

STATEMENT OF ACCOUNTS

Lisburn & Castlereagh City Council
For the period ended 31st March 2019

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Statement of Accounts
for the year ended 31 March 2019

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Narrative Report

Foreword

Lisburn and Castlereagh City Council has developed in the past twelve months a number of significant plans outlining where, as an organisation, our priorities will be focused and how we will work on behalf of our ratepayers. These have been developed in tandem with our business, voluntary and community sectors and with the public also having been encouraged to make their views known on the Council's direction of travel.

Our Community Plan was launched in 2017 and it outlines the key themes under which we will forge partnerships across our communities, with the help of many statutory and local organisations, over the next fifteen years. Our new Corporate Plan covering the period 2018-2022 has also been developed to support the delivery of these themes.

In addition we have developed an Annual Business Plan and the third Performance Improvement Plan which covers the period 2018/19. This supports and builds on the Corporate Plan and describes the aims and goals for the coming year.

The Performance Improvement Plan focuses on 6 Performance Improvement Objectives which are directly linked to the 5 themes and outcomes from the Community Plan, the Corporate Plan 2018-2022 as well as the appropriate Local Development Plan Strategic Objectives. The purpose is to link all our plans together to "tell a story" so that our strategies are easier to follow.

Introduction

The Council's financial performance for the year ended 31st March 2019 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 2019 (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 2018/19 and its financial position at the end of that year. It follows approved accounting standards and is necessarily technical in parts.

The purpose of the Narrative Report is to provide information on 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 38, 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 39, 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 40, 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 41, 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

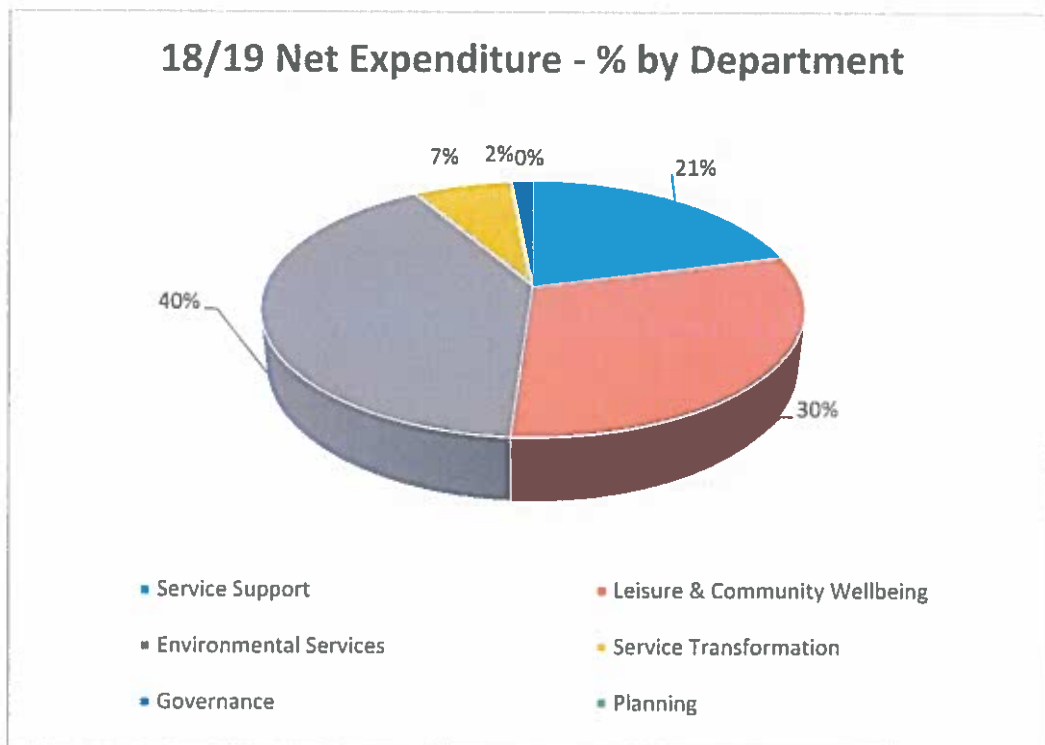
delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Performance

For the year ended 31 March 2019, the Council increased its general Fund reserve by £15k to £18.78m. The Council's rates budget of £42.9m was supplemented by £1.2m finalisation payment of district rates. The total net expenditure reported in the Comprehensive Income and Expenditure Statement is £56.76m and includes allocations of £1m to the Repairs and Renewals Fund.

The budget allocated resources to Revenue Expenditure and Capital Expenditure. The following table explains the actual performance of the net cost of services for the year to 31st March 2019.

Department	Net cost of Services £
Leisure & Community Wellbeing	16,342,858
Environmental Services	21,925,060
Service Transformation	3,858,932
Planning	24,956
Service Support	11,377,349
Governance & Audit	773,741
TOTAL	54,302,896



Capital Expenditure.

Expenditure on capital projects during the year amounted to £7.2m. The most significant spend was on vehicles and equipment £1.38m, the Lisburn Linkages scheme £1.3m, continued work in relation to the Billy Neill Masterplan £651k, a new Multi Use Games Area (MUGA) at Seymour Hill £526k and the refurbishment of various play areas throughout the Council area £479k. Capital expenditure has occurred on the Initial work for the redevelopment of Dundonald International Ice Bowl £550k, and the commencement of works of a new MUGA and changing facility at Dungoyne. Capital expenditure in relation to IT of £101k.

Pension Liability

The Councils outstanding liability relating to its share of the Northern Ireland Local Government Officers Superannuation Scheme amounts to £41.7m. This has been adjusted for officers transferring to Belfast City Council as a result of the Reform of Local Government. 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 these cases 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 2019 marks the end of the fourth 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 2018/19.

Borrowing

At 31 March 2019, Lisburn & Castlereagh City Council had outstanding loans of £27.03m. 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 2018/19. This position is reviewed on a regular basis in the context of the Councils Treasury Management Strategy.

Provisions & Contingencies

The Council has increased its landfill provision by £142k. This is to allow future work required at the Landfill Sites acquired from both Lisburn City and Castlereagh Borough Council 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 has disclosed a potential liability which may arise as a result of the procurement of the Residual Waste Treatment Project.

Organisational Overview

Lisburn & Castlereagh City Council conducts its business via a Committee system. The Council operates seven Standing Committees:-

- Corporate Services – dealing with support staff & services such as Finance, ICT & procurement.
- Leisure & Community Development – managing and operating leisure & community centres, parks and sports services.
- Development – dealing with economic development, the Local Development Plan, regeneration and growth of the Council area as well as Community Planning.
- Environmental Services – dealing with a range of environmental and regulatory functions including household waste collections and disposal services.
- Governance & Audit – Monitors the controls and scrutinises the performance of Council Departments, identifies and manages risk across the Council.
- Planning – Dealing with Planning issues in accordance with Council's Planning protocol.
- Capital Projects – Looking after designated capital projects undertaken by the Council that represent significant spends and which have an area changing remit, such as major infrastructure developments and schemes.

Each Committee is chaired by an Elected Member. The Mayor may sit on all Council Committees and also chairs Monthly Meetings of the Council which normally take place on the last Tuesday of each month. Decisions taken at Committees are brought to the monthly meeting of Full Council for ratification.

The rules by which the Committees are run and how they make their decisions are contained within the Council's constitution. The Council holds an Annual General meeting once each year, to decide on Committee Chairs and Deputy Chairs for the year to come and to deal with other business.

Additionally, each of the Party Group Leaders meet with the Chief Executive on a monthly basis to discuss and seek consensus on current issues. This is an effective way of managing Elected Members and Officers time, so that the maximum time can be spent on the most important and complex issues.

Lisburn & Castlereagh City Council is organised into Directorates in order to facilitate the effective delivery of local services. The matrix of directorates is arranged to ensure continuous improvement through transformation programmes and improvement through transformation programmes and is managed as follows:-

- Chief Executive's Office
- Environmental Services
- Leisure & Community Wellbeing
- Service Support
- Service Transformation

The Chief Executive and each of the Directors meet on a weekly basis as a Corporate Management Team to provide updates on current work streams, communicate issues and matters of importance and to deal with strategic level matters.

Each Director manages a number of Service Heads and Units. The Directors report on their Departmental work, issues and progress to various Committees on a monthly basis. Transformation and improvement programmes are managed through the Corporate Management Team to ensure consistency and continuity and a corporate approach.

External Environment

In line with all other councils in Northern Ireland and the wider public sector, Lisburn & Castlereagh City Council is facing a challenging time. Public finances are under increasing pressure as a result of the current economic climate and the tightening of government spending agendas, along with additional financial pressures arising from a range of issues outside of Council control.

- 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.
- 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.
- 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.
- Many of the new statutory functions that the Council adopted in 2015 have had time to bed in and are now being developed, leading to additional responsibilities and workload, much of which has to be met from existing resources.
- The introduction of stringent new rules around the collection, storage and disposal of data.

The Council will continue to monitor the economic climate and plan accordingly.

Governance

The Governance arrangements that are in place within the Council are detailed within the Annual Governance Statement that accompanies these financial statements on pages 14-26.

Operational Model

• Environmental Services

Waste Management costs account for a significant proportion of the Council's gross budget. The project to harmonise kerb side collections has progressed during 2018/19 with a preferred option identified for household services. This option will now be trialled later in 2019 to inform the further roll out of the model. If a full roll out is decided upon, this will eventually bring a consistent and functional kerbside service to all households which will maximise recycling opportunities for all household waste. 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. The efficient and effective operational delivery of kerbside services are but one element of the overall arrangements for the management of waste by the Council. The council also provides extensive mechanical sweeping, litter picking and other cleansing duties to streets, roads and verges across the entire area as well as proactive media campaigns to improve awareness of the cleanliness of the area and encourage greater social responsibility.

Work has also continued to assess the services required to be provided through the Household Waste Recycling Centres which need to be strategically placed across the council area to ensure the needs of the Council and its residents are met. Whilst both of these projects are being progressed by the Council, the overarching infrastructure project with Arc 21 to provide alternative means of disposing of general waste, rather than landfill, remains to be of critical need for the region.

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 18/19 financial year Environmental Health Officers have carried out 376 food hygiene rating inspections; and 294 premises received a 5 rating, 48 received a 4 rating, 16 received a 3 rating, 13 received a 2 rating and 3 got a 1 rating and 2 got a 0 rating. 18 Food Hygiene Re Rating visits were carried out. All ratings are publically displayed at these premises.

During 2018/2019 financial year Environmental Health Officers have carried out in addition, 6 Food Hygiene Awareness talks were given to Community Associations, Churches where food is prepared and Schools with a total of 139 people trained 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 raising awareness of responsible dog ownership. In 2018/19 the Council took in nearly 200 strays and over 50 unwanted dogs in the Lisburn Castlereagh area.

Technical and Estates Unit working across all Council directorates have been progressing a significant number of projects via its three operational sections, Construction Services, Estate Services and Building and Plant Maintenance Services.

Construction Services have been working through varying stages of circa 40 Capital, Small Works and infrastructure projects. These include amongst others, the successful completion and commencement of 6 play areas at Edgar Avenue, Hillhall, Hilden, QE11 Playing Fields, Colby Park, Moat Park, a Garden of Reflection, a major sports facility at the Tollerton Sport Zone, Seymourhill and site works have commenced on the major development of the new sports complex and play area at Dungoyne Park, Dundonald.

The Estate Section has been progressing a robust 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 will when fully implemented reduce the cost of the Councils spend on energy use and reduce the emission of greenhouse gases associated with its properties. New technology has also been installed to assist in the ongoing monitoring of energy use and aid in meeting future energy efficiency and management targets. The Estates function has also been putting in place robust systems to monitor and manage its statutory requirements under its Duty of Care, the Health and Safety at Work Regulations, the Workplace (Health Safety and Welfare) Regulations, including legionella management, asbestos management, gas safety, electrical safety and property/asset inspection processes to protect staff and members of the public and reduce and manage risk. This has also included approval of the Closure Plans for the Council two former waste landfill sites controlling their aftercare provision for the next 48 years; the procurement 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 mood lighting scheme has also

been completed at the Island Civic Centre which not only enhances the building but also enables Civic support for well-known charitable institutions.

Building and Plant Maintenance provides a complimentary property maintenance service to the Council. The needs of this service are identified through the Councils building maintenance Help Desk function which has handled over 3500 maintenance requests for assistance this year. Twenty nine council buildings have also had their fixed wiring upgraded to meet current standards and removal of at risk plumbing from 22 council buildings and this together with its ongoing planned maintenance works ensures that the Councils well used facilities remain at a high standard.

A number of projects are also being progressed to identify and deliver a more efficient use of the council's main buildings, with work having been completed on Lagan Valley Island, allowing the relocation of staff previously accommodated at Bradford Court. This has allowed the decommissioning of that building for Council use and work is progressing to secure an on-going income stream from the building. Services for the wider Council area will continue to be provided through flexible working arrangements across the entire Council area which will provide an enhanced customer service but also reducing the burden of office space need within the Lagan Valley Island.

The Councils Building Control Services received 3638 applications for building works to be checked against the requirement of and compliance with the Building Regulations, from April 2018 until March 2019. It also carried out 12307 site inspections of building works to ensure compliance with the legislative requirements.

The Affordable Warmth Team made 334 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 through its three component units, Sports Services, Parks & Amenities and Community & Cultural Services continues to deliver a wide range of facilities, programmes and opportunities for local residents, as well as those working in, and visiting the Council area. A key aspect of this work involves the Department and its staff working in partnership with statutory, and voluntary organisations as it seeks to deliver on the Community Plan and Council Corporate Plan, reflecting the needs and aspirations of the local community.

In addition to taking forward initial work to support the redevelopment of one of the Council's flagship facilities Dundonald International Ice Bowl, the past year has seen improvements carried out to the path network and facilities at Billy Neill Country Park, Dundonald, the installation of a new community MUGA in Seymour Hill, Lisburn, the refurbishment of six local play areas as part of the Council's rolling play area refurbishment programme, the commencement of works to create a new MUGA, and changing facilities at Dungoyne, Ballybeen, as well as improvement works to Bell's Lane Allotments, and the provision of new outdoor gyms at several locations across the area.

The Sports Services Unit has rolled out a new standardised software package to support bookings and membership across all its facilities. The new system improves online booking and payment opportunities for customers and has allowed the development of a new Council

wide Household Membership scheme which is proving exceptionally popular. Staff within the Unit continue to support a number of key partnerships including Macmillan Move More, Everybody Active 2020, and Active Ageing.

On behalf of Council, the Department offered a range of grant programmes providing vital support to a wide range of community organisations and allowing them to organise community festivals, sports and good relations events and activities. Community Development staff continued to also ensure a range of training opportunities are provided to support and further enhance the capacity of local community organisations, as well as encouraging vital volunteering. Departmental staff continued to support the Lisburn & Castlereagh Local Peace Partnership in delivering the £2.3 million Peace IV Programme within the council area. This Programme is due to end in late 2019/early 2020.

The past year marked the bi-centenary of the birth of Sir Richard Wallace, the renowned international art collector, philanthropist, local landlord and local Member of Parliament. Sir Richard was one of Lisburn's most significant benefactors whose legacy includes Wallace Park and Wallace High School. To fittingly mark this bicentenary the Council through both the Museum and Arts Services, and in partnership with Wallace High School, the Wallace Collection, London and the R-Space Gallery, Lisburn organised and supported an extensive programme of exhibitions, events and educational activities.

The Parks & Amenities Unit continued to ensure parks, open spaces, and floral displays were maintained and presented to an exceptionally high standard. Success in this regard was reflected in Britain in Bloom, and Ulster in Bloom awards, as well as an increase in the number of local parks achieving Keep Britain Tidy "Green Flag" award recognition. Programmes and events such as "Park Life" continue to be further developed to encourage visits to our parks & open spaces and the staff work in partnership with the organisations including the Lagan Valley Regional Park and Belfast Hills Partnership to promote enjoyment of the outdoors "on our doorstep". In the past year Parks & Amenities staff have also promoted a number of biodiversity initiatives in partnership with local, schools and community organisations.

The Department also continued to deliver a portfolio of popular major events including the annual Mayor's Parade & Family Fun Day, Halloween "Twilights Night by Fairylight", Lisburn Half Marathon/10K & Family Fun Run, and Christmas Tree "Switch on."

- **Service Transformation**

One of the key objectives identified throughout all the Council's plans is to develop a vibrant economy that everyone can benefit from.

During the last year the Council has been focused on providing valuable support to the business sector with the aim of stimulating and growing the local economy. The range of innovative work carried out by the Council spans across bespoke business support to advocating the region to inward investors.

A significant number of successful partnerships have been developed with the public, private and voluntary sectors to build the foundations for growth and connectivity.

Notably we have continued to lead the way with our most ambitious programme of investment activity to date. This has included profiling the region at Le marché international des professionnels de l'immobilier (MIPIM), the UK's largest property and investment exhibition back in October 2017 and our annual networking event 'Lisburn Castlereagh at Westminster' event (March 2017 and April 2018) which saw over 200 guests attend.

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, the redevelopment of Dundonald International Ice Bowl and the provision

of a new hotel in the city centre will all drive regeneration and economic investment activity in the Council area to the benefit of everyone. This exciting Capital Projects Programme aims to provide an infrastructure that will meet the needs of 21st Century businesses and consumers.

We will continue to work with our key partners at a sub-regional and regional level to secure a City Deal for the Belfast Region. 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.

Since 2014 planning decisions have become the responsibility of The Council's Planning Committee. Last year the Council processed 957 planning applications for a variety of projects including two new hotels and residential developments. Significant progress was made on developing the council area plan which will direct plan use policy for the next 15 years. The work involves developing a sound evidence base on the material considerations for planning matters and importantly working with a range of partners such as Department of Infrastructure and neighbouring councils.

A key milestone was achieved in the community planning process when our Community Plan Action Plan was accepted by the Department for Communities. Work across all five themes has commenced in conjunction with out statutory and non-statutory partners aimed at delivering on the requirements of our communities through a partnership approach.

It is worth noting two significant initiatives that have been supported by partner organisations, were taken forward in this year. The first of these is the Lisburn Lights Festival which has built upon the award winning Public Realm within the town centre and created animation of that space. The festival has went against the common trend of footfall stagnation in town centres to one of growth in Lisburn town centre. It has also been significant in promoting the ambition of the Council area and enhancing the town centre visitor experience. The capital projects that are on the ground include the Public Realm linkages in the town centre and the Hillsborough Forest Park acquisition and enhancement. The outcome of these two projects will be realised within the near future and impact across the next ten years of this Council area. The latter project aims to complement the significant third party investment in Hillsborough Castle and create a place of destination for both local and international visitors.

Risks and Opportunities

Risk is managed from within the Chief Executive's Department and aims to integrate risk management into the culture of the Council and to anticipate, quantify and respond to changing social, environmental and legislative requirements. The service raises awareness of the need for risk management by all those involved in the delivery of the Council's services and supports directors in minimising the likelihood of risks impacting on Council services, or reducing the severity of consequences should risks become manifest.

Risk, in the form of both Corporate and Departmental Risk Registers are monitored continually and reported to Members on a quarterly basis. The management of risk also informs the annual assurance statement regarding the effectiveness of the arrangements for risk management.

Some of the recently evolving risks identified on the Corporate Risk Register which will require consideration and management over the incoming year 2019/20 include:

- Brexit - the potential loss of EU funding as well the range of EU obligations affecting local authorities such as Procurement and local economic development etc.
- GDPR – compliance with the new General Data Protection Regulations that came into effect in May 2018.
- Capital Projects – the delivery of Capital Projects on time and within budget.

The council has adopted detailed and comprehensive mitigation strategies for GDPR and its Capital Projects. These are being continually monitored and refined and required different operating processes and both have involved building the capacity of our elected members and our officers in a process led by the Chief Executive cross cutting all the directorates.

A series of Away Days have been held for Elected Members to help with this process and CMT and Heads of Service have been engaged in these sessions as well as attending their own training programmes throughout the last twelve months.

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 2018, The Council held £28.6 million of loans, a decrease of £1.77 million on the previous year, as part of its strategy for funding previous years' capital programmes. The Council did not need to borrow in 2018/19.

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

Outlook

The current economic climate has contributed to the pressures on income and expenditure in the Council with CPI inflation at 2.50% for the year ending 31 March 2018. The cost of employment has risen due to the recent Cost of Living Pay Award covering the period 1 April 2018 to 31 March 2020. Limited growth in the UK economy and increased inflation has resulted in low interest rates and pressures on investment income.

The Council will in the new financial year continue with its ambitious new capital projects programme that aims to significantly improve the infrastructure of Lisburn & Castlereagh City Council. Over the lifetime of the programme it is expected to deliver:-

- The complete redevelopment of the Dundonald International Ice Bowl complex
- A new link road to the M1 at Knockmore
- Development of projects on the Hillsborough Tourism Master Plan
- A new city centre hotel

Working as part of the six Belfast City region partner councils we are committed to the joint bid for the City Deal for the Belfast region that would result in a 10 year investment plan to benefit our region and the entire Northern Ireland economy. The Council is continuing to refine the current list of potential projects that would form part of the City Deal submission due to be presented to Ministers for citation in July and then to the cabinet Office in Westminster in the autumn.

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 26th September 2019.

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.

**Lisburn and Castlereagh City Council's
Annual Governance Statement for 2018/2019**

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:

Ref	Sections
1.	Scope of responsibility
2.	The purpose of the governance framework
3.	The governance framework
4.	Review of effectiveness
5.	Update on the significant governance issues that were declared in the previous year
6.	Significant governance issues for the year-end 31 st March 2019

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, and 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, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its 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.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

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

The governance framework continues to be in place at Lisburn and Castlereagh City Council for the Year Ended 31st March 2019 and up to the date of approval of the Annual Governance Statement and Statement of Accounts.

The following section sets out the key elements of the governance framework.

3. The Governance Framework:

The Council approved a committee structure which is based on the full council and seven standing committees.



Committee(s)	Responsible for
Leisure & Community Development	Development and implementation of matters relating to Leisure and Community Services – that include maintaining leisure facilities with Lagan Valley LeisurePlex (LVLP) and Dundonald International Ice Bowl (DIIB) being the more significant of these. Parks and Grounds Maintenance. Community Services – Centres and Grants administration.
Service Support	Finance, Information Technology, Estimates and Budgetary Control. Procurement oversight and Insurance function. GDPR oversight, training and advice. Marketing, liaison with media and FOI. Payroll, Human Resources, Staff development and training including Employment policies and procedures. Servicing of various Council Committees with reports

	and minutes. Servicing of Policing and Community Safety Partnership (PCSP) function.
Development	Economic Development projects, Tourism, Community Planning, Local Development Planning, administration of Business start-up funding, Rural Development.
Environmental Services	All matters relating to Technical and Environmental Health Services including Planning Enforcement, Safeguarding, Off-Street Car Parking, Dog Licencing, Health and Safety function. Licencing of premises and petroleum outlets and oversight of events.
Planning	Planning Development.
Governance & Audit	Providing assurance on Council Governance, Risk and Controls – through adhering to Internal Audit risk based audit plan – approved by Committee. Performance improvement function –with key performance indicators and related measurement and statistics. Facilitation of Risk Management and Business Continuity processes and making recommendations for improvements as required. Council Policy Co-ordination. Register of Complaints records and follow-up.
Capital Projects	Any work relating to the significant capital projects of the Council.

Through the work of our committees our Members oversee the work of the Council. All committee decisions require to be ratified by the full council except where committees have been granted delegated authority to make decisions. Therefore the full council which consists of 40 elected representatives is the overarching decision making body.

Various sources of assurance:

- Financial Control – Estimates, Budgets and Management & Annual Financial Accounts
- Performance Management – KPI's and up-to-date performance data
- Internal Audit – in-house and outsourced audit reports
- Management Assurances – Annual Assurance Statements
- Risk Management – Corporate Risk Register, Quarterly Departmental & Action Plans
- Capital Projects – Committee Reporting
- Health and Safety & Emergency Planning – in-house committees and action plans
- Weekly CMT and Directorate meetings
- New Staff Performance Procedures - Job Chat Scheme
- Independent legal advice when required

The key elements of the systems and processes that comprise the Council's governance arrangements include the following;

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 was issued in May 2018 • Community Planning • Local Development Plan • Corporate complaints, comments and compliments procedure • Performance Improvement Plan and Programme • Annual Financial Report • Efficiency Programme and value for money work • Procurement policies, procedures and processes
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
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
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 31-3-19 • Health and Safety Committee • Accounting Manual currently being reviewed, however due to its size is being done on a piecemeal basis. • Corporate and Departmental Business Continuity Policy and Plans
Developing capacity and capability	<ul style="list-style-type: none"> • Member Training and Development • Investors in People Awards • Performance Management • Recruitment Procedures • Staff Training • Induction courses

	<ul style="list-style-type: none"> • Competency Framework Training • Procurement Training for Members and Senior Staff
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

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.

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

Each Director and Head of Service have completed their Annual Assurance Statement and this forms a key part of the corporate governance arrangements for the Council.

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

- Directors - Statements of Assurance*
- Head of Service - Statements of Assurance
- Performance Improvement Reports
- Health & Safety Reports
- Finance & Budget Reports
- Internal Audit Reports
- Risk Management Reports

*Note In the absence of Director Service Support, the Chief Executive (CE) has reviewed and countersigned the Annual Statement of Assurance completed by each Head of Service within Service Support.

Significant Changes in structure during 2018/19:

The following changes to significant roles took place during the year:

- Resignation of the previous Chief Executive on the 30th September 2018
- Director of Leisure & Wellbeing acted as Chief Executive during October 2018
- Our new Chief Executive took up post on the 1st November 2018.

NIAO correspondence in February 2018 and request for assurances brought forward into 2018/19.

The former Chief Executive (CE) in her role as Chief Financial Officer (CFO) was requested in correspondence received from the NIAO in February 2018 to provide assurances on the potential for management override of controls within finance related systems.

The former CE tasked a combination of management and the Internal Audit service with providing assurances on the following systems:

- Payroll and HR related processes
- Potential for Management Override of Controls to include i) Gifts and Hospitality and ii) Credit Card Usage
- Procurement

For more details on these please refer to the table of audit work carried out in year as well as progress against action plans put in place.

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 2019. It concluded with an opinion on the overall adequacy and effectiveness of the Council's framework of Governance, Risk and Control and gave an overall *Satisfactory* level of Assurance.

The Audit and Risk Manager in his Annual Report summarises Internal Audit activity and provides sufficient information for Members to fulfil their governance role and satisfy themselves as to the adequacy of the Council's arrangements.

It is also supported by:

- Conformance with the Public Sector Internal Audit Standards (PSIAS)
- Annual Internal Assessment of Internal Audit

In providing their assurance it should be noted that Internal Audit can provide a reasonable rather than absolute assurance on the Council's internal control environment.

The audit reports in the table below have been presented to our Governance & Audit Committee during the year 2018/19.

In his conclusions the Audit and Risk Manager sets out the following points:

- There continues to be issues identified in relation to non-compliance with procurement within the Council.

- In seeking to address these we received management's agreement in principal of the audit recommendations which in addition included the establishment of a working group.
- The working group is being headed by the Director of Transformation and is about to agree its Terms of Reference to address weaknesses in procurement and contract management.

There is sufficient evidence to demonstrate progress is being made against limited audit reports findings and support the basis for my overall satisfactory audit opinion.

However we will continue to monitor progress and in particular the out workings from the procurement and contract management working group for the foreseeable future.

Internal Audit Assignment	Overall Assurance
Final Payroll & Selected HR processes	Limited
Sport Lisburn-Castlereagh	Satisfactory
Review of Management Override of Control (Gifts & Hospitality, Credit Card, Bank & Cash, Accounts Payable, Employee Expenses) (KPMG)	Satisfactory
Northern Ireland Business Start Up (NIBSUP) Audit of Information Entered to Database (dashboard)	Satisfactory
Travel & Subsistence	Satisfactory
Contract Management	Limited
Payroll Follow-up Review	Update
Purchase Order Process – review of outliers	Satisfactory
Cash Handling for all Council locations	Satisfactory
Planning Enforcement	Satisfactory
PCSP for the Year Ended 31 st March 2019	Satisfactory
Community Planning	Satisfactory
Stepping Stones	Satisfactory
Procurement (Draft)	Limited

Other Internal Audit work:

National Fraud Initiative (NFI) – Data Matching Exercise:

The Council continues to conform to the requirements of the NFI exercise - which 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 at the end of August and this work was reaching a conclusion in September 2019. In the investigation of matches to date, no issues have been identified.

5. Significant Governance issues - update on issues brought forward from 2017/18:

2017/2018	2018/2019
<p>Judicial Review – Public Realm works:</p> <p>The Council received notice from a visually impaired resident of their intention to apply for a Judicial Review on Council decisions relating to design aspects of the scheme.</p> <p>The Judicial Review outcome was confirmed on Friday the 12 May 2017. The judgement found in favour of the applicant in relation to one aspect from a Section 75 Equality perspective by reason of the Council not having carried out an Equality Impact Assessment in respect of the Public Realm Scheme.</p> <p>The Council is now undertaking an Equality Quality Impact Assessment into kerbs heights as a consequence of the judgement which the Council will consider over the next few months – the outcome of this process will determine whether any remedy will be required.</p>	<p>Update as at September 2019:</p> <p>The Equality Impact Assessment (EQIA) exercise has been completed. The draft EQIA was the basis of a public consultation which was completed in May 2019.</p> <p>A decision report has now been drafted following consideration of the consultation responses which was considered by the Council's Development Committee in June 2019. The decision from that meeting was to engage with IMTAC, who are the principal lobbyists and are sponsored by DfI. This meeting is scheduled to take place on 2 October 2019. In addition there have been discussions with the DfI in relation to adoption of the existing scheme and the requisite standards to which the scheme was constructed.</p> <p>A proposal to release the EQIA will be presented to the October Development Committee. The Council is now taking further legal advice in relation to determining a proportionate and reasonable response to the findings of the EQIA. These will be presented to the Chief Officer's management team and the Development Committee in November.</p>
<p>Landfill Sites – Closure Regulations and Plans:</p> <p>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. The new regulations will have serious</p>	<p>Update as at September 2019:</p> <p>Closed Landfill Sites:</p> <p>Towards the end of 2009/10 the Council received correspondence from the (then) Department of the Environment (DOE) that the EEC Landfill Directive was</p>

2017/2018	2018/2019
<p>cost implications for the Council and its ratepayers.</p> <p>The Council will incur additional landfill site engineering and aftercare cost as the current closure arrangements do not meet the standards of the Landfill Directive as now being applied retrospectively.</p> <p>Drumlough - Closed Landfill Site: Closure plan (ref: IBR0536/Final June 2015) approved by NIEA 15th July 2016. The Council appointed RPS Consultants who are currently undertaking preparation of the Implementation Plan agreed at a meeting held on the 24 May 2017. Progress was discussed and it was identified that some additional investigation work was required which is progressing to fully inform the Implementation Plan.</p> <p>Moss Road - Closed Landfill Site: Draft Closure Plan (ref: IBR0535 May 2017) received May 2017. The Draft Plan was discussed internally and comments /queries sent to RPS for clarification and further consideration. The Plan has been reviewed in consultation with the NIEA and the revised draft closure plan considered by the Environmental Services Committee on 6 June 2018. It was agreed to submit the Plan to the NIEA in early July 2018 for approval. The draft report identifies a total financial provision of £1.9 m to cover costs over a period of 30 years.</p>	<p>deemed to apply to a former landfill site which closed after 2001. The main consequence of this application is that the UK Government would be in infraction of the same. To avoid penalties additional landfill site engineering and aftercare costs will be required at both of the Council's landfill sites as the current closure arrangements may not meet the standards of the Landfill Directive.</p> <p>The Council has responsibility for the closure of 2 landfill sites which were inherited from the legacy Council's at 1 April 2015 – Drumlough and Moss Road. These sites are at varying stages of closure in accordance with EEC 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.</p> <p>Drumlough – The closure plan (ref- IBR0536 – June 2015) for Drumlough Closed Landfill Site was approved by NIEA in letter dated 15 July 2016. Financial provision has been identified as £1.4 million to cover a period of 48 years. The Implementation Plan (ref- IBR0536/Final – August 2018) was approved by Council in September 2018. A revised Draft Compliance Note was issued by the NIEA on 12 April 2019.</p> <p>Moss Road – The closure plan (ref - IBR0535 – May 2017) for Moss Road Closed Landfill Site was approved by NIEA in letter dated 12 November 2018. Financial Provision has been identified as £1.9 million to cover a period of 30 years. The revised Draft Compliance Note was issued by NIEA on 25 March 2019 and RPS Consulting are progressing preparation of the Implementation Plan.</p>

2017/2018	2018/2019
Plans for the Residual Waste Treatment Plant:	Update as at September 2019:
<p>Following the granting of full planning permission for a Residual Waste Treatment Facility at Hightown Quarry on the Boghill Road, Ballyutoag 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.</p>	<p>During the period October 2017 to October 2018 there was a legal challenge process initiated by objectors (the Buick case) to the granting of planning permission for the proposed development of residual waste treatment infrastructure at Hightown Quarry. The legal challenge was via judicial review of the Department for Infrastructure's vires to grant approval to the planning application in the absence of a Minister and Executive. This resulted in the quashing of decision to grant planning permission. Arguments were heard in the NI High Court and the NI Court of Appeal. No planning points were considered by the courts.</p> <p>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 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 ARC21 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 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>

2017/2018	2018/2019
Delivery of Local Development Plan:	Update as at September 2019:
<p>The main risk in relation to the delivery of the Local Development Plan is the unknowns in the new process which council are working to. Already there has been several iterations on the guidance issued from the Department of Infrastructure (DFI).</p> <p>Significantly the council has to have regard for the neighbouring Councils' ambitions as well as integrate with a sub-regional metropolitan transport plan being led by DFI which has been late in commencing and continues to revise its programme for delivery. The quantum and quality of evidence is a judgement call and will depend on the approach of the Planning Appeals Commission in the Independent Examination. There is a high probability that the council will be challenged by third parties within the process on a number of key sites which will inevitably delay the launch of the Area Plan. Mitigation of these factors is already planned for and being implemented.</p> <p>Therefore requirements for key statutory partners to support the plan and associated processes is key.</p> <p>Other factors that may hinder the timely delivery of the plan include the following:</p> <ul style="list-style-type: none"> • Resourcing and scheduling appeals • Availability of key statutory partners to support the plan <p>Action Plan</p> <ul style="list-style-type: none"> • Revisit and agree the revised project plan and ensure adequate resources are in place to aid delivery. • Set up regular meetings with key partners to focus on timetable for delivery. • Provide adequate funding to support plan needs • Continued training and development of staff including exposure to other jurisdictions independent examination • Carry out a critical friend of all policies • Carry out a shadow Independent Examination • Continued engagement with elected members on their ambition • Work with the other 11 councils and DFI in preparing the plans 	<p>Work has continued in developing the evidential basis for the new Area Plan. The Council is scheduled to issue the plan strategy, which is the first phase, on 11 October 2019. This has been developed in conjunction with internal stakeholders such as Economic Development, Parks & Amenities, Waste Management and Leisure Services.</p> <p>The single biggest delay was the evidential base to support the Metropolitan Transport Plan of which Lisburn & Castlereagh City Council is a sub-set. However as of the end of August 2019 we are in receipt of a local transport study and a study for the Belfast Metropolitan area.</p> <p>The actions that follow the publication of the plan are:</p> <ul style="list-style-type: none"> • A period of public consultation for 3 months • Consideration of representations • Further consultation period to allow for counter representations to be received • Preparation, in line with the outline action plan, of a report to the Department confirming that the draft plan strategy is ready to go to independent examination. This report will be released post the mitigating actions outlined which include a legal review. <p>The anticipated timescale post publication of the draft plan strategy to forward to the Department is anticipated to be approximately 9 months.</p>

2017/2018	2018/2019
<ul style="list-style-type: none"> • Include dispute escalation procedure with the key partners as part of our approach 	
Number of Internal Audit Reports with a limited level of assurance:	Update as at September 2019:
<p>During the 2017/18 year there was a proportionately high number of audit reports with limited assurance. A significant number of these reports recommendations have either been implemented or action plans have been put in place to ensure their implementation.</p> <p>This work is ongoing and will be monitored by reviewing of recommendation trackers which are reported to the Governance and Audit Committee.</p>	<p>Follow-up of recommendations have been brought up to date and reported to the following Governance & Audit Committees</p> <ul style="list-style-type: none"> • 13 June 2019 • 12 September 2019
Investigations with Local Government Commissioner for Standards:	Update as at September 2019:
<p>We have also been made aware of ongoing investigations being carried out by the Local Government Commissioner for Standards in respect of councillor's conduct under the Code of Conduct for Councillors. If there are any recommendations affecting council processes we will consider these when the Commissioner has reported in due course.</p>	<p>We await the outcome of this report and the Commissioner has not as yet reported on this matter.</p>

6. Significant Issues identified in 2018/19:

Procurement – non-compliance:

There have been 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 have undertaken a strategic review of how and where the centralised procurement team are structured in the organisation and how that team supports compliance, contract management as well as continued improvement. The Director of Service Transformation is leading an interdepartmental team of senior/middle managers to devise and implement an improvement programme for the organisation in respect of how we commission and manage our contracts. In addition the Members have agreed to support this review through additional resources. The arrangements for putting these resources in place are ongoing.

The improvement programme has prioritised the findings of both the internal and external auditors' recommendations with a number of those recommendations having been already addressed. Further improvements will be reported to the Chief Officers in line with the established programme of interdependent work packages over the autumn and winter period. The most significant improvements include:

- the development of a single tender action policy
- an organisational capacity building programme
- update on compliance templates in respect of declarations/conflicts of interest
- internal threshold review determining value for money objectives

The Corporate Management Team and Internal Audit will continue to monitor progress and in particular the out workings of the improvement programme.

Effectiveness of System of Internal Control:

We have reviewed the effectiveness of the system of internal control and confirm that an ongoing process designed to identify, evaluate and prioritise risks to the achievement of LCCC aims and objectives has been in place throughout 2018/19.

This review included an assessment of any material risk and control issues identified and reported during the relevant period. Our review has been informed by the advice and completion of Statements of Assurance of the executive managers such as Directors and Heads of Service who have delegated responsibility for the development and maintenance of the internal control framework.

We have also taken account of the assurance work of the internal auditors and comments by the external auditors in their management letter and other reports. Plans to address control weaknesses in procurement and ensure continuous improvement of systems are in place.

In our opinion Lisburn and Castlereagh City Council system of internal control was effective throughout the financial year and as of today's date.

Signed  Date: 26th September 2019

Vice Chair of Governance & Audit Committee

Signed  Date: 26/9/19

Chief Executive Officer/Financial Officer

LISBURN AND CASTLEREAGH CITY COUNCIL

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2019

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 22 May 2014, 462 councillors were elected to the 11 new councils for a four year term. Lisburn & Castlereagh City Council had 40 councillors in 2018/19.

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.

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	2018/19		2017/18	
	Total Allowances £	Number of Councillors receiving Allowance	Total Allowances £	Number of Councillors receiving Allowance
Basic Allowance	588,423	40	578,841	40
Special Responsibility Allowance	72,835	22	71,103	26
Chairperson/ Mayor Allowance	26,982	2	26,982	2
Vice Chairperson/ Deputy Mayor Allowance	8,636	2	8,636	2
Mileage Allowance	28,443	30	25,512	33
Public Transport and Other Travel Incidentals	1,041	13	714	14
Subsistence	591	12	857	17
Courses/Conferences Visits (registration & Joining Fees)	0	0	0	0
Dependants' Carers Allowance	595	2	595	3
TOTAL ALLOWANCES	727,546		713,240	

Details of the allowances paid to individual councillors in 2018/19 are published on the council website at www.lisburncastlereagh.gov.uk/remunerationreport.

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	2018/19				2017/18			
	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 *	40-45 (100-105)			40-45 (100-105)				
Dr T Donaldson Chief Executive **	55-60 (105-110)			55-60 (105-110)	105-110			105-110
A M Donaldson Director of Service Support ***					5 -10 (80-85)			5 -10 (80-85)
H Moore Director of Environmental Services	80-85			80-85	80-85			80-85
J D Rose Director of Leisure & Community Wellbeing	80-85			80-85	80-85			80-85
S Clarke Director of Service Support****	80-85			80-85	75-80 (80-85)			75-80 (80-85)
D Rogan Director of Service Transformation *****	80-85			80-85	60-65 (80-85)			60-65 (80-85)

* D Burns appointed 1 November 2018

** Dr T Donaldson left 30 September 2018

*** A Donaldson left 30 April 2017

**** S Clarke appointed 1 May 2017

***** D Rogan appointed 5 June 2017

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 2018/19 was £100k - £105k (2017/18 £105k- £110k). This was 4.9 times (2017/18 5 times) the median remuneration of the workforce, which was £22,364 (2017/18 £21,268).

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)

	2018/19 £'000	2017/18 £'000
Salary Band of Highest Paid member of the Executive Management Team/Senior Management Team	£105k - £110k	£105k - £110k
Median Total Remuneration	£22,364	£21,268
Ratio	4.9	5

In 2018/19, 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 2018/19.

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	2018/19				2017/18			
	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		3	3	35		1	1	4
£20,001 - £40,000	1		1	25				
£40,001 - £60,000	3		3	156				
£60,001 - £80,000					2		2	148
£80,001 - £100,000	1		1	97				
£100,001 - £150,000					3		3	329
£150,001 - £200,000					1		1	158
Total	5	3	8	313	6	1	7	639

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 2018/19 was £164,372.

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 2018/19 [audited information]

Officers	Accrued Pension at pension age as at 31/3/18 £'000	Real Increase in pension and related lump sum at pension age £'000	CETV at 31/3/19 £'000	CETV at 31/3/18 £'000	Real Increase in CETV £'000
D Burns *	1	0	0	0	0
Dr T Donaldson Chief Executive **	39	1		701	n/a
H Moore Director of Environmental Services	36	0	639	533	106
J D Rose Director of Leisure & Community Wellbeing	40	-1	865	770	95
S Clarke	15	0	148	105	43
D Rogan	30	2	531	423	108

* D Burns appointed 1 November 2018


** Dr T Donaldson left 30 September 2018

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.



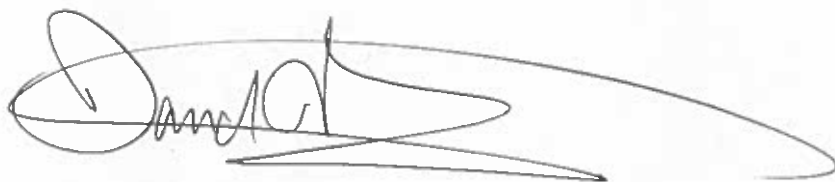
Chief Executive
26 September 2019

Certificate of the Chief Financial Officer

I certify that:

(a) the Statement of Accounts for the year ended 31st March 2019 on pages 38 to 97 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 42 to 62.

(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 2019.



Chief Financial Officer

Date 26 September 2019

Council Approval of Statement of Accounts

These accounts will be approved by resolution of the Governance and Audit Committee on 26 September 2019.

Vice Chair 

Date 26 September 2019

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 2019 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 2018-19, of the financial position of Lisburn and Castlereagh City Council as at 31 March 2019 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.

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 2019 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

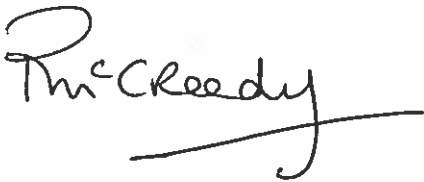
I have nothing to report in respect of the following matters which I report to you if:

- in my opinion:
 - the Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018-19;
 - 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*

30 September 2019

Lisburn & Castlereagh City Council

Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

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	2018/19			2017/18		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Service Expenditure							
Leisure & Community Wellbeing	2	26,180,759	(9,837,901)	16,342,858	19,778,551	(8,515,121)	11,263,430
Environmental Services	2	25,463,652	(3,538,592)	21,925,060	25,631,208	(3,493,396)	22,137,812
Service Transformation	2	6,472,674	(2,613,742)	3,858,932	4,879,203	(1,909,835)	2,969,368
Planning	2	1,764,487	(1,739,531)	24,956	1,919,082	(1,894,642)	24,440
Service Support	2	13,087,343	(1,709,994)	11,377,349	11,233,717	(1,342,078)	9,891,638
Governance & Audit	2	774,741	(1,000)	773,741	757,012	(1,000)	756,012
Cost of Services on Continuing Operations		73,743,656	(19,440,760)	54,302,896	64,198,773	(17,156,072)	47,042,700
Other Operating Expenditure/Income	8	139,040	(126,282)	12,758	26,110	(32,255)	(6,145)
Financing and Investment Income and Expenditure	9	2,568,639	(126,346)	2,442,293	2,594,221	(112,003)	2,482,218
Net Operating Expenditure		76,451,335	(19,693,388)	56,757,947	66,819,104	(17,300,330)	49,518,773
Taxation and Non-Specific Grant Income	10	-	(48,228,722)	(48,228,722)	-	(46,500,371)	(46,500,371)
(Surplus)/Deficit on the Provision of Services		76,451,335	(67,922,110)	8,529,225	66,819,104	(63,800,701)	3,018,402
(Surplus)/Deficit on revaluation of non-current assets	11			(4,020,686)			(7,520,314)
Remeasurements of the Net Defined Benefit Liability (Asset)	21			(3,181,000)			318,000
Other Comprehensive Income and Expenditure				(7,201,686)			(7,202,314)
Total Comprehensive Income and Expenditure				1,327,539			(4,183,912)

Lisburn & Castlereagh City Council
Movement in Reserves Statement for the year ended 31 March 2019

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 2017	16,193,583	6,687,759	1,075,582	23,956,924	59,772,531	83,729,455
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(3,018,402)	-	-	(3,018,402)	-	(3,018,402)
Other Comprehensive Income and Expenditure	-	-	-	-	7,202,314	7,202,314
Total Comprehensive Income and Expenditure	(3,018,402)	-	-	(3,018,402)	7,202,314	4,183,912
Adjustments between accounting basis & funding under regulations	5,883,962	-	-	5,883,962	(5,883,962)	-
Net increase before transfers to Statutory and Other Reserves	2,865,560	-	-	2,865,560	1,318,352	4,183,912
Transfers to / from Statutory and Other Reserves	(298,207)	298,207	-	-	-	-
Increase/ Decrease in year	2,567,353	298,207	-	2,865,560	1,318,352	4,183,912
Balance as at 31 March 2018	18,760,936	6,985,966	1,075,582	26,822,484	61,090,883	87,913,367
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 in year	14,866	(58,365)	15,000	(28,498)	(1,299,041)	(1,327,539)
Balance as at 31 March 2019	18,775,802	6,927,601	1,090,582	26,793,986	59,791,842	86,585,828

Lisburn & Castlereagh City Council
Balance Sheet as at 31 March 2019

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 2019	31st March 2018
		£	£
Fixed Assets	11	148,395,494	142,336,286
Long Term Investments	16	20,578	20,555
Long Term Debtors	15	231,935	273,639
LONG TERM ASSETS		148,648,007	142,630,480
Inventories	14	426,022	459,139
Short Term Debtors	15	7,451,681	3,910,039
Cash and Cash Equivalents	24	24,819,054	24,787,270
CURRENT ASSETS		32,696,757	29,156,448
Bank Overdraft	24	11,492,944	6,304,932
Short Term Borrowing	17	1,701,304	1,422,671
Short Term Creditors	18	8,339,078	8,202,056
Provisions	19	616,524	1,449,191
CURRENT LIABILITIES		22,149,850	17,378,850
Provisions	19	2,736,970	1,767,863
Long Term Borrowing	17	25,330,990	27,172,792
Other Long Term Liabilities	21	41,741,000	37,368,000
Capital Grants Receipts in Advance	22	2,800,127	186,058
LONG TERM LIABILITIES		72,609,087	66,494,713
NET ASSETS		86,585,827	87,913,365
USABLE RESERVES			
Capital Receipts Reserve	25	1,090,582	1,075,582
Capital Grants Unapplied Account	25	11,667	11,667
Renewal and Repairs Fund	25	1,118,695	1,263,060
Other Balances and Reserves	25	5,797,240	5,711,239
General Fund	25	18,775,801	18,760,934
		26,793,985	26,822,482
UNUSABLE RESERVES			
Capital Adjustment Account	26	57,019,681	56,524,954
Revaluation Reserve	26	45,444,564	42,718,831
Pensions Reserve	26	(41,741,000)	(37,368,000)
Accumulated Absences Account	26	(479,553)	(419,238)
Provisions Discount Rate Reserve	26	(451,850)	(365,664)
		59,791,842	61,090,883
NET WORTH		86,585,827	87,913,365

Lisburn & Castlereagh City Council
Cash Flow Statement at 31 March 2019

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

	Note	2018/19	2017/18
		£	£
Net Deficit on the provision of services		8,529,225	3,018,403
Adjustment for non-cash movements	22	12,110,351	8,499,723
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	22	(438,379)	(763,443)
Net cash flows from operating activities	24	3,142,747	4,717,877
Cash flows from Investing Activities	24	(6,735,806)	(2,889,704)
Net Cash flows from Financing Activities	24	(1,563,169)	(1,768,188)
Net increase or decrease in cash and cash equivalents		(5,156,228)	59,985
Cash and cash equivalents at the beginning of the reporting period		18,482,338	18,422,353
Cash and cash equivalents at the end of the reporting period		13,326,110	18,482,338

Lisburn & Castlereagh City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019. 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 2018/19, 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 2018/19 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) Accruals of Income and Expenditure

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

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

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

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

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

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

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

The Council has made a provision for the costs of settling claims for back pay arising from discriminatory payments incurred before the Council implemented its Single Status Policy. Local government reform resulted in the assets and liabilities of the former Lisburn City Council and Castlereagh Borough Council legacy councils being transferred to Lisburn & Castlereagh City Council on 1 April 2015.

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

iii) **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.

iv) **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.

v) **Contingent Liabilities**

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

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

vi)

Employee Benefits

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. 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 debts for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

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

The Northern Ireland Local Government Officers' Pension Fund

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

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

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

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

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

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

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. [The treatment of past service costs will depend on the decisions of the Council about how they are allocated to service segments.]

Within Financing and Investment Income and Expenditure

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

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.

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

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

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

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

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

viii) **Exceptional Items**

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

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

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

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

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

x) **Financial Instruments**

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

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

Financial Assets

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

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

The Council has provided a loan to a company in financial difficulties to ensure that the Community Centres Company is able to provide vital services for the elderly. Fifty percent of the loan is thus deemed credit impaired on origination. This will mean that:

- as lifetime expected credit losses are taken into account in the cash flows used for calculating the effective interest rate, no loss allowance is needed on initial recognition
- a loss allowance will then be built up on the basis of the cumulative change in lifetime expected credit losses since initial recognition
- the annual impairment gain or loss will be the change in lifetime expected credit losses over the year.

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.

xi) Foreign Currency Translation

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

xii)

Government Grants and Contributions

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

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

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

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

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

xiii) 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.

xiv) 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.

xv) **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.

xvi) **Landfill Allowance Scheme**

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

xvii) **Leases**

Leases are classified as 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.

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

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

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

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

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

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

xix) **Overheads and Support Services**

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

xx) **Property, Plant and Equipment**

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. 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.

xxi) Heritage Assets

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

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

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

xxii) Provisions

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

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

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

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

xxiii) Reserves

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

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

xxiv) Charges to Revenue for Non-Current Assets

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

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

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

xxv) Revenue Expenditure Funded from Capital under Statute

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

xxvi) **Value Added Tax**

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

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 2018/19 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 2018/19 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:

The Council has applied future discount rates to calculate the provision due against the closure of two landfill sites. The discount rate which has been used is equivalent to the rate which the Council can borrow from the Public Works Loans Board. Management has made the judgement that it is the most appropriate rate at which the provision should be calculated at.

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 2019 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.

2

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.

	2018/19			2017/18		
	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	10,371,584	5,971,274	16,342,858	6,692,730	4,570,700	11,263,430
Environmental Services	18,878,208	3,046,852	21,925,060	19,586,937	2,550,875	22,137,812
Service Transformation	3,081,698	777,234	3,858,932	2,760,007	209,361	2,969,368
Planning	7,665	17,291	24,956	(1,077,850)	1,102,290	24,440
Service Support	9,626,337	1,751,012	11,377,349	9,923,366	(31,728)	9,891,638
Governance & Audit	644,466	129,275	773,741	645,329	110,683	756,012
Net Cost of Services	42,609,957	11,692,939	54,302,896	38,530,520	8,512,180	47,042,700
Other Income and Expenditure	(42,932,122)	(2,841,549)	(45,773,671)	(41,357,814)	(2,666,484)	(44,024,298)
Surplus or Deficit	(322,165)	8,851,390	8,529,225	(2,827,294)	5,845,696	3,018,402
Opening General Fund			18,760,935			16,193,583
Surplus/ (Deficit) on General Fund Balance In Year			14,866			2,567,353
Closing General Fund			18,775,801			18,760,936

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
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	3,541,163	2,417,390	12,721	-	5,971,274
Environmental Services	548,516	2,497,406	930	-	3,046,852
Service Transformation	47,781	692,732	36,721	-	777,234
Planning	5,918	-	11,373	-	17,291
Service Support	853,246	906,588	(8,822)	-	1,751,012
Governance & Audit	-	121,884	7,391	-	129,275
Net Cost of Services	4,996,624	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	785,225	7,554,000	60,314	451,850	8,851,390

Adjustments between Funding and Accounting Basis
2017/18

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	3,720,409	812,068	38,223	-	4,570,700
Environmental Services	1,727,880	807,555	15,440	-	2,550,875
Service Transformation	46,397	160,698	2,266	-	209,361
Planning	735,414	370,374	(3,498)	-	1,102,290
Service Support	5,920	-	(37,648)	-	(31,728)
Governance & Audit	-	106,305	4,378	-	110,683
Net Cost of Services	6,236,019	2,257,000	19,161	-	8,512,180
Other Income and Expenditure from the Expenditure and Funding Analysis	(3,866,148)	834,000	-	365,664	(2,666,484)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	2,369,871	3,091,000	19,161	365,664	5,845,696

Adjustments for Capital Purposes

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

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

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

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

Net change for the Pensions Adjustments

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

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

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

Other statutory differences

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

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

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

Other non-statutory adjustments

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

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

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

3 a Expenditure and Income Analysed by Nature

Expenditure	Notes	2018/19		2017/18	
		£	£	£	£
Employee Benefits Expenses	7	26,310,910		25,432,199	
Other Services Expenditure		39,530,468		34,396,705	
Depreciation, Amortisation, Impairment	11	4,693,144		4,402,124	
Interest Payments	9	1,650,638		2,594,221	
Gain on the Disposal of Assets	8	12,758		(6,145)	
Total Expenditure		72,197,918		66,819,104	
Income	Notes	2018/19		2017/18	
		£	£	£	£
Fees, Charges and other service Income		(19,583,296)		(17,188,327)	
Interest and Investment Income	9	(126,346)		(112,003)	
District rate income	10	(45,253,570)		(43,334,463)	
Government grants and Contributions	10	(2,975,152)		(3,165,908)	
Total Income		(67,938,364)		(63,800,701)	
(Surplus) or Deficit on the Provision of Services		4,259,554		3,018,403	

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	2018/19		2017/18	
		£	£	£	£
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		-		-	
Derecognition (other than disposal) of non-current assets	11	-		182,571	
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	303,480		1,648,125	
Depreciation charged in the year on non-current assets	11	4,693,144	4,996,624	4,402,124	6,232,820
Net Revenue expenditure funded from capital under statute	12				116,711
Carrying amount of non current assets sold	8	139,040		26,110	
Proceeds from the sale of PP&E, investment property and intangible assets	23	(126,282)	12,758	(32,255)	(6,145)
Net charges made for retirement benefits in accordance with IAS 19	21		11,659,000		6,917,000
Direct revenue financing of Capital Expenditure	12,23		(1,279,169)		(512,393)
Capital Grants and Donated Assets Receivable and Applied in year	10		(312,097)		(731,188)
Adjustments in relation to Short-term compensated absences	26		60,315		19,161
Provisions Discount Rate Reserve Adjustment	26		86,186		365,664
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					
Statutory Provision for the financing of Capital investment	12		(2,632,891)		(2,691,668)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(4,105,000)		(3,826,000)
			8,485,726		5,883,962

b Net transfers (to)/from statutory and other earmarked reserves		2018/19	2018/19	2017/18	2017/18
	Notes	£	£	£	£
Capital Fund					
Other	26	144,365	144,365	(357,149)	(357,149)
Other Funds and earmarked reserves					
Other	25	(86,001)	(86,001)	58,942	58,942
Unusable reserves					
Capital Adjustment Account		-	-	-	-
			58,364		(298,207)

5 Cost of Services on Continuing Operations

a General power of competence

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

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

The actual expenditure under the power of competence amounted to £nil during 2018/19 (£nil in 2017/18).

b External Audit Fees

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

	2018/19	2017/18
	£	£
External Audit Fees	70,000	70,000
Other Fees	21,101	16,750
	91,101	86,750

There were no other fees payable in respect of any other services provided by the appointed auditor over and above those described above (£nil 2017/18).

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

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

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £56,522 (2017/18 £43,543).

	31st March 2019	31st March 2018
	£	£
Not later than 1 year	70,863	43,543
Later than 1 year and no later than 5 years	115,931	98,580
Later than 5 years	408,383	340,038
	595,177	482,161

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 £Nil (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 £18,567 (2018 £18,567).

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	£	£	£	£
Not later than one year	15,115	21,924	2,314	3,357
Later than one year and not later than five years	-	15,115	-	2,314
	15,115	37,039	2,314	5,671

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 2019	31st March 2018
	£	£
Not later than 1 year	143,304	141,303
Later than 1 year and no later than 5 years	299,805	375,412
Later than 5 years	503,770	628,723
	946,879	1,145,438

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:

	2018/19	2017/18
	£	£
Minimum lease payments	143,303	148,533
Total	143,303	148,533

7 Employee Costs and Member Allowances**a Staff Costs**

	2018/19	2017/18
	£	£
Salaries and Wages	20,596,681	20,109,293
Employers NIC	1,880,675	1,850,122
Employers Superannuation	3,833,554	3,472,784
Total staff costs	26,310,910	25,432,199

In addition, agency costs during the year amounted to £ 3,423,469 (FY 17/18 £3,078,377).

The Council's current contribution rate to NILGOSC scheme is 19% (FY 17/18 plus a Deficit Recovery Contribution of £350,600 (2017/18 £350,600).

At last actuarial valuation dated 31st March 2016 the funds assets meet 91% of liabilities at that date (2017/18 - 91%).

Average Number of Employees - where FTE represents fulltime equivalent employees

Average Number of Employees	2018/19	2017/18
	FTE	FTE
Leisure & Community Wellbeing	275	282
Environmental Services	276	273
Service Transformation	34	26
Planning	33	36
Service Support	88	93
Governance & Audit	9	10
Total Number	715	720

	2018/19	2017/18
	Actual Numbers	Actual Numbers
Full-time numbers employed	609	608
Part-time numbers employed	193	204
Total Number	802	812

Senior Employees' Remuneration	2018/19	2017/18
	£	£
£50,001 to £60,000	15	13
£60,001 to £70,000	-	3
£70,001 to £80,000	-	1
£80,001 to £90,000	4	3
£90,001 to £100,000	-	-
£100,001 to £110,000	1	1
Total Number	20	21

d Members' Allowances

	2018/19	2017/18
	£	£
Basic allowance	588,423	578,841
Mayor's & Deputy Mayor's Allowance	35,618	35,618
Special Responsibility Allowances	72,835	71,103
Dependents' carers allowance	595	595
Employer costs	164,372	166,741
Mileage	28,443	25,512
Travel & Subsistence Costs	1,632	1,571
Total	891,918	879,981

e Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Communities is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DOF Superannuation and Other Allowances Resource Accounts as at 31 March 2019.

For 2018-19, employers' contributions of £225,702 were payable to the NICS pension arrangements at one of four rates in the range 20.8% to 26.3% 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 2015-16. 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 2018-19 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)

	2018/19	2017/18
	£	£
Proceeds from sale	(126,282)	(32,255)
Carrying amount of non-current assets sold (excl Investment Properties)	139,040	26,110
	12,758	(6,145)

Other Operating Expenditure	2018/19	2017/18
	£	£
(Surplus) / Deficit on Non Current Assets	12,758	(6,145)
	12,758	(6,145)

9 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2018/19	2017/18
	£	£
Government Loan Interest	1,647,282	1,715,221
Commercial Loan Interest	3,356	-
	1,650,638	1,715,221

b Interest and Investment Income

	2018/19	2017/18
	£	£
Bank Interest	110,501	95,205
NIHE Loan interest receivable	15,845	16,798
	126,346	112,003

c Pensions interest costs and expected return on pensions assets

	2018/19	2017/18
	£	£
Net interest on the net defined benefit liability (asset)	918,000	834,000
	918,000	834,000

e Income, Expenditure and changes in Fair Value of Investment Properties

	2018/19	2017/18
	£	£
Income / Expenditure from Investment Properties:		
Changes in Fair Value of Investment Properties	-	45,000
	-	45,000

Financing and Investment Income and Expenditure	2018/19			2017/18		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,650,638	-	1,650,638	1,715,221	-	1,715,221
Interest and Investment Income	-	(126,346)	(126,346)	-	(112,003)	(112,003)
Pensions interest cost	918,000	-	918,000	834,000	-	834,000
Changes in Fair Value of Investment Properties	-	-	-	45,000	-	45,000
	2,568,638	(126,346)	2,442,292	2,594,221	(112,003)	2,482,218

10 Taxation and Non Specific Grant Income

a Revenue Grants

	2018/19	2017/18
	£	£
General	(2,663,055)	(2,434,720)
	(2,663,055)	(2,434,720)
	-	-

c Capital Grants and Donated Assets - Applied

	2018/19	2017/18
	£	£
Government & Other Grants - Transfer from receipts in advance	(312,097)	(731,188)
	(312,097)	(731,188)

e District Rates

	2018/19	2017/18
	£	£
Current year	(45,253,570)	(43,334,463)
	(45,253,570)	(43,334,463)

Taxation and Non Specific Grant Income	2018/19	2017/18
	£	£
District Rate Income	(45,253,570)	(43,334,463)
Revenue Grants	(2,663,055)	(2,434,720)
Capital Grants and Contributions	(312,097)	(731,188)
	(48,228,722)	(46,500,371)

Lisburn & Castlereagh City Council
Notes to the Financial Statements
FOR THE YEAR ENDED 31 MARCH 2019

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 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	24,945,860	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												
	£	£	£	£	£	£	£	£	£	£	£	£
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
Balance as at 31 March 2019	24,945,860	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

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 2017	25,320,204	95,445,401	4,838,587	-	20,122,888	4,103,028	6,873,940	596,626	157,300,674	887,553	-	158,188,227
Balance as at 1 April 2017	25,320,204	95,445,401	4,838,587	-	20,122,888	4,103,028	6,873,940	596,626	157,300,674	887,553	-	158,188,227
Additions	116,500	-	-	-	1,564,718	-	1,971,929	-	3,653,147	-	-	3,653,147
Revaluation increases/decreases to Revaluation Reserve	1,363,314	3,689,867	-	-	-	801,162	-	483,399	6,337,742	-	-	6,337,742
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services	(137,052)	(4,040,488)	-	-	-	-	-	-	(4,177,540)	-	-	(4,177,540)
Derecognition - Disposals	(12,500)	-	-	-	(332,549)	-	-	-	(345,049)	-	-	(345,049)
Derecognition - Other	-	(212,310)	-	-	-	-	-	-	(212,310)	-	-	(212,310)
Reclassifications & Transfers	(324,174)	11,723,897	(4,399,696)	-	(379,740)	(309,673)	(6,921,590)	333,725	(277,251)	129,535	-	(147,716)
Balance as at 31 March 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
Depreciation and Impairment												
Land	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2017	-	3,563,475	146,121	-	17,236,876	-	-	-	20,946,472	-	-	20,946,472
Balance as at 1 April 2017	-	3,563,475	146,121	-	17,236,876	-	-	-	20,946,472	-	-	20,946,472
Depreciation Charge	-	3,472,966	18,097	-	900,072	-	-	-	4,391,135	-	-	4,391,135
Depreciation written out on Revaluation Reserve	-	(1,182,572)	-	-	-	-	-	-	(1,182,572)	-	-	(1,182,572)
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	-	(2,574,415)	-	-	-	-	-	-	(2,574,415)	-	-	(2,574,415)
Derecognition - Disposals	-	-	-	-	(318,939)	-	-	-	(318,939)	-	-	(318,939)
Derecognition - Other	-	(29,739)	-	-	-	-	-	-	(29,739)	-	-	(29,739)
Reclassifications & Transfers	-	221,359	(129,403)	-	(204,805)	-	-	-	(112,849)	-	-	(112,849)
Balance as at 31 March 2018	-	3,471,074	34,815	-	17,613,204	-	-	-	21,119,093	-	-	21,119,093
Net Book Values												
Balance as at 31 March 2018	26,326,292	103,135,293	404,076	-	3,362,113	4,594,517	1,924,279	1,413,750	141,160,320	1,017,088	-	142,177,408
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

11 c 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.

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 2018/2019 due to market conditions.

Intangible Assets	2018/19	2017/18
	£	£
Balance at start of year:		
Gross carrying amounts	280,636	132,921
Accumulated amortisation	196,759	72,921
Net carrying amount at start of year	83,877	60,000
Amortisation for the period	29,045	10,989
Other Changes	90,301	34,866
Net carrying amount at end of year	145,133	83,877

Comprising:

Gross carrying amounts	370,937	280,636
Accumulated amortisation	225,804	196,759
Net carrying amount at end of year	145,133	83,877

Intangible Assets	31/03/2019	31/03/2018
	£	£
Drinks Licence	60,000	60,000
Computer Software	85,133	23,877

145,133 83,877

d Investment Properties

The Council has an Investment Property (Urban Assault) situated within the Dundonald Ice Bowl complex.

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

Investment Properties	2018/19	2017/18
	£	£
Balance at start of the year	75,000	120,000
Net gains/losses from fair value adjustments	-	(45,000)
Balance at end of the year	75,000	75,000

e 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 contribute to knowledge and culture within the Borough. 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

9 Long-Term Assets - Leased Assets

	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	-	-	-

	Vehicles	Equipment	TOTAL
	£	£	£
Cost or Valuation			
At 1 April 2017	60,905	1,190,961	1,251,866
At 31 March 2018	60,905	1,190,961	1,251,866
Depreciation			
At 1 April 2017	60,905	1,135,317	1,196,222
At 31 March 2018	60,905	1,135,317	1,196,222
Net Book Value	-	55,644	55,644

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	2018/19	2017/18
	£	£
Opening Capital Financing Requirement	43,092,198	43,289,844
Capital Investment		
Property, Plant and Equipment	11	7,174,185
Revenue Expenditure Funded from Capital under Statute		116,711
Sources of Finance		
Capital Receipts	(111,282)	(32,255)
Government Grants and Other Contributions	10	(731,188)
Sums set aside from Revenue:		
Direct Revenue Contributions	(1,279,169)	(512,393)
Minimum Revenue Provision	(2,632,891)	(2,691,668)
Closing Capital Financing Requirement	45,930,944	43,092,198
Explanation of Movements in Year	2018/19	2017/18
	£	£
Increase in underlying need to borrow	2,838,747	(197,646)
Increase/(decrease) in Capital Financing Requirement	2,838,747	(197,646)

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	3,450,000	491,000	2,959,000
Total	3,450,000	491,000	2,959,000

14 Inventories

	2018/19 £	2017/18 £
Central Stores	133,251	93,975
Garage	43,204	47,808
Goods for Resale	72,506	99,837
Household Waste/ Recycling	106,270	136,629
Vending Stock	7,618	10,319
Other	63,173	70,571
Total	426,022	459,139

15 Debtors

a Long Term Debtors

	2018/19	2017/18
Government Departments	164,879	195,747
Other Councils	67,056	77,892
Total Long-Term Debtors	231,935	273,639

b Short Term Debtors

	2018/19 £	2017/18 £
Government Departments	5,289,337	2,236,271
Other Councils	54,513	42,573
NIHE loans	15,434	15,434
Interest Receivable	28,720	11,773
Value Added Tax	979,250	668,746
Prepayments	143,831	160,363
Other	118,040	161,837
Trade receivables	937,212	688,921
Impairment loss - Trade receivables	(114,656)	(75,879)
Total Short-Term Debtors	7,451,681	3,910,039

Total Debtors	7,683,616	4,183,678
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16 Investments

a Long Term Investments

	2018/19 £	2017/18 £
Investments - general	20,578	20,555
Total Long-term Investments	20,578	20,555

17 Borrowings

a Short Term Borrowing		
	2018/19	2017/18
	£	£
Loans re-payable within one year	1,688,503	1,404,104
Finance Lease Principal	12,801	18,567
Total Short Term Borrowing	1,701,304	1,422,671
b Long Term Borrowing		
	2018/19	2017/18
	£	£
Between 1 and 2 years	1,809,979	1,412,899
Between 2 and 5 years	3,381,865	4,609,583
Between 5 and 10 years	6,750,179	6,626,435
In more than 10 years	13,388,967	14,523,875
Government Loans Fund	25,330,990	27,172,792
Total Borrowing	27,032,294	28,595,463

18 Creditors

a Short Term Creditors		
	2018/19	2017/18
	£	£
Government Departments	1,215,701	1,296,676
Other Councils	459,245	604,039
Accumulated Absences	479,553	419,238
Loan Interest Payable	267,502	275,750
Receipts in advance	566,176	860,322
Trade creditors	4,629,879	4,683,031
Other	721,022	63,000
Total Short Term Creditors	8,339,078	8,202,056
Total Creditors	8,339,078	8,202,056

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 25,267 invoices totalling £46,846,902.

The number of disputed invoices were unknown.

The Council paid:
 21,538 (85%) invoices with 30 calendar days target;
 15,028 (59%) invoices within 10 working days target; and
 3,729 (15%) invoices outside of the 30 day target.

Provisions	Balance as at 1 April 2018	Increase in provision during year	Utilised during year	Unused amounts reversed	and/or discount rate changes	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 Claim	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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Comparative Year

Provisions	Balance as at 1 April 2017	Increase in provision during year	Utilised during year	Unused amounts reversed	and/or discount rate changes	Restated Balance as at 31 March 2018
	£	£	£	£	£	£
Landfill closure	3,781,109	28,375	(66,299)	(1,055,895)	365,664	3,052,954
Single Status	147,034	40,000	(147,034)	-	-	40,000
Other - Insurance Claim	187,466	41,427	(104,793)	-	-	124,100
Total	4,115,609	109,802	(318,126)	(1,055,895)	365,664	3,217,054

Current Provisions	2,347,746	109,802	(318,126)	(1,055,895)	365,664	1,449,191
Long Term Provisions	1,767,863	-	-	-	-	1,767,863

Total	4,115,609	109,802	(318,126)	(1,055,895)	365,664	3,217,054
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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 has been maintained to reflect the current outstanding appeals at 31 March 2019.

Other - Insurance Claims

Other provisions related to pending insurance claims and the associated estimated costs. Of the provision created in 2015/2016, £66,535 was utilised during the year. New provisions were created in 2018/2019 totalling £44,746

Categories of Financial Instruments

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

Credit Risk

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

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

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.

Market Risk

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

Foreign Exchange Risk

The Council has 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 £40,245,806 (2017/18 £41,795,398)

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:

	2018/19	2017/18
	£	£
Net cost of services:		
Current service cost	6,480,000	5,987,000
Past service cost/(gain)	4,261,000	96,000
Net Interest on net defined benefit Liability (asset)	918,000	834,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	11,659,000	6,917,000
Movement in Reserves Statement:		
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code	(11,659,000)	(6,917,000)
Employers' contributions payable to scheme	4,105,000	3,826,000
Net adjustment to General Fund	(7,554,000)	(3,091,000)

The service cost figures include an allowance for administration expenses of £78,000 (2017/18 £74,000).

Remeasurements recognised in Other Comprehensive Income and Expenditure	2018/19	2017/18
	£	£
Liability gains/(losses) due to change in assumptions	(12,111,000)	(3,537,000)
Liability gains/(losses) due to due to demographic changes	8,438,000	-
Liability experience gains/(losses) arising in the year	(212,000)	(648,000)
Actuarial gains/(losses) on plan assets	7,066,000	3,867,000
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure	3,181,000	(318,000)

c Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:	2018/19	2017/18
	£	£
Balance as at 1 April	192,918,596	180,363,596
Current service cost	6,480,000	5,987,000
Interest cost	4,985,000	4,660,000

Contributions by members	1,238,000	1,183,000
Remeasurement (gains) and losses:		
Actuarial gains/losses arising from changes in financial assumptions	12,111,000	3,537,000
Actuarial gains/losses arising from demographic changes	(8,438,000)	-
Actuarial gains/losses arising on liabilities from experience	212,000	648,000
Past service costs/(gains)	4,261,000	96,000
Estimated unfunded benefits paid	(41,000)	(39,000)
Estimated benefits paid	(3,625,000)	(3,517,000)
Balance as at 31 March	210,101,596	192,918,596

Allowance for the McCloud Judgement and GMP Indexation / Equalisation

Retirement Benefits above includes an estimated allowance for additional liabilities that are now probable arising from the McCloud Judgement and GMP Indexation and Equalisation cases outlined below.

The additional liability is shown as a Past Service Cost over the accounting period based on an effective date of 31 March 2019.

McCloud Judgement

In December 2018 the Court of Appeal ruled in the 'McCloud/Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the request on 27/06/19. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation.

While the judgement was not in relation to members with Local Government Pension Scheme (NL) benefits it would be reasonable to assume that the Government will now seek remedy for all public sector schemes, including Local Government Pension Scheme (NL).

The additional liability was calculated to be 3.2% of the Council's active liabilities using a salary increase assumption of 1.5% above CPI inflation

GMP Indexation and Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that is payable to members who were contracted out of the State Second Pension and accrued benefits in the scheme between 6 April 1978 and 5 April 1997. The LGPS (NL) was contracted out.

The GMP was intended to approximately replace the State Pension which members were giving up, however the payment terms of GMP are different between men and women, which was a consequence of the state pension itself being unequal at that time.

On 26/10/18 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required.

The estimated liability has been based on a typical Local Government pension fund to quantify the value of fully indexing GMP's in line with CPI inflation for those reaching Second State Pension age after 5 December 2018. This was calculated to be 0.3% of the liabilities / defined benefit obligation.

Reconciliation of present value of the scheme assets:	2018/19	2017/18
	£	£
Balance as at 1 April	155,551,442	146,405,442
Interest Income	4,067,000	3,826,000
Contributions by members	1,238,000	1,183,000
Contributions by employer	4,064,000	3,787,000
Contributions in respect of unfunded benefits	41,000	39,000
Remeasurement gain/(loss)	7,066,000	3,867,000
Unfunded benefits paid	(41,000)	(39,000)
Benefits paid	(3,625,000)	(3,517,000)
Balance as at 31 March	168,361,442	155,551,442

The actual return on scheme assets in the year was a gain of £11,133,000 (2017/18 gain of £7,693,000).

Fair Value of Plan Assets	2018/19	2017/18
	£	£
Equity investments	100	111
Bonds	40	19
Property	18	16
Cash	5	10
Other	5	-
	168	156

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):

	2018/19	2017/18
	£	£
Fair Value of Employer Assets	168,361,442	155,551,442
Present value of funded defined benefit obligation	(210,101,596)	(192,918,596)
Pension asset/(liability) of Funded Scheme	(41,740,154)	(37,367,154)
Net asset/(liability) arising from the defined benefit obligation	(41,740,154)	(37,367,154)
Amount in the Balance sheet:		
Liabilities	(210,102,000)	(192,919,000)
Assets	168,361,000	155,551,000
Net Asset/(Liability)	(41,741,000)	(37,368,000)

Scheme History		
Analysis of scheme assets and liabilities		
	2018/19	2017/18
	£	£
Fair Value of Assets in pension scheme	168,361,442	155,551,442
Present Value of Defined Benefit Obligation	(210,101,596)	(192,918,596)

Surplus/(deficit) in the Scheme	(41,740,154)	(37,367,154)
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Amount recognised in Other Comprehensive Income and Expenditure:		
	2018/19	2017/18
	£	£
Actuarial gains/(losses)	3,181,000	(318,000)
Remeasurements recognised in Other Comprehensive Income and Expenditure	3,181,000	(318,000)
Cumulative actuarial gains and losses	2,863,000	(318,000)
History of experience gains and losses:		
Experience gains and (losses) on liabilities	7,066,000	3,867,000

Analysis of projected amount to be charged to the Comprehensive Income and Expenditure Statement for the year to 31 March 2019

	31/03/2019	31/03/2019
	£	%
Projected current cost	6,480,000	0.0%
Net interest on the net defined benefit liability (asset)	918,000	0.0%
Past service cost	4,261,000	0.0%
	11,659,000	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 £6.9m.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2018/19 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2019.

	2018/19	2017/18
	%	%
Experience gains and (losses) on Liabilities	-3.36%	-2.00%

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The Council's Fund liabilities have been assessed by Aon Hewitt Limited, an independent firm of actuaries, estimates for the Council Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2019.

Pension scheme assumptions:	2018/19	2017/18
	%	%
Mortality assumptions:		
Longevity at 65 current pensioners:	Years	Years
Men	22.6	23.3
Women	24.3	25.9
Longevity at 65 for future pensioners:		
Men	24.9	25.5
Women	26.7	28.2
Inflation/Pension Increase Rate		
Salary Increase Rate	2.20%	2.10%
Discount Rate	3.70%	3.60%
Pension accounts revaluation rate	2.40%	2.60%
	2.20%	2.10%

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 2019 is set out below.

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

Funded Pension Scheme Benefits

Discount Rate Assumption

	+0.1%p.a.	-0.1%p.a.
Adjustment to discount rate		
Present value of the total obligation	205,278,000	209,464,000
% change in the present value of the total obligation	-2.00%	2.00%
Projected service cost	6,701,000	7,104,000
Approximate % change in projected service cost	-2.90%	3.00%

Rate of General Increase in Salaries

	+0.1%p.a.	-0.1%p.a.
Adjustment to salary increase rate		
Present value of the total obligation	210,799	203,995,000
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost	6,900,000	6,900,000
Approximate % change in projected service cost	0.00%	0.00%

Rate of Increase to Pensions in Payment and Deferred Pension Assumption

	+0.1%p.a.	-0.1%p.a.
Adjustment to pension increase rate		
Present value of the total obligation	212,453,000	202,382,000
% change in the present value of the total obligation	1.40%	-1.40%
Projected service cost	7,104,000	6,701,000
Approximate % change in projected service cost	3.00%	-2.90%

Post Retirement Mortality Assumption

	- 1 Year	+1 Year
Adjustment to mortality age rating assumption*		
Present value of the total obligation	216,163,000	198,772,000
% change in the present value of the total obligation	3.20%	-3.20%
Projected service cost	7,162,000	6,640,000
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:

	31/03/2018	31/03/2017
Equity investments	59.50%	71.40%
Government Bonds	16.50%	5.20%
Corporate Bonds	7.00%	7.20%
Property	11.20%	10.00%
Cash	2.70%	4.50%
Other	3.10%	1.70%
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 31/03/2016. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Resource Accounts as at 31 March 2019.

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

22 Capital Grants Received in Advance	2018/19	2017/18
	£	£
Opening balance	186,058	135,206
Add: new capital grants received in advance (condition of use not met)	2,926,166	782,040
Less: amounts released to the Comprehensive Income and Expenditure Statement	(312,097)	(731,188)
	2,800,127	186,058

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	2018/19	2017/18
	£	£
Glenavy Village Renewal	1,205	1,206
Hilden	3,852	3,852
Billy Neill Masterplan	491,996	80,000
Comber Greenway	204,000	-
Lisburn Linkages	480,660	-
Hillsborough Forest	901,269	-
Moneyreagh CC	48,431	-
Recycling project	517,713	-
Ballybeen	50,000	-
Moat Park	70,000	70,000
West Lisburn Development	6,000	6,000
Carryduff Greenway	25,000	25,000
	2,800,127	186,058

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.

A decision was reached in June 2019 in respect of how 'holiday pay' was calculated under the working time regulations. The Working Time Regulations refers to 'Normal Pay' for holiday pay and this should have included overtime and allowances over a certain reference period leading up to the holiday. The Council is considering the impact of this decision and have been consulting with the trade unions.

24 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	2018/19	2017/18
		£	£
Depreciation	11	4,693,144	4,402,124
Impairment & downward revaluations (& non-sale derecognitions)	11	303,480	1,785,696
(Increase)/Decrease in inventories		33,117	(76,439)
(Increase)/Decrease in Debtors		(3,521,767)	(1,520,847)
(Increase)/Decrease in Interest Debtors		(16,947)	53,417
Increase/(decrease) in impairment provision for bad debts		38,777	3,576
Increase/(Decrease) in Creditors		2,759,316	1,606,354
Increase/(Decrease) in Interest Creditors		(8,248)	(17,713)
Payments to NILGOSC	20	7,554,000	3,091,000
Carrying amount of non-current assets sold	8	139,040	26,110
Contributions to Other Reserves/Provisions		136,440	(898,555)
Movement in value of investment properties-included above in Impairment & downward revaluations (& non-sale derecognitions)		-	45,000
		12,110,351	8,499,723

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2018/19	2017/18
	£	£
Proceeds from the sale of PP&E, investment property and intangible assets	(126,282)	(32,255)
Capital grants included in "Taxation & non-specific grant income"	(312,097)	(731,188)
	(438,379)	(763,443)

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:

	2018/19	2017/18
	£	£
Cash and Bank balances	13,867,354	11,313,563
Short Term Deposits (considered to be Cash Equivalents)	10,951,700	13,473,707
Bank Overdraft	(11,492,944)	(6,304,932)
	13,326,110	18,482,338

c Cash Flow Statement: Operating Activities			2018/19	2017/18
The cash flows from operating activities include:			£	£
Interest received			(103,868)	(165,420)
Interest paid			2,576,886	2,611,934

d Cash flows from Investing Activities			2018/19	2017/18
			£	£
Purchase of PP&E, investment property and intangible assets			7,174,185	3,653,147
Proceeds from the sale of PP&E, investment property and intangible assets			(126,282)	(32,255)
Capital Grants and Contributions Received			(312,097)	(731,188)
Net Cash flows from Investing Activities			6,735,806	2,889,704

e Cash flows from Financing Activities			2018/19	2017/18
			£	£
Repayment of Short and Long Term Borrowing			(1,563,169)	(1,768,188)
Net Cash flows from Financing Activities			(1,563,169)	(1,768,188)

25 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	31/03/2019	31/03/2018
		£	£
At 1 April		1,075,582	1,075,582
Movement			
Disposal of Non Current Assets/ Capital Sales		126,282	32,255
Capital Receipts used to finance capital expenditure	3, 11	(111,282)	(32,255)
At 31 March		1,090,582	1,075,582

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	31/03/2019	31/03/2018
	£	£
At 1 April	11,667	11,667
At 31 March	11,667	11,667

c Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. Councils should disclose details where any of these reserves are earmarked for specific purposes. The Council does not hold this type of reserve.

d Renewal and Repairs Fund

Renewal and Repairs Fund	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		1,263,060	905,911
Transfers between statutory & other reserves & the General Fund		(144,365)	357,149
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure	12	-	-
At 31 March		1,118,695	1,263,060

e Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		5,711,239	5,770,181
Transfers between statutory & other reserves & the General Fund	4	86,001	(58,942)
At 31 March		5,797,240	5,711,239

This reserve is for the settlement of future long term liabilities arising from previous capital investments (£5.5m). It is also used to equalise (smooth) the cost of elections by building up a fund to cover the costs of future elections by making contributions, as and when required, to the reserve.

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	31/03/2019	31/03/2018
		£	£
At 1 April		18,760,935	16,193,583
Applied Capital Grants	10, 12	(312,097)	(731,188)
Direct Revenue Financing	4, 12	(1,279,169)	(512,393)
Depreciation and Impairment adjustment	4	4,996,624	6,232,820
Statutory Provision for financing Capital Investment	4	(2,632,891)	(2,691,668)
Net Revenue expenditure funded from capital under statute	4, 12	-	116,711
Surplus/(Deficit) on the Provision of Services	CIES	(8,529,225)	(3,018,403)
Transfers between Statutory and Other Reserves and the General Fund	4	58,365	(298,207)
Net movements on Pension Reserve	4, 20	7,554,000	3,091,000
Disposal of Fixed Assets/Capital Sales	3, 4, 11, 23	12,758	(6,145)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		60,315	19,161
Other Movements		86,186	365,664
At 31 March		18,775,801	18,760,935

26 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	31/03/2019	31/03/2018
		£	£
At 1 April		56,524,954	57,667,991
Applied Capital Grants	10, 12	312,097	731,188
Direct Revenue Financing	4, 12	1,279,169	512,393
Depreciation & Impairment adjustment	11	(4,996,624)	(6,232,820)
Statutory Provision for financing Capital Investment	4, 12	2,632,891	2,691,668
Net Revenue expenditure funded from Capital under statute	4, 12	-	(116,711)
Disposal of Fixed Assets/ Capital Sales	4, 11	(139,040)	(26,110)
Capital Receipts used to finance capital expenditure	4, 12	111,282	32,255
Other Movements		1,294,953	1,265,100
At 31 March		57,019,681	56,524,954

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 2019.

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	31/03/2019	31/03/2018
		£	£
At 1 April		42,718,831	36,463,617
Revaluation & Impairment	11	4,020,686	7,520,314
Other Movements		(1,294,953)	(1,265,100)
At 31 March		45,444,564	42,718,831

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 2019.

e Pension Reserve

Pension Reserve	Notes	31/03/2019	31/03/2018
		£	£
At 1 April		(37,368,000)	(33,959,000)
Net Movements on Pension Reserve	4, 21	(7,554,000)	(3,091,000)
Revaluation & Impairment	21	3,181,000	(318,000)
At 31 March		(41,741,000)	(37,368,000)

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 2019.

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	31/03/2019	31/03/2018
	£	£
At 1 April	(419,238)	(400,077)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	(60,315)	(19,161)
At 31 March	(479,553)	(419,238)

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	31/03/2019	31/03/2018
	£	£
At 1 April	(365,664)	-
Difference between finance and other costs and income calculated on an	(86,186)	(365,664)
At 31 March	(451,850)	(365,664)

27 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 in relation to 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

- 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	2018/19		2017/18	
	Turnover	Profit/(Loss)	Turnover	Profit/(Loss)
	£	£	£	£
Irish Linen Centre shop	43,795	(14,246)	53,230	(31,265)
Provision of Car Parking Facilities	749,245	(84,537)	727,418	(108,082)
Total	793,040	(98,783)	780,648	(139,347)

28 Agency Services

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 2019 no monies relating to management fees were outstanding.

Lagan Rural Partnership Joint Committee

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 £118,338 (2017/2018 £130,192) and received income from DAERA of £118,338 (2017/2018 £130,192) 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.

LCCC administered payments of £312,280 (FY 17/18 £177,796) and received income from the other Councils of £184,852 (FY 17/18 £183,251) as reimbursement of its outlay.

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.

Waste Management Bodies.

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 2019, the Council made payments of £5.24m (2018: £4.74m) to ARC 21. At 31st March 2019, the Council owed £38k (2018: £17k) to ARC 21 and were due £14.6k (2018: £10.7k) 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	2018/2019	2017/2018
	£	£
Arc 21	5,224,560	4,742,813
Belfast Region City Deal Eng Forum	104,253	-
Belfast Hills Partnership	15,971	15,971
Belfast Regional Tourism Partnership	21,000	-
Lagan Navigation Trust	86,100	-
Lagan Valley Rural Transport	20,217	18,298
Lisburn & Castlereagh Local Sports Advisory Council	40,000	40,000
Lisburn & Castlereagh Citizens' Advice Bureau Board	251,345	216,133
Lisburn Commerce Against Crime	245,458	156,180
Lough Neagh Partnership	3,500	3,500
National Association of Councillors	2,820	3,200
NI Amenity Council	2,465	-
NILGA	51,758	66,817
NI Museums Council	360	180
Somme Advisory Council	1,060	834
Ulster Grand Prix and Bike Week Steering Group	22,000	-

31 Third Party Asset

The Council holds £58k (2017/18 £27k) 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

There were no events occurring after 31st March 2019 which require adjustment to the Council's financial statements or additional disclosures.

Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 30 September 2019.