreciation policies.

**Revaluation** - The revaluations carried out at 31 March 2021 resulted in the recognition of the following Operational Land and Building gains and losses:

- **Land:** Overall increase in value of £249,000 of which £226,000 was taken to the Revaluation Reserve, £23,000 being reversals of impairment losses recognised in CIES in previous years.
- **Buildings:** Overall increase in value of £253,778 of which £88,218 was taken to the Revaluation Reserve, revaluation decreases recognised in the CIES of £74,681 as impairment losses and £240,241 of reversals of previous years impairment losses recognised in CIES.

Valuations of Land and Buildings are carried out externally by Land and Property Services (LPS), in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). At the valuation date, LPS notes that property markets are mostly functioning again, with transaction volumes and other relevant evidence at or returning to levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, LPS valuations are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards, except for a number of assets identified, particularly in relation to office buildings, which in the opinion of LPS continue to be faced with an unprecedented set of circumstances caused by Covid-19 and an absence of relevant/sufficient market evidence on which LPS base judgement. However, LPS advised that their material uncertainty clause serves as a precaution and does not invalidate the valuation.

### c) Intangible Assets

The Council owns Intangible Assets which relate solely to market trading rights. The asset was valued at 31 March 2021 by an independent valuer from Land and Property Services. The asset is not amortised as it is considered to have an indefinite life.

	2020/21	2019/20
	£	£
<b>Balance at Start of year:</b>		
Gross carrying amount	120,000	115,000
<b>Net carrying amount at start of year</b>	<b>120,000</b>	<b>115,000</b>
Revaluation increase	-	5,000
<b>Net carrying amount at end of year</b>	<b>120,000</b>	<b>120,000</b>
<b>Comprising:</b>		
Gross carrying amount	120,000	120,000
<b>Net carrying amount at end of year</b>	<b>120,000</b>	<b>120,000</b>

### d) Investment Properties

There were no additions to Investment Properties during the year.

Reclassifications and Transfers includes a £2.37m from operational land and buildings, £70k transfer to Assets held for sales. In addition, there is £595k derecognition of an investment property to take account of a Lease arrangement.

	2020/21	2019/20
	£	£
Rental Income from Investment Activities	175,314	177,651
<b>Net Gain</b>	<b>175,314</b>	<b>177,651</b>

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

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

Investment Properties	2020/21	2019/20
	£	£
Opening Balance	6,760,701	6,112,301
Additions	-	376,354
Derecognition (other than disposal) of non-current assets	(595,000)	-
Net gain/(losses) from fair value adjustments	34,100	(181,754)
Reclassifications & Transfers	2,300,500	453,800
<b>Closing Balance</b>	<b>8,500,301</b>	<b>6,760,701</b>

Details of the Council's Investment Properties and information about the fair value hierarchy as at 31 March 2021 and 2020 are as follows:

2020/21 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2021
	£	£	£	£
Office units	-	450,000	-	450,000
Commercial Units	-	8,050,301	-	8,050,301
<b>Total</b>	<b>-</b>	<b>8,500,301</b>	<b>-</b>	<b>8,500,301</b>

2019/20 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2020
	£	£	£	£
Office units	-	450,000	-	450,000
Commercial Units	-	6,310,701	-	6,310,701
<b>Total</b>	<b>-</b>	<b>6,760,701</b>	<b>-</b>	<b>6,760,701</b>

There were no transfers between level 1 and 2 during the year and there has been no change in the valuation techniques used. Investment Properties comprise assets held for rental income, valued at £5.85m and assets held for future market appreciation of £2.65m.

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

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

The net gain for the period included in the Surplus or Deficit on the Provision of Services attributable to a change in unrealised gains relating to those assets held at the end of the reporting period amounted to £34,100 (2019/20 loss of £181,754). This was recognised under Financing and Investment Income and Expenditure in the Surplus or Deficit on the Provision of Services.

## e) Heritage Assets

### Local History and Folk Life

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

### Fine and Decorative Arts

The Council's fine and decorative arts collection is reported in the Balance Sheet at insurance valuation which is based on market values. These insurance valuations are updated periodically. The collection also has particularly significant items in terms of both value and note, including a collection of William Scott and TP Flanagan paintings valued at £909,500 and £190,850 respectively.

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

### Art Sculptures

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

#### f) Assets Held for Sale

Assets Held For Sale – Current Year	Current Assets Total
	£
<b>Cost or Valuation</b>	
Balance as at 1 April 2020	476,507
Transferred from Non-Current Assets during year	769,472
Revaluation increases/(decreases) taken to Surplus or Deficit on the Provision of Services	(623,522)
Derecognition - Disposals	(26,850)
<b>Balance as at 31 March 2021</b>	<b>595,607</b>

Assets Held for Sale – Comparative Year	Current Assets Total
	£
<b>Cost or Valuation</b>	
Balance as at 1 April 2019	276,489
Transferred from Non-Current Assets during year	217,243
Derecognition - Disposals	(17,225)
<b>Balance as at 31 March 2020</b>	<b>476,507</b>
<b>Net Book Value</b>	
<b>Balance as at 31 March 2021</b>	<b>595,607</b>
<b>Balance as at 31 March 2020</b>	<b>476,507</b>

The loss on assets classified as held for sale and disposed of during the year was £16.9k (2019/20 loss £4.9k). This balance includes all assets declared as surplus.

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

There was no long term leased assets during the 2020/21 (2019/20 £0) financial year.

#### 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 2021 and 31 March 2020 are as follows:

2020/21 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 2020
	£	£	£	£
Capital sales market comparables	-	42,000	-	<b>42,000</b>
Market rental capitalisation	-	38,000	-	<b>38,000</b>
<b>Total</b>	-	<b>80,000</b>	-	<b>80,000</b>



<b>2019/20 Recurring fair value measurements using:</b>	<b>Quoted Prices in active markets for identical assets (Level 1)</b>	<b>Other significant observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>	<b>Fair value as at 31 March 2019</b>
	£	£	£	£
<i>Capital sales market comparables</i>	-	127,000	-	<b>127,000</b>
<i>Market rental capitalisation</i>	-	38,000	-	<b>38,000</b>
<b>Total</b>	-	<b>165,000</b>	-	<b>165,000</b>

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

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

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

### **Valuation Techniques**

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

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

Gains or losses attributable to a change in unrealised gains relating to those assets held at the end of the reporting period are included in the Surplus or Deficit on the Provision of Services. There was no gain or loss in 2021 (2019/20 £10,000).

### **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 and 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.

### **Highest and best use of surplus assets**

In estimating the fair value of the Council's surplus assets, the highest and best use of the assets is their current use.

## 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 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	2020/21	2019/20
		£	£
<b>Opening Capital Financing Requirement</b>		9,535,883	10,029,301
<b>Capital Investment</b>			
Property, Plant and Equipment	11	10,336,387	5,152,491
Heritage Assets	11	72,450	165,000
Investment Properties	11d	-	376,354
Revenue Expenditure Funded from Capital under Statute	4	-	146,392
<b>Sources of Finance</b>			
Capital Grants Applied and Unapplied	27a	(7,768,203)	(1,800,305)
Transfers from Earmarked Reserves	27a	(1,540,271)	(2,386,261)
<b>Sums set aside from Revenue:</b>			
Direct Revenue Contributions	4, 26f	(1,100,363)	(821,353)
Minimum Revenue Provision	4, 26f	(1,242,763)	(1,325,736)
<b>Closing Capital Financing Requirement</b>		<b>8,293,120</b>	<b>9,535,883</b>
<b>Explanation of Movements in Year</b>		<b>2020/21</b>	<b>2019/20</b>
		£	£
Increase/(Decrease) in internal borrowing		-	869,723
MRP payments in year	4,12	(1,242,763)	(1,325,736)
Tullyvar Movement		-	(37,405)
<b>Increase/(decrease) in Capital Financing Requirement</b>		<b>(1,242,763)</b>	<b>(493,418)</b>

## 13 Future Capital Commitments

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

Capital Commitments	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	9,300,000	6,720,000	2,580,000
Other Commitments	6,870,000	1,270,000	5,600,000
<b>Total</b>	<b>16,170,000</b>	<b>7,990,000</b>	<b>8,180,000</b>

## 14 Inventories

Inventories	2020/21	2019/20
	£	£
Central Stores	186,124	233,720
Other	186,994	156,245
<b>Total</b>	<b>373,118</b>	<b>389,965</b>

The cost of inventories written down, recognised as an expense and included in 'services' amounted to £3k (2019/20 £2k).

## 15 Debtors

### a) Long-Term Debtors

Long-Term Debtors	2020/21	2019/20
	£	£
Finance Lease Debtors	1,484,927	668,413
<b>Total Long-Term Debtors</b>	<b>1,484,927</b>	<b>668,413</b>

The increase in long term debtors relates to a new long term finance lease arrangement entered into during 2020/21 (note 6a).

### b) Debtors – Short-Term Debtors

Short-Term Debtors	2020/21	2019/20 (Restated)
	£	£
Government Departments	4,210,423	2,870,457
Other Councils	53,982	72,100
Other Debtor – Tullyvar	69,383	122,381
Revenue Grants	111,573	100,804
Capital Grants	9,815,561	9,046,021
Interest Receivable	3,099	21,864
Value Added Tax	796,690	412,807
Prepayments	258,462	284,360
Finance Lease Debtors	55,000	37,856
Other	19,252	43,472
Trade Receivables	305,461	570,497
Impairment Loss - Trade Receivables	(356,359)	(446,502)
<b>Total Short-Term Debtors</b>	<b>15,342,527</b>	<b>13,136,117</b>
<b>Total Debtors</b>	<b>16,827,454</b>	<b>13,804,530</b>

The increase in debtors relates to the timing of various government grants and VAT.

Debts amounting to £114k were written off in the 2020/21 year (2019/20 £81.5k). The level of expected losses (Impairment Loss – Trade Receivables) was calculated by reviewing the individual debtor balances.

The prior year has been restated to show a change in a category of Revenue grants and Government Department grants.

## 16 Investments

Short Term Investments	2020/21	2019/20
	£	£
Short-Term Investments - Loans to other Local Authorities	4,500,000	7,500,000
<b>Total Short-Term investments</b>	<b>4,500,000</b>	<b>7,500,000</b>

The Council holds monies on deposit at an average rate of 0.45% for periods of 3 to 9 months.

## 17 Borrowings

### a) Short-Term Borrowing

Short-Term-Borrowing	2020/21	2019/20
	£	£
Loans re-payable within one year	739,093	902,862
<b>Total Short-Term Borrowing</b>	<b>739,093</b>	<b>902,862</b>

### b) Long-Term Borrowing

Long-Term Borrowing	2020/21	2019/20
	£	£
Between 1 and 2 years	670,082	739,093
Between 2 and 5 years	1,809,834	1,884,432
Between 5 and 10 years	1,431,873	1,971,269
In more than 10 years	618,466	674,555
<b>Total - Government Loans Fund</b>	<b>4,530,255</b>	<b>5,269,349</b>
<b>Total Borrowing</b>	<b>5,269,348</b>	<b>6,172,211</b>

## 18 Creditors

### a) Short-Term Creditors

Short-Term Creditors	2020/21	2019/20
	£	£
Government Departments	1,710,672	825,028
Other Councils	633,185	491,448
Other Creditor - Tullyvar	83,149	217,544
Remuneration due to Employees	167,798	146,354
Accumulated Absences	1,020,532	862,573
Loan Interest Payable	46,923	55,533
Capital Creditors	3,119,635	1,499,507
Receipts in Advance	716,290	643,265
Trade Creditors	1,832,443	2,426,481
<b>Total Short-Term Creditors</b>	<b>9,330,627</b>	<b>7,167,733</b>
<b>Total Creditors</b>	<b>9,330,627</b>	<b>7,167,733</b>

The short-term creditor balance includes £472k (2019/20 £338k) 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 17,231 invoices totalling £36.5m (2019/20:18,826 invoices paid totalling £31.6m). The number of disputed invoices was 378.

The Council paid:

- 16,183 (94%) invoices within 30 calendar days target (2019/20 17,715 (94%) invoices)
- 14,888 (86%) invoices within 10 working days target (2019/20 15,332 (81%) invoices) and
- 1,048 invoices outside of the 30-day target (2019/20 1,111 invoices).

The average number of days taken to pay suppliers during the year was 11 days (2019/20 13 days).

## 19 Provisions

	Balance as at 1 April 2020	Increase/ (Decrease) in provision during year	Utilised during year	Other Movements	Interest cost and/or discount rate changes	Balance as at 31 March 2021
	£	£	£	£	£	£
Landfill Closure – Drummeem	2,818,349	(14,429)	-	-	136,974	<b>2,940,894</b>
Landfill Closure – Glassmullagh	1,639,695	10,000	(24,390)	-	147,006	<b>1,772,311</b>
Landfill Closure – Tullyvar	162,656	(35,049)	(31,890)	-	-	<b>95,717</b>
<b>Total</b>	<b>4,620,700</b>	<b>(39,478)</b>	<b>(56,280)</b>	<b>-</b>	<b>283,980</b>	<b>4,808,922</b>
Current Provisions	96,533	10,000	-	-	-	<b>106,533</b>
Long-Term Provisions	4,524,167	(49,478)	(56,280)	-	283,980	<b>4,702,389</b>
<b>Total</b>	<b>4,620,700</b>	<b>(39,478)</b>	<b>(56,280)</b>	<b>-</b>	<b>283,980</b>	<b>4,808,922</b>

	Balance as at 1 April 2019	Increase/ (Decrease) in provision during year	Utilised during year	Other Movements	Interest cost and/or discount rate changes	Balance as at 31 March 2020
	£	£	£	£	£	£
Landfill Closure – Mullaghmore	120,000	(120,000)	-	-	-	-
Landfill Closure – Drummeem	3,433,450	(578,717)	-	(36,384)	-	<b>2,818,349</b>
Landfill Closure – Glassmullagh	1,763,930	-	(22,788)	(10,062)	(91,385)	<b>1,639,695</b>
Landfill Closure – Tullyvar	336,526	88,600	(249,541)	-	(12,929)	<b>162,656</b>
<b>Total</b>	<b>5,653,906</b>	<b>(610,117)</b>	<b>(272,329)</b>	<b>(46,446)</b>	<b>(104,314)</b>	<b>4,620,700</b>
Current Provisions	104,126	-	(7,593)	-	-	<b>96,533</b>
Long-Term Provisions	5,549,780	(610,117)	(264,736)	(46,446)	(104,314)	<b>4,524,167</b>
<b>Total</b>	<b>5,653,906</b>	<b>(610,117)</b>	<b>(272,329)</b>	<b>(46,446)</b>	<b>(104,314)</b>	<b>4,620,700</b>

## Landfill Closure – Drummee

The Council has an operational landfill site at Drummee. The Northern Ireland Environment Agency (NIEA) approved the provision calculations at 31 March 2020 and the calculations as at 31 March 2021 have been assessed and agreed by a Chartered Waste Manager. Movements in the provision are included in the Comprehensive Income and Expenditure Account line 'Waste and Recycling'. In line with circular, LG 17/18, issued by the Department for Communities in 2018, movements relating to the change in discount rates applied to the Provision is accounted for through the Comprehensive Income and Expenditure Account 'Waste and Recycling' and the Council's Provisions Discount Rate Reserve (Note 27h).

## Landfill Closure – Glassmullagh

The Council has a landfill site at Glassmullagh that has ceased operations. At 31 March 2020, the Council has an obligation for the aftercare costs of the site. The Northern Ireland Environment Agency (NIEA) has approved the provision calculations as at 31 March 2014 and the calculations as at 31 March 2021 have been assessed and agreed have been assessed and agreed by a Chartered Waste Manager. Movements in the provision are included in the Comprehensive Income and Expenditure Account line 'Waste and Recycling'. In line with circular, LG 17/18, issued by the Department for Communities in 2018, movements relating to the change in discount rates applied to the Provision is accounted for through the Comprehensive Income and Expenditure Account 'Waste and Recycling' and the Council's Provisions Discount Rate Reserve (Note 27h).

## Landfill Closure – Tullyvar

Detailed at Note 29 - Investment in Joint Operations.

## Redundancy

This provision is required to meet the anticipated costs of the early release of staff. There is no provision in 2020/21.

## 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 receivables (inclusive of VAT and trade receivables due from Government departments and Other Councils) can be analysed by age as follows:

Trade debtors, inclusive of VAT, can be analysed by age as follows:	
	£
Less than three months	494,837
Three to six months	27,307
Six months to one year	44,441
More than one year	136,556
	<b>703,141</b>

## Liquidity Risk

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

## Interest Rate Risk

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

## Foreign Exchange Risk

The Council has a bank account denominated in Euro but the Council's 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 are noted below.

Fair Value		
	2020/21 £	2019/20 £
Government Loans	4,797,343	5,392,815
<b>Total</b>	<b>4,797,343</b>	<b>5,392,815</b>

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

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

Financial Liabilities	Balance as at 31 March 2021		Balance as at 31 March 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£	£	£	£
Financial liabilities held at amortised cost	5,269,326	4,797,343	5,737,804	5,392,815
<b>Total</b>	<b>5,269,326</b>	<b>4,797,343</b>	<b>5,737,804</b>	<b>5,392,815</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 2021) arising from a commitment to pay interest to lenders below current market rates.

Financial Assets	Balance as at 31 March 2021		Balance as at 31 March 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Values
	£	£	£	£
Long-term debtors (Note 15)	1,484,927	1,484,927	668,413	668,413
Loan to other Local Authorities (Note 16)	4,500,000	4,500,000	7,500,000	7,500,000
<b>Total</b>	<b>5,984,927</b>	<b>5,984,927</b>	<b>8,168,413</b>	<b>8,168,413</b>

The fair value of the financial assets is a close approximation to the carrying amount. Short-term debtors

and creditors are not disclosed above and are carried at cost as this is a fair approximation of their value.

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

Recurring Fair Value Measurements using:	Balance as at 31 March 2021			Balance as at 31 March 2020		
	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	-	4,797,343	4,797,343	-	5,392,815	5,392,815
<b>Total</b>	<b>-</b>	<b>4,797,343</b>	<b>4,797,343</b>	<b>-</b>	<b>5,392,815</b>	<b>5,392,815</b>
<b>Financial Assets</b>						
Loans and Receivables	-	5,984,927	5,984,927	-	8,206,269	8,206,269
<b>Total</b>	<b>-</b>	<b>5,984,927</b>	<b>5,984,927</b>	<b>-</b>	<b>8,206,269</b>	<b>8,206,269</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 2021 are based on appropriate rates provided to the Council.	Estimated ranges of interest rates at 31 March 2021 of 0.10% to 1.06% 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 and funding basis under regulations line, in the Movement on Reserves Statement during the year:

	Note	2020/21	2019/20
		£	£
<b>Net cost of services:</b>			
Current service cost	21c	7,303,000	7,757,000
Past service cost	21c	34,000	-
Net Interest on net defined benefit liability:	9c, 21c	932,000	705,000
<b>Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	4	<b>8,269,000</b>	<b>8,462,000</b>
<b>Movement in Reserves Statement:</b>			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code	4	(8,269,000)	(8,462,000)
Employers' contributions payable to scheme	4, 21c	3,856,895	3,872,627
<b>Net adjustment to General Fund</b>		<b>(4,412,105)</b>	<b>(4,589,373)</b>

The service cost figures include an allowance for administration expenses of £98k (2019/20 £96k).

<b>Remeasurements recognised in Other Comprehensive Income and Expenditure</b>	2020/21	2019/20
	£	£
Liability gains/(losses) due to change in assumptions	(38,667,000)	3,631,000
Liability gains/(losses) due to due to demographic changes	-	5,801,000
Liability experience gains/(losses) arising in the year	1,503,000	(2,426,000)
Actuarial gains/(losses) on plan assets	25,114,000	(13,607,000)
Assets distributed on settlements	(36,895)	240,373
<b>Total gains/(losses) recognised in Other Comprehensive Income and Expenditure</b>	<b>(12,086,895)</b>	<b>(6,360,627)</b>

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

Reconciliation of present value of the scheme liabilities:	2020/21	2019/20
	£	£
Balance as at 1 April	169,989,000	167,770,000
Current service cost	7,303,000	7,757,000
Interest cost	3,875,000	3,990,000
Contributions by members	1,235,000	1,217,000
Remeasurement (gains) and losses:		
- Actuarial (gains)/losses arising from changes in financial assumptions	38,667,000	(3,631,000)
- Actuarial (gains)/losses arising from demographic changes	-	(5,801,000)
- Actuarial (gains)/losses arising on liabilities from experience	(1,503,000)	2,426,000
Past service cost	34,000	-
Estimated benefits paid	(3,803,000)	(3,739,000)
<b>Balance as at 31 March 2021</b>	<b>215,797,000</b>	<b>169,989,000</b>

Reconciliation of present value of the scheme assets:	2020/21	2019/20
	£	£
Balance as at 1 April	127,292,000	136,023,000
Interest Income	2,943,000	3,285,000
Contributions by members	1,235,000	1,217,000
Contributions by employer	3,806,096	3,855,835
Contributions by employer - unfunded benefits	50,799	16,792
Remeasurement gain/(loss)	25,114,000	(13,607,000)
Assets distributed on settlements	(36,895)	240,373
Benefits paid	(3,803,000)	(3,739,000)
<b>Balance as at 31 March 2021</b>	<b>156,601,000</b>	<b>127,292,000</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 (including interest income) on scheme assets in the year was a gain of £28.057m (2019/20 loss of £10.322m).

Fair Value of Plan Assets	2020/21	2019/20
	£	£
Equity investments	72,506,263	54,226,392
Bonds	55,906,557	49,262,004
Property	13,937,489	12,729,200
Cash	8,299,853	5,982,724
Other	5,950,838	5,091,680
<b>Total</b>	<b>156,601,000</b>	<b>127,292,000</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):**

	2020/21	2019/20
	£	£
Fair Value of Employer Assets	156,601,000	127,292,000
Present value of funded defined benefit obligation	(215,461,000)	(169,670,000)
<b>Pension liability of Funded Scheme</b>	<b>(58,860,000)</b>	<b>(42,378,000)</b>
Present Value of unfunded defined benefit obligation	(336,000)	(319,000)
<b>Net liability arising from the defined benefit obligation</b>	<b>(59,196,000)</b>	<b>(42,697,000)</b>
<b>Amount in the Balance sheet:</b>		
Liabilities	(215,797,000)	(169,989,000)
Assets	156,601,000	127,292,000
<b>Net Liability</b>	<b>(59,196,000)</b>	<b>(42,697,000)</b>

**d) Scheme History**

Analysis of scheme assets and liabilities	2020/21	2019/20
	£	£
Fair Value of Assets in pension scheme	156,601,000	127,292,000
Present Value of defined benefit obligation	(215,797,000)	(169,989,000)
<b>Deficit in the Scheme</b>	<b>(59,196,000)</b>	<b>(42,697,000)</b>

Amount recognised in Other Comprehensive Income and Expenditure:	2020/21	2019/20
	£	£
Actuarial gains/(losses)	(12,050,000)	(6,601,000)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	(36,895)	240,373
<b>Remeasurements recognised in Other Comprehensive Income and Expenditure</b>	<b>(12,086,895)</b>	<b>(6,360,627)</b>
Cumulative actuarial gains and losses	(20,620,333)	(8,533,438)
<b>History of experience gains and (losses):</b>		
Experience gains/(losses) on assets	25,114,000	(13,607,000)
Experience gains/(losses) on liabilities	1,503,000	(2,426,000)

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £59.2m 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 (£59.2m).

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

Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2022	2021/22	2020/21
	£	£
Projected current cost	10,407,000	7,422,000
Net Interest on the net defined benefit liability	1,194,000	930,000
	<b>11,601,000</b>	<b>8,352,000</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 2021 is £3.979m.

### History of experience gains and losses

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

	2020/21	2019/20
	%	%
Experience gains and (losses) on Assets	16.04%	(10.69%)
Experience gains and (losses) on Liabilities	(0.7%)	1.43%

### 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 2021.

Long-term expected rate of return on assets in the scheme:	2020/21	2019/20
	%	%
Equity investments	46.3%	42.6%
Bonds	35.7%	38.7%
Property	8.9%	10.0%
Cash	5.3%	4.7%
Other	3.8%	4.0%
<b>Mortality assumptions:</b>		
<b>Longevity at 65 current pensioners:</b>	<b>Years</b>	<b>Years</b>
Men	21.9	21.8
Women	25.1	25.0
<b>Longevity at 65 for future pensioners:</b>		
Men	23.3	23.2
Women	26.5	26.4
<b>Inflation/Pension Increase Rate</b>		
Salary Increase Rate	2.7%	2.00%
Discount Rate	4.2%	3.50%
Pension accounts revaluation rate	2.1%	2.30%
	2.7%	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 2021 is set out below.

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

## Funded Assumptions Scheme Benefits

Discount Rate Assumption	2020/21	
<b>Adjustment to discount rate</b>	<b>+0.1%p.a.</b>	<b>-0.1%p.a.</b>
Present value of the total obligation	211,152,000	219,770,000
% change in the present value of the total obligation	-2.0%	2.0%
Projected service cost	10,053,000	10,771,000
Approximate % change in projected service cost	-3.4%	3.5%
<b>Rate of General Increase in Salaries</b>		
<b>Adjustment to salary increase rate</b>	<b>+0.1%p.a.</b>	<b>-0.1%p.a.</b>
Present value of the total obligation	216,538,000	214,384,000
% change in the present value of the total obligation	0.5%	-0.5%
Projected service cost	10,407,000	10,407,000
Approximate % change in projected service cost	0.0%	0.0%
<b>Rate of Increase to Pensions in Payment and Deferred Pension Assumption</b>		
<b>Adjustment to pension increase rate</b>	<b>+0.1%p.a.</b>	<b>-0.1%p.a.</b>
Present value of the total obligation	218,693,000	212,229,000
% change in the present value of the total obligation	1.5%	-1.5%
Projected service cost	10,771,000	10,053,000
Approximate % change in projected service cost	3.5%	-3.4%
<b>Post Retirement Mortality Assumption</b>		
<b>Adjustment to mortality age rating assumption*</b>	<b>+ 1 Year</b>	<b>- 1 Year</b>
Present value of the total obligation	223,218,000	207,704,000
% change in the present value of the total obligation	3.6%	-3.6%
Projected service cost	10,834,000	9,991,000
Approximate % change in projected service cost	4.1%	-4.0%

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

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

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

	2020/21	2019/20
	%	%
Equity investments	46.3%	42.60%
Government Bonds	23.60%	26.10%
Corporate Bonds	12.10%	12.60%
Property	8.90%	10.00%
Cash	5.30%	4.70%
Other	3.80%	4.00%
<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 31/03/2020. 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 2021.

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. Allowance for the McCloud Judgement and GMP Indexation/Equalisation has been accounted for in these results and any change in the allowance since the last accounting date has been reflected through 'Other comprehensive income' in the Comprehensive Income & Expenditure Statement.

## **22 Donated Assets Accounts**

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

## **23 Capital Grants Received in Advance**

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

## **24 Contingencies**

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

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

### **Legal matters**

From time to time legal challenges and issues arise with a high degree of uncertainty of any associated financial liability. If these proceed to full hearing and any associated judgement is found against the Council there may arise a financial liability in respect of costs in circumstances that these are not covered by insurance. No liability is included within the Statement of Accounts as the amount of obligation, if any, cannot be measured with sufficient reliability.

### **Contingent Asset**

In addition, the Council is one of the parties to the successful legal action (October 2020), taken against HMRC, that charges paid since 2006 by members of the public for access to sports, recreation and leisure facilities provided by NI Councils were outside the scope of the VAT regime and that the VAT should be repaid. HMRC has appealed the decision to the Upper Tier Tribunal and the outcome of the appeal will be reported to the Council when it is made available. An asset is not included within the Statement of Accounts as the amount of the asset cannot be deemed virtually certain.

## 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	2020/21	2019/20
		£	£
Depreciation	4,11a	5,923,836	6,161,855
Impairment and downward revaluations (and non-sale derecognitions)	4,11a, 11d	995,862	248,386
(Increase)/Decrease in Stock	14	16,847	16,504
(Increase)/Decrease in Debtors		(2,182,006)	790,367
Increase/(Decrease) in impairment provision for bad debts	15b	(90,143)	(10,983)
Increase/(Decrease) in Creditors		551,376	416,201
Increase/(Decrease) in Interest Debtors		18,765	12,510
Payments to NILGOSC	21b	4,412,105	4,589,373
Carrying amount of non-current assets sold	4,8	26,850	18,524
Contributions to Other Reserves/Provisions		1,021,369	(1,575,804)
		<b>10,694,861</b>	<b>10,666,933</b>

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Notes	2020/21	2019/20
		£	£
Proceeds from the sale of PP&E, investment property and intangible assets	8a	(10,000)	(35,417)
Capital grants included in "Taxation & non-specific grant income"	10e	(5,621,149)	(4,361,725)
		<b>(5,631,149)</b>	<b>(4,397,142)</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:

	2020/21	2019/20	2018/19 (Restated)
	£	£	£
Cash and Bank Balances	2,558,515	1,798,881	386,192
Short-Term Deposits (considered to be cash equivalents)	17,765,875	10,019,734	16,449,730
Short-Term Investments (considered to be cash equivalents – Tullyvar cash balances)	441,208	630,032	820,351
	<b>20,765,598</b>	<b>12,448,647</b>	<b>17,656,273</b>
Bank Overdraft	-	(1,014,300)	(947,856)
<b>Total Cash and Cash Equivalents</b>	<b>20,765,598</b>	<b>11,434,347</b>	<b>16,708,417</b>

### c) Cash Flows from Operating Activities

	2020/21	2019/20
	£	£
The cash flows from operating activities include:		
Interest received	58,330	178,774
Interest paid	326,203	384,264

#### d) Cash Flows from Investing Activities

	2020/21	2019/20
	£	£
Purchase of PP&E, investment property and intangible assets	8,788,709	4,424,855
Purchase/(Proceeds) of Short-Term Investments (not considered to be cash equivalents)	(3,000,000)	6,000,000
Proceeds from the sale of PP&E, investment property and intangible assets	(10,000)	(35,417)
Capital Grants and Contributions Received	(4,851,609)	(1,744,158)
<b>Net Cash Flows from Investing Activities</b>	<b>927,100</b>	<b>8,645,280</b>

#### e) Cash Flows from Financing Activities

	2020/21	2019/20
	£	£
Repayment of Short and Long-Term Borrowing	(902,862)	(1,043,659)
Other receipts from Financing Activities	(833,658)	-
<b>Net Cash Flows from Financing Activities</b>	<b>(1,736,520)</b>	<b>(1,043,659)</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	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		154,117	118,700
Movement			
Disposal of Non-Current Assets/ Capital Sales	4,8	10,000	35,417
<b>At 31 March 2021</b>		<b>164,117</b>	<b>154,117</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	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		8,108,725	5,511,045
Movement			
Capital Grants received in year	10d,26f	2,609,264	3,911,412
Capital Grants transferred to CAA in year	12,27a	(4,756,318)	(1,313,732)
<b>At 31 March 2021</b>		<b>5,961,671</b>	<b>8,108,725</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 Fund	Notes	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		3,860,228	3,690,254
Transfers between statutory & other reserves & the General Fund	4b	1,784,028	1,207,117
Transfers between Capital Fund & CAA to finance Capital Expenditure		(765,000)	(1,037,143)
<b>At 31 March 2021</b>		<b>4,879,256</b>	<b>3,860,228</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	Notes	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		4,254,737	4,091,578
Transfers between statutory & other reserves & the General Fund	4b	704,440	744,214
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure		(170,000)	(581,055)
<b>At 31 March 2021</b>		<b>4,789,177</b>	<b>4,254,737</b>

### e) Other Balances & Reserves

Other Balances & Reserves	Notes	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		5,175,877	5,575,113
Transfers between statutory & other reserves & the General Fund	4b	7,215,418	484,056
Transfers - Other Funds (Tullyvar)	4b	(36,172)	(115,229)
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure		(727,899)	(768,063)
<b>At 31 March 2021</b>		<b>11,627,224</b>	<b>5,175,877</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	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		3,792,153	3,501,668
Applied Capital Grants	10c,27a	(3,011,885)	(450,313)
Unapplied Capital Grants received in year	10d,26b	(2,609,264)	(3,911,412)
Direct Revenue Financing	4,12	(1,100,363)	(821,353)
Depreciation and Impairment adjustment	4	6,324,698	6,410,241
Derecognition (other than disposal) of non-current assets	11d	595,000	-
Statutory Provision for financing Capital Investment	4,12	(1,242,763)	(1,325,736)
Net Revenue expenditure funded from capital under statute	4,12	-	146,392
Surplus/(Deficit) on the Provision of Services	CIES	6,931,158	(1,854,922)
Transfers between Statutory and Other Reserves and the General Fund	4b	(9,667,714)	(2,320,158)
Net movements on Pension Reserve	21b	4,412,105	4,589,373
Disposal of Fixed Assets/Capital Sales	3,4,8,27a	16,850	(16,893)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4a,27g	157,959	46,148
Other Movements – Discount Rate Reserve Adjustment	4a, 27h	223,287	(200,882)
Other Movements - Adjustment to Lessor Arrangements	4a,27f	(833,658)	-
<b>At 31 March 2021</b>		<b>3,987,563</b>	<b>3,792,153</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 is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

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

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

Capital Adjustment Account	Notes	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		85,070,551	85,936,895
Applied Capital Grants	10c,26f	3,011,885	450,313
Unapplied Capital Grants transferred to CAA in year	12, 26b	4,756,318	1,313,732
Direct Revenue Financing	4,12	1,100,363	821,353
Depreciation & Impairment adjustment	4,11	(6,324,698)	(6,410,241)
Derecognition (other than disposal) of non-current assets	11d	(595,000)	-
Statutory Provision for financing Capital Investment	4,12	1,242,763	1,325,736
Net Revenue expenditure funded from Capital under statute	4,12	-	(146,392)
Disposal of Fixed Assets/ Capital Sales	4,8,11	(26,850)	(18,524)
Other Movements	27c	602,203	(588,582)
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	1,540,271	2,386,261
Other Movement - Tullyvar		122,628	-
<b>At 31 March 2021</b>		<b>90,500,434</b>	<b>85,070,551</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	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		44,600,734	40,345,472
Revaluation & Impairment	11	319,270	3,666,680
Other Movements	27a	(602,203)	588,582
<b>At 31 March 2021</b>		<b>44,317,801</b>	<b>44,600,734</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	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		(42,697,000)	(31,747,000)
Net Movements on Pension Reserve	3, 21b	(4,412,105)	(4,589,373)
Revaluation & Impairment	21d	(12,086,895)	(6,360,627)
<b>At 31 March 2021</b>		<b>(59,196,000)</b>	<b>(42,697,000)</b>

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

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

f) Deferred Capital Receipts Account

The Deferred Capital Receipts Account records capital advances receivable where an amount equal to the advance is included as a deferred capital receipt. These amounts are written down each year by the amount of capital debt repaid to the Council in that year. Other movements relate to a new 99 year finance lease and an adjustment to a previous finance lease of a long-term debtor.

Capital Receipts Deferred Account	Notes	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		706,269	706,269
Adjustments in relation to Lessor Arrangements	4	833,658	-
<b>At 31 March 2021</b>		<b>1,539,927</b>	<b>706,269</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	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		(862,573)	(816,425)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	(157,959)	(46,148)
<b>At 31 March 2021</b>		<b>(1,020,532)</b>	<b>(862,573)</b>

h) Provision Discount Rate Reserve

The Provision Discount Rate Reserve includes the impact of the change in the current value of the long-term provisions for landfill costs as a result of a change in the valuation of provisions due to the change of use of interest rates in previous years (Note 19). Charges are made annually to the General Fund in respect of the unwinding of this Reserve over the remaining period of the associated landfill provisions.

Provision Discount Rate Reserve	Notes	2020/21	2019/20
		£	£
<b>At 1 April 2020</b>		(780,390)	(989,372)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4	(223,287)	200,882
Provisions Discount Rate Reserve - Tullyvar	29	8,100	8,100
<b>At 31 March 2021</b>		<b>(995,577)</b>	<b>(780,390)</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 £377,627 was received from DfC for running costs in 2020/21. The cost of providing this service in 2020/21 was £343,124. Income received during the year on behalf of the 11 Councils amounted to £1,548,860. Amounts due to other Councils at 31 March 2021 in respect of the Regional Property Certificates is £472,188 and is included within Note 18. Transactions relating to this service are not included within the Statement of Accounts.

Fermanagh and Omagh District Council is the billing authority for Enniskillen BID Ltd and is responsible for collecting the BID Levy following the introduction on 1 April 2017. The cost of providing this service in 2020/21 was £1,475 (2019/20 £1,586) which was invoiced to Enniskillen BID Ltd. Invoices raised during the year on behalf of Enniskillen BID Ltd amounted to £116,606 (2019/20 £206,051). Transactions relating to this service are not included within the Statement of Accounts.

## 29 Joint Arrangements

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

The financial provision for landfill capping and aftercare costs was reviewed in the year and discounted in accordance with IAS 37, this resulted in a total discounted provision of £717,511 (2019/20 £783,840). An amount of £526,078 (2019/20 £458,528) has been offset against this provision resulting in a net discounted provision of £191,433 (2019/20 £325,312).

In accordance with IAS 37, the provision is based on the percentage utilisation of the site which is currently 100%, no change from previous year. This is in line with the current management position that the site is currently filled and closed but will be "mothballed" for a number of years with the potential for re-opening to fill cell 4 should the need arise. A review undertaken by WDR & RT Taggart resulted in a reduction in the number of years the site is predicted to require aftercare. The previous review in 2014 was based on an aftercare period of 60 years which was the standard at the time and the period recommended by the NIEA. The most recent modelling has estimated a revised aftercare period of 19 years for Tullyvar. 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 £526,078 over the next 7 years (2019/20 £458,528), this is accounted for in the measurement of the provision for aftercare costs in line with accounting policy at note 1.

The value of Fermanagh and Omagh District Council's investment in Tullyvar is £1,957k (2019/20: £2,115k) which represents half of Tullyvar's net assets employed and is broken down as follows:

	2020/21	2019/20
	£	£
Long-term assets	1,625,596	1,743,027
Current assets	510,591	752,413
Current liabilities	(83,149)	(217,544)
Long-term liabilities	(95,717)	(162,656)
<b>Net Assets</b>	<b>1,957,321</b>	<b>2,115,240</b>

The movement in Fermanagh and Omagh District Council's investment in Tullyvar is a decrease of £157,919 (2019/20 decrease of £278k) is broken down as follows:

	2020/21	2019/20
	£	£
Sales	-	565
Gas income	52,535	64,848
Other	7,917	18,288
<b>Total Income</b>	<b>60,452</b>	<b>83,701</b>
Administration costs	28,750	41,650
Operating costs	202,774	294,888
<b>Total costs</b>	<b>231,524</b>	<b>336,538</b>
<b>Net Income/Expenditure</b>	<b>171,072</b>	<b>252,837</b>
Revaluation reserve movement	(5,053)	34,087
Provisions Discount Rate Reserve	(8,100)	(8,100)
<b>Net Movement</b>	<b>157,919</b>	<b>278,824</b>

	2020/21	2019/20
<b>Net Income/Expenditure</b>	<b>171,072</b>	<b>252,837</b>
Depreciation	(134,900)	(137,608)
<b>Transferred to Reserves (Note 4b)</b>	<b>36,172</b>	<b>115,229</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 Transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council. In addition, where the relationship with the Council and the entity is solely that of an Agency (note 28) these are not deemed to be Related Party Transactions.

- Transactions with related parties not disclosed elsewhere in these statements of accounts are set out below, where a description of the nature, the amount of the transaction and the amount of the outstanding balance is as follows. Note that related party relationships where control exists should be disclosed irrespective of whether there have been transactions between the related parties.
- Fermanagh and Omagh District Council appointed Councillors to the boards and committees of 87 various bodies ranging from local groups such as Fermanagh Lakeland Tourism Ltd and Fintona

Regeneration Initiative Ltd to national groups such as Northern Ireland Amenity Council and the Northern Ireland Local Government Association. During the year the Council had financial transactions with 22 of these bodies.

- Councillors have direct control over the Council's financial and operating policies. In the 2020/21 financial year the Council received £71k for services provided and commissioned £554k 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.
- 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 did not pay any disposal charges and landfill tax and contributions to environmental bodies (2019/20 £0).
- In addition, Fermanagh and Omagh District Council paid the Education Authority (Western Region) £69k for Peace IV Action Plan, printing and photocopying. The Education Authority (Western Region), in turn, paid Fermanagh and Omagh District Council £50k for building control services, rent, commercial and trade waste charges and hire of the leisure centre facilities.
- The Council also paid grants of £907k 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 £66k paid to Fintona Regeneration Initiative during 2020/21 from which Fermanagh and Omagh District Council deducted £5k as repayment of a loan.

During 2020/21, Fermanagh and Omagh District Council had actual expenditure of £1,835k to other Councils with a further £633k (note 18a) outstanding at 31 March 2021. The Council received £223k from other Councils with a further £54k (note 15b) outstanding balance at 31 March 2021. These amounts relate mainly to services provided.

Central government has significant influence over the general operations of the council - it is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties. Grant receipts outstanding at 31 March 2021 are shown in Note 15b.

The total of members' allowances paid in 2020/21 is shown in Note 7d.

## **Fermanagh and Omagh District Council**

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

There were no additional events occurring after 31 March 2021 which require adjustment to the Council's Statement of Accounts or additional disclosures.

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

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

The Chief Financial Officer authorised the Statement of Accounts for issue on 30<sup>th</sup> September 2021.