

Financial Statements

For the year ended
31 March 2023



Ards and
North Down
Borough Council

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



Narrative Report

Introduction

These financial statements set out Ards and North Down Borough Council's financial performance during the financial year 2022/23 and its financial position at the end of that year. The Council's financial performance for the year ended 31 March 2023 is as set out in the Comprehensive Income and Expenditure Statement (pages [48-49](#)), the Movement of Reserves Statement (pages [50-51](#)), and its financial position is as set out in the Balance Sheet (page [52](#)) and Cash Flow Statement (page [53](#)).

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

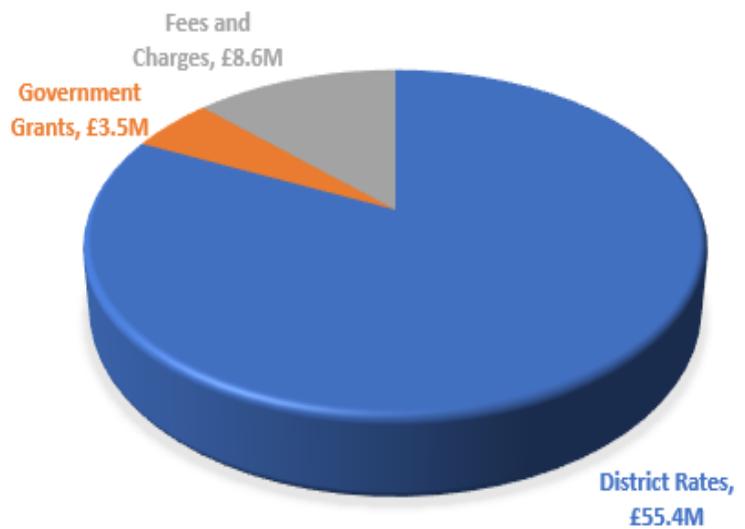
These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31 March 2023 (the Code) and the Department for Communities Accounts Direction, Circular LG 07/23 dated 10 February 2023 and are the 'Statement of Accounts' the Council is required to prepare under Regulation 7 of the Local Government (Accounts and Audit) Regulations 2015.

Organisation Overview and External Environment

The Council operates a traditional model of decision making for local government and is organised into five directorates plus the Chief Executive's Office. Each of these directorates are further divided into Services as follows:



The Council delivers a broad range of local services covering among others: community development, leisure, parks and cemeteries, waste collection and disposal, economic development and tourism, environmental health, building control, planning and off-street car parking. It directly employs over 800 staff and has a budget of £66M. In addition, it participates in a number of strategic partnerships with other councils, private operators, public bodies and third sector organisations in order to deliver its vision for the Borough.



The Council vision is to make ‘Ards and North Down a vibrant, connected, healthy, safe and prosperous place to be’. It has set its objectives out in the context of its [Corporate Plan Towards 2024](#). Service Plans are produced and published on an annual basis, detailing how the Council intends to meet the Corporate Objectives. Key improvement activities are also published annually in the Council’s Performance Improvement Plan (PIP).

The Council’s Corporate Objectives are themed as follows:

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



The Council operates in the context of [The Big Plan](#) , which is the Community Plan for the Borough (see below). At its heart is an integrated approach to strategic development, not only for the Council, but for everyone in the Borough who has an interest in making Ards and North Down a better place to live, work, visit and invest. In 2022, a review of the Big Plan was Completed. [The Big Plan Part II Our Big Priorities](#) identified 10 priorities for the Community Planning Partnership to focus on. The Council’s Corporate Plan, which sits below the Community Plan, is supported by key strategies including the Integrated Strategy for Tourism, Regeneration and Economic Development and the Integrated Strategy for Arts and Heritage. Internally the Council is working to deliver an agenda of transformation to enhance and improve internal processes, as well as delivering, better engagement with, and services for, the communities we serve.



The Council builds its culture around the values below:



- **Progressive** – We will be proactive, ambitious, innovative, forward thinking and outward looking.
- **Respect** – We will treat everyone in a fair and equitable manner, respecting diversity and each other’s roles.
- **Integrity** – We will always be open, honest, transparent, trustworthy and accountable in our business relationships.
- **Delivery** – We will ensure a “can do” attitude, being passionate about achieving results, performance driven, and outcome focussed.
- **Excellence** – We will strive to deliver continuously improving and excellent quality services, whilst ensuring value for money.

Governance

The governance arrangements of the Council are set out in the Governance Statement (pages [15 - 33](#)) and there have been no significant changes in approach in the course of the year, with the exception of the necessity to move to remote working where possible for staff and Council meetings.

Operational Model

The Council published the Big Plan for Ards and North Down in March 2017. This details a commitment from all partners who are members of the Strategic Community Planning Partnership on the five outcomes they will collectively work towards achieving for the people of Ards and North Down. In accordance with Community Planning Guidance, the first Statement of Progress was published in November 2019. This initiated a review of the existing implementation methodology and the agreement of a refined list of ten community planning collaborative priorities. A second statement of progress was published in November 2021. The Big Plan Part II was published in April 2022. This updated the whole population indicators and set out the issues the Strategic Community Plan will focus its attention on.



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



Inputs

- Council receives over 80% of its funding through the local property tax (often referred to as the district rates) and 13% from fees and charges for the use of a range of services.
- Council employs more than 900 staff. These staff are recruited according to the Local Government Staff Commission guidance. The Council's Learning and Development Strategy provides the framework for maintaining and enhancing the skills of the workforce, through on the job training, Pride in Performance conversations, formal training, part-time study and mentoring.
- The Council owns 351 properties and has a fleet of 205 vehicles, all of which are maintained in a proactive manner.

Activities and Outputs

The Council is organised into five directorates that are further divided into 18 service units with an aim to provide customer and outcome focussed services to residents, businesses and visitors. Although these services concentrate specialised skills around common themes, the Council endeavours to provide unified and complementary services using a range of collaborative forums, such as Corporate Leadership Team, Heads of Service Team and Service Unit Managers Forum, in addition to address ad hoc or specialist issues.

The Council engages with a number of strategic partners in order to deliver some of its services within its Community & Culture, Leisure, Waste & Cleansing, Regulatory, Regeneration, Tourism and Economic Development Services.

The Council's Planning Service relies on extensive detailed input from a range of statutory consultees that are outside the Council's authority, such as Government Departments, and which continue to experience resourcing issues relating to staff in post and expertise. This has had a direct impact on the processing of planning applications and, therefore, on the achievement of the statutory performance indicators. In addition, the introduction of the new NI Planning Portal, which went live on 05 December 2022, affected output and performance. Work is ongoing to resolved issues with the system.

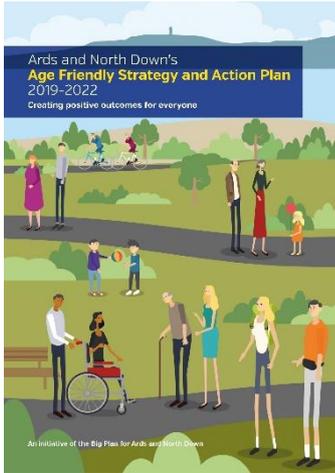
In addition, Councillors participate in a range of regional bodies and Officers participate in a wide range of local government professional groups, in order to provide co-ordination across local government in Northern Ireland.

Outcomes

The outcomes within the Council's Corporate Plan are aligned to those within the Big Plan (the Community Plan). The Council, as facilitator of community planning for the Borough works in partnership with statutory partners, government departments and the community and voluntary sector to work towards these high-level aspirational outcomes. Workstreams (formally referred to as thematic groups) have been established to help focus Council resources on these outcomes. Workstreams have been set up for all five outcomes.

A workstream that is a sub-group of our Strategic Community Planning Partnership is focused on public estate and land issues. The purpose of this group is to share information about capital build projects and to identify areas where collaboration will improve the outcomes for our citizens. The Council has shared the review of its estate with Strategic Partners and this had led to Expressions of Interest being put forward to co-locate front facing services in, for example, the proposed Newtownards Citizen Hub. Other discussions are ongoing about the land requirements of different partners and a shared project to map land ownership on Council's Geographic Information System (GIS) portal is underway.





Aligning Corporate Plan and Community Plan outcomes has resulted in increased levels of collaboration across Council directorates to the benefit of the citizen. The Council applied to be part of the World Health Organisation's Age Friendly programme in recognition of our ageing population. An Age Friendly Alliance has been established with representation across Government Departments and community planning partners. Internally, cross-directorate programmes have been developed that recognise the contribution each service makes to ensuring all people in Ards and North Down live in communities where they are respected, safe and feel secure. Resources are being shared to develop walkability audits of public spaces that will demonstrate high levels of stakeholder engagement and that we are listening to our citizens. An Over 50s Council has been established and members are helping to develop a new Age Friendly Action Plan that will be informed by their needs, opinions and experiences. A hard copy (and digital version) Big Guide to Age Friendly Services was produced and distributed via our Age Friendly Alliance. A Dementia Friendly Workstream Group (aligned with Age Friendly) has also been established.

Partnerships to deliver against our outcomes have been established across all PEOPLE priorities and Community Plan Priorities. This is enabling us to use our resources to contribute to other important agendas such as health reform and how local health commissioning will happen in the future. Collaboration is happening between community development, education, and the police to improve how young people have a voice via the establishment of a Youth Council. This is directly contributing to our outcome that all people in Ards and North Down fulfil their lifelong potential.

An 'outcomes approach' is still relatively new. It relies on having access to an evidence base that can be used to measure whether the work Council and its partners are undertaking is making a difference. We have used our resources to undertake a comprehensive assessment of wellbeing that helps us identify the issues we need to focus on to contribute to the five outcomes identified.

In addition, the period covered by this report was dominated by high inflationary economic environment. The Council benefited from Government support in respect of utility prices although Council still needed use £5M of reserves to mitigate these cost pressures.



The Cost-of-living crisis highlighted the struggles people living in Ards and North Down face. Via the work of the Community Support Steering Group the Borough opened its first Social Supermarket – located in Newtownards but operating an outreach model across the Borough. It also developed a campaign to promote the location and activities of Warm Spaces that opened in the winter for people who struggled with the cost of heating their homes adequately.

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

How the Council spent its resources is set out in its Comprehensive Income and Expenditure statement on pages [46-47](#).



Risks and Opportunities

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

Risks

✦ **Brexit**

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

Uncertainty exists on future funding, such as access to the UK Shared Prosperity Fund, to replace EU funds, which Council has relied on to optimise delivery of many support programmes. This will put a strain on Council resources should it not be in place post March 2023 or be forthcoming in a timely manner.

✦ **Political Instability**

The current uncertainty regarding the re-establishment of the Northern Ireland Assembly and Northern Ireland Executive may have significant impact on the Council's ability to plan in the short to medium term due to the lack of a multi-year Executive budget. This provides difficulties particularly in respect of multi-year programmes and capital projects.

✦ **Northern Ireland Executive Budget**

Some Council services are at risk due to budget cuts that are expected due to the very tight budgetary settlement for the Executive. This uncertainty will have implications in the delivery of community, economic development and regeneration areas, curtailing Council's ability to assist those in our community who need help and support during the cost-of-living crisis, support businesses and regenerate communities.

✦ **Resourcing**

The Council has ambitious plans and strategies for the pursuit of prosperity in the Borough. Resourcing these plans requires finance, assets and talent. Currently, in common with many organisations, the Council is experiencing significant difficulties in recruiting staff and in managing rising utility costs. These pressures will inhibit the Council's ability to deliver on its plans.

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

Opportunities

✓ **Sustainability commitments**

Ards and North Down Borough Council was the first local authority in Northern Ireland to declare a climate emergency and has developed a Roadmap to Sustainability (which was approved in March 2021). We view sustainability as a unique selling point for the Council, which can help us to deliver better services for residents, businesses and visitors. We are committed to integrating sustainability into all business practices moving forward and progress has been made on this throughout the reporting period ([Sustainability Case Studies](#)). In January 2023, officers requested a review by Internal Audit of the Roadmap to Sustainability to ensure that progress on the commitments was being made. This audit highlighted a number of actions to



enhance the current Roadmap and officers are currently working towards these, with a review being undertaken by winter 2023.

✓ **Belfast Region City Deal (BRCD)**

The BRCD executive body comprises this Council along with Antrim and Newtownabbey Borough Council, Belfast City Council, Lisburn and Castlereagh City Council, Mid and East Antrim Borough Council, Newry, Mourne and Down District Council, the Queen’s University Belfast and the Ulster University (the Belfast Region).

The objective of the BRCD is to deliver a step change in the region’s economic fortunes and help achieve inclusive growth. It will see the UK Government invest £350 million into the Belfast Region over the next 15 years. This figure will be matched by the Northern Ireland Executive and a further co-investment of upwards of £150 million from Belfast Region City Deal partners.

Four “pillars” for the BRCD proposition have been established:

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

Ards and North Down contribute to the regional Employability and Skills programme and benefit from capital funding towards a regional digital programme and projects as outlined below.

The Council is also due to receive circa £40M towards the Bangor Waterfront development, our ambitious plans to redevelop Bangor’s beautiful seafront with a new, sustainable, tourism and leisure attractions.

It will also benefit from funding to create an Innovation Hub to support the Creative Industries in the borough.



✓ **Redevelopment of Queen’s Parade**

Bangor Marine Ltd.’s comprehensive planning application for the development site located at Queen’s Parade and Marine Gardens in Bangor was approved by the Council’s Planning Committee in January 2021. After a significant delay, while the Department for Infrastructure considered the approval, the application was finally returned to the Council in March 2022. This is a significant milestone towards seeing the major, planned £50 million regeneration project delivered in the City.



Strategy and Resource allocation

The Council is seeking to provide high quality services and facilities in line with its corporate priorities. Resources are allocated to ensure we can meet these objectives along with those outlined in a variety of supporting strategies.

✓ **Tourism, Economic Development and Regeneration**

The Integrated Strategy for Tourism, Regeneration and Economic Development presents a coherent vision for the pursuit of prosperity in the Borough of Ards and North Down. It responds to the vision and outcomes of the Community Plan for the area and is to be used as the common point of reference for all those contributing to the growth of our economy, the welcoming of visitors and the improvement of our places, both urban and rural.

Through targeted interventions and programmes and one to one advice, businesses are supported throughout their business lifecycle, helping to create, sustain and grow jobs. Working in partnership, those furthest from the labour market have been supported to achieve the skills required to be employment ready. These actions have and continue to contribute sustaining our local economy.

The development of Experiences has been key to broadening the portfolio of activity available to increase visitors and revenue to the Borough. Council has therefore developed a 'Borough Strategic Direction for Events' and a 'Marketing and Communications Strategy.'

✓ **Arts and Heritage**

The Arts and Heritage strategy defines how arts and heritage will help achieve Ards and North Down's cultural, social and economic ambitions by enriching its people and places and empowering its residents to make the most of their creativity.

It responds to the vision and outcomes of the Big Plan for Ards and North Down and contributes to the delivery of the Integrated Strategy for Tourism, Regeneration and Economic Development 2018 - 2030, responding to its vision and propositions from the arts and heritage perspective.

✓ **Roadmap to Sustainability**

The Roadmap to Sustainability summarises the key sustainability content and the benefits which will be realised from the successful implementation of the various integrated Council strategies and Plans either currently in place or under development. Internal Audit carried out a review of the Roadmap to Sustainability to ensure that progress on the commitments was being made. This audit highlighted a number of actions to enhance the current Roadmap and officers are currently working towards these, with a review being undertaken by winter 2023. Some of the main recommendations were to include reference to the Climate Change Act and to undertake an analysis of resources required to carry out the actions that are currently committed to. The Sustainability fund is now available and officers are encouraged to avail of this if a project can demonstrate sustainable objectives using the business case process.

✓ **Capital Investment Plan**

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

✓ **Medium-Term Financial Strategy**

The Council continues to consider carefully its financial resilience in its budgeting cycles. This budgeting process is guided by the Medium-Term Financial Strategy which sets out 11 guiding principles which provide a framework in which to develop future budgets. These budgets for the next financial year are developed in the context of a Medium-Term Financial Plan (MTFP). In addition, the Council has developed a 10-year district rate projection to enable it to forecast



the impact of its longer-term capital investment plans. The MTFP was reviewed in the new budgeting cycle for 2022/23 taking into account the financial implications of the current inflationary economic environment.

There are a range of strategic workstreams underway as assist in delivering the Big Plan and Corporate Plan. These include the development of a comprehensive Workforce Planning Strategy, Estates Strategy Programme, Strategic Transformation and Efficiency Programme.

Performance

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The results for the year are set out in the Comprehensive Income and Expenditure Statement and reflects the accounting deficit for the year to comply with International Financial Reporting Standards (IFRS). A number of adjustments are then made to this (see note 4 on page 82) to arrive at the actual surplus for the year on the Council's General Fund, as shown in the Movement in Reserves Statement (pages 50-51) and summarised below:

	2022/23	2021/22
	£'000	£'000
Cost of Continuing Operations	(71,268)	(62,923)
Other Operating Expenditure or Income	55	(261)
Financing and Investment Income & Expenditure	(3,404)	(3,843)
Taxation and Non-Specific Grant Income	62,921	59,792
Surplus/(Deficit) on the Provision of Services	(11,696)	(7,235)
Adjustment between Accounting and Funding bases	8,982	10,808
Net Transfers (to) or from Reserves and Funds	2,670	(2,613)
Surplus / (Deficit)	(44)	960
Balance brought forward	5,487	4,527
General Fund Balance at 31 March 2023	5,443	5,487

In the 2021/22 financial year the Council was able to set aside significant funds into Earmarked Fund to allow it to mitigate the impact of significant inflationary challenges it was likely to face in future years. These funds have been released during 2022/23 to mitigate the anticipated pressures. In addition, income performed strongly during the year, surpassing pre-pandemic levels, and as a result Council has been able to set aside strategic funds for transformation, sustainability and tax base development.

The Council's General Fund carried forward is £5.4M (equivalent to 6.2% of gross revenue expenditure, down from 7.1% at 31 March 2022).

The Council's Balance Sheet at 31 March 2023 (page 52) shows a net worth of £211.3M, an increase of £66.1M from the 31 March 2022 balance sheet, this is largely attributable to:

- the net increase in value of fixed assets (£12M);
- the decrease in outstanding loans (£3.1M); and



- the decrease in other long-term liabilities (£50.2M).

The Council participates in the Local Government Pension Scheme (Northern Ireland), commonly referred to as Northern Ireland Local Government Officers Superannuation Committee, or 'NILGOSC'. This scheme is currently in surplus and the £3.2M asset relating to the Council has been appropriately reflected in these financial statements. Details regarding the pension liability are in Note 22 (Page [103](#)).

The Council's Usable Reserves at 31 March 2023, with a comparison to the opening position, is set out in the following table:

Reserves:	31 March 2023 £'000	31 March 2022 £'000
General Fund	5,443	5,488
Capital Receipts Reserve	3,656	3,327
Capital Grants Unapplied Account	5,032	2,500
Revenue Grants Unapplied Account	867	301
Other Earmarked Funds	10,750	13,426
TOTAL	25,748	25,042

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

Capital Investment

In order to enhance the services it provides, the Council has an ambitious Capital Investment Programme representing around £122M over the next 10 years. This level of investment is dependent on significant external funding being secured. These plans will be subject to review in the normal course of business as part of the normal budgeting cycles, in respect of affordability, sustainability and prudence. This is particularly important in the context of the high inflationary economic environment. As part of this Capital Investment Programme, expenditure on capital projects during the 2022/23 financial year included:

Capital Scheme	£000
Vehicles, Plant, Equipment and Software	1,089
Leisure Centres Major works	878
Bangor Waterfront Development	320
Play Parks	1,145
Town Centre Revitalisation	203
Other Minor Schemes	863
Total	4,498

Details of how the Council has funded its capital expenditure are set out in Note 13 (page [95](#)). Information on capital commitments relating to capital projects is set out in Note 14 (page [95](#)) and information in respect of funding which Council has received in advance is detailed in Note 24 (page [109](#)).



Non-Financial

Each year the Council publishes its [Annual Performance Report](#). This self-assessment is to account for its improvement activity for that year and review performance against the Improvement Objectives set in the preceding year. The report reflects on the performance on the delivery of our agreed Improvement Objectives and supporting actions for the year in review.

Additionally, the Council monitors performance of its key indicators against each of its Service delivery plans with RAG performance for each corporate theme for the year being:

1. Prosperity	7	16	
2. Environment	1	11	
3. Opportunity	7	4	
4. Pride		1	
5. Life	4	8	
6. Excellence	26	11	88

Outlook

The outlook for the Council remains uncertain due to the high inflationary economic environment. In the short-term Council continues to have concern high utility costs reducing household disposable income among rate payers and, therefore, the loss of service income.

There are pressures within salaries budgets (because of nationally agreed pay settlements being driven by increases to the National Living Wage and the increase in employer pension contributions), the ongoing revenue costs associated with new capital investment projects and recruitment difficulties due to a shortage of talent.

In addition to the £5M of savings required during the last budgeting process Council noted the pressures arising from general inflation, energy inflation, pay inflation and risks in respect of income loss at Bangor Aurora Aquatic and Leisure Complex due to the need for major repairs. In order to mitigate these pressures Council has agreed strategic workstreams in connection with waste management, outsourcing options and organisational structure review. These will be taken forward as part of the Strategic Transformation and Efficiency Programme.

It is estimated that the non-domestic rate base has contracted by 4% since the inception of the Council and continues to provide a challenge in terms of income generation. Council will be seeking ways to address this with the establishment of a Tax Base Development Fund. In the shorter-term, there is concern regarding the potential rate debt write-offs resulting from the pandemic.

As capital investment increases in line with the Capital Investment Plan, the Council may see its borrowing increase from the current level of £63M to around £76M in 2026 and £110M by 2033. This will be kept under review at each future budgeting cycle and as projects progress.

Basis of preparation

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

These financial statements have been prepared on a going concern basis as required by the Code. Over the past number of years Council worked to increase the level of its General Fund and



Earmarked Fund balances in order to improve its financial resilience. As a percentage of gross revenue expenditure have doubled from 9% in 2017/18 to 18% in 2022/23 and therefore consider that in addition to the statutory going concern requirement the Council has secured its financial situation in practice.

Material and Unusual Items

As noted above the movement in pension liabilities is material movement although treated in line with normal practices. Further information is set out in note 22 on [page 103](#).

During the financial year, following public consultation, Council took the decision at its January 2023 meeting to withdraw its planning application for the Kinnegar to Donaghadee Greenway capital project, due to the significant changes requested by the community. In addition, Council agreed to establish a working group to explore accessibility, maintenance and connectivity issues in connection with the North Down Coastal Path. This decision has resulted in £184,000 of expenditure previously capitalised as an asset under construction to be charged to the Comprehensive Income and Expenditure Statement.



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 and Chief Financial Officer on 26 June 2023.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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



Governance Statement

For the year ended 31 March 2023

Scope of Responsibility

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

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

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

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

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

The Purpose of the Governance Framework

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

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

This governance framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the financial statements. During the year however, a number of changes were made to the directorate structure and consequently the Committee structure. These came into effect on 1 January 2023, however these have not materially affected governance arrangements.

The Governance Framework

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



1. Arrangements for reviewing the Council’s vision and its implications for the Council’s governance arrangements

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

“Ards and North Down is a vibrant, connected, healthy, safe and prosperous place to be”.

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

THE BIG PLAN
Creating better outcomes for everyone
for Ards and North Down 2017-2032

All people in Ards and North Down ...

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

Outcomes, Priorities and Workstreams
The Big Plan is based on **5 outcomes**.
Our Big Priorities focuses on **10 priorities**.
Members of our partnership will work together via lots of workstreams.

What is an Outcome?
An outcome is what you want to happen.

Our 5 Big Plan Outcomes are:

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

Ards and North Down’s Community Plan is known as ‘the Big Plan’. It has been developed following extensive engagement with the citizens of Ards and North Down using ‘The Big Conversation’ initiative to identify the long-term vision they would like to see achieved over the next 15 years. This engagement mechanism will continue to be used to consult with people on how implementing the Big Plan will improve the delivery of all public services. The Big Plan provides a commitment from 15 strategic partners covering a range of issues including transport, housing, environment, policing and health. The Big Plan and its implementation were reviewed and the Big Plan Part II | Our Big Priorities was published 5 years after the publication of the Big Plan. A year’s extension to a legally required review was provided due to resources being diverted to support communities dealing with COVID-19. The five outcomes from the Big Plan are now supported by 10 priorities. A Big Conversation Panel was used to confirm the most important issues for residents are recognised by the 10 priorities.

The Big Plan gives the context for the Corporate Plan (available on the Council website [here](#)) and the Council’s first Local Development Plan, which is still being prepared.

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

The Council’s Corporate Services Committee has responsibility for overseeing the performance management process and agreeing the Council’s statutory Performance Improvement Plan



(PIP) for Council approval. The Council's Audit Committee receives reports on PIP performance, ensuring that progress in each of the key areas is carefully monitored. The PIP is a mechanism to identify key interventions to better achieve the outcomes set out in the Council's Corporate Plan. It also fulfils the Council's statutory obligations as set out in the Local Government Act (Northern Ireland) 2014.

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

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

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



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

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

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

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

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



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

The Council has committed to undertaking a formal survey of residents every two years to gain an insight into satisfaction levels with the organisation and the services we deliver. The information gathered is shared across all service areas and used to inform a number of performance improvement measures including our annual service plans, performance improvement plan and financial statements.

Our last survey was completed in summer 2021 with a smaller than usual sample (while remaining statistically significant) given that many services had been significantly restricted during 2020/21.

It is encouraging to note that 82% of residents report satisfaction with the Council. The comparative figure for all Great Britain Councils in June 2021 was 68%.

- ✓ Areas for improvement (over which Council has direct control) include enhancing opportunities for consultation and tackling environmental issues at a local level e.g. addressing dog fouling and littering.
- ✓ Residents identified health and wellbeing (47%) to be the most important corporate priority followed by jobs and the economy (21%).
- ✓ 72% rated their most recent contact with the Council as either 'excellent' or 'good', with the same percentage considering that the Council keeps residents informed about the services and benefits it provides.
- ✓ 68% were satisfied with the level of engagement the Council offers local residents.
- ✓ 71% rated the reputation of the Council as either excellent or good.

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

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



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

The Terms of Reference of each Committee are periodically reviewed. The latest version was agreed during December 2022 to reflect the change of the Regeneration and Development Committee to become the Place and Prosperity Committee. There are also a number of established sub-committees and working groups involving Elected Members, which report to the relevant Committees.

During the pandemic legislation was enacted to allow council meetings to take place remotely, via video conferencing technology. This legislation has been extended on 24 September 2023.

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

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

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

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

The purpose of the constitution is to:

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

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

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



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

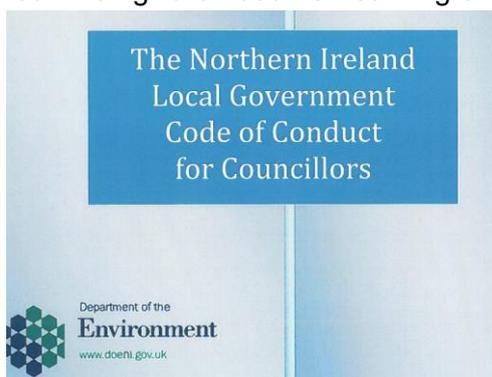
The Council is also a member of the arc21 Waste Management Joint Committee along with five other Northern Ireland Councils. The Joint Committee has delegated authority to deal with financial matters up to £250,000 and all other decisions are subject to ratification by the constituent Councils.

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

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

The Council has a wide range of policies and procedures, which are subject to on-going review and include the standards of behaviour expected from all employees. The Council has adopted the Local Government Staff Commission's Code of Conduct. All policies and procedures are communicated to employees through induction, other on-going training initiatives and are published on the intranet. Specifically, these policies include an Anti-fraud, Bribery and Corruption Policy (including a fraud response plan) and a Declarations of Interest Policy (which requires all employees at or above salary scale point 23 to declare actual or potential conflicts of interest).

Line managers have received training from the Council's Human Resources Service in relation to these HR policies. Council has an 'Employee Behaviour Charter'. Training has been provided to embed these positive behaviours into the Council's culture and the behaviours are illustrated with examples of good practice in the Council's fortnightly staff newsletter. The Council is continuing to embed its Learning and Development Strategy and the Pride and Performance Appraisal Conversation initiative with every employee. These conversations align with the Corporate Values, which are part of the Corporate Plan.



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

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

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



The Council is involved in a number of strategic partnerships, including the Queen's Parade redevelopment, Belfast Region City Deal, the 11-Council NI Enterprise Support Service, the Labour Market Partnership and the Strategic Community Planning Partnership, all of which have project boards or committees in place to provide an appropriate governance structure. In addition, arc21 operates within the framework of a legally binding collaborative agreement between all of its councils. A Joint Committee is arc21's decision making forum and is made up of 18 elected members (three from each of its six partner councils).

The Council, the Department for Communities and Bangor Marine Ltd have entered into a Development Agreement for the redevelopment of the Queen's Parade project. This is progressing well with an estimate construction start date of quarter four of this year. This project is overseen by a Project Board which meets regularly. Regular updates on the progress of the project are reported to the Council via the Place and Prosperity Committee.

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

Risk Management

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

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

The Council last revised its Risk Strategy in October 2021. This is currently being aligned to the Corporate Plan Toward 2024 to ensure that the Council is best equipped to deliver its future ambitions. Management training is currently underway and will be completed in the new financial year.

Data Management

The Council aims at all times to comply with the General Data Protection Regulation (GDPR) and the Data Protection Act 2018. The new data protection legislation, which came into force in May 2018, triggered the recruitment of a Data Protection Officer, whose role is defined in the legislation. Since then, data security and information management systems have been reviewed, privacy notices updated, and a significant programme of training has been delivered to management and employees, including a new comprehensive E-learning module. Business Technology has introduced additional measures to ensure data security. A new CCTV and Surveillance Equipment Policy has been developed to ensure all aspects of video and audio recordings are managed securely. This was ratified in October 2022.



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

A project on scanning the title deeds associated with land belonging to the Council took place in January to May 2022. This has resulted in a comprehensive set of documents being available to all officers that require them in a timely fashion and ensures that the records are safe for the future.

A project on scanning all the files associated with Public Rights of Way took place in 2022. This has resulted in a comprehensive set of documents being available to all officers that require them in a timely fashion and ensures that the records are safe for the future. It also means that solicitors who need to access files are given digital access for a timebound period.

Conflicts of Interest

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

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

8. Arrangements to ensure effective accountability

Transparency

The Council is committed to conducting its business openly and transparently. It aims to publish information in a timely and accurate manner and in accordance with its publication scheme. All meetings of the Council and its Committees are open for members of the public to attend. Meetings are also live streamed via the Council's YouTube channel. Minutes and audio recordings of past meetings are available on the Council's website at: [Committee and Council Meetings January to June 2023 | Ards and North Down Borough Council](#).

The Council has a very proactive social media presence, which it uses to both share information and to engage with citizens by answering questions and addressing customer care issues. Across Facebook, Instagram, Twitter and LinkedIn platforms the Council has over 43,000 followers.



Reporting

Each of the Council's 18 services report on performance on a quarterly basis to their respective Standing Committee. Progress against the annual Performance Improvement Plan is reported to Audit Committee. An annual report is published to highlight progress against the PIP and achievement against the Corporate Plan outcomes.

Financial statements are prepared in line with the requirements of the Local Government Finance Act (Northern Ireland) 2011 and published annually. Articles 17 and 18 of the Local Government (Northern Ireland) Order 2005 and the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 give members of the public access to the books of accounts as part of the audit process.

Performance Management

The Council has a wide range of policies and strategies to assist with the management of performance. Key documents include the Corporate Plan, Performance Improvement Plan and Service Plans each with outcomes and indicators. All staff operate within the Pride in Performance framework (PnP). During 2022 it was agreed that the PnP conversations could be paused whilst a new process was designed.



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

Financial Management

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

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

Audit

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



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

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

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

The Improvement Audit is also carried out by the Local Government Auditor. This includes reviews of the previous year's activities and the adequacy of current year's plan. The findings from this Audit and Assessment Report together with the Certificate of Compliance are published on the Council website.

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

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

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

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

Opportunity is also taken to use the Council's intranet to communicate anti-fraud messages including the publication of NIAO fraud risk guides. In addition to highlighting these issues at periodic Service Unit Manager forums and Heads of Service meetings.

All occurrences of fraud are reported to the Northern Ireland Audit Office and Department for Communities as a matter of course and to the Audit Committee on a quarterly basis.

10. Arrangements ensuring effective management of change and transformation

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

To this effect the Council has in place a Corporate Plan to provide an overarching context and framework for its service delivery. Flowing from this each of the Council's 18 services prepare a service plan to guide the core business and to identify and progress service improvements. These service plans then form the basis of the annual Performance Improvement Plan, which is both publicly consulted on and reported against.

The Council has an approved Capital Project Management Handbook which sets out the organisation's structured capital project management approach. This is in parallel to the



development of a corporate transformation programme to ensure corporate alignment of initiatives, increase the pace of delivery and provide a robust governance framework for oversight purposes. As part of its Strategic Transformation and Performance Service Council has a Performance Improvement Unit to provide support to other services as they seek to transform.

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

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

The Council views partnership working a key to delivering change for the benefit of residents. The Big Plan formally establishes collaboration among the partners to deliver the Community Plan. This forum is being used to provide greater cross-working on estates issues across community planning partners. In addition, officers from across the Council maintain regular contact with colleagues in other organisations to address areas of common concern, and as a result participates in several inter-council procurement exercises. The Big Conversation Panel was used to gather the views of residents to develop the Big Plan and has been used to gather feedback from residents to inform decisions taken by community planning partnerships. This information is shared across all community planning partners to improve local services.



11. Compliance of financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016)

The Chief Executive has been designated by the Council as its Chief Financial Officer. As a result, the Council complies with this statement with the exception of Principle 5. The Council does not comply with this principle because local regulations in Northern Ireland do not require the CFO to be professionally qualified accountant nor for the role to be separated from that of the Chief Executive. However, the Council's governance arrangements deliver the same impact as the CFO is supported by a suitably qualified and experienced Director and qualified staff within the Finance Service to ensure that decisions made by Council are based on sound technical knowledge and understanding.

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

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



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

13. Arrangements for ensuring assurance processes conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and where they do not, explain why and how they deliver the same impact.

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

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

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

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

- The system of internal control and management of risks;
- The financial reporting process;
- The audit process;
- Progress in respect of the Performance Improvement Plan;
- Council's processes for monitoring compliance with laws and regulations; and
- Council's processes for monitoring compliance with its own Standing Orders, policies and procedures.

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

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

The Council is committed to the highest possible standards of openness, probity and accountability. It expects its employees, agency workers and contractors who have serious



concerns about anything improper that is happening in the Council, to come forward and raise those concerns.

The Council has a whistleblowing policy in place to ensure that employees who raise concerns receive a response and are informed about how their concerns are being dealt with. Training was launched on the Council's e-learning platform during the 2022/23 year.

The handling of complaints is set out in the Council's Complaints Procedure, a copy of which is published on the Council's website. This has undergone a review and the Council agreed to adopt the new NIPSO Model Complaints Handling Procedure in March 2023. This will be rolled out in early 2023/24.

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

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

The development needs of senior officers are addressed through the Pride in Performance Initiative and the Organisational Development Strategy.

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

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

Meetings are also live streamed for the press and public on the Council's YouTube channel.

There is awareness across all Directorates that different communication channels need to be employed to ensure maximum impact, however digital platforms are particularly useful and cost effective for Council. Corporately, the Council uses Facebook, Twitter, Instagram and LinkedIn platforms, which have a combined following of over 43,000 people. Channels are updated on a daily basis. Service-specific channels operate in tourism, arts and culture, and leisure with a combined following of 33,000 people.

The Council's Gov.uk website is the main shop window for all its digital communication. Any online search for Ards and North Down will direct to this site. Council's main social media channels all refer people back to this website to deliver on calls to actions. Council e-zines are also linked back to the site. Annual traffic to the site is in excess of 1.2M and growing year on year. User satisfaction with the site is high (averaging at 91% in the last two resident surveys). However, the site was created in 2015 using a content management system that has since been upgraded and the site will be redeveloped in the 2023/24 financial year to ensure it continues to be fit-for purpose.

The Council distributed its annual corporate publication, the Borough Magazine, to all households and businesses in the Borough (approx. 80,000 addresses) at the end of March



2023. This publication provides an overview of Council business across all Directorates and each page is themed to enable residents to easily access information of specific interest to them. A contact number for further information or links to the Council website are provided for readers to access more information if required. The 'Your Opinion Matters' section in each edition invites comments, questions and ideas for service improvements from residents, via postcard or email. These are processed by the Performance Improvement Unit and allocated to the relevant service area for action. There is no budget provision in the 2023/24 year to continue to produce a hard copy publication, but efforts will be made to make an online version available as widely as possible.

The Council employs two officers dedicated to external communications (one for traditional channels and one for digital channels). They produce regular content for both local and regional media and undertake the daily management of the Council's website and social media channels.

All Council Services consult on their various strategies and policies in the process of normal business and to comply with the Council's various statutory duties. This year a number of internal services carried out internal customer surveys to assist with refining plans.

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

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

- **Statement of Progress** – The Department for Communities has produced guidance on how progress against the Community Plan should be reported. Every two years a Statement of Progress must be published to consider the impact service delivery is having on the people of Ards and North Down. The whole-population based indicators in the Big Plan (linked to the Programme for Government indicators) will be used to measure impact over time. The second Statement of Progress was published in November 2021.
- **Performance Update Report** – The review of the Big Plan and its implementation has resulted in the identification of 10 priorities that are now supported by issue specific workstreams. Most workstreams are supported by an action plan and the activities within this are reported to the Strategic Community Planning Partnership using Report Cards developed via Outcomes Based Accountability methodology. An annual Performance Update Report is provided to the Strategic Partnership and help make partnership members collectively accountable for the impact all public services have on the people who live in Ards and North Down.

The governance arrangements for community planning in Ards and North Down are managed via a partnership agreement outlining the roles and responsibilities of those who deliver public services across all tiers of the partnership – strategic and operational. This Partnership Agreement was reviewed and updated in February 2022.

While 10 priorities were agreed by the Strategic Partnership prior to COVID-19, these were further reviewed using the Big Conversation Panel and via feedback from a Community Support Steering Group, to ensure their relevance in a post-COVID 19 world. The Big Plan Part II | Our Big Priorities is published on the Council website [The Big Plan for Ards and North Down | Ards and North Down Borough Council](#).



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

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

The Standing Orders set out the formal mechanisms by which the Council regulates the conduct of its meetings and are subject to regular review and update in response to the changing environment and the needs of the Council. The Standing Orders have been reviewed and amended as and when required since 2015. The latest review was approved in December 2021.

During the pandemic legislation was enacted to allow council meetings to take place remotely, via video conferencing technology. This legislation has been to be extended on a number of occasions.

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

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

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

The Council has responsibility to initiate, maintain, facilitate and participate in community planning. The statutory partners have all agreed to a Partnership Agreement which commits them to be active participants in the community planning process and to provide relevant staff for each of the workstreams. The agreement also sets out that all partners are equal and provides rules of attendance at meetings and how decision should be made. The Partnership Agreement was reviewed, updated and endorsed by the Strategic Partnership in February 2022. Reports on the process and progress in relation to Community Planning are reported regularly to the Council's Corporate Services Committee.

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

General Power of Competence

The Local Government Act (Northern Ireland) 2014 gave councils a general power of competence, enabling them to take any action they consider appropriate provided the action was not prohibited by any other legislation. Councils have been provided with the ability to act in their own interests and to develop innovative approaches to addressing issues in their Borough. Under the Council's Standing



Orders, a qualified majority shall be required on the exercise of the general power of competence in accordance with Section 79 of the Act. This power was not used during the reporting period.

Review of effectiveness

A. Overview of the Review Process

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

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

The Chief Executive has responsibility for preparing this Annual Governance Statement. In preparing this statement, he has considered the governance framework and system of internal controls in place. This review has been undertaken taking account of Guidance on the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 issued by the Department of the Environment in November 2015. The Chief Executive leads the Council's CLT to collectively have involvement in, and oversight of, the processes involved in maintaining and reviewing the effectiveness of the governance framework. In producing this statement, full regard has been made to the register of interests for Councillors, the Corporate Risk Register, Statements of Assurance provided by each Head of Service and Director to the Chief Executive for year ended 31 March 2023.

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

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

B. Internal Audit

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

The Council has both a four-year strategic audit plan and a one-year operational plan covering the financial year under review, both of which have been agreed by the Audit Committee following discussions with CLT and HoST. The internal audit approach is risk based and our audit plan has been developed following an audit needs assessment as detailed in the Internal Audit Strategy 2019-2023. The audit plan for 2022/23 was designed to cover the high-risk areas



identified by this audit needs assessment. An executive summary of each Internal Audit report has been reported to the Audit Committee, including recommendations, management responses and an assignment to an appropriate manager for implementation by a specified date.

During 2022/23, 11 internal audits were completed, nine of these were assurance reviews and two were advisory in nature. Of the nine assurance reviews, eight received satisfactory assurance and one received limited assurance. This final audit was in respect of Cyber Security and there were 15 High Priority recommendations still open from the previous advisory review carried out in 2019. In addition, 26 medium priority and 10 low priority recommendations are still open.

All Internal Audit recommendations have been accepted or accepted in principle by management and each has been allocated to a responsible officer and given a timescale for implementation.

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

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

C. Statements of Assurance

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

General – Identification of Risk, Monitoring and Control measures

All Services have confirmed that they are satisfied that any risks identified have appropriate internal controls and any further actions taken, or to be taken, to adequately mitigate or resolve the risk have been identified.

The impact of COVID 19 has reduced with fewer reports of negative, or potentially negative, impacts. Risk assessments and procedures being reviewed as Council services move forward to a return to pre-COVID 19, or altered way of, working. COVID 19 remains a risk, to be considered alongside other potentially risks as part of the normal risk assessment process. There is a renewed focus on staff training which could not be held during the pandemic. Environmental Health continues to reprioritise service delivery due to the backlog of inspections and business interventions in addition to the continued implementation of the Food Standards Agency recovery plan. Parks and Cemeteries reported post-COVID 19 stress with interventions planned to assist staff.

Section 1 – Strategic and Operational Risk Management

Services report appropriate controls are currently in place and have identified satisfactory actions to review, monitor, control, mitigate and resolve issues, where appropriate.

Waste and Cleansing services reported that the previously notified significant financial liability risk, if the bidding process for the Residual Waste Treatment project is collapsed by the client (arc21), remains. The Planning permission refused by the Department for Infrastructure Minister is now subject to judicial review. This has significant implications for the future of arc21, in terms of delivering infrastructure for member councils.

Environmental Health Protection and Development service continues to work with funders and other Councils to understand the impact of changes to regulation in relation to EU exit and the



NI protocol. The implication for service delivery remains unknown as guidance on the Windsor Agreement is still outstanding.

Section 2 - Internal Control

There are no key issues arising to cause significant concern or requiring immediate action. Updates on Internal Audit recommendations are reported to Audit Committee on a half yearly basis.

As part of the rate setting process for 2023/24 Council agreed to a major review of waste management services, in order to identify how recycling rates can be increased and further financial savings achieved. Waste and Cleansing service have reported that an initial review of the Waste Management Plan will be completed, with a full review to be done once the new NI Waste Strategy by DAERA has been finalised and implemented.

Leisure service reported that staffing levels are a concern and that the impact of this on staff welfare and service delivery is an ongoing issue.

Section 3 - Governance

Assets and Property Services have reported that there is an ongoing dispute over design and workmanship at Aurora which is expected to be a lengthy legal process. The service has also reported that the situation with a large contract existing for vehicle hire with a local company which has not been subject to procurement processes is ongoing.

Strategic Transformation and Performance service has reported that an anonymous whistleblowing allegation has been received relating to the procurement and management of a minor external works and hired plant contract which is being investigated.

Waste and Cleansing reported that a noise complaint has been lodged regarding operations at the North Road Depot, following the removal of trees and an earth bund by a developer. The service is awaiting the outcome of Environmental Health monitoring reports to identify if mitigation is required.

Planning have reported that the introduction of the new planning portal replacement resulted in downtime and inability to accept planning applications which had an impact on fee income and targets, this has been addressed since the introduction of the new portal.

Community and Culture service previously reported a COVID 19 grant claim error has potentially been resolved and the service is awaiting the processing of the final claims. The service has also reported that irregularities in the timekeeping of employees has been discovered which is being investigated.

Regulatory Services reported a risk of significant reduction in building control income due to the current economic uncertainty. In addition, there is the possibility of changes in how this service is delivered depending on the outcomes of the Grenfell Report and Building Safety Review.

Leisure service reported that the preferred operating model for Community Centres and Halls needs to be determined and planning put in place to ensure continuity of service provision.

Section 4 - Miscellaneous

Leisure service has highlighted the need for a decision on future operating models needs to be made to provide certainty for staff. In addition, the budget setting process has meant that a number of service issues need to be considered such as reduced opening hours and withdrawal of services not funded.



D. Corporate Risk Register

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

- the Council's Local Development Plan (LDP) being found to be unsound due to unavailability of a draft Belfast Metropolitan Transport Strategy (BMTP). The Council's Head of Planning attends the BMTP project board and officers will continue to work with Department for Infrastructure and Translink colleagues on LDP issues.
- Breach of Cyber Security. Damage to systems, or theft, leading to a failure to deliver services, financial loss, legal action or regulatory action due to non-compliance with information management legislation (including GDPR and Data Protection Act 2018). Improvements continue to be made to increase resilience and awareness. In response to the internal audit review, mentioned above, a cyber security action plan to integrate cyber security across the organisation is in progress.
- Data Breach Response & Recovery. Inadequate response (speed / statutory compliance / inadequate controls / process / risk mitigation & provision / reputation / resourcing). Actions to be taken include the development of a critical incident policy and procedure, establishment of working group to address cross-organisation issues, development of a risk register, review of cyber systems and risks and also staff training.
- Lack of adequate and effective business continuity, disaster recovery and emergency planning processes leading to inability of the Council to deliver on its core functions.

Emergency planning: 'Martyn's Law', The legislation, still in draft, is part of the government's response to the [Manchester Arena Inquiry Volume 1](#), which recommended the introduction of legislation to improve the safety and security of public venues. The legislation will place a requirement on those responsible for certain venues to consider the threat from terrorism and implement appropriate and proportionate mitigation measures to ensure that people are prepared, ready to respond and know what to do in an attack. It is anticipated that better protection will be delivered through enhanced security systems, staff training, and clearer processes. The proposed obligations are tiered.

Business Continuity: Overarching Business Continuity plan and service Business Impact Analysis (BIAs) outstanding. Whilst business continuity plans were developed to limit service impacts during COVID 19 the plan and BIAs post-COVID 19 require completion. *As normal business operations progress with more reliance on digital services for both information storage and service delivery, cyber security and the risk of long term to total loss of information remains the highest risk to business continuity.*

E. Fraud, Whistle Blowing and Data Protection

During the year there were no whistleblowing incidents nor reportable data protection breaches. Three incidents were reported to the Northern Ireland Audit Office in relation to potential frauds. These have been processed in line with normal procedures.

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

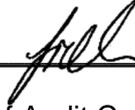


Significant governance issues

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



Chief Executive and Chief Financial Officer
22 September 2023



Chair of Audit Committee
22 September 2023



Remuneration Report

For the year ended 31 March 2023

Introduction

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

Allowance and Remuneration Arrangements

Councillors

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

Guidance and determinations on Councillors' Allowances applicable from 1 April 2022 were issued by the Department for Communities on 25 January 2023 (Circular LG 03/2023). Details of the allowances paid to individual councillors are published on the Council's website.

Senior Employees

The remuneration of senior employees employed by the Council is determined by the Council in line with that determined by the Joint Negotiating Committee for Chief Executives and National Joint Council (NJC) for Local Government Services for Directors. Senior staff are those staff who are members of the Corporate Leadership Team.

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

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

Allowances Paid to Councillors

The total amount paid to Councillors by way of allowances in 2022/23, under Part 3 of the Local Government Finance Act (Northern Ireland) 2011 and the Local Government (Payments to Councillors) Regulations (Northern Ireland) 2019 is set out in Table 1. This is audited information.

Independent Member – Audit Committee

Mr William McGonigal was the independent member of the Audit Committee until 30 June 2022. He was succeeded by Mr Paul Cummings who commenced on 1 August 2022. The role is to help promote the highest standards in the financial management of the Council and thereby ensure the accountability of public funds. A payment of £270 is paid per meeting to cover preparation and attendance plus travel and expenses.



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

Allowance	2022/23		2021/22	
	Total Allowances £	Number of Councillors receiving Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	600,778	45*	599,933	42
Special Responsibility Allowance	27,958	25	27,950	22
Chairperson / Mayor Allowance	14,868	2	14,866	2
Vice Chairperson/ Deputy Mayor Allowance	7,428	2	7,428	2
Mileage Allowance	5,736	9	2,527	7
Other Travel Allowance	2,350	5	956	5
Subsistence	1,660	5	858	3
Training, Courses/ Conferences Visits	9,299	45	7,969	42
Dependents' Carers Allowance	-	-	-	-
Independent Member Allowance and Expenses	810	-	-	-
TOTAL ALLOWANCES	670,887		662,487	

* During the 2022/23 financial year 45 different councillors were remunerated. Two councillors succeeded in being elected to the Northern Ireland Assembly and hence they automatically ceased to be councillors. Two other councillors resigned from the Council and were replaced in line with legislation. One councillor passed away and was replaced in line with legislation.

Details of the allowances paid to individual councillors in 2022/23 are published on the Council's website at [Remuneration Report | Ards and North Down Borough Council](#)



Remuneration of Senior Employees

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

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

Officers	2022/23			2021/22		
	Salary (Full year equivalent in brackets where applicable) £'000	Benefits in kind (to nearest £100)	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000	Benefits in kind (to nearest £100)	Total £'000
S Reid Chief Executive	120 -125	4	120 - 125	120 - 125	3	120 - 125
G Bannister DCW	90 - 95	4	90 - 95	85 - 90	3	85 - 90
S Christie DFP/DCS (left 28/02/2023)	80 – 85 (90 – 95)	1	85 – 90 (90 – 95)	85 - 90	1	85 - 90
D Lindsay DE	90 - 95	1	90 - 95	85 - 90	1	85 - 90
S McCullough DRDP/DP	90 - 95	4	90 - 95	85 - 90	2	85 - 90
W Swanston DODA (left 31/12/2022)	70 – 75 (90 – 95)	1	70 – 75 (90 – 95)	85 - 90	1	85 - 90
A McCullough DPr (start 01/01/2023)	20 – 25 (85 – 90)	-	20 – 25 (85 – 90)	-	-	-
M Steele DCS (start 01/02/2023)	15 – 20 (90 – 95)	-	15 – 20 (90 – 95)	-	-	-

DCW – Director of Community and Wellbeing
 DE – Director of Environment
 DFP – Director of Finance and Performance
 DODA – Director of Organisational Development and Administration
 DRDP – Director of Regeneration, Development and Planning
 DP – Director of Place (from 01/01/2023)
 DPr – Director of Prosperity (from 01/01/2023)
 DCS – Director of Corporate Services (from 01/02/2023)

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

The banded remuneration of the highest paid member of the Corporate Leadership Team in the financial year 2022/23 was £120k - £125k. This was 4.93 times the median remuneration of the workforce, which was £25,227.



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

	2022/23 £	2021/22 £
Salary Band of Highest Paid member of the Corporate Leadership Team	120,000 – 125,000	120,000 - 125,000
Median Total Remuneration	25,227	22,129
Ratio	4.85	5.53

In 2022/23, no employees received remuneration more than the highest paid member of the Corporate Leadership Team.

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

Salary

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

Benefits in Kind

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

Exit Packages for staff (Audited Information)

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 for 2022/23 was £nil and this was the same for the 2021/22 year.

Pension Benefits

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

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

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

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



whole-time equivalent rate of pay, were introduced from 1 April 2009. From 1 April 2015, the member contribution rates are determined on the actual rate of pay.

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2022, were as set out in Table 5 below.

Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £15,400	5.5%
2	£15,401 - £23,700	5.8%
3	£23,701 - £39,500	6.5%
4	£39,501 - £48,000	6.8%
5	£48,001 - £95,100	8.5%
6	More than £95,100	10.5%

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. A formal triennial actuarial valuation of the Fund as at 31 March 2019 was carried out in 2020/21 and set 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 2022/23 were £115,024 (2021/22: £117,136).

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

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

Officers	Accrued Pension at pension age as at 31/3/23 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/23	CETV at 31/3/22	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
S Reid Chief Executive	60-65 and lump sum 105-110	(2.5)-(5) and lump sum (10)-(12.5)	1,270	1,207	(69)
G Bannister DCW	40-45 and lump sum 60-65	0-(2.5) and lump sum (2.5)-(5)	776	718	(22)
S Christie DFP (left 28/02/2023)	5-10 and lump sum nil	0-2.5 and lump sum nil	105	80	11
D Lindsay DE	45-50 and lump sum 70-75	0-(2.5) and lump sum (5)-(7.5)	865	802	(25)
S McCullough DRDP	35-40 and lump sum 50-55	0-(2.5) and lump sum (2.5)-(5)	671	619	(18)
W Swanston DODA (left 31/12/2022)	30-35 and lump sum 35-40	0-(2.5) and lump sum (2.5)-(5)	639	598	(10)
A McCullough DPr (start 01/01/2023)	30-35 plus lump sum 60-65	0-2.5 plus lump sum 0-2.5	563	535	17
M Steele DCS (start 01/02/2023)	0-5 and lump sum nil	0-2.5 and lump sum nil	3	-	1

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
22 September 2023

Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31 March 2023 on pages 1 to 119 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 53 to 73.
- (b) in my opinion the Statement of Accounts give a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31 March 2023.



Chief Executive and Chief Financial Officer
22 September 2023

Council Approval of Statement of Accounts

These accounts were approved by resolution of the Audit Committee on 18 September 2023.



Chairman
22 September 2023



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

Opinion on financial statements

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

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

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23, of the financial position of Ards and North Down Borough Council as at 31 March 2023 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Ards and North Down Borough Council in accordance with the ethical requirements of the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion. 26

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Ards and North Down Borough Council's ability to continue as a going



concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Ards and North Down Borough Council is adopted in consideration of the requirements set out in the 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. 27

Opinion on other matters

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

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



Matters on which I report by exception

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

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

- in my opinion:
 - the Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23;
 - does not comply with proper practices specified by the Department for Communities;
 - is misleading or inconsistent with other information I am aware of from my audit; or
 - adequate accounting records have not been kept; or
 - the statement of accounts and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
 - I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Responsibilities of the Chief Financial Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Ards and North Down Borough Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using



the going concern basis of accounting unless the Chief Financial Officer anticipates that the services provided by Ards and North Down Borough Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Ards and North Down Borough Council through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I
 - considered included the Local Government (Northern Ireland) Order 2005;
 - making enquires of management and those charged with governance on Ards and North Down Borough Council's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Ards and North Down Borough Council's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;



- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate; and
- addressing the risk of fraud as a result of management override of controls by:
 - o performing analytical procedures to identify unusual or unexpected relationships or movements;
 - o testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - o assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - o investigating significant or unusual transactions made outside of the normal course of business.

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

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

Certificate

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



Colette Kane
Local Government Auditor
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

29 September 2023



Ards and North Down Borough Council Comprehensive Income and Expenditure Statement For the year ended 31 March 2023

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

	Note	2022/23			2021/22		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Services Expenditure							
Community & Wellbeing HQ	2	268,320	(1,379)	266,941	1,047,026	(125,013)	922,013
Environmental Health	2	3,123,328	(726,967)	2,396,361	2,743,520	(611,445)	2,132,075
Community & Culture	2	3,703,229	(1,775,225)	1,928,004	3,514,164	(1,206,005)	2,308,159
Parks and Cemeteries	2	7,389,364	(530,135)	6,859,229	5,711,649	(457,928)	5,253,721
Leisure	2	11,450,195	(3,215,129)	8,235,066	7,521,999	(2,183,495)	5,338,504
Environment HQ	2	446,915	-	446,915	994,696	(1,965)	992,731
Waste and Cleansing	2	20,046,454	(1,232,835)	18,813,619	17,948,849	(1,113,652)	16,835,197
Assets and Property Services	2	11,581,128	(396,700)	11,184,428	9,625,184	(248,032)	9,377,152
Regulatory Services	2	3,407,362	(2,133,109)	1,274,253	3,152,010	(2,049,455)	1,102,555
Prosperity HQ	2	37,991	-	37,991	-	-	-
Economic Development	2	3,448,683	(1,030,428)	2,418,255	2,815,047	(533,819)	2,281,228
Planning	2	2,497,519	(949,261)	1,548,258	2,363,431	(1,007,463)	1,355,968
Tourism	2	2,017,209	(197,998)	1,819,211	1,725,218	(236,590)	1,488,628
Place HQ	2	342,971	-	342,971	344,226	(8,333)	335,893
Regeneration	2	1,280,632	(30,281)	1,250,351	1,317,995	(148,957)	1,169,038
Strategic Capital Development	2	396,002	(125,000)	271,002	396,963	-	396,963
Corporate Services HQ	2	314,827	(76)	314,751	362,966	(30)	362,936
Internal Audit	2	52,319	-	52,319	55,870	-	55,870
Finance	2	1,236,759	1,362	1,238,121	1,122,993	(4,139)	1,118,854
Strategic Transformation and Performance	2	2,246,386	(6,926)	2,239,460	2,039,796	-	2,039,796
HR & OD	2	1,283,850	(4,050)	1,279,800	1,152,867	(900)	1,151,967
Administration	2	5,158,104	(409,986)	4,748,118	4,249,654	(345,256)	3,904,398
Chief Executive	2	422,859	(459)	422,400	364,654	(257)	364,397
Community Planning	2	220,654	(48,389)	172,265	196,116	(1,000)	195,116
Communications and Marketing	2	942,251	-	942,251	895,986	-	895,986

	Note	2022/23			2021/22		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£	£	£	£	£	£
Capital Financing	2	-	-	-	-	-	-
Year End Transactions	2	77,278	-	77,278	85,722	-	85,722
REFCUS	2	688,210	-	688,210	1,458,209	-	1,458,209
Cost of Services on Continuing Operations	2	84,080,799	(12,812,971)	71,267,828	73,206,810	(10,283,734)	62,923,076
Other Operating Expenditure / Income	8	(55,094)	-	(55,094)	260,583	-	260,583
Financing and Investment Income and Expenditure	9	4,027,471	(623,011)	3,404,460	3,973,376	(130,437)	3,842,939
Surplus/(Deficit) on Discontinued Operations		-	-	-	-	-	-
Net Operating Expenditure		88,053,176	(13,435,982)	74,617,194	77,440,769	(10,414,171)	67,026,598
Taxation and Non-Specific Grant Income	10	-	(62,921,417)	(62,921,417)	-	(59,792,421)	(59,792,421)
Surplus/(Deficit) on the Provision of Services		88,053,176	(76,357,399)	(11,695,777)	77,440,769	(70,206,592)	(7,234,177)
Surplus/(Deficit) on revaluation of non-current assets	12			20,121,496			11,130,517
Impairment losses on non-current assets charged to the Revaluation Reserve	12			(12,905)			(455,000)
Re-measurements of the Net Defined Benefit Liability/ (Asset)	22			57,650,000			21,343,000
Other Comprehensive Income and Expenditure				77,758,591			32,018,517
Total Comprehensive Income and Expenditure				66,062,814			24,784,340

Ards and North Down Borough Council

Movement in Reserves Statement

For the year ended 31 March 2023

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

	General Fund Summary £	Other Fund Balances & Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
At 1 April 2022	5,487,523	16,227,700	3,326,843	25,042,066	120,152,676	145,194,742
<hr/>						
Movement in reserves during the year:						
Surplus or (deficit) on the provision of services	(11,695,777)	-	-	(11,695,777)	-	(11,695,777)
Other Comprehensive Income and Expenditure	-	-	-	-	77,758,591	77,758,591
Total Comprehensive Income and Expenditure	(11,695,777)	-	-	(11,695,777)	77,758,591	66,062,814
Adjustments between accounting basis & funding under regulations	8,981,976	3,091,365	329,563	12,402,904	(12,402,904)	-
Net Increase / (Decrease) before transfers to Statutory and Other Reserves	(2,713,801)	3,091,365	329,563	707,127	65,355,687	66,062,814
Transfers to/(from) Statutory and Other Reserves	2,669,751	(2,669,751)	-	-	-	-
Increase/(Decrease) in Year	(44,050)	421,614	329,563	707,127	65,355,687	66,062,814
At 31 March 2023	5,443,473	16,649,314	3,656,406	25,749,193	185,508,363	211,257,556



Ards and North Down Borough Council
Movement in Reserves Statement
For the year ended 31 March 2022

Comparative Year

	General Fund	Other Fund Balances & Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
At 1 April 2021	4,527,365	13,831,634	1,619,304	19,978,303	100,432,099	120,410,402
Movement in reserves during the year:						
Surplus or (deficit) on the provision of services	(7,234,177)	-	-	(7,234,177)	-	(7,234,177)
Other Comprehensive Income and Expenditure	-	-	-	-	32,018,517	32,018,517
Total Comprehensive Income and Expenditure	(7,234,177)	-	-	(7,234,177)	32,018,517	24,784,340
Adjustments between accounting basis & funding under regulations	10,808,047	(217,646)	1,707,539	12,297,940	(12,297,940)	-
Net Increase / (Decrease) before transfers to Statutory and Other Reserves	3,573,870	(217,646)	1,707,539	5,063,763	19,720,577	24,784,340
Transfers to/(from) Statutory and Other Reserves	(2,613,712)	2,613,712	-	-	-	-
Increase/(Decrease) in Year	960,158	2,396,066	1,707,539	5,063,763	19,720,577	24,784,340
At 31 March 2022	5,487,523	16,227,700	3,326,843	25,042,066	120,152,676	145,194,742



Ards and North Down Borough Council
Balance Sheet
As at 31 March 2023

	Notes	2022/23 £	2021/22 £
Fixed Assets	12	259,121,989	247,172,959
Long Term Debtors	16	43,391,011	539,642
LONG TERM ASSETS		302,513,000	247,712,601
Short Term Investments	17	-	-
Inventories	15	230,302	272,056
Short Term Debtors	16	9,226,547	7,425,300
Cash and Cash Equivalents	26	9,502,743	10,403,275
Assets Held for Sale	12f	175,000	100,000
CURRENT ASSETS		19,134,592	18,200,631
Bank Overdraft	26	1,305,328	-
Short Term Borrowing	18a	4,073,849	3,135,428
Short Term Creditors	19	5,589,540	5,707,070
Provisions	20	779,403	776,105
CURRENT LIABILITIES		11,748,120	9,618,603
Long Term Creditors	19	-	-
Provisions	20	524,140	454,340
Long Term Borrowing	18b	59,650,699	63,724,547
Other Long-Term Liabilities	22	(3,261,000)	46,921,000
Capital Grants Receipts in Advance	24	41,728,077	-
LONG TERM LIABILITIES		98,641,916	111,099,887
NET ASSETS		211,257,556	145,194,742
USABLE RESERVES			
Capital Receipts Reserve	27a	3,656,406	3,326,843
Capital Grants Unapplied Account	27b	5,032,113	2,500,040
Revenue Grants Unapplied Account	27c	867,174	301,460
Earmarked Fund	27d	10,750,027	13,426,200
General Fund	27e	5,443,473	5,487,523
		25,749,193	25,042,066
UNUSABLE RESERVES			
Capital Adjustment Account	28a	81,022,280	81,580,592
Revaluation Reserve	28b	101,946,512	86,187,908
Pensions Reserve	28c	3,261,000	(46,921,000)
Accumulated Absences Account	28d	(721,429)	(694,824)
		185,508,363	120,152,676
NET WORTH		211,257,556	145,194,742



Ards and North Down Borough Council
Cash Flow Statement
As at 31 March 2023

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

	Notes	2022/23	2021/22
		£	£
Net surplus / (deficit) on the provision of services		(11,695,777)	(7,234,177)
Adjustment for non-cash movements	26a	61,817,981	15,534,541
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26a	(798,742)	(1,850,159)
Net cash flows from Operating Activities		49,323,462	6,450,205
Net Cash flows from Investing Activities	26d	(48,393,894)	(804,114)
Net Cash flows from Financing Activities	26e	(3,135,428)	(6,170,265)
Net increase / (decrease) in cash and cash equivalents		(2,205,860)	(524,174)
Cash and cash equivalents at the beginning of the reporting period	26b	10,403,275	10,927,449
Cash and cash equivalents at the end of the reporting period		8,197,415	10,403,275



Ards and North Down Borough Council

Notes to the Financial Statements

For the year ended 31 March 2023

1A Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

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

ii) Acquisitions and Discontinued Operations

The Council has not acquired operations (or transferred operations under machinery of government arrangements) during the financial year.



Notes to the Financial Statements

For the year ended 31 March 2023

The Council has not discontinued any operations (or transferred operations under combinations of public sector bodies) during the financial year.

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

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

iv) Cash and Cash Equivalents

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

v) Contingent Assets

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

vi) Contingent Liabilities

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

vii) Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday, flexi and time off in lieu entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.



Notes to the Financial Statements

For the year ended 31 March 2023

Termination benefits

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

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

Post-Employment Benefits

Most employees of the Council are members of the Northern Ireland Local Government Officers' Pension Fund administered by the Northern Ireland Local Government Officers' Superannuation Committee. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Northern Ireland Local Government Officers' Pension Fund

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

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

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

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

- quoted securities – current bid price;
- unquoted securities – professional estimate;
- property – market value;
- unitised securities – current bid price.

The change in the net pension liability is analysed into seven components as follows:

1. Within the cost of services:

- **current service cost** – the increase in 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;



Notes to the Financial Statements

For the year ended 31 March 2023

- **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. The treatment of past service costs will depend on the decisions of the Council about how they are allocated to service segments;
2. Within Financing Investment Income and Expenditure:
- **Net interest on the net defined benefit liability (asset)** – i.e. net interest expense for the Council, the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
3. Within Other Comprehensive Income and Expenditure (Re-measurements):
- **the return on plan assets** – excluding amounts recognised in the Net Interest on the Net Defined Benefit Liability (Asset). This includes interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of managing plan assets, and any tax payable by the plan itself other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation;
 - **actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserves as Other Comprehensive Income and Expenditure.
4. Within the Movement in Reserves Statement Appropriations:
- **contributions by scheme participants** – the increase in scheme liabilities and assets due to payments into the scheme by employees (where increased contribution increases pension due to the employee in the future);
 - **contributions by the employer** – the increase in scheme assets due to payments into the scheme by the employer.

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

5. Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any



Notes to the Financial Statements

For the year ended 31 March 2023

member of staff are accrued in the year of the decision to make the award and accounted for using the same policies that are applied to the Northern Ireland Local Government Officers' pension fund.

The Northern Civil Service Pension Fund

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

viii) Events After the Balance Sheet Date

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

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

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

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

ix) Exceptional Items

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions,



Notes to the Financial Statements

For the year ended 31 March 2023

other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

xi) Financial Instruments

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

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

However, the bonds issued by the Council in 2019/20 are carried at a lower amortised cost than the outstanding principal, and interest is charged at a marginally higher effective rate of interest than the rate payable to bondholders, as a material amount of costs incurred in its issue is being financed over the life of the stock.

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

Financial Assets

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

There are three main classes of financial assets measured at:

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

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



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For the year ended 31 March 2023

Financial Assets Measured at Amortised Cost

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

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

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

- instruments with quoted market prices – the market price;



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For the year ended 31 March 2023

- other instruments with fixed and determinable payments – discounted cash flow analysis;

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

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

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

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

xii) Foreign Currency Translation

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

xiii) Government Grants and Contributions

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

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

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

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

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



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For the year ended 31 March 2023

Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiv) Intangible Assets

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

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

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

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

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

xv) Inventories & Long-Term Contracts

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

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

xvi) Investment Property

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



Notes to the Financial Statements

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

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

xvii) Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The Council as Lessee

Finance Leases:

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

Lease payments are apportioned between:

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

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

The Council is not required to raise District Rates to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore replaced by a revenue provision in the



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General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases:

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

The Council as Lessor

Finance Leases:

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases:

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



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incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xviii) Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

xix) Overheads and Support Services

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

xx) Property, Plant and Equipment

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



Notes to the Financial Statements

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Recognition

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

Measurement

Assets over £5,000 are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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



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Impairment

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

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

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

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

Depreciation

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

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

- buildings and infrastructure assets are depreciated on their current value over the estimated useful life of the asset as advised by a suitably qualified officer. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 3 to 69 years.
- plant, vehicles and equipment are depreciated on historic cost using a life of between 3 and 30 years.
- the Council applies a full year depreciation in the year of acquisition and no depreciation in the year of disposal.

Componentisation

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

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

Revaluations

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



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xxi) Heritage Assets

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

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note xviii in this summary of significant accounting policies). The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

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

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

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

Paintings and Drawings

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

Artefacts

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

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

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

Furniture of historical interest

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



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Other Heritage Assets

Civic Regalia

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

Statues, War Memorials and Public Art

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

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

xxii) Provisions

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

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

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

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

xxiii) Reserves and Funds

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, accumulated absences and retirement benefits and do not represent



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usable resources for the Council – these reserves are explained in the relevant note to the accounts.

xxiv) Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise District Rates to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance, referred to as Minimum Revenue Provision (MRP) in the General Fund balance. Depreciation, impairment losses and amortisations are therefore replaced by MRP in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxv) Revenue Expenditure funded from Capital under Statute (REFCUS)

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

xxvi) Value Added Tax

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

xxvii) Fair Value Measurement

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

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would



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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.

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

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

The standards introduced by the 2023/24 Code where disclosures are required in the 2022/23 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- i. IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year – deferred until 1st April 2024). Conrad Hall, CIPFA LASAAC chair, said: "CIPFA LASSAC is of the view that IFRS 16 remains the best form of reporting local authority leases and shares the Government's Financial Reporting Advisory Board's (FRAB) objective of promoting excellence in financial reporting. The decision to defer IFRS 16 is a pragmatic response due to the severe delays in the publication of audited local authority financial statements in England. The decision should not be viewed as a commentary on the usefulness of the information derived from the implementation of the Standard." FRAB advised CIPFA / LASAAC that it agreed with the deferral of IFRS 16 Leases until 1 April 2024 when Council will adopt in line with all Northern Ireland councils.
- ii. Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021
- iii. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- iv. Deferred Tax related to Assets and Liabilities arising from Single Transaction (Amendments to IAS 12) issued in May 2021.
- v. Updating a Reference to Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

It is likely that though they lead to improved reporting that items ii and iii will not have a significant impact on amounts anticipated to be reported in the financial statements. Item iv will only be applicable to local authorities with group accounts which isn't the case for Ards and North Down Borough Council and it is likely there will be limited application of item v. Hence the Council expects none of the above amendments to have a material impact on information in the financial statements.



Notes to the Financial Statements

For the year ended 31 March 2023

1C Critical Judgments in Applying Accounting Policies

For the 2022/23 financial year, the Council has not made any critical judgements about complex transactions or those involving uncertainty about future events.

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

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

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

i) Insurance Claims

The Council has made a provision of £493,700 for the settlement of insurance claims, arising from claims submitted to the Council under its self-insurance scheme for public and employee liability. These claims are those that have been received since 1 April 2015 and those claims still outstanding from the legacy North Down Borough Council, which were still outstanding at 31 March 2023.

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

ii) Environmental Provision

The Council has made a provision of £50,000 that relates to the need for remedial works to be undertaken to address environmental damage at a property in the Council area. This is remediation work agreed as part of the settlement to militate against future run-off of storm water from Council land into the third party's site.

iii) Pensions Liability

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

The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate would result in a decrease of 1.80% in the present value of the pension liability. Further information on the effects on the net pension liability of changes in assumptions is disclosed in note 22e on pages [107 and 108](#).

iv) Holiday Pay Provision

Court judgments have established the law as requiring employees to receive acknowledgement of overtime payments as part of their holiday pay entitlement calculations, which the Council acknowledges. The Northern Ireland Court of Appeal turned down an appeal by the Police Service of Northern Ireland (PSNI) regarding the potential liability arising to that organisation in this regard. This decision was appealed to the Supreme Court. The Council has a signed agreement with the recognised trade unions, however individual employees will also be required to sign compromise agreements before receiving their payment.



Notes to the Financial Statements

For the year ended 31 March 2023

However, as a consequence of a mediation process entered into between NIPSA and the PSNI in relation to Agnew, NIPSA are no longer in a position, at this point, to enter into any agreement which compromises the full extent of the law as determined by the Northern Ireland Court of Appeal in Agnew. NIPSA's current position is therefore to pause any current negotiations. The matter remains as a standing item on the Joint Forum agenda.



Notes to the Financial Statements

For the year ended 31 March 2023

2a) Expenditure and Funding Analysis

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

	2022/23			2021/22		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Community & Wellbeing HQ	235,468	31,473	266,941	888,713	33,300	922,013
Environmental Health	1,945,368	450,993	2,396,361	1,677,408	454,666	2,132,074
Community & Culture	1,560,036	367,968	1,928,004	1,895,543	412,616	2,308,159
Parks and Cemeteries	4,197,505	2,661,724	6,859,229	3,369,504	1,884,216	5,253,720
Leisure	2,828,523	5,406,543	8,235,066	2,459,634	2,878,869	5,338,503
Environment HQ	413,900	33,015	446,915	960,858	31,873	992,731
Waste and Cleansing	16,288,904	2,524,715	18,813,619	14,270,661	2,564,537	16,835,198
Assets and Property Services	8,833,214	2,351,214	11,184,428	6,924,937	2,452,216	9,377,153
Regulatory Services	530,885	743,368	1,274,253	347,347	755,208	1,102,555
Prosperity HQ	33,385	4,606	37,991	-	-	-
Economic Dev	1,065,875	1,352,380	2,418,255	951,787	1,329,441	2,281,228
Planning	1,470,592	77,666	1,548,258	1,277,812	78,156	1,355,968
Tourism	1,625,447	193,764	1,819,211	1,172,961	315,667	1,488,628
Place HQ	310,788	32,183	342,971	299,217	36,675	335,892
Regeneration	954,270	296,081	1,250,351	786,872	382,167	1,169,039
Strategic Capital Development	193,515	77,487	271,002	339,731	57,232	396,963
Corporate Services HQ	279,112	35,639	314,751	278,901	84,035	362,936



Notes to the Financial Statements

For the year ended 31 March 2023

	2022/23			2021/22		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Internal Audit	52,319	-	52,319	55,870	-	55,870
Finance	1,060,838	177,283	1,238,121	953,120	165,734	1,118,854
Strategic Transformation and Performance	1,904,994	334,466	2,239,460	1,744,345	295,451	2,039,796
HR & OD	1,118,950	160,850	1,279,800	982,133	169,834	1,151,967
Administration	4,146,600	601,518	4,748,118	3,263,108	641,290	3,904,398
Chief Executive	384,632	37,768	422,400	308,058	56,399	364,397
Community Planning	140,408	31,857	172,265	156,489	38,627	195,116
Communications and Marketing	796,788	145,463	942,251	773,840	122,146	895,986
Capital Financing	5,899,241	(5,899,241)	-	5,489,643	(5,489,643)	-
Year End Transactions	131,372	(54,094)	77,278	(228,861)	314,583	85,722
REFCUS	-	688,210	688,210	-	1,458,209	1,458,209
Net Cost of Services	58,402,929	12,864,899	71,267,828	51,399,632	11,523,444	62,923,076
Other Income and Expenditure	(55,689,128)	(3,882,923)	(59,572,051)	(54,973,502)	(715,397)	(55,688,899)
(Surplus) or Deficit	2,713,801	8,981,976	11,695,777	(3,573,870)	10,808,047	7,234,177
Opening General Fund			5,487,523			4,527,365
Surplus/ (Deficit) on General Fund Balance in Year			(2,713,801)			3,573,870
Transfers (to)/from Statutory and Other Reserves			2,669,751			(2,613,712)
Closing General Fund			5,443,473			5,487,523

Notes to the Financial Statements

For the year ended 31 March 2023

2b) Note to the Expenditure and Funding Analysis

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

Adjustments between Funding and Accounting Basis				
2022/23				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Total
	£	£	£	£
Community & Wellbeing HQ	-	31,749	(276)	31,473
Environmental Health	5,766	425,075	20,152	450,993
Community & Culture	42,307	323,815	1,846	367,968
Parks and Cemeteries	2,105,331	548,125	8,268	2,661,724
Leisure	4,688,584	727,453	(9,494)	5,406,543
Environment HQ	-	31,772	1,243	33,015
Waste and Cleansing	944,698	1,548,435	31,582	2,524,715
Assets and Property Services	1,962,974	376,867	11,373	2,351,214
Regulatory Services	383,551	366,012	(6,195)	743,368
Prosperity HQ	-	-	4,606	4,606
Economic Development	1,222,566	128,147	1,667	1,352,380
Planning	-	78,219	(553)	77,666
Tourism	27,238	176,273	(9,747)	193,764
Place HQ	-	34,167	(1,984)	32,183
Regeneration	178,979	122,101	(4,999)	296,081
Strategic Capital Development	-	72,699	4,788	77,487
Corporate Services HQ	-	48,061	(12,422)	35,639
Internal Audit	-	-	-	-
Finance	-	184,114	(8,831)	177,283
Strategic Transformation and Performance	203,818	132,829	(2,181)	334,466
HR & OD	-	159,809	1,041	160,850
Administration	60,610	548,355	(7,447)	601,518
Chief Executive	-	37,360	408	37,768
Community Planning	-	34,571	(2,714)	31,857
Communications and Marketing	12,997	125,992	6,474	145,463
Capital Financing	(5,899,241)	-	-	(5,899,241)
Year End Transactions	(55,094)	1,000	-	(54,094)
REFCUS	688,210	-	-	688,210
Net Cost of Services	6,573,294	6,265,000	26,605	12,864,899
Other Income and Expenditure from the Expenditure and Funding Analysis	(4,520,208)	1,203,000	(565,715)	(3,882,923)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	2,053,086	7,468,000	(539,110)	8,981,976



Notes to the Financial Statements
For the year ended 31 March 2023

Adjustments between Funding and Accounting Basis				
RESTATED 2021/22				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Total
	£	£	£	£
Community & Wellbeing HQ	-	35,194	(1,894)	33,300
Environmental Health	5,045	449,162	459	454,666
Community & Culture	70,532	331,990	10,094	412,616
Parks and Cemeteries	1,340,903	570,193	(26,880)	1,884,216
Leisure	2,111,750	762,716	4,403	2,878,869
Environment HQ	-	35,238	(3,365)	31,873
Waste and Cleansing	1,186,648	1,407,964	(30,075)	2,564,537
Assets and Property Services	2,149,662	318,843	(16,289)	2,452,216
Regulatory Services	421,812	349,767	(16,371)	755,208
Prosperity HQ	-	-	-	-
Economic Development	1,196,073	137,744	(4,376)	1,329,441
Planning	-	96,159	(18,003)	78,156
Tourism	44,595	257,058	14,014	315,667
Place HQ	-	35,256	1,419	36,675
Regeneration	147,780	236,042	(1,655)	382,167
Strategic Capital Development	-	56,021	1,211	57,232
Corporate Services HQ	-	77,145	6,890	84,035
Internal Audit	-	-	-	-
Finance	-	167,461	(1,727)	165,734
Strategic Transformation and Performance	160,233	133,382	1,836	295,451
HR & OD	-	171,446	(1,612)	169,834
Administration	53,707	576,436	11,147	641,290
Chief Executive	-	57,102	(763)	56,339
Community Planning	-	34,914	3,713	38,627
Communications and Marketing	3,498	114,767	3,881	122,146
Capital Financing	(5,489,643)	-	-	(5,489,643)
Year End Transactions	305,583	9,000	-	314,583
REFCUS	1,458,209	-	-	1,458,209
Net Cost of Services	5,166,387	6,421,000	(63,943)	11,523,444
Other Income and Expenditure from the Expenditure and Funding Analysis	(1,922,243)	1,229,000	(22,154)	(715,397)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	3,244,144	7,650,000	(86,097)	10,808,047



Notes to the Financial Statements

For the year ended 31 March 2023

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 i.e. Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices; and
- iii) Taxation and Non-Specific Grant Income and Expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pension 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 permitted by statute and the replacement with current service costs and past service costs;
- For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Differences

Other statutory adjustments for services represent the accrual of absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March 2023 along with TOIL and flexi balances; along with the reversal of the same accrual from the previous year end.

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

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.



Notes to the Financial Statements

For the year ended 31 March 2023

2c) Segmental Income and Expenditure

Income and expenditure on a segmental basis are analysed below:

	2022/23									
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense	Interest in the Profit or Loss of Associates and Joint Ventures Accounted for by the Equity Method	Income Tax Expense or Income	Material Non cash items other than Depreciation and Amortisation	
	£	£	£	£	£	£	£	£	£	
Community & Wellbeing HQ	(1,379)		-	-	-	-	-	-	-	
Environmental Health	(726,967)		-	-	-	-	-	-	-	
Community & Culture	(1,773,316)	(1,909)	-	-	-	-	-	-	-	
Parks and Cemeteries	(530,135)		-	-	-	-	-	-	-	
Leisure	(3,071,184)	(143,945)								
Environment HQ	-		-	-	-	-	-	-	-	
Waste & Cleansing Services	(1,186,173)	(46,662)	-	-	-	-	-	-	-	
Assets & Property Services	(308,072)	(88,628)	-	-	-	-	-	-	-	
Regulatory Services	(2,133,109)	-	-	-	-	-	-	-	-	
Prosperity HQ	-	-	-	-	-	-	-	-	-	
Economic Development	(1,030,428)	-	-	-	-	-	-	-	-	
Planning	(949,261)	-	-	-	-	-	-	-	-	
Tourism	(197,998)	-	-	-	-	-	-	-	-	
Place HQ	-	-	-	-	-	-	-	-	-	
Regeneration	(30,281)	-	-	-	-	-	-	-	-	
Strategic Capital Development	(125,000)	-	-	-	-	-	-	-	-	
Corporate Services HQ	(76)	-	-	-	-	-	-	-	-	
Internal Audit	-	-	-	-	-	-	-	-	-	
Finance	1,362	-								
Strategic Transformation & Performance	(6,926)	-	-	-	-	-	-	-	-	
HR & OD	(3,000)	(1,050)	-	-	-	-	-	-	-	
Administration	(409,986)	-	-	-	-	-	-	-	-	
Chief Executive	(459)	-	-	-	-	-	-	-	-	
Community Planning	(48,389)	-	-	-	-	-	-	-	-	
Communications and Marketing	-	-	-	-	-	-	-	-	-	
Capital Financing	-	-	-	-	-	-	-	-	-	
Year End Transactions	-	-	-	-	-	-	-	-	-	
REFCUS	-	-	-	-	-	-	-	-	-	
Total Income Analysed on a segmental basis	(12,530,778)	(282,194)								



Notes to the Financial Statements

For the year ended 31 March 2023

Comparative year (2021/22):

		2021/22									
	Revenue from External Customers	Revenues from Transactions with Other Operating Segments of the Authority	Interest Revenue	Interest Expense	Depreciation and Amortisation	Material Items of Income and Expense	Interest in the Profit or Loss of Associates and Joint Ventures Accounted for by the Equity Method	Income Tax Expense or Income	Material Non cash items other than Depreciation and Amortisation		
	£	£	£	£	£	£	£	£	£	£	£
Community & Wellbeing HQ	(125,013)	-	-	-	-	-	-	-	-	-	-
Environmental Health	(611,445)	-	-	-	-	-	-	-	-	-	-
Community & Culture	(1,205,500)	(505)	-	-	-	-	-	-	-	-	-
Parks and Cemeteries	(457,928)	-	-	-	-	-	-	-	-	-	-
Leisure	(2,084,626)	(98,870)	-	-	-	-	-	-	-	-	-
Environment HQ	(1,965)	-	-	-	-	-	-	-	-	-	-
Waste and Cleansing	(1,063,553)	(50,099)	-	-	-	-	-	-	-	-	-
Assets and Property Services	(204,282)	(43,751)	-	-	-	-	-	-	-	-	-
Regulatory Services	(2,049,455)	-	-	-	-	-	-	-	-	-	-
Prosperity HQ	-	-	-	-	-	-	-	-	-	-	-
Economic Development	(533,819)	-	-	-	-	-	-	-	-	-	-
Planning	(1,007,463)	-	-	-	-	-	-	-	-	-	-
Tourism	(236,590)	-	-	-	-	-	-	-	-	-	-
Place HQ	(8,333)	-	-	-	-	-	-	-	-	-	-
Regeneration	(148,957)	-	-	-	-	-	-	-	-	-	-
Strategic Capital Development	-	-	-	-	-	-	-	-	-	-	-
Corporate Services HQ	(30)	-	-	-	-	-	-	-	-	-	-
Internal Audit	-	-	-	-	-	-	-	-	-	-	-
Finance	(4,139)	-	-	-	-	-	-	-	-	-	-
Strategic Transformation & Performance	-	-	-	-	-	-	-	-	-	-	-
HR & OD	1,075	(1,975)	-	-	-	-	-	-	-	-	-
Administration	(345,256)	-	-	-	-	-	-	-	-	-	-
Chief Executive	(257)	-	-	-	-	-	-	-	-	-	-
Community Planning	(1,000)	-	-	-	-	-	-	-	-	-	-
Communications and Marketing	-	-	-	-	-	-	-	-	-	-	-
Capital Financing	-	-	-	-	-	-	-	-	-	-	-
Year End transactions	-	-	-	-	-	-	-	-	-	-	-
REFCUS	-	-	-	-	-	-	-	-	-	-	-
Total Income Analysed on a segmental basis	(10,088,538)	(195,199)	-	-	-	-	-	-	-	-	-



Notes to the Financial Statements

For the year ended 31 March 2023

3 Expenditure and Income Analysed by Nature

Expenditure is analysed as follows:

	Note	2022/23	2021/22
		£	£
Employee Benefits Expenses	7	33,405,723	28,272,376
Other Services Expenditure		38,835,658	36,042,196
Depreciation, Amortisation, Impairment	4a	11,839,418	8,892,239
Interest Payments		4,027,471	3,973,376
Other Expenditure	8	(55,094)	260,583
Total Expenditure		88,053,176	77,440,770

Income is analysed as follows:

	Note	2022/23	2021/22
		£	£
Fees, Charges and other service Income		(12,812,971)	(10,283,735)
Interest and Investment Income		(623,011)	(130,437)
District rate income	10e	(56,267,162)	(54,421,618)
Government grants and Contributions	10a/c/d	(6,654,255)	(5,370,803)
Other Income			-
Total Income		(76,357,399)	(70,206,593)
(Surplus) or Deficit on the Provision of Services	2	(11,695,777)	(7,234,177)

Notes to the Financial Statements

For the year ended 31 March 2023

4 Adjustments between accounting basis and funding basis under regulations

4a) Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

	Notes	2022/23 £	2021/22 £
Impairments (losses & reversals) of non-current assets	12a/ b	790,375	-
Revaluation (increases)/decreases taken to Surplus/Deficit on the Provision of Services	12a/ b	672,555	(964,648)
Depreciation charged in the year on non-current assets	12a/ b	10,376,488	9,856,877
		11,839,418	8,892,239
Net Revenue expenditure funded from capital under statute		688,210	1,458,209
Carrying amount of non-current assets sold	26a	743,648	2,155,742
Proceeds from the sale of PP&E, investment property and intangible assets	26a	(798,742)	(1,850,159)
		633,116	1,763,792
Net charges made for retirement benefits in accordance with IAS19	22b	12,194,000	11,803,000
Direct revenue financing of Capital Expenditure	13	(296,141)	(168,839)
Capital Grants and Donated Assets Receivable and Applied in year	10	(1,397,108)	(455,971)
Capital & Revenue Grants Receivable and Unapplied in year	27b/ 27c	(3,688,814)	(1,488,427)
Adjustments in relation to short-term compensated absences	28d	26,605	(63,943)
Statutory provision for the financing of Capital Investment	13	(5,603,100)	(5,320,804)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	22b	(4,726,000)	(4,153,000)
		(3,490,558)	152,016
Total Adjustments		8,981,976	10,808,047



Notes to the Financial Statements

For the year ended 31 March 2023

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

		2022/23	2021/22
Earmarked Fund			
Interest	<u>9b</u>	(260,468)	(7,836)
(From) / to General Fund		2,930,219	(2,605,876)
	<u>27d</u>	2,669,751	(2,613,712)

5. The Cost of Services on continuing Operations

5a) General Power of Competence

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

Under Section 79 of the Local Government Act (Northern Ireland) 2014, the Council has the power to do anything that individuals generally may do. Councils have the power to do this without charge. The power of competence is not limited to benefiting the area or its residents nor is it limited by existing powers. The actual expenditure incurred during 2022/23 amounted to £Nil (2021/22: £Nil).

5b) External Audit Fees

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

	2022/23	2021/22
	£	£
Statement of Accounts Audit	50,200	49,000
Performance Improvement Audit	19,000	19,000
Under/(Over) accrual in previous years	(5,500)	9,850
National Fraud Initiative	-	-
	63,700	77,850

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

6. Operating and Finance Leases

Council as a Lessor

6a) Finance Leases (Council as a lessor)

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



Notes to the Financial Statements

For the year ended 31 March 2023

6b) Operating Leases (Council as a lessor)

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

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

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £702,745 (2021/22: £361,882). No contingent rents were recognised.

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

	2022/23 £	2021/22 £
Minimum lease rentals receivable:		
No later than 1 year	343,713	275,240
Later than 1 year and no later than 5 years	330,401	246,756
Later than 5 years	1,438,144	1,485,265
	2,112,258	2,007,261

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

	2022/23 £	2021/22 £
Cost	8,852,244	9,114,711
Accumulated depreciation and impairments at 1 April	635,668	610,176
Depreciation charge for the year	(635,668)	(610,176)
Impairments/Revaluations	7,023,257	6,168,028
	15,875,501	15,282,739

Council as a Lessee

6c) Finance Leases (Council as a lessee)

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

6d) Operating Leases (Council as a lessee)

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



Notes to the Financial Statements

For the year ended 31 March 2023

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

	2022/23		2021/22	
	Land & Buildings £	Vehicles, Plant & Equipment £	Land & Buildings £	Vehicles, Plant & Equipment £
Minimum lease payments	346,275	12,481	316,991	18,235
Contingent rentals	-	-	-	-
Sub- lease payments receivable	(137,949)	-	(92,200)	-
	208,326	12,481	224,791	18,235

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

	2022/23		2021/22	
	Land & Buildings £	Vehicles, Plant & Equipment £	Land & Buildings £	Vehicles, Plant & Equipment £
Minimum lease rentals payable:				
No later than 1 year	345,232	-	316,791	-
Later than 1 year and no later than 5 years	1,360,130	-	1,249,386	-
Later than 5 years	6,061,575	-	5,940,818	-
	7,766,937	-	7,506,995	-

7. Employee Costs and Members' Allowances

7a) Employee Costs

	2022/23 £	2021/22 £
Salaries and Wages	25,889,329	21,888,881
Employer National Insurance	2,493,096	2,007,304
Employer Pension costs	4,910,330	4,282,028
Apprenticeship Levy	112,968	94,163
	33,405,723	28,272,376

The agency costs incurred during the 2022/23 year amounted to £2,258,312 (2021/22 £2,013,501).

The Council's contribution rate to the NILGOSC scheme in 2022/23 is 19.5%. The Council's contribution rate for 2023/24 is 19%. At the last actuarial valuation, dated 31 March 2022, the Fund's assets were £8,039.9M and the past service liabilities (funding target) £9,226.7M, corresponding to a surplus of £1,004.4M and a funding level of 111% (2019: 112%).



Notes to the Financial Statements

For the year ended 31 March 2023

7b) Average Number of Employees

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

	2022/23	2021/22
	FTE	FTE
Community & Wellbeing HQ	2.00	2.00
Environmental Health	45.01	45.6
Community & Culture	33.65	34.79
Leisure	96.87	97.03
Parks & Cemeteries	81.36	86.53
Environment HQ	2.00	2.00
Waste and Cleansing Services	234.08	220.70
Assets and Property Services	50.14	50.00
Regulatory Services	45.17	44.61
Regen, Dev & Planning HQ	-	2.00
Finance & Performance HQ	-	2.00
OD & Admin HQ	-	1.54
Chief Executive	3.00	2.92
Community Planning	3.00	3.00
Communications and Marketing	13.39	15.39
Prosperity HQ	1.00	-
Economic Development	11.63	11.50
Planning	39.51	44.57
Tourism	19.03	18.41
Place HQ	2.00	-
Regeneration	12.00	12.00
Strategic Capital Development	8.69	7.69
Corporate Services HQ	1.54	-
Finance	19.77	17.16
Strategic Transformation and Performance	14.00	13.00
HR & OD	16.41	15.41
Administration	45.82	45.71
Data Protection	1.00	-
	802.07	795.56
	Actual Numbers	Actual Numbers
Full-time numbers employed	654	648
Part-time numbers employed	256	191
	910	839



Notes to the Financial Statements

For the year ended 31 March 2023

7c) Senior Employees' Remuneration

	2022/23 Number	2021/22 Number
£70,001 to £80,000	1	-
£80,001 to £90,000	1	5
£90,001 to £100,000	3	-
£100,001 to £110,000	-	-
£110,001 to £120,000	-	-
£120,001 to £130,000	1	1
	6	6

See Table 2 in the Remuneration Report on Page 37 for more detailed information regarding Senior Employees' Remuneration. Two Directors who commenced employment late in the financial year are not included in the table above as their remuneration in the financial year did not exceed £70,000 but they are included in the Remuneration Report Table 2.

7d) Members' Allowances

During the year Members' allowances, including Employer's costs, totalled £985,228. The breakdown is as follows:

	2022/23 £	2021/22 £
Basic Allowance	600,778	599,933
Mayor's & Deputy Mayor's Allowance	22,296	22,294
Special Responsibility Allowances	27,958	27,950
Dependents' Carers Allowances	-	-
Employer's Costs	315,152	341,380
Mileage	5,736	2,527
Conferences & Courses	-	-
Travel & Subsistence Costs	4,010	1,814
Miscellaneous	9,298	7,969
	985,228	1,003,867

7e) Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service Pension arrangement is an unfunded multi-employer defined benefit scheme, but the Council is unable to identify its share of the underlying assets and liabilities. As a result of these arrangements the scheme is accounted for as a defined contribution scheme in line with the Code. The most up to date actuarial valuation was carried out as at 31 March 2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the Department of Finance Superannuation and Other Allowances Resource Accounts as at 31 March 2023.

For 2022/23, employers' contributions of £400,738 were payable to the NICS pension arrangements at one of three rates 28.7% (up to £28,899); 30.7% (£28,900 to £58,099) and 34.2% (£58,100 and over) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2016 was finalised by the Actuary during 2019-20. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates

Notes to the Financial Statements

For the year ended 31 March 2023

are set to meet the cost of the benefits accruing during 2021/22 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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

8. Other Operating Income & Expenditure

Surplus or Deficit on Non-Current Assets	2022/23 £	2021/22 £
Proceeds from Sale	(798,742)	(1,850,159)
Carrying amount of non-current assets sold	743,648	2,110,742
Total	(55,094)	260,583

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

9. Financing and Investment Income and Expenditure

9a Interest Payable and Similar Charges

	2022/23 £	2021/22 £
Government Loan Interest	2,199,475	2,315,939
Commercial Loan Interest	362,025	363,480
Loan Interest	2,561,500	2,679,419

9b Interest and Investment Income

	2022/23 £	2021/22 £
Bank Interest	(209,160)	(8,188)
Employee Car Loan Interest	(171)	(280)
Northern Ireland Housing Executive Loan interest receivable	(34,084)	(37,603)
Investment income on fund balances		
Earmarked Fund	(260,468)	(7,836)
Other investment Income & Expenditure	260,468	7,836
	(243,415)	(46,071)

9c Pensions Interest Cost

	2022/23 £	2021/22 £
Net interest on the net defined benefit liability / (asset)	1,203,000	1,229,000



Notes to the Financial Statements

For the year ended 31 March 2023

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

	2022/23	2021/22
	£	£
Income (including rental income)	(77,627)	(76,531)
Expenditure	2,502	622
Net Income from investment properties	(75,125)	(75,909)
Proceeds from sale	-	-
Carrying amount of investment properties transferred	-	45,000
(Surplus)/Deficit on sale of investment properties	-	45,000
Change in fair value of investment properties	(41,500)	11,500
Total	(116,625)	(19,409)

The net cost of financing and investing activities is due to the net effect of revaluations carried out on all investment properties in 2022/23.

Financing and Investment Income and Expenditure

	2022/23	2021/22
	£	£
Interest Payable and Similar Charges	2,561,500	2,679,419
Interest and Investment Income	(243,415)	(46,071)
Pensions Interest Cost	1,203,000	1,229,000
(Surplus) / deficit on trading operations	-	-
Other Investment Income	(75,125)	(30,909)
Changes in Fair Value of Investment Properties	(41,500)	11,500
Total	3,404,460	3,842,939

10. Taxation and Non-Specific Grant Income

10a Revenue Grants

	2022/23	2021/22
	£	£
General	(1,949,829)	(1,871,999)
Other – COVID-19 Funding	(184,218)	(1,576,561)
	(2,134,047)	(3,448,560)

10b Revenue Grants - Unapplied

	2022/23	2021/22
	£	£
Government & Other Grants - Conditions met and not applied in year	603,143	301,460



Notes to the Financial Statements

For the year ended 31 March 2023

10c Capital Grants and Donated Assets - Applied

	2022/23 £	2021/22 £
Government & Other Grants - Conditions met and applied in year	(1,397,109)	(455,971)

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

10d Capital Grants - Unapplied

	2022/23 £	2021/22 £
Government & Other Grants - Conditions met and not applied in year	(3,123,099)	(1,466,272)

10e District Rates

	2022/23 £	2021/22 £
Current year	(55,413,519)	(53,147,653)
Finalisation	(853,643)	(1,273,965)
Totals	(56,267,162)	(54,421,618)

Taxation and Non-Specific Grant Income

	2022/23 £	2021/22 £
District Rate Income	(56,267,162)	(54,421,618)
Revenue Grants	(2,134,047)	(3,448,560)
Capital Grants and Contributions	(4,520,208)	(1,922,243)
	(62,921,417)	(59,792,421)

11 Acquired and Discontinued - Operations

The Council has not acquired or discontinued any material operations.



Notes to the Financial Statements

For the year ended 31 March 2023

12a) Fixed Assets

Cost or Valuation	Property, Plant and Equipment						Heritage Assets	Investment Properties	Intangible Assets	TOTAL
	Land	Buildings	Vehicles, Plant & Equipment	Community	PP&E Under Construction	Surplus Assets				
	£	£	£	£	£	£	£	£	£	
At 1 April 2022	28,246,654	204,514,568	23,080,719	76,178	252,783	3,413,498	2,539,533	1,368,500	1,145,323	264,637,756
Additions	-	2,614,547	1,250,536	-	555,587	30,000	-	-	47,834	4,498,504
Revaluation increases / (decreases) to RR	1,274,160	9,944,512	-	-	-	(245,983)	-	-	-	10,972,689
Revaluation increases / (decreases) to SDPS	(868,260)	25,714	-	-	(50,502)	7,983	-	41,500	-	(843,565)
De-recognition & Disposals	-	(876,497)	(719,984)	-	-	-	-	-	(210,258)	(1,806,739)
Reclassifications & Transfers	1,100,000	(29,991)	29,991	-	(29,095)	(1,275,000)	-	-	29,095	(175,000)
At 31 March 2023	29,752,554	216,192,853	23,641,262	76,178	728,773	1,930,498	2,539,533	1,410,000	1,011,994	277,283,645
At 1 April 2022	-	458,331	16,074,987	-	-	-	-	-	931,480	17,464,798
Depreciation Charge	-	8,295,917	1,932,771	-	-	-	-	-	147,800	10,376,488
Depreciation written out on RR	-	(8,551,208)	-	-	-	-	-	-	-	(8,551,208)
Depreciation written out on SDPS	-	(171,010)	-	-	-	-	-	-	-	(171,010)
Impairment losses / reversals to RR	-	12,905	-	-	-	-	-	-	-	12,905
Impairment losses / Reversals to SDPS	-	790,375	-	-	-	-	-	-	-	790,375
De-recognition & Disposals	-	(831,979)	(718,454)	-	-	-	-	-	(210,258)	(1,760,691)
Reclassifications and Transfers	-	(3,336)	3,336	-	-	-	-	-	-	-
At 31 March 2023	-	(5)	17,292,640	-	-	-	-	-	869,022	18,161,657
Net Book Value At 31 March 2023	29,752,554	216,192,858	6,348,622	76,178	728,773	1,930,498	2,539,533	1,410,000	142,972	259,121,988
Net Book Value At 31 March 2022	28,246,654	204,056,237	7,005,732	76,178	252,783	3,413,498	2,539,599	1,368,500	213,843	247,172,959

Notes to the Financial Statements
For the year ended 31 March 2023

12b) Fixed Assets – Comparative Year

Cost or Valuation	Property, Plant and Equipment						Surplus Assets	Heritage Assets	Investment Properties	Intangible Assets	TOTAL
	Land	Buildings	Vehicles, Plant & Equipment	Community	PP&E Under Construction						
At 1 April 2021	26,962,104	199,919,943	21,715,506	76,178	376,696	3,373,198	2,503,625	1,880,000	1,169,666	257,976,916	
Additions	-	1,052,882	2,069,843	-	176,245	-	35,908	-	79,432	3,414,310	
Revaluation increases / (decreases) to RR	1,006,355	3,156,899	-	-	-	26,250	-	-	-	4,189,504	
Revaluation increases / (decreases) to SDPS	212,195	54,687	-	-	-	-	-	(11,500)	(125,000)	130,382	
De-recognition & Disposals	(9,000)	-	(683,405)	-	-	(235,950)	-	(45,000)	-	(973,355)	
Reclassifications & Transfers	75,000	330,160	(21,225)	-	(300,160)	250,000	-	(455,000)	21,225	-	
At 31 March 2022	28,246,654	204,514,571	23,080,719	76,178	252,781	3,413,498	2,539,533	1,368,500	1,145,323	264,637,757	
At 1 April 2021	-	(5)	14,740,512	-	-	-	-	-	805,296	15,545,803	
Depreciation Charge	-	7,763,365	1,988,564	-	-	-	-	-	104,958	9,856,887	
Depreciation written out on RR	-	(6,952,013)	-	-	-	-	-	-	-	(6,952,013)	
Depreciation written out on SDPS	-	(808,016)	-	-	-	-	-	-	-	(808,016)	
Impairment losses / reversals to RR	-	455,000	-	-	-	-	-	-	-	455,000	
Impairment losses / Reversals to SDPS	-	-	-	-	-	-	-	-	-	-	
De-recognition & Disposals	-	-	(632,863)	-	-	-	-	-	-	(632,863)	
Reclassifications and Transfers	-	-	(21,225)	-	-	-	-	-	21,225	-	
At 31 March 2022	-	458,331	16,074,988	-	-	-	-	-	931,479	17,464,798	
Net Book Value At 31 March 2022	28,246,654	204,056,240	7,005,731	76,178	252,781	3,413,498	2,539,533	1,368,500	213,844	247,172,959	
Net Book Value At 31 March 2021	26,962,104	199,919,948	6,974,994	76,178	376,696	3,373,198	2,503,625	1,880,000	364,370	242,431,113	

Notes to the Financial Statements

For the year ended 31 March 2023

12c) Intangible Assets

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

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

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

	2022/23 £	2021/22 £
Market Trading Rights	100,000	100,000
Public Path Creation Agreements	7	7
Computer Software	42,965	113,836
	142,972	213,843

12d) Investment Properties

There were no additions to investment properties in year.

	2022/23 £	2021/22 £
Rental Income from Investment Activities	77,627	76,531
Direct Operating expenses	(2,502)	(622)
Net gain/(loss)	75,125	75,909

12e) Heritage Assets

	Artefacts £	Paintings & Drawings £	Historical Furniture £	Other £	Total Heritage Assets £
Cost or Valuation:					
At 1 April 2022	669,450	1,286,750	40,000	543,333	2,539,533
Additions/(Disposals)	-	-	-	-	-
Derecognitions	-	-	-	-	-
Transfers	-	-	-	-	-
Revaluations to Revaluation Reserve	-	-	-	-	-
Revaluations to Surplus/Deficit on the Provision of Services	-	-	-	-	-
At 31 March 2023	669,450	1,286,750	40,000	543,333	2,539,533

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



Notes to the Financial Statements

For the year ended 31 March 2023

12f) Assets held for Sale

	Assets Held for Sale Current £	Total £
Cost or Valuation:		
At 1 April 2022	100,000	100,000
Transferred from Non-Current Assets	175,000	175,000
Disposals	(100,000)	(100,000)
At 31 March 2023	175,000	175,000
Net Book Value at 31 March 2023	175,000	175,000
Net Book Value at 31 March 2022	100,000	100,000

During the year, Council disposed of a parcel of land at Belfast Road, Holywood by way of a long term lease (999yrs). The premium paid was £100,000.

As at 31 March 2023, one asset was identified as meeting the criteria for an asset held for sale. The disposal of this asset, land at Blair Mayne Road South in Newtownards, completed at the beginning of the 2023/24 financial year.

12h) Valuations

Valuations of Land and Buildings are carried out externally by Land and Property Services (LPS), in accordance with International Financial Reporting Standards (IFRS) as applied to the UK public sector and interpreted by the CIPFA Code of Practice for Local Authority Accounting, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Global Standards 2022. For the asset revaluations carried out this year, no special assumptions were made. Please refer to Note 1xx for further information on revaluation and depreciation policies.

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

12i) Impairments

An impairment review identified impairment losses of £803k relating solely to one asset, the Blacklight Adventure Zone within the Ards Blair Mayne Wellbeing and Leisure Complex. This facility has not been fully operational since the onset of the COVID-19 pandemic in 2020 and as a result of operational issues, including health and safety issues and changing trends within the leisure industry, a more attractive new opportunity for the space arose, rendering the existing fixtures and fittings redundant. The fixtures and fittings were sold at auction in March 2023 and netted proceeds of £44.5k.



Notes to the Financial Statements

For the year ended 31 March 2023

13. Capital Expenditure and Capital Financing

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

	Notes	2022/23 £	2021/22 £
Opening Capital Financing Requirement		79,504,458	82,426,245
Capital Expenditure:			
Property, Plant & Equipment	12a/b	4,450,670	3,334,877
Intangible Assets	12a/b	47,834	79,432
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	28a	688,210	1,458,209
Sources of Finance:			
Capital receipts	27a	(469,179)	(142,620)
Capital Grants & Other Contributions	10c / 27b	(1,988,135)	(2,162,042)
Transfers from Earmarked Fund	28a	(6422)	-
Sums sets aside from Revenue:			
Direct Revenue Contributions	4,27	(296,141)	(168,839)
Minimum Revenue Provision (MRP)	28a	(5,603,100)	(5,320,804)
Closing Capital Financing Requirement		76,328,195	79,504,458
Explanation of Movements in Year		£	£
Increase / (decrease) in underlying need to borrow		(3,176,263)	(2,921,787)
Assets acquired under leases		-	-
Assets acquired under PFI/PPP contracts		-	-
Increase/(decrease) in Capital Financing Requirement		(3,176,263)	(2,921,787)

14. Future Capital Commitments

As at 31st March 2023, the Council has awarded contracts for capital schemes and other purchases totalling £1.8m, as follows:

	Gross Cost £	Grant Aid £	Net Cost £
Capital works schemes	53,972	-	53,972
Vehicles, Plant & Equipment	1,746,344	-	1,746,344
Total	1,800,316	-	1,800,316



Notes to the Financial Statements

For the year ended 31 March 2023

15. Inventories

The stock of goods held at 31 March was:

	2022/23	2021/22
	£	£
Waste Transfer Station, Bangor - Fuel	27,526	30,850
North Road Depot, Newtownards - Fuel	17,267	32,725
North Road Depot, Newtownards – Stores	88,802	113,939
North Road Depot, Newtownards – Vehicle Parts	76,207	74,417
North Down Museum & Tourist Information Shops	8,962	7,750
Bangor Visitor Information Centre	3,658	3,883
Groomsport Visitor Information Centre	89	197
Newtownards Visitor Information Centre	7,790	8,295
Total	230,302	272,056

The cost of inventories recognised as an expense in services at 31 March 2023 amounted to £1,746,475.

16. Debtors

	2022/23	2021/22
	£	£
16a) Long-Term Debtors		
Government Departments	-	-
Capital Grants	42,921,457	-
NIHE loans ¹	469,554	539,642
Total Long-Term Debtors	43,391,011	539,642
16b) Short-Term Debtors		
Government Departments	3,542,547	3,359,104
Other Councils	232,778	126,533
Public Corporations & Trading Funds	602	-
Bodies External to General Government	27,189	-
NIHE loans ¹	70,085	66,300
Employee car loans	-	1,938
Revenue Grants	976,800	1,253,472
Capital Grants	2,353,394	556,918
Value Added Tax	540,813	974,102
Prepayments	539,856	604,702
Other	413,336	145,336
Trade receivables	638,728	416,463
Impairment loss - Trade receivables	(109,581)	(79,568)
Total Short-Term Debtors	9,226,547	7,425,300
Total Debtors	52,617,558	7,964,942

¹ This debtor relates to the Northern Ireland Housing Executive (NIHE) debt brought about by the local government re-organisation in 1972 with establishment of the NIHE. However, the loans relating to the assets transferred to the NIHE remain with the Council whilst interest and principal are received annually from NIHE.



Notes to the Financial Statements

For the year ended 31 March 2023

17. Investments

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

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

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

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

The Council also administers deposits held on behalf of third parties, namely the Ards and North Down Mayor's Charity Appeals, the Holywood District Nursing Society, and the Blair Mayne Bursary. The total balances held as at the 31 March 2023 amount to £23,083.

18. Borrowings

18a) Short-Term Borrowing

	2022/23 £	2021/22 £
Loans re-payable within one year	4,073,849	3,135,428
Finance Lease Principal	-	-
Total Short-Term Borrowing	4,073,849	3,135,428

18b) Long-Term Borrowing

	2022/23 £	2021/22 £
Between 1 and 2 years	2,775,070	4,073,849
Between 2 and 5 years	9,288,451	9,453,118
Between 5 and 10 years	16,204,366	15,330,647
In more than 10 years	31,382,812	34,866,933
Total Long-Term Borrowing	59,650,699	63,724,547
Total Borrowing	63,724,548	66,859,975

18c) Total Borrowing by Type

	2022/23 £	2021/22 £
Annuity Repayment	23,314,738	25,427,179
Equal Instalments of Principle Borrowings	24,724,138	25,747,124
Maturity Repayment	15,685,672	15,685,672
Total Borrowing	63,724,548	66,859,975

Interest rates on Government Loans range between 2.24% and 9.875%. The average interest rate on all long-term borrowings is 3.9%.



Notes to the Financial Statements

For the year ended 31 March 2023

19. Creditors

19a) Short-Term Creditors

	2022/23	2021/22
	£	£
Government Departments	616,455	765,664
Other Councils	(61,517)	68,987
Public Corporations and Trading Funds	146,606	105,222
Bodies External to General Government	32,625	20,995
Remuneration due to employees	777,449	164,568
Accumulated Absences	721,429	694,824
Loan Interest Payable	118,194	118,194
Capital Creditors	285,381	336,844
Receipts in advance	950,844	877,609
Trade creditors	2,002,074	2,554,163
Other	-	-
Total Short Term Creditors	5,589,540	5,707,070

19b) Long-Term Creditors

	2022/23	2021/22
	£	£
Total Long-Term Creditors	-	-
Total Creditors	5,589,540	5,707,070

19c) Payment of Invoices

The Council has a target of paying supplier invoices within 30 calendar days. During the 2022/23 financial year the Council paid 18,094 invoices totalling £45,318,004.

Invoices Paid	2022/23		2021/22
	No.	%	%
Within 30 calendar days	17,468	97%	98%
Within 10 working days	14,027	78%	84%
Outside the 30-day target	626	3%	2%
Average days to pay	14.55		13.31
Median days to pay	13		12



Notes to the Financial Statements

For the year ended 31 March 2023

20. Provisions

Current Year:	At 1 April 2022	Increase in provision during year	Utilised during year	Unused Reversals	At 31 March 2023
	£	£	£	£	£
Insurance	423,900	380,165	(308,675)	(1,690)	493,700
Environmental	95,005	-	-	(45,005)	50,000
Legal	30,440	-	-	-	30,440
Other	681,100	48,303	-	-	729,403
	1,230,445	428,468	(308,675)	(46,695)	1,303,543
Current Provisions	776,105	48,303	-	(45,005)	779,403
Long Term Provisions	454,340	380,165	(308,675)	(1,690)	524,140
	1,230,445	428,468	(308,675)	(46,695)	1,303,543

Comparative Year:	At 1 April 2021	Increase in provision during year	Utilised during year	Unused Reversals	At 31 March 2022
	£	£	£	£	£
Insurance	333,288	296,179	(168,871)	(36,696)	423,900
Environmental	95,005	-	-	-	95,005
Legal	30,440	-	-	-	30,440
Other	681,100	-	-	-	681,100
	1,139,833	296,179	(168,871)	(36,696)	1,230,445
Current Provisions	776,105	-	-	-	776,105
Long Term Provisions	363,728	296,179	(168,871)	(36,696)	454,340
	1,139,833	296,179	(168,871)	(36,696)	1,230,445

Insurance Provision

The Council operates a self-insurance scheme for public and employee liability insurance and has a number of claims which require to be settled. A provision at 31 March 2023 has been made on the basis of Council's experience of settlement rates over recent years.

Environmental Provision

This provision relates to the need for remedial works to be undertaken to address environmental damage at a property in the Council area. This remediation work was agreed as part of the settlement to militate against future run-off of storm water from Council land into a third party's site.

Legal Provision

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



Notes to the Financial Statements

For the year ended 31 March 2023

Other

Court judgments have established the law as requiring employees to receive acknowledgement of overtime payments as part of their holiday pay entitlement calculations, which the Council acknowledges. The Northern Ireland Court of Appeal turned down an appeal by the Police Service of Northern Ireland (PSNI) regarding the potential liability arising to that organisation in this regard. This decision was appealed to the Supreme Court. The Council has a signed agreement with the recognised trade unions, however individual employees will also be required to sign compromise agreements before receiving their payment.

However, as a consequence of a mediation process entered into between NIPSA and the PSNI in relation to Agnew, NIPSA is no longer in a position, at this point, to enter into any agreement which compromises the full extent of the law as determined by the Northern Ireland Court of Appeal in Agnew. NIPSA's current position is therefore to pause any current negotiations. The matter remains as a standing item on the Joint Forum agenda.

21. Financial Instruments

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

Credit Risk

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

Liquidity Risk

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

Market Risk

Interest Rate Risk

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

Foreign Exchange Risk

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



Notes to the Financial Statements

For the year ended 31 March 2023

Employee Car Loans

The Council makes loans for car purchases to employees in the Council who are in posts that require them to drive regularly on the Council's business. Currently there are no employees who have loans which is reflected in Note 16.

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

Financial Assets as at 31 March 2023

	Non-Current		Current		Total £
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	-	9,500,000	638,728	10,138,728
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-
Total Financial Assets	-	-	9,500,000	638,728	10,138,728
Non-Financial Assets	-	-	-	-	-
Total	-	-	9,500,000	638,728	10,138,728

Financial Assets as at 31 March 2022

	Non-Current		Current		Total £
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	-	-	9,000,000	416,463	9,416,463
Fair Value through other comprehensive income - designated equity instruments	-	-	-	-	-
Fair Value through other comprehensive income - other	-	-	-	-	-
Total Financial Assets	-	-	9,000,000	416,463	9,416,463
Non-Financial Assets	-	-	-	-	-
Total	-	-	9,000,000	416,463	9,416,463

Notes to the Financial Statements

For the year ended 31 March 2023

Financial Liabilities as at 31 March 2023

	Non-Current		Current		Total £
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	59,650,699	-	4,073,849	2,002,074	65,726,622
Total financial liabilities	59,650,699	-	4,073,849	2,002,074	65,726,622
Non-financial liabilities	-	-	-	-	-
Total	59,650,699	-	4,073,849	2,002,074	65,726,622

Financial Liabilities as at 31 March 2022

	Non-Current		Current		Total £
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	
Fair Value through profit or loss	-	-	-	-	-
Amortised cost	63,724,547	-	3,135,428	2,554,163	69,414,138
Total financial liabilities	63,724,547	-	3,135,428	2,554,163	69,414,138
Non-financial liabilities	-	-	-	-	-
Total	63,724,547	-	3,135,428	2,554,163	69,414,138

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

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

Financial Assets / Liabilities	31 March 2023		31 March 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Financial liabilities held at amortised cost	63,724,548	58,242,169	66,859,975	73,230,483
Financial assets held at amortised cost	9,500,000	9,509,862	9,000,000	8,999,596



Notes to the Financial Statements

For the year ended 31 March 2023

22. Retirement Benefits

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

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

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

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

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

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

	2022/23 £	2021/22 £
Net cost of services:		
Current service cost	10,990,000	10,565,000
Past service cost/(gain)	1,000	9,000
(Gains)/Losses on settlements and curtailments	-	-
Net operating expenditure:		
Net Interest on the net defined liability (asset)	1,203,000	1,229,000
Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	12,194,000	11,803,000
Movement in Reserves Statement:		
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code	(12,194,000)	(11,803,000)
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	4,726,000	4,153,000
Net Adjustment to the General Fund	(7,468,000)	(7,650,000)

The service cost figures include an allowance for administration expenses of £0.119m or 1.08% of current service cost.



Notes to the Financial Statements

For the year ended 31 March 2023

	2022/23 £	2021/22 £
Re-measurements recognised in Other Comprehensive Income and Expenditure		
Liability gains/(losses) due to change in assumptions	93,262,000	16,186,000
Actuarial gains/(losses) due to changes in demographic assumptions	(949,000)	2,315,000
Liability experience gains/(losses) arising in the year	(13,506,000)	(525,000)
Actuarial Gains/(Losses) on plan assets	(21,157,000)	3,367,000
Other	-	-
Total Gains/(Losses) recognised in Other Comprehensive Income and Expenditure	57,650,000	21,343,000

22c) Assets and Liabilities in relation to Retirement Benefits

	2022/23 £	2021/22 £
Reconciliation of present value of the scheme liabilities:		
Balance as at 1 April	228,776,000	234,223,000
Current service cost	10,990,000	10,565,000
Interest cost	6,132,000	4,889,000
Contributions by members	1,508,000	1,320,000
Re-measurement (gains) and losses:		
Actuarial gains/losses arising on liabilities from changes in financial assumptions	(93,262,000)	(16,186,000)
Actuarial gains/losses arising from demographic changes	949,000	(2,315,000)
Actuarial gains/losses arising on liabilities from experience	13,506,000	525,000
Other	-	-
Past Service Costs / (gains)	1,000	9,000
Losses/(gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Estimated unfunded benefits paid	(71,000)	(73,000)
Estimated benefits paid	(4,891,000)	(4,181,000)
Balance as at 31 March	163,638,000	228,776,000

	2022/23 £	2021/22 £
Reconciliation of present value of the scheme assets:		
Balance as at 1 April	181,855,000	173,609,000
Interest Income	4,929,000	3,660,000
Contributions by members	1,508,000	1,320,000
Contributions by employer	4,655,000	4,080,000
Contributions in respect of unfunded benefits	71,000	73,000
Re-measurement gains/(losses)	(21,157,000)	3,367,000
Assets distributed on settlements	-	-
Unfunded benefits paid	(71,000)	(73,000)
Benefits paid	(4,891,000)	(4,181,000)
Balance as at 31 March	166,899,000	181,855,000

Notes to the Financial Statements

For the year ended 31 March 2023

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets. The actual return on scheme assets in the year was a loss of £16,228,000 (2021/22 gain of £7,027,000).

Fair Value of Plan Assets:	2022/23	2021/22
	£	£
Equity investments	68,929,287	73,833,130
Bonds	38,720,568	47,100,445
Property	17,524,395	19,822,195
Cash	9,847,041	11,275,010
Other	31,877,709	29,824,220
	166,899,000	181,855,000

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

The Council's share of the Net Pension Liability (included in the Balance Sheet):	2022/23	2021/22
	£	£
Fair Value of Employer Assets	166,899,000	181,855,000
Present value of funded defined benefit obligation	(162,836,000)	(227,886,000)
Pension asset/(liability) of Funded Scheme	4,063,000	(46,031,000)
Present Value of Unfunded defined benefit obligation	(802,000)	(890,000)
Net Asset/(Liability) arising from the defined benefit obligation	3,261,000	(46,921,000)
Amount in the Balance sheet:		
Liabilities	(163,638,000)	(228,776,000)
Assets	166,899,000	181,855,000
Net Asset/(Liability)	3,261,000	(46,921,000)

22d) Scheme History

Analysis of scheme assets and liabilities	2022/23	2021/22
	£	£
Fair Value of Assets in pension scheme	166,899,000	181,855,000
Present Value of Defined Benefit Obligation	(163,638,000)	(228,776,000)
Surplus/(deficit) in the Scheme	3,261,000	(46,921,000)



Notes to the Financial Statements

For the year ended 31 March 2023

Amount recognised in Other Comprehensive Income and Expenditure:	2022/23	2021/22
	£	£
Actuarial gains/(losses)	78,807,000	17,976,000
Expected Return on Plan Assets	(21,157,000)	3,367,000
Re-measurements recognised in Other Comprehensive Income and Expenditure	57,650,000	21,343,000
Cumulative actuarial gains and losses	62,471,000	4,821,000
History of experience gains and losses:		
Experience gains and (losses) on assets	(21,157,000)	3,367,000
Experience gains and (losses) on liabilities	(13,506,000)	(525,000)

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total assets of £166,899,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a net asset of £3,261,000.

The Council has a net pension asset at the accounting date which is reflected in the reduction of employer contributions to 19% for the next three years (23/24 to 25/26).

Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2024:

	31/03/2024	31/03/2024
	£	% of pay
Projected current cost	5,512,000	22.2
Net Interest on the net defined benefit liability (asset)	(265,000)	-1.1
	5,247,000	21.1

Allowance for administration expenses included in Current Service Cost £124,000 and estimated pensionable payroll over the period £24,872,000.

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the Council in the year to 31 March 2024 is £5,284,350.

History of experience gains and losses

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

	2022/23	2021/22
	%	%
Experience Gains and (losses) on Assets	(12.68)	1.85
Experience gains and (losses) on Liabilities	8.25	0.23



Notes to the Financial Statements

For the year ended 31 March 2023

22e) Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by Aon Hewitt Ltd, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2022.

Mortality assumptions:		2022/23	2021/22
<i>Longevity at 65 current pensioners:</i>	Men	22.2 years	21.8 years
	Women	25.0 years	25.0 years
<i>Longevity at 45 for future pensioners:</i>	Men	23.2 years	23.2 years
	Women	26.4 years	26.4 years
Inflation/Pension Increase Rate		2.70%	3.00%
Salary Increase Rate		4.20%	4.50%
Discount Rate		4.70%	2.70%
Pension Accounts Revaluation Rate		2.70%	3.00%
Take-up of option to convert annual pension into retirement lump sum:			
Service to April 2009		80%	75%
Service post April 2009		80%	75%

Pension Assumptions Sensitivity Analysis

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

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

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

Discount Rate Assumption

	+0.1% p.a.	-0.1% p.a.
Adjustment to discount rate		
Present value of the total obligation (£Ms)	£159.905	£165.767
% change in the present value of the total obligation	-1.80%	1.80%
Projected service cost (£Ms)	£5.314	£5.716
Approximate % change in projected service cost	-3.60%	3.70%



Notes to the Financial Statements

For the year ended 31 March 2023

Rate of General Increase in Salaries

Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£Ms)	£163.325	£162.347
% change in the present value of the total obligation	0.30%	-0.30%
Projected service cost (£Ms)	£5.512	£5.512
Approximate % change in projected service cost	0.00%	0.00%

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

Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation (£Ms)	£165.279	£160.393
% change in the present value of the total obligation	1.50%	-1.50%
Projected service cost (£Ms)	£5.716	£5.314
Approximate % change in projected service cost	3.70%	-3.60%

Post Retirement Mortality Assumption

Adjustment to the mortality age rating assumption *	-1 Year	+1 Year
Present value of the total obligation (£Ms)	£167.233	£158.439
% change in the present value of the total obligation	2.70%	-2.70%
Projected service cost (£Ms)	£5.705	£5.319
Approximate % change in projected service cost	3.50%	-3.50%

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

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

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

	31/03/2023	31/03/2022
Equity investments	41.30%	40.60%
Bonds	23.20%	25.90%
Property	10.50%	10.90%
Cash	5.90%	6.20%
Other	19.10%	16.40%
	100.00%	100.00%

22g) Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangement is an unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities and therefore has accounted for this scheme as a defined contribution scheme. The most up to date actuarial valuation was carried out as at 31 March 2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled



Notes to the Financial Statements

For the year ended 31 March 2023

forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2023.

23 Donated Assets Account

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

24 Capital Grants Received in Advance

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 (CIES).

Where capital grants are credited to the CIES, 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.

The Council has a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The capital schemes with balances within Grants Received in Advance at the year-end are as follows:

	Notes	31/03/2023 £	31/03/2022 £
Opening Balance as at 1 April 2022		-	-
Recognise Grants Receivable – conditions not met			
Greenways – Newtownards to Bangor		2,250,636	-
Greenways – Comber to Newtownards		2,386,441	-
Bangor Waterfront		37,091,000	
Transfer to CIES – conditions now met			
None this year		-	
Closing Balance as at 31 March 2023		41,728,077	-

These grants are reflected in Note 16 on page 96.

25 Contingencies

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

- 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.



Notes to the Financial Statements

For the year ended 31 March 2023

25a) Self-Insurance Scheme

The Council operates a self-insurance scheme for public and employee liability insurance. As at 31 March 2023, claims with a total value of £1,036,600 had been lodged but continue to be actively challenged. Whilst the Council continues to strongly contest liability in respect of each of these claims, a provision has been made based on the Council's experience of settlement rates over the previous years. Movement on the Insurance Provision during the year is set out in note 20.

25b) Residual Waste Treatment Project

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

25c) Special Legal Regime – VAT Tribunal

The Council, together with the other 10 district councils in Northern Ireland, is participating in a legal action against His Majesty's Revenue and Customs (HMRC) to recover previously overdeclared output VAT in respect of leisure and recreational income, which arose because HMRC did not accept that the Council provides leisure and recreational activities pursuant to a special legal regime without causing any significant distortion of competition. Although Mid Ulster District Council (as lead council in the litigation) succeeded in its claim to the First Tier Tax Tribunal, HMRC subsequently appealed to the Upper Tier Tax Tribunal, which was successful. The Tribunal released its decision on 19 July 2022 to allow the appeal and remit the matter back to the First Tier Tax Tribunal for consideration.

Mid Ulster District Council subsequently sought and received permission to appeal the Upper Tier Tax Tribunal decision to the Court of Appeal and a Hearing was scheduled to take place in May 2023. On 26 January 2023, HMRC notified Mid Ulster District Council that it decided to pay all of the Local Authority Leisure Service claims and proceeded to publish an associated Revenue and Customs Brief on 3 March 2023. Mid Ulster District Council's appeal to the Court of Appeal is currently stayed until 15 September 2023 to allow both parties to time to seek a resolution of the matter. If resolution is reached, it will take time to conclude the matter; alternatively, if there is no resolution, Mid Ulster District Council shall make application for its appeal to be re-listed for mention. In either case, at this stage, it's too early to access any associated financial impact, but if the matter is resolved to the Mid Ulster District Council's satisfaction, the benefit to this Council could be substantial.

25d) General

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



Notes to the Financial Statements

For the year ended 31 March 2023

26 Other Cash Flow Notes

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

		2022/23	2021/22
	Notes	£	£
Adjustment to surplus or deficit on the provision of services for non-cash movements:			
Depreciation	<u>4</u>	10,376,488	9,856,887
Impairment & downward revaluations (& non-sale de-recognitions)	<u>4</u>	1,462,930	(964,648)
(Increase)/Decrease in Inventories		41,754	11,342
(Increase)/Decrease in Debtors		114,810	(2,759,900)
Increase/(Decrease) in impairment provision for bad debts		30,013	(74,250)
Increase/(Decrease) in Creditors		41,600,327	(406,398)
Increase/(Decrease) in Interest Creditors		(93,087)	(24,846)
Pension Fund Adjustments	<u>22</u>	7,468,000	7,650,000
Carrying amount of non-current assets sold	<u>4</u>	743,648	2,155,742
AUC written off to Net Cost of Services		-	-
Contributions to Other Reserves/Provisions		73,098	90,612
Movement in value of Investment Properties		-	-
Amounts posted to CIES from Donated Assets Account	<u>22</u>	-	-
		61,817,981	15,534,541
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities:			
Proceeds from the sale of PP&E, Investment Property and Intangible Assets		(798,742)	(1,850,159)
		(798,742)	(1,850,159)

26b) Cash and Cash Equivalents

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

	31/03/2023	31/03/2022
	£	£
Cash and Bank balances	2,743	1,403,275
Short Term Investments (considered to be Cash Equivalents)	9,500,000	9,000,000
Short Term Deposits (considered to be Cash Equivalents)	-	-
Bank Overdraft	(1,305,328)	-
	8,197,415	10,403,275



Notes to the Financial Statements

For the year ended 31 March 2023

26c) Cash Flow Statement - Operating Activities

	2022/23 £	2021/22 £
The cash flows from operating activities include:		
Interest received	237,923	51,040
Interest paid	<u>2,561,500</u>	<u>2,677,964</u>

26d) Cash flows from Investing Activities

	2022/23 £	2021/22 £
Purchase of PP&E, investment property and intangible assets	4,474,703	4,581,963
Proceeds from the sale of PP&E, Investment Property and Intangible Assets	(798,742)	(1,850,159)
Capital Grants and contributions received	44,717,933	(1,927,690)
Net Cash flows from Investing Activities	<u>48,393,894</u>	<u>804,114</u>

26e) Cash flows from Financing Activities

	2022/23 £	2021/22 £
Cash Receipts from Short and Long-Term Borrowing	-	-
Repayment of Short and Long-Term Borrowing	(3,135,428)	(6,170,265)
Net Cash flows from Financing Activities	<u>(3,135,428)</u>	<u>(6,170,265)</u>

27 Usable Reserves

27a) Capital Receipts Reserve

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

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

	Notes	31/03/2023 £	31/03/2022 £
At 1 April		3,326,843	1,619,304
Movement			
Disposal of Non-Current Assets/ Capital Sales	4 , 26	798,742	1,850,159
Capital Receipts used to finance capital expenditure	28a , 13	(469,179)	(142,620)
At 31 March		<u>3,656,406</u>	<u>3,326,843</u>

Capital receipts received on the disposal of non-current assets is made up as follows:



Notes to the Financial Statements

For the year ended 31 March 2023

- £206k in relation to land, vehicles and equipment sales disposed of during the year;
- £593k from the Department for Infrastructure for land vested in previous years, for which the statutory processes have not yet completed.

27b) Capital Grants Unapplied account

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

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

	Notes	31/03/2023 £	31/03/2022 £
At 1 April			
Movement			
Received in year		2,500,040	2,739,841
Transferred to CAA in year		3,123,099	1,466,272
		(591,026)	(1,706,072)
At 31 March		5,032,113	2,500,041

The closing balance is made up of £2,015,947 COVID 19 Recovery Small Settlements Regeneration Programme funds along with £2,909,000 BRCD Bangor Waterfront funds and £107,167 of COVID-19 Recovery Revitalisation Programme funds.

27c) Revenue Grants Unapplied account

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

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



Notes to the Financial Statements

For the year ended 31 March 2023

	Notes	31/03/2023 £	31/03/2022 £
At 1 April		301,460	279,305
Movement			
Received in year		603,142	301,460
Released from reserve		(37,428)	(279,305)
At 31 March	<u>10b</u>	867,174	301,460

The closing balance is made up of £250,000 Levelling Up Funding; £344,027 DfC Hardship funding; £134,115 TEO Dispersal funding; £118,856 COVID Recovery Small Settlements Regeneration Programme funds; £20,176 COVID-19 Recovery Revitalisation Programme funds.

27d) Earmarked Reserve

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

	Notes	31/03/2023 £	31/03/2022 £
At 1 April		13,426,200	10,812,488
Transfers between statutory & other reserves & the General Fund	<u>4b</u>	(2,669,751)	2,613,712
Transfers between Capital Fund, Renewal & Repair Fund & CAA to finance capital expenditure	<u>12</u>	(6,422)	-
At 31 March		10,750,027	13,426,200

The Earmarked Fund balance is made up of Identified Workstreams £4,853k; Periodic Workstreams £897k; Transformation Fund £3,000k; Sustainability Fund £1,250k; Tax Base development Fund £750k. The Council received COVID-19 Funding Support of £1.538M from the Department for Communities in earlier years. There was no unspent funding left in the Earmarked Fund at the end of 2022/23.

27e) General Fund

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



Notes to the Financial Statements

For the year ended 31 March 2023

	Notes	31/03/2023 £	31/03/2022 £
At 1 April		5,487,523	4,527,365
Applied Capital Grants	4,10c	(1,397,109)	(455,971)
Unapplied Capital Grants received in year	10d	(3,123,099)	(1,466,272)
Unapplied Revenue Grants rec'd in year		(565,715)	(22,154)
Direct Revenue Financing	4, 13	(296,141)	(168,839)
Depreciation and Impairment adjustment	4	11,839,418	8,892,239
Statutory Provision for financing Capital Investment	4	(5,603,100)	(5,320,804)
Net Revenue expenditure funded from capital under statute	4, 13	688,210	1,458,209
Surplus/(Deficit) on the Provision of Services	CIES	(11,695,777)	(7,234,177)
Transfers between Statutory and Other Reserves and the General Fund	4	2,669,751	(2,613,712)
Net movements on Pension Reserve	4, 22b	7,468,000	7,650,000
Disposal of Fixed Assets/Capital Sales	4, 8	(55,094)	305,583
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	28d	26,605	(63,943)
Other Movements		-	-
At 31 March		5,443,473	5,487,523

28 Unusable Reserves

28a) Capital Adjustment Account

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

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

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

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



Notes to the Financial Statements

For the year ended 31 March 2023

	Notes	31/03/2023 £	31/03/2022 £
At 1 April		81,580,592	81,805,589
Applied Capital Grants	4,10c	1,397,109	455,971
Unapplied Capital Grants transferred to CAA in year	27b	591,026	1,706,072
Direct Revenue Financing	4, 13	296,141	168,839
Depreciation & Impairment adjustment	12	(11,839,418)	(8,892,239)
Statutory Provision for financing Capital Investment	4	5,603,100	5,320,804
Net Revenue expenditure funded from Capital under statute	4, 13	(688,210)	(1,458,209)
Disposal of Fixed Assets/ Capital Sales	4, 8	(743,648)	(2,155,742)
Capital Receipts used to finance capital expenditure	13, 27a	469,179	142,620
Other Movements		4,349,987	4,486,887
Transfers between Capital Fund or Repairs and Renewals Fund & CAA to finance capital expenditure	13	6,422	-
At 31 March		81,022,280	81,580,592

28b) Revaluation Reserve

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

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

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

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

	Notes	31/03/2023 £	31/03/2022 £
At 1 April		86,187,908	79,999,277
Revaluation & Impairment	12	20,108,591	10,675,518
Other Movements		(4,349,987)	(4,486,887)
At 31 March		101,946,512	86,187,908



Notes to the Financial Statements

For the year ended 31 March 2023

28c) Pension Reserve

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

	Notes	31/03/2023 £	31/03/2022 £
At 1 April		(46,921,000)	(60,614,000)
Net Movements on Pension Reserve	4, 22b	(7,468,000)	(7,650,000)
Revaluation & Impairment	22b	57,650,000	21,343,000
At 31 March		3,261,000	(46,921,000)

28d) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the Comprehensive Income and Expenditure Statement from accruing for compensated absences earned but not taken in the year e.g. staff annual leave entitlement carried forward at the end of the financial year. Statutory arrangements are in place to ensure that the impact on the Comprehensive Income and Expenditure Statement is neutralised by transfers to or from this Accumulated Absences Account.

	Notes	31/03/2023 £	31/03/2022 £
At 1 April		(694,824)	(758,767)
Adjustments in relation to short term accumulated absences	4	(26,605)	63,943
At 31 March		(721,429)	(694,824)

29. Significant Trading Operations

The Council did not operate any significant trading operations during the 2022/23 financial year.

30. Related Party Transactions

A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council. In addition, where the relationship between the Council and the entity is solely an Agency agreement, this is not deemed to be a Related Party Transaction.

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. They exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part.

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



Notes to the Financial Statements

For the year ended 31 March 2023

Organisations in which Councillors have an interest

Councillors have direct control over the Council's financial and operating policies. During the year, the Council paid for works and services amounting to £1,601k (2021/22: £1,559k) from organisations in which individual Councillors have an interest. In the majority of cases this was not a personal interest, but rather they were representing Council. The main recipient within this total is £1,574k (2021/22: £1,545k) to the Northern Community Leisure Trust.

The Council also paid grants and contributions of £751k (2021/22: £679k) to a number of organisations in which Councillors represented the Council's interest. The main grants and contributions were £412k paid to Community Advice Ards and North Down; £59k paid to the Northern Ireland Local Government Association and £154k paid to Open House Festival Ltd. These grants and contributions were made with proper consideration of declaration of interests.

Joint Committees and Other Councils

The Council is a member of the arc21 Joint Committee which is established for the purposes of managing waste. arc21 accounts for its funding by the provision of a statement of accounts which is prepared under the Local Government (Accounts and Audit) Regulations 2015. During the year the Council incurred expenditure of £7,092k (2021/22: £6,700k) and received income of £295k (2021/22: £169k).

Council also received services amounting to £463k (2021/22: £305k) from other Councils and provided services of £467k (2021/22: £408k) to other Councils.

Details of all amounts outstanding to Councils and Joint Committees at 31 March 2023 are set out in notes [16](#) and [19](#).

The Council started the year with treasury deposits of £9M, representing income received in advance of expenditure plus balances and reserves held. The Council is required to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. During the year the Council placed three short term investments with three other Councils one of which for £3,000K was still on deposit at the end of the financial year.

Other Public Bodies

In the course of the year, the Council incurred expenditure of £2,295k (2021/22: £2,417k) to other public bodies. £647k (2021/22: £597k) was in respect of property rates; £86k (2021/22: £91k) was in relation pension contributions. The balance of the amounts mainly relates to services received and the Council contribution towards the development and configuration of the regional planning IT system (£270K). The Council received other income of £734k (2021/22: £670k) from other public bodies for services provided.

The Council made principal and interest loan repayments of £5,348k to the Department of Finance. An analysis of amounts outstanding to both the Department and other institutions at 31 March 2023 are set out in note [18b](#).

Details of amounts outstanding are set out in notes [16](#) and [19](#).

Council received grants from other public bodies of £6,043k (2021/22: £5,371k), including Department for Communities £1,950k (2021/22: £2,271k).



Notes to the Financial Statements

For the year ended 31 March 2023

31. Events after the Reporting Period

There were no events occurring after the 31 March 2023 which require adjustment to the Council's financial statements or additional disclosures.

Accounts Authorised for Issue Certificate

The Chief Financial Officer authorised these for issue on September 2023.

