

STATEMENT OF ACCOUNTS

LISBURN AND CASTLEREAGH CITY COUNCIL

For the period ended 31st March 2020

Statement of Accounts for the year ended 31 March 2020

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Narrative Report

Introduction

The Council's financial performance for the year ended 31st March 2020 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

Basis of Preparation

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31st March 2020 (the Code) and the Department for Communities Accounts Direction, Circular LG 12/19. It is the purpose of this foreword to explain, in an easily understandable way, the financial facts in relation to the Council.

This Statement of Accounts explains Lisburn & Castlereagh City Council's finances during the financial year 2019/20 and its financial position at the end of that year. It follows approved accounting standards and is consequently technical in parts.

The annual accounts for 2019/20 have been prepared on the assumption that the Council will continue in existence for the foreseeable future. It is not foreseen that the impact of COVID – 19 will change this position over the period covered by this report.

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

Group Accounts

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

The Comprehensive Income and Expenditure Statement

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

The Movement in Reserves Statement

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

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to the authority (i.e. government grants, rates and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates [services or departments]. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The Balance Sheet

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

The Cash Flow Statement

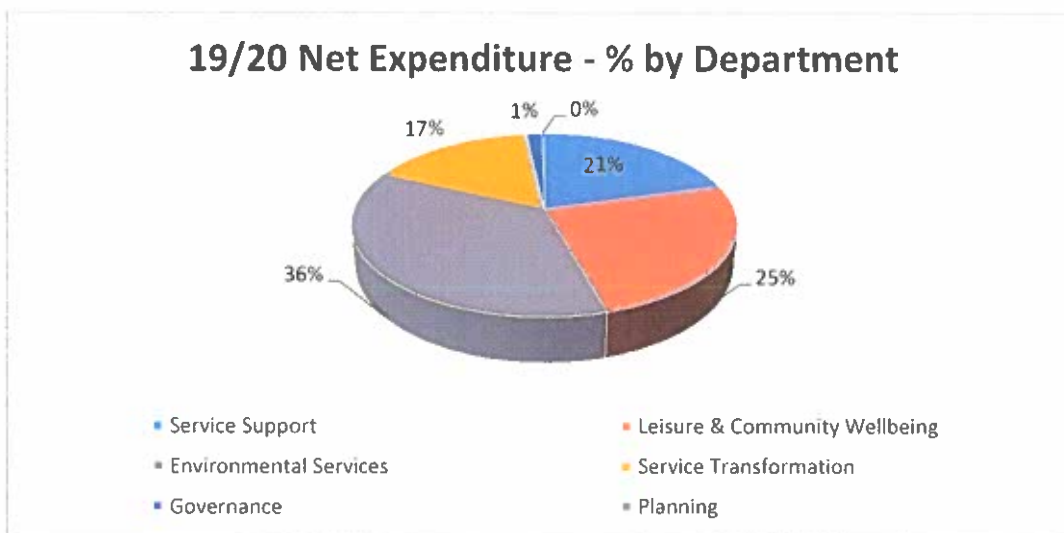
The Cash Flow Statement, as set out on page 38, shows the changes in cash and cash equivalents of Lisburn & Castlereagh City Council during the reporting period. The statement shows how Lisburn & Castlereagh City Council generates and uses cash and cash equivalents by classifying cash flows as operating,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

Performance

For the year ended 31 March 2020, the Council reduced its general Fund reserve by £8.126m to £10.65m. This included a transfer of £6.5m to a capital fund. The Council's rates budget of £44.18m was supplemented by £691k finalisation payment of district rates. The total net cost of services reported in the Comprehensive Income and Expenditure Statement is £56.83m.

The following table explains the actual performance of the net cost of services for the year to 31st March 2020, which impact the general fund.

Department	Net cost of Services
Service Support	9,520,370
Leisure & Community Wellbeing	11,545,352
Environmental Services	16,659,211
Service Transformation	7,625,097
Governance	664,446
Planning	130,467
TOTAL	46,144,942



Financial Overview including COVID 19

Whilst COVID 19 happened towards the end of the financial year, it has brought significant financial and operational challenges for the Council as income streams stopped and services changed significantly. Some of the challenges included:

- Service provision - the Council had to significantly change how it delivered critical and essential service ensuring continuity of statutory services relating primarily to waste, registration and burials.
- Workforce – with the focus on critical and essential services, many staff were redeployed to support front-line delivery whilst the Council also had to develop new policies and arrangements for home and agile working, with staff having to adapt quickly to new ways of working.
- Finances – Income streams stopped whilst significant additional costs were incurred to help ensure critical services were able to continue whilst providing a safe environment for staff. The Council welcomed central government support and the receipt of £2.016m from the Department for Communities in May 2020 as a contribution towards lost income for the period March to June. The Council continues to work with other government departments to secure additional funding to deal with costs associated with responding to the pandemic. The Council is currently undertaking scenario planning which will assist in shaping resource and financial planning going forward.

- Recovery – The Council continues to revise and refine recovery plans - this is challenging given the degree of uncertainty regarding the pandemic and the still unknown impact on service provision and resources over time. This requires a high degree of flexibility in managing the resources (financial and workforce), to be able to respond quickly to reopen / reclose services whilst dealing with additional challenges associated with abiding by changing COVID – 19 regulations, social distancing and responding to new community and business needs.

Financial overview – other key disclosures

Capital Expenditure.

Expenditure on capital projects during the year amounted to £8.15m. The most significant spend was on vehicles and equipment (£2.28m), work in Hillsborough Forest Park (£1.78m), completion of a Multi-Use Games Area and changing facility at Dungoyne (£1.47m), the Lisburn Linkages scheme (£960k) and the refurbishment of various play areas throughout the Council area (£242k). Capital expenditure has continued on the initial work for the redevelopment of Dundonald International Ice Bowl (£768k).

Pension Liability

The Councils outstanding liability relating to its share of the Northern Ireland Local Government Officers Superannuation Scheme amounts to £50.66m. In addition the Council makes contributions to the Northern Ireland Civil Service Pension Scheme in respect of officers who transferred to Local Government at 1 April 2015.

There is an estimated allowance for additional liabilities that are now probable arising from the McCloud Judgement and GMP Indexation and Equalisation cases. Further information on the pension liability can be found within note 21. There were no material or unusual charges to the accounts, other than that reported in the notes to the accounts.

Change to Statutory Functions

31 March 2020 marks the end of the fifth year following the Reform of Local Government in Northern Ireland which merged the extant Councils of Lisburn City Council and Castlereagh Borough Council. Significant assets and liabilities transferred to Belfast City Council as a result of changes to the combined Council Boundaries as a result of the Local Government (Boundaries) Act (Northern Ireland) 2008. There were no changes to statutory functions during 2019/20.

Borrowing

At 31 March 2020, Lisburn & Castlereagh City Council had outstanding loans of £25.88m. In the current year it has been able finance its full capital spending from its own resources or external contributions and, in the light of the Councils overall financial position, no borrowing was required in 2019/20. This position is reviewed on a regular basis in the context of the Councils Treasury Management Strategy.

Provisions & Contingencies

The provisions include amounts for landfill costs, insurance costs and a small provision for single status costs. The main movement in the provision relates to landfill which decreased by £116k. This provision is to allow future work required at the Landfill Sites acquired from both the former Lisburn City and Castlereagh Borough Councils and is to ensure that they comply with NIEA

regulations, and also to changes in the discount rate based on National Loans Fund borrowing. Note 19 gives further detail on this requirement.

In addition, the Council continues to disclose a potential liability which may arise as a result of the procurement of the Residual Waste Treatment Project.

Organisational Overview

The Council has a number of strategic documents including the Corporate Plan which defines the strategic direction, vision and priorities of the Council along with the Community Plan which outlines the collective vision of how the community can be improved in the future for everyone who lives, works or visits the area. Details of these and other strategic documents can be accessed via the Council's website at www.lisburncastlereagh.gov.uk. The council's Corporate Plan is currently undergoing a review, which will address a number of emerging long range trends including COVID – 19. The Council has a governance framework which provides a structure for how the Council operates and is governed; details of which are included in the Governance Statement at pages 14 to 23. Additionally, a Code of Governance which that encapsulates and signposts all key governance information within a single source document, has been introduced and is available for reference on the council's intranet page.

Strategy and Resource Allocation

The Council maintains an effective budgetary control system that involves the issuing of monthly reports to each Director showing expenditure against budget and the holding of monthly budget meetings between the relevant Department and Finance staff. These are formally minuted and any actions arising are documented and followed up on. In addition the monthly financial expenditure is reported to the Corporate Services Committee and other relevant Committees.

In February 2016 the Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. In addition, the Department for Communities (DfC) issued Guidance on Local Council Investments in October 2011 that requires the Council to approve an investment strategy before the start of each financial year.

As part of the Council's Medium Term Financial Strategy a Treasury Management Strategy is published every year and this fulfils the Council's legal obligation under the Local Government Finance Act (Northern Ireland) 2011 to have regard to both the CIPFA Code and the DfC Guidance. The Council has engaged professional advisers to assist with this process.

The Council has borrowed in the past and has invested substantial sums of money so is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risks are therefore central to the Council's treasury management strategy.

The Council's current borrowing facilities have not changed since last year with the decrease in the amount owed being due to the bi – yearly principal repayments. At 31 March 2020, The Council held £25.88 million of loans, a decrease of £1.15 million on the previous year, as part of its strategy for funding previous years' capital programmes. The Council did not need to borrow in 2019/20.

In addition the Council has adopted the Prudential Code so as to ensure that the capital investment plan is affordable, prudent and sustainable. A further objective is to ensure that treasury management decisions are taken in accordance with good professional practice.

To demonstrate compliance the Code sets Prudential Indicators which are designed to support and record local decision making. The Council reports and monitors the following prudential indicators:

- Capital Expenditure
- Affordability
- Financial Prudence
- Treasury and External Debt
- Treasury Management

Highlights of Operational Performance in Year

At an organisational level, the Council achieved a number of successes in year up to the end of February 2020, making notable progress in all areas prior to the Covid19 pandemic; at which point the Council's focus changed to delivering an effective response to protect staff and citizens. Going forward, the council's focus is shifting to working to understand the medium and long term implications of COVID 19, what it will mean for service priorities and how the Council will prioritise its response moving forward.

- **Environmental Services**

The Covid19 pandemic has highlighted the essential and critical importance of delivering effective and efficient waste collection services to our residents and commercial customers. Although Waste Management costs account for a significant proportion of the Council's gross budget, our ability to sustain services and withstand the many challenges faced as a result of the COVID-19 crisis demonstrated the resilience of this service and the value for money it represents.

A pilot project to harmonise kerb side collections began in late February 2020 and was just getting established as the COVID-19 crisis began. It is difficult to assess its performance given the significant changes in society since then with most of the population remaining at home throughout lock-down however levels of recycling have significantly increased, alongside an increase in overall waste arisings. The pilot will remain ongoing and the overall project under review with the intention to progress further as society begins to adjust to the new way of living and working.

As stated previously, generating both better quality and greater quantities of recyclates will provide a significant economic opportunity to the region and in particular the economic resilience of the Council which is of even greater relevance and importance in these financially challenging times. At March 2020 Environmental Services Committee meeting permission was granted to explore options to develop the waste infrastructure needs to support our waste services on a local, sub regional and even regional basis. That work remains vital to ensuring the correct facilities are available to support the council and the wider economy as we effectively manage our waste, reduce reliance on landfill and transpose it into a resource. Work will continue to develop and prioritise the various elements within the outline proposal which includes new and fit for purpose Household Recycling Centres, the potential of a sorting facility for the high quality kerbside-sort collected recyclables, a waste transfer station as the current landfill site has a maximum 3 years capacity remaining and a new operational depot and associated facilities.

The council continues to work closely with all 11 NI councils to develop a singular collaborative and cohesive approach to managing our waste; we also remain part of Arc21 which works towards efficient and effective sub regional waste management solutions in ever-challenging circumstances.

Protecting our local environment is more than waste management and recycling. Council teams offer a range of services to help ensure residents safety across the area.

To ensure a hygienic environment in local restaurants and eateries the Council undertakes food hygiene inspections to ensure all premises serving food are clean and all food hygiene regulations followed. In the 2019/2020 financial year Environmental Health Officers have carried out 439 food hygiene inspections of which 377 premises received a Food Hygiene Rating, 308 premises received a 5 rating, 52 received a 4 rating, 9 received a 3 rating, 4 received a 2 rating and 3 got a 1 rating and 1 got a 0 rating. A total of 8 Food Hygiene Re-Rating visits were also carried out. All ratings are publically displayed at these premises.

During 2019/2020 financial year Environmental Health Officers have carried out in addition, 3 Allergen Awareness seminars for Food Businesses, including childcare businesses, with a total of 172 people trained and 11 Food Hygiene Awareness talks were given to Community Associations and Churches during the year.

Through the local Safety Advisory Group the Council, the emergency services (police, fire and ambulance) and event organisers meet as a forum to ensure that large and small events in the Lisburn Castlereagh area are properly planned and organised in order to minimise risks which can often lead to dangerous situations and incidents.

Through the Council's Dog Control Service we receive requests for assistance from the public seeking guidance in training, caring and often rehoming of puppies and dogs, in addition to dealing with dog fouling, stray dogs, licensing and also raising awareness of responsible dog ownership. In 2019/2020 the Council responded to 408 complaints in relation to stray dogs, returned 98 dogs to their owners and impounded 112. Over 50 unwanted dogs were found new homes by the Dog Control Service.

The Council's Building Control Services received 3,218 applications for building works to be checked against the requirement of and compliance with the Building Regulations, from April 2019 until March 2020. It also carried out 11,506 site inspections of building works to ensure compliance with the legislative requirements.

The Affordable Warmth Team made 246 referrals to the Northern Ireland Housing Executive, within the same period, that identified those eligible for assistance through the Scheme to make thermal improvements to their homes and assisting in reducing the number of people in 'fuel poverty'.

The service also visited 16 Estate Agents within the Council Area, on a quarterly basis, to check advertised properties for compliance with the Energy Performance of Buildings Regulations to ensure prospective home buyers or renters have the necessary information for assessing the thermal properties and fuel efficiency of dwellings they were considering living in.

- **Leisure & Community Wellbeing**

The Leisure & Community Wellbeing Department continues to play a key role in working in partnership with a wide range of statutory and voluntary and community sector organisations to improve opportunities and the quality of life of local residents of all ages. Through this partnership approach the Department endeavours to innovatively deliver on the priorities and outcomes set out in the Community Plan for the area, as well the objectives of the Council's own Corporate Plan. Individually and collectively the three units within the Department, Communities, Parks & Amenities, and Sports Services strive to ensure the city area is an exceptional place to both live and work in, or to visit.

In playing a key role in leading in the coordination of the Community Plan, the work of staff within the Communities Unit is underpinned by community engagement, and supporting the local voluntary & community sector through provision of training opportunities and capacity building. On behalf of the Council the Communities Unit has in the past year supported and implemented an expanded range of grant programmes across community work, advice services, and arts & culture. The Unit includes the Council's Good Relations function, where staff in addition to traditional good relations activities have continued to work in providing support to local families as part of the UK government's Syrian Refugee Resettlement Programme. The last year also saw Lisburn & Castlereagh, under the guidance of the Local Peace Partnership, become the first local authority area in Northern Ireland to complete its Peace IV Programme, and the Council looks forward to building on this work through the much anticipated successor Peace-Plus Programme.

The Communities Unit also includes the Council's Arts and Heritage Services including the Island Arts Centre, and Irish Linen Centre/Lisburn Museum. Both service areas have enjoyed a successful year with the former continuing to provide a range of popular classes, exhibitions and performances, while the latter in addition to several successful exhibitions also took the lead in organising in conjunction with a team from the Centre for Archaeological Fieldwork and Archaeology, at Queens University, a highly successful "community dig" in Moira Demesne to uncover some of the history of the former Castle in the Demesne. Local school children along with members of the local community all took part under the guidance of the Centre's experts, and many of the "finds" will be displayed in a future related exhibition to be held in the Council's Museum.

The Unit's responsibilities now include supporting the Lisburn & Castlereagh Policing & Community Safety Partnership [PCSP], which in recent months has been reconstituted in line with statutory requirement. In addition to its usual programme of work and activities the PCSP in the past year took a lead in organising and supporting on a pilot basis within the Killultagh District Electoral area, the first "Participatory Budgeting" Programme to be held in the city area. The initiative, which proved highly successful, invited groups to put forward proposals for local interventions, which were then considered by the wider community with a number selected support.

Throughout 2019-20 the Parks & Amenities Unit continued to provide and maintain high quality pitches, playing fields, parks, play areas, floral displays and open spaces.

Following investment to upgrade and extend provision at the Bell's Lane Allotments, the enhanced facilities also now provide opportunities to run a range of biodiversity and gardening activities for school children and community organisations, including through the Council's CSAW programme, which aims to engage socially isolated groups and individuals within the local community.

Biodiversity work continued to expand in 2019-2020, including through work with the NI Forest Schools Project, a four-fold increase in wild flower planting, and a range of projects with local schools. In March 2020 the Council also agreed in partnership with the Woodland Trust to take forward a scheme to plant 20,000 trees at the Council's Billy Neill MBE Country Park in Dundonald.

As part of the continued development of the Masterplan for the same facility, 2019- 2020 also saw work undertaken to enhance the path network within the park, as well as the creation of an enclosed dog exercise area, one of a series being developed in a number of Council parks to allow dogs to be exercised safely off a lead. Work to improve facilities was also undertaken at Castlereagh Hills and Aberdelghy Golf Courses. New facilities developed in conjunction with the local community and voluntary sector in 2019-2020 also included a large floodlit Multi Use

Games Area and new grass soccer pitch at Dungoyne, Ballybeen, as well as a number of outdoor gym facilities at various sites across the city area.

Parks & Amenities staff undertake the coordination and organisation of a number of annual major Council events. In addition to the usual programme of events including the Mayor's Family Fun Day, the growing annual Park Life Programme, and the Christmas Tree Switch On in Market Square, 2019 saw the Unit take on the coordination of Northern Ireland's Armed Forces Day celebration. In addition to staff from Parks & Amenities, the event involved the support of staff from across a wide range of Council Departments, and culminated in a crowd of around 20,000 in Wallace Park enjoying a spectacular day in the sunshine and a programme including Parachute Displays, a fly past by the Red Arrows, and music from the Band of the Royal Marines, as well as the Red Hot Chilli Pipers!!

For the Sports Services Unit within the Leisure & Community Wellbeing Directorate 2019-2020 proved no less of a successful year with the launch of the Council's Vitality Household Membership scheme. The attractiveness of the unique membership package offering a wide range of activities for all ages proved a big hit among local residents, with membership sales far exceeding initial expectations. The impact of the scheme on the physical health and mental wellbeing of local residents remains to be fully assessed, but initial indications suggest it has already increased the frequency of exercise and is encouraging family participation to levels not normally seen through traditional gym and leisure memberships. The extension of the scheme to include access to the Council's golf courses, and the potential to further grow the membership offer, reinforce the exciting opportunity the scheme presents. The facility for members to book classes on line, receive text and email updates on new initiatives, along with avoiding the need to queue at Reception, all adds to a transformation in Customer Relationship Management opportunities for the Council.

More widely Sports Services staff continue to support a range of partnerships in the promotion of health and wellbeing within the Council area, whether through GP Referral, Cardiac Rehabilitation, or the McMillan Move More Programme. In addition Sports Development staff engaged over the year with governing bodies of sport, local sports clubs, community organisations and schools to offer coaching programmes, coach development opportunities and foster links between local schools and sports clubs. The most recent 2019 Annual Sports Awards Night run in conjunction with Sport Lisburn & Castlereagh highlighted the success of local clubs and individual sports participants, as well as the commitment of coaches and administrators, many of whom have benefited from Council support and assistance often over a number of years.

From a facility development perspective, Sports Services staff in conjunction with the Capital Projects team within the Transformation directorate continue to take forward the redevelopment of Dundonald International Ice Bowl, a flagship Council project, as well as proposals for floodlit 3G pitch provision at Laurelhill SportsZone, and the Lough Moss Centre, Carryduff. Work in recent months saw the associated Planning Application lodged for the Dundonald Ice Bowl redevelopment.

In addition to coordinating the highly popular annual Summer & Holiday Scheme Programmes, Sports Services staff were also key to the successful organisation of the 2019-2020 Half Marathon/10k & Family Fun Run, as well as the Triathlon. While over the year the Council's Swimming Lesson Programme continued to teach hundreds of youngsters helping ensure their water safety, and hopefully a lifetime of enjoyment and participation.

- **Service Transformation**

A key objective identified throughout all the Council's plans is to develop a vibrant economy from which everyone can benefit.

Through a comprehensive programme of support the Council has been providing valuable assistance to the business sector, with the aim of stimulating and growing the local economy. The range of innovative work carried out by the Council ranges from bespoke business support to advocating the region to inward investors. Part of the programme of support includes leading on the delivery on behalf of the 11 councils of the regional 'Go For It' entrepreneurial initiative.

This current support package, including 'Go For It', has been primarily funded through the European Regional Development Fund and by Invest NI. The nature of the programmes are to provide tailored support to individual businesses. The level of grant support ensures value for money for the rate payers who typically only contributing 20% toward the gross cost. This service is provided free to individual businesses. Officers assess the particular needs of the company, and offer a range of services from expert mentoring support including managing finances, generating new sales, and continuity planning through to one to one guidance on adapting the business and improving market share.

The annual Trade Development and Investment Promotion Programmes of activity included a delegation to Westminster, and to Foshan, China. Both initiatives were complementary to the business support programmes, outlined above. One of the outcomes of the previous year's trade delegation to Westminster was to have a Transport for London buyer delegation visit our Civic Headquarters to host a 'meet the buyer' event run in partnership with the Northern Ireland Chamber of Commerce which generated new procurement opportunities for our local companies and for Northern Ireland.

An award-winning, technology driven, Digital Youth programme was delivered to over 400 pupils across the council area. As part of the programme, year 10 students had the chance to participate in Digital Masterclass events learning about the digital sector, and developing their own ideas for business concepts incorporating use of new digital technology from Virtual and Augmented Reality. This culminated in the final which took place at LVI and speaks to the key priority theme of 'young people' in the council's community plan.

Successful rural village regeneration and City Centre revitalisation projects have been completed this year. These include environmental improvement initiatives in Dromara Village, Aghalee and Drumbo as part of rural development programme. However the most significant project has been the very timely Lisburn Public Realm Linkages scheme completed on time and to budget in a phased construction programme that minimised disruption to the commercial centre of the council area. This scheme compliments the successful animation programme delivered by the city centre management team with its flagship initiative 'Lisburn Light Festival'. This major programme of investment, supported with financial contributions from the Department for Communities, has maintained the Town Centre as a safe and popular retail and visitor destination. After extensive work and market engagement disappointingly the council had to abandon its attempts to attract an independent Hotelier into the Town Centre on the Castle Street Site. However a speculative commercial venture, in Lisburn Square, has been progressed and now opened, aided by the Council to achieve this same ambition in Lisburn Square

Council has also acquired a key Heritage asset, (Lagan Navigational House) situated on our main walking, cycling and road network node. Regeneration plans commenced in the last quarter having secured significant funding to repurpose this asset aimed at revitalising the surrounding area, and restoring an aspect of the City's historical connection to the Lagan.

Tourism Highlights included the securing of a lease for Hillsborough Forest and beginning the necessary investment to transform this amenity for both resident and visitors. Ensuring that this key tourism asset is developed in a sensitive way through a phased approach, has allowed the council to maximise grant opportunities, while minimising disruption. The visitor experience captured in both anecdotal and structured engagement speaks to the success of this initiative. Elsewhere the team have been developing collaborative partnerships in this sector

including the newly formed NI Tourism Alliance and with Hillsborough Royal Palaces. The team also hosted our "town meets country" visitor experience and commercial sales platform at the record breaking Balmoral Show as well as hosting the first year of the new Food and Drink Campaign, with one of the highlights being the really popular Hillsborough Farmers Market. Our Planning Unit continue to make significant progress in the development of a new Area Plan. This involved the launch of a Draft Plan Strategy for consultation and integration with the regional and local transport plan. Development Management also endured the immediate impact of COVID and continued to meet and exceed the turnaround targets for local applications. Significantly the Service successfully defended challenges to over 25 Judicial Reviews relation to planning decisions. Officers continue to lead on behalf of the sector on the development of a new Planning Portal which is aimed at improving the customer experience and creating efficiencies.

Prioritising key infrastructure projects will build the foundation for economic growth by attracting new employers and growing the prosperity of the Council area. A new Knockmore link road proposal with associated mixed use development and the redevelopment of Dundonald International Ice Bowl will drive regeneration and economic investment activity in the Council area to the benefit of everyone.

Officers working in tandem with the Finance Services have successfully implemented robust, logical and transparent Capital Programme process. Through the application of the best practice model there is improved ability to manage the Capital Programme expenditure and income at a holistic level.

The Portfolio Office continues to engage with our key partners at a sub-regional and regional level to secure a City Deal for the Belfast Region. City Deal is a key component of the Councils 10 Year Investment Plan, and by working with partners to secure this deal we will develop a long-term approach to investment in infrastructure and innovation, support key sectors such as tourism and digital and improve our skills and employability offer.

Assets Unit working across all Council directorates have been progressing a significant number of projects via its four operational sections, Construction Services, Estate Services, Building Maintenance and Procurement Services. Construction Services have been working through varying stages of circa 40 Small Works and infrastructure projects. These include amongst others, the successful commencement and completion of the new sports complex and play area at Dungoyne Park, Dundonald and lighting project in Castle Gardens both on time and within budget. Phase 3 of the play area refurbishment programme has been tendered and the Refurbishment of the Lagan Valley Leisureplex roof has been brought to tender stage but both currently impacted by COVID.

The Estate Section has been progressing the development of our Estates Strategy covering 242 properties across the Council area to inform and focus the Councils accommodation needs, condition and energy performance and identify where targeted intervention is required. This includes the progression of the implementation of a significant energy efficiency programme which already has started to reduce the cost of the Councils spend on energy use and reduce the emission of greenhouse gases associated with its properties. The commissioning and management of 33 planned maintenance service contracts and the extension of the electronic inspection recording system covering car parks; on-going asbestos removal programme and legionella inspection and risk assessment; all to ensure that the council's properties remain safe for use by its citizens and employees. A number of property disposals and income opportunities have been identified and progressed to bolster Council income.

Whilst dispensing procurement advice and leading on the governance of all procurement requirements across all Council Departments a big focus within the Procurement Service has been a strategic review of the council's procurement procedures. Some 42 work streams have been identified; aimed at both mitigating risk and driving efficiencies. The new processes are

already demonstrating success with a new agreed Single Tender Action Process, Contract Management Training and guidance with associated mapping of processes and guidance for staff involved in commissioning new services. All of the Northern Ireland Audit Office recommendations have been addressed and the next phase is to continue to realise a planned programme of improvement.

Risks and challenges

In line with all other councils in Northern Ireland and the wider public sector, Lisburn & Castlereagh City Council is facing a number of challenges. Public finances are under increasing pressure as a result of both the pandemic, ongoing tightening of government spending agendas, amongst other challenges. Key risks going forward include but are not limited to:

- Risk - Impact of Covid 19 to date and any future waves of the pandemic in terms of both operational business and financial sustainability including medium and long term plans and the council's capital programme. In addition to pressures associated with servicing existing statutory requirements during the pandemic, the Council has been granted new powers and duties which bring additional resourcing and financing opportunities and pressures. Specifically in relation to financial risk, the position for 2020/21 is expected to be manageable through immediate additional savings, use of reserves and central government interventions. However the financial position for 21/22 is much more challenging based on current information. It is clear that the pandemic will have a significant impact on the Council's resources including significantly reduced income, lack of ability to forecast the rate base which underpins the Council's budget estimates. *Planned mitigations* include Budget realignment, regular budget reports, the introduction of additional controls to minimise non-essential expenditure and enhance scrutiny of spend; scenario modelling analysis ; cash flow projections and engagement with central government regarding funding together with specific actions to accelerate actions within the Council such as enhanced IT provision, and the refreshing of operational and corporate level BCP's.
- Risk - The challenges of Brexit and the exit from the European Union and the Customs Union has introduced a new range of serious issues and uncertainties which the Council is having to address. Planned mitigations include ongoing liaison with central government, the council's Brexit risk register and the use of SOLACE to consider sector wide matters as well as to escalate issues.
- Risk - Increasingly stringent statutory waste disposal and treatment targets set nationally, which the Council must meet, add to the cost of collection and treatment of waste. Planned mitigations include ongoing liaison with DAERA and introduction of Council projects to support waste options e.g. recycling
- Risk - An unpredictable and volatile market for recyclates introduces a range of uncertainties which in turn makes planning and budgeting demanding and difficult to accurately predict. Planned mitigations include ongoing monitoring to monitor trends, rises and falls so far as possible.
- Ongoing risks and challenges associated with information and data governance and security. Planned mitigations and improvements include provision of training and awareness raising across Council.

The Council has a strategic risk management process which is used for monitoring these and other risks.

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 Governance & Audit committee on 30 June 2020.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

Annual Governance Statement for 2019/20

The Council's Annual Governance Statement (AGS) follows the guidance issued by the Department for Communities (DfC) accounts directions and where applicable, the factsheet on governance statements issued by the Northern Ireland Audit Office (NIAO) in 2013 and includes the following sections:

1. Scope of responsibility:

Lisburn and Castlereagh City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, used economically, efficiently and effectively. Under Part 12 of the Local Government Act (Northern Ireland) 2014 the Council also has a duty to make arrangements for continuous improvement in the way in which its functions are exercised whilst having regard to a combination of the following;

- strategic effectiveness
- service quality
- service availability
- fairness
- sustainability
- efficiency and innovation

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

The Council has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA/SOLACE Framework "*Delivering Good Governance in Local Government*" (2016 edition). This statement explains how the Council has complied with the code and also meets the requirements of the Local Government (Accounts and Audit) Regulations (Northern Ireland 2015) in relation to the publication of an annual governance statement.

2. The Purpose of the Governance Framework:

The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled. Our governance framework overarches our activities through which we account to, engage with and help to lead our community. 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 services and value for money over the time period specified.

Our system of internal control is a significant part of that framework and is designed to manage and control risk at 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.

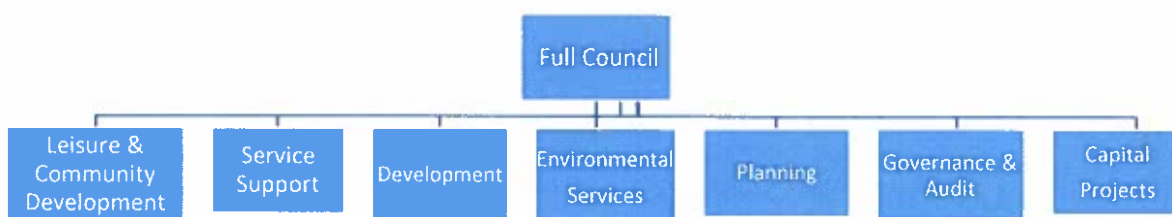
The system of internal control is based on an continuous process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised; as well as to manage them efficiently, effectively and economically.

The council's governance framework continues to be in place at Lisburn and Castlereagh City Council for the Year Ended 31st March 2020 and up to the date of approval of the Annual Governance Statement (AGS) and Statement of Accounts.

3. The governance framework:

The **key elements** of the systems and processes that comprise the Council's governance arrangements are outlined below.

Council have approved a committee structure which governs through a full council & Committee model as set out below:-



During COVID emergency governance arrangements were put in place with delegated authority granted to the Chief Executive and Directors in consultation with Chairmen and Vice Chairmen or the Mayor. There was weekly reporting on all decisions made and reports through to Council. New arrangements were also put in place to ensure Council and Committee business continued with meetings being held virtually, thus allowing for full engagement and public participation.

The Council continually strives to improve its governance arrangements. A selection of highlights have been included to demonstrate the issues considered and actions taken during 2019/20.

Key Elements	Demonstrated by
Focus on purpose and intended outcomes for citizens and service users	<ul style="list-style-type: none"> • Corporate Plan 2018-2022 & Beyond - issued in May 2018 and is due to be refreshed in 2021 • Community Planning – Relunched in 2018 with a Community Action plan that sets out aims and goals up to 2024. • Local Development Plan – Setting the development strategy until 2032. • Corporate complaints, comments and compliments procedure • Performance Improvement Plan and Programme - including an innovative new Performance Dashboard. • Annual Financial Report • Continuing Efficiency Programme and value for money work via Working Group. • Procurement policies, procedures and processes – managed by the Strategic Procurement Group.
Highlights in Year	<ul style="list-style-type: none"> • Introduction of new performance dashboards covering all aspects of council activity • Continued focus on consultation to understand citizen and service user requirements to inform policy decisions • Significant work on the Local Development Plan in year

	<ul style="list-style-type: none"> • Approval and subsequent implementation of new structures for various parts of Council operations through the Efficiency Programme
Working Together	<ul style="list-style-type: none"> • Our Corporate Values and Corporate Plan • Council Performance Improvement Plan • Council Constitution and Standing Orders • Scheme of Delegation • Financial Regulations • Political governance arrangements • Committee Reporting System
Highlights in Year	<ul style="list-style-type: none"> • Ongoing assessment and realignment of Scheme of Delegation to reflect specific matters in year • Establishment of new Capital Projects Committee within the Committee Reporting Structures • Focus on using case studies to evidence outcomes achieved through the performance improvement initiatives
Promoting Values of Good Governance	<ul style="list-style-type: none"> • Our Corporate Values • Council Performance Improvement Plan • Standing Orders • Financial Regulations • Good Relations Plan • Equality Scheme • Mandatory Codes of conduct for Members and staff • Fraud & Corruption Policy • Whistle Blowing Policy • Declarations of Interest • Gift and Hospitality Registers
Highlights in year	<ul style="list-style-type: none"> • Provision of awareness training on Good Governance at different points in year • Development of the Corporate Governance Framework • Work ongoing in relation to Standing Orders and Financial Regulations • Working with third parties e.g. NFI reporting
Taking informed, transparent decisions and managing risk	<ul style="list-style-type: none"> • Community Planning • Local Development Plan • Council Constitution • Standing orders • Scheme of Delegation • Committee Reporting Protocols • Online minutes • Recording of Full Council Meeting • Performance Management System • Internal Audit Service • Review of Effectiveness of Internal Audit by External Reviewer • Corporate and Departmental Risk Management Framework • Risk Register(s) • Annual Assurance Statements (Heads of Service & Directors) for the year to 31-3-20 • Health and Safety Committee • Accounting Manual currently being reviewed, however due to its size is being in phases • Corporate and Departmental Business Continuity Policy and Plans • Use of technology to hold meetings virtually allowing public members to engage in taking key decisions and allowing public participation
Highlights in Year	<ul style="list-style-type: none"> • Ongoing work to refresh Corporate, Directorate and Service level risk registers • Preparations and responsiveness as new risks emerged (eg BREXIT / COVID)

	<ul style="list-style-type: none"> • The appointment of an independent member to the Governance & Audit Committee to better inform decision making. • Work undertaken in year to refine business continuity plans
Developing capacity and capability	<ul style="list-style-type: none"> • Member Training and Development • Investors in People • Performance Management • Recruitment Procedures • Staff Training • Induction courses • Competency Framework Training • Procurement Training for Members and Senior Staff
Highlights in year	<ul style="list-style-type: none"> • Achievement of silver IIP status • Achievement of Best Local Authority Service Team - City Centre Management • Achievement of Best Local Authority Elected Member Development Initiative
Community Engagement and Better Accountability	<ul style="list-style-type: none"> • Community Planning Consultation • Communication of Corporate Plan • Council Performance Improvement Plan • Publish Financial Report • Open Council Meetings • Audio Recording of Full Council Meetings • Online Minutes • Use of Council Social Media – Twitter and Facebook • Corporate complaints, comments and compliments • Trade Union engagement • Internal Communications including a Corporate Communication team to help drive effective communications.
Highlights in Year	<ul style="list-style-type: none"> • Provision of with online real time video access for the public. • Identification of learning from complaints • Establishment of community hub to deliver a community based COVID response

4. Review of Effectiveness of Governance, Risk and Control framework:

The Council is responsible for the stewardship of public money and must therefore demonstrate that it has adequate and effective systems of risk management, governance and internal control in place.

The Council also has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

This review is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment.

The following reports provide information in support of the Governance Framework:

- Directors - Statements of Assurance *
- Head of Service - Statements of Assurance approximately every six months
- Performance Improvement Report
- Operational Performance
- Health & Safety Reports
- Finance & Budget Reports
- Internal Audit Reports
- Risk Management Reports

* Each Director completes their Assurance Statements approximately every six months and this forms a key part of the corporate governance arrangements for the Council.

Following a limited review, an interim Director of Finance & Administration has been appointed and will take forward many of the duties of the former Director of Service Support. The Chief Executive (CE) has reviewed and countersigned the Annual Statement of Assurance completed by each Head of Service within Service Support.

4.1 Annual Internal Audit Opinion:

The review of the effectiveness of the Governance Framework is also informed by the Annual Internal Audit Report for the Year Ended 31st March 2020.

Head of Internal Audit Opinion

This Service is satisfied that sufficient internal audit work has been undertaken to allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

This opinion is based on:

- All audits undertaken during the year
- Results of follow up work undertaken in relation to internal audit recommendations
- The effects of any significant changes in the organisation's objectives or systems
- Any limitations which may have been placed on the scope or resources of internal audit;
- What proportion of the organisation's audit needs have been covered to date
- Results of other sources of assurance work.

This service is of the opinion is that the framework of governance, risk management and control is satisfactory, with exceptions in the following areas:

- Safeguarding
- ICT (PCI DSS Compliance)
- Agency Costs
- General ledger, with specific reference to suspense account.

Other Internal Audit work:

National Fraud Initiative (NFI) – Data Matching Exercise:

The Council continues to conform to the requirements of the Northern Ireland Audit Office NFI exercise. This matches electronic data within and between public and private sector bodies to prevent and detect fraud. Data matching compares sets of data, such as payroll, pensions and trade creditors' records of a body against other records held by the same or another body.

The Council commenced investigating data matches in September 2019 and this work reached a conclusion in December 2019. In the investigation of matches approximately £900 was identified as having been a duplicate payment. The supplier agreed with our findings and repaid the money to the Council in February 2020 - no other issues had been identified. All audit office recommended matches had been investigated with a further sample selected by Internal Audit based on local knowledge and risk.

5. Significant Governance issues:

LCCC is fully committed to the principal of Corporate Governance. The Corporate Management Team review the Corporate Risk Register and report to the Governance and Audit Committee on a quarterly basis in conjunction with implementing the Internal Audit Strategy and Annual Plan.

The Annual Internal Audit Report and Annual Opinion was presented to the Governance and Audit Committee on the 30th June 2020. Based on the audit work undertaken by the Internal Audit team during 2019/2020, a **Satisfactory** audit opinion was achieved. While there may have been some exceptions and residual risk – this should not significantly impact on the achievement of the Council's objectives.

In this section we have provided a status update on matters included in the AGS 18/19 together with the identification of any new governance issues for 19/20

5.1 Significant Governance issues - update on issues brought forward from 2018/2019 to 2019/20:

<p>2018/2019</p>	<p>2019/20</p>
<p>Judicial Review – Public Realm works: This matter carries forward from a Judicial Review (May 2017) relating to an Equality Impact Assessment.</p>	<p>Update as of November 2020: Full Equality Impact Assessment has been completed. Council agreed on the 27 October 2020 that on balance and having given consideration to all the evidence, no further works be executed to the kerbs within the Lisburn Public Realm Scheme. Matter closed from a Council perspective.</p>
<p>Landfill Sites – Closure Regulations and Plans: The European Union landfill site closure regulations required the Council to comply with more onerous directives at the Council's former landfill sites a) Drumlough and b) Moss Road. Both sites were inherited from legacy Councils.</p>	<p>2019/20 The council's plans and provision for landfill sites has been approved and is being managed through normal operational business in line with NIEA requirements. This is now considered operational business and no longer a significant governance issue. Matter closed</p>
<p>Plans for the Residual Waste Treatment Plant: Following the granting of full planning permission for a Residual Waste Treatment Facility at Hightown Quarry on the Boghill Road, Ballytoag in Co. Antrim in September 2017 by the Department of Infrastructure a Judicial Review of the decision requested by objectors "No ARC21" took place on 14 February 2018. The judgement of the High Court of the decision to grant planning permission was handed down on 14 May 2018. The judgement was that the Department for Infrastructure did not have the vires to make the decision to grant planning permission to develop the land at Hightown Quarry in the absence of a Minister. The Department appealed the decision with the appeal hearing being heard on 25 June 2018 where the original judgement was upheld. In November 2018 legislation (Northern Ireland (Executive Formation and Exercise of Functions) Act 2018) enacted in Westminster Parliament underpinning NI government department's decision making powers came into force. This legislation provides a</p>	<p>2019/20 As outlined in 2018/19, the position remains the same - In the absence of local infrastructure, landfilling and diversion of residual waste by export will continue in the short to medium term and recovery of recyclables from black bin waste may not be possible at scale. This is now considered operational business and no longer a significant governance issue. Matter closed</p>

<p>2018/2019</p> <p>framework for a decision on the planning application to be made afresh by the Department. In March 2019 a folder of further information was voluntarily submitted by ARC2 into the planning process. This updated information was to ensure currency of various ecological surveys and environmental reports was maintained and to reflect changes in guidance and legislation. As of end of May 2019 a decision on the planning application is awaited.</p> <p>Implications</p> <p>In the absence of local infrastructure, landfilling and diversion of residual waste by export will continue in the short to medium term and recovery of recyclables from black bin waste may not be possible at scale. Short term contingency measures will be required and are being developed.</p> <p>Delivery of Local Development Plan:</p> <p>Work was continuing on the development of a new Area Plan. There had been delays with the single biggest delay due to the evidential base for the Metropolitan Transport Plan (as LCCC is a subset).</p>	<p>2019/20</p>
<p>2019/20</p> <p>The Local Development Plan was out for consultation. The period for receipt of counter-representations was to close on Friday 17 April 2020, however, as a result of the COVID pandemic, the Council has extended this time period until such times as the Council's Civic Headquarters at Lagan Valley Island can be reopened to the public. This will be kept under regular review and decisions to reopen will be made in line with further Government announcements. This is now considered operational business and no longer a significant governance issue.</p> <p>Matter closed</p>	<p>2019/20</p> <p>A new formal process for follow up was introduced in year. Significant progress has been made to address recommendations from prior year reports with the majority being implemented. Recommendations which remain outstanding relate to specific system issues – this is reported and monitored at CMT level. This is now considered operational business and no longer a significant governance issue.</p> <p>Matter closed</p>
<p>Number of Internal Audit Reports with a limited level of assurance:</p> <p>There were issues raised about the process used to ensure internal audit recommendations (specifically for limited assurance reports) were addressed.</p>	<p>2019/20</p> <p>A new formal process for follow up was introduced in year. Significant progress has been made to address recommendations from prior year reports with the majority being implemented. Recommendations which remain outstanding relate to specific system issues – this is reported and monitored at CMT level. This is now considered operational business and no longer a significant governance issue.</p> <p>Matter closed</p>

<p>Investigations with Local Government Commissioner for Standards:</p> <p>We were awaiting the outcome of a report for the Local Government Commissioner for Standards in respect of councillor's conduct under the Code of Conduct for Councillors.</p>	<p>2019/20</p> <p>A report was received from the Commissioner. All members of the Planning Committee have now completed the prescribed training which was recommended.</p> <p>Matter Closed</p>
<p>Procurement – non-compliance:</p> <p>There were issues identified in relation to non-compliance with procurement and lack of robust contract management arrangements within the Council. In order to address this matter, the Chief Officers undertook a strategic review of how and where the centralised procurement team were structured in the organisation and how that team supported compliance, contract management as well as continued improvement. The Director of Service Transformation set up a Strategic Procurement Working Group to lead on a strategic review of procurement and contract management across the organisation.</p>	<p>2019/20</p> <p>The Strategic Procurement Working Group met throughout the year. The outworking's from the group including proposals relating to the following:</p> <ol style="list-style-type: none"> 1. Revised STA processes. 2. Revised procurement procedures. 3. Changes to the accounting manual relevant for procurement. <p>Work remains ongoing across a number of related work streams as well. All auditor recommendations have been addressed and are due for consideration by CMT. The remainder of the improvement programme is a work in progress.</p> <p>Matter open.</p>
<p>Effectiveness of System of Internal Control:</p> <p>There was a desire to strengthen the overall system of internal control across the Council.</p>	<p>2019/20</p> <p>Within the year a number of steps were taken to strengthen the system of internal control. This included (but was not limited to)</p> <ul style="list-style-type: none"> • Appointment of a new Head of Audit, Risk & Performance • Significant programme of work to develop the Internal Audit function with the Council • Significant work on risk management in year • Focus on enhanced governance through additional reporting at directorate and CMT level • Work with the G&A committee <p>Matter Closed</p>

5.2 Significant Governance Issues for 2019/2020:

In addition to the matters which remain open from 18/19 (namely public realm, Commissioner Complaint and procurement & contract management), one other matter has been identified as a significant governance issue relating to COVID 19 pandemic.

Whilst the pandemic occurred in March 2020, it significantly impacted on all areas of the Council business during the last two weeks of the financial year. The Council is currently working through the full impacts of the pandemic both in terms in operational business and financial impacts through the development of recovery plans.

5.3 Effectiveness of System of Internal Control:

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 executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual Report and also by comments made by the external auditors.

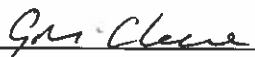
The Governance roles and responsibilities of the Council's Committee structure, Council's Corporate Management Team, the Governance & Audit Committee, and Internal Audit are described within this Statement.

The Council's System of Internal Control (Governance Framework) is underpinned by compliance with governing legislative and regulatory requirements, commitment from the Corporate Leadership Team, the Corporate plan, the councils financial procedures, oversight functions including a Governance & Audit Committee, regular and timely management information, administrative procedures, whistle blowing procedures, management supervision, delegation and accountability and a commitment to staff development and performance management.

The Council has conducted a Review of the Effectiveness of the system of internal control in place within the Council in 2019/20, in accordance with Regulation 4(2) of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015.

The results of this review, along with the Internal Audit Annual Report were reported to the Audit Committee in June 2020 to assess the effectiveness of the system of internal control and the consideration of the draft Annual Governance Statement and the draft Statement of Accounts.

From the work undertaken by management, the Governance & Audit Committee and Internal Audit throughout the year, it is considered that key systems are operating soundly.

Signed  Date: 19.11.20

Chairman of Governance & Audit Committee

Signed  Date: 19/11/2020

Chief Executive Officer/Financial Officer

LISBURN AND CASTLEREAGH CITY COUNCIL
REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2020

1. Introduction

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

2. Allowance and Remuneration Arrangements

Councillors

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

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

Following local elections on 2 May 2019, councillors were elected to the 11 new councils for a four year term. Lisburn & Castlereagh City Council had 40 councillors in 2019/20.

Senior Employees

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

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

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

Independent Member – Governance and Audit Committee

Mr Edgar Jardine is an independent Member of the Governance and Audit Committee. This role is to help promote the highest standards in the financial management of the Council and thereby ensure the accountability of public funds. A payment of £250 is paid per meeting along with reasonable travelling expenses.

3. Allowances Paid to Councillors

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

Table 1: Total Allowances paid to councillors [audited information]

Allowance	2019/20		2018/19	
	Total Allowances £	Number of Councillors receiving Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	604,311	55	588,423	40
Special Responsibility Allowance	71,075	24	72,835	22
Chairperson/ Mayor Allowance	27,080	2	26,982	2
Vice Chairperson/ Deputy Mayor Allowance	8,667	2	8,636	2
Mileage Allowance	19,910	33	28,443	30
Public Transport and Other Travel Incidentals	346	11	1,041	13
Subsistence	235	7	591	12
Courses/Conferences Visits (registration & Joining Fees)	-	0	0	0
Dependants' Carers Allowance	706	1	595	2
TOTAL ALLOWANCES	732,339		727,546	

Details of the allowances paid to individual councillors in 2019/20 are published on the council website.

Due to the elections on 6th May 2019, there were many newly elected Councillors. Details of the current Councillors can be found on the council website.

4. Remuneration of Senior Employees

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

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

Officers	2019/20				2018/19			
	Salary (Full year equivalent in brackets where applicable) £'000	Bonus Payments £'000	Benefits in kind (to nearest £100) £'000	Total £'000	Salary (Full year equivalent in brackets where applicable) £'000 (Restated)	Bonus Payments £'000	Benefits in kind (to nearest £100) £'000	Total £'000
D Burns Chief Executive	100-105			100-105	40-45 (100-105)			40-45 (100-105)
H Moore Director of Environmental Services	86-90			86-90	80-85			80-85
J D Rose Director of Leisure & Community Wellbeing	86-90			86-90	80-85			80-85
S Clarke Director of Service Support	80-85			80-85	80-85			80-85
D Rogan Director of Service Transformation	80-85			80-85	80-85			80-85

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

The banded remuneration of the highest paid member of the Executive Management Team/Senior Management Team in the financial year 2019/20 was £100k - £105k (2018/19 £100k- £105k). This was 4.22 times (2018/19 4.9 times) the median remuneration of the workforce, which was £24,393 (2018/19 £22,364).

Table 3: Relationship between the remuneration of the highest paid member of the Executive Management Team/Senior Management Team and the median remuneration of the Council's workforce [audited information]

	2019/20 £'000	2018/19 £'000
Salary Band of Highest Paid member of the Executive Management Team/Senior Management Team	£100k - £105k	£100k - £105k
Median Total Remuneration	£24,393	£22,364
Ratio	4.97	4.9

In 2019/20, no employee received remuneration in excess of the highest paid member of the Executive Management Team/Senior Management Team.

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

Salary

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

Bonus Payments

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. There were no bonuses paid in 2019/20.

Benefits in Kind

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

5. Exit Packages for staff

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

Table 4: Exit Packages [audited information]

Severance Package Cost Band	2019/20				2018/19			
	Number of Voluntary Redundancies	Number of Compulsory Redundancies	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000	Number of Voluntary Redundancies	Number of Compulsory Redundancies	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000	2	1	3	48		3	3	35
£20,001 - £40,000	7	1	8	213	1		1	25
£40,001 - £60,000	7	2	9	456	3		3	156
£60,001 - £80,000	3		3	227				
£80,001 - £100,000	9		9	811	1		1	97
£100,001 - £150,000	4		4	488				
£150,001 - £200,000								
Total	32	4	36	2,244	5	3	8	313

6. Pension Benefits

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

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

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

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

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

The ranges for the bands for tiered contribution rates are revised by the Department for Communities in April each year in accordance with the increase applied to a pension in payment. The bands, effective from 1 April 2018, were as follows:

Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £14,500	5.5%
2	£14,501 - £22,100	5.8%
3	£22,101 - £36,900	6.5%
4	£36,901 - £44,700	6.8%
5	£44,701 - £88,300	8.5%
6	More than £88,301	10.5%

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

Table 6: Employer Contribution Rates

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

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

Councillors have only 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 2019/20 was £137,994.

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 2019/20 [audited information]

Officers	Accrued Pension at pension age as at 31/3/19 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/20 £'000	CETV at 31/3/19 £'000	Real increase in CETV £'000
D Burns Chief Executive	3	2	32	9	0
H Moore Director of Environmental Services	39	2	690	639	51
J D Rose Director of Leisure & Community Wellbeing	42	2	895	865	30
S Clarke Director of Service Support	17	2	172	148	24
D Rogan Director of Service Transformation	33	3	586	531	55

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

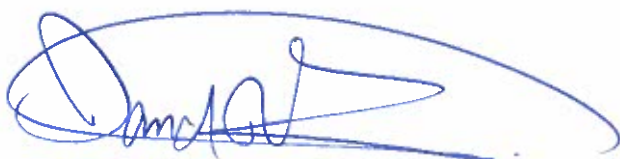
**Chief Executive
November 2020**

Certificate of the Chief Financial Officer

I certify that:

(a) the Statement of Accounts for the year ended 31st March 2020 on pages 35 to 93 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 39 to 58.

(b) in my opinion the Statement of Accounts gives a true and fair view of the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year ending 31st March 2020.

A handwritten signature in blue ink, appearing to be 'D. McAlister', enclosed within a large, loopy blue oval.

Chief Financial Officer

Date 19 November 2020

Council Approval of Statement of Accounts

These accounts will be approved by resolution of the Governance and Audit Committee on 19 November 2020.

A handwritten signature in black ink, appearing to be 'G. O'Connell'.

Chairman

Date 19 November 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LISBURN AND CASTLEREAGH CITY COUNCIL

Opinion on financial statements

I have audited the financial statements of Lisburn and Castlereagh City Council for the year ended 31 March 2020 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. 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 2019-20, of the financial position of Lisburn and Castlereagh City Council as at 31 March 2020 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

Basis of opinion

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

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs(UK) require me to report to you where:

- the Lisburn and Castlereagh City Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Lisburn and Castlereagh City Council has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Lisburn and Castlereagh City Council's ability to continue to adopt the going concern basis.

Other Information

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

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

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Statement of Accounts for the financial year ended 31 March 2020 is consistent with the financial statements.

Responsibilities of the Chief Financial Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

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 Lisburn and Castlereagh City Council in accordance with the Local Government (Northern Ireland) Order 2005 and for no other purpose, as specified in the Statement of Responsibilities of the Local Government Auditor and Local Government Bodies.

Matters on which I report by exception

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

- in my opinion:
 - the Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20;
 - does not comply with proper practices specified by the Department for Communities;
 - is misleading or inconsistent with other information I am aware of from my audit; or
 - adequate accounting records have not been kept; or
 - the statement of accounts and the part of the remuneration Report to be audited are not in agreement with the accounting records; or
 - I have not received all of the information and explanations I require for my audit, or
- I issue a report in the public interest under Article 9 of the Local Government (Northern Ireland) Order 2005; or
- I designate under Article 12 of the Local Government (Northern Ireland) Order 2005 any recommendation made to the Council; or
- I exercise the other special powers of the auditor under Article 19 to 21 of the Local Government (Northern Ireland) Order 2005.

Certificate

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



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

3 December 2020

LISBURN AND CASTLEREAGH CITY COUNCIL
Comprehensive Income and Expenditure Statement for the year ended 31 March 2020

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

	Notes	2019/20			2018/19		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Service Expenditure							
Leisure & Community Wellbeing	2	27,933,308	(9,814,794)	18,118,514	26,180,759	(9,837,901)	16,342,858
Environmental Services	2	22,186,114	(3,676,603)	18,509,511	25,463,652	(3,538,592)	21,925,060
Service Transformation	2	12,587,304	(4,195,434)	8,391,870	6,472,674	(2,613,742)	3,858,932
Planning	2	1,838,037	(1,745,835)	92,202	1,764,487	(1,739,531)	24,956
Service Support	2	12,139,549	(1,205,896)	10,933,653	13,087,343	(1,709,994)	11,377,349
Governance & Audit	2	1,303,692	(517,193)	786,499	774,741	(1,000)	773,741
Cost of Services on Continuing Operations		77,988,004	(21,155,755)	56,832,249	73,743,656	(19,440,760)	54,302,896
Other Operating Expenditure/ Income	8	1,000	(104,355)	(103,355)	139,040	(126,282)	12,758
Financing and Investment Income and Expenditure	9	2,525,003	(116,318)	2,408,686	2,568,639	(126,346)	2,442,293
Net Operating Expenditure		80,514,007	(21,376,428)	59,137,580	76,451,335	(19,693,388)	56,757,947
Taxation and Non-Specific Grant Income	10	-	(50,725,405)	(50,725,405)	-	(48,228,722)	(48,228,722)
(Surplus)/Deficit on the Provision of Services		80,514,007	(72,101,833)	8,412,175	76,451,335	(67,922,110)	8,529,225
(Surplus)/Deficit on revaluation of non-current assets	11			(5,526,410)			(4,020,686)
Remeasurements of the Net Defined Benefit Liability (Asset)	21			4,138,000			(3,181,000)
Other Comprehensive Income and Expenditure				(1,388,410)			(7,201,686)
Total Comprehensive Income and Expenditure				7,023,765			1,327,539

LISBURN AND CASTLEREAGH CITY COUNCIL

Movement in Reserves Statement for the year ended 31 March 2020

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

	General Fund Summary	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
Balance as at 1 April 2018	18,760,935	6,985,966	1,075,582	26,822,483	61,090,883	87,913,366
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(8,529,225)	-	-	(8,529,225)	-	(8,529,225)
Other Comprehensive Income and Expenditure	-	-	-	-	7,201,686	7,201,686
Total Comprehensive Income and Expenditure	(8,529,225)	-	-	(8,529,225)	7,201,686	(1,327,539)
Adjustments between accounting basis & funding under regulations	8,485,726	-	15,000	8,500,727	(8,500,727)	-
Net increase before transfers to Statutory and Other Reserves	(43,499)	-	15,000	(28,498)	(1,299,041)	(1,327,539)
Transfers to / from Statutory and Other Reserves	58,365	(58,365)	-	-	-	-
Increase/ Decrease in year	14,866	(58,365)	15,000	(28,498)	(1,299,041)	(1,327,539)
Balance as at 31 March 2019	18,775,801	6,927,601	1,090,582	26,793,985	59,791,842	86,585,827
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(8,412,175)	-	-	(8,412,175)	-	(8,412,175)
Other Comprehensive Income and Expenditure	-	-	-	-	1,388,410	1,388,410
Total Comprehensive Income and Expenditure	(8,412,175)	-	-	(8,412,175)	1,388,410	(7,023,765)
Adjustments between accounting basis & funding under regulations	6,656,321	-	-	6,656,321	(6,656,321)	-
Net increase before transfers to Statutory and Other Reserves	(1,755,854)	-	-	(1,755,854)	(5,267,911)	(7,023,765)
Transfers to / from Statutory and Other Reserves	(6,370,170)	6,370,170	-	-	-	-
Increase in year	(8,126,025)	6,370,170	-	(1,755,854)	(5,267,911)	(7,023,765)
Balance as at 31 March 2020	10,649,777	13,297,772	1,090,582	25,038,130	54,523,932	79,562,062

LISBURN AND CASTLEREAGH CITY COUNCIL
Balance Sheet as at 31 March 2020

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

	Note	31st March 2020	31st March 2019
		£	£
Fixed Assets	11	154,982,486	148,395,493
Long Term Investments	16	2,140	20,578
Long Term Debtors	15	211,082	231,935
LONG TERM ASSETS		155,195,708	148,648,006
Inventories	14	394,984	426,022
Short Term Debtors	15	5,406,221	7,451,681
Cash and Cash Equivalents	22	20,869,030	24,819,054
CURRENT ASSETS		26,670,235	32,696,757
Bank Overdraft	25	12,421,126	11,492,944
Short Term Borrowing	17	1,713,214	1,701,304
Short Term Creditors	18	8,220,660	8,339,078
Provisions	19	280,173	616,524
CURRENT LIABILITIES		22,635,173	22,149,850
Long Term Creditors	18	-	-
Provisions	19	2,922,275	2,736,970
Long Term Borrowing	17	24,165,074	25,330,990
Other Long Term Liabilities	21	50,662,000	41,741,000
Capital Grants Receipts in Advance	23	1,919,358	2,800,127
LONG TERM LIABILITIES		79,668,707	72,609,087
NET ASSETS		79,562,063	86,585,826
USABLE RESERVES			
Capital Receipts Reserve	26	1,090,582	1,090,582
Capital Grants Unapplied Account	26	-	11,667
Capital Fund	26	6,500,000	-
Renewal and Repairs Fund	26	820,385	1,118,695
Other Balances and Reserves	26	5,965,720	5,797,240
General Fund	26	10,649,778	18,775,801
		25,026,464	26,793,985
UNUSABLE RESERVES			
Capital Adjustment Account	27	56,591,822	57,019,681
Revaluation Reserve	27	49,492,352	45,444,564
Pensions Reserve	27	(50,662,000)	(41,741,000)
Accumulated Absences Account	27	(508,385)	(479,553)
Provisions Discount Rate Reserve	27	(378,190)	(451,850)
		54,535,599	59,791,842
NET WORTH		79,562,063	86,585,827

LISBURN AND CASTLEREAGH CITY COUNCIL**Cash Flow Statement at 31 March 2020**

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

	Note	2019/20	2018/19
		£	£
Net Deficit on the provision of services		8,412,175	8,529,225
Adjustment for non-cash movements	25	12,206,700	12,110,352
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25	(1,313,427)	(438,379)
Net cash flows from operating activities	25	2,481,098	3,142,748
Cash flows from Investing Activities	25	(6,085,713)	(6,735,806)
Net Cash flows from Financing Activities	25	(1,273,591)	(1,563,169)
Net increase or decrease in cash and cash equivalents		(4,878,206)	(5,156,227)
Cash and cash equivalents at the beginning of the reporting period		13,326,110	18,482,338
Cash and cash equivalents at the end of the reporting period		8,447,904	13,326,111

LISBURN AND CASTLEREAGH CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 20. 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 2019/20, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

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

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

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

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

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

The Council had made a provision in previous years for the costs of settling claims for back pay arising from discriminatory payments incurred before the extant Councils implemented their Single Status Policies. The final claims have been completed in 2019/2020 financial year.

iv) **Cash and Cash Equivalents**

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

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

v) **Contingent Assets**

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

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

vi) **Contingent Liabilities**

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

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

vii) **Employee Benefits**

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

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs 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 debts for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

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

Post Employment Benefits

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

The Northern Ireland Local Government Officers' Pension Fund

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

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

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

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

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

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

Service cost comprising:

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

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

Within Financing and Investment Income and Expenditure

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

Within Other Comprehensive Income and Expenditure (Remeasurements)

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

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

Within the Movement in Reserves Statement Appropriations

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

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

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

Discretionary Benefits

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

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

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

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

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

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

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

ix) **Exceptional Items**

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

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

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

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

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

xi) **Financial Instruments**

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

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

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)

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

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

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

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.

xii) Foreign Currency Translation

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

xiii) Government Grants and Contributions

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

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

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

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

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

xiv) **Intangible Assets**

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

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

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

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

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

xv) **Inventories & Long Term Contracts**

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

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

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.

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

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

xvii) **Landfill Allowance Scheme**

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

xviii) **Leases**

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

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

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

The Council as Lessee - Finance Lease

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

Lease payments are apportioned between:

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

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

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

Operating Leases:

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

The Council as Lessor - Finance Lease

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

Lease rentals receivable are apportioned between:

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

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

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

The Council as Lessor - Operating Lease

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

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

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

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

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

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

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

xx) **Overheads and Support Services**

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

xxi) **Property, Plant and Equipment**

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- infrastructure - straight line allocation over 25 years

Componentisation

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

Revaluations

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

xxii) **Heritage Assets**

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

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

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

xxiii) **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.

xxiv) **Reserves**

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

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

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

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

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

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

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

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

xxvii) **Value Added Tax**

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

xxviii) **Fair Value Measurement**

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

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

b **Accounting Standards That Have Been Issued but Have Not Yet Been Adopted**

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

For 2019/20 the accounting policy changes that need to be reported will be confirmed in the year-end CIPFA Bulletin issued under the guidance of LAAP. Appendix C of the 2019/20 Code will provide details of the disclosures required.

c **Critical Judgements in Applying Accounting Policies**

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

d **Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

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

The items in the Council's Balance Sheet at 31 March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

i) Property, Plant and Equipment

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

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

ii) Provisions

The Council has applied future discount rates to calculate the provision due against the closure of two landfill sites.

The Council has made a provision of £3.2m for the closure plans of the two site, Moss Road and Drumlough.

iii) Pension Liability

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

The effects on the net pension liability of changes in individual assumptions can be measured. The sensitivity analysis can be seen on Note 21.

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a Expenditure and Funding Analysis

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

	2019/20			2018/19		
	Net Expenditure Chargable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargable to the General Fund	Adjustments	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Leisure & Community Wellbeing	11,545,352	6,573,162	18,118,514	10,371,583	5,971,275	16,342,858
Environmental Services	16,659,211	1,850,300	18,509,511	18,878,208	3,046,852	21,925,060
Service Transformation	7,625,097	766,773	8,391,870	3,081,698	777,234	3,858,932
Planning	130,467	(38,265)	92,202	(1,726,056)	1,751,012	24,956
Service Support	9,520,370	1,413,283	10,933,653	11,360,058	17,291	11,377,349
Governance & Audit	664,446	122,053	786,499	644,466	129,275	773,741
Net Cost of Services	46,144,942	10,687,307	56,832,249	42,609,957	11,692,939	54,302,896
Other Income and Expenditure	(42,773,472)	(5,646,602)	(48,420,074)	(42,932,122)	(2,841,549)	(45,773,671)
Surplus or Deficit	3,371,470	5,040,705	8,412,175	(322,165)	8,851,390	8,529,225
Opening General Fund			18,775,801			18,760,935
Surplus/ (Deficit) on General Fund Balance in Year			(8,126,025)			14,866
Closing General Fund			10,649,777			18,775,801

2
b

Note to the Expenditure and Funding Analysis

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

Adjustments between Funding and Accounting Basis

2019/20					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Leisure & Community Wellbeing	5,047,323	1,526,024	(185)	-	6,573,162
Environmental Services	730,898	1,106,479	12,923	-	1,850,300
Service Transformation	49,706	661,920	55,147	-	766,773
Planning	3,000	-	(41,265)	-	(38,265)
Service Support	989,576	423,892	(185)	-	1,413,283
Governance & Audit	-	119,686	2,367	-	122,053
Net Cost of Services	6,820,503	3,838,001	28,803	-	10,687,307
Other Income and Expenditure from the Expenditure and Funding Analysis	(6,517,942)	945,000	-	(73,660)	(5,646,602)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	302,561	4,783,001	28,803	(73,660)	5,040,705

Adjustments between Funding and Accounting Basis

2018/19					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Leisure & Community Wellbeing	3,541,164	2,417,390	12,721	-	5,971,275
Environmental Services	548,516	2,497,406	930	-	3,046,852
Service Transformation	47,781	692,732	36,721	-	777,234
Planning	853,246	906,588	(8,822)	-	1,751,012
Service Support	5,918	-	11,373	-	17,291
Governance & Audit	-	121,884	7,391	-	129,275
Net Cost of Services	4,996,625	6,636,000	60,314	-	11,692,939
Other Income and Expenditure from the Expenditure and Funding Analysis	(4,211,399)	918,000	-	451,850	(2,841,549)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	785,226	7,554,000	60,314	451,850	8,851,390

3 a Expenditure and Income Analysed by Nature

Expenditure		2019/20	2018/19
Notes	£	£	£
Employee Benefits Expenses	7	27,725,336	26,310,910
Other Services Expenditure		44,491,520	43,480,405
Depreciation, Amortisation, Impairment	11	6,820,503	4,996,624
Interest Payments	9	1,580,003	1,650,638
Gain on the Disposal of Assets	8	(103,355)	12,758
Total Expenditure		80,514,007	76,451,335
Income		2019/20	2018/19
Notes	£	£	£
Fees, Charges and other service Income		(21,260,110)	(19,567,042)
Interest and Investment Income	9	(116,318)	(126,346)
District rate income	10	(46,760,636)	(45,253,570)
Government grants and Contributions	10	(3,964,769)	(2,975,152)
Total Income		(72,101,833)	(67,922,110)
(Surplus) or Deficit on the Provision of Services		8,412,174	8,529,225

b Revenue from contracts with service recipients

The Council does not receive material revenue from contract with service recipients.

4 Adjustments between an Accounting Basis and Funding Basis under Regulations

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

Notes	2019/20		2018/19	
	£	£	£	£
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:				
Impairments (losses & reversals) of non-current assets	-	-	-	-
Derecognition (other than disposal) of non-current assets	11	-	-	-
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	1,596,861	303,480	
Depreciation charged in the year on non-current assets	11	5,223,642	6,820,503	4,996,624
Net Revenue expenditure funded from capital under statute	12	1,340,588		-
Carrying amount of non current assets sold	8	1,000	139,040	
Proceeds from the sale of PP&E, investment property and intangible assets	23	(104,355)	(103,355)	12,758
Net charges made for retirement benefits in accordance with IAS 19	20	9,464,000		11,659,000
Direct revenue financing of Capital Expenditure	12,23	(1,590,480)		(1,279,169)
Capital Grants and Donated Assets Receivable and Applied in year	10	(1,209,072)		(312,097)
Adjustments in relation to Short-term compensated absences	24	28,832		60,315
Provisions Discount Rate Reserve Adjustment	24	(73,660)		86,186
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year				
Statutory Provision for the financing of Capital Investment	23	(3,340,035)		(2,632,891)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	20	(4,681,000)		(4,105,000)
		6,656,321		8,485,726

b	Net transfers (to)/from statutory and other earmarked reserves:					
	Notes	2019/20 £	2019/20 £	2018/19 £	2018/19 £	£
Capital Fund						
	Other	23	(6,500,000)	(6,500,000)	-	-
Renewal and Repairs Fund						
	Other	27	298,310	298,310	144,365	144,365
Other Funds and earmarked reserves						
	Other	23	(168,481)	(168,481)	(86,001)	(86,001)
			(6,370,170)			58,365

5 Cost of Services on Continuing Operations

a General power of competence

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

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

The actual expenditure under the power of competence amounted to £nil during 2019/20 (nil in 2018/19).

b External Audit Fees

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

	2019/20 £	2018/19 £
External Audit Fees	75,000	70,000
Other Fees	6,300	21,101
	81,300	91,101

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (£nil 2018/19).

6 Operating and Finance Leases Council as Lessor

a Finance Leases (Council as lessor)

The Council does not lease any property or equipment on Finance Leases

b Operating Leases (Council as lessor)

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

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

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

	31st March 2020 £	31st March 2019 £
Not later than 1 year	64,024	70,863
Later than 1 year and no later than 5 years	97,576	115,931
Later than 5 years	396,195	408,383
	557,795	595,177

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

The Council does not have any vehicles or IT equipment held under finance lease arrangements.

The net carrying amount of the plant and equipment held under finance lease arrangements is £98,939 (2018 £18,567). The assets are included under Vehicles, Plant & Equipment which form an integral part of property, plant and equipment. The rentals paid for equipment held under finance leases totalled £24,710 (2018 £18,567).

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
	£	£	£	£
Not later than one year	28,309	15,115	3,598	2,314
Later than one year and not later than five years	108,667	-	13,792	-
	136,976	15,115	17,390	2,314

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

The Council has a number of assets of land held by long term leases from 99 to 10,000 years. Rental income is between 1 pence and 1 pound if demanded. Rent is not normally demanded on these premises and therefore future minimal finance lease payments are assumed to be £nil.

d Operating Leases (Council as lessee)

The Council has acquired its office photocopiers and printers by entering into operating leases with typical lives of 3 to 5 years.

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

	31st March 2020	31st March 2019
	£	£
Not later than 1 year	293,311	143,304
Later than 1 year and no later than 5 years	712,965	299,805
Later than 5 years	453,333	503,770
	1,459,609	946,879

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

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

	2019/20	2018/19
	£	£
Minimum lease payments	254,543	143,303
Total	254,543	143,303

7 Employee Costs and Member Allowances		
a Staff Costs		
	2019/20	2018/19
	£	£
Salaries and Wages	21,453,625	20,596,681
Employers NIC	1,973,249	1,880,675
Employers Superannuation	4,298,462	3,833,554
Total staff costs	27,725,336	26,310,910

In addition, agency costs during the year amounted to £3,084,174 (FY 18/19 £3,422,121).

The Council's current contribution rate to NILGOSC scheme is 20% (FY 18/19 plus a Deficit Recovery Contribution of £350,600 (2018/19 £350,600)).

Average Number of Employees - where FTE represents fulltime equivalent employees

b Average Number of Employees		
	2019/20	2018/19
	FTE	FTE
Leisure & Community Wellbeing	288	275
Environmental Services	228	276
Service Transformation	84	34
Planning	32	33
Service Support	79	88
Governance & Audit	15	9
Total Number	726	715

	2019/20	2018/19
	Actual Numbers	Actual Numbers
Full-time numbers employed	622	609
Part-time numbers employed	180	193
Total Number	802	802

c Senior Employees' Remuneration		
	2019/20	2018/19
	£	£
£50,001 to £60,000	8	15
£60,001 to £70,000	8	-
£70,001 to £80,000	-	-
£80,001 to £90,000	4	4
£90,001 to £100,000	-	-
£100,001 to £110,000	1	1
£110,001 to £120,000	-	-
Total Number	21	20

d Members' Allowances		
	2019/20	2018/19
	£	£
Basic allowance	604,311	588,423
Mayor's & Deputy Mayor's Allowance	35,747	35,618
Special Responsibility Allowances	71,075	72,835
Dependents' carers allowance	706	595
Employer costs	189,141	164,372
Mileage	19,919	28,443
Travel & Subsistence Costs	581	1,632
Total	921,480	891,918

e Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2020. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2020.

For 2019/20, employers' contributions of £314,964.03 were payable to the NICS pension arrangements at one of four rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2016 was completed by the Actuary during 2015-2016. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. The contribution rates are set to meet the cost of the benefits accruing during 2019/20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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

8 Other Operating Income & Expenditure

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

	2019/20	2018/19
	£	£
Proceeds from sale	(104,355)	(126,282)
Carrying amount of non-current assets sold (excl Investment Properties)	1,000	139,040
	(103,355)	12,758

Other Operating Expenditure	2019/20	2018/19
	£	£
(Surplus) / Deficit on Non Current Assets	(103,355)	12,758
	(103,355)	12,758

9 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2019/20	2018/19
	£	£
Government Loan Interest	1,577,087	1,647,282
Commercial Loan Interest	2,916	3,356
	1,580,003	1,650,638

b Interest and Investment Income

	2019/20	2018/19
	£	£
Bank Interest	96,679	110,501
NIHE Loan interest receivable	19,639	15,845
	116,318	126,346

c Pensions interest costs and expected return on pensions assets

	2019/20	2018/19
	£	£
Net interest on the net defined benefit liability (asset)	945,000	918,000
	945,000	918,000

Financing and Investment Income and Expenditure	2019/20			2018/19		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,580,003	-	1,580,003	1,650,638	-	1,650,638
Interest and Investment Income	-	(116,318)	(116,318)	-	(126,346)	(126,346)
Pensions interest cost	945,000	-	945,000	918,000	-	918,000
	2,525,003	(116,318)	2,408,685	2,568,638	(126,346)	2,442,292

10 Taxation and Non Specific Grant Income

a Revenue Grants

	2019/20	2018/19
	£	£
General	(2,755,697)	(2,663,055)
	<u>(2,755,697)</u>	<u>(2,663,055)</u>

b Capital Grants and Donated Assets - Applied

	2019/20	2018/19
	£	£
Government & Other Grants - Transfer from receipts in advance	(1,209,072)	(312,097)
	<u>(1,209,072)</u>	<u>(312,097)</u>

c District Rates

	2019/20	2018/19
	£	£
Current year	(46,760,636)	(45,253,570)
	<u>(46,760,636)</u>	<u>(45,253,570)</u>

Taxation and Non Specific Grant Income	2019/20	2018/19
	£	£
District Rate Income	(46,760,636)	(45,253,570)
Revenue Grants	(2,755,697)	(2,663,055)
Capital Grants and Contributions	(1,209,072)	(312,097)
	<u>(50,725,405)</u>	<u>(48,228,722)</u>

LISBURN AND CASTLEREAGH CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2020

11 a Long - Term Assets - Current Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2019	24,945,880	106,715,503	438,891	-	22,361,865	4,627,535	5,262,132	4,488,750	168,840,556	1,027,313	-	169,867,869
Balance as at 1 April 2019	24,945,880	106,715,503	438,891	-	22,361,865	4,627,535	5,262,132	4,488,750	168,840,556	1,027,313	-	169,867,869
Additions	-	-	-	-	2,012,225	-	5,548,062	320,000	7,880,287	-	-	7,880,287
Revaluation increases/ (decreases) to Revaluation Reserve	(20,073)	4,241,885	-	-	-	98,760	-	(71,678)	4,248,894	-	-	4,248,894
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	(1,204,816)	(2,673,897)	-	-	-	-	-	(28,016)	(3,906,729)	-	-	(3,906,729)
Derecognition - Disposals	(1,000)	-	-	-	(1,251,657)	-	-	-	(1,252,657)	-	-	(1,252,657)
Derecognition - Other	-	-	-	-	(988,430)	-	-	-	(988,430)	-	-	(988,430)
Reclassifications & Transfers	962,300	2,558,002	-	-	643,240	-	(4,269,237)	99,694	(6,001)	-	-	(6,001)
Balance as at 31 March 2020	24,682,291	110,841,493	438,891	-	22,777,243	4,726,295	6,540,957	4,808,750	174,815,920	1,027,313	-	175,843,233
Depreciation and Impairment												
	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2019	-	3,585,491	54,699	-	18,052,319	-	-	-	21,692,509	-	-	21,692,509
Balance as at 1 April 2019	-	3,585,491	54,699	-	18,052,319	-	-	-	21,692,509	-	-	21,692,509
Depreciation Charge	-	3,883,563	22,406	-	1,294,080	-	-	-	5,200,049	-	-	5,200,049
Depreciation written out on Revaluation Reserve	-	(1,277,516)	-	-	-	-	-	-	(1,277,516)	-	-	(1,277,516)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(2,309,868)	-	-	-	-	-	-	(2,309,868)	-	-	(2,309,868)
Derecognition - Disposals	-	-	-	-	(1,251,657)	-	-	-	(1,251,657)	-	-	(1,251,657)
Derecognition - Other	-	-	-	-	(988,430)	-	-	-	(988,430)	-	-	(988,430)
Balance as at 31 March 2020	-	3,881,670	77,105	-	17,106,312	-	-	-	21,065,087	-	-	21,065,087
Balance as at 31 March 2020	24,682,291	106,959,823	361,786	-	5,670,931	4,726,295	6,540,957	4,808,750	153,750,833	1,027,313	-	154,778,146

The valuation of property, plant and equipment is a critical accounting estimate. A valuation has been performed at the reporting date by LPS who are third party qualified valuers. The valuation provided is reviewed by management. This has resulted in the property, plant and equipment being held at fair value in the financial statements.

b Long - Term Assets - Comparative Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	26,326,292	106,606,367	438,891	-	20,975,317	4,594,517	1,924,279	1,413,750	162,279,413	1,017,088	-	163,296,501
Balance as at 1 April 2018	26,326,292	106,606,367	438,891	-	20,975,317	4,594,517	1,924,279	1,413,750	162,279,413	1,017,088	-	163,296,501
Additions	30,000	-	-	-	1,380,803	-	5,753,157	-	7,163,960	10,225	-	7,174,185
Revaluation increases/decreases to Revaluation Reserve	(72,247)	1,906,160	-	-	-	34,017	-	928,992	2,796,922	-	-	2,796,922
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	(370,254)	(2,149,086)	-	-	-	(999)	-	-	(2,520,339)	-	-	(2,520,339)
Derecognition - Disposals	(16,500)	(27,054)	-	-	(641,554)	-	-	(75,000)	(760,108)	-	-	(760,108)
Reclassifications & Transfers	(951,411)	379,116	-	-	647,299	-	(2,415,304)	2,221,008	(119,292)	-	-	(119,292)
Balance as at 31 March 2019	24,945,880	106,715,503	438,891	-	22,361,865	4,627,535	5,262,132	4,488,750	168,840,556	1,027,313	-	169,867,869
Depreciation and Impairment	Land	Buildings	Infrastructure Assets	Landfill Sites	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Assets Held for Resale	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2018	-	3,471,074	34,815	-	17,613,204	-	-	-	21,119,093	-	-	21,119,093
Balance as at 1 April 2018	-	3,471,074	34,815	-	17,613,204	-	-	-	21,119,093	-	-	21,119,093
Depreciation Charge	-	3,587,383	19,884	-	1,056,832	-	-	-	4,664,099	-	-	4,664,099
Depreciation written out on Revaluation Reserve	-	(1,223,764)	-	-	-	-	-	-	(1,223,764)	-	-	(1,223,764)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(2,216,859)	-	-	-	-	-	-	(2,216,859)	-	-	(2,216,859)
Derecognition - Disposals	-	(3,351)	-	-	(617,717)	-	-	-	(621,068)	-	-	(621,068)
Reclassifications & Transfers	-	(28,992)	-	-	-	-	-	-	(28,992)	-	-	(28,992)
Balance as at 31 March 2019	-	3,585,491	54,699	-	18,052,319	-	-	-	21,692,509	-	-	21,692,509
Net Book Values												
Balance as at 31 March 2019	24,945,880	103,130,012	384,192	-	4,309,546	4,627,535	5,262,132	4,488,750	147,148,047	1,027,313	-	148,175,360
Balance as at 31 March 2020	24,682,291	106,959,823	361,786	-	5,670,931	4,726,295	6,540,957	4,808,750	153,750,833	1,027,313	-	154,778,146

In light of the current economic environment covid 19, LPS have noted in their valuation report the following:

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. The RICS has advised that its members should include a commentary to clients on the additional material and market uncertainty that has and will almost certainly be associated with the current outbreak.

Therefore, as at the valuation date, LPS considers that it is prudent to advise the client that market evidence gathered as part of this exercise, for comparison purposes, has attached to it, due to the worldwide impact of the pandemic, an increased level of uncertainty in terms of informing opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. The valuations detailed herein are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to them than would normally be the case.

Given that the future impact that COVID-19 might have on both the global and local real estate markets, it is strongly recommended that these valuations are kept under frequent review.

11 c Property, plant and equipment

Depreciation

The useful lives and depreciation rates applied to calculate the depreciation are outlined in note 1.

d Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generally software.

All software is given a finite useful life, based on assessment of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suits used by the Council are given in Note 1: Accounting Policies.

The Council also owns an Intangible Asset which relates to a Drinks Licence in Castlereagh Hills Golf club. This asset is not amortised and has not suffered any impairment in 2019/2020 due to market conditons.

Intangible Assets	2019/20	2018/19
	£	£
Balance at start of year:		
Gross carrying amounts	370,937	280,636
Accumulated amortisation	225,804	196,759
Net carrying amount at start of year	145,133	83,877
Additions	1,800	-
Amortisation for the period	23,593	29,045
Other Changes	6,000	90,301
Net carrying amount at end of year	176,526	203,223

Comprising:

Gross carrying amounts	378,737	370,937
Accumulated amortisation	249,397	225,804
Net carrying amount at end of year	129,340	145,133

Intangible Assets	31/03/2020	31/03/2019
	£	£
Drinks Licence	60,000	60,000
Computer Software	69,340	85,133
	129,340	145,133

e Investment Properties

The Council has an Investment Property situated within the Dundonald Ice Bowl complex.

There has been no movement in the fair value of the investment property.

Investment Properties	2019/20	2018/19
	£	£
Balance at start of the year	75,000	75,000
Net gains/losses from fair value adjustments	-	-
Balance at end of the year	75,000	75,000

f Heritage Assets

Plant & memorials consist of a memorial statue to Henry George Ferguson, an Irish engineer and inventor who is noted for his role in the development of the modern tractor, becoming the first Irishman to build and fly his own aeroplane, and for developing the first four-wheel drive Formula One car.

The Memorial is a one-off piece commissioned in 2009 to commemorate his achievements and is valued on a historical cost basis. Plant and Memorials also includes a restored vintage fire engine. In the absence of market information this is valued using its insurance valuation as the basis.

Art Collection

The Council operates the Irish Linen Museum in Lisburn City which contains a collection of artwork and other artefacts of historical local interest. Policy is to insure all material items with a value estimated to be over £10,000. The Art collection consists of a number of valuable pieces by notable local artists including John Luke and Samuel McCloy. The major pieces in the collection are valued for insurance purposes and this valuation forms the basis of valuation for these financial statements.

Other Artefacts

Other artefacts include an extensive range of pieces in the Museum relating to the history of the local linen industry, Civic regalia and a Vintage Plane. All items with a material value of over £10,000 are valued for insurance purposes and this valuation forms the basis of the valuation for these financial statements.

The Council has identified the above Heritage Assets that contribute to knowledge and culture within the council area. The Council considers that Heritage Assets will have indeterminate lives and a high residual value, therefore there should be no change to the depreciation charged in the Financial Statements in relation to these assets

g Long-Term Assets - Leased Assets

	Vehicles	Equipment	TOTAL
	£	£	£
Cost or Valuation			
At 1 April 2019	60,905	1,209,509	1,270,414
Additions	-	123,674	123,674
At 31 March 2020	60,905	1,333,183	1,394,088
Depreciation			
At 1 April 2019	60,905	1,209,509	1,270,414
Provided for year	-	24,735	24,735
At 31 March 2020	60,905	1,234,244	1,295,149
Net Book Value	-	98,939	98,939

	Vehicles	Equipment	TOTAL
	£	£	£
Cost or Valuation			
At 1 April 2018	60,905	1,190,961	1,251,866
At 31 March 2019	60,905	1,190,961	1,251,866
Depreciation			
At 1 April 2018	60,905	1,135,317	1,196,222
Provided for year	-	55,644	55,644
At 31 March 2019	60,905	1,190,961	1,251,866
Net Book Value	-	-	-

12 Capital Expenditure and Capital Financing

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

Capital Expenditure		2019/20	2018/19
		£	£
Opening Capital Financing Requirement		45,930,945	43,092,198
Capital Investment			
Property, Plant and Equipment	11	7,880,287	7,174,185
Intangible Assets		1,800	-
Revenue Expenditure Funded from Capital under Statute		1,340,588	-
Sources of Finance			
Capital Receipts		(104,355)	(111,282)
Government Grants and Other Contributions	10	(1,209,072)	(312,097)
Transfers from Earmarked Reserves		(11,667)	-
Sums set aside from Revenue:			
Direct Revenue Contributions		(1,590,480)	(1,279,169)
Minimum Revenue Provision		(3,340,035)	(2,632,891)
Closing Capital Financing Requirement		48,898,010	45,930,945

Explanation of Movements in Year		2019/20	2018/19
		£	£
Increase in underlying need to borrow		2,967,066	2,838,747
Increase/(decrease) in Capital Financing Requirement		2,967,066	2,838,747

13 Future Capital Commitments

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

	Gross Cost	Grant Aid	Net Cost
	£	£	£
Schemes underway	3,063,310	1,882,714	1,180,596
Total	3,063,310	1,882,714	1,180,596

14	Inventories	2019/20	2018/19
		£	£
	Central Stores	103,533	133,251
	Garage	71,755	43,204
	Goods for Resale	82,011	72,506
	Household Waste/ Recycling	90,284	106,270
	Vending Stock	9,233	7,618
	Other	38,169	63,173
	Total	394,985	426,022

15	Debtors	2019/20	2018/19
		£	£
a	Long Term Debtors		
	Government Departments	149,444	164,879
	Other Councils	61,638	67,056
	Total Long-Term Debtors	211,082	231,935

b	Short Term Debtors	2019/20	2018/19
		£	£
	Government Departments	3,829,651	5,289,337
	Other Councils	38,803	54,513
	NIHE loans	15,435	15,434
	Interest Receivable	13,595	28,720
	Value Added Tax	455,097	979,250
	Prepayments	144,524	143,831
	Other	274,893	118,040
	Trade receivables	745,178	937,212
	Impairment loss - Trade receivables	(110,955)	(114,656)
	Total Short-Term Debtors	5,406,221	7,451,681
	Total Debtors	5,617,303	7,683,616

16	Investments	2019/20	2018/19
		£	£
	Long Term Investments		
	Investments - general	2,140	20,578
	Total Long-term Investments	2,140	20,578

17	Borrowings	2019/20	2018/19
		£	£
a	Short Term Borrowing		
	Loans re-payable within one year	1,688,503	1,688,503
	Finance Lease Principal	24,711	12,801
	Total Short Term Borrowing	1,713,214	1,701,304

b	Long Term Borrowing	2019/20	2018/19
		£	£
	Between 1 and 2 years	1,834,689	1,809,979
	Between 2 and 5 years	3,452,029	3,381,865
	Between 5 and 10 years	6,858,160	6,750,179
	In more than 10 years	12,020,196	13,388,967
	Government Loans Fund	24,165,074	25,330,990
	Total Borrowing	25,878,288	27,032,294

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Creditors

a Short Term Creditors		2019/20	2018/19
		£	£
Government Departments		1,560,795	1,215,701
Other Councils		132,370	459,245
Accumulated Absences		508,385	479,553
Loan Interest Payable		256,009	267,502
Capital Creditors		363,361	-
Receipts in advance		1,408,724	566,176
Trade creditors		2,626,495	4,629,879
Other		1,364,521	721,022
Total Short Term Creditors		8,220,660	8,339,078

This amount includes £715,375 of third party income.

b Payment of Invoices

The council has a target, where no other terms are agreed, of paying supplier invoices within 30 calendar days. During the year the Council paid 21,458 invoices totalling £52,801,057 .

The number of disputed invoices were unknown.

The Council paid:

19,570 (91.2%) invoices with 30 calendar days target (2018/19: 85%);
 13,957 (65.0%) invoices within 10 working days target (2018/19: 59%); and
 1,888 (8.8%) invoices outside of the 30 day target (2018/19: 15%).

The average number of days taken to pay suppliers during the year was 14 days. (2018/19: 19 days)

19

Provisions	Balance as at 1 April 2019 £	Increase in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Balance as at 31 March 2020 £
Landfill Closure	3,212,641	49,992	(92,526)	-	(73,660)	3,096,447
Single Status	38,542	-	(38,542)	-	-	-
Other - Insurance Claims	102,311	23,723	(20,033)	-	-	106,001
Total	3,353,494	73,715	(151,101)	-	(73,660)	3,202,448

Current Provisions	616,524	(183,343)	(151,101)	-	(1,907)	280,173
Long Term Provisions	2,736,970	257,058	-	-	(71,753)	2,922,275

Total	3,353,494	73,715	(151,101)	-	(73,660)	3,202,448
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Comparative Year

Provisions	Balance as at 1 April 2018 £	Increase in provision during year £	Utilised during year £	Unused amounts reversed £	Interest cost and/or discount rate changes £	Restated Balance as at 31 March 2019 £
Landfill Closure	3,052,954	141,524	(68,023)	-	86,186	3,212,641
Single Status	40,000	-	(1,458)	-	-	38,542
Other - Insurance Claims	124,100	44,746	(66,535)	-	-	102,311
Total	3,217,054	186,270	(136,016)	-	86,186	3,353,494

Current Provisions	1,449,191	(782,837)	(136,016)	-	86,186	616,524
Long Term Provisions	1,767,863	969,107	-	-	-	2,736,970

Total	3,217,054	186,270	(136,016)	-	86,186	3,353,494
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Landfill Closure

The Council has responsibility for two landfill sites which were inherited from the legacy councils on 1 April 2015, Drumlough and Moss Road. These sites are at varying stages of closure in accordance with ECC directives. The Council continues to incur aftercare costs associated with its former landfill sites including site monitoring, sampling and testing, site maintenance, leachate removal and final treatment of leachate produced by the current closed site. The Moss Road site closed in 2001. The closure plan was approved by NIEA in November 2018. The implementation plan is currently being prepared. With regards to the landfill site at Drumlough, the Council continues to incur aftercare costs of leachate removal and water sampling. In 2009/2010, the Council received correspondence from the (then) Department of the Environment (DOE) that the EEC landfill directive was deemed to apply to a former landfill site which closed in 2003. The main consequence of this application is the United Kingdom Government would be an infraction of the same. To avoid penalties, additional landfill site engineering and aftercare costs may be required as the current closure arrangements may not meet the standards of the Landfill Directive. The final closure plan was approved by the NIEA in July 2016. The implementation plan was approved by Council in September 2018. From 2017/2018, there has been an additional effect on the Landfill provision for both sites as the discount rates used has been adjusted for inflation. The impact of this has been mitigated by the use of a negative reserve as per new Accounts Direction issued in 2017/2018.

Single Status

A single status provision was created in 2014/2015 to provide for appeals resulting from the Job evaluation process. This provision is not required any longer as all appeals have been completed.

Other - Insurance Claims

Other provisions related to pending insurance claims and the associated estimated costs. Of the provision carried forward from 2018/2019, £20,033 was utilised during the year. New provisions were created in 2019/2020 totalling £23,723

Categories of Financial Instruments

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

Risks**Credit Risk**

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

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

Liquidity Risk

As the Council has ready access to borrowings from the Department of Finance's Consolidated Fund, there is no significant risk that it will be unable to raise finance to meet its commitments under Financial Instruments. The maturity analysis of financial liabilities is included in notes 17 to 19. All trade and other payables are due for payment within one year.

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

Foreign Exchange Risk

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

Fair Value of Soft Loans and Government Loans

The Council is in receipt of loans from the Department of Finance at concessionary interest rates that differ from the prevailing market rates. The fair value of these loans is £40,129,274 (2018/19 £40,245,806)

21 Retirement Benefits

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

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

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

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

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

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

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

	Note	2019/20 £	2018/19 £
Net cost of services:			
Current service cost		8,318,000	6,480,000
Past service cost/(gain)		201,000	4,261,000
Net Interest on net defined benefit Liability (asset)		945,000	918,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		9,464,000	11,659,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(9,464,000)	(11,659,000)
Employers' contributions payable to scheme		4,681,000	4,105,000
Net adjustment to General Fund		(4,783,000)	(7,554,000)

The service cost figures include an allowance for administration expenses of £106,000 (2018/19 £78,000).

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2019/20 £	2018/19 £
Liability gains/(losses) due to change in assumptions		4,528,000	(12,111,000)
Liability gains/(losses) due to due to demographic changes		7,200,000	8,438,000
Liability experience gains/(losses) arising in the year		4,641,000	(212,000)
Actuarial gains/(losses) on plan assets		(20,507,000)	7,066,000
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		(4,138,000)	3,181,000

c Assets and liabilities in relation to retirement benefits				
Reconciliation of present value of the scheme liabilities:		Note	2019/20	2018/19
			£	£
Balance as at 1 April			210,101,596	192,918,596
Current service cost			8,318,000	6,480,000
Interest cost			5,007,000	4,985,000
Contributions by members			1,310,000	1,238,000
Remeasurement (gains) and losses:				
	Actuarial gains/losses arising from changes in financial assumptions		(4,528,000)	12,111,000
	Actuarial gains/losses arising from demographic changes		(7,200,000)	(8,438,000)
	Actuarial gains/losses arising on liabilities from experience		(4,641,000)	212,000
Past service costs/(gains)			201,000	4,261,000
Estimated unfunded benefits paid			(42,000)	(41,000)
Estimated benefits paid			(4,294,000)	(3,625,000)
Balance as at 31 March			204,232,596	210,101,596

Reconciliation of present value of the scheme assets:		Note	2019/20	2018/19
			£	£
Balance as at 1 April			168,361,442	155,551,442
Interest Income			4,062,000	4,067,000
Contributions by members			1,310,000	1,238,000
Contributions by employer			4,639,000	4,064,000
Contributions in respect of unfunded benefits			42,000	41,000
Remeasurement gain/(loss)			(20,507,000)	7,066,000
Unfunded benefits paid			(42,000)	(41,000)
Benefits paid			(4,294,000)	(3,625,000)
Balance as at 31 March			153,571,442	168,361,442

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 £16,445,000 (2018/19 gain of £11,133,000).

Fair Value of Plan Assets	2019/20	2018/19
	£m	£m
Equity investments	66	100
Bonds	60	40
Property	15	18
Cash	7	5
Other	6	5
	154	168

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

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

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

	2019/20 £	2018/19 £
Fair Value of Employer Assets	153,571,442	168,361,442
Present value of funded defined benefit obligation	(204,232,596)	(210,101,596)
Pension asset/(liability) of Funded Scheme	(50,661,154)	(41,740,154)
Net asset/(liability) arising from the defined benefit obligation	(50,661,154)	(41,740,154)
Amount in the Balance sheet:		
Liabilities	(204,233,000)	(210,102,000)
Assets	153,571,000	168,361,000
Net Asset/(Liability)	(50,662,000)	(41,741,000)

d Scheme History

Analysis of scheme assets and liabilities	2019/20 £	2018/19 £
Fair Value of Assets in pension scheme	153,571,442	168,361,442
Present Value of Defined Benefit Obligation	(204,232,596)	(210,101,596)

Surplus/(deficit) in the Scheme	(50,661,154)	(41,740,154)
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Amount recognised in Other Comprehensive Income and Expenditure:

	2019/20 £	2018/19 £
Actuarial gains/(losses)	(4,138,000)	3,181,000
Remeasurements recognised in Other Comprehensive Income and Expenditure	(4,138,000)	3,181,000
Cumulative actuarial gains and losses	(957,000)	3,181,000
History of experience gains and losses:		
Experience gains and (losses) on liabilities	(20,507,000)	7,066,000

Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2020

	31/03/2020 £	31/03/2020
Projected current cost	8,318,000	0.0%
Net Interest on the net defined benefit liability (asset)	945,000	0.0%
Past service cost	201,000	0.0%
	9,464,000	0.0%

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2020 is £4.14m

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2019/20 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2020.

	2019/20 %	2018/19 %
Experience gains and (losses) on Liabilities	10.04%	-3.36%

e Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by Aon Limited, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2020.

Pension scheme assumptions:	2019/20	2018/19
	%	%
Mortality assumptions:		
Longevity at 65 current pensioners:	Years	Years
Men	21.8	22.6
Women	23.2	24.3
Longevity at 65 for future pensioners:		
Men	25.0	24.9
Women	26.4	26.7
Inflation/Pension Increase Rate	2.00%	2.20%
Salary Increase Rate	3.50%	3.70%
Discount Rate	2.30%	2.40%
Pension accounts revaluation rate	2.00%	2.20%
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 2020 is set out below.

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

Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1%p.a.	+0.1%p.a.
Present value of the total obligation	199,725	205,278
% change in the present value of the total obligation	-1.90%	-2.00%
Projected service cost	7,701,000	6,701,000
Approximate % change in projected service cost	-3.40%	-2.90%
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	204,521	210,799,000
% change in the present value of the total obligation	0.40%	0.60%
Projected service cost	7,968,000	6,900,000
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
Adjustment to pension increase rate	+0.1%p.a.	+0.1%p.a.
Present value of the total obligation	207,372	212,453,000
% change in the present value of the total obligation	1.80%	1.40%
Projected service cost	8,244,000	7,104,000
Approximate % change in projected service cost	3.50%	3.00%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	- 1 Year	- 1 Year
Present value of the total obligation	210,233	216,163,000
% change in the present value of the total obligation	3.20%	3.20%
Projected service cost	8,270,000	7,162,000
Approximate % change in projected service cost	3.80%	3.80%

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

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

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

	31/03/2020	31/03/2019
	%	%
Equity investments	42.60%	59.50%
Government Bonds	26.10%	16.50%
Corporate Bonds	12.60%	7.00%
Property	10.00%	11.20%
Cash	4.70%	2.70%
Other	4.00%	3.10%
Total	100.00%	100.00%

g Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Council is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31/03/20. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2020.

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the state pension prior to 6 April 1997. At present there is an inequality of benefits between male and female members who have GMP. There has been an allowance for full pension increases to be paid on GMPs to individuals reaching SPA after 6 April 2016.

22 Analysis of Donated Assets Account

The Council did not hold any donated assets during the year ending 31 March 2020.

23 Capital Grants Received in Advance

	Note	2019/20	2018/19
		£	£
Opening balance		2,800,127	186,058
Add: new capital grants received in advance (condition of use not met)		328,303	2,926,166
Less: amounts released to the Comprehensive Income and Expenditure Statement		- 1,209,072	- 312,097
		1,919,358	2,800,127

Analysis of Capital Grants Receipts in Advance Balance

The balance of Capital Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. The balances at the year end are as follows:

Capital Grants Receipts in Advance	Note	2019/20	2018/19
		£	£
Glenavy Village Renewal		-	1,204
Hilden		3,852	3,852
Billy Neill Masterplan		-	491,996
Comber Greenway		204,000	204,000
Lisburn Linkages		-	480,660
Hillsborough Forest		856,949	901,269
Moneyreagh CC		48,431	48,431
Recycling project		690,125	517,713
Ballybeen		-	50,000
Moat Park		85,000	70,000
West Lisburn Development		6,000	6,000
Carryduff Greenway		25,000	25,000
		1,919,357	2,800,126

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

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

The ARC 21 Joint Committee has with the approval of the Participant Councils, entered into a Contingent Liability Undertaking with the bidding consortium in the procurement for the Residual Waste treatment Project. Payments made, if any in accordance with this undertaking 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.

Council (and the former legacy councils) has invested significant amounts to reduce the amount of BMW landfilled waste and is committed to meeting the 2020 target. However, with the overall quantity of waste set to rise by approximately 2.5% per year and with the exponential targeted decrease in the amount of BMW to be landfilled, further significant investment will be needed by Council (either individually or in conjunction with other neighbouring councils) in order to deliver upon the target.

By 2020 all EU member states must recycle/compost or reuse at least 50% (by weight) of their household waste. This is significant in that, the targets set in the EU Landfill Directive allow for the diversion of biodegradable waste from landfill using technologies such as MBT and Waste to Energy (which are recovery technologies), but the targets set out in the revised Waste Framework Directive must be met by recycling/composting and reuse and, as such, are extremely challenging.

Unfortunately current market conditions are such that recycling costs have increased dramatically and this, together with the projected increases in overall waste arisings and forthcoming legislation on the separate collection of recyclates (paper, glass, metals and plastics) and that relating to the separate collection of food waste, will make it increasingly challenging for councils to achieve relevant targets and sustain performance.

The Council anticipates that an equivalent legislative regime will apply post Brexit.

The Council provides for the cost of pending insurance claims when the costs can be quantified. The Council has a number of insurance claims outstanding that are more difficult to quantify and therefore it is appropriate to treat any potential costs of these as a contingent liability.

LISBURN AND CASTLEREAGH CITY COUNCIL
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2020

25 Other cash flow disclosures

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

Adjustment to surplus or deficit on the provision of services for noncash movements			
	Notes	2019/20	2018/19
		£	£
Depreciation	11	5,223,642	4,693,144
Impairment & downward revaluations (& non-sale derecognitions)	11	1,596,861	303,480
(Increase)/Decrease in inventories		31,038	33,117
(Increase)/Decrease in Debtors		2,054,888	(3,521,767)
(Increase)/Decrease in Interest Debtors		15,125	(16,947)
Increase/(decrease) in impairment provision for bad debts		(3,701)	38,777
Increase/(Decrease) in Creditors		(1,351,055)	2,759,316
Increase/(Decrease) in Interest Creditors		(11,493)	(8,248)
Payments to NILGOSC	20	4,783,000	7,554,000
Carrying amount of non-current assets sold	8	1,000	139,040
Contributions to Other Reserves/Provisions		(132,606)	136,440
		12,206,700	12,110,352

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
	Notes	2019/20	2018/19
		£	£
Proceeds from the sale of PP&E, investment property and intangible assets		(104,355)	(126,282)
Capital grants included in "Taxation & non-specific grant income"		(1,209,072)	(312,097)
		(1,313,427)	(438,379)

b Cash and Cash Equivalents

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

	2019/20	2018/19	2017/18
	£	£	£
Cash and Bank balances	11,618,938	13,867,354	11,313,563
Short Term Deposits (considered to be Cash Equivalents)	9,250,092	10,951,700	13,473,707
Bank Overdraft	(12,421,126)	(11,492,944)	(6,304,932)
	8,447,904	13,326,110	18,482,338

c Cash Flow Statement: Operating Activities

	2019/20	2018/19
	£	£
The cash flows from operating activities include:		
Interest received	(131,443)	(103,868)
Interest paid	2,536,496	2,576,886

d Cash flows from Investing Activities

	2019/20	2018/19
	£	£
Purchase of PP&E, investment property and intangible assets	7,399,140	7,174,185
Proceeds from the sale of PP&E, investment property and intangible assets	(104,355)	(126,282)
Capital Grants and Contributions Received	(1,209,072)	(312,097)
Net Cash flows from Investing Activities	6,085,713	6,735,806

e Cash flows from Financing Activities	2019/20	2018/19
	£	£
Cash payments for the reduction of the outstanding liability relating to a finance lease and on-Balance Sheet PFI contracts	(12,801)	-
Repayment of Short and Long Term Borrowing	(1,260,790)	(1,563,169)
Net Cash flows from Financing Activities	(1,273,591)	(1,563,169)

26 Usable Reserves

a Capital Receipts Reserve

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

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

Capital Receipts Reserve	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		1,090,582	1,075,582
Movement			
		104,355	126,282
Capital Receipts used to finance capital expenditure	3, 11	(104,355)	(111,282)
At 31 March		1,090,582	1,090,582

b Capital Grants Unapplied Account

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

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

Capital Grants Unapplied account	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		11,667	11,667
Movement			
Unapplied Capital Grants transferred to CAA in year		(11,667)	-
At 31 March		-	11,667

c Capital Fund

This fund has been established in 2019/2020 to fund future capital projects within the Council.

Capital Fund	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		-	-
Transfers between statutory & other reserves & the General Fund		6,500,000	-
At 31 March		6,500,000	-

d Renewal and Repairs Fund

Renewal and Repairs Fund	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		1,118,695	1,263,060
Transfers between statutory & other reserves & the General Fund		(298,310)	(144,365)
At 31 March		820,385	1,118,695

e Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		5,797,240	5,711,239
Transfers between statutory & other reserves & the General Fund	4	168,481	86,001
At 31 March		5,965,720	5,797,240

These reserves contain the following: reserve for the settlement of future long term liabilities arising from previous capital investments (£5.9m), reserve built by donations for grounds maintenance works (£35k) and reserve built from donations for the purchase of museum artifacts (£21k).

f General Fund

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

General Fund	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		18,775,801	18,760,935
Applied Capital Grants	10, 12	(1,209,072)	(312,097)
Direct Revenue Financing	4, 12	(1,590,480)	(1,279,169)
Depreciation and Impairment adjustment	4	6,820,503	4,996,624
Statutory Provision for financing Capital Investment	4	(3,340,035)	(2,632,891)
Net Revenue expenditure funded from capital under statute	4, 12	1,340,588	-
Surplus/(Deficit) on the Provision of Services	CIES	(8,412,174)	(8,529,225)
Transfers between Statutory and Other Reserves and the General Fund	4	(6,370,170)	58,365
Net movements on Pension Reserve	4, 20	4,783,000	7,554,000
Disposal of Fixed Assets/Capital Sales	3, 4, 11, 23	(103,355)	12,758
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		28,832	60,315
Other Movements		(73,660)	86,186
At 31 March		10,649,778	18,775,801

27 Unuseable Reserves

a Capital Adjustment Account

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

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

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

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

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

Capital Adjustment Account	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		57,019,681	56,524,954
Applied Capital Grants	10, 12	1,209,072	312,097
Unapplied Capital Grants transferred to CAA in year		11,667	-
Direct Revenue Financing	4, 12	1,590,480	1,279,169
Depreciation & Impairment adjustment	11	(6,820,503)	(4,996,624)
Statutory Provision for financing Capital Investment	4, 12	3,340,035	2,632,891
Net Revenue expenditure funded from Capital under statute	4, 12	(1,340,588)	-
Disposal of Fixed Assets/ Capital Sales	4, 11	(1,000)	(139,040)
Capital Receipts used to finance capital expenditure	4, 12	104,355	111,282
Other Movements		1,478,623	1,294,953
At 31 March		56,591,822	57,019,681

b Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading burden on rates. The Council did not hold any financial instruments during the financial year ending 31st March 2020.

c Revaluation Reserve

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

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

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

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

Revaluation Reserve	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		45,444,564	42,718,831
Revaluation & Impairment	11	5,526,410	4,020,686
Other Movements		(1,478,623)	(1,294,953)
At 31 March		49,492,352	45,444,564

d Available for Sale Financial Instruments Adjustment Reserve and Financial Instruments Revaluation Reserve

The Council did not hold any financial instruments during the financial year ending 31st March 2020.

e Pension Reserve

Pension Reserve	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		(41,741,000)	(37,368,000)
Net Movements on Pension Reserve	4, 20	(4,783,000)	(7,554,000)
Revaluation & Impairment	20	(4,138,000)	3,181,000
At 31 March		(50,662,000)	(41,741,000)

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

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

f Deferred Capital Receipts Account

The Deferred Capital Receipts Account holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. The Council did not hold any deferred capital receipts during the financial year ending 31st March 2020.

g Accumulated Absences Account

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

Accumulated Absences Account	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		(479,553)	(419,238)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(28,832)	(60,315)
At 31 March		(508,385)	(479,553)

h Provisions Discount Rate Reserve

The Provisions Discount Rate Reserve covers the arrangement, put in place by the Department under its amendment to the 2017/18 accounts direction (see DfC circular 17/18), to allow for mitigation of the costs not allowed for by Councils who had adopted the HM Treasury Central Government discount rate for long-term provisions such as Landfill costs.

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

Provisions Discount Rate Reserve	Notes	31/03/2020	31/03/2019
		£	£
At 1 April		(451,850)	(365,664)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		73,660	(86,186)
At 31 March		(378,190)	(451,850)

28 Significant Trading Operations

In deciding whether a trading operation is significant the Council takes both financial and non-financial criteria into account.

Financial criteria taken into account in deciding whether trading operations are significant to the Council are:

- the magnitude of each individual trading operation's turnover when compared with the Council's net revenue budget
- the risk of financial loss the Council may be exposed to in providing the service to the user.

Non-financial criteria taken into account in deciding whether trading operations are significant to the Council are:

- the importance of each individual trading operation to demonstrating the achievement of Council targets and improving performance.
- the exposure of the Council to service reputational loss risk by providing the service
- whether the provision of the service is likely to be of interest to the Council's key stakeholders and their needs.

In applying the aforementioned criteria, the Council considers that it is engaging in the following significant trading operations:

Significant Trading Operations	2019/20		2018/19	
	Turnover	Profit/(Loss)	Turnover	Profit/(Loss)
	£	£	£	£
Irish Linen Centre shop	31,633	11,876	43,795	(14,246)
Provision of Car Parking Facilities	672,493	(158,635)	749,245	(84,537)
Total	704,126	(146,759)	793,040	(98,783)

Lagan Valley Regional Park

The Council provides specialist payroll services and financial services to other bodies namely Lagan Valley Regional Park. Service level agreements exist for each of the bodies and at 31 March 2020 no monies relating to management fees were outstanding.

Lagan Rural Partnership

Lagan Rural Partnership Joint Committee is the delivery mechanism for the Northern Ireland Rural Development Programme. It comprises the Council areas of Belfast City Council and Lisburn and Castlereagh City Council. The Northern Ireland Rural Development Programme is funded by the European Agricultural Fund for Rural Development and the Department of Agriculture, Environment and Rural Affairs (DAERA). Lisburn and Castlereagh City Council acts as the Administrative Council with responsibility for financial and administrative matters. The Council elected 6 members to the Joint Council Committee but decisions on funding are not made by the Council. Lisburn and Castlereagh City Council administered payments of £108,259 (2018/2019 £118,338) and received income from DAERA of £108,259 (2018/2019 £118,338) as reimbursement of its outlay for the Joint Council Committee.

Local Government Training Group

LCCC is the 'Host Council' and all 11 Councils participate in the Local Government Training Group. Lisburn and Castlereagh City Council has delegated authority via a Service Level Agreement, to apply the rules of the LGTG and to manage financial transactions on behalf of the LGTG. Lisburn and Castlereagh City Council administered payments of £334,980 (FY 18/19 £312,280) and received income from the other Councils of £221,760 (FY 18/19 £184,852) as reimbursement of its outlay. Further details are provided on pages 92 and 93 of this report.

30 Related Party Transactions

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

The Council is a member of the ARC 21 Joint Committee which is established for the purposes of managing waste. The ARC 21 Joint Committee is a partnership of 6 councils established to collaborate in implementing the Waste Management Plan to develop an integrated network of regional waste management facilities which would be cost effective to the public. For the year ending 31st March 2020, the Council made payments of £4.88m (2019: £5.24m) to ARC 21. At 31st March 2020, the Council owed £25k (2019: £38k) to ARC 21 and were due £43.3k (2019: £14.6k) from ARC 21.

The Joint Committee accounts for its funding by the provision of a statement of accounts which is prepared under Local Government (Northern Ireland) order 2005 and subject to a statutory audit by a local government auditor.

Outside Body Representation

ORGANISATION	2019/2020	2018/2019
	£	£
Arc 21	4,879,356	5,224,560
Belfast Region City Deal Eng Forum	285,829	104,253
Belfast Hills Partnership	15,971	15,971
Belfast Regional Tourism Partnership	36,300	21,000
Lagan Navigation Trust	106,977	86,100
Lagan Valley Rural Transport	18,966	20,217
Lisburn & Castlereagh Local Sports Advisory Council	50,805	40,000
Lisburn & Castlereagh Citizens' Advice Bureau Board	173,320	251,345
Lisburn Commerce Against Crime	268,931	245,458
Lough Neagh Partnership	3,500	3,500
National Association of Councillors	3,200	2,820
NI Amenity Council	2,535	2,465
NILGA	47,760	51,758
NI Museums Council		360
Somme Advisory Council	1,166	1,060
Pantridge Trust	500	
Ulster Grand Prix and Bike Week Steering Group	46,000	22,000

31 Third Party Asset

The Council holds £49.7k (2018/2019 £58k) balance at the year end for Mayor's Charities. This money will be paid to the Mayor's nominated charity at the end of the current mayor's term.

32 Events after the Reporting Period

The coronavirus pandemic has had a profound impact on all aspects of life in the Lisburn and Castlereagh City Council area. Through 2020/2021 the Council will adopt a pro-active approach to ensure that it responds to the emerging needs of residents and businesses.

On 17 October 2020, the First-tier Tribunal issued its decision in relation to a dispute concerning the VAT liability of charges paid by members of the public for access to sport and leisure facilities provided by Mid-Ulster District Council. HMRC contended that the charges should bear VAT at the standard rate, while Mid-Ulster District Council contended that the charges in dispute did not attract VAT. The appeal by Mid-Ulster District Council was allowed and now the quantum has to be agreed between both parties. However, pursuant to Rule 39 of the Tribunal Procedure (First-tier Tribunal) (Tax Chamber) Rules 2009, any party dissatisfied with the decision has a right to apply for permission to appeal not later than 56 days after the date of this decision. Therefore, at this stage it is too early to assess the impact of this decision on council finances.


Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 3 December 2020

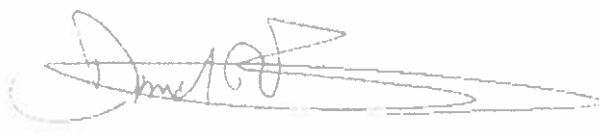
**LOCAL GOVERNMENT TRAINING GROUP
RECEIPTS AND PAYMENTS ACCOUNT
for the year ended 31 March 2020**

	Notes	Year Ended 31 March 2020 £	Year Ended 31 March 2019 £	Year Ended 31 March 2018 £
Recurrent Transactions				
Contributions	2	220,135	130,245	183,251
Operating Receipts	3	<u>20,730</u>	<u>35,502</u>	<u>28,620</u>
		240,865	165,747	211,871
Less Operating Costs	4	<u>334,980</u>	<u>312,280</u>	<u>177,796</u>
Surplus/(Deficit)		<u>(94,115)</u>	<u>(146,533)</u>	<u>34,075</u>
APPROPRIATION ACCOUNT				
Balance brought forward		306,477	453,010	418,935
Surplus/(Deficit) for the Year		<u>(94,115)</u>	<u>(146,533)</u>	<u>34,075</u>
Balance carried forward		<u>212,362</u>	<u>306,477</u>	<u>453,010</u>
Represented by:-				
Lisburn & Castlereagh City Council		212,362	306,477	453,010
		<u>212,362</u>	<u>306,477</u>	<u>453,010</u>

Signed:



Chairman, Local Government Training Group



Chief Executive and Accounting Officer

LOCAL GOVERNMENT TRAINING GROUP
NOTES TO THE ACCOUNTS
for the year ended 31 March 2020

1. BASIS OF ACCOUNTS

These accounts have been prepared and are included within Lisburn and Castlereagh City Council Annual Accounts

	Year Ended 31 March 2020 £	Year Ended 31 March 2019 £	Year Ended 31 March 2018 £
2. CONTRIBUTIONS RECEIVED			
District Councils & DoC CBF	<u>220,135</u>	<u>130,245</u>	<u>183,251</u>
3. OPERATING RECEIPTS			
Bank Interest	20,730	35,502	28,620
Course Fees	<u>20,730</u>	<u>35,502</u>	<u>28,620</u>
4. OPERATING COSTS			
Strategic Framework Implementation			
1.1: Leadership & Talent Management			
Chief Executive support	70,808		
Leadership Development	28,337	92,149	18,280
	99,145	92,149	18,280
1.2: Performance Culture			
Performance Culture Toolkit		10,154	
Performance Culture eLearning Module			
OD Projects		10,154	
		10,154	
1.3: Learning Organisation			
In house programme support/Master classes	26,671	101,255	88,025
Regional training Programmes/Cluster courses	70,098		
	96,769	101,255	88,025
1.4: Equality and Diversity			
Equality and Diversity/community relations	1,000	2,650	
	1,000	2,650	
1.5: Capacity Building for Elected Members			
Capacity Building for Elected Members		6,004	6,525
		6,004	6,525
1.6: Miscellaneous Initiatives			
Procurement costs		2,157	1,700
Meetings Costs/Quality standards/IIP	4,232		
	4,232	2,157	1,700
TRANSFORMATION			
			20,236
			20,236
1.7: Administration			
LGSC Administration	7,000		
LGTG Officer/Agency Costs	25,049	36,413	20,565
Printing and Stationery	180	56	64
Advertising			419
Commissing and support	66,682	61,442	21,982
Phase 2	34,923		
	133,835	97,910	43,029
Total Operating Costs	<u>334,980</u>	<u>312,280</u>	<u>177,796</u>