

STATEMENT OF ACCOUNTS

Mid Ulster District Council

For the year ended 31st March 2021

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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 2021 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

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 2021 (the Code) and the Department for Communities Accounts Direction, Circular LG 08/21.

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 2020/21 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 43, 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 44, shows the movement in the year on the different reserves held by 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 or (deficit) on the provision of services" line shows the true economic cost of providing Council's services, more details of which are shown in the Comprehensive Income and Expenditure Summary (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for District Rate setting purposes. The "Net increase/ (decrease) before transfers to Statutory and Other Reserves" line shows the statutory General Fund

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

The Balance Sheet

The Balance Sheet, as set out on page 45, shows the value as at the Balance Sheet date of Council's assets and liabilities. Council's net assets (assets less liabilities) are matched by the reserves held by Council. Reserves are reported in two categories. The first category of reserves is "usable reserves", i.e. those reserves that 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 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 46, shows the changes in Council's cash and cash equivalents during the reporting period. The statement shows how 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 Council's operations are funded by way of taxation (district Rates) and grant income or directly from the recipients of Council's services. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to 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 Council.

Performance Report

Council delivered a strong financial performance in 2020/21, which resulted in it increasing its General Fund reserve by £524,210 (2019/20 £808,677) to £6,362,984 (2019/20 £5,838,774).

By striking its 2020/21 District Rate in February 2020, Council established a budget of £45,999,245 (2019/20 £44,141,450) to fund its estimated 2020/21 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 Council's estimate of Rate Support Grant (RSG) receivable in 2020/21.

Council's actual financial outturn relative to the net cost of services budget set when 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 Council;
- There is a material financial consequence of 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 Council's financial performance in 2020/21 mirrored its budget expectations, Council would have increased its reserves by approximately £2,500,000. However, as a result of several factors including:

- The Covid-19 pandemic's impact on the delivery of Council services and associated income streams, and the Northern Ireland Executive's and the Council's response thereto;
- Successful in-year revenue and capital programme budget management;
- Positive in-year de-rating grant finalisation; and
- Receiving RSG significantly in excess of the amount budgeted for

the Council's financial outturn was materially different from that expected when the 2020/21 budgets were set.

As a result of the above, the Council's General Fund and capital reserves increased by £524,210 and £10,000,000 respectively. The Council's revenue reserves also increased by £8,855,001, being the net of a transfer of £9,232,265 into reserves and a transfer of £377,264 out of reserves.

Of the £9,232,265 transferred into reserves, £5,232,265 represented funds advanced to the Council by the Department for Communities (DfC) in respect of Covid-19 support, which had not been expended at 31 March 2021.

In total, the DfC provided the Council with £11,373,416 of specific Covid-19 financial support during 2020/21. £6,640,151 of this amount was expended during 2020/21 with the balance of £4,733,265 being allocated to 2021/22 on the DfC's instruction. The DfC instruction required this amount to be allocated to reserves in anticipation of being expended during 2021/22.

The DfC also provided the Council with further Active Travel funding during 2020/21 in the amount of £499,000 that was intended to fund capital expenditure in 2021/22.

The transfer to reserves in the amount of £5,232,265 therefore equates to the total of the above DfC funding received during 2020/21 to be applied during 2021/22. This was obviously not anticipated in February 2020 when the Council set its budget for 2020/21.

The Council also received Covid-19 financial support from the Department of Agriculture, Environment and Rural Affairs and was able to avail of HM Treasury support via the Job Retention Scheme. Both of these income streams also contributed towards the Council's 2020/21 financial outturn.

The 2020/21 General Fund increase in the amount of £524,210 (2019/20 £808,677) results in the General Fund balance of £6,362,984 (2019/20 £5,838,774) representing 13.60% (2019/20 21.37%) of Council's total usable reserves of £46,797,664 (2019/20 £27,316,170). 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 Council's accounts for the year ended 31 March 2021 provides an expenditure and funding analysis, which seeks to demonstrate how the funding available to Council has been used in providing services in comparison with the resources consumed or earned by Council in accordance with generally accepted accounting practices. This analysis also shows how the expenditure is allocated for decision making purposes between 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 Council increasing its General Fund in the amount of £524,210 (2019/20: £808,677), the majority of Council's financial resources were expended by the Environment & Property and Leisure & Outdoor Recreation directorates. In total, these two directorates expended £33,325,416 (2019/20: £31,566,278) of Council's funds, being £22,471,483 and £10,853,933 (2019/20: £21,167,795 and £10,398,483) respectively. The aggregate expenditure represents 87.7% (2019/20: 63.9% of Council's "Net cost of Services").

Environment & Property is responsible for public facing services which include refuse collection and waste disposal, including trade/commercial waste disposal and internal services including maintenance of Council properties and vehicles. Leisure & Outdoor Recreation include the provision of all leisure and recreational facilities, including leisure centres, play parks, parks and open spaces.

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

In delivering its financial outturn, Council has made net transfers from its General Fund to Statutory and Other Reserves in the amount of £18,855,001 (2019/20: £2,365,276). These transfers, together with amounts transferred in prior years, are intended to contribute towards the funding of Council's capital programme, match funding received for specific purposes with expenditure yet to be incurred and provide funding for future revenue projects. The net amount transferred to Statutory and Other Reserves during the year was £8,855,001 (2019/20: £780,084).

Capital expenditure during the year amounted to £7,123,229 (2019/20: £9,394,738), the expenditure being on vehicles, plant and equipment £871,312 (2019/20: £1,576,401), assets under construction £5,208,121 (2019/20: £7,341,438), buildings £1,011,467 (2019/20: £476,899), infrastructure assets £32,329 (2019/20: £nil) and land £nil (2019/20: £nil).

As explained above, Council performed within budget for the year ended 31 March 2021. Prudent financial management and an unwillingness to commit significant resources in advance of the development of its first local economic development plan, which was launched in October 2015, has enabled Council to, in so far as reasonably practicable, accurately plan and adequately resource its local economic development strategy. 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, 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. Equivalent amounts similarly reserved in previous years (2016/17) continue to be held in reserve. These amounts relate primarily to the EU Rural Development Programme and Council is satisfied that the relevant project expenditure will be incurred in 2021/22.

Council was again, when striking its District Rate for 2021/22 in February 2021, frustrated by the apparently never ending uncertainty in relation to the quantum of Rate Support Grant (RSG) that eligible councils could expect to receive in the year for which the District Rate is being struck, i.e. 2021/22. This uncertainty is caused by the fact that, unlike De-rating grant, RSG is not statutorily protected. 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 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 2020/21 the Council's share of the aggregate RSG available for distribution between eligible district councils reduced to approximately 20%. This is a significant reduction, which the DfC have advised has arisen due to 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 was to dramatically reduce the Council's share of the aggregate RSG (originally £15.865 million). However, due to the DfC ultimately increasing the aggregate RSG available for distribution to £22.3 million, the Council actually received more RSG than it had budgeted to receive. This additional RSG allocation contributed to the £18,855,001 transferred to reserves because the DfC instructed that the additional amount be held in reserves.

The combined effect of uncertainty at the time when Council was preparing its 2020/21 District Rate estimates in relation to:

- The absolute quantum of RSG that would be distributed between eligible councils in 2020/21; and

- Council's in-year percentage share of the total RSG available for distribution, resulted in the Council budgeting to receive RSG in the amount of £3,403,043 in 2020/21 (the original 2019/20 allocation was £2,566,691). As the amount received was £4,741,167 (2019/20: £3,955,299), Council received £1,338,124 more RSG than budgeted.

Apart from capital expenditure detailed above, Council did not acquire any material assets in 2020/21.

Organisational overview and external environment

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.

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 Council staff and its financial and other resources to deliver Council's statutory and other services in accordance with Council's statutory authority and declared corporate objectives.

Local government elections took place on Thursday, 2 May 2019.

Governance

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 Council's Constitution, which may be accessed on 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 Council; it is Council which generally makes decisions by resolution with voting being by show of hands.

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.

Council's Chair and Vice Chair from May 2020 were Councillor Mallaghan, Sinn Féin and Councillor Graham, DUP. From April 2020 up until the election date the Council's Chair and Vice Chair were Councillor Martin Kearney, SDLP and Councillor Clement Cuthbertson, DUP.

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. However, the continuing Covid-19 pandemic (from the last quarter of 2019/20) disrupted the normal schedule of Committee meetings. As a consequence of the need to ensure "social distancing" and a legislative lacuna in relation to Council and Committee meetings being held "virtually", Committee meetings were disrupted in the early part of 2020/21. Notwithstanding the effects of the pandemic, the Audit Committee met 4 times during 2020/21.

The annual accounts include an Annual Governance Statement (AGS), which is considered by Audit Committee prior to recommendation to 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

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

Council manages and delivers its portfolio of services using the principles of risk management. Council actively challenges its officers to consider the potential for risk and to document same, together with potential impact on 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 Audit Committee.

Council faces a number of significant risks, which include:

- The ultimate outworking of BREXIT - the withdrawal of the United Kingdom (UK) from the European Union (EU), which was originally expected to take place within two years of the UK triggering Article 50 of the Treaty of Lisbon on 27 March 2017. To date, despite prolonged negotiations with the EU and deliberation in Parliament, which culminated in the decision to exit the EU in December 2020, and the UK's exit therefrom, it remains unclear if, and on what terms, the UK's exit will ultimately be finalised. Consequently, uncertainties in relation to a range of economic and social issues remain. These issues include:
 - Inflation;
 - Impact on relative value of UK currency, pound sterling (GBP);
 - Potential impacts on indigenous and inward foreign investment, which include:
 - Availability and cost of labour;
 - Potential barriers to trade including trade tariffs; and
 - Increased lead times.

Council is both directly and indirectly (in the sense that the wealth and wellbeing of district businesses and rate payers also impacts on Council) impacted by this uncertainty.

- Reductions in central government funding, both to external groups that tend to expect Council to increase its financial contribution to them to compensate for central government cuts, and potentially to RSG. Following the Court of Appeal's judgement in September 2018 and the effects of Reval 2020, RSG 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;
- The impacts of Covid-19 are unclear. Experience since 31 March 2020 has confirmed Council's initial assessment that the necessary closure of many Council facilities and discontinuance of activities has had a significant impact

on Council's income streams. These losses have been compounded by the impact of additional Covid-19 related costs that have arisen and the uncertainty in relation to the extent and duration of central government financial intervention both to the regional and local economy, and to councils directly. The potential impact of the pandemic on district councils' Rates base remains unquantified, but is anticipated to bring significant financial pressures that would previously have been unimaginable.

Council's assessment of its risk environment is more fully discussed in its AGS, which is included at page 11 of the accounts.

Strategy and resource allocation

As reported in 2018/19 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 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. The new plan will shortly be placed on the Council's website, which is www.midulstercouncil.org.

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), and is currently consulting on a Preferred Options Paper in relation to the LDP.

Outlook

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.

Basis of preparation

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 Officer.

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 28 October 2021.

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 (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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 2021 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**

In March 2020, the Council agreed a new Corporate Plan, confirming its vision, refreshing its values and setting out its strategic direction for the period 2020-2024. By necessity, at the beginning of the 2020-21 year, the Council's focus shifted from strategic planning to responding to a global pandemic: managing the immediate crisis and the ongoing impact on the council services, as well as the wider economic and social impact for the region as a whole, setting plans in place to support internal and external recovery, and continuing to respond to the cycle of restrictions imposed and subsequent easing of restrictions.

However, throughout this period, the Council continued to demonstrate its values in practice action across its range of responsibilities. A very clear customer and citizen focus was evidenced in two ways: in a very clear commitment to maintaining core services which were, in fact, uninterrupted throughout the pandemic, and in the often very innovative work to engage with local residents by those services and facilities which were closed, from virtual swimming lessons to online arts and cultural events.

Channelling funding and support to those most in need via a newly created community hub and bespoke funding packages was central to the Council's work beyond its remit for its own specific functions. Similarly, the Council stepped up to the not inconsiderable challenge of distributing central government funding to local businesses in demanding timeframes. Mid Ulster allocated more than £500K in critical business support in just 3 weeks in the summer of 2020.

In a world where virtual contact became the norm, the Council's digital platforms, specifically its social media channels, became even more critical to communications, reflecting changes and updates to services with both speed and accuracy, particularly in the early stages of the pandemic. However, this communications work was more than simply informational and meaningful engagement through these channels has grown rapidly in the 2020-21 period.

While the pandemic clearly dominated during the year, the Council nonetheless continued with its ambitious capital investment programme, with the beginning of a £5.2M programme for leisure and outdoor recreation, as well as a myriad of other capital investment schemes, notably the village renewal programme.

Comprehensive and integrated communications plans to strategically position and profile these capital works was prioritised during the year, 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'.

A 10 year Community Plan, which took effect in May 2017, formally brings together over 40 different organisations to work collectively to improve the lives of local people. It sets out a vision for the region together with 15 clearly defined outcomes for citizens, encompassing everything from a healthy economy and healthy people to a sustainable environment and a skilled, educated population.

There is significant alignment between the overarching Mid Ulster Community Plan and the Council's Corporate Plan. As such, all departmental strategies and service plans flow from both documents and each and every service work plan and improvement objective contributes to the achievement of stated aims and the overall outcomes.

In 2018-2019, the Mid Ulster Local Development Plan – Draft Plan Strategy 2030, a significant strategic document, which details the Council's vision for planning land use for the next decade, was published for consultation. The draft strategy includes a series of proposed objectives, spatial planning framework and planning policies, with 17 separate objectives to support sustainable patterns of urban and rural development and growth, housing, infrastructure, transport, tourism, community and recreational facilities, and the protection of vulnerable landscapes. Although the Draft Plan Strategy 2030 has been consulted upon, it remains in draft form at 31 March 2021.

- **reviewing MUDC's vision and its implications for Council's governance arrangements**

Following the local government elections in May 2019 and to coincide with a new term, the Council began the process to develop a new Corporate Plan for the period 2020-2024. Internal workshops at elected member level, together with Senior Management Team and Heads of Service, saw a new draft plan developed for consultation. The new draft plan set out the Council's vision and values and proposed strategic direction for the period 2020 through to 2024, with more than 20 priorities grouped under 5 themes: leadership, service delivery, economy, environment and communities.

The draft was issued for a period of 9 weeks' public consultation in 2019/20 and a consultation outcome report was subsequently considered by the Policy and Resources Committee before the final plan was agreed by the Council at the end of March 2020. It will now form the basis for future departmental and service planning.

The Corporate Risk Register identifies the main risks associated with the achievement of the Council's objectives. The Risk Register is kept under ongoing review, particularly in the context of Council's statutory performance improvement duty. Senior Management Team review the Register on a quarterly basis and the Audit Committee also review it at each meeting with all

matters being reported to and agreed by the Council.

The 10 year Community Plan is led by a Community Planning Board made up of senior representatives from our statutory partners, elected members and representatives from the Community and business sectors. There are formal processes in place to monitor the progress of the plan and ensure effective governance arrangements in place for the successful implementation of the plan.

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

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.

NIAO undertook its 2019-20 Improvement Audit and Assessment in line with Local Government Act (NI) 2014 part 12, section 93. The LG Auditor usually issues an assessment report (Section 95 Report) and compliance certificate by the 30th of November, in the financial year during which the audit was carried out or to which the assessment relates; or by such other date as the Department may specify by order. The report and associated certificate declares 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. In response to the ongoing Covid-19 Pandemic, the issuing of the report has been delayed to the 11 local Northern Ireland Councils as the LG Auditor awaits a letter to be issued from the Department for Communities (DfC) before issuing the Section 95 report in light of the Local Government (Meetings and Performance) Act (NI) 2021.

The Department for Communities set aside the requirement in 2020-21 to have a Performance Improvement Plan in place for the period in question, in conjunction with NI Audit Office. The Council consulted, set and published performance improvement objectives for 2020/21.

The Council's existing performance improvement arrangements include the setting and delivery of Corporate Improvement Objectives (CIO) (four for 2019-20), as a means of contributing to and meeting its statutory obligations. This was complemented with 10 statutory and corporate performance indicators and 18 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. 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 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 ultimate decision making body of Mid Ulster District Council is the full Council, who meet each month to consider recommendations from each of the constituent Standing Committees. The work of the Council is supported by a traditional committee structure with decisions on officer recommendations being taken there and then subjected to ratification by full Council.

The Constitution details the rules and procedures being followed by the Council and its Committees when transacting business, primarily in accordance with the Local Government (NI) Act 2014 and subsequent Standing Orders. The Constitution is inclusive of its Standing Orders and Scheme of Delegation for Senior Officers which delineates areas of delegated authority.

The Council's Senior Management Team generally meets twice a month to discuss issues commensurate to the aims, objectives and priorities of Council. The frequency of meetings was increased to daily as a consequence of the need to meet more frequently following the Covid-19 and progressed to weekly when the situation became less volatile. The roles and responsibilities of Council officers are set out in their job descriptions and the structure is displayed on the Council's organogram.

The NI Executive introduced Regulations to allow Council to undertake its meetings virtually (Council amended the Standing Orders accordingly) which we set up by the use of conferencing technology (Webex and Zoom). All internal policies and procedures are available on the Council's intranet for information and are included as part of the induction process for all new employees.

A Local Code of Governance was established under the Governance and Assurance Framework which is based on the seven principles of Delivery Good Governance in Local Government and supported by an Assurance and Governance Framework.

The usual arrangements for stakeholder engagement was adapted in the year, with face to face meetings and consultation activities replaced by virtual means.

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

Staff and Members comply with relevant Codes of Conduct for employees and councillors. Codes and established procedures require that individuals declare any conflicts, gifts and hospitality as soon as they become known to them. Code of conduct refresher training was initially organised for Members through Northern Ireland Local Government Association (NILGA) and refresher training is provided through a Learning & Development training programme. Members signed a declaration of acceptance of the post in line with the code of conduct and complete an annual register of interest.

Code of Conduct for Local Government Employees is included with a job offer letter issued to a candidate recommended for appointment following interview. Signed acceptance of the offer forms part of the employee's contract of employment. Code of Conduct training is also incorporated into the induction training for new staff with refresher training delivered through the Learning and Development Programme.

Council has embarked on the delivery of E-training in relation to the Employee Code of Conduct. A number of Services / Members have embraced the E-learning modules on the Code of Conduct and Equality/Diversity training facility.

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

The Constitution governs how the Council operates, how decisions are made and the procedures followed to ensure efficiency, transparency and accountability to local people. The Constitution is accessible from the Council's website at www.midulstercouncil.org. Standing orders and Scheme of Delegations are amended as required.

The Department for Communities brought forward legislative provision in the form of Regulations to facilitate remote meetings allowing Councillors and officers to join the meetings remotely.

A Joint Committee (Tullyvar Partnership) exists between Fermanagh and Omagh District Council and MUDC, supported by 5 Members from the two Councils and serviced by Senior Officers from both local authorities. Members make decisions and monitor progress through quarterly meetings. The minutes are recorded and reported to the Environment Committee and minutes of the Environment Committee are subsequently considered by full Council.

A Data Protection Officer is in place to embed a culture of compliance and good practice on data protection within Mid Ulster District Council.

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

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

The Risk Management Policy was reviewed and approved in June 2020 by Audit Committee, following brainstorming workshops with Senior Management.

Each service records their risks on a database which are managed by Risk Champions and are reviewed on a systematic basis with action plans in place to mitigate the risks materialising. The Internal Audit Manager oversees the process and informed the SMT on any high / critical risks for consideration onto the CRR. SMT and the AC formally reviewed the CRR quarterly.

- **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.

Council reviewed the Anti-Fraud, Bribery / Corruption and Raising Concerns Policy in November 2020 following guidance from the NIAO on Raising Concerns in June 2020.

Any suspected or attempted fraudulent activities are investigated and reported to the NIAO and other appropriate channel, but there were no issues raised during 2020/21.

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

Senior Management continually monitor Council's progression on its transformation agenda which covers both operational and financial changes, incorporating consultations with Members. Each Director is responsible for effective management of change within their own Directorate, facilitated with meetings within the teams.

Each Service has a Service Improvement Plan in place which provides, amongst other things, service improvements which contribute to the delivery of the Council's annual Performance Improvement Plan.

In 2019/20, the Council introduced a new innovation agenda, holding an innovation day with more than 100 staff to begin to explore how the organisation could continue to consider 'new and better' ways of delivering services and processes. As of 31 March 2020, the Senior Management were continuing to develop ideas and suggestions which arose at the innovation day and to introduce new working practices etc. to enable the Council to quickly realise benefits from the initial engagement with staff.

During 2020/21, the Council made significant progress towards the transformation of its HR, Payroll, Finance and Planning services by continuing to invest in previously procured IT systems and / or engage with potential suppliers for new systems. It is anticipated that these systems will be fully operational during 21/22.

- **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 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 Chief Executive. The Council is satisfied that the Chief Executive is suitably qualified and adequately supported by the Director of Finance who is a fully qualified Accountant.

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

Each 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 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 are issues arising from the current absence of appropriate legislation to empower councils generally to manage the potential consequences of financial and other shocks such as significant reduction in income streams. These issues include the lack of explicit statutory authority (apart from potentially the General Power of Competence) to take prompt and, if necessary, "radical" action to prioritise statutory service delivery over discretionary expenditure (notwithstanding the fact that discretionary expenditure is often rooted in the Council's strategic direction and is longstanding and essential to the community, voluntary and/or business sector).

- **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 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 Internal Audit Manager fulfils the role of the 'Head of Internal Audit' in accordance with the governance requirements of the CIPFA statement. The Service is managed by the Internal Audit Manager, who is supported by a graduate trainee Internal Auditor 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, which came into effect from April 2013.

- **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 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 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 and 2018 and undertakes an annual review of its effectiveness and performance which was deemed as effective during 2019/20. Training was delivered to Members in November 2019 following a training needs assessment in June 2019.

The Committee (who have a terms of reference) met quarterly and representatives from external audit attended the meetings.

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

The Council has a 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 Council for review. The whistleblowing policy is maintained on the Council intranet and refresher training is provided on an ongoing basis.

Policies and guidance on the acceptance and provision of gifts and hospitality, conflicts of interest and fraud have also been adopted by Council which are communicated to staff and accessible on the Intranet.

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

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

Members and Senior Officers can avail of optional personal development training from the Local Government Training group (LGTG) programme subject to Senior Management Team (SMT) and/or Council approval.

The North West Employers approved the Charter Award (re: Member development) to Mid Ulster District Council on training such as Standing orders, Emergency planning, GDPR.

A training needs assessment was considered by the Audit Committee Members in June 2019 and training was delivered virtually in November 2020 on Financial Statements and the Rate Estimate Process.

Ongoing training and development needs are considered throughout the year for Staff and Members e.g. GDPR via the Learning & Development Programme. MUDC use Personal Development Plans to enhance performance with KPI's and consider training needs e.g. specialist training.

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

The Council is committed to openness and transparency in 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.

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, from direct mail (for example, Council magazine) to advertising (press, outdoor, social), ensuring local interest stories are carried in the local press, use of key digital channels (web and social media) and targeted digital communication (e.g. ezines).

Given the Covid-19 pandemic opportunities to communicate and engage with local residents and stakeholders in face-to-face settings was greatly reduced. However, the Council and its services responded with agility and innovation in using virtual methods and digital channels to ensure that as much engagement and communication activity continued throughout the challenges of the 2020/21 year.

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.

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 delivers a plethora of services, both directly and indirectly to the residents/citizens of Mid Ulster. The Council has a range of mechanisms and documents in place for delivering effective service which extend to the Corporate Plan, Community Plan and Performance Management arrangements. The Council also administers a regime of annual Service Plans as a point around which council can focus on delivering/focusing on improvements for citizens.

MUDC works with a range of partners to develop and implement the Community Plan and the current Local Development Plan (LDP) which is currently under review. There are effective governance and monitoring arrangements for service delivery and accountability.

The Council submits monitoring returns to the Equality Commission and Department of Agriculture, Environment and Rural Affairs (DAERA). Council is operating at ISO18001 standards across some high risk sites across MUDC and is working towards ISO 45001 accreditation across some depots in 2019/20.

- **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.

The Council is working with Armagh, Banbridge, Craigavon and Fermanagh / Omagh & Fermanagh Omagh District Council to secure funding for the Mid South West Region from the UK Treasury and NI Executive. Such funding arrangements are typically known as Growth Deals. When agreed, the Growth Deal is likely to result in excess of £250m being invested in the Mid South West Region. This will represent a very significant long-term investment in the Mid Ulster District the governance of which will be managed

by a Steering Group for the Mid South West Region. The Council is currently working with the other Partners to design and implement an appropriate Governance Framework which will include appropriate Risk Management arrangements.

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 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.

Describe the process that has been applied in maintaining and reviewing the effectiveness of the governance framework, including some comment on the role of:

- **the authority - MUDC**

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 Council to achieve its goals and objectives. Council meets monthly in statutory meetings.

Council has established five sub-Committees to consider its operations in line with defined areas of responsibility. These Committees are informed by 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.

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

MUDC has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Delivery Good Governance in Local Government Framework (2016) and was reviewed by the Audit Committee in November 2019.

- **the executive**

The Chief Executive ensures that all Council services and activities are delivered in accordance with Council's Corporate Plan. The Chief Executive is supported by the Senior Management Team (SMT) who meet twice a month to monitor strategic direction and good governance across the District. The frequency of meetings was increased to daily as a consequence of the need to meet more frequently following the Covid-19 pandemic in March 2020. The frequency subsequently reduced to once weekly in late May 2020 as the Covid-19 situation became less volatile towards the end of the first ten weeks of national 'lockdown'.

Each Director provided a bi-annual and an annual assurance statement to confirm that laws, regulations, policies and procedures were complied with, effective risk management and controls exist and were operational during 2020/21.

The Financial Management (FM) Code was effective from 01 April 2021 and 2020/21 was a shadow year for implementation. The FM Code provides guidance for good and sustainable financial management in local authorities, giving assurance that authorities are managing resources effectively. An initial assessment was undertaken to determine Council's compliance with the FM Code. The assessment noted that the Council was generally compliant but would benefit from the implementation of a number of actions (assigned to responsible officers with timeframes for completion) that were under development at 31 March 2021. These actions included the formalisation of the Council's medium term financial plan, the development of which was delayed in order to reflect the Council's decision in March 2021 to apply a balance in order to strike an affordable district rate, and to properly reflect cash advances made towards the end of the 2020/21 financial year which were not anticipated.

- **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 met quarterly during 2020/21 with some members meeting remotely. The Audit Committee Members also attended training in November 2020 and conducted an annual review of effectiveness against good practice and an evaluation of their performance in 2020/21 which was deemed as effective. An independent Member and representatives from external audit also joined the meetings remotely.

- **the standards committee**

The Council continue to operate the Traditional Committee System for organisational decisions, similar to that employed since the council's establishment on 1st 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 Council in achieving its objectives and improving the effectiveness of internal control, risk management and governance processes. Owing to the onset of the pandemic in March 2020, Internal Audit liaised with Senior Management and the Audit Committee in June 2020 to assess how best to provide assurance during 2020/21. The Audit Plan for 2020/21 was reduced from 20 to 11 objectives owing to the pandemic restrictions and a number of facilities closed and / or services not provided.

The Internal Audit Service was adequately resourced and deemed as operating effectively based on an internal and external review of effectiveness. Internal audit responded quickly to evolving risks and changing priorities by embracing remote auditing and virtual meetings.

Internal Audit provided responsive advice in relation to adhoc requests in dealing with the emergency and reviewed the response / actions associated to the corporate risks arising from the pandemic via regular engagement with the Corporate Health & Safety Manager, Senior Management and updating the Audit Committee.

As a result, 84% of the plan was completed during 2020/21 with 9 out of the 11 objectives completed. There were 6 satisfactory assurance reports issued, 1 advisory report and 2 limited assurances provided during 2020/21.

There was one priority 1 audit recommendation (limited assurance) which related to the need for Council to formally review and where necessary document its existing procedures and protocols in relation to Asset Management. The other limited assurance related to the need to review and where necessary document the method of call offs when using Framework Agreements. While there were some residual risks identified, they should not significantly impact on the achievement of the Councils objectives. Internal Audit also examined the National Fraud Initiative priority matches and there was no evidence of any duplicate payments or other issues identified. A survey on the Business Continuity Plan was completed to ensure lessons learnt were captured for future resilience on dealing with emergencies.

The Internal Audit Service conducted an overall annual review of effectiveness which was deemed as effective, in accordance with the Public Sector Internal Audit Standards (PSIAs).

An independent external peer review assessment was undertaken on the co-sourcing Internal Audit firm during 2020/21 and was deemed as fully compliant to the Public Sector Internal Audit Standards.

Overall, the Internal Audit Manager provided a satisfactory' annual assurance opinion in relation to the adequacy and effectiveness of the Council's framework of governance, risk management and control based on the audit work completed for 2020/21. Internal Audit monitored the implementation of previous audit recommendations and reported progress to Senior Management and the Audit Committee.

- **other explicit review/assurance mechanisms**

Council maintains a Governance and Assurance Framework and maps out the internal (e.g. Health & Safety inspections) and external assurances (e.g. Health & Safety Executive & Environment Agency waste management inspections). The results of the assurances were presented to Senior Management Team and the Audit Committee with any significant issues reflected onto the audit and risk management framework to resolve the issues.

The LGA gives an independent audit opinion on the financial accounts.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the executive/ Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant Governance Issues

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:

Issues identified during 2019/20

Covid-19 - Funding challenges as a result of Covid-19

In the short to medium-term, MUDC will need to do more with less. Consequently there is a need to prepare compelling and deliverable financial plans to ensure that future (short, medium and long-term) funding requirements are minimised, funds are directed towards priority issues and income streams are protected/augmented in so far as practicable. The Council will be challenged to address the needs of the most vulnerable in our District while continuing to affordably (to the Ratepayer) deliver statutory services and develop the District socially and economically.

In its immediate response to the pandemic, in addition to having to close certain facilities / services which impacted on Council's ability to achieve its service objective, MUDC had to expend significant amounts of financial and human resources on its operational response (e.g. Community grants, Food banks etc.). Although some of the financial costs may be recoverable via the DfC's Scheme of Emergency Financial Assistance (SEFA) etc., considerable uncertainty remains in relation to if and how the Council will secure financial support for its depleted income streams and the probable significant impact on its Rate base.

Risks going forward include a significant reduction in, or inappropriate focusing of central government and other funding either locally or regionally, which leave the Council becoming perceived as the supporter of last resort with inadequate financial and/or human resources to deliver upon the requirements.

Update:

- Emergency Management processes and relationships established with multi agencies on dealing with Covid-19 and ongoing review of NI Executive guidance and regulatory controls.
- Redeployment and Business Recovery Plan successfully activated and ongoing.
- Financial implications:
 - £85m from Department for Communities (DfC) for sector losses during 2020/21 – the DfC allocated funds to all district councils during the year and provided a financial advance during March 2021 to be applied against Covid-19 pressures in 21/22.
 - DfC initiated a Scheme of Emergency Fund (SEFA) to cover planning and responding to Covid-19 related issues.
 - The Council participated in the Job Retention Scheme from HMRC by submitting claims for up to 300 employees (mainly leisure, culture & tourism) placed on furlough during 2020/21.
- Delivered Community, Voluntary and Business support packages and grant programmes.
- Continued provision of statutory services e.g. registration of births

- Continued with capital investment programme, with the beginning of a £5.2m programme for leisure and outdoor recreation, as well as a myriad of other capital investment schemes, notably the village renewal programme.

Significant Governance Issues 2020/21:

1. **Covid-19** - The financial consequences of the continuing pandemic remain uncertain. However, the Council continues to engage with Central Government and other Funders to identify and mitigate financial pressures.
2. **Rate Support Grant (RSG)** - The long-term security of the RSG remains uncertain. The Department of Finance's legislative amendment (prior to councils striking their district Rates in March 2021) to allow councils to strike two independent district Rates suggests that there may be a threat to the future calculation of conversion factors (by the Department of Finance), which underpins the distribution of RSG between eligible councils. The Director of Finance continues to engage with ALGFO, SOLACE, DfC and DoF in relation to this risk.
3. **Cyber Threat** – A phishing email from an external source was received internally (common access point for attacks) which was opened by one officer. The attack was identified and removed, it was unsuccessful as no data lost or financial cost incurred but to remain secure, additional training was provided. The cyber security risk is closely monitored and managed in the Corporate Risk Register as the Council has invested in high quality IT infrastructure and applications, as well as ongoing training.

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: 16 December 2021

Chair

Signed 

Date: 16 December 2021

Chief Executive

On behalf of the Members of Mid Ulster District Council as a whole and by the Chief Executive.

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2021

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 2020 were issued by the Department for Communities on 3 April 2020 (Circular LG 08/2020) and addendum issued on 6 August 2020 (LG 23/2019). Details of the allowances paid to individual councillors are published on council websites.

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

Senior Employees

The remuneration of senior employees employed by the council is determined by the council in line with that determined by the National Joint Council (NJC) for Local Government Services. Senior staff are those staff who are members of the 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	2020/21		2019/20	
	Total Allowances £	Number of Councillors receiving Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	619,384	40	602,582	47
Special Responsibility Allowance	48,500	20	48,319	20
Chairperson/ Mayor Allowance	14,000	2	14,000	2
Vice Chairperson/ Deputy Mayor Allowance	7,500	2	7,500	2
Mileage Allowance	12,619	32	36,251	37
Public Transport and Other Travel Incidentals	-	-	-	-
Subsistence	-	-	-	-
Courses/ Conferences visits (registration & joining fees)	3,272	9	5,084	8
Dependants' Carers Allowance	0	0	233	1
TOTAL ALLOWANCES	705,275		713,969	

Details of the allowances paid to individual councillors in 2020/21 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	2020/21				2019/20			
	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £	Total £'000
Anne-Marie Campbell	81	0	0	81	79	0	0	79
Marissa Canavan	81	0	0	81	79	0	0	79
Andrew Cassells	81	0	0	81	79	0	0	79
Mark Kelso	81	0	0	81	79	0	0	79
Adrian McCreesh**	89 (106k)	0	0	89	81	0	0	81
Anthony Tohill *	75 (120k)	0	0	75	117	0	0	117
JJ Tohill	81	0	0	81	79	0	0	79

* Mr Anthony Tohill resigned on 14/11/2020

**Mr Adrian McCreesh was appointed chief executive on 01/01/2021 (previously director)

Councils are required to disclose the 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.

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2020/21 was £100k - £110k. This was 4.74 times the median remuneration of the workforce, which was £22,316.

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)

	2020/21	2019/20
Salary Band of Highest Paid member of the Executive Management Team/Senior Management Team	£105,670	£116,744
Median Total Remuneration	£22,316	£21,589
Ratio	4.74	5.41

In 2020/21, 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 2020/21 or 2019/20.

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	2020/21				2019/20			
	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	2	0	0	4	14
£20,001-£40,000	0	0	0	0	0	0	0	0
£40,001-£60,000	0	0	1	60	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	2	223
£150,001-£200,000	0	0	0	0	0	0	0	0
Total	0	0	2	62	0	0	6	237

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 2020, were as follows:

Table 5: Employee Contribution Rates

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

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

Table 6: Employer Contribution Rates

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

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

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

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2020/21 was £128,389.

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

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

Officers	Accrued Pension at pension age as at 31/3/21 and related lump sum £'000	Real increase in pension at pension age £'000	Real increase (decrease) in related lump sum at pension age £'000	CETV at 31/3/21 £'000	CETV at 31/3/20 £'000	Real increase in CETV £'000
Anne-Marie Campbell	25-30 plus 25-30 lump sum	0-3	0-3	374	340	27
Marissa Canavan	35-40 plus 55-60 lump sum	0-3	0-3	598	554	37
Andrew Cassells	15-20 plus 0-5 lump sum	0-3	0-3	330	287	74
Mark Kelso	40-45 plus 75-80 lump sum	0-3	0-3	901	844	55
Adrian McCreesh	35-40 plus 55-60 lump sum	7-9	12-15	655	505	145
Anthony Tohill *	40-45 plus 60-65 lump sum	0-3	0-3	663	628	23
JJ Tohill	30-35 plus 45-50 lump sum	0-3	0-3	567	527	37

* Mr Anthony Tohill resigned on 14/11/2020

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
16 December 2021

Certificate of the Chief Financial Officer

I certify that:

(a) the Statement of Accounts for the year ended 31st March 2021 on pages 43 to 46 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 47 to 66.

(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 2021.



Chief Financial Officer

Date 16 December 2021

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Council on 28 October 2021.

Chairman



Date 16 December 2021

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

Opinion on financial statements

I have audited the financial statements of Mid Ulster District Council for the year ended 31 March 2021 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. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom supported by International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

In my opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that 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 CIPFA Code of Practice on Local Authority Accounting, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of the 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 2020-21;
 - does not comply with proper practices specified by the Department for Communities;
 - is misleading or inconsistent with other information I am aware of from my audit; or

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

Responsibilities of the Chief Financial Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the 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 the 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.

A handwritten signature in cursive script that reads "Colette Kane".

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

21 December 2021

Mid Ulster District Council

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

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 different 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	2020/21			2019/20		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Chief Executive	2	4,803,903	(1,608,950)	3,194,953	4,617,950	(1,637,772)	2,980,178
Director of Business & Communities	2	11,513,503	(5,083,125)	6,430,378	10,919,840	(3,902,520)	7,017,320
Director of Environment & Property	2	23,556,431	(1,084,948)	22,471,483	22,459,484	(1,291,689)	21,167,795
Director of Finance	2	3,067,119	(36,068)	3,031,051	3,107,088	(26,006)	3,081,082
Director of Leisure & Outdoor Recreation	2	11,678,968	(825,035)	10,853,933	13,303,524	(2,905,041)	10,398,483
Director of Organisational Development	2	2,424,994	(210,121)	2,214,873	2,598,601	(212,048)	2,386,553
Director of Public Health & Infrastructure	2	4,148,593	(1,502,192)	2,646,401	4,025,134	(1,656,385)	2,368,749
Non Distributed Cost	2	1,423,248	(14,268,758)	(12,845,510)	-	-	-
Cost of Services on Continuing Operations		62,616,759	(24,619,197)	37,997,562	61,031,621	(11,631,461)	49,400,160
Other Operating Expenditure/ Income	8	7,410	(102,283)	(94,873)	18,503	(90,504)	(72,001)
Financing and Investment Income and Expenditure	9	1,203,433	(5,329)	1,198,104	884,014	(7,075)	876,939
Net Operating Expenditure		63,827,602	(24,726,809)	39,100,793	61,934,138	(11,729,040)	50,205,098
Taxation and Non-Specific Grant Income	10	-	(52,114,017)	(52,114,017)	-	(48,034,732)	(48,034,732)
(Surplus)/Deficit on the Provision of Services		63,827,602	(76,840,826)	(13,013,224)	61,934,138	(59,763,772)	2,170,366
(Surplus)/Deficit on revaluation of non-current assets	11			403,375			(8,453,054)
Remeasurements of the Net Defined Benefit Liability (Asset)	20			12,265,994			13,598,172
Other Comprehensive Income and Expenditure				12,669,369			5,145,118
Total Comprehensive Income and Expenditure				(343,855)			7,315,484

Mid Ulster District Council

Movement in Reserves Statement for the year ended 31 March 2021

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other '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 Rates 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 2019	5,030,097	18,815,589	206,027	24,051,713	81,059,554	105,111,267
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(2,170,366)	-	-	(2,170,366)	-	(2,170,366)
Other Comprehensive Income and Expenditure	-	-	-	-	(5,145,118)	(5,145,118)
Total Comprehensive Income and Expenditure	(2,170,366)	-	-	(2,170,366)	(5,145,118)	(7,315,484)
Adjustments between accounting basis & funding under regulations	5,344,319	-	90,504	5,434,823	(5,434,823)	-
Net increase / (decrease) before transfers to Statutory and Other Reserves	3,173,953	-	90,504	3,264,457	(10,579,941)	(7,315,484)
Transfers to / (from) Statutory and Other Reserves	(2,365,276)	2,365,276	-	-	-	-
Increase / (Decrease) in year	808,677	2,365,276	90,504	3,264,457	(10,579,941)	(7,315,484)
Balance as at 31 March 2020	5,838,774	21,180,865	296,531	27,316,170	70,479,613	97,795,783
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	13,013,224	-	-	13,013,224	-	13,013,224
Other Comprehensive Income and Expenditure	-	-	-	-	(12,669,369)	(12,669,369)
Total Comprehensive Income and Expenditure	13,013,224	-	-	13,013,224	(12,669,369)	343,855
Adjustments between accounting basis & funding under regulations	6,365,987	-	102,283	6,468,270	(6,468,270)	-
Net increase / (decrease) before transfers to Statutory and Other Reserves	19,379,211	-	102,283	19,481,494	(19,137,639)	343,855
Transfers to / (from) Statutory and Other Reserves	(18,855,001)	18,855,001	-	-	-	-
Increase in year	524,210	18,855,001	102,283	19,481,494	(19,137,639)	343,855
Balance as at 31 March 2021	6,362,984	40,035,866	398,814	46,797,664	51,341,974	98,139,638

Mid Ulster District Council
Balance Sheet as at 31 March 2021

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 is 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 2021	31st March 2020
		£	£
Fixed Assets	11	140,322,712	139,602,643
LONG TERM ASSETS		140,322,712	139,602,643
Inventories	14	188,837	184,486
Short Term Debtors	15	7,930,957	7,285,941
Cash and Cash Equivalents	22	31,020,778	13,842,645
CURRENT ASSETS		39,140,572	21,313,072
Short Term Borrowing	16	679,123	654,960
Short Term Creditors	17	12,545,663	10,432,127
CURRENT LIABILITIES		13,224,786	11,087,087
Provisions	18	2,436,194	2,592,057
Long Term Borrowing	16	4,780,666	5,459,788
Other Long Term Liabilities	20	60,882,000	43,981,000
LONG TERM LIABILITIES		68,098,860	52,032,845
NET ASSETS		98,139,638	97,795,783
USABLE RESERVES			
Capital Receipts Reserve	23	398,814	296,531
Capital Fund	23	26,322,882	16,322,882
Renewal and Repairs Fund	23	13,406	13,406
Other Balances and Reserves	23	13,699,578	4,844,577
General Fund	23	6,362,984	5,838,774
		46,797,664	27,316,170
UNUSABLE RESERVES			
Capital Adjustment Account	24	65,440,413	64,667,461
Revaluation Reserve	24	49,062,006	51,319,552
Pensions Reserve	24	(60,882,000)	(43,981,000)
Accumulated Absences Account	24	(1,266,887)	(475,940)
Provisions Discount Rate Reserve	24	(1,011,558)	(1,050,460)
		51,341,974	70,479,613
NET WORTH		98,139,638	97,795,783

Mid Ulster District Council**Cash Flow Statement at 31 March 2021**

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

	Note	2020/21	2019/20
		£	£
Net Surplus / (Deficit) on the provision of services		13,013,224	(2,170,366)
Adjustment for non-cash movements	22	11,450,300	11,307,376
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	(2,923,408)	(3,122,457)
Net cash flows from operating activities	22	21,540,116	6,014,553
Cash flows from Investing Activities	22	(3,707,024)	(6,446,165)
Net Cash flows from Financing Activities	22	(654,959)	(632,185)
Net increase or (decrease) in cash and cash equivalents		17,178,133	(1,063,797)
Cash and cash equivalents at the beginning of the reporting period		13,842,645	14,906,442
Cash and cash equivalents at the end of the reporting period		31,020,778	13,842,645

**Mid Ulster District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2021**

1 Accounting Policies

a General Principles

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

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

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

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

- Interest 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 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 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.

vi) **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. employer contributions to Westfield Health) 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 working 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
- + unitised 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 (NICS) Pension Scheme. The scheme provides defined benefits to members (retirement lump sums and pensions). However, the arrangements for the NICS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

vii) **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.

viii) **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.

ix) **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.

x) **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. The Council has made no soft loans as at the Balance Sheet date.

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.

xi) 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.

xii) 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.

xiii) **Inventories & Long Term Contracts**

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

xiv) **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.

xv) **Leases**

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

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

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

The Council as Lessee - Finance Lease

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

Lease payments are apportioned between:

a. a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

b. a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

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

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

Operating Leases:

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

The Council as Lessor - Finance Lease

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

Lease rentals receivable are apportioned between:

a. a charge for the acquisition of the interest in the property – applied to write down the lease debtor together with any premiums received, and

b. finance income (credited to the Financing and Investment income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

The Council as Lessor - Operating Lease

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

xvi) **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.

xvii) **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.

xviii) **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.

xix) **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.

xx) **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.

xxi) **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.

xxii) **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.

xxiii) **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.

xxiv) **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.

xxv) **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 the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's 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.

xxvi) **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 2021/22 Code and relevant for additional disclosures that will be required in the 2020/21 financial statements are:

- Definition of a Business: Amendment to IFRS 3 Business Combinations

- Interest Rate Benchmark Reform: Amendments to IFRS 9, AIS 39 and IFRS 7

- Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

ij) 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 whether 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 charges will increase and the carrying amount of the assets will fall.

iv) Pension Liability

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

2

a Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, Rates income (domestic and non-domestic)) 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. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2020/21			2019/20		
	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	2,784,150	410,803	3,194,953	2,786,629	193,549	2,980,178
Director of Business & Communities	4,837,263	1,593,115	6,430,378	5,579,911	1,437,409	7,017,320
Director of Environment & Property	18,755,603	3,715,880	22,471,483	17,941,297	3,226,498	21,167,795
Director of Finance	2,979,197	51,854	3,031,051	2,999,674	81,408	3,081,082
Director of Leisure & Outdoor Recreation	6,682,247	4,171,686	10,853,933	5,829,360	4,569,123	10,398,483
Director of Organisational Development	2,026,390	188,483	2,214,873	2,365,651	20,902	2,386,553
Director of Public Health & Infrastructure	2,056,084	590,317	2,646,401	1,968,747	400,002	2,368,749
Non Distributed Cost	(12,845,510)	-	(12,845,510)	-	-	-
Net Cost of Services	27,275,424	10,722,138	37,997,562	39,471,269	9,928,891	49,400,160
Other Income and Expenditure	(46,654,637)	(4,356,149)	(51,010,786)	(47,229,794)	-	(47,229,794)
(Surplus) or Deficit	(19,379,213)	6,365,989	(13,013,224)	(7,758,525)	9,928,891	2,170,366
Opening General Fund			5,838,774			5,030,097
Surplus/ (Deficit) on General Fund Balance In Year			524,210			808,677
Closing General Fund			6,362,984			5,838,774

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
2020/21**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Tullyvar	Total adjustments
	€	€	€	€	€	€
Chief Executive	-	328,832	81,971	-		410,803
Director of Business & Communities	720,366	526,442	346,307	-		1,593,115
Director of Environment & Property	2,312,478	1,128,193	247,135	-	28,074	3,715,880
Director of Finance	-	-	51,854	-		51,854
Director of Leisure & Outdoor Recreation	2,953,522	1,089,712	128,452	-		4,171,686
Director of Organisational Development	-	123,190	65,293	-		188,483
Director of Public Health & Infrastructure	6,009	471,637	112,671	-		590,317
Net Cost of Services	5,992,375	3,668,006	1,033,683	-	28,074	10,722,138
Other Income and Expenditure from the Expenditure and Funding Analysis	(5,256,173)	967,000	(38,902)	(28,074)		(4,356,149)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	736,202	4,635,006	994,781	(28,074)	28,074	6,365,989

**Adjustments between Funding and Accounting Basis
2019/20**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Tullyvar	Total adjustments
	€	€	€	€	€	€
Chief Executive	-	159,120	34,429	-		193,549
Director of Business & Communities	612,907	554,754	11,819	257,929		1,437,409
Director of Environment & Property	2,010,739	926,733	44,289	-	244,737	3,226,498
Director of Finance	79,566	-	1,842	-		81,408
Director of Leisure & Outdoor Recreation	3,620,783	902,813	3,426	42,101		4,569,123
Director of Organisational Development	(10,000)	24,603	6,299	-		20,902
Director of Public Health & Infrastructure	7,326	390,805	1,871	-		400,002
Net Cost of Services	6,321,321	2,958,828	103,975	300,030	244,737	9,928,891
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	6,321,321	2,958,828	103,975	300,030	244,737	9,928,891

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 Adjustments

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

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 unringfenced government grants.

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

This represents the council's share of the net movement on Tullyvar (as per note 25) excluding the revaluation reserve movement.

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c Segmental Income and Expenditure

This represents the councils share of the net movement on Tullyvar (as per note 25) excluding the revaluation reserve movement.

	2020/21								
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense	Interest in the Profit or Loss of Associates and Joint Ventures Accounted for by the Equity Method	Income Tax Expense or Income	Material Non-cash Items other than Depreciation and Amortisation
	£	£	£	£	£	£	£	£	£
Chief Executive	1,588,943	20,007	-	-	-	-	-	-	-
Director of Business & Communities	5,079,727	3,398	-	-	-	-	-	-	-
Director of Environment & Property	1,084,948	-	-	-	-	-	-	-	-
Director of Finance	35,068	1,000	-	-	-	-	-	-	-
Director of Leisure & Outdoor Recreation	822,820	2,215	-	-	-	-	-	-	-
Director of Organisational Development	209,961	160	-	-	-	-	-	-	-
Director of Public Health & Infrastructure	1,494,232	7,960	-	-	-	-	-	-	-
Non Distributed Cost	14,268,758	-	-	-	-	-	-	-	-
Total Income Analysed on a segmental basis	24,584,457	34,740	-	-	-	-	-	-	-

	2019/20								
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense	Interest in the Profit or Loss of Associates and Joint Ventures Accounted for by the Equity Method	Income Tax Expense or Income	Material Non-cash Items other than Depreciation and Amortisation
	£	£	£	£	£	£	£	£	£
Chief Executive	1,631,099	6,673	-	-	-	-	-	-	-
Director of Business & Communities	3,860,307	42,213	-	-	-	-	-	-	-
Director of Environment & Property	1,291,653	36	-	-	-	-	-	-	-
Director of Finance	25,006	1,000	-	-	-	-	-	-	-
Director of Leisure & Outdoor Recreation	2,888,118	16,923	-	-	-	-	-	-	-
Director of Organisational Development	212,048	-	-	-	-	-	-	-	-
Director of Public Health & Infrastructure	1,641,615	14,770	-	-	-	-	-	-	-
Total Income Analysed on a segmental basis	11,549,846	81,615	-	-	-	-	-	-	-

3 a Expenditure and Income Analysed by Nature

Expenditure			
	Notes	2020/21 £	2019/20 £
Employee Benefits Expenses	7	28,178,582	27,217,676
Depreciation, Amortisation, Impairment	11	5,944,943	5,796,803
Interest Payments	9	236,433	264,014
Gain on the Disposal of Assets	8	(94,873)	(72,001)
Other Expenditure		29,562,517	28,727,646
Total Expenditure		63,827,602	61,934,138

Income			
	Notes	2020/21 £	2019/20 £
Interest and Investment Income	9	(5,329)	(7,075)
District rate income	10	(39,421,802)	(36,075,280)
Government grants and Contributions	10	(12,692,215)	(11,959,452)
Covid-19 Income		(15,752,664)	-
Other Income		(8,968,816)	(11,721,965)
Total Income		(76,840,826)	(59,763,772)

(Surplus) or Deficit on the Provision of Services		(13,013,224)	2,170,366
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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

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

	Notes	2020/21 £		2019/20 £	
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	47,432		662,124	
Depreciation charged in the year on non-current assets	11	5,944,943	5,992,375	5,796,803	6,458,927
Net Revenue expenditure funded from capital under statute	12		242,735		300,032
Carrying amount of non current assets sold	8	7,410		18,503	
Proceeds from the sale of PP&E, investment property and intangible assets	23	(102,283)	(94,873)	(90,504)	(72,001)
Net charges made for retirement benefits in accordance with IAS 19	20		8,640,000		7,732,000
Capital Grants and Donated Assets Receivable and Applied in year	10		(2,821,125)		(3,031,953)
Adjustments in relation to Short-term compensated absences	24		790,947		100,895
Provisions Discount Rate Reserve Adjustment	24		(38,902)		(39,475)
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		(2,340,176)		(1,950,934)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20		(4,004,994)		(4,153,172)
			6,365,987		5,344,319

b Net transfers (to)/from statutory and other earmarked reserves:		2020/21	2020/21	2019/20	2019/20
	Notes	£	£	£	£
Capital Fund					
Other	23	(10,000,000)	(10,000,000)	(3,145,360)	(3,145,360)
Other Funds and earmarked reserves					
From Other funds		(8,855,001)		780,084	
Other	23	-	(8,855,001)	-	780,084
Unusable reserves					
Capital Adjustment Account		-	-	-	-
			(18,855,001)		(2,365,276)

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 2020/21 (£0 in 2019/20).

b External Audit Fees

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

	2020/21	2019/20
	£	£
External Audit Fees	54,500	53,850
Other Fees	20,000	19,000
	74,500	72,850

The other fees of £20,000 (2019/20 £19,000) were incurred in respect of performance audit services provided by the appointed auditor.

6 Operating and Finance Leases Council as Lessor

a Finance Leases (Council as lessor)

The Council has no finance leases.

b Operating Leases (Council as lessor)

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

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for small local businesses
- any other purposes. Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £69,693.

The lease contracts are all non-cancellable and do not include an extension option. The lease terms are between 1 week and 1,000 years. Future minimum lease income is set out below:

	31st March 2021	31st March 2020
	£	£
Not later than 1 year	65,841	64,043
Later than 1 year and no later than 5 years	250,217	240,210
Later than 5 years	485,129	540,747
	801,187	845,000

Council as Lessee

c Finance 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 2021	31st March 2020
	£	£
Not later than 1 year	98,968	162,708
Later than 1 year and no later than 5 years	335,224	543,318
Later than 5 years	648,772	808,949
Total	1,082,964	1,514,975

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

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

	2020/21	2019/20
	£	£
Minimum lease payments	119,056	191,179
Total	119,056	191,179

7 Employee Costs and Member Allowances

a Staff Costs

	2020/21	2019/20
	£	£
Salaries and Wages	22,113,835	21,157,920
Employers NIC	1,947,601	1,806,557
Employers Superannuation	4,117,146	4,253,199
Total staff costs	28,178,582	27,217,676

In addition, agency costs during the year amounted to £177,750 (2019/20 £121,363).

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

At last actuarial valuation dated 31st March 2019 the funds assets meet 112% of liabilities at that date (2016-9.6%).

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees

	2020/21	2019/20
	FTE	FTE
Chief Executive	72	58
Director of Business & Communities	81	94
Director of Environment & Property	293	299
Director of Finance	31	28
Director of Leisure & Outdoor Recreation	174	172
Director of Organisational Development	53	57
Director of Public Health & Infrastructure	67	65
Total Number	771	773

	2020/21	2019/20
	Actual Numbers	Actual Numbers
Full-time numbers employed	622	622
Part-time numbers employed	353	352
Total Number	975	974

c Senior Employees' Remuneration		
	2020/21	2019/20
	£	£
£50,001 to £60,000	15	16
£60,001 to £70,000	2	2
£70,001 to £80,000	1	5
£80,001 to £90,000	6	1
£90,001 to £100,000	-	-
£100,001 to £110,000	-	-
£110,001 to £120,000	-	1
Total Number	24	25

d Members' Allowances

	2020/21	2019/20
	£	£
Basic allowance	619,384	602,582
Mayor's & Deputy Mayor's Allowance	21,500	21,500
Special Responsibility Allowances	48,500	48,319
Dependents' carers allowance	-	233
Employer costs	177,376	175,834
Mileage	12,619	36,251
Conferences and Courses	3,272	5,084
Total	882,651	889,803

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 2021.

For 2020/21, employers' contributions of £318,455 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 2020/21 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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

8 Other Operating Income & Expenditure

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

	2020/21	2019/20
	£	£
Proceeds from sale	(102,283)	(90,504)
Carrying amount of non-current assets sold (excl Investment Properties)	7,410	18,503
	(94,873)	(72,001)

Other Operating Expenditure		
	2020/21	2019/20
	£	£
(Surplus) / Deficit on Non Current Assets	(94,873)	(72,001)
	(94,873)	(72,001)

9 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2020/21	2019/20
	£	£
Government Loan Interest	236,433	264,014
	236,433	264,014

b Interest and Investment Income		
	2020/21	2019/20
	£	£
Bank Interest	5,329	7,075
	5,329	7,075

c Pensions interest costs and expected return on pensions assets		
	2020/21	2019/20
	£	£
Net interest on the net defined benefit liability (asset)	967,000	620,000
	967,000	620,000

Financing and Investment Income and Expenditure	2020/21			2019/20		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	236,433	-	236,433	264,014	-	264,014
Interest and Investment Income	-	(5,329)	(5,329)	-	(7,075)	(7,075)
Pensions interest cost	967,000	-	967,000	620,000	-	620,000
	1,203,433	(5,329)	1,198,104	884,014	(7,075)	876,939

10 Taxation and Non Specific Grant Income

a Revenue Grants		
	2020/21	2019/20
	£	£
General	(9,871,090)	(8,927,499)
	(9,871,090)	(8,927,499)

c Capital Grants and Donated Assets - Applied		
	2020/21	2019/20
	£	£
Government & Other Grants - Conditions met and applied in	(2,821,125)	(3,031,953)
	(2,821,125)	(3,031,953)

e District Rates		
	2020/21	2019/20
	£	£
Current year	(39,040,083)	(36,075,280)
Finalisation - other years	(381,719)	-
	(39,421,802)	(36,075,280)

Taxation and Non Specific Grant Income		
	2020/21	2019/20
	£	£
District Rate Income	(39,421,802)	(36,075,280)
Revenue Grants	(9,871,090)	(8,927,499)
Capital Grants and Contributions	(2,821,125)	(3,031,953)
	(52,114,017)	(48,034,732)

Mid Ulster District Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2021

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 2020	25,731,450	106,826,754	871,623	-	17,155,882	270,297	2,851,838	-	153,707,844	72,000	-	153,779,844
Adjustments between cost/value & depreciation/impairment	-	(4,555,353)	-	-	-	-	-	-	(4,555,353)	-	-	(4,555,353)
Balance as at 1 April 2020	25,731,450	102,271,401	871,623	-	17,155,882	270,297	2,851,838	-	149,152,491	72,000	-	149,224,491
Additions	-	1,011,467	32,329	-	871,312	-	5,208,121	-	7,123,229	-	-	7,123,229
Revaluation increases/(decreases) to Revaluation Reserve	126,000	(529,375)	-	-	-	-	-	-	(403,375)	-	-	(403,375)
Revaluation increases/(decreases) to Surplus or Deficit on the Provision of Services	6,020	(53,452)	-	-	-	-	-	-	(47,432)	-	-	(47,432)
Impairment to Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(6,020)	-	-	-	(579,135)	-	(1,390)	-	(586,545)	-	-	(586,545)
Reclassifications & Transfers	-	335,720	180,600	-	-	-	(516,320)	-	-	-	-	-
Balance as at 31 March 2021	25,857,450	103,035,761	1,084,552	-	17,448,059	270,297	7,542,249	-	155,238,368	72,000	-	155,310,368
Depreciation and Impairment												
Balance as at 1 April 2020	-	368,304	679,791	-	13,102,350	22,470	4,287	-	14,177,202	-	-	14,177,202
Adjustments between cost/value & depreciation/impairment	-	(4,555,353)	-	-	-	-	-	-	(4,555,353)	-	-	(4,555,353)
Balance as at 1 April 2020	-	(4,187,049)	679,791	-	13,102,350	22,470	4,287	-	9,621,849	-	-	9,621,849
Depreciation Charge	-	4,686,295	20,700	-	1,226,713	11,235	-	-	5,944,943	-	-	5,944,943
Derecognition - Disposals	-	-	-	-	(579,135)	-	-	-	(579,135)	-	-	(579,135)
Balance as at 31 March 2021	-	499,246	700,491	-	13,749,928	33,705	4,287	-	14,987,657	-	-	14,987,657
Balance as at 31 March 2021	25,857,450	102,536,515	384,061	-	3,698,131	236,592	7,537,962	-	140,250,711	72,000	-	140,322,711

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 2019	24,888,469	97,126,694	871,623	-	16,411,191	270,297	2,358,506	-	141,926,780	72,000	-	141,998,780
Adjustments between cost/value & depreciation/impairment	-	(4,571,894)	-	-	-	-	-	-	(4,571,894)	-	-	(4,571,894)
Balance as at 1 April 2019	24,888,469	92,554,800	871,623	-	16,411,191	270,297	2,358,506	-	137,354,886	72,000	-	137,426,886
Additions	-	476,899	-	-	1,576,401	-	7,341,438	-	9,394,738	-	-	9,394,738
Revaluation increases/decreases to Revaluation Reserve	799,274	7,653,363	-	-	-	-	417	-	8,453,054	-	-	8,453,054
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	43,707	(705,831)	-	-	-	-	-	-	(662,124)	-	-	(662,124)
Derecognition - Disposals	-	(1,000)	-	-	(831,710)	-	-	-	(832,710)	-	-	(832,710)
Reclassifications & transfers	-	6,848,523	-	-	-	-	(6,848,523)	-	-	-	-	-
Balance as at 31 March 2020	25,731,450	106,826,754	871,623	-	17,155,882	270,297	2,851,838	-	153,707,844	72,000	-	153,779,844
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 2019	-	428,445	659,091	-	12,663,442	11,235	4,287	-	13,766,500	-	-	13,766,500
Cost/value & depreciation/impairment	-	(4,571,894)	-	-	-	-	-	-	(4,571,894)	-	-	(4,571,894)
Balance as at 1 April 2019	-	(4,143,449)	659,091	-	12,663,442	11,235	4,287	-	9,194,604	-	-	9,194,604
Depreciation Charge	-	4,511,753	20,700	-	1,253,115	11,235	-	-	5,796,803	-	-	5,796,803
Derecognition - Disposals	-	-	-	-	(814,207)	-	-	-	(814,207)	-	-	(814,207)
Balance as at 31 March 2020	-	368,304	679,791	-	13,102,350	22,470	4,287	-	14,177,202	-	-	14,177,202
Net Book Values												
Balance as at 31 March 2020	25,731,450	106,458,450	191,832	-	4,053,532	247,827	2,847,551	-	139,530,642	72,000	-	139,602,642
Balance as at 31 March 2021	25,857,450	102,536,515	384,061	-	3,698,131	236,592	7,537,962	-	140,250,711	72,000	-	140,322,711

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, except for a number of assets identified, particularly in relation to office buildings, which in the opinion of LPS continue to be faced with an unprecedented set of circumstances caused by Covid-19 and an absence of relevant/sufficient market evidence on which LPS base judgement. However, LPS advised that their material uncertainty clause serves as a precaution and does not invalidate the valuation.

11 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.

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 finance 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 (CF), 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		2020/21	2019/20
		£	£
Opening Capital Financing Requirement		23,615,630	18,903,747
Capital Investment			
Property, Plant and Equipment	11	7,123,229	9,394,738
Revenue Expenditure Funded from Capital under Statute		242,735	300,032
Sources of Finance			
Government Grants and Other Contributions	10	(2,821,125)	(3,031,953)
Sums set aside from Revenue:			
Minimum Revenue Provision		(2,340,176)	(1,950,934)
Closing Capital Financing Requirement		25,820,293	23,615,630

Explanation of Movements in Year	2020/21	2019/20
	£	£
Increase in underlying need to borrow	2,204,663	4,711,883
Increase/(decrease) in Capital Financing Requirement	2,204,663	4,711,883

13 Future Capital Commitments

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

A number of village and rural development capital projects totalling £5.2m were committed to at the year end and there were a number of other - not yet specified in sufficient detail and/or subject to tender and therefore unable to reasonably estimate.

14 Inventories	2020/21	2019/20
	£	£
Central Stores	163,417	158,477
Other	25,420	26,009
Total	188,837	184,486

15 Debtors			
Short Term Debtors		2020/21	2019/20
		£	£
Government Departments		5,369,807	4,347,908
Other Councils		483,582	275,773
Value Added Tax		1,428,951	1,303,283
Prepayments		253,973	252,947
Other		336,243	961,025
Trade receivables		293,396	347,922
Impairment loss - Trade receivables		(234,995)	(202,917)
Total Short-Term Debtors		7,930,957	7,285,941
Total Debtors		7,930,957	7,285,941

16 Borrowings			
a Short Term Borrowing		2020/21	2019/20
		£	£
Loans re-payable within one year		679,123	654,960
Total Short Term Borrowing		679,123	654,960

b Long Term Borrowing		2020/21	2019/20
		£	£
Between 1 and 2 years		696,022	679,123
Between 2 and 5 years		1,310,263	1,670,878
Between 5 and 10 years		1,144,839	1,293,464
In more than 10 years		1,629,542	1,816,323
Government Loans Fund		4,780,666	5,459,788

Total Borrowing		5,459,789	6,114,748
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17 Creditors			
a Short Term Creditors		2020/21	2019/20
		£	£
Government Departments		203,987	279,322
Other Councils		37,469	38,917
Remuneration due to employees		1,401,442	1,984,961
Accumulated Absences		1,266,887	475,940
Loan Interest Payable		37,419	41,257
Receipts in advance		1,217,778	906,951
Trade creditors		7,985,465	6,324,939
Other		395,216	379,840
Total Short Term Creditors		12,545,663	10,432,127
Total Creditors		12,545,663	10,432,127

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 13,508 invoices totalling £32,367,550.

The number of disputed invoices were 135.

The Council paid:

12,873 (95%) invoices with 30 calendar days target;
10,931 (81%) invoices within 10 working days target; and
635 invoices outside of the 30 day target.

The average number of days taken to pay suppliers during the year was 10 days.

Provisions	Balance as at 1 April 2020 £	Increase / (Decrease) in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Balance as at 31 March 2021 £
Landfill Closure	1,638,608	(50,515)	11,119	-	84,863	1,684,075
Tullyvar	162,655	(56,226)	(31,410)	-	20,697	95,716
Other	790,794	-	(134,391)	-	-	656,403
Total	2,592,057	(106,741)	(154,682)	-	105,560	2,436,194

Current Provisions	-	-	-	-	-	-
Long Term Provisions	2,592,057	(106,741)	(154,682)	-	105,560	2,436,194

Total	2,592,057	(106,741)	(154,682)	-	105,560	2,436,194
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Comparative Year

Provisions	Balance as at 1 April 2019 £	Increase/ (Decrease) in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Restated Balance as at 31 March 2020 £
Landfill Closure	1,721,219	(13,113)	(22,824)	-	(46,674)	1,638,608
Tullyvar	336,526	88,599	(249,541)	-	(12,929)	162,655
Other	1,011,694	300,000	(520,900)	-	-	790,794
Total	3,069,439	375,486	(793,265)	-	(59,603)	2,592,057

Long Term Provisions	3,069,439	375,486	(793,265)	-	(59,603)	2,592,057
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Total	3,069,439	375,486	(793,265)	-	(59,603)	2,592,057
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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 made provision 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 2021

	Non-Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	£
Amortised cost	-	-	-	293,396	293,396
Total Financial Assets	-	-	-	293,396	293,396
Total	-	-	-	293,396	293,396

Financial Assets as at 31 March 2020

	Non-Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	£
Amortised cost	-	-	-	347,922	347,922
Total Financial Assets	-	-	-	347,922	347,922
Total	-	-	-	347,922	347,922

Financial Liabilities as at 31 March 2021

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Amortised cost	4,780,666	-	679,123	7,985,465	13,445,254
Total financial liabilities	4,780,666	-	679,123	7,985,465	13,445,254
Total	4,780,666	-	679,123	7,985,465	13,445,254

Financial Liabilities as at 31 March 2020

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Amortised cost	5,459,788	-	654,960	6,324,939	12,439,687
Total financial liabilities	5,459,788	-	654,960	6,324,939	12,439,687
Total	5,459,788	-	654,960	6,324,939	12,439,687

Financial Liabilities	31st March 2021		31st March 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Financial liabilities held at amortised cost	5,459,789	6,416,853	6,114,748	7,065,269
Total	5,459,789	6,416,853	6,114,748	7,065,269

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

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	2020/21 £	2019/20 £
Net cost of services:			
Current service cost		7,561,000	7,085,000
Past service cost/(gain)		112,000	27,000
Net interest on net defined benefit Liability (asset)		967,000	620,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		8,640,000	7,732,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(8,640,000)	(7,732,000)
Employers' contributions payable to scheme		4,004,994	4,153,172
Net adjustment to General Fund		(4,635,006)	(3,578,828)

The service cost figures include an allowance for administration expenses of £101,000.

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2020/21 £	2019/20 £
Liability gains/(losses) due to change in assumptions		(40,780,000)	(3,751,000)
Liability gains/(losses) due to due to demographic changes		-	5,643,000
Liability experience gains/(losses) arising in the year		1,404,000	(2,239,000)
Actuarial gains/(losses) on plan assets		27,044,000	(13,163,000)
Other		66,006	(88,172)
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		(12,265,994)	(13,598,172)

C Assets and liabilities in relation to retirement benefits			
Reconciliation of present value of the scheme liabilities:			
	Note	2020/21 £	2019/20 £
Balance as at 1 April		165,013,415	155,216,243
Current service cost		7,561,000	7,085,000
Interest cost		3,781,000	3,865,000
Contributions by members		1,277,000	1,187,000
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		40,780,000	3,751,000
Actuarial gains/losses arising from demographic changes		-	(5,643,000)
Actuarial gains/losses arising on liabilities from experience		(1,404,000)	2,239,000
Other (if applicable)		(66,006)	88,172
Past service costs/(gains)		112,000	27,000
Estimated unfunded benefits paid		(15,000)	(16,000)
Estimated benefits paid		(2,840,000)	(2,786,000)
Balance as at 31 March		214,199,409	165,013,415

Reconciliation of present value of the scheme assets:			
	Note	2020/21 £	2019/20 £
Balance as at 1 April		121,032,415	128,412,243
Interest Income		2,814,000	3,245,000
Contributions by members		1,277,000	1,187,000
Contributions by employer		3,989,994	4,137,172
Contributions in respect of unfunded benefits		15,000	16,000
Remeasurement gain/(loss)		27,044,000	(13,163,000)
Unfunded benefits paid		(15,000)	(16,000)
Benefits paid		(2,840,000)	(2,786,000)
Balance as at 31 March		153,317,409	121,032,415

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

The actual return on scheme assets in the year was a gain of £29,858,000 (2019/20 gain of £9,918,000).

Fair Value of Plan Assets	2020/21 £	2019/20 £
Equity investments	71,032,071	51,574,116
Bonds	54,769,869	46,852,542
Property	13,654,113	12,106,600
Cash	8,131,101	5,690,102
Other	5,829,846	4,842,640
	153,417,000	121,066,000

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):

	2020/21 £	2019/20 £
Fair Value of Employer Assets	153,317,409	121,032,415
Present value of funded defined benefit obligation	(213,966,409)	(164,759,415)
Pension asset/(liability) of Funded Scheme	(60,649,000)	(43,727,000)
Present Value of unfunded defined benefit obligation	(233,000)	(254,000)
Net asset/(liability) arising from the defined benefit obligation	(60,882,000)	(43,981,000)
Amount in the Balance sheet:		
Net Liabilities	(60,882,000)	(43,981,000)
Net Asset/(Liability)	(60,882,000)	(43,981,000)

d Scheme History		
Analysis of scheme assets and liabilities		
	2020/21	2019/20
	£	£
Fair Value of Assets in pension scheme	153,317,409	121,032,415
Present Value of Defined Benefit Obligation	(214,199,409)	(165,013,415)
Surplus/(deficit) in the Scheme	(60,882,000)	(43,981,000)
Amount recognised in Other Comprehensive Income and Expenditure:		
	2020/21	2019/20
	£	£
Actuarial gains/(losses)	(39,309,994)	(435,172)
Expected Return on Plan Assets	27,044,000	(13,163,000)
Remeasurements recognised in Other Comprehensive Income and Expenditure	(12,265,994)	(13,598,172)
Cumulative actuarial gains and losses	(23,102,972)	(10,836,978)
History of experience gains and losses:		
Experience gains and (losses) on assets	27,044,000	(13,163,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £60,882,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

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

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

	31/03/2022	31/03/2022
	£	
Projected current cost	10,839,000	0.0%
Net interest on the net defined benefit liability (asset)	1,236,000	0.0%
	12,075,000	0.0%

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2022 is £10,839,000.

History of experience gains and losses

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

	2020/21	2019/20
	%	%
Experience (gains and (losses) on Assets	17.64%	-10.88%

e Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2021.

Pension scheme assumptions:		2020/21	2019/20
Mortality assumptions:			
Longevity at 65 current pensioners:		Years	Years
Men		21.9	21.8
Women		25.1	25.0
Longevity at 65 for future pensioners:			
Men		23.3	23.2
Women		26.5	26.4
Inflation/Pension Increase Rate		2.70%	2.00%
Salary Increase Rate		4.20%	3.50%
Expected Return on Assets		2.70%	2.00%
Discount Rate		2.10%	2.30%
Pension accounts revaluation rate		2.70%	2.00%
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 2021 is set out below.

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

Funded Pension Scheme Benefits

Discount Rate Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to discount rate		
Present value of the total obligation	209,785,000	218,561,000
% change in the present value of the total obligation	-2.00%	2.10%
Projected service cost	10,470,000	11,218,000
Approximate % change in projected service cost	-3.40%	3.50%
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	215,136,000	212,996,000
% change in the present value of the total obligation	0.50%	0.50%
Projected service cost	10,839,000	10,839,000
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	217,491,000	210,855,000
% change in the present value of the total obligation	1.60%	-1.50%
Projected service cost	11,218,000	10,470,000
Approximate % change in projected service cost	3.50%	-3.40%
Post Retirement Mortality Assumption		
	- 1 Year	+1 Year
Adjustment to mortality age rating assumption*		
Present value of the total obligation	221,772,000	206,360,000
% change in the present value of the total obligation	3.60%	-3.60%
Projected service cost	11,283,000	10,405,000
Approximate % change in projected service cost	4.10%	-4.00%

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

	31/03/2021	31/03/2020
Equity investments	46.30%	42.60%
Government Bonds	23.60%	26.10%
Corporate Bonds	12.10%	12.60%
Property	8.90%	10.00%
Cash	5.30%	4.70%
Other	3.80%	4.00%
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 31/03/21. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2021.

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

21 Contingencies

a Contingent Liabilities

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:

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

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 2021. 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 Mid Ulster District 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 2021 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 (and continues to) not accept that the Council provides leisure and recreational activities pursuant to a special legal regime without causing any significant distortion of competition. Although the Council succeeded in its claim to the First Tier Tax Tribunal, which issued its decision in late 2020, HMRC subsequently lodged an application to appeal to the Upper Tier Tax Tribunal. The application to lodge an appeal was successful but a date has yet to be set for the Appeal Hearing. Pending the outcome of the appeal, it is not practical to reliably predict the chances of HMRC appeal succeeding, but if the appeal is dismissed, the benefit to the Council could approximate to £4 million.

Mid Ulster District Council
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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	2020/21	2019/20
		£	£
Depreciation	11	5,944,943	5,796,803
Impairment & downward revaluations (& non-sale derecognitions)	11	47,432	662,124
(Increase)/Decrease in inventories		(4,351)	5,334
(Increase)/Decrease in Debtors		(428,020)	(978,918)
Increase/(decrease) in impairment provision for bad debts		32,078	41,181
Increase/(Decrease) in Creditors		1,371,665	2,660,903
Payments to NILGOSC	20	4,635,006	3,578,828
Carrying amount of non-current assets sold	8	7,410	18,503
Contributions to Other Reserves/Provisions		(155,863)	(477,382)
		11,450,300	11,307,376

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing			
	Notes	2020/21	2019/20
		£	£
Proceeds from the sale of PP&E, investment property and intangible assets		(102,283)	(90,504)
Capital grants included in "Taxation & non-specific grant income"		(2,821,125)	(3,031,953)
		(2,923,408)	(3,122,457)

b Cash and Cash Equivalents

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

	2020/21	2019/20	2018/19
	£	£	£
Cash and Bank balances	31,020,778	13,842,645	14,906,442
	31,020,778	13,842,645	14,906,442

c Cash Flow Statement: Operating Activities

	2020/21	2019/20
	£	£
The cash flows from operating activities include:		
Interest received	5,329	7,075
Interest paid	-	-

d Cash flows from Investing Activities

	2020/21	2019/20
	£	£
Purchase of PP&E, investment property and intangible assets	(6,381,358)	(9,594,114)
Proceeds from the sale of PP&E, investment property and intangible assets	102,283	90,504
Capital Grants and Contributions Received	2,572,051	3,057,445
Net Cash flows from Investing Activities	(3,707,024)	(6,446,165)

e Cash flows from Financing Activities	2020/21	2019/20
	£	£
Repayment of Short and Long Term Borrowing	(654,959)	(632,185)
Net Cash flows from Financing Activities	(654,959)	(632,185)

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	31/03/2021	31/03/2020
		£	£
At 1 April		296,531	206,027
Movement		102,283	90,504
At 31 March		398,814	296,531

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	31/03/2021	31/03/2020
		£	£
At 1 April		16,322,882	13,177,522
Transfers between statutory & other reserves & the General Fund		10,000,000	3,145,360
At 31 March		26,322,882	16,322,882

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	31/03/2021	31/03/2020
		£	£
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

d Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2021	31/03/2020
		£	£
At 1 April		4,844,577	5,624,661
Transfers between statutory & other reserves & the General Fund	4	8,855,001	(780,084)
At 31 March		13,699,578	4,844,577

The amount of £8,855,001 includes £5,232,265 (made up of £499,000 DfC active travel funding and £4,733,265 DfC specific Covid-19 financial support) which DfC instruction required to be allocated to reserves in anticipation of being expended during 2021/22.

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	31/03/2021	31/03/2020
		£	£
At 1 April		5,838,774	5,030,097
Applied Capital Grants	10, 12	(2,821,125)	(3,031,953)
Depreciation and Impairment adjustment	4	5,992,375	6,458,927
Statutory Provision for financing Capital Investment	4	(2,340,176)	(1,950,934)
Net Revenue expenditure funded from capital under statute	4, 12	242,735	300,032
Surplus/(Deficit) on the Provision of Services	CIES	13,013,224	(2,170,366)
Transfers between Statutory and Other Reserves and the General Fund	4	(18,855,001)	(2,365,276)
Net movements on Pension Reserve	4, 20	4,635,006	3,578,828
Disposal of Fixed Assets/Capital Sales	3, 4, 11, 23	(94,873)	(72,001)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		790,947	100,895
Other Movements		(38,902)	(39,475)
At 31 March		6,362,984	5,838,774

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	31/03/2021	31/03/2020
		£	£
At 1 April		64,667,461	65,014,208
Applied Capital Grants	10, 12	2,821,125	3,031,953
Depreciation & Impairment adjustment	11	(5,992,375)	(6,458,927)
Statutory Provision for financing Capital Investment	4, 12	2,340,176	1,950,934
Net Revenue expenditure funded from Capital under statute	4, 12	(242,735)	(300,032)
Disposal of Fixed Assets/ Capital Sales	4, 11	(7,410)	(18,503)
Other Movements		1,854,171	1,447,828
At 31 March		65,440,413	64,667,461

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	31/03/2021	31/03/2020
		£	£
At 1 April		51,319,552	44,314,326
Revaluation & Impairment	11	(403,375)	8,453,054
Other Movements		(1,854,171)	(1,447,828)
At 31 March		49,062,006	51,319,552

c Pension Reserve

Pension Reserve	Notes	31/03/2021	31/03/2020
		£	£
At 1 April		(43,981,000)	(26,804,000)
Net Movements on Pension Reserve	4, 20	(4,635,006)	(3,578,828)
Revaluation & Impairment	20	(12,265,994)	(13,598,172)
At 31 March		(60,882,000)	(43,981,000)

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.

d 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	31/03/2021	31/03/2020
		£	£
At 1 April		(475,940)	(375,045)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(790,947)	(100,895)
At 31 March		(1,266,887)	(475,940)

e Provisions Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2017/18 accounts direction (see DfC circular 17/18), 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.

Subject to agreement with the Department, this arrangement allows a council to spread the cost of the impact of discount rate changes over a period of not more than 6 years.

Provisions Discount Rate Reserve	Notes	31/03/2021	31/03/2020
		£	£
At 1 April		(1,050,460)	(1,089,935)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		38,902	39,475
At 31 March		(1,011,558)	(1,050,460)

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 £717,511 (2019/20 £738,840). An amount of £526,078, (2019/20 £458,528) has been offset against this provision resulting in a net discounted provision of £191,433 (2019/20 £325,312). 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 closed but will be "mothballed" for a number of years with the potential for re-opening if cell 4 should the need arise. A review undertaken by WDR & RT Taggart resulted in a reduction in the number of years the site is predicted to require aftercare. The previous review in 2014 was based on an aftercare period of 60 years which was the standard at the time and the period recommended by the NIEA. The most recent modelling has estimated a revised aftercare period of 19 years for Tullyvar. The Northern Ireland Environment Agency have reviewed Tullyvar's financial provision for landfill capping and aftercare costs in line with its paper "Financial Provision for waste management activities in NI" and have confirmed they are comfortable with the current provision.

Golder Associates previously reviewed the site gas generation potential and modelled the income projection. Their model has been reviewed by management to reflect more recent actual gas generation and income figures. The future projected discounted gas income is £526,078 over the next 7 years (2019/20 £458,528).

The value of Mid Ulster's investment in Tullyvar is £1,957,321 (2019/20 £2,115,240) which represents half of Tullyvar's net assets employed and is broken down as follows:-

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

The movement in Mid Ulster District Council's investment in Tullyvar is a decrease of £157,919 (2019/20 £278,824) which is broken down as follows;

	2020/21 £	2019/20 £
Sales	-	565
Gas Income	52,535	64,848
Other	7,917	18,288
Total Income	60,452	83,701
Administration Costs	28,750	41,650
Operating Costs	202,774	294,888
Total costs	231,524	336,538
Distribution of funds	-	-
Revaluation reserve movement	5,053	(34,087)
Landfill Regulation Reserve Movement	8,100	8,100
Net Movement	(157,919)	(278,824)

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council.

The Council also paid grants of £331,623 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 £13,200 in respect of a management fee from Tullyvar Waste Joint Committee.

During 2020/21 the Council made payments of £346,015 to other Councils, and owed £37,469 (see note 17a) at 31 March 2021, and received £274,824 from other Councils and were owed £483,582 (see note 15a) at 31 March 2021. These amounts mainly related to services provided.

Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on November 2021