

STATEMENT OF ACCOUNTS

Mid Ulster District Council

For the year ended 31st March 2023

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Mid Ulster District Council

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Narrative Report

Introduction

Mid Ulster District Council's (Council's) financial performance for the year ended 31st March 2023 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31st March 2023 (the Code) and the Department for Communities Accounts Direction, Circular LG 07/23.

It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to Council.

This Statement of Accounts explains Council's finances during the financial year 2022/23 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

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

Group Accounts

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

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 42, 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 (district Rates). Authorities raise taxation (district Rates) to fund expenditure in accordance with Regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Movement in Reserves Statement

This Statement, as set out on page 43, shows the movement in the year on the different reserves held by the Council, analysed into "usable reserves" (i.e., those that can be applied to fund expenditure or reduce local taxation (District Rates)) 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 Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for District Rate setting purposes. The Net increase before transfers to Statutory and Other Reserves" line shows the statutory General Fund Balance

before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

The Balance Sheet

The Balance Sheet, as set out on page 44, shows the value as at the Balance Sheet date of the Council's assets and liabilities. The Council's net assets (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is "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 may only be used to fund capital expenditure or repay debt). 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".

The Cash Flow Statement

The Cash Flow Statement, as set out on page 45, shows the changes in the Council's cash and cash equivalents 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 Council's operations are funded by way of taxation (district Rates) and grant income or directly from the recipients of the Council's services. 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.

Performance Report

Despite continuing global economic pressures and notification in late December 2022 of an unprecedented reduction in Rate Support Grant (RSG), which the Department for Communities did not consult upon, the Council delivered a positive financial performance in 2022/23, which resulted in it increasing its General Fund reserve by £288,196 (2021/22 £536,934) to £7,188,114 (2021/22 £6,899,918).

By striking its 2022/23 District Rate in February 2022, the Council established a budget of £49,279,866 (2021/22 £47,456,366) to fund its estimated 2022/23 net cost of Council services, its increasing capital programme and maintain a prudent level of reserves. The budget was based on a range of assumptions, which included the Council's estimate of RSG receivable in 2022/23, the amount of which was ultimately materially less (£1,577,539) than the budgeted amount.

The Council's actual financial outturn relative to the net cost of services budget set when the Council strikes its District Rate is impacted by factors such as the extent to which:

- Controllable financial costs are successfully managed;
- Income, including government grant income, targets are achieved;
- Uncontrollable or unforeseen events have a financial impact on the Council;
- There is a material financial consequence of the Council deviating, for whatever reason, from its operational plans and/or capital programme; and
- Adjustments between an accounting and a funding basis are made when presenting performance.

Had the Council's financial performance in 2022/23 mirrored its budget expectations, Council would have increased its reserves by at least £2.6m. However, as a result of several factors including:

- The continuing impact of global economic pressures and the prevailing 'cost of living crisis' on the delivery of the Council's services and associated income streams, and the Council's response thereto;
- In-year revenue and capital programme budget management;
- Positive in-year de-rating grant and Rates finalisation; and
- Receiving significantly less RSG than the amount budgeted for,

the Council's financial outturn was materially different from that expected when the 2022/23 budgets were set.

As a result of the above, the Council's General Fund increased by £288,196 and the Council's revenue reserves increased by £491,204 following net transfers to reserves from the General Fund of £491,204.

The net transfers of £491,204 into revenue reserves reflects £124,000 funding withdrawn from the Council's Covid 19 reserve (see below), £201,099 reduction in reserves associated with the former Tullyvar Landfill site, and £316,303 funding transferred into a Hardship Fund reserve on foot of monies advanced during 2022/23 to the Council by the Department for Communities (DfC) for providing Hardship support to the most vulnerable in the district, which had not been expended at 31 March 2023. The balance of £500,000 derives from a projected positive Rate finalisation (£871,462) for 2022/23 notified to the Council by Land and Property Service (LPS) prior to 31st March 2023; the Rate finalisation has been included within debtors at the year-end and is scheduled to be received circa September 2023.

The DfC previously provided the Council with £4,733,265 of Covid-19 financial support during the two years ended 31st March 2022. The amount of Covid-19 funding unapplied and retained within the Council's reserves at 31st March 2022 was £2,609,760. As explained above, £124,000 of the unapplied amount was expended during 2022/23 with £2.4m of the remaining £2,485,760 committed to be applied as a balance during 2023/24 when the Council struck its 2023/24 district Rate in February 2023. The balance of £2,485,760 remains in reserves at 31st March 2023 and is intended to defray increases in district Rate in 2023/24 and thereafter.

The DfC had also previously provided the Council with additional Active Travel funding during 2020/21 in the amount of £499,000 that was intended to fund capital expenditure. £45,785 and £155,935 of this funding was applied during 2021/22 and 2022/23 respectively, with the balance of £297,280 retained in reserves at 31st March 2023.

The 2022/23 General Fund increase in the amount of £288,196 (2021/22 £536,934) results in the General Fund balance of £7,188,114 (2021/22 £6,899,918) representing 16.3% (2021/22 15.8%) of the Council's total usable reserves of £44,188,573 (2021/22 £43,535,102). Despite the absence of formal Department for Communities' (DfC) guidance in relation to what level of financial reserves district councils should maintain, the Council is satisfied that it continues to satisfy its statutory duty to maintain adequate reserves.

Expenditure and Funding Analysis

Note 2 to the Council's accounts for the year ended 31st March 2023 provides an expenditure and funding analysis, which seeks to demonstrate how the funding available to the Council has been used in providing services in comparison with the resources consumed or earned by the Council in accordance with generally accepted accounting practices. This analysis also shows how the expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

In delivering its financial outturn, which results in the Council increasing its General Fund in the amount of £288,196 (2021/22 £536,934), most of the Council's financial resources were expended by the Communities & Place and Environment directorates. These directorates were formed when the Council restructured its operational activities in July 2021; although their areas of responsibility were slightly different to the previous Environment & Property and Leisure and Outdoor Recreation directorates, they include the former directorates' major areas of operational expenditure.

The Environment directorate has subsumed the activities of the former Environment & Property which was responsible for public facing services such as refuse collection and waste disposal, including trade/commercial waste disposal and internal services including maintenance of the Council properties and vehicles. The Communities and Place directorate has subsumed the activities of the former Leisure & Outdoor Recreation directorate which included the provision of all leisure and recreational facilities, including leisure centres, play parks, parks and open spaces. Operational activities also included within the new directorates include Building Control, Capital Scheme delivery, Community Services, and Arts and Cultural activities.

In total, these two directorates expended £44,562,715 (2021/22: £42,315,870) of the Council's funds, being £19,172,141 and £25,390,574 (2021/22: £17,872,655 and £24,443,215) respectively. The aggregate expenditure represents 77.6% (2021/22: 82.1% of the Council's "Net cost of Services").

The Council's 2022/23 financial outturn was directly impacted by the following:

- An unprecedented reduction in RSG in the amount of £1,577,539. This major financial shortfall, which was not consulted upon prior to implementation, will be compounded in 2023/24 as the Council, together with the other six councils eligible to receive RSG, was notified post striking its 2023/24 district Rate that its 2023/24 RSG would be further reduced in the amount of £1,719,889 relative to its 2023/24 budget;
- Energy costs exceeding budget by £1,118,655; this was due to unprecedented inflationary increases in the wake of the Russia Ukraine conflict. The Council recognised this pressure in its 2023/24 Rate estimates when it uplifted its energy budget by £1,412,495;
- Staff costs (including employer costs) exceeding budget in the amount of £1,340,680; this is explained by local and national pay awards implemented on foot of national cost of living crisis. This unforeseen cost pressure has been fully provided for in the 2023/24 Rate estimates;
- Continued need for maintenance expenditure substantially in excess of budget; the negative variance of £598,957 should be largely addressed by additional funding secured in the 2023/24 Rate estimates; and
- Negative fuel variances in the amount of £252,151, which arose on foot of the Russia Ukraine conflict. Additional funding was secured in the 2023/24 Rate estimates but this has had to be redirected following the further reduction in RSG (£1,719,889) in 2023/24, the possibility of which was notified in May 2023.

The “adjustments between the funding and accounting basis” detailed in note 2 have been explained above.

In delivering its financial outturn, the Council made net transfers from its General Fund to Statutory and Other Reserves in the amount of £491,204 (2021/22: £11,146,795). These transfers, together with amounts transferred in prior years, are intended to contribute towards the funding of the Council’s capital programme, match funding received for specific purposes with expenditure yet to be incurred and provide funding for future revenue projects.

As explained above, the Council experienced an extremely challenging financial year. However, despite the unprecedented pressures which were outside the Council’s control, the Council continues to have a positive cash position, with approximately £40m at the year-end held in diversified investments and accounts across multiple financial institutions in accordance with advice from its Treasury Management advisers.

Prudent financial management has enabled Council to, in so far as reasonably practicable, accurately plan and adequately resource its capital and local economic development strategies. In addition, Council was again unable to commit match funding to several projects in advance of the primary funders issuing Letters of Offer and/or expenditure being incurred in the current financial year. However, as

explained above, the Council has sought to reserve sufficient funding to satisfy postponed commitments which will arise either when the primary funders issue Letters of Offer or when expenditure is incurred.

As was the case in 2022/23, the Council was, when striking its District Rate for 2023/24 in February 2023, frustrated by the uncertainty in relation to the quantum of RSG that eligible councils could expect to receive in the year for which the District Rate is being struck, i.e., 2023/24. This uncertainty is caused by the fact that, unlike De-rating grant, RSG is not statutorily protected. The Council, together with other district councils eligible to receive RSG, continues to press the DfC and the NI Assembly to satisfactorily resolve the matter once and for all by amending the relevant legislation to statutorily protect this essential financial subvention.

Unfortunately, although the Council, as a result of successfully challenging the DfC method of distributing the total amount of RSG available for distribution between eligible councils in the Court of Appeal, which issued its judgment in September 2018, increased its percentage share of the total amount of RSG allocated by the DfC from its annual budget for distribution between eligible councils from 16.24% to 24.74% in 2018/19, and subsequently to 24.93% in 2019/20. In 2020/21 the Council's share of the aggregate RSG available for distribution between eligible district councils reduced to less than 21%. This was a significant reduction, which the DfC advised was caused by regional fluctuations in property rateable valuations arising on foot of the non-domestic revaluation undertaken by Land and Property Services effective 1st April 2020 (Reval 2020).

The effect of the Reval 2020 (as advised by the DfC) was to dramatically reduce the Council's percentage share of the aggregate RSG (which fluctuated between £22.3m and £15.865m across the period from local government reform in April 2015 and 31st March 2022). However, due to the DfC ultimately increasing the aggregate RSG available for distribution between eligible councils in 2021/22 to £21.924m, the Council received £4,600,657 in 2021/22 RSG.

Unfortunately and without consultation, the DfC slashed the aggregate RSG to be shared between eligible councils in 2022/23 to £8.924m. This, together with the forthcoming Reval 2023 (effective from 1 April 2023), which would cause a further reduction in the Council's share of RSG to approximately 16% (from approximately 20%), caused the Council, when preparing its 2023/24 Rate estimates, to reflect upon the aggregate RSG likely to be distributed by DfC in 2023/24. On consideration, the Council decided to budget on the assumption that the RSG would revert to £15.865m, which with the exception of 2022/23 had been the lowest RSG distributed in the previous 25 years. The 2023/24 RSG was confirmed on 29th June 2023 in the amount of £4.9m. This will be a significant funding reduction for the Council to manage in 2023/24.

Capital expenditure during the year amounted to £5,427,685 (2021/22: £6,897,965), the expenditure being on vehicles, plant and equipment £681,902 (2021/22: £1,845,144), assets under construction £1,830,861 (2021/22: £4,165,820), buildings £2,821,535 (2021/22: £722,759), infrastructure assets £nil (2021/22: £164,242), community assets £93,387 (2021/22: £nil), and land £nil (2021/22: £nil).

Apart from capital expenditure detailed above, Council did not acquire any material assets in 2022/23.

Organisational overview and external environment

The Council is one of eleven district councils created by statute in Northern Ireland to deliver local government services. It assumed responsibility for the delivery of local government services on 1 April 2015 when it replaced the former district councils of Cookstown and Magherafelt District Council and Dungannon and South Tyrone Borough Council.

The Council consists of 40 elected Members who, as a body corporate, have delegated authority to the Chief Executive, who is also Council's Chief Financial Officer, to manage the Council's staff and its financial and other resources to deliver statutory and other services in accordance with the Council's statutory authority and declared corporate objectives.

Local government elections took place on Thursday, 18 May 2023.

Governance

The Council operates a Committee structure and is served by five Committees:

- Audit Committee;
- Development Committee;
- Environment Committee;
- Planning Committee; and
- Policy and Resources Committee

The responsibilities and remit of each Committee is detailed in the Council's Constitution, which may be accessed on the Council's website, <https://mid-ulster.cmis-ni.org/midulster/ConstitutionStandingOrder.aspx>

Each Committee consists of 16 Members, with the exception of Audit Committee, which has 8 elected Members and 1 independent Member. Committees make recommendations to the Council; it is the Council which generally makes decisions by resolution with voting being by show of hands.

The Council and Committee Chair and Vice Chair positions are filled annually at Council's Annual General Meeting by D'hondt, which is a mechanism intended to ensure that positions of authority are distributed among Members according to electoral strength.

From June 2021 the Council's Chair and Vice Chair were Councillor McLean, DUP and Councillor McFlynn, SDLP. From June 2022 the Council's Chair and Vice Chair were Councillor Corry, Sinn Fein and Councillor Burton, DUP.

The Council generally meets once monthly, but these meetings are occasionally augmented by additional "special" Council meetings to conduct business not normally included on the monthly agenda, e.g. to strike the District Rate in February

of each year. Committees generally meet once monthly except for July, in which typically only Audit Committee meets. As a result of the Covid-19 pandemic and the associated disruption to the normal schedule of Committee meetings, the Council continued to implement a schedule of hybrid Committee and Council meetings throughout 2022/23. The Audit Committee met 4 times during 2022/23.

The annual accounts include an Annual Governance Statement (AGS), which is considered by Audit Committee prior to recommendation to the Council that it be adopted and included within its accounts. The AGS is in the format prescribed by the Department for Communities and issued with its annual Accounts Direction.

Operational Model

The Council's basic operational model reflects the following:

- Administrative presence
 - Council office in each of Cookstown, Dungannon and Magherafelt towns
- Primary leisure facilities
 - "Wet" leisure centres:
 - Cookstown Leisure Centre
 - Dungannon Leisure Centre
 - Greenvale Leisure Centre (Magherafelt)
 - "Dry" leisure centres:
 - Gortgonis Recreation Centre
 - Maghera Leisure Centre
 - Meadowbank Sports Arena
 - Mid Ulster Sports Arena
 - Moneymore Recreation Centre
- Key statutory services provided
 - Refuse collection – domestic and trade/commercial
 - Waste disposal
 - Planning
- Key regulatory services provided
 - Building Control
 - Environmental Health
 - Registration of Births, Deaths and Marriages

Risks and opportunities

The Council manages and delivers its portfolio of services using the principles of risk management. The Council actively challenges its officers to consider the potential for risk and to document same, together with potential impact on the Council, both financial and otherwise. Risks are recorded in service risk registers and the most significant risks are documented in a Corporate Risk Register, which is routinely reviewed by the Audit Committee.

The Council faces a number of significant risks, which include the:

- Continued uncertainty regarding the security and quantum of RSG, which represents approximately 7% of Council's net cost of operation and any reduction thereto will impact directly on Council's District Rate, which is borne by rate payers;
- Need to develop and implement adequate and robust governance arrangements that will be effective in all future partnerships, whether strategic such as the Mid South West Growth Deal or operational;
- Impacts of the continuing global economic crisis, e.g., in relation to future fuel and energy costs, and inflationary capital pressures; and
- Continuing tight labour market.

The Council's assessment of its risk environment is more fully discussed in its AGS, which is included at page 12 of the accounts.

Strategy and resource allocation

As reported in 2018/19 the Council had a formal Corporate Plan which covered the period 2015 to 2019. The Corporate Plan was reviewed during 2017/18 and a revised plan for the period 2020 to 2024 was adopted by the Council in March 2020. The new plan was assessed in the context of the post pandemic world in so far as practicable and found to remain valid, subject to minor amendment. However, the plan has yet to be formally reviewed in the context of the continuing global economic crisis. The current plan may be found on the Council's website, which is www.midulstercouncil.org.

The Council has also led in the development and delivery of a Community Plan, Local Economic Development Plan, both of which have been published and a Local Area Development Plan (LDP), which is currently being considered by the Department for Infrastructure.

Outlook

The Council continues to budget to deliver its statutory and other services at as low a cost as possible to the rate payer. Budgets are prepared to support the striking of the District Rate in February of each year.

Significant recurrent financial pressures include potential reductions to RSG, increased costs of waste management, payroll related costs including national insurance and superannuation changes, and the wider effects of the global economic crisis notably in relation to fuel and energy costs.

Basis of preparation

The Council prepares its financial statements in accordance with the requirements of the Code of Accounting for Local Authorities in the United Kingdom and the Accounts Direction issued under statute by the Department for Communities.

The accounts are audited by the Local Government Auditor, Mrs Colette Kane, who is a Director within the Northern Ireland Audit Office.

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

The Council's Responsibilities

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

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

These accounts were approved by the Chief Executive on 14 July 2023.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Mid Ulster District Council (MUDC / 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.

MUDC also has a duty under Local Government Act (Northern Ireland) 2014 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.

In discharging this overall responsibility, MUDC 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.

MUDC is required to prepare an Annual Governance Statement which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) /SOLACE Framework Delivering Good Governance in Local Government. A copy of the Code is on our website. This statement explains how MUDC meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the local government body is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables MUDC 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 local government body'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 MUDC for the year ended 31 March 2023 and up to the date of approval of the financial statements.

The Governance Framework

The key elements of the systems and processes that comprise MUDC's governance arrangements include arrangements for:

- **identifying and communicating MUDC's vision of its purpose and intended outcomes for citizens and service users**

The Council agreed a Corporate Plan in March 2020, which confirmed its vision, refreshed its values and set out its strategic direction for the period 2020-24. That Plan remains in place, with all cascading departmental strategies and service plans supporting the achievement of the Council's strategic priorities and through them, the Council's vision which is to be 'at the heart of our community'.

The Marketing and Communications service:

- has developed a communications plan template that is used for planning significant campaigns which directly links activity to the corporate vision and specifies key outcomes for citizens and service users.
 - supports departments and services through marketing and communication activity across a wide range of channels, e.g., web site, social media, corporate promotional materials that communicate the vision of the Council and the outcomes of activity for our citizens and service users.
 - assists with presenting and communicating the organisational vision within key documents such as the corporate plan and key strategies.
 - is responsible for internal communications which communicates shared values, including vision and outcomes and
 - works as part of a cross departmental transformation team on the implementation of the Digital Transformation Strategy.
- **reviewing MUDC's vision and its implications for the Council's governance arrangements**

The Council continued to demonstrate its vision and its values in practice across its range of responsibilities. This was particularly the case with regard to a very clear customer and citizen focus in its decision-making around services and the continued allocation of resources where they were most needed (for example in tackling the continuing impact of the cost-of-living crisis) and in the delivery of bespoke funding programmes (business support grants, marketing grants).

Continuing to operate in a virtual world, the Council's digital platforms, specifically its social media channels, were developed further as key points of customer contact, feedback and engagement.

Capital investment schemes, demonstrating the Council's commitment to the growth and development of the district as a whole, also continued during the

year. They were supported by comprehensive and integrated communications plans to strategically position and profile capital works, helping to ensure that the Council's core growth and investment narrative was consistent and clear, reflecting both its values and its strategic direction and positioning the organisation as one which is very much working to be 'at the heart of our community'.

The Council has commenced a review of the Corporate Plan 2020-24 in order to develop a new plan for 2024-28.

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

The Council strives to operate in an efficient, effective, economic and ethical manner. It has established and continues to embed arrangements to secure continuous improvements across its services with legislative requirements placed under Part 12 of the Local Government Act (NI) 2014. The Council's Performance Management Framework has targets in place to meet statutory requirements and identified other measures under a Service Improvement Plan to increase efficiencies.

The Northern Ireland Audit Office (NIAO) undertook its 2021-22 Improvement Audit and Assessment in line with Local Government Act (NI) 2014 part 12, section 93. The report and associated certificate declare whether the Council had acted in accordance with the legislation and guidance, and also clarifies whether or not there were any statutory recommendations or special inspections required.

The external performance improvement audit undertaken by NIAO/Local Government Auditor in 2023 provided no statutory recommendations, nor a requirement for a special inspection to be carried out by the Council.

The Council's existing performance improvement arrangements include the setting and delivery of Corporate Improvement Objectives (CIO), as a means of contributing to and meeting its statutory obligations. This was complemented with statutory and corporate performance indicators and corporate health measures. Each objective, along with associated actions plans, have been compiled to bring about enhanced customer satisfaction in the services delivered by the Council in delivering outcomes for citizens. The Council departments and relevant services contribute to the achievement of the four CIOs which are also documented and reflected within Project plans alongside functional Service Plans, where the service is making a contribution to one or more of the Corporate Improvement Objectives. The performance improvement regime requires the Council to put arrangements in place to secure continuous improvement to deliver outcomes for citizens/residents.

The Council has a Customer Services Policy which includes a common process for managing complaints across the organisation. There is ongoing review and evaluation of services as part of routine work to obtain and act on customer feedback to ensure service delivery is meeting customer needs and expectations.

- **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**

The Council operates a traditional committee system of governance whereby matters are discussed at committees and recommendations are made to the Council for approval, unless the matter has been specifically delegated to that committee(s) to make the ultimate decision. Arrangements are documented within (i) Scheme of Delegation for Senior Officers; (ii) Terms of Reference for Committees; (iii) Standing Orders; (iv) Constitution of the Council.

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

All members are bound by the Code of Conduct for Councillors as published by the then Dept. for the Environment (now DfC). Every member has signed the Declaration of Councillor to confirm that they have read and will follow it, as required under the 1972 Local Government Act. Training on the Code of Conduct is provided at induction training accompanied with ongoing training and refresher awareness programmes. Training is provided via the Council and NILGA.

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

The Council's Constitution is periodically updated to reflect emerging changes in priorities and governance e.g., the Scheme of Delegation re delegated authority on planning powers and functions for the Planning Manager and the Planning Committee was reviewed during 2022/23. At the start of each Council mandate, members consider the form of governance/decision making to be taken over the incoming 4-year mandate.

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

The Council has a Risk Management Framework in place whereby the Council Services contribute towards a centrally maintained Corporate Risk Register (CRR), which was monitored reviewed by Senior Management Team (SMT) and the Audit Committee (AC), with mitigating actions / controls put in place to manage the risk.

A brainstorming risk workshop was undertaken with Directors / Assistant Directors and Head of Services in May 22 where the corporate risks were reviewed for appropriateness etc.

Refresher training on fraud, risk management, internal controls and governance was provided to Senior Management Team, Managers in September and December 2022.

Each service records their risks on a database which are managed by risk champions (owners) and are reviewed on a systematic basis with the Internal Audit Manager with action plans in place to mitigate the risks materialising. The Internal Audit Manager oversees the process and informs Senior Management Team on significant movements within the service risks for consideration onto the Corporate Risk Register.

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

MUDC is committed to ensuring that the people of the District have complete confidence that the affairs of the Council are conducted in accordance with the highest standards of probity and accountability. The Council has developed policies on Anti-fraud / bribery / corruption for employees as well as a Raising Concerns / Whistleblowing policy for employees and the public.

The Council reviewed the Anti-Fraud, Bribery / Corruption and Raising Concerns Policy which was reviewed by the Audit Committee in September 2022. Any new guidance was reviewed for example, NIAO Planning in NI February 2022, NIAO Planning Fraud Risks March 2023 and presented to the Audit Committee for consideration.

Any suspected or attempted fraudulent activities are investigated and reported to the NIAO and other appropriate channels. There was no suspected / attempted fraud presented during 2022/23.

The potential for fraud is considered during internal audit assignments when reviewing the control environment. Each service considers the potential for fraud and is reflected on their risk registers were deemed as appropriate.

- **ensuring effective management of change and transformation**

As part of the senior staff restructure, the Council has recognised 'transformation' is a corner stone for driving continual improvement. The Strategic Director of Corporate Services and Finance (SD:CSF) is responsible for leading transformation within the Council. The new staffing structure has provided for a Transformation Manager position which will assist the Council to deliver transformation throughout the organisation.

- **ensuring MUDC's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the**

Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact

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

Principle 5 requires the CFO to be professionally qualified and be a member of an accountancy body. Local Regulations in Northern Ireland do not require the CFO to be a professionally qualified accountant nor for the role to be separated from that of the CEO. The Council is satisfied that the CEO is suitably qualified and adequately supported by the SD:CSF who is a fully qualified Accountant.

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

Each Director, Assistant Director and Head of Service is responsible for ensuring compliance with relevant laws, regulations, internal policies and procedures and provides a bi-annual and an annual Assurance Statement to the Chief Executive.

The Council also has access to advice from a range of sources, including legal advice from the Council's Solicitor.

The Council's internal audit function has a specific role in providing independent assurance to Management and the elected Members on the internal control, risk management and governance arrangements of the Council.

All officers and elected members are required to act in compliance with their respective Codes of Conduct while carrying out their duties and to declare any conflicts of interests.

There continues to be different legislation and provision in relation to actions to be followed in the event that a Council anticipated having financial difficulties for example solvency but if amendment of legislation to ensure consistency between two jurisdictions (NI & GB), it would not significantly reduce the potential for Councils to experience financial difficulty. Controls in relation to this are best implemented at a local level having regard to the prudential code and other statutory guidance.

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

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

The CIPFA Statement on the Role of the HIA (2019) outlines the five principles that set out the organisation's responsibilities to ensure the HIA is able to operate effectively and perform their core duties, along with the personal skills / professional standards expected. This is demonstrated through an annual self-assessment exercise undertaken by the Internal Audit Manager (IAM) who fulfils the role of the HIA.

The Service is managed by the IAM and is co-resourced by an external audit firm to support the service. The Internal Audit service operates in compliance with the Public Sector Internal Audit Standards (PSIAS), which came into effect from April 2013. An external 5-year peer review was completed in 2020/21 on the co-sourcing firm which resulted in satisfactory assurance provided in line with the PSIAS.

The CIPFA principles state that the HIA should not be responsible for preparing the annual governance report, the arrangements within the Council, involve the IAM co-coordinating the preparation of the Annual Governance Statement which is then reviewed and agreed by the Senior Management Team, and then presented to the Audit Committee for review and approval to the Council.

- **ensuring effective arrangements are in place for the discharge of the monitoring officer function**

The legislation governing Northern Ireland district councils does not require a Monitoring officer as required under Section 5 of the Local Government and Housing Act 1989. MUDC operate a Committee Based System for decision making and does not have executive arrangements.

- **ensuring effective arrangements are in place for the discharge of the head of paid service function**

The Chief Executive Officer fulfils this role as Head of Paid Service and there are effective governance arrangements in place to discharge the function.

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

The Audit Committee comprises of eight Members of the Council appointed using the Quota of Greatest Remainder (QGR) as provisioned for within Schedule 2 of the Local Government (NI) Act 2014. The Committee also has an independent Member. The Audit Committee operates in compliance with the CIPFA Audit Committee guidance issued in 2013/2018 and undertakes an

annual review of its effectiveness and performance which was deemed as effective during 2022/23, this informs the Annual Report from the Chair of the Committee. Treasury Management training was provided to Members in December 2021.

The Committee (who have a terms of reference) meet quarterly, and an Independent Member attends all the meetings as well as representatives from external audit.

- **whistleblowing and for receiving and investigating complaints from the public**

The Council has a raising concern / whistle blowing policy designed for employees to raise concerns in the knowledge that they will be protected by the safeguards of the policy. Any public concerns are also addressed through the elected Members who bring the issues to the Council for review. The policies are maintained on the Council intranet and were last updated in September 2022.

The Council has a Customer Services Policy which includes a process for managing corporate complaints across the organisation.

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

A training needs assessment was previously undertaken of all Members and training is subsequently scheduled and targeted at member based on requirements and any emerging priorities. The Council holds the Elected Member Development Charter.

The Members' development programme was over the 4-year lifeline of the Council, Members are notified of relevant training throughout the year.

The Learning & Development Service provided a cyclical plan for all mandatory training with emails issued to all staff regarding attendance at all mandatory training.

New E-learning software contains a full suite of basic Health & Safety training as well as mental health / well-being and other courses. The Council engaged a number of cognitive behaviour therapy coaches to support the management of staffs' mental health & well-being in conjunction with the delivery of personal resilience and mindful manager training.

Staff training and development needs were considered throughout the year and training provided where deemed as appropriate.

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

The Council remains committed to openness and transparency in its communications and its community engagement and consultation. An integrated mix of communication channels is used which recognises that different customers and citizens will have different needs and preferences and the Council's approach must be inclusive to reflect this.

The Council embraces an 'omni-channel' concept, where every channel used is seamlessly connected visually, verbally and virtually. This ensures that whether we are working across our web site and social media sites, print, out of home or in direct marketing, our positioning and messaging is clear and consistent.

The Marketing and Communication Service supports departments and services through marketing and communication activity across a wide range of channels, for example, web site, social media, corporate promotional materials that communicate the vision of the Council and the outcomes of activity for our citizens and service users. They also support departments with consultation exercises, assisting with publication of open consultations on the web site and through press /social media communications.

Our range of communications policies sets out who we communicate with, and why and how we do it. The Council uses various means to communicate key messages to members of the public, including press releases, website content, social media and where relevant direct communication.

Internally, we communicate with staff via team meetings, the intranet, email and CEO's Briefings for staff. It also has a formal, regular mechanism of meetings with representatives and officials from the recognised Trade Unions.

Members are communicated to through briefings, and via democratic services.

Key communication channels and engagement methods include:

- Direct engagement via meetings with specific interest groups (e.g., chambers of trade, local businesses).
- Market research (surveys, informal feedback, data analysis) to inform service design and delivery.
- Specific consultation exercises on significant schemes and projects (e.g., public realm schemes, major capital programmes); and
- A mix of communication channels, including advertising (press, outdoor, social, the use of key digital channels (web and social media), targeted digital communication (e.g., ezines) and ensuring local interest stories are carried in the local press.

The Council has a Consultation Framework which sets out the principles of sound consultation practice and advises on best practice consultation procedures and processes to achieve meaningful engagement and associated outcomes. Consultation outcomes are also reported publicly to ensure that those who provided feedback and input know that their views

have been heard and understand how they have shaped a final outcome.

The Council also has an Accessible Communications Policy which seeks to ensure all communications are accessible to a broad range of people and includes a commitment to providing information in alternative formats.

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

The Council's scope and span of control over *'other public service providers'* is limited to an advocacy and lobbying role in the most part. Through the year the Council sought and received deputations from DfI Roads, Housing Executive, NI Water and the Northern and Southern Health & Social Care Trusts. Officials were questioned on matters relevant to the Mid Ulster District and follow ups made.

- **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 MUDC's overall governance arrangements**

The decision-making framework and scheme of delegation are contained within the Constitution and are updated as and when required.

The Council continuously strives to have the highest standards of governance arrangements in place and endeavours to ensure that its partners also have the same arrangements in place. The Council reviewed the Local Code of Governance for appropriateness.

A collaboration between Armagh City, Banbridge (ABC) and Craigavon Borough Council, Fermanagh and Omagh District Council, and Mid Ulster District Council called Mid South West (MSW) is responsible for delivering a Regional Economic Strategy that focuses on boosting productivity, driving business growth, promoting sectoral strengths, and creating more and better-paid jobs across the region via Growth Deals. The Council established a MSW Region Governance Steering Group which contains representation of 12 Councillors (4 Councillors from each of the 3 Councils), together with the 3 CEOs and 3 Directors from each Council and senior MSW Staff.

An ABC Programme Manager is responsible for the day-to-day financial management (including monitoring) of the Funds reporting to the MSW CEs, the MSW Region Governance Steering Group and the Council Committees albeit on an ad-hoc basis.

A Programme Board was established to manage all projects and each project has a Senior Responsible Officer with Project Directors / Managers along with other support officers.

Review of Effectiveness

MUDC has responsibility for conducting, at least annually, a review of the effectiveness of its system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Auditors annual report, and also by comments made by the external auditors.

MUDC has adopted a robust process for maintaining and reviewing the effectiveness of the Gov Framework. This process is multifactorial with different elements contributing to the overall assessment of effectiveness. These elements include:

- **the authority – MUDC**

The extent of the authority of Mid Ulster District Council is within the Local Government (Northern Ireland) Act 1972, specifically Section 7(1) to (7). This is followed up and reviewed as and when required, within the Terms of Reference for the Council and Committees document. This document is accessible within the Council's Constitution.

The main decision-making body is full Council of elected Members who are ultimately responsible for ensuring effective governance arrangements are in place in order for the Council to achieve its goals and objectives. The Council meets monthly in statutory meetings.

The Council has established five sub-Committees to consider its operations in line with defined areas of responsibility. These Committees are informed by the Council officers. Recommendations made by the Committees following the consideration of their business are brought forward for consideration and adoption at the next available monthly meeting of full Council, unless authority has been delegated on such matters.

The Council / Committee meetings were conducted virtually through secured platforms and in line with Government Regulations, which were reflected within the standing orders.

The Council's Constitution is periodically updated to reflect emerging changes in priorities and governance for example delegated authority on planning powers and functions for the Planning Manager and the Planning Committee was updated during 2022/23. The Scheme of Delegation remains under review and will be finalised early 2023/24.

- **the executive**

The Chief Executive Officer (CEO) ensures that all Council services and activities are delivered in accordance with Council's Corporate Plan. The CEO is supported by the Senior Management Team who meet monthly to monitor strategic direction and good governance across the District.

Each Director / Assistant Director / Head of Services provides a bi-annual and annual assurance statement to confirm that laws, regulations, policies and procedures were complied with, effective risk management and controls exist and were operational during 2022/23.

The Financial Management (FM) Code was effective from April 2021 which provided guidance for good / sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively. An assessment was undertaken, and it was agreed that the Council was generally compliant but would benefit from the implementation of several actions. These actions included the formalisation of the Council's medium term financial plan which is scheduled to be presented to the Council's new (following local government elections in May 2023) Policy & Resource Committee in June 2023. The implementation of the Council's new financial management system continues and it is anticipated that additional functionality included therein will be operational 2023/24. This additional functionality will include real time data analytics, which will aid performance management, medium term planning, scenario planning etc. in the future.

- **the Audit Committee / Overview and Scrutiny Committees / Risk Management Committee**

The Audit Committee's terms of reference are set out in the Constitution and are in accordance with recommendations from CIPFA. This Committee provides an important source of assurance to those charged with governance in relation to the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. The Committee meets quarterly during 2022/23 with some members meeting remotely.

A training needs assessment was completed for Audit Committee Members in September 2019 which resulted in specialist training on Treasury Management provided to Audit Committee Members in December 2021.

The Audit Committee Members conducts an annual review of effectiveness against good practice and an evaluation of their performance in 2022/23 which was deemed as effective. Council appointed an independent Member over a 4-year term, who provides additional independence and professional support to the Council on assessing the governance, risk and control framework.

Training needs were considered for all Members by Democratic Services on a regular basis and a training programme provided during 2022/23, after Local Government Elections in May 2022, for example Standing Orders & Chaining Skills in August 2022 and Manage Grant Applications January 2023.

- **the standards committee**

The Council continue to operate the Traditional Committee System for organisational decisions, similar to that employed since the Council's

establishment in April 2015. Arrangements are documented within the Council document 'Terms of Reference & Delegation to Committees' setting out the decision-making remit/scope of each committee and that of the Council which meets monthly to consider recommendations coming forward from committees.

- **internal audit**

Internal Audit provides an independent assurance and advisory service to assist the Council in achieving its objectives and improving the effectiveness of internal control, risk management and governance processes.

Progress against the internal audit plan for 2022/23 (18 service objectives) was as follows:

- 14 service objectives completed, with reports issued:
 - 10 satisfactory reports and 1 limited assurance report issued (2 audits deferred to 2023/24 - reprioritisation of service objectives)
 - 1 service objective completed on the National Fraud Initiative.
 - 2 advisory reports completed.
- 1 service objective in relation to Risk Management, Governance, Fraud and training completed during 2022/23.
- 3 service objectives at draft audit report stage – Recycling, Safeguarding and Health & Safety at Play Parks, Trails and Inland Waterways.

Although no priority 1 audit issues were identified, the single limited assurance opinion issued during 2022/23, regarding certain aspects of the ICT control environment, was reported to the Audit Committee. The Audit Committee has noted the findings and officers are working to implement the associated recommendations.

In accordance with relevant standards, the Council considered the effectiveness of the Internal Audit Service and concluded that it was operating effectively.

The Internal Audit Manager issued an overall 'satisfactory' annual assurance opinion in relation to the adequacy and effectiveness of the Council's framework of governance, risk management and control. The opinion was based on the internal audit work completed during 2022/23. Internal Audit also monitors the implementation of audit recommendations issued in previous years and reports progress in relation to implementation of prior year recommendations to Senior Management and the Audit Committee.

- **other explicit review/assurance mechanisms**

The Council maintains a Governance and Assurance Framework and maps out the internal (for example, Health & Safety inspections) and external assurances (for example, Health & Safety Executive & Environment Agency waste management inspections). The LGA gives an independent audit opinion on the financial accounts.

Significant Governance Issues

The Council has adopted the approach recommended by the CIPFA which identified issues that may be considered generally as being significant issues. These include whether the:

- Issue has seriously prejudiced or prevented achievement of a principal objective.
- Issue has resulted in a need to seek additional funding to allow it to be resolved.
- Issue has resulted in significant diversion of resources from another aspect of the business.
- Issue has led to a material impact on the accounts.
- Audit Committee, or equivalent, has advised that it should be considered significant for this purpose; or
- Head of Internal Audit has reported on it as significant in the annual opinion on the internal control environment.

Progress from previous years significant governance issues (SGI) 2021/22:

1. **Escalating global economic pressures** – a range of budget pressures for example, rising inflation / energy and utility costs which impacts on disposable incomes and margins. Supply chain / materials and rising costs continues to pose challenges across the district. The Council will continue to seek ways to generate efficiencies / savings and increase income generation opportunities. The Medium-Term Financial Plan will reflect the officers best estimates of how these pressures might impact on The Council.
 - 1.1. **Update** – Management implemented arrangements to monitor and, where practicable, address the impact of global pressures on service delivery, for example, in tackling the continuing impact of the cost-of-living crisis (e.g., affordable warmth scheme) and in the delivery of bespoke funding programmes (e.g., business support scheme). Ongoing issue.
2. **Staff - Labour shortages and wage increases.** Challenges in terms of recruitment and retention of staff, coupled with ongoing consultations regarding terms and conditions could impact on service delivery. Further industrial action of members by Unite could impact on statutory service delivery. Consultations will continue with Trade Unions and the Council will use the Organisational Review to explore opportunities to retain and recruit staff.
 - 2.1. **Update** – The Council successfully resolved the industrial dispute that all eleven district councils faced in relation to staff pay and the continuing cost of living crisis. Organisational staff restructuring almost complete – the restructure has provided several opportunities for staff development, and staff retention and recruitment has been assisted by initiatives such as apprenticeships, placements, etc. Issue will be kept under review.
3. **Information Management** – Following internal assessment and review by Internal Audit, the Council recognised Information Management as an area for improvement. The Council is seeking to strengthen Information Management as

part of the Organisational Review and plan to recruit an Information Governance Officer and Cyber / Infrastructure Manager in 2022/23.

3.1. **Update** – Information Governance and Cyber / Infrastructure posts confirmed in the new Organisational Structure. Job descriptions have been prepared and the recruitment process is imminent. Ongoing issue.

4. **Cyber security** – The Council acknowledge the ongoing and every increasing Cyber risk and has invested significantly in protecting its infrastructure and providing ongoing mandatory and refresher training programmes. The Organisational Review is seeking to strengthen the Council's investment in IT security by dedicating officers to managing this risk.

4.1. **Update** – The Council continues to implement additional security measures, for example, firewalls, back-ups, additional training, etc. Staff realignment continues. Ongoing issue.

5. **Rate Support Grant (RSG)** - The long-term security of the RSG remains uncertain. The Director of Corporate Services and Finance continues to engage with ALGFO, SOLACE, DfC and DoF in relation to this risk. The Councils eligible to receive RSG have previously made direct representations to the Permanent Secretary of the DfC and the Minister. Despite these representations, the Department has made no commitment in relation to RSG but has indicated with its intention (subject to Ministerial approval) to review RSG in its entirety. The officers feel that this review was precipitated by the Council's victory at Court of Appeal in 2018 and that the probable outcome of any such review will be to reduce the amount of RSG received by the Council. However, with no Minister currently in place, any such review will be delayed.

5.1. **Update** – The Department for Communities reduced the 2022/23 RSG by 47% without consultation. Ongoing issue.

6. **Health & Safety – Ongoing engagement with HSENI into circumstances surrounding loss of life at the Council facilities** – Public and employee safety continues to a priority for the Council with ongoing co-operation with relevant authorities.

6.1. **Update** - HSENI investigation ongoing.

Significant Governance Issues 2022/23:

- 1) **Budget / Rate Support Grant (RSG)** – Global economic forces continue to cause significant cost pressures. The Council's desire to strike an affordable district Rate in the context of a continuing cost of living crisis is complicated by central government funding reductions, notably in RSG, which is a major element of the Council's funding streams. The proposed 2023/24 NI Budget compounds the Council's budgetary pressures with further dramatic cuts in relation to RSG and other funding streams.

The Council will continue to press the Department for Communities to reconsider its proposed budgetary reductions and will also pursue operational efficiencies / savings and seek to identify alternative funding streams, where practicable.

- 2) **Digital Information Security** – in common with every public sector organisation, the Council continues to face an ongoing risk of cyber-attack, and the potential for an information breach. The Council continues to enhance its cyber resilience and will mitigate the risk of an information breach by continuing to invest in appropriate security arrangements and dedicating staff to managing these risks.
- 3) **Health & Safety** – Public and employee safety continues to be a high priority for the Council, which continues to work and co-operate with relevant authorities. HSENI investigation ongoing.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed  Date: 25 September 2023
Chair

Signed  Date: 25 September 2023
Chief Executive

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2023

1. 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.

2. 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 2021 were issued by the Department for Communities on 8 March 2021 (Circular LG 07/2021) and addendum issued on 28 March 2022 (LG 10/2022). 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 district councils for a four-year term. Mid Ulster District Council had 40 councillors in 2022/23. The most recent local government election was held on 18 May 2023.

Senior Employees

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

3. 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)

Allowance	2022/23		2021/22	
	Total Allowances £	Number of Councillors receiving Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	666,642	41	619,085	40
Special Responsibility Allowance	48,500	19	48,500	17
Chairperson/ Mayor Allowance	14,000	2	14,000	2
Vice Chairperson/ Deputy Mayor Allowance	7,500	2	7,500	2
Mileage Allowance	14,806	22	9,682	22
Public Transport and Other Travel Incidentals	-	-	-	-
Subsistence	-	-	-	-
Courses/ Conferences visits (registration & joining fees)	693	4	5,554	11
Dependants' Carers Allowance	0	0	0	0
TOTAL ALLOWANCES	752,141		704,321	

Details of the allowances paid to individual councillors in 2022/23 are published on the council website at <https://www.midulstercouncil.org/your-council/councillor-and-committees/councillor-allowances>.

4. Remuneration of Senior Employees

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

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

Officers	2022/23				2021/22			
	Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total	Salary (Full year equivalent in brackets where applicable)	Bonus Payments	Benefits in kind (to nearest £100)	Total
	£'000	£'000	£	£'000	£'000	£'000	£	£'000
Ryan Black*	94	0	0	94	0	0	0	0
Christopher Boomer	77	0	0	77	71	0	0	71
Anne-Marie Campbell	93	0	0	93	85	0	0	85
Marissa Canavan	91	0	0	91	85	0	0	85
Andrew Cassells**	0	0	0	0	2 (76)	0	0	2
Mark Kelso***	42 (84)	0	0	42	82	0	0	82
Adrian McCreesh	118	0	0	118	110	0	0	110
JJ Tohill	92	0	0	92	91	0	0	91

*Mr Ryan Black appointed Strategic Director 01/04/2022

**Mr Andrew Cassells resigned 09/04/2021

***Mr Mark Kelso resigned 30/09/2022

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2022/23 was £110k - £120k. This was 4.7 times the median remuneration of the workforce, which was £25,164.

Table 3:

Relationship between the remuneration of the highest paid member of the Executive Management Team/Senior Management Team and the median remuneration of the Council’s workforce (audited information)

	2022/23	2021/22
Salary Band of Highest Paid member of the Executive Management Team/Senior Management Team	£118,146	£110,686
Median Total Remuneration	£25,164	£22,833
Ratio	4.70	4.85

In 2022/23, no employees received remuneration in excess of the highest paid member of the Executive Management Team/Senior Management Team.

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

Salary

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

Bonus Payments

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. No bonuses were paid in 2022/23 or 2021/22.

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.

5. Exit Packages for Staff

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

Table 4: Exit Packages (audited information)

Severance Package Cost Band	2022/23				2021/22			
	Number of Compulsory Redundancies	Number of other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000	Number of Compulsory Redundancies	Number of other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000	0	0	1	4	0	0	0	0
£20,001-£40,000	0	0	0	0	0	0	0	0
£40,001-£60,000	0	0	0	0	0	0	0	0
£60,001-£80,000	0	0	0	0	0	0	0	0
£80,001-£100,000	0	0	0	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0	0	0	0
£150,001-£200,000	0	0	0	0	0	0	3	545
£200,001-£250,000	0	0	1	229	0	0	2	456
£250,001-£300,000	0	0	0	0	0	0	1	250
Total	0	0	2	233	0	0	6	1,251

6. Pension Benefits

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

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

pension for additional lump sum, subject to HM Revenue and Customs (HMRC) limits. The conversion rate is £12 additional lump sum for every £1 of pension given up.

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

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

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2022, were as follows:

Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £15,400	5.5%
2	£15,401 - £23,700	5.8%
3	£23,701 - £39,500	6.5%
4	£39,501 - £48,000	6.8%
5	£48,001 - £95,100	8.5%
6	More than £95,100	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 2022 was carried out in 2022/23 and set the employer contribution rates for the 3 years commencing 1 April 2023 as follows:

Table 6: Employer Contribution Rates

Year	Employer Contribution Rate
1 April 2021 - 31 March 2022	19.5%
1 April 2022 - 31 March 2023	19.5%
1 April 2023 - 31 March 2024	19%

The Local Government Pension Scheme Regulations (Northern Ireland) 2014 were made on 27 June 2014 and The Local Government Pension Scheme (Amendment

and Transitional Provisions) Regulations (Northern Ireland) 2014 were made on 30 June 2014. Both sets of regulations are effective from 1 April 2015.

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2022/23 was £134,764.

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

Table 7: Pension Benefits of senior staff in 2022/23 (audited information)

Officers	Accrued Pension at pension age as at 31/3/23 and related lump sum £'000	Real increase in pension at pension age £'000	Real increase (decrease) in related lump sum at pension age £'000	CETV at 31/3/23 £'000	CETV at 31/3/22 £'000	Real increase in CETV £'000
Ryan Black	25-30 plus 10-15 lump sum	27 - 30	12 - 15	309	-	301
Christopher Boomer	45-50 plus 100-105 lump sum	0 - 3	0-3	984	871	3
Anne-Marie Campbell	30-35 plus 25-30 lump sum	(0 - 3)	(0 - 3)	481	433	- 3
Marissa Canavan	40-45 plus 60-65 lump sum	(0 - 3)	(3 - 6)	733	666	- 9
Mark Kelso	45-50 plus 80-85 lump sum	(0 - 3)	(0 - 3)	984	951	- 19
Adrian McCreesh	40-45 plus 60-65 lump sum	(0 - 3)	0 - 3	776	725	- 34
JJ Tohill	40-45 plus 50-55 lump sum	(0 - 3)	(3 - 6)	711	647	- 9

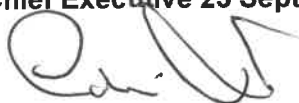
The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

Chief Executive 25 September 2023



Certificate of the Chief Financial Officer

I certify that:

(a) the Statement of Accounts for the year ended 31st March 2023 on pages 42 to 45 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 46 to 65.

(b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31st March 2023.



Chief Financial Officer

Date 25 September 2023

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Council on 25 September 2023.



Chairman

Date 25 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MID ULSTER DISTRICT COUNCIL

Opinion on financial statements

I certify that I have audited the financial statements of Mid Ulster District Council for the year ended 31 March 2023 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom supported by UK adopted international accounting standards.

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

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23, of the financial position of Mid Ulster District Council as at 31 March 2023 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 Mid Ulster District Council in accordance with the ethical requirements of the Financial Reporting Council's Ethical Standard and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Mid Ulster 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 Mid Ulster 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 Mid Ulster District Council is adopted in consideration of the requirements set out in the Code of Practice on Local Authority Accounting, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Statement of Accounts for the financial year ended 31 March 2023 is consistent with the financial statements.

Matters on which I report by exception

In light of the knowledge and understanding of the Mid Ulster 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 2022-23;
 - 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 are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing Mid Ulster 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 Mid Ulster 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 Mid Ulster 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 Mid Ulster 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 Mid Ulster 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 Committee 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. This description forms part of my certificate.

This report is made solely to the Members of Mid Ulster 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 Mid Ulster 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

106 University Street

BELFAST

BT7 1EU

29th September 2023

Mid Ulster District Council

Comprehensive Income and Expenditure Statement for the year ended 31 March 2023

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.

Service Expenditure	Notes	2022/23			2021/22		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Chief Executive	2	4,303,569	(1,049,378)	3,254,191	6,085,143	(1,582,672)	4,502,471
Service Director - Planning	2	2,283,271	(1,371,851)	911,420	1,944,541	(1,775,383)	169,158
Strategic Director of Communities & Place	2	27,339,082	(8,166,941)	19,172,141	22,749,806	(4,877,151)	17,872,655
Strategic Director of Corporate Service / Finance	2	4,792,492	(474,131)	4,318,361	5,673,477	(1,996,803)	3,676,674
Strategic Director of Environment	2	27,912,608	(2,522,034)	25,390,574	26,818,689	(2,375,474)	24,443,215
Strategic Director of Organisation Development, Strategy & Performance	2	4,551,387	(217,680)	4,333,707	2,343,467	(193,231)	2,150,236
Non Distributed Cost	2	33,632	-	33,632	317,903	(1,594,430)	(1,276,527)
Cost of Services on Continuing Operations		71,216,041	(13,802,015)	57,414,026	65,933,026	(14,395,144)	51,537,882
Other Operating Expenditure/ Income	8	-	(30,006)	(30,006)	41,556	(53,709)	(12,153)
Financing and Investment Income and Expenditure	9	1,405,670	(188,936)	1,216,734	1,439,474	(6,059)	1,433,415
Net Operating Expenditure		72,621,711	(14,020,957)	58,600,754	67,414,056	(14,454,912)	52,959,144
Taxation and Non-Specific Grant Income	10	-	(50,820,119)	(50,820,119)	-	(56,241,139)	(56,241,139)
(Surplus)/Deficit on the Provision of Services		72,621,711	(64,841,076)	7,780,635	67,414,056	(70,696,051)	(3,281,995)
(Surplus)/Deficit on revaluation of non-current assets	11			(9,562,346)			(6,582,752)
Remeasurements of the Net Defined Benefit Liability (Asset)	20			(58,788,951)			(20,461,211)
Other Comprehensive Income and Expenditure				(68,351,297)			(27,043,963)
Total Comprehensive Income and Expenditure				(60,570,662)			(30,325,958)

Mid Ulster District Council
Movement in Reserves Statement for the year ended 31 March 2023

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

	General Fund Summary	Other Fund Balances and Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
Balance as at 1 April 2021	6,362,984	40,035,866	398,814	46,797,664	51,341,974	98,139,638
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	3,281,995	-	-	3,281,995	-	3,281,995
Other Comprehensive Income and Expenditure	-	-	-	-	27,043,963	27,043,963
Total Comprehensive Income and Expenditure	3,281,995	-	-	3,281,995	27,043,963	30,325,958
Adjustments between accounting basis & funding under regulations	8,401,734	(15,000,000)	53,709	(6,544,557)	6,544,557	-
Net increase before transfers to Statutory and Other Reserves	11,683,729	(15,000,000)	53,709	(3,262,562)	33,588,520	30,325,958
Transfers to / from Statutory and Other Reserves	(11,146,795)	11,146,795	-	-	-	-
Increase/ Decrease in year	536,934	(3,853,205)	53,709	(3,262,562)	33,588,520	30,325,958
Balance as at 31 March 2022	6,899,918	36,182,661	452,523	43,535,102	84,930,494	128,465,596
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(7,780,635)	-	-	(7,780,635)	-	(7,780,635)
Other Comprehensive Income and Expenditure	-	-	-	-	68,351,297	68,351,297
Total Comprehensive Income and Expenditure	(7,780,635)	-	-	(7,780,635)	68,351,297	60,570,662
Adjustments between accounting basis & funding under regulations	8,560,035	(155,935)	30,006	8,434,106	(8,434,106)	-
Net increase before transfers to Statutory and Other Reserves	779,400	(155,935)	30,006	653,471	59,917,191	60,570,662
Transfers to / from Statutory and Other Reserves	(491,204)	491,204	-	-	-	-
Increase in year	288,196	335,269	30,006	653,471	59,917,191	60,570,662
Balance as at 31 March 2023	7,188,114	36,517,930	482,529	44,188,573	144,847,685	189,036,258

Mid Ulster District Council
Balance Sheet as at 31 March 2023

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

	Note	31st March 2023	31st March 2022
		£	£
Fixed Assets	11	156,870,749	147,521,096
LONG TERM ASSETS		156,870,749	147,521,096
Inventories	14	171,701	259,565
Short Term Debtors	15	7,916,495	14,928,082
Cash and Cash Equivalents	22	40,018,718	35,052,532
CURRENT ASSETS		48,106,914	50,240,179
Short Term Borrowing	16	637,529	696,022
Short Term Creditors	17	14,295,784	14,944,862
CURRENT LIABILITIES		14,933,313	15,640,884
Provisions	18	1,490,965	1,703,147
Long Term Borrowing	16	3,447,127	4,084,648
Other Long Term Liabilities	20	(3,930,000)	47,867,000
LONG TERM LIABILITIES		1,008,092	53,654,795
NET ASSETS		189,036,258	128,465,596
USABLE RESERVES			
Capital Receipts Reserve	23	482,529	452,523
Capital Fund	23	21,822,882	21,822,882
Renewal and Repairs Fund	23	13,406	13,406
Other Balances and Reserves	23	14,681,642	14,346,373
General Fund	23	7,188,114	6,899,918
		44,188,573	43,535,102
UNUSABLE RESERVES			
Capital Adjustment Account	24	80,707,762	80,618,853
Revaluation Reserve	24	61,680,034	53,917,161
Pensions Reserve	24	3,930,000	(47,867,000)
Accumulated Absences Account	24	(814,434)	(765,312)
Provisions Discount Rate Reserve	24	(655,677)	(973,208)
		144,847,685	84,930,494
NET WORTH		189,036,258	128,465,596

Mid Ulster District Council**Cash Flow Statement at 31 March 2023**

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

	Note	2022/23	2021/22
Net Surplus/(Deficit) on the provision of services		(7,780,635)	3,281,995
Adjustment for non-cash movements	22	18,311,244	8,137,980
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	(2,219,651)	(2,406,256)
Net cash flows from operating activities	22	8,310,958	9,013,719
Cash flows from Investing Activities	22	(2,648,758)	(4,302,846)
Net Cash flows from Financing Activities	22	(696,014)	(679,119)
Net increase or decrease in cash and cash equivalents		4,966,186	4,031,754
Cash and cash equivalents at the beginning of the reporting period		35,052,532	31,020,778
Cash and cash equivalents at the end of the reporting period		40,018,718	35,052,532

**Mid Ulster District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2023**

1 Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods,

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

ii) Acquisitions and Discontinued Operations

There were no acquisitions or discontinued operations during the current financial year.

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

As each of the legacy councils had substantially completed its Single Status, Job Evaluation and Pay and Grading Reviews, the Council did not acquire an opening provision for such matters. As the staff of the former legacy councils and those transferring in from the Department of the Environment's Planning Service are protected by the Transfer of Protected Undertakings Act (Northern Ireland) 2006 (TUPE), the Council did not seek to amend these employees' terms and conditions of employment at the date of local government reform (1 April 2015). Appropriate provision will be made for any financial consequences of employees' terms and conditions as and when required.

iv) **Cash and Cash Equivalents**

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

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

v) **Contingent Assets**

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

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

vi) **Contingent Liabilities**

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

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

vii) **Employee Benefits**

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

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
- unlisted securities – current bid price

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

(a) 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 Statements.

(b) Within Financing and Investment Income and Expenditure

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

(c) Within Other Comprehensive Income and Expenditure (Remeasurements)

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

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

(d) 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, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

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

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

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

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

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

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

ix) **Exceptional Items**

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

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

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

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

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

xi) **Financial Instruments**

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

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

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

Instruments entered into before 1 April 2006

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

xii) Foreign Currency Translation

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

xiii) Government Grants and Contributions

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

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

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

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

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

xiv) **Intangible Assets**

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

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

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

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

xv) **Inventories & Long Term Contracts**

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

The Council has not acquired material balances of inventories for less than their fair value.

xvi) **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.

xvii) **Leases**

Leases are classified as 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 - lease

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

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

Operating Leases:

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

The Council as Lessor - lease

Where the Council grants a 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.

xviii) **Disposals and Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses 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.

xix) **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.

xx) **Property, Plant and Equipment**

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

Assets included in the Balance Sheet at 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 gains),
- 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:

- buildings, including installations and fittings, are depreciated on a straight line basis on their carrying value over the estimated remaining useful life of the asset as advised by the valuer from Land & Property Services.
- plant and equipment are depreciated on a straight line basis on historic cost using a standard useful life of 5 years
- vehicles are depreciated on a straight line basis on historic cost using a standard useful life of 8 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.

Revaluations

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

xxi) **Heritage Assets**

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

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

At the end of this reporting period the Council holds two chains of office and a watercolour painting as heritage assets.

xxii) **Provisions**

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

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

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

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

xxiii) **Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against District Rates for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement benefits and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant note to the accounts.

xxiv) **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

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

The Council is not required to raise District Rates to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement [equal to either 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 the contribution in the General Fund Balance [minimum revenue provision (MRP)] or the Statutory Repayment of Loans Fund Advances], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxv) **Revenue Expenditure Funded from Capital under Statute**

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

xxvi) **Value Added Tax**

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.

xxvii) **Fair Value Measurement**

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

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

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

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

Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the authority as a joint operator 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
- its expenses, including its share of any expenses incurred jointly.

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.

The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements are

IFRS 16 Leases, DfC has indicated that Council will implement this in 2024/25 year

IAS 8 Definition of Accounting Estimates

IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

IFRS 3 Updating a Reference to the Conceptual Framework

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 critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. The Council is therefore satisfied that the accounts should be prepaid on the basis that the Council is a going concern.

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 2023 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.

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.

2

a Expenditure and Funding Analysis

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

	2022/23			2021/22		
	Net Expenditure Chargable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Chief Executive	2,675,253	578,938	3,254,191	3,539,228	963,243	4,502,471
Service Director - Planning	785,519	125,901	911,420	87,242	81,916	169,158
Strategic Director of Communities & Place	12,559,498	6,612,643	19,172,141	11,049,216	6,823,439	17,872,655
Strategic Director of Corporate Service / Finance	4,233,205	85,156	4,318,361	3,645,263	31,411	3,676,674
Strategic Director of Environment	21,341,518	4,049,056	25,390,574	20,190,602	4,252,613	24,443,215
Strategic Director of Organisation Development, Strategy & Performance	3,907,759	425,948	4,333,707	2,110,356	39,880	2,150,236
Non Distributed Cost	33,632	-	33,632	(1,276,527)	-	(1,276,527)
Net Cost of Services	45,536,384	11,877,642	57,414,026	39,345,380	12,192,502	51,537,882
Other Income and Expenditure	(46,315,784)	(3,317,607)	(49,633,391)	(51,029,108)	(3,790,769)	(54,819,877)
Surplus or Deficit	(779,400)	8,560,035	7,780,635	(11,683,728)	8,401,733	(3,281,995)
Opening General Fund			6,899,918			6,362,984
Surplus/ (Deficit) on General Fund Balance In Year			288,196			536,934
Closing General Fund			7,188,114			6,899,918

2
b

Note to the Expenditure and Funding Analysis

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

Adjustments between Funding and Accounting Basis
2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Tullyvar	Total adjustments
	£	£	£	£	£	£
Chief Executive	197,442	373,588	7,908	-	-	578,938
Service Director - Planning	-	117,854	8,047	-	-	125,901
Strategic Director of Communities & Place	3,630,023	2,975,240	7,380	-	-	6,612,643
Strategic Director of Corporate Service / Finance	58,253	18,658	8,245	-	-	85,156
Strategic Director of Environment	1,910,398	1,931,474	6,085	-	201,099	4,049,056
Strategic Director of Organisation Development, Strategy & Performance	73,354	341,137	11,457	-	-	425,948
Net Cost of Services	5,869,470	5,757,951	49,122	-	201,099	11,877,642
Other Income and Expenditure from the Expenditure and Funding Analysis	(4,032,977)	1,234,000	(317,531)	(201,099)	-	(3,317,607)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,836,493	6,991,951	(268,409)	(201,099)	201,099	8,560,035

Adjustments between Funding and Accounting Basis
2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Tullyvar	Total adjustments
	£	£	£	£	£	£
Chief Executive	36,795	762,708	163,740	-	-	963,243
Service Director - Planning	-	127,661	(45,745)	-	-	81,916
Strategic Director of Communities & Place	3,815,866	3,165,639	(158,066)	-	-	6,823,439
Strategic Director of Corporate Service / Finance	46,363	21,136	(36,088)	-	-	31,411
Strategic Director of Environment	2,308,186	2,090,895	(186,662)	-	40,194	4,252,613
Strategic Director of Organisation Development, Strategy & Performance	33,565	45,172	(38,857)	-	-	39,880
Net Cost of Services	6,240,775	6,213,211	(301,678)	-	40,194	12,192,502
Other Income and Expenditure from the Expenditure and Funding Analysis	(4,945,225)	1,233,000	(38,350)	(40,194)	-	(3,790,769)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	1,295,550	7,446,211	(340,028)	(40,194)	40,194	8,401,733

Adjustments for Capital Purposes

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

i) Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

ii) Financing and investment income and expenditure - the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.

iii) Taxation and Non Specific Grant Income and Expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the Pensions

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

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

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

Other statutory differences

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

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

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

Other non-statutory adjustments

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

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

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

The Council's reportable segments are in line with the Council's organisational structure at a directorate level.

Tullyvar represents the Council's share of the net movement on Tullyvar (as per Note 25) excluding the revaluation reserve movement.

3 a Expenditure and Income Analysed by Nature

Expenditure		2022/23		2021/22	
	Notes	£	£	£	£
Employee Benefits Expenses	7	31,442,847		28,107,660	
Depreciation, Amortisation, Impairment	11	6,162,255		6,548,498	
Interest Payments	9	171,670		206,474	
Gain on the Disposal of Assets	8	(30,006)		(12,153)	
Other Expenditure		34,874,945		32,563,577	
Total Expenditure		72,621,711		67,414,056	
Income		2022/23		2021/22	
	Notes	£	£	£	£
Interest and Investment Income	9	(188,936)		(6,059)	
District rate income	10	(41,409,095)		(39,238,819)	
Government grants and Contributions	10	(9,411,024)		(17,002,320)	
Covid-19 Income		-		(1,680,029)	
Other Income		(13,832,021)		(12,768,824)	
Total Income		(64,841,076)		(70,696,051)	
(Surplus) or Deficit on the Provision of Services		7,780,635		(3,281,995)	

b Revenue from contracts with service recipients

The Council has carried out an assessment of the impact of IFRS 15 by reviewing all income and has identified no material revenue contracts with service recipients.

4 Adjustments between an Accounting Basis and Funding Basis under Regulations

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

		2022/23		2021/22	
	Notes	£	£	£	£
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:					
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	(466,652)		(307,722)	
Depreciation charged in the year on non-current assets	11	6,162,255	5,695,603	6,548,498	6,240,776
Net Revenue expenditure funded from capital under statute	12		173,867		199,897
Carrying amount of non current assets sold	8	-		41,556	
Proceeds from the sale of PP&E, Investment property and intangible assets	23	(30,006)	(30,006)	(53,709)	(12,153)
Net charges made for retirement benefits in accordance with IAS 19	20		11,404,000		11,916,000
Employers contributions payable to the NILGUSC and retirement benefits payable direct to pensioners	20		(4,412,049)		(4,469,789)
Capital Grants and Donated Assets Receivable and Applied in year	10		(2,189,645)		(2,352,547)
Adjustments in relation to Short-term compensated absences	24		49,122		(501,575)
Provisions Discount Rate Reserve Adjustment	24		(317,531)		(38,350)
Amounts not Included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year					
Statutory Provision for the financing of Capital Investment	23		(1,213,778)		(2,580,525)
Direct revenue financing of Capital Expenditure	12,23		(599,548)		-
			8,560,035		8,401,734

b Net transfers (to)/from statutory and other earmarked reserves:		2022/23	2022/23	2021/22	2021/22
	Notes	£	£	£	£
Capital Fund					
Other	23	-	-	(10,500,000)	(10,500,000)
Other Funds and earmarked reserves					
From Other funds		(491,204)		(646,795)	
Other	23	-	(491,204)	-	(646,795)
Unusable reserves					
Capital Adjustment Account		-	-	-	-
			(491,204)		(11,146,795)

5 Cost of Services on Continuing Operations

a General power of competence

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

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

The actual expenditure under the power of competence amounted to £0 during 2022/23 (£0 in 2021/22).

b External Audit Fees

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

	2022/23	2021/22
	£	£
External Audit Fees	57,500	56,000
Other Fees	28,500	13,100
	86,000	69,100

The other fees of £28,500 (2021/22 £13,100) were incurred in respect of performance audit services provided by the appointed auditor.

6 Operating and leases

Council as Lessor

a leases (Council as lessor)

The Council has no finance leases.

b Operating Leases (Council as lessor)

The Council leases out property and equipment under operating leases for the following purposes:

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

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

	31st March 2023	31st March 2022
	£	£
Not later than 1 year	75,119	62,685
Later than 1 year and no later than 5 years	201,835	240,290
Later than 5 years	409,616	432,371
	686,570	735,346

Council as Lessee

c leases (Council as lessee)

The Council has no finance leases.

d Operating Leases (Council as lessee)

The Council has acquired its office photocopiers and printers by entering into operating leases with typical lives of 5 years.

The future minimum lease payments due under non-cancellable leases in future years are:

	31st March 2023	31st March 2022
	£	£
Not later than 1 year	82,857	88,326
Later than 1 year and no later than 5 years	321,521	324,860
Later than 5 years	511,014	568,686
Total	915,392	981,872

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

	2022/23	2021/22
	£	£
Minimum lease payments	124,297	126,162
Total	124,297	126,162

7 Employee Costs and Member Allowances

a Staff Costs	2022/23	2021/22
	£	£
Salaries and Wages	24,632,360	22,100,765
Employers NIC	2,356,637	1,940,841
Employers Superannuation	4,453,850	4,066,054
Total staff costs	31,442,847	28,107,660

In addition, agency costs during the year amounted to £117,828 (2021/22 £126,133).

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

At last actuarial valuation dated 31st March 2022 the funds assets meet 111% of liabilities at that date (2019-112%).

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees	2022/23	2021/22
	FTE	FTE
Chief Executive	33	39
Service Director - Planning	40	38
Strategic Director of Communities & Place	274	264
Strategic Director of Corporate Service / Finance	33	31
Strategic Director of Environment	324	322
Strategic Director of Organisation Development, Strategy & Performance	67	57
Total Number	771	751

	2022/23	2021/22
	Actual Numbers	Actual Numbers
Full-time numbers employed	613	607
Part-time numbers employed	401	344
Total Number	1,014	951

c Senior Employees' Remuneration		2022/23	2021/22
		£	£
£50,001 to £60,000		8	12
£60,001 to £70,000		8	-
£70,001 to £80,000		1	1
£80,001 to £90,000		-	3
£90,001 to £100,000		4	1
£100,001 to £110,000		-	1
£110,001 to £120,000		1	-
Total Number		22	18

d Members' Allowances		2022/23	2021/22
		£	£
Basic allowance		666,642	619,085
Mayor's & Deputy Mayor's Allowance		21,500	21,500
Special Responsibility Allowances		48,500	48,500
Employer costs		191,213	176,276
Mileage		14,806	9,682
Conferences and Courses		693	5,554
Total		943,354	880,597

e Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2023.

For 2022/23, employers' contributions of £315,277 were payable to the NICS pension arrangements at one of four rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2016 was completed by the Actuary during 2018-19. 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 2022/23 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

2 employees retired early on ill-health grounds with no actuarial cost to the Council for the early payment of retirement benefits. (2021/22 £0)

8 Other Operating Income & Expenditure

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

		2022/23	2021/22
		£	£
Proceeds from sale		(30,006)	(53,709)
Carrying amount of non-current assets sold (excl Investment Properties)		-	41,556
		(30,006)	(12,153)

Other Operating Expenditure		2022/23	2021/22
		£	£
(Surplus) / Deficit on Non Current Assets		(30,006)	(12,153)
		(30,006)	(12,153)

9 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

		2022/23	2021/22
		£	£
Government Loan Interest		171,670	206,474
		171,670	206,474

b Interest and Investment Income		
	2022/23	2021/22
	£	£
Bank Interest	188,936	6,059
	188,936	6,059

c Pensions Interest costs and expected return on pensions assets		
	2022/23	2021/22
	£	£
Net interest on the net defined benefit liability (asset)	1,234,000	1,233,000
	1,234,000	1,233,000

Financing and Investment Income and Expenditure						
	2022/23			2021/22		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	171,670	-	171,670	206,474	-	206,474
Interest and Investment Income	-	(188,936)	(188,936)	-	(6,059)	(6,059)
Pensions interest cost	1,234,000	-	1,234,000	1,233,000	-	1,233,000
	1,405,670	(188,936)	1,216,734	1,439,474	(6,059)	1,433,415

10 Taxation and Non Specific Grant Income

a Revenue Grants		
	2022/23	2021/22
	£	£
General	(7,221,379)	(14,649,773)
	(7,221,379)	(14,649,773)

b Capital Grants and Donated Assets - Applied		
	2022/23	2021/22
	£	£
Government & Other Grants - Conditions met and applied in year	(2,189,645)	(2,352,547)
	(2,189,645)	(2,352,547)

c District Rates		
	2022/23	2021/22
	£	£
Current year	(41,409,095)	(39,238,819)
	(41,409,095)	(39,238,819)

Taxation and Non Specific Grant Income		
	2022/23	2021/22
	£	£
District Rate Income	(41,409,095)	(39,238,819)
Revenue Grants	(7,221,379)	(14,649,773)
Capital Grants and Contributions	(2,189,645)	(2,352,547)
	(50,820,119)	(56,241,139)

Mid Ulster District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2023

11 a Long - Term Assets - Current Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2022	27,546,200	110,935,595	1,248,794	-	18,320,305	270,297	4,110,418	-	162,431,609	72,000	-	162,503,609
Adjustments between cost/value & depreciation/impairment	-	(4,904,212)	-	-	-	-	-	-	(4,904,212)	-	-	(4,904,212)
Balance as at 1 April 2022	27,546,200	106,031,383	1,248,794	-	18,320,305	270,297	4,110,418	-	157,527,397	72,000	-	157,599,397
Additions	-	2,821,535	-	-	681,902	93,387	1,830,861	-	5,427,685	-	-	5,427,685
Revaluation increases/ (decreases) to Revaluation Reserve	86,193	9,476,153	-	-	-	-	-	-	9,562,346	-	-	9,562,346
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	(1,000)	495,698	-	-	-	-	(28,046)	-	466,652	-	-	466,652
Derecognition - Disposals	-	-	-	-	(552,147)	-	-	-	(552,147)	-	-	(552,147)
Reclassifications & Transfers	279,807	2,423,487	-	-	-	-	(2,810,184)	-	(106,890)	-	-	(106,890)
Reclassified to(-) / from(+) Held for Sale	(140,000)	(190,000)	-	-	-	-	-	-	(330,000)	-	330,000	-
Balance as at 31 March 2023	27,771,200	121,058,256	1,248,794	-	18,450,060	363,684	3,103,049	-	171,995,043	72,000	330,000	172,397,043
Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2022	-	503,139	721,191	-	14,098,191	44,940	-	-	15,367,461	-	-	15,367,461
Adjustments between cost/value & depreciation/impairment	-	(4,904,212)	-	-	-	-	-	-	(4,904,212)	-	-	(4,904,212)
Balance as at 1 April 2022	-	(4,401,073)	721,191	-	14,098,191	44,940	-	-	10,463,249	-	-	10,463,249
Depreciation Charge	-	4,908,763	20,700	-	1,125,994	15,235	-	-	6,070,692	-	-	6,070,692
Derecognition - Disposals	-	-	-	-	(552,147)	-	-	-	(552,147)	-	-	(552,147)
Balance as at 31 March 2023	-	507,690	741,891	-	14,672,038	60,175	-	-	15,981,794	-	-	15,981,794
Balance as at 31 March 2023	27,771,200	120,550,566	506,903	-	3,778,022	303,509	3,103,049	-	156,013,249	72,000	330,000	156,415,249

b Long - Term Assets - Comparative Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2021	25,857,450	103,085,761	1,084,552	-	17,448,059	270,297	7,542,249	-	155,238,368	72,000	-	155,310,368
Adjustments between cost/value & depreciation/impairment	-	(5,115,769)	-	-	-	-	-	-	(5,115,769)	-	-	(5,115,769)
Balance as at 1 April 2021	25,857,450	97,919,992	1,084,552	-	17,448,059	270,297	7,542,249	-	150,122,599	72,000	-	150,194,599
Additions	-	722,759	164,242	-	1,845,144	-	4,165,820	-	6,897,965	-	-	6,897,965
Revaluation increases/decreases to Revaluation Reserve	1,499,758	5,069,881	-	-	-	-	13,113	-	6,582,752	-	-	6,582,752
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	136,492	171,230	-	-	-	-	-	-	307,722	-	-	307,722
Derecognition - Disposals	-	(13,350)	-	-	(1,002,919)	-	-	-	(1,016,269)	-	-	(1,016,269)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-
Reclassifications & Transfers	52,500	7,065,083	-	-	30,021	-	(7,610,764)	-	(463,160)	-	-	(463,160)
Balance as at 31 March 2022	27,546,200	110,935,595	1,248,794	-	18,320,305	270,297	4,110,418	-	162,431,609	72,000	-	162,503,609
Depreciation and Impairment												
	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2021	-	499,246	700,491	-	13,749,928	33,705	4,287	-	14,987,657	-	-	14,987,657
cost/value & depreciation/impairment	-	(5,115,769)	-	-	-	-	-	-	(5,115,769)	-	-	(5,115,769)
Balance as at 1 April 2021	-	(4,616,523)	700,491	-	13,749,928	33,705	4,287	-	9,871,888	-	-	9,871,888
Depreciation Charge	-	5,119,578	20,700	-	1,322,943	11,235	522	-	6,474,978	-	-	6,474,978
Derecognition - Disposals	-	-	-	-	(974,713)	-	-	-	(974,713)	-	-	(974,713)
Reclassifications & Transfers	-	84	-	-	33	-	(4,809)	-	(4,692)	-	-	(4,692)
Balance as at 31 March 2022	-	503,139	721,191	-	14,098,191	44,940	-	-	15,367,461	-	-	15,367,461
Net Book Values												
Balance as at 31 March 2022	27,546,200	110,432,456	527,603	-	4,222,114	225,357	4,110,418	-	147,064,148	72,000	-	147,136,148
Balance as at 31 March 2023	27,771,200	120,550,566	506,903	-	3,778,022	303,509	3,103,049	-	156,013,249	72,000	330,000	156,415,249

Mid Ulster District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2023

Revaluations

Valuations - Valuations of Land and Buildings are carried out externally by Land and Property Services (LPS), in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). 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.

c Intangible Assets

Intangible assets relate to purchased licensed software and related implementation costs with a net book value of £366,254 and a gross cost before amortisation of £536,029; and the purchase of market rights with a gross cost and net carrying amount of £89,246.

Intangible Assets	2022/23	2021/22
	£	£
Balance at start of year:		
Gross carrying amounts	463,160	-
Accumulated amortisation	78,212	-
Net carrying amount at start of year	384,948	-
Additions	55,225	-
Amortisation for the period	91,563	73,520
Other Changes	106,890	458,468
Net carrying amount at end of year	455,500	384,948
Comprising:		
Gross carrying amounts	625,275	463,160
Accumulated amortisation	169,775	78,212
Net carrying amount at end of year	455,500	384,948

d Heritage Assets

Heritage Assets consist of the Chairman's Chains of Office and a water colour painting that previously belonged to the legacy councils. These councils were dissolved on the 31 March 2015.

e Assets Held for Sale

Assets Held for Sale	Current	Non Current	Total
	£	£	£
Cost or Valuation			
Transferred from Non-Current Assets during year	-	330,000	330,000
Balance as at 31 March 2023	-	330,000	330,000
Net Book Value			
Balance as at 31 March 2023	-	330,000	330,000

The Council intends to dispose of a property at Northland Row Dungannon that it no longer uses. The sale is expected to complete within the next 6 months. (2021/22 no assets were held for resale)

12 Capital Expenditure and Capital Financing

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

Capital Expenditure		2022/23	2021/22
		£	£
Opening Capital Financing Requirement		12,985,083	25,820,293
Capital Investment			
Property, Plant and Equipment	11	5,427,685	6,897,965
Intangible Assets	11	55,225	-
Revenue Expenditure Funded from Capital under Statute		173,867	199,897
Sources of Finance			
Government Grants and Other Contributions	10	(2,189,645)	(2,352,547)
Transfers from Earmarked Reserves		(155,935)	(15,000,000)
Sums set aside from Revenue:			
Direct Revenue Contributions		(599,548)	-
Minimum Revenue Provision		(1,213,778)	(2,580,525)
Closing Capital Financing Requirement		14,482,954	12,985,083

Explanation of Movements in Year	2022/23	2021/22
	£	£
Increase/ (decrease) in underlying need to borrow	1,497,871	(12,835,210)
Increase/(decrease) in Capital Financing Requirement	1,497,871	(12,835,210)

13 Future Capital Commitments

The Council has an ongoing programme of capital works and the estimated commitment remaining on schemes which are underway is £5m, the largest project included within this is the Connecting Pomeroy project at £4m.

Inventories	2022/23	2021/22
	£	£
Central Stores	68,770	154,767
Other	102,931	104,798
Total	171,701	259,565

15 Debtors

Short Term Debtors	2022/23	2021/22
	£	£
Government Departments	5,588,565	10,739,026
Other Councils	465,742	2,010,613
Value Added Tax	1,032,815	1,399,269
Prepayments	270,602	260,674
Other	360,726	338,569
Trade receivables	480,041	406,883
Impairment loss - Trade receivables	(281,996)	(226,952)
Total Short-Term Debtors	7,916,495	14,928,082
Total Debtors	7,916,495	14,928,082

16 Borrowings

Short Term Borrowing	2022/23	2021/22
	£	£
Loans re-payable within one year	637,529	696,022
Total Short Term Borrowing	637,529	696,022
Long Term Borrowing	2022/23	2021/22
	£	£
Between 1 and 2 years	337,341	637,525
Between 2 and 5 years	924,676	1,003,374
Between 5 and 10 years	934,675	1,002,776
In more than 10 years	1,250,435	1,440,973
Government Loans Fund	3,447,127	4,084,648
Total Borrowing	4,084,656	4,780,670

17 Creditors

Short Term Creditors	2022/23	2021/22
	£	£
Government Departments	254,169	169,496
Other Councils	119,328	270,314
Remuneration due to employees	1,365,932	1,816,869
Accumulated Absences	814,434	765,312
Loan Interest Payable	25,840	33,408
Receipts in advance	5,140,583	3,988,674
Trade creditors	6,048,901	7,495,548
Other	526,597	405,241
Total Short Term Creditors	14,295,784	14,944,862
Total Creditors	14,295,784	14,944,862

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 18,124 invoices totalling £42,805,612 (2021/22 £54,787,101).

The number of disputed invoices were 0 (2021/22 57 invoices).

The Council paid:

18,024 (99%) invoices with 30 calendar days target (2021/22 19,953 (99%) invoices);
17,668 (97%) invoices within 10 working days target (2021/22 18,790 (93%) invoices); and
100 invoices outside of the 30 day target (2021/22 284 invoices).

The average number of days taken to pay suppliers during the year was 7 days 2021/22 9 days).

18 Provisions

	Balance as at 1 April 2022 £	Increase / (decrease) in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Balance as at 31 March 2023 £
Landfill Closure	1,601,287	(41,813)	-	-	(249,105)	1,310,369
Tullyvar	101,860	78,736	-	-	-	180,596
Total	1,703,147	36,923	-	-	(249,105)	1,490,965

Current Provisions	-	-	-	-	-	-
Long Term Provisions	1,703,147	36,923	-	-	(249,105)	1,490,965

Total	1,703,147	36,923	-	-	(249,105)	1,490,965
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Comparative Year

Provisions	Balance as at 1 April 2021 £	Increase in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Restated Balance as at 31 March 2022 £
Landfill Closure	1,684,075	9,601	-	-	(92,389)	1,601,287
Tullyvar	95,716	19,331	-	-	(13,187)	101,860
Other	656,403	-	(6,937)	(649,466)	-	-
Total	2,436,194	28,932	(6,937)	(649,466)	(105,576)	1,703,147

Long Term Provisions	2,436,194	28,932	(6,937)	(649,466)	(105,576)	1,703,147
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Total	2,436,194	28,932	(6,937)	(649,466)	(105,576)	1,703,147
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Landfill Closure

The Council has provided for the cost of closing its landfill sites at Ballymacombs and Magheraglass Landfill Site. The provision is based on estimated discounted cashflows over a 27 year period in accordance with NIEA guidance. Discount factors relevant to the cost of financing of the obligation by Council were used in the discounting calculation. The estimated cashflows were calculated by Council officers in conjunction with professionally qualified experts who previously undertook an assessment of site closure costs.

Tullyvar

For details of Tullyvar landfill site provision, see Note 25.

Other

The Council has reversed provisions previously made for potential future uninsured losses.

19 Financial Instruments

Categories of Financial Instruments

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

Financial Assets as at 31 March 2023

	Non-Current		Current		Total £
	Investments £	Debtors £	Investments £	Debtors £	
Amortised cost	-	-	-	480,041	480,041
Total Financial Assets	-	-	-	480,041	480,041
Total	-	-	-	480,041	480,041

Financial Assets as at 31 March 2022

	Non-Current		Current		Total £
	Investments £	Debtors £	Investments £	Debtors £	
Amortised cost	-	-	-	406,883	406,883
Total Financial Assets	-	-	-	406,883	406,883
Total	-	-	-	406,883	406,883

Financial Liabilities as at 31 March 2023

	Non-Current		Current		Total £
	Borrowings £	Creditors £	Borrowings £	Creditors £	
Amortised cost	3,447,127	-	637,529	6,048,901	10,133,557
Total financial liabilities	3,447,127	-	637,529	6,048,901	10,133,557
Total	3,447,127	-	637,529	6,048,901	10,133,557

Financial Liabilities as at 31 March 2022

	Non-Current		Current		Total £
	Borrowings £	Creditors £	Borrowings £	Creditors £	
Amortised cost	4,084,648	-	696,022	7,495,548	12,276,218
Total financial liabilities	4,084,648	-	696,022	7,495,548	12,276,218
Total	4,084,648	-	696,022	7,495,548	12,276,218

Financial Liabilities	31st March 2023		31st March 2022	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
Financial liabilities held at amortised cost	4,084,656	-	4,780,670	5,183,308
Total	4,084,656	-	4,780,670	5,183,308

20 Retirement Benefits

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

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

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

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

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

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

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

	Note	2022/23 £	2021/22 £
Net cost of services:			
Current service cost		10,103,000	10,162,000
Past service cost/(gain)		67,000	521,000
Net interest on net defined benefit Liability (asset)		1,234,000	1,233,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		11,404,000	11,916,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(11,404,000)	(11,916,000)
Employers' contributions payable to scheme		4,412,049	4,469,789
Net adjustment to General Fund		(6,991,951)	(7,446,211)

The service cost figures include an allowance for administration expenses of £110,000.

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2022/23 £	2021/22 £
Liability gains/(losses) due to change in assumptions		88,400,000	15,902,000
Liability gains/(losses) due to due to demographic changes		(841,000)	2,120,000
Liability experience gains/(losses) arising in the year		(11,142,000)	(469,000)
Actuarial gains/(losses) on plan assets		(17,580,000)	2,992,000
Other		(48,049)	(83,789)
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		58,788,951	20,461,211

Assets and liabilities in relation to retirement benefits			
Reconciliation of present value of the scheme liabilities:			
	Note	2022/23 £	2021/22 £
Balance as at 1 April		210,280,198	214,199,409
Current service cost		10,103,000	10,162,000
Interest cost		5,652,000	4,485,000
Contributions by members		1,397,000	1,248,000
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		(88,400,000)	(15,902,000)
Actuarial gains/losses arising from demographic changes		841,000	(2,120,000)
Actuarial gains/losses arising on liabilities from experience		11,142,000	469,000
Other (if applicable)		48,049	83,789
Past service costs/(gains)		67,000	521,000
Estimated unfunded benefits paid		(12,000)	(15,000)
Estimated benefits paid		(3,473,000)	(2,851,000)
Balance as at 31 March		147,645,247	210,280,198

Reconciliation of present value of the scheme assets:			
	Note	2022/23 £	2021/22 £
Balance as at 1 April		162,413,198	153,317,409
Interest income		4,418,000	3,252,000
Contributions by members		1,397,000	1,248,000
Contributions by employer		4,400,049	4,454,789
Contributions in respect of unfunded benefits		12,000	15,000
Remeasurement gain/(loss)		(17,580,000)	2,992,000
Unfunded benefits paid		(12,000)	(15,000)
Benefits paid		(3,473,000)	(2,851,000)
Balance as at 31 March		151,575,247	162,413,198

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

The actual return on scheme assets in the year was a loss of £13,162,000 (2021/22 gain of £6,244,000).

Fair Value of Plan Assets	2022/23 £	2021/22 £
Equity investments	62,586,020	65,946,174
Bonds	35,157,280	42,069,111
Property	15,911,700	17,704,761
Cash	8,940,860	10,070,598
Other	28,944,140	26,638,356
	151,540,000	162,429,000

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

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

	2022/23 £	2021/22 £
Fair Value of Employer Assets	151,575,247	162,413,198
Present value of funded defined benefit obligation	(147,479,247)	(210,070,198)
Pension asset/(liability) of Funded Scheme	4,096,000	(47,657,000)
Present Value of unfunded defined benefit obligation	(166,000)	(210,000)
Net asset/(liability) arising from the defined benefit obligation	3,930,000	(47,867,000)
Amount in the Balance sheet:		
Assets/(Liabilities)	3,930,000	(47,867,000)
Net Asset/(Liability)	3,930,000	(47,867,000)

d Scheme History

Analysis of scheme assets and liabilities	2022/23 £	2021/22 £
Fair Value of Assets in pension scheme	151,575,247	162,413,198
Present Value of Defined Benefit Obligation	(147,645,247)	(210,280,198)

Surplus/(deficit) in the Scheme 3,930,000 (47,867,000)

Amount recognised in Other Comprehensive Income and Expenditure:	2022/23 £	2021/22 £
Actuarial gains/(losses)	76,368,951	17,469,211
Expected Return on Plan Assets	(17,580,000)	2,992,000
Remeasurements recognised in Other Comprehensive Income and Expenditure	58,788,951	20,461,211
Cumulative actuarial gains and losses	56,147,190	(2,641,761)
History of experience gains and losses:		
Experience gains and (losses) on assets	(17,580,000)	2,992,000

In previous years, the council has reported a pension fund deficit in the accounts, reflecting that the council's estimated pension liabilities were greater than the council's share of the scheme's assets. In 2022/23 the council's actuary AON Hewitt changed several assumptions in the liability calculation, including the discount rate, which means the estimated pension liability is now less than the council's share of the scheme's assets. The council has chosen to reflect the resulting surplus in full/ not to reflect the resulting surplus

Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2023

	31/03/2023 £	31/03/2022
Projected current cost	10,103,000	10,162,000
Net Interest on the net defined benefit liability (asset)	1,228,000	1,228,000
Past service cost	67,000	521,000
	11,398,000	11,911,000

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2023 is £4,364,000.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2022/23 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2023.

	2022/23 %	2021/22 %
Experience (gains and (losses) on Assets	-11.60%	1.84%

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 2023.

Pension scheme assumptions:	2022/23	2021/22
	%	%
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>	Years	Years
Men	22.2	21.8
Women	25.0	25.0
<i>Longevity at 65 for future pensioners:</i>		
Men	23.2	23.2
Women	26.0	26.4
Inflation/Pension Increase Rate	2.70%	3.00%
Salary Increase Rate	4.20%	4.50%
Expected Return on Assets	2.70%	3.00%
Discount Rate	4.70%	2.70%
Pension accounts revaluation rate	2.70%	3.00%

Pension Assumptions Sensitivity Analysis

The pension figures disclosed in these financial statements are sensitive to the assumptions used.

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2023 is set out below.

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

Funded Pension Scheme Benefits

Discount Rate Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to discount rate		
Present value of the total obligation	144,643,000	150,245,000
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	4,727,000	5,106,000
Approximate % change in projected service cost	-3.80%	3.90%
Rate of General Increase in Salaries		
	+0.1%p.a.	-0.1%p.a.
Adjustment to salary increase rate		
Present value of the total obligation	147,886,000	147,002,000
% change in the present value of the total obligation	0.30%	-0.30%
Projected service cost	4,914,000,000	4,914,000,000
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to pension increase rate		
Present value of the total obligation	149,803,000	145,085,000
% change in the present value of the total obligation	1.60%	-1.60%
Projected service cost	5,106,000	4,727,000
Approximate % change in projected service cost	3.90%	-3.80%
Post Retirement Mortality Assumption		
	- 1 Year	+1 Year
Adjustment to mortality age rating assumption*		
Present value of the total obligation	151,425,000	143,463,000
% change in the present value of the total obligation	2.70%	-2.70%
Projected service cost	5,086,000	4,742,000
Approximate % change in projected service cost	3.50%	-3.50%

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

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

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

	31/03/2023		31/03/2022	
	%	%	%	%
Equity investments	41.30%		40.60%	
Government Bonds	20.50%		24.10%	
Corporate Bonds	2.70%		1.80%	
Property	10.50%		10.90%	
Cash	5.90%		6.20%	
Other	19.10%		16.40%	
Total	100.00%		100.00%	

g Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/03/YY. 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 2023.

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 the work is completed, but no target date was given. The impact of any liabilities relating to the Council is therefore uncertain and no provision has been made in these financial statements.

21 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.

a Contingent Liabilities

There are a number of legal claims in which Council is a defendant. It is uncertain whether these cases will proceed to court or if they do, the courts will have reached a decision in relation to them by 31 March 2023. Council is of the opinion that, in the majority of cases, it is not probable that an outflow of resources will be required to settle the claim. Council is also of the opinion that, in any event, it is not possible to make a sufficiently reliable estimate of potential contingent liabilities for disclosure purposes. Where legal claims predate the formation of the Council, i.e. the defendant was originally one of the former legacy councils, there has been no change in the amount recognised as a potential liability at 31 March 2023 as there has been no change in Council's assessment of the probability of a negative outcome for Council in relation to the claim.

Council also owns two landfill sites and a 50% share with Fermanagh Omagh District Council in a third landfill site. Although Council has plans to close and cap these sites it is required to make financial provision for closure and aftercare costs of its landfill sites. Further disclosure of the estimated costs is included at notes 18 and 25.

b Contingent Assets

The Council, together with the other 10 district councils in NI, is participating in a legal action against HMRC to recover previously overdeclared output VAT in respect of leisure and recreational income, which arose because HMRC did not accept that the Council provides leisure and recreational activities pursuant to a special legal regime without causing any significant distortion of competition. Although Mid Ulster District Council (as lead council in the litigation) succeeded in its claim to the First Tier Tax Tribunal, HMRC subsequently, pursuant to Rule 39 of the Tribunal Procedure (First Tier Tribunal) (Tax Chamber) Rules 2009, lodged an application to appeal to the Upper Tier Tax Tribunal. The application to lodge an appeal was successful and the appeal was heard by the Upper Tier Tribunal in May 2022. The Upper Tier Tax Tribunal released its decision on 19 July 2022; the decision was to allow the appeal and remit the matter back to the First Tier Tax Tribunal for consideration. Mid Ulster District Council subsequently sought and received permission to appeal the Upper Tier Tax Tribunal decision to the Court of Appeal and a Hearing was scheduled to take place in May 2023. On 26 January 2023, HMRC notified Mid Ulster District Council that it decided to pay all of the Local Authority Leisure Service claims and proceeded to publish an associated Revenue and Customs Brief on 3 March 2023. Mid Ulster District Council's appeal to the Court of Appeal is currently stayed until 15 September 2023 to allow both parties time to seek a resolution of the matter. If resolution is reached, it will take time to conclude the matter; alternatively, if there is no resolution, Mid Ulster District Council shall make application for its appeal to be re-listed for mention. In either case, at this stage, it's too early to access any associated financial impact, but if the matter is resolved to the Mid Ulster District Council's satisfaction, the benefit to the Council could approximate to £4 million.

Mid Ulster District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2023

22 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	2022/23	2021/22
		£	£
Depreciation	11	6,162,255	6,548,498
Impairment & downward revaluations (& non-sale derecognitions)	11	(466,652)	(307,722)
(Increase)/Decrease in inventories		87,864	(70,728)
(Increase)/Decrease in Debtors		6,923,014	(6,176,137)
Increase/(decrease) in impairment provision for bad debts		52,186	(8,043)
Increase/(Decrease) in Creditors		(1,227,192)	1,397,392
Payments to NILGOSC	20	6,991,951	7,446,211
Carrying amount of non-current assets sold	8	-	41,556
Contributions to Other Reserves/Provisions		(212,182)	(733,047)
		18,311,244	8,137,980

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing	Notes	2022/23	2021/22
		£	£
Proceeds from the sale of PP&E, investment property and intangible assets		(30,006)	(53,709)
Capital grants included in "Taxation & non-specific grant income"		(2,189,645)	(2,352,547)
		(2,219,651)	(2,406,256)

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:

	2022/23	2021/22	2020/21
	£	£	£
Cash and Bank balances	40,018,718	35,052,532	31,020,778
	40,018,718	35,052,532	31,020,778

c Cash Flow Statement: Operating Activities

	2022/23	2021/22
	£	£
The cash flows from operating activities include:		
Interest received	188,936	6,059
Interest paid	-	-

d Cash flows from Investing Activities

	2022/23	2021/22
	£	£
Purchase of PP&E, investment property and intangible	(4,904,796)	(7,530,171)
Proceeds from the sale of PP&E, investment property and intangible assets	30,006	53,709
Capital Grants and Contributions Received	2,226,032	3,173,616
Net Cash flows from Investing Activities	(2,648,758)	(4,302,846)

e Cash flows from Financing Activities		2022/23	2021/22
		£	£
	Repayment of Short and Long Term Borrowing	(696,014)	(679,119)
Net Cash flows from Financing Activities		(696,014)	(679,119)

23 Usable Reserves

a Capital Receipts Reserve

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

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

Capital Receipts Reserve	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		452,523	398,814
Movement		30,006	53,709
At 31 March		482,529	452,523

b Capital Fund

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

Capital Fund	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		21,822,882	26,322,882
Transfers between statutory & other reserves & the General Fund		-	10,500,000
Transfers between Capital Fund & CAA to finance Capital Expenditure	12	-	(15,000,000)
At 31 March		21,822,882	21,822,882

c Renewal and Repairs Fund

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

Renewal and Repairs Fund	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		13,406	13,406
Transfers between statutory & other reserves & the General Fund		-	-
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure	12	-	-
At 31 March		13,406	13,406

c Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		14,346,373	13,699,578
Transfers between statutory & other reserves & the General Fund	4	491,204	646,795
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	11	(155,935)	-
At 31 March		14,681,642	14,346,373

e General Fund

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

General Fund	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		6,899,918	6,362,984
Applied Capital Grants	10, 12	(2,189,645)	(2,352,547)
Direct Revenue Financing	4, 12	(599,548)	-
Depreciation and Impairment adjustment	4	5,695,603	6,240,776
Statutory Provision for financing Capital Investment	4	(1,213,778)	(2,580,525)
Net Revenue expenditure funded from capital under statute	4, 12	173,867	199,897
Surplus/(Deficit) on the Provision of Services	CIES	(7,780,635)	3,281,995
Transfers between Statutory and Other Reserves and the General Fund	4	(491,204)	(11,146,795)
Net movements on Pension Reserve	4, 20	6,991,951	7,446,211
Disposal of Fixed Assets/Capital Sales	3, 4, 11, 23	(30,006)	(12,153)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		49,122	(501,575)
Other Movements		(317,531)	(38,350)
At 31 March		7,188,114	6,899,918

24 Unuseable Reserves

a Capital Adjustment Account

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

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

The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The Account 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	31/03/2023	31/03/2022
		£	£
At 1 April		80,618,853	65,440,413
Applied Capital Grants	10, 12	2,189,645	2,352,547
Direct Revenue Financing	4, 12	599,548	-
Depreciation & Impairment adjustment	11	(5,695,603)	(6,240,776)
Statutory Provision for financing Capital Investment	4, 12	1,213,778	2,580,525
Net Revenue expenditure funded from Capital under	4, 12	(173,867)	(199,897)
Disposal of Fixed Assets/ Capital Sales	4, 11	-	(41,556)
Other Movements		1,799,473	1,727,597
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	155,935	15,000,000
At 31 March		80,707,762	80,618,853

b Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

The purpose of this account is to build up a balance based on the revaluation (upwards or downwards) of individual assets. All such revaluations (excluding impairment losses that have been debited to Surplus/(Deficit) on the Provision of Services are mirrored in Other Comprehensive Income and Expenditure. It is a fundamental principle of this account that it never becomes negative. If an asset was held at current value when derecognised, the balance held on the Revaluation Reserve is written off to the Capital Adjustment Account.

Revaluation Reserve	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		53,917,161	49,062,006
Revaluation & Impairment	11	9,562,346	6,582,752
Other Movements		(1,799,473)	(1,727,597)
At 31 March		61,680,034	53,917,161

c Pension Reserve

Pension Reserve	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		(47,867,000)	(60,882,000)
Net Movements on Pension Reserve	4, 20	(6,991,951)	(7,446,211)
Revaluation & Impairment	20	58,788,951	20,461,211
At 31 March		3,930,000	(47,867,000)

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

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

c 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	31/03/2023	31/03/2022
		£	£
At 1 April		(765,312)	(1,266,887)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(49,122)	501,575
At 31 March		(814,434)	(765,312)

h Provisions Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2018/19 accounts direction (see DfC circular 18/19), to allow for mitigation of the costs not allowed for by Councils who had adopted the HM Treasury Central Government discount rate for long-term provisions such as Landfill costs.

Charges are made annually to the General Fund in respect of unwinding of this Reserve over the remaining period of the associated landfill provisions.

Provisions Discount Rate Reserve	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		(973,208)	(1,011,558)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		317,531	38,350
At 31 March		(655,677)	(973,208)

25 Joint Arrangements

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

The financial provision for landfill capping and aftercare costs was reviewed in the year and discounted in accordance with IAS 37, this resulted in a total discounted provision of £449,486 (2021/22 £551,989). An amount of £88,294, (2021/22 £348,267) has been offset against this provision resulting in a net discounted provision of £361,192 (2021/22 £203,720). Also, 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 has been capped / closed since March 2020. A review undertaken by WDR & RT Taggart resulted in a reduction in the number of years the site is predicted to require aftercare to 19 years. 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.

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 £88,294 over the next 5 years (2021/22 £348,269).

The value of Mid Ulster's investment in Tullyvar is £1,317,845 (2021/22 £1,840,994) which represents half of Tullyvar's net assets employed and is broken down as follows:-

	2022/23 £	2021/22 £
Long term assets	1,498,245	1,549,464
Current assets	66,828	440,802
Current liabilities	(66,632)	(47,412)
Long term liabilities	(180,596)	(101,860)
Net Assets	1,317,845	1,840,994

The movement in Mid Ulster's investment in Tullyvar is a decrease of £213,425 (2021/22 £116,327 decrease) which is broken down as follows;

	2022/23 £	2021/22 £
Gas Income	2,296	51,670
Other	4,595	17,650
Total Income	6,891	69,320
Administration Costs	42,831	35,688
Operating Costs	308,601	217,547
Total costs	351,432	253,235
Distribution of funds	-	-
Revaluation reserve movement	82,898	59,488
Landfill Regulation Reserve Movement	48,218	8,100
Net Movement	(213,425)	(116,327)

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

The Council also paid grants of £123,741 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.

The Council received £11,000 in respect of a management fee from Tullyvar Waste Joint Committee.

During 2022/23 the Council made payments of £794,633 to other Councils, and owed £119,328 (see note 17a) at 31 March 2023, and received £629,423 from other Councils and were owed £465,742 (see note 15) at 31 March 2023. These amounts mainly related to services provided.

Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 25 September 2023

