

STATEMENT OF ACCOUNTS

Derry City and Strabane District Council

For the year ended 31st March 2022

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Derry City and Strabane District Council

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Narrative Report

Introduction

The Council's financial performance for the year ended 31st March 2022 is as set out in the Comprehensive Income and Expenditure Statement and its financial position is as set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom for the year ended 31st March 2022 (the Code) and the Department for Communities Accounts Direction, Circular LG 02/2022. 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 Derry City and Strabane District Council's finances during the financial year 2021/22 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. Derry City and Strabane District Council owns 100% of the shares in City of Derry Airport (Operations) Limited, which commenced trading on 1st April 2010, and accordingly Council is required to prepare Group Financial Statements incorporating the Airport. Derry City and Strabane District Council continues to provide support to CODA (Operations) Limited to ensure it meets its day to day working and fixed capital requirements. There are going concern issues at the airport and these are clearly outlined in the governance statement, note 11 and in the Group Financial Statements in notes 1 and 5.

The Movement in Reserves Statement

This Statement, as set out on page 36, shows the movement in the year on the different reserves held by the 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 the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for Local Tax purposes. The 'Net increase/decrease before transfers to statutory and other reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from statutory and other reserves undertaken by the Council.

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 35, shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils 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 Balance Sheet

The Balance Sheet, as set out on page 37, shows the value as at the Balance Sheet date of the Council's assets and liabilities. 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, 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 authority 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 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.

Performance Report

Community Planning

Derry City and Strabane District Council's Strategic Growth Partnerships agreed a reviewed Strategic Growth Plan on the 17th June 2022. The Plan was developed in accordance with the statutory duty of Community Planning as set out in the Local Government Act (2014). The duty created a partnership between all the tiers of government, the community and voluntary sector and business to improve the wellbeing of its citizens. Community Planning provides a form of strong integrated, partnership governance that takes a strategic view and is evidence based, people focused and place-centred. It helps ensure that by working together and pooling resources we can strategically grow and improve social, economic and environmental wellbeing for all.

The plan was developed as a result of an extensive co-design process and informed by a robust evidence base. It was subject to a significant public consultation process. 19 public consultation events were held across the council area with other engagements with interested stakeholders provided on request. 16,000 copies of a bespoke children's version of the Strategic Growth Plan were circulated to all primary school pupils in the City and District also seeking their views.

The feedback demonstrated an overwhelming support for the Growth Plan and the aspirations within it. The consultation evidenced and validated the approach to co-design and co-production as they supported the outcomes, indicators and actions within the plan and reinforced the key need for the transformative projects to deliver social, economic and environmental wellbeing and regeneration.

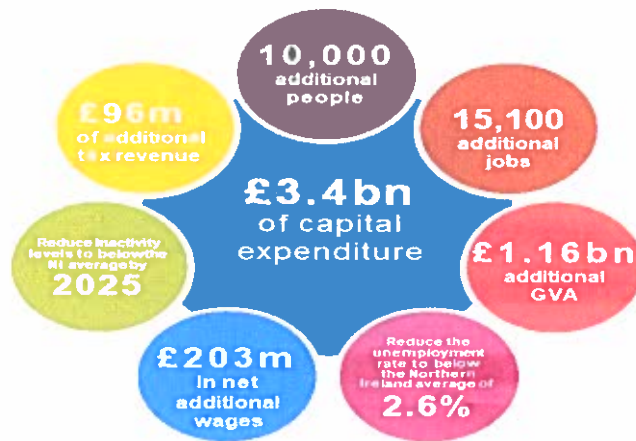
The Council and its partners have convened around a common and agreed vision:

Our vision is a thriving, prosperous and sustainable City and District with equality of opportunity for all.



35 indicators are also outlined within the plan to measure progress in achieving the outcomes. Over 200 actions are also detailed in the plan including the expansion of the University of Ulster at Magee, the development of transport infrastructure and models of prevention and early intervention to reduce levels of health inequalities and deprivation.

Combined, these actions will have a significant impact on Derry City and Strabane District. The Partnership commissioned an economic forecast of the impacts of the plan, its interdependencies and risks. The economic forecast has projected that plan shall generate capital expenditure in the region of £3.4bn, creating in turn £450m additional Gross Value Added for our local economy, it will create 15,000 additional jobs, grow the Council area's resident population by 10,000 people and generate £100m in additional tax revenue.



The implementation of the plan is ongoing and is governed by the Strategic Growth Partnership and delivery partnerships. In accordance with the legislation, the partnership has published a 'statement on progress' on achieving the outcomes, indicators and actions within the plan in November 2019 and November 2021. This statement provides transparency around the business of community planning and the performance of the statutory and support partners in its delivery. These reports have shown that early, tangible progress has been made across many of our outcomes and despite the challenges presented by the pandemic, political instability and the UK's exit from the EU.

Furthermore, a review of the Strategic Growth Plan was completed and approved in February 2022 and following public consultation the amended final document was approved by the Strategic Growth Partnership in June 2022 and can be viewed along with further information on the Strategic Growth Plan for the Derry City and Strabane District Council area at www.growderrystrabane.com. This shows progress has been made in achieving the outcomes, actions and indicators and associated economic impacts.

The Council is fully committed to leading and facilitating this process with its partners.

City Deal

One of the key risks to delivery of the Strategic Growth Plan is ensuring the necessary finances are secured, both public and private, to advance the priority projects and initiatives identified within the plan. Thankfully, on 24th February 2021, following a long period of engagement with Government, a significant milestone for the City and Region was achieved with the signing of the Heads of Terms for the Derry/ Londonderry and Strabane £250m City Deal and Inclusive Future Fund Investment Plan.

This Heads of Terms Document is an agreement between the UK Government, Northern Ireland Executive and Derry City and Strabane District Council, together with its project delivery partners - Ulster University, Western Health and Social Care Trust, Clinical Translational Research and Innovation Centre (CTRIC) and the North West Regional College. It sets out a commitment to a £250m City Deal and Inclusive Future Fund Investment Plan to deliver on a suite of integrated and complementary catalyst projects in the areas of Innovation, Digital and Health together with a number of major transformational Regeneration, Tourism and Renewal projects all of which are derived from and contribute to the objectives of the region's Inclusive Strategic Growth Plan 2017-2032. It is underpinned by a cross-cutting commitment by the delivery partners to lever the opportunity of the investment to further job creation, skills and employability and to develop and deliver the projects inclusively and sustainably.

The investment package of £250 million comprises a funding commitment by the UK Government of £50 million City Deal and £55 million Inclusive Future Fund; £105 million match funding by the Northern Ireland Executive; and contributions by Derry City and Strabane District Council and project delivery partners of a minimum of £40 million. The Inclusive Future Fund element of the investment plan is an exclusive fund for the City and region. It recognises the unique circumstances facing the region and will help create new opportunities for the whole of the community. The City Deal and Inclusive Future Fund Investment Plan will boost the economic potential of the region and support a more prosperous, united community and stronger society.

The catalytic impact of this will result in the single biggest ever combined and integrated funding injection in the City and District, that will enable progress and delivery of a number of key infrastructure, tourism and regeneration projects contained within the Strategic Growth plan across 2 pillars of investment as follows:-

Innovation, Digital and Health Pillar

- Centre for Industrial Digitalisation, Robotics and Automation (CIDRA)
- Cognitive Analytics Research Laboratory (CARL)
- The Transformation Healthcare Research Innovation Value based Ecosystem (THRIVE)
- Northern Ireland Graduate Entry Medical School (NIGEMS)
- Digital Enabling Infrastructure Programme
- SMART Cities initiatives

Regeneration, Tourism and Renewal Pillar

- Major Strabane Town Centre Regeneration project
- Derry Central Riverfront Regeneration (including Queens Quay)
- DNA Museum Ebrington
- Walled City Tourism/ Economic Investment

Council and its strategic partners are currently in the process of developing and completing Outline Business Cases for all these transformative projects with a view to agreeing a Financial Deal with Governments and at which point Government funding can commence flowing to the projects.

This new and unprecedented investment builds on a significant programme of investment already completed or underway including the A6 roads project, the multi-modal transport hub, and Council's ambitious capital programme of over £100m community capital investment.

Organisational structure and Financial performance

The Council has been structurally organised to ensure that it is poised and ready to deliver on outcomes and actions within the Strategic Growth Plan. Three directorates have been formed to align with the three pillars of social, economic and environmental wellbeing. Our Health and Community Directorate is aligned to the social wellbeing pillar, our Business and Culture directorate is aligned to the economic pillar of wellbeing and our Environment and Regeneration directorate has been aligned to the environmental pillar of wellbeing. Subsidiary to the directors, each of the outcome delivery partnerships have been allocated Head of Service or Senior Responsible Owner which will assist the Outcome delivery partnership deliver on its actions. The actions within the Strategic Growth Plan that are attributable to Council are featured within our Service Plans and the Council has aligned its performance improvement objectives to the outcomes. Together this demonstrates organisational readiness for delivery of Strategic Growth in the coming years.

The organisational structure and committee structure is based on these three directorates. They also are supported by Cross-Cutting support services (including Finance, Legal, Human Resources, Internal Audit, Performance Improvement and Corporate funding). Budgets are managed and controlled on this basis. Additional budget areas are included for City of Derry Airport and also Capital projects and loan charges which are key organisational priorities identified in the Strategic Growth Plan.

For the year ended 31 March 2022 the Council maintained its General Fund reserve at £5,188,266. A surplus of £68k after transfers to and from reserves was earmarked by Council towards a hardship fund. Financial performance for the year has been summarised in the table below:-

Area	Annual Budget	Net Expenditure	Variance
	£000	£000	£000
Cross Cutting Corporate Services	5,627	5,319	(308)
Council	1,322	1,121	(201)
Health & Community	11,243	11,060	(183)
Business & Culture	8,191	8,021	(170)
Environment & Regeneration	26,694	26,109	(585)
Capital and loans (excluding City of Derry Airport)	6,448	6,448	0
City of Derry Airport (including capital and loans)	4,390	4,398	8
Other costs and income (including exceptional items)	(323)	761	1,084
Total net expenditure	63,592	63,237	(355)

Sources of funding:-

Rates support grant	(4,079)	(4,079)	0
Rates (including derating grant)	(62,082)	(62,541)	(459)
Transferring Functions Grant	(361)	(361)	0
Transfers from and (to) reserves	3,380	3,744	364
Total funding	(63,142)	(63,237)	(95)
(Surplus)/ Deficit	450	0	(450)
Opening District Fund		(5,189)	
Closing District fund		(5,189)	

The Council's finances have been significantly impacted by the effects of the COVID 19 pandemic on Council income streams and service costs. Thankfully, Council has continued to access the following support from Government during the year to alleviate these significant financial pressures and ensure Council finances have remained sustainable:-

- Department for Communities financial losses support £1.839m
- Coronavirus Job Retention Scheme £236k
- DAERA waste management costs funding £397k

These measures have been accompanied by significant rates support from Department of Finance for businesses to ensure that Council's rates income has not been adversely impacted in the short term.

A detailed analysis of income and expenditure for each service area is provided in Note 2c to the accounts in line with the "Telling the Story" format of accounts. This is then reconciled in Note 2a to the expenditure and income included in the Comprehensive Income and Expenditure Statement.

Financial challenges associated with the COVID 19 Pandemic and other global factors

Moving forward into 2022/23 and beyond, Council will continue to face very significant financial challenges particularly when Government pandemic support funding ceases both for Council and for ratepayers. Once this support ceases, Council's future financial position will be dependent on the recovery of service income levels to pre-COVID and budgeted levels, the recovery of Council's non-domestic rate-base following the pandemic and a reduction in new health and safety and waste management expenditure to pre- COVID levels. All these issues remain very uncertain and challenging for Council at this time.

Furthermore, more recently, significant new financial pressures are continuing to emerge for Council with increasing utility costs and inflation, staff pay pressures associated with recent strike action as well as potential increases in employer pension costs. None of these issues have been budgeted for as part of the 2022/23 rates process as they were not known at the time. These issues pose significant challenges for future sustainability and rates processes and it is critical therefore that Council has robust reserves in place to deal with these issues and minimize rates implications.

Thankfully, during 2020/21, as a result of advance funding received from Central Government and Council contingency funding set aside, a new "financial commitments and contingencies" reserve was set up by Council to ensure all risks are fully mitigated in the short term. This reserve includes the following funding and contingencies:-

- £2.508m Department of Communities COVID Financial losses funding received in advance during 2020/21 and 2021/22 for continued losses associated with the pandemic into 2022/23;
- £3.479m Council Contingency funding brought forward from 2019/20 capital project budgets set aside to mitigate rising utility costs, inflation and waste contract pressures during 2022/23 and provide contingency for upcoming challenges associated with the 2023/24 rates process;
- £2.711m funding secured through an additional Rates Support Grant allocation during 2021/22 as well as pay savings and reallocation of reserves set aside to cover risks associated with Rates Support Grant cuts, hardship and pay pressures as a result of recent strike action during 2022/23;
- £1.9m Council Contingency funding set aside from 2021/22 rates finalisation surplus to cover non-domestic ratebase risk associated with write offs and revaluation appeals;

This reserve will ensure that these risks will be fully mitigated for 2022/23 but pose significant challenges for future sustainability and rates processes.

Council has also set aside funding of £3m within its Capital Fund for resourcing and project development costs required to ensure City Deal and other strategic, rural and community projects can progress and maintains a District fund balance of £5.189m of which £950k has been earmarked to cover rates funded from reserves over the next 3 years leaving a net balance of £4.239m which represents 6.24% of 2022/23 net expenditure and is in line with relevant guidance.

Efficiency programme

Since the inception of the new Council, recurrent efficiencies of over £4.1m have been identified. A key part of this has been enabled through organisational restructuring and severance payments to officers who have left the organisation. Included within 2021/22 net expenditure (other costs and income) is a sum of £666,544 relating to officer severance payments. The Council has not had to borrow or utilise capitalisation directions to fund these costs.

As part of the rates estimates processes from 2017/18 to 2022/23, these efficiencies along with some new rates investment have enabled Council to reinvest over £5m in growth and new service developments as identified within the Strategic Growth plan. These include loan charges funding for Council's capital plan and city deals (£2.95m), festivals and events funding including a new major festivals fund (£872k), a third party capital projects fund (£75k), and further investment in rural community services and grant aid (£217k) as well as a range of other service developments and new initiatives. These efficiencies and savings also enabled Council to strike the a rates increase of 3.44% for 2021/22 despite the significant financial challenges faced by the organisation.

Identification of further efficiencies remains a priority for the new Council to fund further investment in Council's growth ambitions.

Capital Expenditure

Capital expenditure is a key priority for the new Council as identified in the Strategic Growth Plan. Since inception in 2015, the new Council has completed projects to the value of £73.7m of which £35.8m has been secured from external sources. A further £75.7m of projects have been approved with the full funding package in place or funding source identified with £57.7m already secured from external sources. Council has also allocated further funding of circa £6.3m to progress a range of other community and strategic projects which will lever external funding as part of Council's City Deal proposals and from other funding sources.

Expenditure on capital projects during the year amounted to £10,351,630. The breakdown of this expenditure is shown in Note 11 (Fixed Assets Schedules) to the Financial Statements. The major items of expenditure, including work in progress, were as follows:-

	£
Leisure, Recreation and Pitches	3,842,966
Community Centres	1,636,730
Greenways and Public Realm	1,294,235
Vehicles and Equipment	1,128,281
Parks and Play Areas Development	810,050
Tourism and Culture Development	649,731
Cemetery Provision Development	637,954
Planning Portal	170,071
City of Derry Airport	138,522
Other works	43,090
Total	10,351,630

Grants to the value of £1,657,540 were received or were receivable to partly fund the capital expenditure.

The Council can finance Capital Expenditure using:

- Loan Finance (loan or lease)
- Grant Aid
- Capital Receipts - proceeds from the sale of capital assets
- Repairs and Renewals/Capital Funds
- Transfers of funds from revenue resources

Details of the financing of capital expenditure for the year are shown in Note 12 to the Financial Statements.

The total amount outstanding on Government Loans as at 31st March 2022 was £40,237,166. No new loans were drawn down during the year. Capital expenditure unfinanced at 31st March 2022 for which loans will be drawn down was £12,471,529.

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to ratepayers how the funding available to the authority (ie 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.

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

The Council's Responsibilities

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

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

These accounts were approved by the Chief Executive on 26th September 2022.

The Chief Financial Officer's Responsibilities

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

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

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

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

The Chief Financial Officer is also required to:

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

ANNUAL GOVERNANCE STATEMENT

Scope of Responsibility

Derry City and Strabane District 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, efficiency and effectively.

Derry City and Strabane District Council also has a duty under Local Government (Best Value) Act (Northern Ireland) 2002 to make arrangements for continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The Council has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.derrystrabane.com. This statement explains how the Council meets the requirements of Regulation 4 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

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

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

The governance framework has been in place at the local authority for the year ended 31 March 2022 and up to the date of approval of the financial statements.

The governance framework

Describe the key elements of the systems and processes that comprise the local authority's governance arrangements including arrangements for:

- **Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users.**

The Council communicates its vision of its purpose and intended outcomes through a number of channels, namely its community plan/"Inclusive, Strategic Growth Plan", local growth plans (aligned to each District Electoral Area and one for Strabane Town), its corporate plan and its ongoing approach to communications and engagement.

A dedicated webpage has been developed for the Community Planning process which articulates the intended long term outcomes for social, economic and environmental wellbeing. All partnership meetings are held in public and the papers are made available to the public. A range of digital tools and social media campaigns have also been developed to communicate the aims of the Strategic Growth Plan and its performance. The Partnership also adopted a communications and engagement strategy in October 2020 See: www.growderrystrabane.com.

Derry City and Strabane District's Strategic Growth Partnership (its community planning partnership) launched an ambitious plan to improve social, economic and environmental wellbeing in the City and District in November 2017. According to the Local Government Act (2014), Community Planning Partners are required to undertake a review of their Community Plans within four years of publication of the plan. Derry City & Strabane District Council completed a review of the Strategic Growth Plan which was approved by the Strategic Partnership in February 2022 for a period of 9 week public consultation and the amended final document was approved by the Strategic Growth Partnership in June 2022. The reviewed document can be viewed at www.growderrystrabane.com

Over the last year a significant level of ongoing engagement with citizens, partner organisations and businesses has been undertaken to input to and inform the review of the Strategic Growth Plan. This has included, but is not limited to:

- 300+ engagements with key stakeholders.
- One-to-Ones with Community Planning Statutory Partners
- Outcome Delivery Partnerships
- Equality and Scrutiny Group
- Rural Issues Group
- NW Community Network
- Online surveys:
 - Qualitative survey based on Partnership, Actions & Data - Feedback need to prioritise
 - Citizen Space – Prioritisation of actions

Engagement feedback has been categorised by review theme and was presented to the Strategic Growth Partnership at its October 2021 meeting as part of the 'Review Process' update and following endorsement by Members officers have now undertaken an editorial review of the actions and content of the current plan to amend and update the Strategic Growth Plan based on the feedback received.

A revised draft of the Strategic Growth Plan (2022-2026) was approved at the Strategic Growth Partnership meeting held on the 11th February 2022 and launched for a 9 week period of public consultation.

The Council's Corporate Plan was informed by six engagement sessions at the start of the Council term which involved new council Elected Members and senior staff, approximately 260 staff and local and regional Trade Union representatives. These engagement events were designed to co-develop the strategic direction and principles which formed the organisational design. The outputs from these have been used to formulate our first corporate plan and structure of the organisation. Twelve local engagement sessions were also held early in the Council's formation to engage directly with citizens and to ascertain their views and aspirations for the new Council. Each year the Council produces a Corporate Plan and Performance Improvement Plan by 30th June in line with the Performance Improvement Duty.

The draft version of this annual document is subject to consultation. During the consultation phase, copies of the draft corporate plan which includes the Performance Improvement Plan are made available in hardcopy, on the website, and via e-mail, on request.

The final document for 2021/22 is available to the public (and interested parties) in a range of formats, on request, and via the Council's website. Work is currently being progressed on the 2022/23 Plan.

The Council's Corporate Communications Section provides a daily media service for updating the public on corporate initiatives and achievements through PR campaigns and initiatives that are shared through news stories and features, press releases. These are shared with the media and on the Council website and through a series of social media channels. This information is monitored and evaluated to measure reach, engagement and tone.

The Council has a specific communication plan for the rates information and a dedicated website and social media messages to support access to information by citizens and service users. A Google URL link was devised to monitor visitors to the rates page via social media, within 24 hours.

• **Reviewing local authority's vision and its implications for Council's governance arrangements**

Arising out of the Corporate Planning / engagement process at the start of the 2015 term, Council identified the following mission:

"Deliver improved social, economic and environmental outcomes for everyone."

Our corporate objectives are to:

1. Grow our business and facilitate cultural development.
2. Protect our environment and deliver physical regeneration.
3. Promote healthy communities.
4. Provide effective and facilitative cross functional support services.

These objectives continue to be reflected in the Council Corporate Plan.

It was anticipated to review / update the Corporate Plan, as necessary, in the 20/21 year to reflect the Community Plan and its first review, however, due to the implications of Covid19, this was not taken forward.

Consultations on Improvement Objectives (including Covid recovery) took place in May-Sept 2021.

Consultations are taking place in May/June 2022 for the 22/23 Plan and Improvement Objectives.

Governance and decision-making arrangements were reviewed prior to the Annual Meeting in March 2015 and June 2019 and the Council has adopted a committee structure which reflects the above objectives / priorities. Accordingly, there are 6 committees: Environment & Regeneration, Health & Community, Business and Culture, Planning, Governance & Strategic Planning and Assurance, Audit & Risk.

The objectives / priorities identified above are reflected in the organisational structure which is based on 3 outcome focused directorates – Environment & Regeneration, Health & Community and Business and Culture plus a number of strategic support units.

The corporate objectives set out in the Corporate and Improvement Plan were cascaded into Directorate Delivery Plans for 2021/22.

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

The Council has in place its Customer Service Charter which sets the standards of customer service the public can expect when contacting the Council. There is also a procedure in relation to making comments, compliments or complaints.

Service delivery standards continue to be reviewed in the context of the annual service/ delivery planning process and work is ongoing in establishing new baselines and monitoring arrangements.

During the 2021/22 year, the Covid 19 pandemic meant that access arrangements, communication channels, and delivery processes were modified in a number of service areas to ensure business continuity, quality and safety. Significant public awareness campaigns were also undertaken during 21/22 to promote service safety and accessibility arrangements as well as public health messages.

- A Citizen Engagement campaign was approved by Committee in December 2014 the objectives of which were to:
 - Communicate key pieces of information on the new organisation to citizens in Strabane and Derry;
 - Generate awareness and interest amongst stakeholders, participants and the media in Derry City & Strabane District Council;
 - Promote key messages on community planning, citizen services, new council structure and brand; and
 - Roll out Citizen Road show to visit key events and locations.

One dimension of this programme was the publication of a Council 'Connect' magazine. This publication is scheduled for release periodically.

Corporate campaigns are monitored and evaluated to determine the level of effectiveness and depth of engagement. From this, Council can identify potential gaps and devise methods to mitigate these.

As part of the Community Planning process a Citizen Survey was also undertaken and the results published in 2015. This survey included details of citizen satisfaction with services and is available on the link: <http://www.derrystrabane.com/Subsites/Community-Planning/Citizen-Survey-2015>

At a service level, individual services undertake tailored surveys to establish customer views.

- **Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.**

A Code of Governance was developed for the Council for the year 2021/22, based on the seven principles set out in the CIPFA/SOLACE 'Delivering Good Governance in Local Government: A Framework' 2016 Edition.

Terms of Reference have been documented and approved for all Council Committees.

Job descriptions and job specifications are in place for all Council positions including all Senior Manager roles, which clearly define and document the roles and responsibilities of senior officers. Organisation Charts are in place in each Department, showing clear reporting lines. Regular senior Management team meetings take place on a fortnightly basis and each department has their own arrangements in place for effective communication including departmental meeting and staff briefings.

The new Code of Conduct for Local Government Employees was issued in November 2014 and came into effect for all staff from 1st April 2015. Training on this was rolled out to staff on the Council's e-learning platform.

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

The Northern Ireland Local Government Code of Conduct for Councillors came into force on 28th May 2014. All Elected Members within Derry City and Strabane District Council have signed up to the Code of Conduct. Training was provided to Members on the Code of Conduct by the NI Ombudsman in November 2015 and at inductions following council elections. Further training has also been made available via NILGA's member development schedule and via the Council's Member Development Programme. Training has also been provided on the Member Officer Protocol.

The Code of Conduct for Local government is written into Employee contracts.

The new Code of Conduct for Local Government Employees was issued in November 2014 and came into effect for all staff from 1st April 2015. Training on this was rolled out to staff on the Council's e-learning platform to ensure that all staff are aware of their responsibilities in relation to the Code of Conduct.

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

Standing Orders, Financial Procedures and a Scheme of Delegation have been prepared for Derry City & Strabane District Council. These documents clearly define how decisions are taken and the processes and controls required to manage risks.

Council's Lead Legal Services Officer continuously reviews the effectiveness of the Council's decision-making framework, including delegation arrangements and decision-making.

The Standing Orders were thoroughly reviewed during 2020/21. A number of workshops and engagement sessions were held with Elected Members. The revised Standing Orders were fully considered by the Governance & Strategic Planning Committee and approved at the Full Council meeting in May 2021. Training in relation to these documents is held annually.

Council appointed an Information and Customer Services Officer in 2017/2018. One of the key functions of this role is to ensure that the Council is meeting the GDPR regulations.

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

Derry City & Strabane District's Council Risk Management Strategy was reviewed and updated in 2019 and approved by the Assurance, Audit and Risk Committee in January 2020.

The Risk Management Strategy forms part of Derry City & Strabane District Council's internal control and corporate governance framework. It has been developed to provide clarity and direction on current and future risk management activity across the Council to ensure a consistent approach is taken to risks, which may have an adverse impact on the Council's ability to achieve its strategic aims and objectives. The Strategy defines the roles and responsibilities for risk identification and management and sets out how this is delivered.

A comprehensive database for managing identified risks across all services is maintained by the Insurance & Risk Manager (GRACE Governance Solutions Software). Regular meetings are held with Service Managers, Heads of Service, Lead Officers and Directors to assess the progress made in treating risks and to ascertain if new risks have been identified. Regular risk management reports are presented to the Assurance, Audit & Risk Committee.

Risk Registers are in place for all Service Areas within the Council and are reviewed on a continuous basis by the Insurance and Risk Manager.

A rolling programme is in place to ensure that each service area is reviewed at least once annually. However high risk areas are reviewed more frequently e.g. monthly and the high scoring risks and a sample of service risk registers are reported to the Assurance, Audit and Risk Committee bi-monthly.

The Corporate Risk Register is reviewed and monitored by the Senior Leadership Team quarterly and reported to the Assurance, Audit & Risk Committee bi-annually.

Every risk within the Council's Risk Management System has been allocated to a Service Manager, Head of Service, Lead Officer or Director.

Training is provided to senior managers by the Insurance & Risk Officer continuously on a one-to-one basis, as risk registers are being reviewed and updated.

Derry City & Strabane District Council agreed a new risk appetite process during 2016. Council has identified four key corporate objectives, which set Council's overall strategic direction. It is recognised that Council's risk appetite will vary depending on the circumstances at a particular time, and also depending on the corporate objective to which the risk relates. Plans are in place to mitigate against all high scoring risks.

Risk Management is embedded across all activities of Derry City & Strabane District Council; however it is important to note that risk management is a continuous evolving process, which is monitored closely by the Insurance & Risk Officer, the Internal Audit Manager and the Lead Assurance Officer.

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

The Council has a 'Counter Fraud, Raising Concerns and Anti-Bribery Policy', which includes a Fraud Response Plan. The Policy was reviewed, updated and communicated to all members of staff during 2020/21.

The risk of fraud is identified and managed on all risk registers. Fraud risk assessments have been developed as part of the Risk Management Framework.

The Internal Audit plans from 2016/17 to 2022/23 included provision for fraud awareness training. The fraud awareness training commenced in mid-2016. To date, over two hundred staff attended the training. Internal Audit has also delivered three fraud awareness training courses for the staff at City of Derry Airport (CoDA Ltd). In 2018/19 and 2019/20 fraud awareness sessions were delivered as and when the need arose.

At the meeting of the AARC on Thursday 1st December 2016, it was proposed that Fraud Awareness Training was organised and made available to Members. Therefore, a Fraud Awareness Training Course was delivered to Members on 12th May 2017. Fraud awareness training was to be delivered during 2021/22 however was postponed due to the COVID 19 Pandemic. The training has now been arranged for September 2022.

As part of internal audit assignments, fraud risks, fraud awareness, design of systems to guard against fraud, sound business practices and ethical behaviour is discussed with management and staff generally and with direct relevance to the areas under review

DCSDC completes regular fraud risk assessments as part of the risk management framework. Fraud risk review meetings are held approximately every 6 months and attended by the Lead Assurance Officer and the Insurance & Risk Officer. The Fraud Risk Reviews reports are printed from the Grace Risk Management System and signed as evidence that the review took place. These documents are retained on file by Internal Audit for future comparison and review purposes.

Internal Audit staff are available to consult with when significant new Council systems are being developed so that fraud risks can be identified and managed.

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

Derry City and Strabane District Council managed a seamless transfer of services and functions to the new organisation in April 2015. The organisational structure of the new organisation was clearly defined in 2015 and has been fully embedded. Corporate values, vision and objectives are clearly defined. A staff engagement strategy has been approved by Council and routine staff engagement sessions have been held. Staff newsletters are issued on a six monthly basis and regular JCNC meetings are held. Approximately £3m of efficiency savings have been realised as a result of the creation of the new Council and the Council continues to invest these savings into transformative projects highlighted within the community plan

The capacity of the organisation is continuously being reviewed in relation to its effectiveness to deal with current pressures in relation to Capital Projects, Health & Safety, City Deal and other growth pressures.

- **ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact**

The Chief Executive is the Chief Financial Officer of Derry City & Strabane District Council. In fulfilling this role, the Chief Executive was supported by the Lead Finance Officer during 2021/2022, a professionally qualified accountant. The Chief Financial Officer leads the promotion and delivery by the whole organisation of good financial management to ensure that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. The Lead Finance Officer reports directly to the Chief Executive and is a member of the Senior Leadership Team. The Council's governance arrangements allow the Lead Finance Officer direct access to the Chief Executive, to other Senior Leadership Team members, the Assurance, Audit & Risk Committee and External Audit. The Lead Finance Officer has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of their role and the scope of the Lead Finance Officer responsibilities ensure that financial matters are not compromised.

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Application Note to Delivering Good Governance in Local Government: A Framework.

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

The Internal Audit Manager has a critical role within Council; helping the organisation achieve its objectives by giving assurance on its internal control arrangements and playing a key role in promoting good corporate governance.

The Council is satisfied that the assurance arrangements in place conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

The Internal Audit Manager helps the organisation to deliver its strategic objectives by:

1. Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
2. Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

The Internal Audit Manager:

1. Has regular and open engagement across the organisation, particularly with the Leadership Team and the Assurance, Audit and Risk Committee.
2. Leads and directs an internal audit team that is resourced to be fit for purpose; and
3. Is professionally qualified and suitably experienced.

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

The effective arrangements for the discharge of the monitoring officer functions are ultimately overseen by the Chief Executive. However, the Council's Lead Legal Services Officer will provide continuous advice and guidance in relation to all of these areas.

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

The effective arrangements for the discharge of the head of paid service functions are ultimately overseen by the Chief Executive. The Chief Executive will be supported in this role by the Senior Leadership Team.

2021/22 continued to be a challenging year in terms of the COVID 19 Pandemic. A large number of employees worked from home during the year. The Council is currently approving a Hybrid Working Policy which will allow flexibility moving forward. During the year BeWell activities and initiatives progressed in order to support the mental health and wellbeing of staff.

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

Derry City & Strabane District Council has an Assurance, Audit & Risk Committee. The Committee is a Standing Committee of Council and meets 6 times a year. 14 Elected Members and 1 (externally recruited) independent advisor sit on the Committee. Meetings are attended by the Chief Executive, the Directors, the Lead Assurance Officer and the Internal Audit Manager. A representative from the NIAO is invited to attend all meetings.

The Assurance, Audit and Risk Committee oversee the work of the Internal Audit Section including the approval of the annual programme of work. The Internal Audit Service operates to the Public Sector Internal Audit Standards 2013. The Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

The Assurance, Audit and Risk Committee Terms of Reference have been documented and approved by the Committee. The terms of reference set out a clear statement of purpose that it will provide an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It will provide an independent scrutiny of the Council's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment.

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

The Lead Assurance Officer leads on risk management activities within Council, in line with the Council's Risk Management Strategy. Activities have focused on the development, management, monitoring and reporting of risk registers. Corporate and operational service risk registers are in place across the organisation.

Managers are aware of their responsibility for ensuring:

- Compliance with relevant laws and regulations, internal policies and procedures.
- Compliance with statutory responsibilities with regard to Health & Safety.
- That expenditure is lawful within their area of responsibility.
- That staff conduct council business in accordance with the law and proper standards.
- That public money, for which they are responsible, is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council has an in-house legal team, which contributes to providing assurance that relevant laws and regulations are complied with. The Chief Financial Officer is the designated Officer responsible for ensuring that expenditure is lawful and ensuring the proper administration of the Council's financial affairs.

All committee reports are obliged to note any legal or financial issues arising. Council has a scheme of delegation in respect of officer decisions and also has a reporting policy in respect of delegated decisions and maintains a register of such decisions in line with the policy.

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

The Council's 'Counter Fraud, Raising Concerns and Anti-Bribery' policy was approved by Members at the AARC meeting in December 2020. The Policy takes into consideration the best practice as detailed in the 'NIAO Raising Concerns' publication. The policy not only explains the rationale for changing the name of the policy from 'Whistleblowing' to 'Raising Concerns' but also provides more detail on how a concern can be raised. The policy has also been updated to explain the differences between a concern, a grievance and a complaint and the various Council policies are mapped. Another update is that the policy is now available to third parties such as members of the public. Previously, the policy would have been primarily for employees. The policy also now provides links to the corporate 'Comments, Compliments and Complaints Policy'.

The Council also has a Customer Service Charter, which sets the standards of customer services the public can expect when contacting the Council. There is also a procedure in relation to making comments, compliments or complaints.

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

There is a Learning and Development Programme agreed for Members for the period 2019-2023 which was agreed at the Governance and Strategic Planning Committee in September 2019. This Programme was developed following completion of Personal Development Plans for Members and covers all identified learning and development needs required to support Members to effectively fulfil their role within Council.

Council has also achieved the NI Charter for Elected Member Development Plus standard and successfully achieved reaccreditation in November 2021.

The Council is embedding a personal development plan process which is linked to job descriptions and the Local Government competency framework.

In addition to this, there is also a considered approach to training as training needs are identified by senior officers in relation to their strategic role.

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

To facilitate clear channels of communication with all sections of the community and other stakeholders the Council utilised the following approaches / mechanisms in 2021/22:

- Ongoing consultation and engagement with Citizens in accordance with the community planning process
- Website, media placements and social media engagement through various platforms and channels for various service-users i.e. corporate, festival and events, sports and leisure etc.
- Equality group (Equality assurance & Oversight Group) established to assist in development and ongoing review of the Community Plan, thus ensuring equality was at the forefront of participation and engagement.
- Elected members acting as spokespersons for the local government organisation.
- Council and Committee meetings – open meetings and communicating key messaging derived from the Council meetings as well as live-streaming of full Council meetings and public broadcasting of remote committee meetings via Youtube in 20/21.
- Database development for community services and business and cultural organisations.
- Specialist interest database for events and initiatives
- Service / issue specific engagement including for example North West Ministry of Youth for Children and Young People and Civic Alcohol Forum.
- Media database for local, regional and ROI media.
- Regular e-zine programme of information for database groupings.
- Access to committee meeting agenda, reports and minutes via website and 'app' service
- Establishment of a consultation hub "Citizen Space"

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

According to the Community Planning duty the Community Planning Partnership published a statement of progress on its community plan in November 2021. The Strategic Community Planning Partnership meets in public each quarter. During these meetings key presentations are given on progress on initiatives within the community plan.

The Council has also led the establishment of delivery partnerships and a delivery plan with named "action leads" tasked with the co-ordination and reporting on the actions to assist in the delivery of the community plan. A performance dashboard also been developed to aid communication and reporting on progress of the community plan www.growderrystrabane.com

Moreover, a range of public service providers frequently attend Council Committees to present plans and strategies. Council led partnerships - such as the PCSP - facilitate performance monitoring and reporting of police performance.

The Council, via Motions, also regularly engages with public sector providers to highlight issues of concern, request presentations/reports, champion causes/initiatives, etc.

- **incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships,2 and reflecting these in the authority's overall governance arrangements.**

The Council continuously strives to have the highest standards of governance arrangements in place and endeavours to ensure that its partners also have high standards of governance arrangements in place. The Council reviews its governance arrangements regularly to take account of best practice guidance.

The Local Government Act (NI) 2014 legislated the Council's general power of competence enabling a Council to take any action it considered appropriate provided the action was not prohibited by any other legislation. Councils have been provided with the ability to act in their own interests and to develop innovative approaches to addressing issues in their area.

Decisions taken under the power of general competence must be taken in line with the council's standing orders and council's constitution. There is no such provision for such decisions to be taken under the Council's scheme of delegation.

Review of Effectiveness

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

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

- **the authority**

A Committee Structure was in place within Derry City & Strabane District Council during 2021/2022 consisting of the following:

- Governance & Strategic Planning Committee;
- Planning Committee;
- Business & Culture Committee;
- Health & Community Committee;
- Environment & Regeneration Committee; and
- Assurance, Audit & Risk Committee.

- **the executive**

Directors, Heads of Service and Lead Officers completed an Annual Assurance Statement for 2021/2022 for their Directorate/Service Area. In signing the Assurance Statements, opinions were informed by the following:

- Assurance from the relevant Department's management team.
- Corporate and Departmental Service Plans including Key Performance Indicators.
- Service Risk Registers;
- Operational policies and procedures.
- Regular management and monitoring information,
- Internal and external audit reports.
- Administrative procedures (including segregation of duties),
- Management supervision.
- A system of delegation and accountability.

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

Derry City & Strabane District Council has an Assurance, Audit & Risk Committee. The Committee is a standing Committee of Council and during 2021/2022 met bi-monthly, 14 Elected Members and 1 (externally recruited) independent advisor sit on the Committee. Meetings are attended by the Chief Executive, the Directors, the Lead Assurance Officer, the Assurance Manager and the Internal Audit Manager. A representative from the NIAO is invited to attend all meetings.

The Audit Committee provides an independent assurance on the adequacy of the Council's risk management framework and associated control environment. It provides an independent scrutiny of the Council's financial and non-financial performance to the extent that it exposes it to risk and weakens the control environment.

- **Internal audit**

Derry City and Strabane District Council has a dedicated in-house internal audit team. The work of the Internal Audit Section is directed by and approved by the Assurance, Audit & Risk Committee.

On the basis of the work carried out during 2021/22, Internal Audit provided a satisfactory level of assurance that the Council's control environment is adequate and effective i.e. that satisfactory assurance can be obtained from the governance systems and procedures in place. This is a positive assessment of the Council's control environment and reflects favourably on the organisations governance arrangements.

An Internal Audit Plan for the 2021/2022 year was approved by the Assurance, Audit and Risk Committee in April 2021. Although the Audit Plan was not completed in full for 2021/2022, the Internal Audit Manager is satisfied that a significant amount of assurance work was carried out and the associated reports were provided to the Committee on high-risk areas facing the organisation.

In 2021/2022, the key challenge for the Internal Audit Section was to continue to provide an appropriate level of assurance taking into consideration the impact of Covid19 pandemic upon Council operations and upon the Internal Audit Section. This included the limitations on Internal Audit's normal working practices as a result of the pandemic. As a result, the Internal Audit plan for 2021/2022 continued to have a significant element of work as a result of the pandemic contained within it.

The Internal Audit Plan for 2021/2022 was broken down into a number of areas covering:

- Work as a result of the pandemic;
- Work on completion of 2020/2021 plan, where it was considered fieldwork could be completed within the 2021/2022 year.
- Follow up Audit Work;
- Audit of other areas;
- Other work;
- Provision of training;
- Additional Audit Assignments

- **Other explicit review/assurance mechanisms**

Risk Management

Risk Management is embedded across all the activities of Council and is a continuously evolving process, which is monitored closely by the Lead Assurance Officer. Risk Registers are in place for all Service Areas within the Council and a comprehensive database is maintained for managing risks and action plans. Risk Management Reports are presented regularly to the Senior Leadership Team and the Assurance, Audit & Risk Committee.

External Funding

External funding received throughout the year is subject to independent audits from the relevant funders i.e. Europe, Government Departments, SEUPB etc.

Local Government Audit

Work carried out by the Local Government Auditor during 2021/2022 is also used by the Council as an additional assurance mechanism.

Health & Safety

The management of Health & Safety within the organisation is a key priority for all staff. Derry City and Strabane District Council received the ISO 45001 accreditation in November 2019. As a result of having this accreditation the Council is subject to two external audits per annum. The Council has continued to retain this accreditation during 2021/2022 with no major non-conformances identified.

City of Derry Airport

City of Derry Airport (CODA) Operations Ltd became an incorporated entity on 1st April 2010 and is a wholly owned subsidiary of Derry City & Strabane District Council. At that time some assets and employees belonging to the Council were transferred over to the new Company. Derry City & Strabane District Council, as part of the Annual Rates Estimates, approved an annual revenue subvention to CODA Operations Ltd for 2021/2022.

CODA Operations Ltd is governed by a Board of Directors, which meets monthly. The Board of Directors consists of 9 Directors / Members including 3 non-executive Directors (including the Chairman), 3 Elected Members from Derry City & Strabane District Council, Derry City & Strabane District Council's Chief Executive and Lead Finance Officer. The Lead Assurance Officer attends the Board meetings as an observer. The Board meetings are also attended by the Managing Director and the Company Secretary.

In line with the significant central Government support provided to Regional Airports throughout Europe, a medium term Business Plan was approved by Council in March 2021 setting out support required from Governments to ensure the medium term sustainability of CODA for a further 6 year period until critical transport infrastructure (A5 and A6) is progressed and roads connectivity to the North West is significantly enhanced.

The Business Case has been submitted to Governments and formal engagements has commenced.

Further to the submission of the Business Case, the Northern Ireland Executive provided funding for 1 year of up to £3m to cover the operational subvention of CODA for 2022/23. Further discussions with Government are underway to secure funding post March 2023.

100% funding of the critical London PSO route from April 2021 to March 2023 was secured for 2022/23 and Council are currently in discussions with the Department for Transport (UK) and the Department for the Economy to secure funding beyond 2023.

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

Significant Governance Issues

In response to the issues raised in the Annual Governance Statement for 2020/2021, we can confirm that these issues were highlighted in appropriate risk registers, risk owners allocated and actions were put in place to address them. Actions taken in managing these issues were reported as appropriate to the Assurance, Audit & Risk Committee. However, it should be noted that given the nature of some of the risks identified, some actions are still ongoing.

As part of the process of preparing this year's Annual Governance Statement the Chief Executive, Directors, Heads of Service and Lead Officers have been asked to consider significant governance issues that require action and disclosure. The most significant issues for the Council are detailed below:

Governance Issue	Current controls and proposed actions
<p>Inability to ensure the future financial stability of Council in relation to implications arising from a range of global factors including COVID 19 Recovery, Brexit, Cost of Living Crisis, War in Ukraine and Strike Action.</p>	<p>Regional engagement with Government through the Association of Local Government Finance Officers and SOLACE has ensured that all Council losses incurred as a result of the pandemic in 2021/22 have been covered by Government.</p> <p>DAERA grant funding for Waste Management losses of £232k and Coronavirus Job Retention Scheme funding of £236k were both received during the year. In addition to this Council has applied Department of Communities financial losses funding of £1.048m during the year.</p> <p>Moving forward into the 2022/23 financial year, Council has the following funds set aside within its financial commitments and contingencies reserve:</p> <ul style="list-style-type: none"> • DFC Covid Financial losses funding (received in advance) - £2.508m • Rate base risk associated with the Pandemic and Non-Domestic Revaluation appeals - £1.9m • Council Contingency fund for new and emerging pressures - £3.48m • Contingency fund for Rates Support Grant cuts, hardship pressures and challenges associated with employee pay & strike action - £2.643m <p>Council retains a District fund balance of £5.188m at 31st March 2022 of which £950k has been earmarked to cover rates funded from reserves over the next 3 years leaving a net balance of £4.238m which represents 6.24% of 2022/23 net expenditure and is in line with relevant guidance. Council has agreed a District Rates increase of 3.44% for 2022/23 which, in addition to the reserves identified above, will ensure financial sustainability until 31st March 2023.</p>
<p>The medium to long-term viability of the City of Derry Airport is not secured.</p>	<p>In line with the significant central Government support provided to Regional Airports throughout Europe, a medium term Business Plan was approved by Council in March 2021 setting out support required from Governments to ensure the medium term sustainability of CODA for a further 6 year period until critical transport infrastructure (A5 and A6) is progressed and roads connectivity to the North West is significantly enhanced.</p> <p>The Business Case has been submitted to Governments and formal engagements has commenced.</p> <p>Further to the submission of the Business Case, the Northern Ireland Executive provided funding for 1 year of up to £3m to cover the operational subvention of CODA for 2022/23. Further discussions with Government are underway to secure funding post March 2023.</p> <p>100% funding of the critical London PSO route from April 2021 to March 2023 was secured for 2022/23 and Council are currently in discussions with the Department for Transport (UK) and the Department for the Economy to secure funding beyond 2023.</p>

<p>Increased risk of Cyber Crime</p>	<p>VPN now completed and used by all staff. This requires a 2-factor authentication to access the network remotely.</p> <p>Anti-virus cloud solution has been procured to enable Digital Services to keep laptops at home up to date on the latest version of anti-virus.</p> <p>Use of tools from National cyber security centres such as PDNS, Web and mail check.</p> <p>Geo blocking of access to council systems from any country outside UK and Ireland.</p> <p>Enrolled on the NIWARP for up to date alerts on any issues with software or potential attacks.</p> <p>Firewall locked down to only essential services.</p> <p>Mimecast email filter to scan all incoming and outgoing emails for dangerous attachments and links.</p> <p>Digital Services working on replacing all windows 7 machines and are currently migrating remaining servers from old windows server OS to newer more secure versions.</p> <p>Local hard drives of laptops encrypted.</p> <p>All Council Users (including Members) now enabled on online Cybersecurity Awareness Training.</p> <p>Council has upgraded its backup systems to include secure offline backups in the cloud.</p> <p>Council are using additional services to block any requests to malware or ransomware sites. In addition to this, Digital Services continuously monitor external IP addresses, websites for any issues.</p> <p>Council has developed a Cyber incident Response plan.</p> <p>Risk Register Framework – cyber related elements covered within the risks.</p> <p>Propose to have a separate distinct cyber risk included in the corporate risk register going forward.</p>
	<p>Proposed action to develop Cybersecurity Strategy /Roadmap. Recruitment for dedicated cyber security resource in progress and technical cyber security audit in process of being procured.</p> <p>Applied for funding through the Northern Ireland Cyber Security Council to obtain Cyber Essentials Accreditation.</p> <p>Cyber knowledge base of Digital Services Staff.</p> <p>Digital Services Staff maintain training on Cyber Risk.</p> <p>Cyber Insurance Policy in place.</p>
<p>Inability to deliver on Council's ambitious capital programme of strategic and community projects and associated impact of construction inflation on capital project costs.</p>	<p>Strategic Capital Projects Funding Strategy approved by Council in November 2020 setting out the emerging strategy to fund Council's critical strategic capital projects as well as continued community investment. This Strategy was endorsed by Council as part of the 2021/22 rates estimates process.</p> <p>Council has already earmarked £1.6m recurrent funding through efficiencies and rates investment although further significant rates investment and other savings will be required.</p> <p>Significant capital funding continues to be secured by Council including £250m City Deal investment and £16m levelling up fund investment.</p> <p>Recruitment of additional staff resources has been progressed following additional non-recurrent monies identified as part of 2020/21 financial outturn.</p> <p>Ongoing engagement with Members through the Capital and Corporate Projects Planning Group to prioritise capital projects and aspirations and to consider the impact of rising costs and construction inflation on approved projects.</p>

<p>Council is unable to agree a financial deal with Government for City Deal and Inclusive Future Fund funding and construction inflation costs may reduce the economic impact of the funding package.</p>	<p>City Deal Heads of Terms agreed February 2021. Funding of £105m confirmed from UK Government and match funding of £105m confirmed from NI Executive. Key projects agreed and prioritised by Council in July 2019. Outline Business Cases currently being prepared for all projects. City Deal Board and Pillar Boards established and meeting bi-monthly. Regular formal communication between NIO, MHCLG, NICS and Council. Regular progress reports to Governance & Strategic Planning Committee. Medical school opened with initial intake of students in August 2021.</p>
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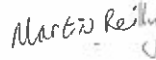
We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed
Mr John Kelpie
Chief Executive



Date 26th September 2022

Signed



Date 26th September 2022

On behalf of Assurance Audit and Risk Committee

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2022

INTRODUCTION

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

ALLOWANCE AND REMUNERATION ARRANGEMENTS

COUNCILLORS

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

Guidance and determinations on Councillors' Allowances applicable from 1 April 2021 were issued by the Department for Communities on 08 March 2021 (Circular LG 7/2021). Details of the allowances paid to individual councillors are published on council websites.

Following local elections on 2 May 2019, 462 councillors were elected to the 11 new councils for a four year term. Derry City and Strabane District Council had 40 councillors in 2021/22.

SENIOR EMPLOYEES

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

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

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

The Council employs an independent member who sits on the Assurance Audit and Risk Committee. This member was paid £1,980 in year (2020-21 £1,980). There is no pension entitlement.

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) 2019 was:

Table 1: Total Allowances paid to councillors

Allowance	2021/22		2020/21	
	Total Allowances £	Number of Councillors receiving the Allowance	Total Allowances £	Number of Councillors receiving the Allowance
Basic Allowance	601,645	40	616,481	40
Mayor Allowance	31,950	1	31,950	1
Deputy Mayor Allowance	7,987	1	7,729	1
Special Responsibility Allowance	67,909	22	66,916	23
Dependents' Carers Allowance	331	1	304	2
PCSP Allowance	10,380	20	4,800	11
Employer Costs	160,805	40	158,816	40
Mileage Allowance	790	6	4,663	16
Courses/ Conferences & Visits	7,842	-	1,518	-
Travel and Subsistence	813	5	38	2
General Secretarial Services	1,692	40	2,825	40
Other Costs	112	40	295	40
Communication and Support Costs	2,970	40	3,583	40
TOTAL ALLOWANCES	895,226	-	899,918	

Details of the allowances paid to individual councillors in 2021/22 are published on the council website at www.derrystrobane.com.

REMUNERATION OF SENIOR EMPLOYEES

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

Table 2: Remuneration (including salary)

Officers	2021/22				2020/21			
	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	Bonus Payments £'000	Benefits in kind (to nearest £100) £'000	Total £'000
Chief Executive - John Kelpie	120-125	0	0	120-125	115-120	0	0	115-120
Director of Business & Culture - Stephen Gillespie	90-95	0	0	90-95	85-90	0	0	85-90
Director of Health & Community - Karen McFarland	90-95	0	0	90-95	85-90	0	0	85-90
Director of Environment & Regeneration - Karen Philips	90-95	0	0	90-95	85-90	0	0	85-90
Director of Legacy - Oonagh McGillion	65-70	0	0	65-70	65-70	0	0	65-70

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 2021/22 was £120 - £125k. This was 4.06 times the median remuneration of the workforce, which was £29,974.

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 Councils workforce

	2021/22	2020/21
Salary Band of Highest Paid member of the Executive Management Team/ Senior Management Team	120k-125k	115k-120k
Median Total Remuneration	30k	30k
Ratio	4.06	4.02

In 2021/22, no employees received remuneration in excess of the highest paid member of the Executive Management Team/Senior Management Team.

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

Salary

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

Bonus Payments

Bonus payments are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2021/22 relate to performance in 2021/22.

Benefits in Kind

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

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 in 2021/22

Severance Package Cost Band	2021/22				2020/21			
	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000	Number of Compulsory Redundancies	Number of Other departures agreed	Total Number of Exit Packages in each Cost Band	Total Cost of Packages in each Cost Band £'000
£0 - £20,000 **	0	0	0	-5	0	0	0	0
£20,001 - £40,000	0	2	2	76	0	0	0	0
£40,001 - £60,000	0	1	1	42	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	2	2	228	0	4	4	546
£150,001 - £250,000	0	2	2	326	0	1	1	156
Total	0	7	7	667	0	5	5	702

** The negative £5k included within the £0-£20,000 cost band above for 2021-22 relates to an adjustment for prior year over estimation of costs.

Pension Benefits

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

From 1 April 2015, a member builds up retirement pension at the rate of 1/49th pensionable pay for each year. 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 of 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 2021, were as follows:

Table 5: Employee Contribution Rates

Band	Range	Employee Contribution Rate
1	£0 - £15,000	5.5%
2	£15,001 - £23,000	5.8%
3	£23,001 - £38,400	6.5%
4	£38,401 - £46,600	6.8%
5	£46,601 - £92,300	8.5%
6	More than £92,300	10.5%

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

Table 6: Employer Contribution Rates

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

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

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2021/22 was £110,656.

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 2021/22

Officers	Accrued Pension at pension age as at 31/3/22 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/22 £'000	CETV at 31/3/21 £'000	Real increase in CETV £'000
Chief Executive - John Kelpie	35-40 plus lump sum 20-25	0-2.5 plus lump sum (0-2.5)	573	529	15
Director of Business & Culture - Stephen Gillespie	25-30 plus lump sum 0-2.5	0-2.5 plus lump sum 0-2.5	385	350	17
Director of Health & Community - Karen McFarland	45-50 plus lump sum 75-80	0-2.5 plus lump sum (0-2.5)	962	912	15
Director of Environment & Regeneration - Karen Philips	20-25 plus lump sum 10-15	0-2.5 plus lump sum (0-2.5)	315	285	14
Director of Legacy - Oonagh McGillion	25-30 plus lump sum 25-30	0-2.5 plus lump sum (0-2.5)	406	380	8

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.

Mr John Kelpie
Chief Executive
26 September 2022



Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2022 on pages 35 to 111 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 39 to 54.

- (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 2022.

Mr John Kelpie
Chief Financial Officer

Date 26/09/2022

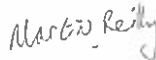


Council Approval of Statement of Accounts

These accounts were approved by resolution of the Council/Committee on 26th September 2022.

On behalf of Assurance, Audit and Risk Committee

Date 26/09/2022



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DERRY CITY and STRABANE DISTRICT COUNCIL

Opinion on financial statements

I have audited the financial statements of Derry City and Strabane District Council and its group for the year ended 31 March 2022 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, together with the Group Accounts and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting on the United Kingdom supported by UK adopted international accounting standards.

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

In my opinion the financial statements:

- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22, of the financial position of Derry City and Strabane District Council and its group as at 31 March 2022 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.

Emphasis of matter

I draw attention to the current funding issues at the airport as highlighted at page 21 in the Governance statement and in note 11b Long Term Assets on page 68. These highlight the potential impact on the accounts including the carrying value of assets associated with the City of Derry Airport should Council not secure further Government financial support post March 2023. My audit opinion is not modified in respect of this matter.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Derry City and Strabane District Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Derry City and Strabane District Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Derry City and Strabane District Council is adopted in consideration of the requirements set out in the Code of Practice on Local Authority Accounting, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Department for Communities' directions made under the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015; and
- the information given in the Statement of Accounts for the financial year ended 31 March 2022 is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of Derry City and Strabane District Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Statement of Accounts.

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

- in my opinion:
 - the Annual Governance Statement:
 - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22;
 - does not comply with proper practices specified by the Department for Communities;

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

Responsibilities of the Chief Financial Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing Derry City and Strabane District Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Financial Officer anticipates that the services provided by Derry City and Strabane District Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to Derry City and Strabane District Council through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included governing legislation and any other relevant laws and regulations identified;

- making enquires of management and those charged with governance on Derry City and Strabane District Council's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Derry City and Strabane District Council's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- communicating with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business; and
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

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

Certificate

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

A handwritten signature in black ink that reads "Colette Kane". The signature is written in a cursive style with a large initial 'C'.**Colette Kane***Local Government Auditor**Northern Ireland Audit Office**106 University Street**Belfast**BT7 1EU**29th September 2022*

Derry City and Strabane District Council
Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

	Notes	2021/22			2020/21		
		Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Service Expenditure							
Cross Cutting Support Services	2	7,681,335	(1,313,617)	6,367,719	6,756,055	(693,096)	6,062,959
Environment & Regeneration	2	36,486,010	(4,362,347)	32,123,662	37,288,266	(6,085,803)	31,202,463
Business & Culture	2	14,450,996	(4,563,638)	9,887,358	12,377,093	(5,698,753)	6,678,340
Health & Community	2	21,645,480	(6,039,089)	15,606,391	19,302,573	(7,501,961)	11,800,612
Council	2	1,275,779	-	1,275,779	1,134,885	-	1,134,885
City of Derry Airport	2	3,961,061	(2,083,924)	1,877,137	3,932,424	(4,015,850)	(83,426)
Other Corporate	2	2,439,989	(1,411,660)	1,028,329	2,382,674	(3,944,839)	(1,562,166)
Cost of Services on Continuing Operations		87,940,650	(19,774,275)	68,166,375	83,173,970	(27,940,302)	55,233,667
Other Operating Expenditure/ Income	8	567,767	(785,400)	(217,633)	93,283	(643,870)	(550,587)
Financing and Investment Income and Expenditure	9	6,462,594	(27,360)	6,435,234	6,846,937	(6,764)	6,840,173
Net Operating Expenditure		94,971,011	(20,587,035)	74,383,976	90,114,190	(28,590,936)	61,523,253
Taxation and Non-Specific Grant Income	10	-	(86,310,309)	(86,310,309)	-	(68,389,868)	(68,389,868)
(Surplus)/ Deficit on the Provision of Services		94,971,011	(106,897,344)	(11,926,333)	90,114,190	(96,980,804)	(6,866,615)
(Surplus)/Deficit on revaluation of non-current assets	11			(7,728,468)			(1,227,032)
Remeasurements of the Net Defined Benefit Liability (Asset)	21			(25,055,000)			9,976,000
Other Comprehensive Income and Expenditure				(32,783,468)			8,748,968
Total Comprehensive Income and Expenditure				(44,709,801)			1,882,353

The figures above are prepared to two decimal places but rounding due to formatting may occur.

Derry City and Strabane District Council
Movement in Reserves Statement for the year ended 31 March 2022

	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 2020	5,135,677	33,732,384	871,332	39,739,393	88,951,025	128,690,418
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	6,866,615	-	-	6,866,615	-	6,866,615
Other Comprehensive Income and Expenditure	-	-	-	-	(8,748,968)	(8,748,968)
Total Comprehensive Income and Expenditure	6,866,615	-	-	6,866,615	(8,748,968)	(1,882,353)
Adjustments between accounting basis & funding under regulations	5,048,949	(1,995,326)	643,870	3,697,493	(3,622,842)	74,651
Net increase before transfers to Statutory and Other Reserves	11,915,564	(1,995,326)	643,870	10,564,108	(12,371,810)	(1,807,702)
Transfers to / from Statutory and Other Reserves	(11,862,975)	11,862,975	(74,650)	(74,650)	-	(74,650)
Increase/ Decrease in year	52,589	9,867,648	569,220	10,489,457	(12,371,810)	(1,882,353)
Balance as at 31 March 2021	5,188,266	43,600,032	1,440,552	50,228,850	76,579,215	126,808,065
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	11,926,333	-	-	11,926,333	-	11,926,333
Other Comprehensive Income and Expenditure	-	-	-	-	32,783,468	32,783,468
Total Comprehensive Income and Expenditure	11,926,333	-	-	11,926,333	32,783,468	44,709,801
Adjustments between accounting basis & funding under regulations	(8,182,851)	16,580,208	785,400	9,182,756	(8,579,849)	602,907
Net increase before transfers to Statutory and Other Reserves	3,743,482	16,580,208	785,400	21,109,089	24,203,619	45,312,708
Transfers to / from Statutory and Other Reserves	(3,743,482)	3,917,826	(777,251)	(602,907)	-	(602,907)
Increase in year	(0)	20,498,034	8,149	20,506,183	24,203,619	44,709,801
Balance as at 31 March 2022	5,188,266	64,098,066	1,448,701	70,735,033	100,782,834	171,517,866

The figures above are prepared to two decimal places but rounding due to formatting may occur.

Derry City and Strabane District Council
Balance Sheet as at 31 March 2022

	Note	31st March 2022	31st March 2021
		£	£
Fixed Assets	11	212,495,411	202,905,856
Long Term Debtors	15	15,518,397	12,053,538
LONG TERM ASSETS		228,013,808	214,959,394
Inventories	14	474,589	314,555
Short Term Debtors	15	29,928,714	16,295,170
Cash and Cash Equivalents	24	29,436,487	27,099,426
Assets Held for Sale	11	673,851	1,450,000
CURRENT ASSETS		60,513,641	45,159,151
Short Term Borrowing	17	3,256,262	3,232,802
Short Term Creditors	18	18,161,170	14,590,158
Provisions	19	599,254	956,713
CURRENT LIABILITIES		22,016,686	18,779,673
Provisions	19	3,322,702	3,244,644
Long Term Borrowing	17	37,078,194	40,237,163
Other Long Term Liabilities	21	54,592,000	71,049,000
LONG TERM LIABILITIES		94,992,896	114,530,807
NET ASSETS		171,517,867	126,808,065
USABLE RESERVES			
Capital Receipts Reserve	25	1,448,701	1,440,552
Capital Grants Unapplied Account	25	35,290,198	17,618,081
Capital Fund	25	8,653,801	6,577,260
Renewal and Repairs Fund	25	5,045,811	4,529,860
Other Balances and Reserves	25	2,115,491	1,729,766
General Fund	25	5,188,266	5,188,266
Financial Commitments and Contingencies Reserve	25	12,992,766	13,145,065
		70,735,033	50,228,850
UNUSABLE RESERVES			
Capital Adjustment Account	26	70,798,495	67,533,271
Revaluation Reserve	26	85,490,743	81,125,699
Pensions Reserve	26	(54,592,000)	(71,049,000)
Accumulated Absences Account	26	(914,405)	(1,030,755)
		100,782,834	76,579,215
NET WORTH		171,517,867	126,808,065

The figures above are prepared to two decimal places but rounding due to formatting may occur.

Derry City and Strabane District Council
Cash Flow Statement at 31 March 2022

	Note	2021/22	2020/21
		£	£
Net Surplus on the provision of services		11,926,333	6,866,615
Adjustment for non-cash movements	24	19,181,204	17,975,858
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24	(20,115,057)	(2,648,340)
Net cash flows from operating activities	24	10,992,480	22,194,133
Net Cash flows from Investing Activities	24	(5,422,622)	(2,448,859)
Net Cash flows from Financing Activities	24	(3,232,797)	(3,372,464)
Net increase or decrease in cash and cash equivalents		2,337,061	16,372,810
Cash and cash equivalents at the beginning of the reporting period		27,099,426	10,726,616
Cash and cash equivalents at the end of the reporting period		29,436,487	27,099,426

The figures above are prepared to two decimal places but rounding due to formatting may occur.

DERRY CITY AND STRABANE DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

I Accounting Policies

a General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31 March 2022. 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 2021/22, 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 2021/22 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 the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- 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 as a result of the Council implementing its Single Status Policy. The provision has been reduced significantly following success at the initial hearing stage of a claim by leavers. The Council has also made a provision for pay back associated with the harmonisation of pay between employees of the 2 legacy Councils.

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 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 earned by employees but not taken before the year end which employees can carry forward into the next financial year. 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 a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

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

Post Employment Benefits

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
- utilised securities – current bid price

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

Service cost comprising:

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

Post 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.

Any Gains or Losses on Settlement – arising where a council enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.

Within Financing and Investment Income and Expenditure:

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

Within Other Comprehensive Income and Expenditure (Remeasurements):

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

Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve 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 scheme provides defined benefits to members (retirement lump sums and pensions). However, the arrangements for the NICS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

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

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

- a. 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
- b. 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.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. No such impairments have been identified by Derry City and Strabane District Council.

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

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

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

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

xii] Foreign Currency Translation

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

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:

- a. the Council will comply with the conditions attached to the payments, and
- b. 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).

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 £5,000) 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 weighted average costing formula.

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.

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.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

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

Amounts received for a disposal exceeding £5,000 are categorised as capital receipts and credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xix] 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:

- vehicles, plant and equipment - depreciated historical cost
- infrastructure - depreciated historical cost
- community assets and assets under construction - 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. A full revaluation was carried out by Land and Property Services as at 31 March 2022 and values will be updated at yearly intervals going forward. 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.

The same accounting treatment is applied to revaluation losses as a result of a general fall in asset prices across the board as opposed to a consumption of economic benefit specific to an asset as is in the case of impairment losses.

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 Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- . buildings are depreciated on a straight line basis on their carrying value over the estimated remaining useful life of the asset as advised by Land and Property Services. Depending on the type of building, installation or fitting the maximum useful life will be in the range of 3 to 60 years.
- . vehicles, plant, furniture and equipment are depreciated on a straight line basis on historic cost on a useful life ranging between 3 and 25 years.
- . infrastructure assets are depreciated on a straight line basis on historic cost using original useful lives ranging between 10 and 20 years.
- . intangible assets are amortised over the estimated useful lives of the asset.

Componentisation

As part of Land and Property Services annual valuation, a detailed schedule is provided to Council of asset components. As far as possible, this schedule has been used to determine the various components of each asset with each component being depreciated according to the useful life provided by Land and Property Services.

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.

xx) 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 and they are held by this authority in pursuit of our overall objectives in relation to the maintenance of heritage.

The Council has a large number of items which are deemed to be classed as heritage assets under the definition of IFRS. These have been categorised into a range of different classes and are located in a number of Council owned facilities. Acquisitions are made by purchase or donation.

Acquisitions are initially measured at cost and donations are recognised at a value determined by the external valuers appointed to determine values for insurance purposes and with reference to appropriate commercial markets where they exist. These assets are valued annually by suitably qualified professional valuers to ensure they are correctly valued for insurance purposes. Assets on loan from the Council are deemed to remain part of the Council's assets while assets on loan to the Council are deemed to remain in the ownership of the loaning body.

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

xxi) **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 of 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.

xxii) **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.

xxiii) **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 Minimum Revenue Provision (MRP) in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xxiv) 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.

xxv) Value Added Tax

All expenditure and income, irrespective of whether it is revenue or capital in nature, is shown net of Value Added Tax, unless it is irrecoverable from Her Majesty's Revenue and Customs.

xxvi) The Carbon Reduction Commitment Scheme (CRC)

The Council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. The Council is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is produced (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Council is recognised and reported in the costs of the Council's services and is apportioned to services on the basis of energy consumption.

xxvii) Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings 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

At the balance sheet date, the following new standards and amendments to existing standards have been published, but not yet adopted by the Code of Practice for Local Authority Accounting:

a) Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:

- IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS.
- IAS 37 (Onerous contracts) – clarifies the intention of the standard.
- IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material.
- IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).

c) On implementation of IFRS 16 for local government, there will be a requirement for councils that are lessees to recognise most leases on their balance sheet as right of use assets with corresponding liabilities (with exemptions for low value and short term leases).

c 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.

City of Derry Airport - As noted in the Governance Statement in 2022, the council is faced with unprecedented challenges to its finances and operations. In line with the significant central Government support provided to Regional Airports throughout Europe, a medium term Business Plan was approved by Council in March 2021 setting out support required from Governments to ensure the medium term sustainability of CODA for a further 6 year period until critical transport infrastructure (A5 and A6) is progressed and roads connectivity to the North West is significantly enhanced. The Business Case has been submitted to Governments and formal engagement has commenced. Further to the submission of the Business Case, the Northern Ireland Executive provided initial funding of £3m to assist with the operational subvention for the year 2022/23. Discussions are ongoing with Government to secure continued funding post March 2023. 100% funding of the critical London PSO route from April 2021 to March 2023 was secured for 2022/23 and Council are currently in discussions with the Department for Transport (UK) and the Department for the Economy to secure funding beyond 2023. The tender process to appoint an operator for the service from April 2023 has now commenced.

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.

At the last actuarial valuation of the NITGOSC pension scheme, dated 31 March 2019, there was a surplus of £836.9M relative to the liabilities and a funding level of 112%. However since the valuation date the effect of measures being taken to limit the impact of the Covid19 pandemic on economic activity and asset valuations may mean that the fund is no longer in surplus by the time of the results of the next valuation as at 31 March 2022.

Pension Contributions for 2021/22 and 2022/23 have been based on the valuation results as at 31 March 2019, as a result these pension contributions are subject to confirmation and may be increased in order to avoid a higher increase being required from 1 April 2023 if the funding level falls below its 31 March 2019 level.

2

a Expenditure and Funding Analysis

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

	2021/22			2020/21		
	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
	£	£	£	£	£	£
Cross Cutting Support Services	5,319,357	(1,048,362)	6,367,719	5,369,618	(693,341)	6,062,959
Environment & Regeneration	26,108,646	(6,015,016)	32,123,662	26,135,353	(5,067,110)	31,202,463
Business & Culture	8,021,470	(1,865,888)	9,887,358	5,181,836	(1,496,504)	6,678,340
Health & Community	11,059,597	(4,546,794)	15,606,391	8,264,127	(3,536,485)	11,800,612
Council	1,120,815	(154,964)	1,275,779	1,141,468	6,583	1,134,885
City of Derry Airport	4,397,745	2,520,608	1,877,137	2,882,595	2,966,021	(83,426)
Capital Financing	6,448,151	6,448,151	-	7,985,264	7,985,264	-
Other Corporate	761,388	(266,941)	1,028,329	(2,488,905)	(926,739)	(1,562,166)
Transfers to/from Reserves & Provisions	3,743,482	3,743,482	-	11,861,452	11,861,452	-
Net Cost of Services	66,980,652	(1,185,723)	68,166,375	66,332,808	11,099,141	55,233,667
Other Income and Expenditure	(66,980,652)	13,112,056	(80,092,708)	(66,385,398)	(4,285,116)	(62,100,282)
Surplus or Deficit	(0)	11,926,333	(11,926,333)	(52,590)	6,814,025	(6,866,615)
Opening General Fund			5,188,266			5,135,677
Surplus/ (Deficit) on General Fund Balance in Year			(0)			52,589
Closing General Fund			5,188,266			5,188,266

The figures above are prepared to two decimal places but rounding due to formatting may occur.

Net expenditure charged to general fund of £66,980,652 is effectively the 2021-2022 net accrued cost of running the council that has to be funded by both rates or from existing surplus in the general fund. Consequently this cost includes financing and Investment Income and Expenditure of £5,024,594 (Note 9). As this is not part of the "cost of services on continuing operations" in the CIES then in order to reconcile back to the net figure of £68,166,375 in the CIES, the £5,024,594 is reversed out in the 'adjustments column' totalling -£1,185,723.

Of the financing cost of £5,024,594, Loan interest costs of £343,848 relating to Airport capital expenditure and CODA share write-down cost of £3,089,735 are included within City of Derry Airport costs above. Furthermore the airport has also been allocated its portion of the minimum revenue provision £779,678 and revenue financing contribution £176,475. The Airport is the only area that has been charged its share of financing and Investment Income and Expenditure. The remaining capital financing costs of £6,448,151 consist of both the unallocated to service heads elements of loan interest, revenue contributions and minimum revenue provision costs.

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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
2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Cross Cutting Support Services	(158,780)	(889,583)	-	-	(1,048,363)
Environment & Regeneration	(3,093,573)	(2,921,443)	-	-	(6,015,016)
Business & Culture	(913,786)	(952,102)	-	-	(1,865,888)
Health & Community	(2,663,201)	(1,883,593)	-	-	(4,546,794)
Council	(460)	(154,504)	-	-	(154,964)
City of Derry Airport	(1,869,127)	-	-	4,389,735	2,520,608
Capital Financing	-	-	-	6,448,151	6,448,151
Other Corporate	-	(358,776)	116,351	(24,516)	(266,941)
Transfers to/from Reserves & Provisions	-	-	282,059	3,461,424	3,743,482
Net Cost of Services	(8,698,927)	(7,160,000)	398,409	14,274,794	(1,185,723)
Other Income and Expenditure from the Expenditure and Funding Analysis	19,547,290	(1,438,000)	-	(4,997,234)	13,112,056
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	10,848,363	(8,598,000)	398,409	9,277,560	11,926,333

Adjustments between Funding and Accounting Basis
2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Cross Cutting Support Services	(153,914)	(539,427)	-	-	(693,341)
Environment & Regeneration	(3,245,177)	(1,723,455)	(98,478)	-	(5,067,110)
Business & Culture	(920,872)	(575,632)	-	-	(1,496,504)
Health & Community	(2,449,739)	(1,086,746)	-	-	(3,536,485)
Council	(460)	(92,957)	-	100,000	6,583
City of Derry Airport	(1,871,587)	-	-	4,837,608	2,966,021
Capital Financing	-	-	-	7,985,264	7,985,264
Other Corporate	-	(310,783)	(619,000)	3,044	(926,739)
Transfers to/from Reserves & Provisions	-	-	-	11,861,452	11,861,452
Net Cost of Services	(8,641,749)	(4,329,000)	(717,478)	24,787,369	11,099,141
Other Income and Expenditure from the Expenditure and Funding Analysis	2,555,057	(1,220,000)	-	(5,620,173)	(4,285,116)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(6,086,692)	(5,549,000)	(717,478)	19,167,196	6,814,025

The figures above are prepared to two decimal places but rounding due to formatting may occur.

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 –

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 Differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

Other differences - adjusts for Interest payable and receivable, write off in the value of CODA shares, Transfers to/from General Fund, Accumulated Absences, Revenue Contributions to Capital and Minimum Revenue Provision.

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c Segmental Income and Expenditure			
	2021/22		Net expenditure as reported to Council
	Gross expenditure	Income	
	£	£	£
CHIEF EXECUTIVE	2,078,771	(1,145,948)	932,823
PERSONNEL	767,881	(5,891)	761,990
POLICY & IMPROVEMENT	1,770,688	(22,773)	1,747,915
GOVERNANCE	1,048,855	(13,000)	1,035,855
STRATEGIC FINANCE & FUNDING	594,069	(22,745)	571,324
LEGAL SERVICES	416,476	(147,027)	269,449
CROSS CUTTING CORPORATE SERVICES	6,676,741	(1,357,384)	5,319,356
ENVIRONMENT & REGEN. OFFICE	1,218,052	(307,423)	910,629
PLANNING & REGENERATION	2,265,504	(1,076,079)	1,189,424
ENVIRONMENT SERVICE	24,868,824	(1,861,894)	23,006,930
CAPITAL DEV. & BUILDING CONTROL	2,112,371	(1,110,658)	1,001,663
ENVIRONMENT & REGENERATION DIRECTORATE	30,464,700	(4,356,054)	26,108,647
BUSINESS & CULTURE DIRECTOR	174,842	0	174,842
BUSINESS	4,203,573	(2,729,556)	1,474,018
CULTURE	8,227,400	(1,854,789)	6,372,611
BUSINESS & CULTURE DIRECTORATE	12,605,815	(4,584,345)	8,021,470
HEALTH & COMMUNITY OFFICE	456,261	(8,540)	447,721
COMMUNITY WELLBEING	2,611,963	(811,489)	1,800,474
COMMUNITY DEV. & LEISURE	14,063,575	(5,252,172)	8,811,402
HEALTH & COMMUNITY DIRECTORATE	17,131,798	(6,072,201)	11,059,597
COUNCIL	1,120,815	0	1,120,815
CITY OF DERRY AIRPORT	6,481,669	(2,083,924)	4,397,745
CAPITAL FINANCING	6,448,152	0	6,448,152
PENSIONER COSTS	111,792	0	111,792
OTHER COSTS	2,085,772	(1,411,660)	674,112
BANK INTEREST AND CHARGES	(3,426)	(21,090)	(24,515)
OTHER COSTS	2,194,138	(1,432,750)	761,388
TRANSFERS TO/ FROM RESERVES	3,743,482	0	3,743,482
TAXATION AND NON-SPECIFIC GRANT INCOME	0	(66,980,652)	(66,980,652)
TOTAL	86,867,310	(86,867,310)	0

2020/21			
	Gross expenditure	Income	Net expenditure as reported to Council
	£	£	£
CHIEF EXECUTIVE	1,446,334	(574,902)	871,432
PERSONNEL	716,011	(1,030)	714,981
POLICY & IMPROVEMENT	1,780,570	(1,118)	1,779,452
GOVERNANCE	1,049,200	(6,231)	1,042,968
STRATEGIC FINANCE & FUNDING	719,210	(21,228)	697,982
LEGAL SERVICES	394,309	(131,507)	262,801
CROSS CUTTING CORPORATE SERVICES	6,105,634	(736,016)	5,369,617
ENVIRONMENT & REGEN. OFFICE	904,574	(389,244)	515,330
PLANNING & REGENERATION	2,166,563	(1,037,416)	1,129,147
ENVIRONMENT SERVICE	27,480,182	(3,803,907)	23,676,275
CAPITAL DEV. & BUILDING CONTROL	1,850,320	(1,035,719)	814,601
ENVIRONMENT & REGENERATION DIRECTORATE	32,401,639	(6,266,286)	26,135,353
BUSINESS & CULTURE DIRECTOR	168,642	0	168,642
BUSINESS	4,849,351	(4,932,340)	(82,989)
CULTURE	5,880,412	(784,229)	5,096,184
BUSINESS & CULTURE DIRECTORATE	10,898,405	(5,716,569)	5,181,837
HEALTH & COMMUNITY OFFICE	445,101	0	445,101
COMMUNITY WELLBEING	2,448,202	(848,724)	1,599,478
COMMUNITY DEV. & LEISURE	12,874,413	(6,654,865)	6,219,548
HEALTH & COMMUNITY DIRECTORATE	15,767,716	(7,503,589)	8,264,127
COUNCIL	1,141,468	0	1,141,468
CITY OF DERRY AIRPORT	6,898,445	(4,015,850)	2,882,595
CAPITAL FINANCING	7,985,264	0	7,985,264
PENSIONER COSTS	114,843	0	114,843
OTHER COSTS	1,362,058	(3,968,850)	(2,606,792)
BANK INTEREST AND CHARGES	9,808	(6,764)	3,044
OTHER COSTS	1,486,709	(3,975,614)	(2,488,905)
TRANSFERS TO/ FROM RESERVES	11,861,452	0	11,861,452
TAXATION AND OTHER INCOME	0	(66,385,398)	(66,385,398)
NET COST OF SERVICES	94,546,733	(94,599,322)	(52,589)

The figures above are prepared to two decimal places but rounding due to formatting may

3 a Expenditure and Income Analysed by Nature

Expenditure		2021/22	2020/21
	Notes	£	£
Employee Benefits Expenses	7	34,948,876	34,795,727
Other Services Expenditure		44,292,848	39,736,493
Depreciation, Amortisation, Impairment	4, 11	8,698,926	8,641,750
Interest Payments	9	1,934,859	2,094,958
Gain on the Disposal of Assets	4, 8	(217,633)	(550,587)
Other Expenditure		5,313,135	5,395,849
Total Expenditure		94,971,011	90,114,190

Income		2021/22	2020/21
	Notes	£	£
Interest and Investment Income	9	(27,360)	(6,764)
District rate income	10	(59,907,337)	(59,139,449)
Government grants and Contributions	10	(26,402,972)	(9,250,419)
Support Service Income		(20,559,675)	(28,584,172)
Total Income		(106,897,344)	(96,980,804)

Surplus on the Provision of Services		(11,926,333)	(6,866,614)
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The figures above are prepared to two decimal places but rounding due to formatting may occur.

b Income from Council Services excluding Grant Income and Internal Charges

Amounts included in the Comprehensive Income and Expenditure Statement excluding grant income and internal charges:

	2021/22	2021/22
	£	£
Cross Cutting Support Services	152,707	97,327
Environment & Regeneration	2,796,524	2,120,739
Business & Culture	2,341,359	1,003,459
Health & Community	2,167,470	528,094
Council	0	0
City of Derry Airport	2,400	18,437
Total Income	7,460,460	3,768,056

4 Adjustments between an Accounting Basis and Funding Basis under Regulations
 Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:

	Notes	2021/22		2020/21	
		£	£	£	£
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:					
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	11	88,590		(59,861)	
Depreciation charged in the year on non-current assets	11	8,610,336	8,698,926	8,701,611	8,641,750
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	12, 25f, 26a		1,665,912		2,534,858
REFCUS - Governments Grants and Other Contributions	12, 25f, 26a	(1,410,344)		(1,586,253)	
REFCUS - Direct Financing	12, 25f, 26a	(255,568)	(1,665,912)	(948,605)	(2,534,858)
Carrying amount of non-current assets sold	8	567,767		93,283	
Proceeds from the sale of PP&E, investment property and intangible assets	8, 24a	(785,400)	(217,633)	(643,870)	(550,587)
Net charges made for retirement benefits in accordance with IAS 19	21		13,692,000		10,887,000
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(5,094,000)		(5,338,000)
Capital Grants and Donated Assets Receivable and Applied in year	10b		(1,196,744)		(1,171,214)
Capital Grants Receivable and Unapplied in year	10C		(18,132,913)		(833,256)
Adjustments in relation to Short-term compensated absences	25f, 26d		(116,350)		619,000
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year					
Statutory Provision for the financing of Capital Investment	12, 25f		(3,918,461)		(3,740,472)
Direct revenue financing of Capital Expenditure	12, 25f, 26a		(1,897,676)		(3,465,272)
			(8,182,851)		5,048,949

Net transfers (to)/from statutory and other earmarked reserves:					
	Notes	2021/22		2020/21	
		£	£	£	£
Capital Fund					
Transfer to General Fund	25c	322,563		479,502	
Transfer from General Fund	25c	(3,301,758)	(2,979,195)	(2,041,898)	(1,562,396)
Renewal and Repairs Fund					
Transfer to General Fund	25d	476,381		340,164	
Transfer from General Fund	25d	(1,179,545)	(703,164)	(1,526,020)	(1,185,856)
Capital Receipts Reserve					
Transfer to General Fund	25a	174,344	174,344		
Other Funds and earmarked reserves					
Transfer to General fund	25e	410,972		483,327	
Transfer from General Fund	25e	(1,004,286)	(593,314)	(1,177,579)	(694,252)
Financial Commitments & Contingencies Reserve					
Transfer to General Fund	25g	4,692,206			
Transfer from General Fund	25g	(4,334,358)	357,847	(8,420,471)	(8,420,471)
			(3,743,482)		(11,862,975)

5 Cost of Services on Continuing Operations

a General power of competence

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

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

The actual expenditure under the power of competence amounted to £0 during 2021/22 (£0 in 2020/21).

b External Audit Fees

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

	2021/22	Restated 2020/21
	£	£
External Audit Fees *	64,000	62,000
Other Fees - Performance Audit Fees *	22,000	11,000
Other Fees - National Fraud Initiative Fees	-	1,244
	86,000	74,244

* The 2020/21 Performance audit fee and external audit fee have been restated to reflect the actual charge in year.

There were no other fees incurred in respect of any other services provided by the appointed auditor over and above those described above (£0 2020/21).

6 Operating and Finance Leases Council as Lessor

a Finance Leases (Council as lessor)

The Council does not have any leases that would be classified as finance leases under the IFRS Code.

b Operating Leases (Council as lessor)

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

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

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £177,858 (2020-21: £97,860).

Lease income in the current year has been impacted by Covid 19 as lease payment holidays were granted on some leases due to Covid 19 restrictions. The estimated future minimum lease income is set out below:

	31st March 2022	31st March 2021
	£	£
Not later than 1 year	110,822	136,940
Later than 1 year and no later than 5 years	179,367	65,287
Later than 5 years	128,921	47,504
	419,110	249,731

Council as Lessee

c Finance Leases (Council as lessee)

During the current year a new 99 year lease was entered into for a parcel of land with an annual rent of £5,000.

The asset acquired under this lease is carried within land in the Balance Sheet and has been subject to revaluation as at 31 March 2022. The carrying value of this land at 31 March 2022 is as follows:

	31st March 2022	31st March 2021
	£	£
Land	300,000	-
	300,000	-

The Council is committed to making minimum payments under this lease comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31st March 2022	31st March 2021
	£	£
Leases liabilities (net present value of minimum lease payments):		
Current	4,757	-
Non-Current	92,533	-
Finance costs payable in future years	392,710	-
Minimum Lease Payments	490,000	-

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

	Minimum Lease Payments		Lease Liabilities	
	31st March 2022	31st March 2021	31st March 2022	31st March 2021
	£	£	£	£
Not later than one year	5,000	-	4,757	-
Later than one year and not later than five years	20,000	-	16,830	-
Later than five years	465,000	-	75,703	-
	490,000	-	97,290	-

d Operating Leases (Council as lessee)

The Council has a number of multi functional office photocopiers and printers acquired by entering into operating leases with typical lives of 5 years. It has also leased a small number of sites and properties all of which are treated as Operating Leases due to their short terms.

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

	31st March 2022	31st March 2021
	£	£
Not later than 1 year	321,851	314,228
Later than 1 year and no later than 5 years	549,350	571,522
Later than 5 years	926,852	994,942
	1,798,053	1,880,692

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

	2021/22	2020/21
	£	£
Minimum lease payments	311,998	339,721
Total	311,998	339,721

7 Employee Costs and Member Allowances

Staff Costs	2021/22	2020/21
	£	£
Salaries and Wages	26,884,624	27,060,581
Employers NIC	2,637,315	2,538,794
Employers Superannuation - NILGOSC	5,132,115	4,903,337
Employers Superannuation - Civil Service	294,823	293,015
Total staff costs	34,948,876	34,795,727

The Employer's superannuation figure in Note 7a above includes £205,613 for the capital costs incurred in respect of the Council's 2021-22 exit packages (2020-21 £328,523).

In addition, agency costs during the year amounted to £415,867 (2020-21 £181,625) and short term compensating absences during the year amounted to £914,405 (2020-21 £1,030,755).

The Council's current contribution rate to the NILGOSC scheme is 19.5% (2020-21 19.5%).

At the last actuarial valuation, dated 31 March 2019, there was a surplus of £836.9M relative to the liabilities and a funding level of 112%. However since the valuation date the effect of measures being taken to limit the impact of the Covid19 pandemic on economic activity and asset valuations may mean that the fund is no longer in surplus by the time of the results of the next valuation as at 31 March 2022. As a result future contributions will remain under review and may be increased.

The Council incurred total costs (including superannuation capital costs details above) of £666,544 during 2021-22 (2020-21 £701,165) in respect of former employees who were granted early retirement or redundancy or employees who continued to pay their contributions during periods of absence such as career breaks.

Average Number of Employees - where FTE represents fulltime equivalent employees

Average Number of Employees	2021/22	2020/21
	FTE	FTE
Full-time numbers employed	766	813
Part-time numbers employed	125	103
Total Number	891	916

	2021/22	2020/21
	Actual Numbers	Actual Numbers
Full-time numbers employed	761	766
Part-time numbers employed	253	223
Total Number	1,014	989

Senior Employees' Remuneration	2021/22	2020/21
	£	£
£50,001 to £60,000	7	3
£60,001 to £70,000	11	12
£70,001 to £80,000	3	2
£80,001 to £90,000	-	3
£90,001 to £100,000	3	-
£110,001 to £120,000	1	1
Total Number	25	21

d Members' Allowances

	2021/22	2020/21
	£	£
Basic allowance	601,645	616,481
Mayor's Allowance	31,950	31,950
Deputy Mayor's Allowance	7,987	7,729
Special Responsibility Allowances	67,909	66,916
Dependents' carers allowance	331	304
PCSP Allowance	10,380	4,800
Employer costs	160,805	158,816
Mileage	790	4,663
Conferences, Courses & Visits	7,842	1,518
Travel & Subsistence Costs	813	38
General Secretarial Services	1,692	2,825
Other Costs	112	295
Communication and Support	2,970	3,583
Total	895,226	899,918

Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Department for Communities at 01/04/2015 was unable to identify the share of the underlying assets and liabilities.

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

No employees opted to open a partnership pension account, a stakeholder pension with an employer contribution.

For 2021/22, employers' contributions of £294,823 (2020/21 £293,015) were payable to the NICS pension arrangements at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

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

Other Operating Income & Expenditure

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

	2021/22	2020/21
	£	£
Proceeds from sale	(785,400)	(643,870)
Carrying amount of non-current assets sold (excl Investment Properties)	567,767	93,283
	(217,633)	(550,587)

Other Operating Expenditure	2021/22	2020/21
	£	£
(Surplus) / Deficit on Non Current Assets	(217,633)	(550,587)
	(217,633)	(550,587)

9 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2021/22	2020/21
	£	£
Bank interest	2,844	1,512
Government Loan Interest	1,932,015	2,085,150
Other interest (exchange)	-	8,296
	<u>1,934,859</u>	<u>2,094,958</u>

b Interest and Investment Income

	2021/22	2020/21
	£	£
Bank Interest	17,491	2,730
Employee car loan interest	3,599	4,034
Other income (exchange)	6,270	-
	<u>27,360</u>	<u>6,764</u>

c Pensions Interest costs and expected return on pensions assets

		2021/22	2020/21
		£	£
Net interest on the net defined benefit liability (asset)	21b	1,438,000	1,220,000
		<u>1,438,000</u>	<u>1,220,000</u>

Financing and Investment Income and Expenditure

	2021/22			2020/21		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,934,859	-	1,934,859	2,094,958	-	2,094,958
Interest and Investment Income	-	(27,360)	(27,360)	-	(6,764)	(6,764)
Pensions interest cost	1,438,000	-	1,438,000	1,220,000	-	1,220,000
Writedown of value of shares purchased in CODA (Operations) Limited	3,089,735	-	3,089,735	3,531,979	-	3,531,979
	<u>6,462,594</u>	<u>(27,360)</u>	<u>6,435,234</u>	<u>6,846,937</u>	<u>(6,764)</u>	<u>6,840,173</u>

10 Taxation and Non Specific Grant Income

a Revenue Grants

	2021/22	2020/21
	£	£
General	(7,073,315)	(7,245,949)
	<u>(7,073,315)</u>	<u>(7,245,949)</u>

b Capital Grants and Donated Assets - Applied

	2021/22	2020/21
	£	£
Government & Other Grants - Conditions met and applied in year	(1,196,744)	(883,214)
Donated Assets - Conditions met	-	(288,000)
	<u>(1,196,744)</u>	<u>(1,171,214)</u>

c Capital Grants - Unapplied

	2021/22	2020/21
	£	£
Government & Other Grants - Conditions met and not applied in year	(18,132,913)	(833,256)
	<u>(18,132,913)</u>	<u>(833,256)</u>

d District Rates

	2021/22	2020/21
	£	£
Current year	(60,814,716)	(58,750,264)
Finalisation - current year	(384,709)	(1,292,088)
Finalisation - prior year	1,292,088	902,903
	<u>(59,907,337)</u>	<u>(59,139,449)</u>

Taxation and Non Specific Grant Income	2021/22	2020/21
	£	£
District Rate Income	(59,907,337)	(59,139,449)
Revenue Grants	(7,073,315)	(7,245,949)
Capital Grants and Contributions	(19,329,657)	(2,004,470)
	<u>(86,310,309)</u>	<u>(68,389,868)</u>

Derry City and Strabane District Council
Notes to the Financial Statements
For the year ended 31 March 2022
Long - Term Assets - Current Year

11

Cost or Valuation	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	TOTAL
	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2021	25,009,498	138,926,105	13,306,520	41,218,044	7,614,823	8,740,123	4,174,501	238,989,614	4,373,468	243,363,082
Adjustments between cost/value & depreciation/impairment	-	(5,569,541)	-	-	-	-	-	(5,569,541)	-	(5,569,541)
Balance as at 1 April 2021	25,009,498	133,356,564	13,306,520	41,218,044	7,614,823	8,740,123	4,174,501	233,420,073	4,373,468	237,793,541
Additions	-	140,328	-	1,193,009	-	9,012,054	-	10,345,391	6,240	10,351,631
Revaluation increases/ (decreases) to Revaluation Reserve	396,439	7,593,237	-	-	-	-	(246,522)	7,743,154	(1,670)	7,741,484
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	(61,031)	7,862	-	-	-	-	(35,181)	(88,350)	(240)	(88,590)
Derecognition - Disposals	-	(69,071)	-	(362,405)	-	-	-	(431,482)	-	(431,482)
Reclassifications & Transfers	200,592	5,278,803	691,465	981,802	-	(7,853,633)	700,971	-	-	-
Reclassified to (-) / from (+) Held for Sale	-	-	-	-	-	-	334,880	334,880	-	334,880
Balance as at 31 March 2022	25,545,498	146,307,717	13,997,985	43,030,450	7,614,823	9,898,544	4,928,649	251,323,666	4,377,798	255,701,464
Depreciation and Impairment										
	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	TOTAL
	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2021	-	17,922	8,177,443	32,261,861	-	-	-	40,457,226	-	40,457,226
Adjustments between cost/value & depreciation/impairment	-	(5,569,541)	-	-	-	-	-	(5,569,541)	-	(5,569,541)
Balance as at 1 April 2021	-	(5,551,619)	8,177,443	32,261,861	-	-	-	34,887,685	-	34,887,685
Depreciation Charge	-	5,571,532	921,849	2,116,955	-	-	-	8,610,336	-	8,610,336
Derecognition - Disposals	-	-	-	(291,968)	-	-	-	(291,968)	-	(291,968)
Balance as at 31 March 2022	-	19,913	9,099,292	34,086,848	-	-	-	43,206,053	-	43,206,053
Balance as at 31 March 2022	25,545,498	146,287,804	4,898,693	8,943,602	7,614,823	9,898,544	4,928,649	208,117,613	4,377,798	212,495,411

Valuations

A revaluation of Land, Buildings, Surplus Assets and Investment Properties was carried out by an independent valuer from Land and Property Services as at 31 March 2022. A combination of desk valuations and physical inspections were carried out by the valuer. This included material asset additions and material reclassifications of assets which are revalued in the year of completion/transfer. Please refer to Note 1ix for further information on revaluation and depreciation policies. The net revaluation gain/loss and impairments have been reflected in the above figures for 2021/22.

Heritage assets were revalued for insurance purposes by the independent valuer Gurr Johns Limited as at 31 March 2022.

b Long - Term Assets - Comparative Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	TOTAL
	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2020	27,420,798	142,085,781	13,112,178	39,608,392	7,614,823	7,153,820	693,501	237,689,293	4,348,418	242,037,711
Adjustments between cost/value & depreciation/impairment	-	(5,940,525)	-	-	-	-	-	(5,940,525)	-	(5,940,525)
Balance as at 1 April 2020	27,420,798	136,125,256	13,112,178	39,608,392	7,614,823	7,153,820	693,501	231,728,768	4,348,418	236,077,186
Additions	3,000	(30,905)	5,649	619,475	-	5,919,378	142,000	6,658,597	-	6,658,597
Donations	48,000	-	-	-	-	-	240,000	288,000	-	288,000
Revaluation increases/decreases to Revaluation Reserve	(47,700)	1,029,744	-	-	-	-	(80,062)	901,982	25,050	927,032
Revaluation increases/ decreases to Surplus or Deficit on the Provision of Services	(14,100)	122,341	-	-	-	-	(48,380)	59,861	-	59,861
Derecognition - Disposals	(7,000)	(33,973)	-	(606,621)	-	-	-	(647,594)	-	(647,594)
Reclassifications & Transfers	(2,393,500)	1,713,642	188,693	1,596,798	-	(4,333,075)	3,227,442	-	-	-
Balance as at 31 March 2021	25,009,498	138,926,105	13,306,520	41,218,044	7,614,823	8,740,123	4,174,501	238,989,614	4,373,468	243,363,082
Depreciation and Impairment										
	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	TOTAL
	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2020	-	573,000	7,205,699	30,497,253	-	-	-	38,275,952	-	38,275,952
Adjustments between cost/value & depreciation/impairment	-	(5,940,525)	-	-	-	-	-	(5,940,525)	-	(5,940,525)
Balance as at 1 April 2020	-	(5,387,525)	7,205,699	30,497,253	-	-	-	32,315,427	-	32,315,427
Depreciation Charge	-	5,405,447	971,744	2,318,919	-	-	-	8,696,110	-	8,696,110
Derecognition - Disposals	-	-	-	(554,311)	-	-	-	(554,311)	-	(554,311)
Balance as at 31 March 2021	-	17,922	8,177,443	32,261,861	-	-	-	40,457,226	-	40,457,226
Net Book Values										
	£	£	£	£	£	£	£	£	£	£
Balance as at 31 March 2021	25,009,498	138,908,183	5,129,077	8,956,183	7,614,823	8,740,123	4,174,501	198,532,388	4,373,468	202,905,856

City of Derry Airport

During 2021-22, the Council transferred operational plant and machinery assets at the Airport in the sum of £70,437 (2020-21 £35,316) to City of Derry Airport (Operations) Limited in consideration for shares in the company to the net book values of the Assets transferred. These shares are deemed to have no market value due to the current trading conditions at the Airport, and the transfer has resulted in a loss on disposal of these assets. A number of assets associated with the Airport have not yet been transferred by Council to the new Company.

The City of Derry airport is a fully owned subsidiary of Council. The value of these assets in note 11, on a going concern basis are £5.29M of land and £37.877M of buildings with an associated total revaluation reserve on these assets of £27.478M.

In line with the significant central Government support provided to Regional Airports throughout Europe, a medium term Business Plan was approved by Council in March 2021 setting out support required from Governments to ensure the medium term sustainability of CODA for a further 6 year period until critical transport infrastructure (A5 and A6) is progressed and roads connectivity to the North West is significantly enhanced. The Business Case has been submitted to Governments and formal engagement has commenced. Further to the submission of the Business Case, the Northern Ireland Executive provided initial funding of £3m to assist with the operational subvention for the year 2022/23. Discussions are ongoing with Government to secure continued funding post March 2023. 100% funding of the critical London PSO route from April 2021 to March 2023 was secured for 2022/23 and Council are currently in discussions with the Department for Transport (UK) and the Department for the Economy to secure funding beyond 2023. The tender process to appoint an operator for the service from April 2023 has now commenced. If issues regarding going concern crystallise this may result in a significant impairment to the current value of airport assets held by Council of £5.29M of land and £37.877M of buildings.

**11 c Property, plant and equipment
Depreciation**

Depreciation is calculated on the following basis:

- buildings are depreciated on a straight line basis on their carrying value over the estimated remaining useful life of the asset as advised by Land & Property Services. Depending on the type of building, installation or fitting the maximum life will be in the range of 3 to 60 years
- vehicles, plant, furniture and equipment are depreciated on a straight line basis on historic cost with useful lives ranging between 3 to 25 years
- infrastructure are depreciated on a straight line basis on historic cost using original useful lives ranging between 10 to 20 years
- intangible assets are amortised over their estimated useful lives.

Revaluations

A revaluation of Land, Buildings and Surplus Assets was carried out by an independent valuer from Land and Property Services (LPS) as at 31 March 2022. This valuation has been carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. A combination of desktop valuations and physical inspections were carried out by the valuer. This included material asset additions and material reclassifications of assets which are revalued in the year of completion/transfer. Please refer to note 1ix for further information on revaluation and depreciation policies. The net revaluation gain/loss and impairments have been reflected in the above figures for 2021/22. Heritage assets were revalued for insurance purposes by the independent valuer Gurr Johns Limited as at 31 March 2022.

d Intangible Assets

The Council owns intangible Assets which relate to various pieces of software purchased by the Council to assist in the delivery of services. These assets have been fully depreciated over their estimated useful lives.

Intangible Assets	2021/22	2020/21
	£	£
Balance at start of year:		
Gross carrying amounts	655,772	655,772
Accumulated amortisation	655,772	650,271
Net carrying amount at start of year	-	5,501
Amortisation for the period	-	5,501
Net carrying amount at end of year	-	-
Comprising:		
Gross carrying amounts	655,772	655,772
Accumulated amortisation	655,772	655,772
Net carrying amount at end of year	-	-

e Heritage Assets

Heritage Assets are valued annually for insurance purposes with the latest valuation date being as at 31st March 2022. The valuation incorporates the majority of legacy Derry and Strabane assets with the remaining assets valued using historical information.

Sculptures

The Council's collection of sculptures are reported in the Balance Sheet at an insurance valuation which is based on market values.

The collection of sculptures has particularly significant items in terms of both value and public visibility. The collection includes the Where Dreams are Made and Myles After Myles sculptures which are located beside the Alley Theatre and Let the Dance Begin Sculpture which is located on the Lifford Road.

Art Collection

The Council's art collection is reported in the Balance Sheet at insurance valuation which is based on market values.

The art collection includes the Dunbar Museum Collection, the Civic Chain of Office, an abstract painting by Felim Egan and several paintings and art pieces which are displayed throughout the main Council buildings.

f Assets Held for Sale

Assets Held for Sale	Current	Non Current	Total
	£	£	£
Cost or Valuation			
Balance as at 1 April 2021	1,450,000	-	1,450,000
Assets Held for Sale Revaluation decreases to Revaluation Reserve	(13,016)	-	(13,016)
Derecognition - Disposals	(428,253)	-	(428,253)
Transferred to Surplus Assets during year	(334,880)	-	(334,880)
Balance as at 31 March 2022	673,851	-	673,851
Net Book Value			
Balance as at 31 March 2022	673,851	-	673,851
Balance as at 31 March 2021	1,450,000	-	1,450,000

Assets Held for Sale	Current	Non Current	Total
	£	£	£
Cost or Valuation			
Balance as at 1 April 2020	1,150,000	-	1,150,000
Assets Held for Sale Revaluation increases to Revaluation Reserve	300,000	-	300,000
Balance as at 31 March 2021	1,450,000	-	1,450,000
Net Book Value			
Balance as at 31 March 2021	1,450,000	-	1,450,000
Balance as at 31 March 2020	1,150,000	-	1,150,000

Council intends to dispose of the former Lisnagelvin Leisure Centre site and Council officers are working to progress the marketing and sale of the site.

Council is also progressing the sale of a small piece of land close to City of Derry Airport to an identified buyer.

The sale of land at Ballynagard has largely completed with completion on a small parcel of land still outstanding.

g Long-Term Assets - Leased Assets

As outlined in note 6c, Council acquired a parcel of land on a 99 year lease during the 2021/22 financial year.

The asset has initially been recognised at the present value of the minimum future lease payments plus associated fees with the land then subject to revaluation by Land and Property Services as at 31 March 2022.

	Land	Total
	£	£
Cost or Valuation		
At 1 April 2021	-	-
Initial Recognition	103,141	103,141
Revaluation	196,859	196,859
At 31 March 2022	300,000	300,000
Net Book Value 31 March 2022	300,000	300,000

h Fair Value Hierarchy for Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2022 and 2021 are as follows:

2021/22 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2022
	£	£	£	£
Existing at 1 April	-	4,174,500	-	4,174,500
Transferred (to) / from operational during year	-	50,000	-	50,000
Additions	-	650,971	-	650,971
Transferred (to) / from held for sale during year	-	334,880	-	334,880
Revaluation	-	(281,703)	-	(281,703)
Total	-	4,928,648	-	4,928,648

2020/21 Recurring fair value measurements using:	Quoted Prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31st March 2021
	£	£	£	£
Existing at 1 April	-	693,500	-	693,500
Transferred (to) / from operational during year	-	3,227,442	-	3,227,442
Additions	-	142,000	-	142,000
Donations	-	240,000	-	240,000
Revaluation	-	(128,442)	-	(128,442)
Total	-	4,174,500	-	4,174,500

Transfers between levels of the fair value hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques

A full revaluation of all surplus assets was carried out by Land & Property Services as at 31 March 2022 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Valuation Process for Surplus Assets

Gains arising from changes in the fair value of surplus assets are recognised in the revaluation reserve, unless they reverse a previous impairment charged to the Surplus or Deficit on the Provision of Services. Losses arising from changes in the fair value of the surplus assets reduce any revaluation reserve balance relating to that asset and, thereafter, are recognised in Surplus or Deficit on the Provision of Services.

12 Capital Expenditure and Capital Financing

Capital Expenditure		2021/22	2020/21
		£	£
Opening Capital Financing Requirement		55,696,889	60,030,483
Capital Investment			
Property, Plant and Equipment	11	10,351,631	6,658,597
Donated Assets	11,22	-	288,000
Revenue Expenditure Funded from Capital under Statute	4, 25f, 26a	1,665,912	2,534,858
Sources of Finance			
Capital Receipts	25a	(602,907)	(74,650)
Government Grants and Other Contributions	10	(1,196,744)	(1,171,214)
Government Grants and Other Contributions applied from prior years	25b	(460,796)	(1,946,258)
Transfers from Earmarked Reserves	25c, 25d, 25e, 25g	(1,091,909)	(882,325)
**REFCUS - Council Contribution	4, 25f, 26a	(255,568)	(948,605)
***REFCUS - Government Grants and Other Contributions	4, 25f, 26a	(1,410,344)	(1,586,253)
Sums set aside from Revenue			
Direct Revenue Contributions		(1,897,676)	(3,465,272)
Minimum Revenue Provision		(3,918,461)	(3,740,472)
Closing Capital Financing Requirement		56,880,027	55,696,889

Explanation of Movements In Year	2021/22	2020/21
	£	£
Increase/(decrease) in underlying need to borrow	1,085,848	(4,333,594)
Assets acquired under leases	97,290	-
Increase/(decrease) in Capital Financing Requirement	1,183,138	(4,333,594)

** The Council's MRP policy is as follows:-
 . Loan principal on borrowings made before the introduction of MRP.
 . the annuity method for borrowing following the introduction of MRP with the exception of fleet and equipment expenditure which Council is funding via internal borrowing with MRP being charged in line with the equal instalment method over the life of the asset.

***Revenue Expenditure Funded from Capital Under Statute (REFCUS): Council have undertaken a number of projects including expenditure on community, leisure and broadband infrastructure and have provided grant aid to community organisations for which, if Council had an interest in the land or building, would be considered as capital expenditure. However as Council does not have an interest in the land or buildings this expenditure is deemed to be REFCUS. These projects have been largely funded by external grant aid with Council contributing the remaining balance in full in the year in which the expenditure was incurred.

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	46,550,460	33,886,494	12,663,966
Other Commitments	1,220,000	1,025,000	195,000
Total	47,770,460	34,911,494	12,858,966

Inventories	2021/22	2020/21
	£	£
Stock Derry Fuel	7,403	10,552
Stock Strabane	80,042	28,188
Stock Derry Bins	71,314	30,560
Stock Derry Vehicle items	307,143	239,356
Stock Strabane Fuel	8,687	5,899
Total	474,589	314,555

The cost of inventories written down, recognised as an expense and included in 'services' amounted to £0.

Debtors		2021/22	2020/21
		£	£
a Long Term Debtors			
Government Departments		13,192,279	2,184,137
Employee car loans		30,931	37,860
Capital Grants		1,903,573	9,283,366
Gas Income		391,614	548,175
Total Long-Term Debtors		15,518,397	12,053,538
b Short Term Debtors			
Government Departments		14,335,366	8,937,287
Other Councils		608,761	305,087
Gas Income		66,558	67,657
Employee car loans		33,245	43,216
Revenue Grants		2,249,513	1,715,966
Capital Grants		10,047,614	3,265,009
Value Added Tax		1,579,749	1,444,586
Prepayments		115,677	64,396
Other		940,008	605,848
Trade receivables		693,190	570,728
Impairment loss - Trade receivables		(740,967)	(724,610)
Total Short-Term Debtors		29,928,714	16,295,170
Total Debtors		45,447,111	28,348,708

The large increase in debtors relates mainly to an increase in capital grants receivable, which are shown under both headings, Government Departments and Capital Grants. In 2021/22 Council was successful in securing £15,586m of funding towards three projects under the UK Government's Levelling Up Fund First Round: Acorn Farm £5.60M, Derg Active £5.823M and Daisyfield Sports Hub £4.163M.

16 Investments			
a Long Term Investments			
	2021/22	2020/21	
	£	£	£
Investments - general	-	-	-
Investments - repairs and renewals	-	-	-
Investments - capital fund	-	-	-
Investments - other	-	-	-
Total Long-term Investments	-	-	-
Analysed over:			
	2021/22	2020/21	
	£	£	£
Shares purchased in CODA (Operations) Limited	3,160,172	3,567,295	
Writedown of value of shares purchased in CODA (Operations) Limited	(3,160,172)	(3,567,295)	
Total Long-term Investments	-	-	-

The difference between the value above of £3,160,172 for the writedown of value of shares purchased in CODA and the value of £3,089,735 in Note 9 is £70,437. This relates to CODA fixed asset additions purchased in 2021-22 of which £70,437 were disposed of for 'nil' consideration to CODA and which is reflected in the disposal of fixed assets figure of £567,767 within the Capital Adjustment Account.

b Short-Term Investments			
	2021/22	2020/21	
	£	£	£
Investments - Loans to Other Local Authorities	8,000,000	10,000,000	
Total Short-term Investments	8,000,000	10,000,000	
Analysed over:			
	2021/22	2020/21	
	£	£	£
Other deposits	8,000,000	10,000,000	
Total Short-term Investments	8,000,000	10,000,000	
Total Long Term and Short-term Investments	8,000,000	10,000,000	

The Council holds monies on deposit at 0.25% for 7months. These amounts are included within Cash and Cash Equivalents.

17 Borrowings			
a Short Term Borrowing			
	2021/22	2020/21	
	£	£	£
Loans re-payable within one year	3,251,505	3,232,802	
Lease Principal	4,757	-	
Total Short Term Borrowing	3,256,262	3,232,802	
b Long Term Borrowing			
	2021/22	2020/21	
	£	£	£
Between 1 and 2 years	3,102,154	3,251,511	
Between 2 and 5 years	7,623,458	8,560,594	
Between 5 and 10 years	10,094,365	10,235,283	
In more than 10 years	16,258,217	18,189,775	
Government Loans Fund	37,078,194	40,237,163	
Total Borrowing	40,334,456	43,469,965	

Interest rates on Government Loans range between 1.16% and 16.25%

Included within long term borrowing is the finance lease liability for land held on a 99 year lease as disclosed in note 6c.

18 Creditors			
a Short Term Creditors			
		2021/22	2020/21
		£	£
Government Departments		3,342,948	2,024,605
Other Councils		57,452	21,214
Remuneration due to employees		275,894	483,814
Accumulated Absences		914,405	1,030,755
Loan Interest Payable		297,923	322,556
Capital Creditors		2,860,369	1,791,303
Receipts in advance		3,023,507	2,699,865
Trade creditors		5,200,235	3,763,737
Other		175,342	223,848
Creditor Accruals		2,013,096	2,228,461
Total Short Term Creditors		18,161,171	14,590,158

* included within Receipts in advance is a balance of £1.5M (£1.3M at 31.03.21) provided to Derry City and Strabane District Council by the Republic of Ireland Government under the terms of the Fresh Start Agreement (see Note 29m).

b Payment of Invoices

The Council default target for paying supplier invoices, where no other terms are agreed, is within 30 calendar days.

During the year the Council paid 20,584 invoices totalling £77,512,179 (2020/21 - 17,649 invoices totalling £70,737,776).

The Council paid:

5,375 invoices (26.11%) with the 10 day target (2020/2021 6,305 invoices - 35.72%);
13,311 invoices (64.67%) within the 30 day target (2020/21 13,894 invoices - 78.72%); and
7,273 invoices (35.33%) outside of the 30 day target (2020/21 3,755 invoices - 21.28%).

The average number of days taken to pay suppliers during the year was 31 days.

The Council's policy is to pay invoices as quickly as possible and it will keep it's performance under review.

19 Provisions						
	Balance as at 1 April 2021	Increase/(Decrease) in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Balance as at 31 March 2022
	£	£	£	£	£	£
Landfill Provision	2,064,083	(373,286)	(25,613)	-	-	1,665,184
Claims Management	1,247,915	601,298	(126,655)	-	-	1,722,558
Reorganisation	889,359	746,808	(1,101,953)	-	-	534,214
Total	4,201,357	974,820	(1,254,221)	-	-	3,921,956

Current Provisions	956,713	746,808	(1,104,267)	-	-	599,254
Long Term Provisions	3,244,644	228,012	(149,954)	-	-	3,322,702
Total	4,201,357	974,820	(1,254,221)	-	-	3,921,956

Comparative Year

	Balance as at 1 April 2020	Increase in provision during year	Utilised during year	Unused amounts reversed	Interest cost and/or discount rate changes	Restated Balance as at 31 March 2021
	£	£	£	£	£	£
Landfill Provision	1,891,994	203,320	(31,231)	-	-	2,064,083
Claims Management	1,746,915	(107,205)	(391,795)	-	-	1,247,915
Reorganisation	521,371	776,165	(408,177)	-	-	889,359
Total	4,160,280	872,280	(831,203)	-	-	4,201,357

Current Provisions	587,358	776,165	(406,810)	-	-	956,713
Long Term Provisions	3,572,922	96,115	(424,393)	-	-	3,244,644
Total	4,160,280	872,280	(831,203)	-	-	4,201,357

Landfill Provision

The restoration of Culmore Landfill Site is complete and it is estimated that the remainder of the aftercare costs for 48 years will be £1,665,184. The Council has applied the Arlingclose recommended discount rates to the Landfill Provision which are based on PwLB borrowing rates adjusted for inflation.

Claims Management

This provision relates to the estimated costs to the Council under its self-insurance policy of unsettled Public & Employer Liability claims as at 31 March 2022.

Reorganisation

During the year further severance payments have been approved as part of Council's efficiency plan, some of which were paid during the 2021-22 year. Provision has also been made for remaining employee harmonisation costs relating to Leisure and Environmental Services following the merger of the Legacy Councils in 2015.

Financial Instruments

Categories of Financial Instruments

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

Financial Assets as at 31 March 2022

	Non-Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	£
Amortised cost	-	30,931	29,436,488	33,245	29,500,664
Total Financial Assets	-	30,931	29,436,488	33,245	29,500,664

Financial Assets as at 31 March 2021

	Non-Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	£
Amortised cost	-	37,860	27,099,426	43,216	27,180,502
Total Financial Assets	-	37,860	27,099,426	43,216	27,180,502

Financial Liabilities as at 31 March 2022

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Amortised cost	37,078,194	-	3,256,262	297,924	40,632,380
Total financial liabilities	37,078,194	-	3,256,262	297,924	40,632,380

Financial Liabilities as at 31 March 2021

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Amortised cost	40,237,161	-	3,232,802	322,556	43,792,519
Total financial liabilities	40,237,161	-	3,232,802	322,556	43,792,519

Employee Car Loans

During the year the Council had loans for car purchases to 21 employees who are in posts that require them to drive regularly on the Council's business.

Interest is charged on the car loans at the Bank of England base rate (as at date of loan advance) + 1.7% per annum on the amount of the loan.

	2021/22	2020/21
	£	£
Balance at start of year:		
Opening balance	81,077	110,431
Nominal value of new loans granted in the year	25,095	25,298
Fair value of new loans	106,172	135,729
Loans repaid	(41,996)	(54,652)
Closing balance at end of year	64,176	81,077
Nominal value at end of year	64,176	81,077

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 and 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.

Trade debtors, inclusive of VAT, can be analysed by age as follows:

	£
Less than three months	1,560,161
Three to six months	115,954
Six months to one year	48,552
More than one year	275,340
**	2,000,007

** Includes the government element of trade debtors which is reflected in the Government Department figure in Note 15B.

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.

During 2021-22 the Council made loans to other UK Local authorities through the Ideal Trade Platform, owned and operated by Arlingclose Ltd, who are authorised and regulated by the Financial Conduct Authority.

Inter Local Authority Lending has the significant advantage of loans being secured on the cash flows of the Local authority. In the very unlikely event of default, this would allow a petition to the high court to precept the rates/council tax of the authority. Local Authorities can only borrow for capital expenditure so will always be able to refinance their borrowing with the PWLB.

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.

Interest rate 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 a bank account denominated in euros but there is no material exposure to loss arising from movements in exchange rates, as whatever the euro funds translate to is the amount of the expenditure that will be incurred.

Other Balance Sheet Disclosures

City of Derry Airport (Operations) Limited

Derry City and Strabane District Council owns 100% of the shares in City of Derry Airport (Operations) Limited. These shares are deemed to have no market value due to the current trading conditions at the Airport.

	2021/22	2020/21
	£	£
Shares purchased in CODA (Operations) Limited	3,160,172	3,567,295
Writedown of value of shares purchased in CODA (Operations) Limited	(3,160,172)	(3,567,295)

Income, Expense, Gains and Losses

	2021/22	2020/21
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£	£

Interest revenue

Financial assets measured at amortised cost	27,360	-
Total interest revenue	27,360	-

Interest expense	1,934,859	-
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	2021/22	2020/21
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£	£

Interest revenue

Financial assets measured at amortised cost	6,764	-
Total interest revenue	6,764	-

Interest expense	2,094,958	-
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Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required).

Except for the shares in City of Derry Airport described above all other financial liabilities and financial assets held by the authority are classified as loans and receivables and creditors and are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows.

Financial Liabilities	31st March 2022		31st March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Loans/borrowings - PWLB short & Long-term	40,334,456	47,782,247	43,469,963	56,053,746
Total	40,334,456	47,782,247	43,469,963	56,053,746

The fair value of borrowings is higher than the carrying amount because the Council's portfolio of loans are received from the Department of Finance at concessionary interest rates and some of these rates are higher at the prevailing market rates.

Financial Assets	31st March 2022		31st March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	£	£	£	£
Cash & Cash Equivalents	29,436,488	29,436,488	27,099,426	27,099,426
Short term debtors - Car Loans	33,245	33,245	43,216	43,216
Long term debtors - Car Loans	30,931	30,931	37,860	37,860
Total	29,500,664	29,500,664	27,180,502	27,180,502

The above debtors and creditors are carried at cost as this is a fair approximation of their value.

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

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

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

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

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

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

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

	Note	2021/22 £	2020/21 £
Net cost of services:			
Current service cost		11,920,000	9,361,000
Past service cost/(gain)		334,000	306,000
Net operating expenditure:			
Net Interest on net defined benefit Liability (asset)		1,438,000	1,220,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		13,692,000	10,887,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(13,692,000)	(10,887,000)
Actual amount charged against the general fund balance for pensions in the year:			
Employers' contributions payable to scheme		5,094,000	5,338,000
Net adjustment to General Fund		(8,598,000)	(5,549,000)

The service cost figures include an allowance for administration expenses of £0.118M.

Remasurements recognised in Other Comprehensive Income and Expenditure	Note	2021/22 £	2020/21 £
Liability gains/(losses) due to change in financial assumptions		18,855,000	(49,152,000)
Liability gains/(losses) due to due to demographic changes		2,764,000	-
Liability experience gains/(losses) arising in the year		(621,000)	2,029,000
Actuarial gains/(losses) on plan assets		4,057,000	37,147,000
Total gains/(losses) recognised in Other Comprehensive Income and Expenditure		25,055,000	(9,976,000)

Assets and liabilities in relation to retirement benefits			
Reconciliation of present value of the scheme liabilities:			
	Note	2021/22	2020/21
		£	£
Balance as at 1 April		280,605,000	222,883,000
Current service cost		11,920,000	9,361,000
Interest cost		5,849,000	5,084,000
Contributions by members		1,509,000	1,604,000
Remeasurement (gains) and losses:			
Actuarial (gains)/losses arising from changes in financial assumptions		(18,855,000)	49,152,000
Actuarial (gains)/losses arising from demographic changes		(2,764,000)	-
Actuarial (gains)/losses arising on liabilities from experience		621,000	(2,029,000)
Past service costs/(gains)		334,000	306,000
Estimated unfunded benefits paid		(109,000)	(112,000)
Estimated benefits paid		(5,661,000)	(5,644,000)
Balance as at 31 March		273,449,000	280,405,000

Reconciliation of present value of the scheme assets:			
	Note	2021/22	2020/21
		£	£
Balance as at 1 April		209,556,000	167,359,000
Interest income		4,411,000	3,864,000
Contributions by members		1,509,000	1,604,000
Contributions by employer		4,985,000	5,226,000
Contributions in respect of unfunded benefits		109,000	112,000
Remeasurement gain/(loss)		4,057,000	37,147,000
Unfunded benefits paid		(109,000)	(112,000)
Benefits paid		(5,661,000)	(5,644,000)
Balance as at 31 March		218,857,000	209,556,000

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

The actual return on scheme assets in the year was a gain of £8,468,000 (2020/21 gain of £41,011,000).

Fair Value of Plan Assets		
	2021/22	2020/21
	£	£
Equity investments	88,855,942	97,024,428
Bonds	56,683,963	74,811,492
Property	23,855,413	18,650,484
Multi Asset Credit	28,232,553	-
Cash	13,569,134	11,106,468
Other	7,659,995	7,963,128
	218,857,000	209,556,000

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

The bid value of assets for the fund as a whole as at 31 March 2022 were provided by the Administering Authority.

The amounts included in the fair value of plan assets for property occupied by the Council was £0.

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

	2021/22	2020/21
	£	£
Fair Value of Employer Assets	218,857,000	209,556,000
Present value of funded defined benefit obligation	(271,829,000)	(278,791,000)
Pension asset/(liability) of Funded Scheme	(52,972,000)	(69,235,000)
Present Value of unfunded defined benefit obligation	(1,620,000)	(1,814,000)
Net asset/(liability) arising from the defined benefit obligation	(54,592,000)	(71,049,000)
Amount in the Balance sheet:		
Liabilities	(273,449,000)	(280,605,000)
Assets	218,857,000	209,556,000
Net Asset/(Liability)	(54,592,000)	(71,049,000)

d Scheme History		
Analysis of scheme assets and liabilities		
	2021/22	2020/21
	£	£
Fair Value of Assets in pension scheme	218,857,000	209,556,000
Present Value of Defined Benefit Obligation	(273,449,000)	(280,605,000)
Surplus/(deficit) in the Scheme	(54,592,000)	(71,049,000)
Amount recognised in Other Comprehensive Income and Expenditure:		
	2021/22	2020/21
	£	£
Actuarial gains/(losses)	20,998,000	(47,123,000)
Expected Return on Plan Assets	4,057,000	37,147,000
Remeasurements recognised in Other Comprehensive Income and Expenditure	25,055,000	(9,976,000)
Cumulative actuarial gains and (losses)	10,153,000	(14,902,000)
History of experience gains and losses:		
Experience gains and (losses) on assets	4,057,000	37,147,000
Experience gains and (losses) on liabilities	20,998,000	(47,123,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £54,592,000 has a substantial impact on the net worth of the Council as recorded in the Balance Sheet.

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

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

	31/03/2023
	£
Projected current cost	11,144,000
Net Interest on the net defined benefit liability (asset)	1,408,000
	12,552,000

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2023 is £4,929,000.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2021/22 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2022.

	2021/22	2020/21
	%	%
Experience gains and (losses) on Assets	1.85%	17.73%
Experience gains and (losses) on Liabilities	-7.68%	16.79%

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, with 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	2021/22		2020/21	
	%		%	
Equity investments		40.6%		46.3%
Bonds		25.9%		35.7%
Property		10.9%		8.9%
Multi Asset Credit		12.9%		0.0%
Cash		6.2%		5.3%
Other		3.5%		3.8%
Mortality assumptions:				
Longevity at 65 current pensioners:				
	Years		Years	
Men		21.8		21.9
Women		25.0		25.1
Longevity at 65 for future pensioners:				
Men		23.2		23.3
Women		26.4		26.5
Inflation/Pension Increase Rate		3.00%		2.70%
Salary Increase Rate		4.50%		4.20%
Discount Rate		2.70%		2.10%
Pension accounts revaluation rate		3.00%		2.70%
Take-up of option to convert annual pension into retirement lump sum:				
Service to April 2009		75%		75%
Service post April 2009		75%		75%

Pension Assumptions Sensitivity Analysis

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

The approximate impact of changing key assumptions on the present value of the funded defined benefit obligation as at 31 March 2022 is set out below.

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

Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation (£M)	266,936	276,994
% change in the present value of the total obligation	-1.80%	1.90%
Projected service cost (£M)	10,765	11,534
Approximate % change in projected service cost	-3.40%	3.50%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation (£M)	272,916	270,742
% change in the present value of the total obligation	0.40%	-0.40%
Projected service cost (£M)	11,144	11,144
Approximate % change in projected service cost	0.00%	0.00%
Rate of increase to Pensions and rate of revaluation of pension accounts		
Adjustment to pension increase rate	+0.1%p.a.	-0.1%p.a.
Present value of the total obligation (£M)	275,906	268,023
% change in the present value of the total obligation	1.50%	-1.40%
Projected service cost (£M)	11,534	10,765
Approximate % change in projected service cost	3.50%	-3.40%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	- 1 Year	+1 Year
Present value of the total obligation (£M)	281,343	262,315
% change in the present value of the total obligation	3.50%	-3.50%
Projected service cost (£M)	11,590	10,698
Approximate % change in projected service cost	4.00%	-4.00%

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

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:

	31/03/2022		31/03/2021	
	%		%	
Equity investments		40.60%		46.30%
Government Bonds		24.10%		23.60%
Corporate Bonds		1.80%		12.10%
Property		10.90%		8.90%
Multi Asset Credit		12.90%		0.00%
Cash		6.20%		5.30%
Other		3.50%		3.80%
Total		100.00%		100.00%

Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department of Communities was unable to identify its share of the underlying assets and liabilities transferred to Council at 01 April 2015. The most up to date actuarial valuation was carried out as at 31/03/2016 and was completed in March 2019. 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 2022.

Allowance for the McCloud Judgement / GMP Indexation & equalisation / Goodwin Ruling

Retirement Benefits Note 21 includes an allowance for additional liabilities that are now probable arising from the McCloud Judgement and GMP Indexation and Equalisation cases outlined below.

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. HM Treasury (HMT) ran a public consultation during the summer of 2020 to gather stakeholder views on the governments two final policy proposals. The consultation closed in October 2020 with the final approach being agreed as a 'deferred choice underpin'. This allows eligible members a choice at the point their benefits are paid of which pension scheme benefits they would prefer to take for the remedy period.

While the judgement was not in relation to members with local Government Pension Scheme (NI) benefits, the UK Government announced in a written Ministerial Statement on 15 July 2019 "the government believes that the difference in treatment will need to be remedied across all main public service schemes". The Department for Communities published its McCloud consultation for the LGPS (NI) in November 2020 setting out proposed changes aimed at removing the unlawful age discrimination in the LGPS (NI). The Department has not yet published its consultation response.

At 31.03.19 an additional McCloud liability at Fund level was shown as a Past Service Cost over the accounting period. During 2019/20 the liability was calculated at Employer level (based on updated membership data provided for the 2019 valuation) with any change in the allowance over the period treated as an experience item through Other Comprehensive Income. At 31.03.20 the Current Service Cost also included a prospective allowance for McCloud liabilities of 3.2% of the Pensionable Pay over the accounting period. For 31.03.2021 and 31.03.2022 the same approach has been adopted using a roll forward method based on previous year's results.

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 (NI) 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.

At 31.03.2019 an estimated liability was used based on a typical Local Government pension fund in order to quantify the value of fully indexing GMPs in line with CPI inflation for those reaching State Pension age after 5 December 2018. This was calculated to be 0.3% of the liabilities / defined benefit obligation. During 2019/20 allowance has been made for full pension increases to be paid on GMPs to individuals reaching SPA after 6 April 2016 with any increase in the liability at 31.03.20 being charged through Other Comprehensive Income. For 31.03.2021 and 31.03.2022 the same approach has been adopted using a roll forward approach based on the previous year's results.

In October 2020 a second ruling in the Lloyds case clarified that compensation would be required to members who transferred benefits out since May 1990. The government are considering if this judgement to equalise historic GMPs applies to all historic transfers made by all public service pension schemes including the LGPS. As the government have not yet acknowledged a liability or indicated an approach to rectify no allowance has been made for this at 31.03.2022.

Goodwin Ruling

In June 2020 an Employment Tribunal ruled, in relation to the Teachers' Pension Scheme, that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on the grounds of sexual orientation. It is expected the Goodwin judgement may add around 0.2% to the defined benefit obligation for a typical employer, however the impact will vary depending on the membership profile. Changes have yet to be reflected in the LGPS Regulations and no allowance has been made for this at 31.03.2022 on the grounds of materiality.

Developments since the 31 March 2019 valuation

At the last actuarial valuation of the NIGOSC pension scheme, dated 31 March 2019, there was a surplus of £836.9M relative to the liabilities and a funding level of 112%. However since the valuation date the effect of measures being taken to limit the impact of the Covid19 pandemic on economic activity and asset valuations may mean that the fund is no longer in surplus by the time the results of the next valuation for 31 March 2022 are published. Pension Contributions for 2021/22 and 2022/23 have been based on the valuation results as at 31 March 2019, as a result these pension contributions are subject to confirmation and may be increased in order to avoid a higher increase being required from 1 April 2023 if the funding level falls below its 31 March 2019 level.

22	Donated Assets Account	Note	2021/22 £	2020/21 £
	Opening balance		-	-
	Add: new donated assets received (condition of use not met)		-	288,000
	Less: amounts released to the District Fund - Comprehensive Income and Expenditure Account (conditions met)		-	288,000
			-	-

23 Contingencies

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

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

Contingent Liability

Court of Appeal Judgement on backdated PSNI Holiday Pay

In June 2019, the Court of Appeal upheld a 2018 tribunal finding that payments to PSNI officers and civilian staff for holiday pay should have been based on actual hours worked (including overtime) as opposed to standard contractual hours. The Chief Constable of the PSNI has appealed the decision of the Court of Appeal to the UK Supreme Court. Whilst the Council currently has arrangements in place for payment of holiday pay on overtime it is currently reviewing its process to ensure full compliance with the recent judgement and will continue to do so for any potential future developments in this area. Given that Council has had arrangements in place it is not considered that any significant amendments or associated financial liabilities will be identified.

Creggan Reservoir

Council owns lands within which Creggan Reservoir is located which are leased to a third party Reservoir Manager. Discussions are currently ongoing with stakeholders and Government in relation to funding of required remedial works at the reservoir.

Contingent Asset

VAT Liability of charges paid by members of the public for access to Council's sport and leisure facilities

On 17 October 2020, the First-Tier Tribunal issued its decision in relation to a dispute concerning the VAT liability of charges paid by members of the public for access to sport and leisure facilities provided by Mid-Ulster District Council. HMRC contended that the charges should bear VAT at the standard rate, while Mid-Ulster District Council contended that the charges in dispute did not attract VAT.

The appeal by Mid-Ulster District Council was allowed and now the quantum has to be agreed between both parties.

However, pursuant to Rule 39 of the Tribunal Procedure (First-Tier Tribunal) (Tax Chamber) Rules 2009, any party dissatisfied with the decision has a right to apply for permission to appeal not later than 56 days after the date of this decision. This right has been exercised by HMRC. The appeal was heard on 10th and 11th May 2022 and we are currently awaiting the decision.

Therefore, at this stage it is too early to assess the impact of this decision on Council finances.

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	2021/22	2020/21
		£	£
Depreciation	4, 11	8,610,336	8,701,611
Impairment & revaluations (& non-sale derecognitions)	4, 11	88,590	(59,861)
(Increase)/Decrease in inventories	14	(160,034)	362,524
(Increase)/Decrease in Debtors		(903,844)	941,121
Increase in impairment provision for bad debts	15	16,357	121,738
Increase in Creditors		2,668,066	1,963,473
Decrease in Interest Creditors	18	(24,633)	(26,106)
Payments to NILGOSC	21	8,598,000	5,549,000
Carrying amount of non-current assets sold	8, 11	567,767	93,281
Contributions to Other Reserves/Provisions	19	(279,401)	41,077
Amounts posted to CIES from Donated Assets Account	22	-	288,000
		19,181,204	17,975,858

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing			
	Notes	2021/22	2020/21
		£	£
Proceeds from the sale of PP&E, investment property and intangible assets	4, 8, 25a	(785,400)	(643,870)
Capital grants included in "Taxation & non-specific grant income"	10 b&c	(19,329,657)	(2,004,470)
		(20,115,057)	(2,648,340)

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:

	2021/22	2020/21	2019/20
	£	£	£
Cash and Bank balances	3,996,645	2,716,066	1,104,458
Short Term Deposits (considered to be Cash Equivalents)	17,439,842	14,383,360	9,622,158
Short Term Investments (considered to be Cash Equivalents)	8,000,000	10,000,000	-
	29,436,487	27,099,426	10,726,616

c Cash Flow Statement: Operating Activities

		2021/22	2020/21
		£	£
The cash flows from operating activities include:			
Interest received	9b	27,360	6,764
Interest paid	9a	1,934,859	2,094,958

d Cash flows from Investing Activities

		2021/22	2020/21
		£	£
Purchase of PP&E, investment property and intangible assets		(9,326,763)	(6,676,502)
Proceeds from the sale of PP&E, investment property and intangible assets	8a	785,400	643,870
Capital Grants and Contributions Received		3,118,741	3,583,773
Net Cash flows from Investing Activities		(5,422,622)	(2,448,859)

e Cash flows from Financing Activities

		2021/22	2020/21
		£	£
Repayment of Short and Long Term Borrowing		3,232,797	3,372,464
Net Cash flows from Financing Activities		3,232,797	3,372,464

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	31/03/2022	31/03/2021
		£	£
At 1 April		1,440,552	871,332
Movement			
Capital Receipts received in year	4, 8, 11, 24	785,400	643,870
Capital Receipts used to finance capital expenditure	12	(602,907)	(74,650)
Transferred to General Fund	4b	(174,344)	-
At 31 March		1,448,701	1,440,552

b Capital Grants Unapplied Account

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

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

Capital Grants Unapplied account	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		17,618,081	18,731,083
Movement			
Unapplied Capital Grants received in year	4, 10 b&c	18,132,913	833,256
Unapplied Capital Grants transferred to CAA in year	12	(460,796)	(1,946,258)
At 31 March		35,290,198	17,618,081

Unapplied Capital Grants received in year includes:-

New LOOs/Additional Funding		20,413,488	2,634,451
LOO reductions / w/off amounts which won't be drawn		(914,365)	(24,971)
Exchange		(39,891)	(594,359)
Reclassification to revenue		(129,575)	(298,651)
Grants Applied in Year		(1,196,744)	(883,214)
Total		18,132,913	833,256

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. Details of how this fund has been earmarked are noted below.

Capital Fund	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		6,577,260	8,300,992
Transfers from General Fund	4b	3,301,758	2,041,898
Transfers to the General Fund	4b	(322,563)	(479,502)
Transfers from Repairs & Renewals Reserve	25d	-	334,769
Transfers to Financial Commitments & Contingencies Reserve	25g	-	(2,966,936)
Transfers between Capital Fund & CAA to finance Capital Expenditure	12	(902,655)	(653,960)
At 31 March		8,653,801	6,577,260

	£
Capital Development/ City Deal	2,945,060
Culmore Landfill	1,372,113
Strand Road Office Works	129,983
Strathfoyle Greenway	415,082
Strabane North Greenway	501,398
Killen Recycling facility	100,000
Boomhall Estate	131,983
Cultural Venues Access Fund	103,577
Leisure Refurbishment Works	120,000
Strabane Public Realm	312,113
Sperin Sculpture Trail	256,932
Rural revitalisation	225,000
Other Commitments and balances (including Levelling Up Fund Match Funding Contribution)	2,040,560
Total	8,653,801

Renewal and Repairs Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. Details of how this fund has been earmarked are noted below.

Renewal and Repairs Fund	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		4,529,860	4,660,188
Transfers from General Fund	4b	1,179,545	1,526,020
Transfers to General Fund	4b	(476,381)	(340,164)
Transfers to Capital Fund	25c	-	(334,769)
Transfers to Financial Commitments & Contingencies Reserve	25g	(22,376)	(784,793)
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure	12	(164,838)	(196,621)
At 31 March		5,045,811	4,529,860

	£
Car Park Maintenance	364,543
ICT Hardware and software	255,183
Health and Community Commitments inc pitch refurbishment	946,618
Prehen Boat House	160,000
City Baths	849,000
Flooding Repair works	538,965
Office Works	164,565
Museums/ Civic Art collections	200,449
General (inc City Baths / Creggan Reservoir / Levelling Up Fund Match Funding Contribution)	1,566,488
Total	5,045,811

e Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		1,729,766	2,040,121
Transfers from General Fund	4b	1,004,286	1,177,579
Transfers to General Fund	4b	(410,972)	(483,327)
Transfers to Capital Spend in year	12	(5,116)	(31,743)
Transfers to Financial Commitments & Contingencies Reserve	25g	(202,472)	(972,864)
At 31 March		2,115,491	1,729,766

£1,849,279 of this reserve is for Economic Development purposes and £266,212 is 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	31/03/2022	31/03/2021
		£	£
At 1 April		5,188,266	5,135,677
Applied Capital Grants	10, 12	(1,196,744)	(1,171,214)
Unapplied Capital Grants received in year	10	(18,132,913)	(833,256)
Direct Revenue Financing	4, 12, 26	(1,897,676)	(3,465,272)
Depreciation and Impairment adjustment	4, 11	8,698,926	8,641,750
Statutory Provision for financing Capital Investment	4, 12	(3,918,461)	(3,740,472)
Net Revenue expenditure funded from capital under statute	4, 12	1,665,912	2,534,858
REFCUS - Government Grants and Other Contributions	4, 12, 26a	(1,410,344)	(1,586,253)
REFCUS - Direct Financing	4, 12, 26a	(255,568)	(948,605)
Surplus/(Deficit) on the Provision of Services	CIES	11,926,333	6,866,615
Transfers between Statutory and Other Reserves and the General Fund	4	(3,743,482)	(11,862,975)
Net movements on Pension Reserve	4, 21	8,598,000	5,549,000
Disposal of Fixed Assets/Capital Sales	4, 8, 11	(217,633)	(550,587)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	3, 26d	(116,350)	619,000
At 31 March		5,188,266	5,188,266

g Other Usable Reserves

Financial Commitments & Contingency Reserve

This reserve was created in 2020-21 from a combination of advanced funding from Central Government and Council contingency funding set aside. The purpose of the fund is to help mitigate the impact on the Council of future significant challenges and risks such as the Covid Pandemic.

Other Usable Reserves	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		13,145,065	-
Transfers from Repairs & Renewals Fund	25d	22,376	784,793
Transfers from Capital Fund	25c	-	2,966,936
Transfers from ED Projects Fund	25e	202,472	972,864
Transfers from General Fund	4b, 25f	4,334,358	8,420,471
Transfers to General Fund	4b, 25f	(4,692,206)	-
Transfers to Capital Spend in year	12	(19,300)	-
At 31 March		12,992,766	13,145,065

	£
General contingency fund re utility costs, inflation, waste costs and rates challenges	3,479,908
Department for Communities Financial losses funding in advance	2,508,035
Contingency fund re pay pressures, hardship and Rates Support Grant cuts	2,711,224
Non domestic rates appeals	1,900,000
Department for Communities Community Services and COVID Recovery grants in advance	522,105
City of Derry Airport	121,672
Severance/ single status	450,343
Rural capacity funding	150,000
Other commitments	1,149,479
Total	12,992,766

26 Unusable 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 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	31/03/2022	31/03/2021
		£	£
At 1 April		67,533,271	62,069,916
Applied Capital Grants	4, 10, 12	1,196,744	1,171,214
Unapplied Capital Grants transferred to CAA in year	12, 25b	460,796	1,946,258
Direct Revenue Financing	4, 12, 25f	1,897,676	3,465,272
Depreciation & Impairment adjustment	4, 11	(8,698,926)	(8,641,750)
Statutory Provision for financing Capital Investment	4, 12	3,918,461	3,740,472
Net Revenue expenditure funded from Capital under statute	4, 12, 25f	(1,665,912)	(2,534,858)
REFCUS - Government Grants and Other Contributions	4, 12, 25f	1,410,344	1,586,253
REFCUS - Direct Financing	4, 12, 25f	255,568	948,605
Disposal of Fixed Assets/ Capital Sales	4, 8a, 11	(567,767)	(93,283)
Capital Receipts used to finance capital expenditure	12, 25a	602,907	74,650
Other Movements	26b	3,363,424	2,918,197
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	1,091,909	882,325
At 31 March		70,798,495	67,533,271

b Revaluation Reserve

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

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

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

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

Revaluation Reserve	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		81,125,699	82,816,864
Revaluation & Impairment	11	7,728,468	1,227,032
Other Movements	26a	(3,363,424)	(2,918,197)
At 31 March		85,490,743	81,125,699

c Pension Reserve

Pension Reserve	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		(71,049,000)	(55,524,000)
Net Movements on Pension Reserve	4, 21	(8,598,000)	(5,549,000)
Revaluation & Impairment	21	25,055,000	(9,976,000)
At 31 March		(54,592,000)	(71,049,000)

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

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

d Accumulated Absences Account

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

Accumulated Absences Account	Notes	31/03/2022	31/03/2021
		£	£
At 1 April		(1,030,755)	(411,755)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements	4, 25f	116,350	(619,000)
At 31 March		(914,405)	(1,030,755)

27 Significant Trading Operations

The Council considers its only significant trading operation to be the provision of car parking facilities. The results for this are disclosed in Note 2 under the heading 'Business & Culture', namely income of £1,156,295 (2020-2021 £587,584) and costs of £667,007 (2020-2021 £585,582). Council also availed of a grant carried forward of £225,688 from DfC (received £714,328 from DfC in 2020/21) for loss of income from Car Parking as a result of the Covid19 pandemic including £0 (2020/21 £7,807) recouped from the Coronavirus Job Retention Scheme.

28 Agency Services

BIDS Company

The Council acts as an agent, collecting the income for Strabane Business Improvement District Limited (called the 'BIDS' company).

The BIDS company was set up as part of a new UK wide initiative to help regenerate town centres following a poll held amongst the business in the Strabane town centre which resulted in a majority vote.

As a result the BIDS company issues a levy on the business in Strabane Town Centre.

During 2021-22 £58,146 (2020/21 £31,459) was collected on behalf of the BIDS company and at 31 March 2022 £14,213 (2020/21: £5,158) is included within Creditor Accruals in the Balance Sheet.

At 31 March 2022 £14,849 (2020/21 £7,021) was also owed by the BIDS company to the Council for invoices paid on their behalf.

The Council employs the BIDS Officer and the cost of this post is partly paid for by the BID Company. There is 1 senior officer of the Council on the board of Directors. The BIDS Company produces a separate set of annual accounts showing their total income and expenditure.

Northwest Greenway

In partnership with Donegal County Council, the Department for Infrastructure and Sustrans, Council is delivering the North West Greenway Network Project. Funded by INTERREG VA, administered by the Special EU Programme Body (SEUPB), the North West Regional Development Fund (NWDF), the Department for Communities (DfC), the Department for Infrastructure (DfI), Donegal County Council and Derry City and Strabane District Council, the project will see the development of 46.5km of cross border greenway across three routes - Derry to Buncrana (32.5km), Derry to Muff (10.5km) and Lifford to Strabane (3.5km). In 2017-18 Council, as Lead Partner, received a letter of offer from SEUPB for €14.9m of which Donegal County Council were allocated €8.3m, Sustrans were allocated €267k and Council were allocated €6.3m. During the 2021-22 financial year the letter of offer was re-profiled resulting in Donegal County Council's award being amended to €7.9m, Sustrans allocation remaining at €267k and Council's award increasing to €6.7m. Each recipient is responsible for preparing their own claims direct to SEUPB. All funds will be paid by SEUPB to Council who will then forward the funds to the partner bodies.

During 2018-19 Council received a letter of offer from NWDF for £350k towards costs associated with the overall project and in 2019-20 Council received a letter of offer from DfC for £676k towards the Strabane to Lifford section of the project. The Strabane to Lifford section is also being funded by DfI to the value of £54k subject to DfI approval of the works.

DCSDC, as Lead Partner, procured and appointed the Integrated Consultant's Team for the overall project. During the 2021-22 financial year, practical completion was achieved on the Lifford, Muff and Strabane schemes whilst planning approval was secured for both NI sections of the Derry - Buncrana greenway and Culmore greenway. Additionally, an Environmental Impact Assessment Report (EIAR) was prepared in support of the Bay Road bridge element of the Derry - Muff greenway and lands conveyance was completed on a number of land parcels required to complete both the Bay Road bridge and Culmore greenway sections.

During 2021-22, Council received €4,259 and €335,412 funding from SEUPB to be reimbursed to Sustrans and Donegal County Council respectively. As at 31 March 2022, Derry City and Strabane District Council owed no funds to the partners.

At 31 March 2022, Council recognised a revenue grant debtor of £324,755 (2020/21 £390,767) and a capital grant debtor of £3,900,981 (2020/21 £3,562,901) relating to the SEUPB grant aid.

At 31 March 2022, Council also recognised a revenue grant debtor of £24,000 (2020/21 £24,000) in relation to the DfI funding.

Waterside Shared Village

Together with Irish Street Youth and Community Association and Hillcrest Community Trust, Council is working towards the delivery of the Waterside Shared Village Project funded by the Special EU Programme Body (SEUPB). During 2018-19, Council received a letter of offer from SEUPB for €8.1M of which Irish Street Youth and Community Association were allocated €143K, Hillcrest Community Trust were allocated €143K and Council were allocated €7.8M. Each recipient is responsible for preparing their own claims direct to SEUPB. All funds will be paid by SEUPB to Council who will then forward the funds to the partner bodies.

The project is now at an advanced stage and it is anticipated project completion will take place in late Summer 2022.

During 2021-22, Council received no funding from SEUPB to be reimbursed to partner organisations.

At 31 March 2022, Council recognised a capital grant debtor of £5,416,716 (2020/21 £6,062,167) and a revenue grant debtor of £71,657 (2020/21 £38,115) relating to its element of the grant aid.

Riverine Community project

In partnership with Donegal County Council, Council is working towards the delivery of the Riverine Community Park Project. The project aims to address the impact of conflict in the Lifford and Strabane area and its hinterlands by regenerating the border riverside area through the creation of an iconic cross border community park. As Lead Partner Donegal County Council (DCC) received a Letter of Offer from SEUPB for €9.0m in June 2019.

Of the €9.0m letter of offer, Council were awarded €3.3m of which €3.1m relates to capital infrastructure and €0.2m relates to revenue costs.

In the 2021-22 financial year the letter of offer was revised and Council's award was amended to €3.4m of which €2.9m relates to capital infrastructure and €0.5m relates to revenue costs.

In October 2020, an Integrated Consultancy Team was appointed to progress the project. The team have completed the Planning Applications to both NI Planning and An Bord Pleanála and is currently liaising with all statutory consultees as well as progressing the technical design stage of the project.

At 31 March 2022, Council recognised a capital grant debtor of £2,425,389 (2020/21 £2,665,679) and a revenue grant debtor of £117,552 (2020/21 £0) relating to its element of the grant aid.

Urban Villages

In partnership with The Executive Office (TEO) and local promoters, Derry City and Strabane District Council are delivering two projects under the Urban Villages Initiative – The New Gate Arts and Culture Centre and The Gasyard Heritage and Exhibition Project. Council are responsible for all aspects of project delivery including procurement and contractor engagement. TEO will subsequently reimburse Council for costs incurred. Upon completion of each project, the respective project promoter will assume responsibility for the facility.

In February 2020 TEO issued an initial letter of offer for the delivery of The New Gate Arts and Culture Centre for which Council is the project delivery partner, working alongside The North West Cultural Partnership as project promoter. In November 2021, TEO issued a revised letter of offer showing their total contribution towards the project being £2,448,982. Of this amount, £2,002,804 is available directly to Council towards the capital cost and project management with a further £264,288 optimism bias fund which can be made available, subject to TEO agreement. The contractor is currently on site and construction is due to complete in early 2023.

In August 2020 TEO issued a letter of offer for £1,134,641 for the construction of The Gasyard Heritage and Exhibition Project for which Council is acting as the delivery partner, working alongside the Gasyard Development Trust as project promoter. The exhibition development and fit-out of the project are being separately funded by the National Heritage Lottery Fund and this work is being managed directly by the project promoter. These parties are currently working to agree the content for the exhibition and, once this is approved, the construction element of the project should be ready to proceed to tender.

At 31 March 2022, Council recognised a revenue grant debtor of £373,953 for the New Gate Arts and Culture Centre and £128,757 for the Gasyard Heritage Project.

Sperrin Sculpture Trail

In partnership with Fermanagh and Omagh District Council (FODC) and Mid Ulster District Council (MUDC), Derry City and Strabane District Council (DCSDC) is the Lead Council for the delivery of the Sperrin Sculpture Trail funded by the Department of Agriculture, Environment and Rural Affairs (DAERA). Each Council has been awarded their own letter of offer for funding from DAERA for the sculpture to be located within their Council area.

As Lead Council, DCSDC procured and appointed the artist for the delivery of the sculpture trail across the three Council areas. DCSDC incurs all expenditure in relation to the trail and invoices the partner Councils accordingly for their element of the costs incurred. During 2021/22, DCSDC invoiced FODC and MUDC £324,760 and £395,737 respectively. As at 31 March 2022, FODC and MUDC owed DCSDC £143,255 and £270,043 respectively.

DCSDC received a letter of offer for funding from DAERA for £466,476 towards the construction of the sculpture to be located within the Council area. As at 31 March 2022, DCSDC recognised a capital grant debtor of £154,714 for its element of outstanding grant funding.

A Related Party Transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related Party Transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the Council or the Government of which it forms part. A related party is one that has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes cases where the related party entity and another entity are subject to common control but excludes providers of finance in the course of their normal business with the Council and Trade Unions in the course of their normal dealings with the Council. In addition where the relationship with the Council and the entity is solely that of an Agency (see note 27) these are not deemed to be Related Party Transactions.

Transactions with related parties not disclosed elsewhere in these financial statements are set out below, where a description of the nature, the amount of the transaction and the amount of the outstanding balance is as follows:

Community Groups/Associations/Other Bodies

On the basis of information currently available to it, Derry City and Strabane District Council has been involved in the following transactions during 2021/2022:

(A) Payments below £25,000

Council made payments in aggregate of £24,976 (2020/21 £71,123), each individually below £25,000, to 5 (2020/21:10) Community Groups/Associations or other bodies which were deemed to be related parties of Council. This relationship has arisen due to one or more Councillors/Chief Officers being appointed by Council to serve on the Management Committee, acting in a non-beneficial capacity. Councillors/Chief Officers acting in a voluntary capacity as members of the Management Committee or Councillors being an employee of the Community Group/Association involved.

(B) Payments above £25,000

Council made 15 (2020/21:14) payments/contributions to running costs above £25,000 to Community Groups/Associations or other bodies on which Councillors/Chief Officers were on the Management Committee, acting in a non-beneficial capacity since these were Council appointments. Details of these payments are as follows:-

	2021/22	2020/21
City Centre Initiative	58,841	37,048
Citizen's Advice Bureau	667,556	665,052
RAPID Limited	17,392	-
City of Derry Airport	3,255,138	3,600,251
ERNACT (EEIG)	49,183	68,142
Education Authority	95,149	129,119
N.I. Local Government Association	75,887	62,083
North West Carnival Initiative	117,880	62,880
The Resource Centre	110,833	112,891
Dove House	212,730	197,075
Derry Theatre Trust	681,751	403,035
Visit Derry	629,373	580,524
University of Ulster	0	38,962
Glenelly Development Trust	25,500	0
Neighbourhood Renewal Partnership: Cityside (TRIAX)	41,280	135,668
Neighbourhood Renewal Partnership: Waterside	108,827	263,474

(C) Car Loans

Council makes available car loans to employees for whom it is necessary to have access to a car to carry out their work. This applies to all employees, and not just Chief Officers, so no benefits solely apply to this group. Total Car Loans outstanding as at 31st March 2022 was £64,176 (31st March 2021: £81,077). The total outstanding for Chief Officers was £288 (31st March 2021: £2,788).

(D) Department for Communities

Council receives an annual operating grant from the Department for Communities. During 2021/22 it received £7,073,315 (2020/21 £7,245,949), details of which are given in Note 10.

(E) Visit Derry

Council is represented by 3 Councillors on the Board of Visit Derry, out of a total of 9 Board Members. A Chief Officer of the Council also acted as secretary of the company. It is a company limited by guarantee with no share capital, set up for the promotion of tourism in the Council area.

During 2021/2022 Council paid £552,000 (2020/21 £552,000) in Management Fees to Visit Derry. Council also paid £77,373 to Visit Derry during 2021/2022 (2020/21 £28,524) for Advertising, Marketing and Tourism Promotion and there was £29,627 outstanding to be paid at 31.03.2022 (2020/21 £68,227). Visit Derry is situated in a Council owned building for which Council received £36,000 (2020/21 £36,000) from a lease arranged through the Land & Property Services, an independent body. Derry City and Strabane District Council has provided a guarantee to NILGOSC in relation to the pension rights of Visit Derry staff. Visit Derry Accounts are prepared and audited by an independent Audit Firm.

(F) Derry Theatre Trust

Council is represented by 3 Councillors on the Board of Derry Theatre Trust, out of the total Board of 9 Directors. This is a registered charity in the form of a company limited by guarantee and not having share capital. It has been set up to manage the Millennium Forum, the theatre in the City.

During 2021/2022 Council paid £531,960 (2020/21 £398,970) in Management Fees to Derry Theatre Trust and there was £0 accrued to be paid at 31.03.2022 (2020/21 £132,990). Derry City and Strabane District Council has provided a guarantee to NILGOSC in relation to the pension rights of Derry Theatre Trust staff. The Trust's Accounts are prepared and audited by an independent Audit firm. Council paid £16,801 to the Trust during 2021/22 (2020/21: £4,065) for Joint Productions and initiatives.

(G) ERNACT EEIG

Council is a member of ERNACT EEIG. ERNACT (European Regions Network for the Application of Communications Technology) is an international network of European, regional and city public authorities that work together to access European Union digital technology programmes and funding for the benefit of their areas, companies and universities. The Council along with Donegal County Council is represented on the Board of Management by 2 Councillors and the Strategic Director of Business and Culture. Both Councils have given a commitment to provide deficit funding to ERNACT EEIG and during 2021/2022 a sum of £49,183 (2020/21 £48,971) was provided by Derry City and Strabane District Council to cover core costs of the organisation. There is also a potential liability that both Councils would have to face if the organisation became insolvent.

(H) Derry Policing and Community Safety Partnership

Council is represented by 10 Councillors on the Derry Policing and Community Safety Partnership, one of which acts as Chairperson. During 2021/2022 Council made no net contribution (2020/21: £0) to the running costs of the Partnership. Council also provides legal, financial and personnel services to the Partnership for which it received £9,300 during 2021/2022 (2020/21 £9,300).

(I) Other Local Authorities

During 2021/2022 the Council had expenditure of £328,293 (2020/21 £163,268) to other Local Authorities and £57,452 (Note 18) was outstanding at 31st March 2022 (31st March 2021: £21,214). The Council also received £1,599,228 (2020/21: £671,360) from other Local Authorities and £608,761 (Note 15) was outstanding as at 31st March 2022 (31st March 2021: £305,087). These amounts mainly relate to services provided in the areas of Legal, Environmental Health, North West Regional Waste Management Group administration and Property Certificate fee income.

(J) City of Derry Airport (Operations) Limited

With effect from 1st April 2010 the Council transferred the operation of City of Derry Airport to a new company, CODA (Operations) Limited, with Council being the sole shareholder in this new company. Council is represented by 5 Members/Officers out of the total Board of 9 Directors. During 2021/22 further operational assets in the value of £70,437 (2020/21: £35,316) were transferred to the company in exchange for shares with an issued value of £70,437 (2020/21: £35,316). The Infrastructure Assets have not yet been transferred to the company but are being operated by the company under Licence. Council also purchased additional shares during 2021/22 to the value of £3,089,735 which are also deemed to be of minimal value (2020/21: £3,531,979). Council continued to provide support services to the new company which have not been charged to the company but are shown in Council's Cost of Services.

In addition to the above the Council paid the airline directly for costs associated with the PSO route to London totalling £2,081,524 (2020/21 £ 2,039,589). These costs have been fully funded, with 88% grant funding received from Department of Transport (UK) and 12% from Department for Economy (NI) during 2021/22.

During 2021/2022 the Council invoiced CODA (Operations) Limited for £17,283 for expenditure incurred on its behalf (2020/21: £ 22,184) and also received invoices from the Company for £3,262,458 (2020/21: £3,589,638) mainly for the annual support subvention. At 31 March 2022 £43,440 was owed to the company by Derry City and Strabane District Council (2020/21: £36,120) and £0 was receivable from the company (2020/2021 £4,881).

(K) North West Region Waste Management Group Joint Committee

Derry City and Strabane District Council is a member of the NWRWMG Joint Committee, which is a partnership of 2 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. Total expenditure by the Committee during the year was £137,209 (2020/21: £154,919). The transactions for the Joint Committee are not reflected in the Accounts for Derry City and Strabane District Council but are instead reflected in the Joint Committee's Statement of Accounts for the year ended 31st March 2022. These Accounts are prepared under the Local Government (Northern Ireland) Order 2005 and are subject to audit by a Local Government Auditor. Derry City and Strabane District Council acts as the lead Council for the NWRWMG Joint Committee and deals with all the financial transactions for the Group. The staff are also deemed to be employees of the Council. The Council provides office accommodation and support services to the Joint Committee for which it received £15,000 during 2021/2022 (2020/21: £15,000). Council paid a sum of £68,400 to the Joint Committee as its share of operating costs for 2021/2022 (2020/21: £74,124) and a further sum of £1,188 (2020/21: £1,682) towards costs incurred on behalf of a number of Councils.

As the Joint Committee uses Derry City and Strabane District Council to cashflow its activities there was a balance owed to the Council as 31st March 2022 of £24,985 in relation to 2021/22 (31st March 2021: £22,124 in relation to 2020/21).

(L) North West Air Access Consortium

Derry City and Strabane District Council is a member of the North West Air Access Consortium which was set up to develop air access to the North West area of Ireland. The other members include Donegal County Council and Tourism Ireland.

Derry City and Strabane District Council acts as the lead Council and as at 31st March 2022 had a sum of £119,988 in its Bank Account and within Receipts in Advance which belonged to the Consortium (2020/21: £208,352). These funds are to be used for joint marketing campaigns to develop air routes for the region.

(M) North West Regional Development Group

The Fresh Start Agreement of November 2015 committed to supporting the regional development work of the North West Gateway Initiative which involves Donegal County Council and Derry City and Strabane District Council and is part of the work programme of the North South Ministerial Council. Funding of €2.5m was initially set aside by both the ROI Government and Northern Ireland Executive to support the Initiative. Additional funding of €1m was received from the ROI Government during 2021-22. The arrangements and structures required to inform the necessary cross border strategic and operational context for regional growth for the North West Region of the island of Ireland are in place and include the North West Strategic Growth Partnership and the North West Regional Development Group. Derry City and Strabane District Council and Donegal County Council are partners in the North West Regional Development Group with membership comprising 6 elected representatives from both Councils. Derry City and Strabane District Council is the lead administrative Council with all income and expenditure reflected in its accounts for the year ended 31st March 2022. The following expenditure has been incurred and reflected in cost of services:-

	2021/22	2020/21
	£	£
Expenditure:-		
Administration:-		
Salaries and Wages	94,818	93,146
Overheads	2,302	4,303
Joint Project Expenditure:-		
Foreign Direct Investment Support	0	68,000
Ireland North West Trade Missions	6,332	10,077
Capacity Building	49,105	30,476
Regional Tourism and Heritage Support	45,944	-
Harvard Graduate Research - Printing of Atlas	44,015	-
Regional Energy Strategy	3,766	44,215
Regional Energy Agency	18,639	-
North West Greenways Support	57,085	154,185
NW Sports Development	13,738	42,218
Audience Development Programme Phase 2	42,014	20,400
Global Export Support Programme	85,945	-
NW Climate Action Plan	67,390	53,173
Every Youth Counts Project	87,554	29,185
Colmille 1500	53,203	12,024
NW Tourism Product Development & Signage	38,082	0
Irish Language Research	2,800	0
Total Expenditure:-	712,732	561,402
Income:-		
NI Grant Funding	107,627	508,791
ROI Grant Funding	605,104	52,611
Total Income	712,732	561,402
Net Expenditure Charged to Net Cost of Services	-	-

	2021/22	2020/21
	£	£
Partnership Agreement Priorities/Theme:-		
Regional Economic Growth and Investment	1,486,847	1,262,597
Regional Physical and Environmental Development	747,089	600,208
Regional Social and Community Cohesion and Wellbeing	475,131	279,754
Cross-cutting: Capacity Building, Collaborative Working and Planning for Balanced Regional Development	887,205	740,981
Total Spend to 31 March 2022	3,596,272	2,883,540

NI Grant Funding	2,150,953	2,043,326
ROI Grant Funding	1,445,318	840,214
Total Grant Funding to 31 March 2022	3,596,272	2,883,540

Derry City and Strabane District Council
Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

	2021/22			2020/21		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Service Expenditure						
Cross Cutting Support Services	7,681,335	(1,313,617)	6,367,718	6,756,055	(693,096)	6,062,959
Environment & Regeneration	36,486,010	(4,362,347)	32,123,663	37,288,266	(6,085,803)	31,202,463
Business & Culture	14,450,996	(4,563,638)	9,887,358	12,377,093	(5,698,753)	6,678,340
Health & Community	21,645,480	(6,039,089)	15,606,391	19,302,573	(7,501,961)	11,800,612
Council	1,275,779	-	1,275,779	1,134,885	-	1,134,885
City of Derry Airport	10,054,760	(4,865,843)	5,188,917	8,572,927	(5,230,330)	3,342,597
Other Corporate	2,439,989	(1,411,660)	1,028,329	2,382,674	(3,944,839)	(1,562,165)
Cost of Services on Continuing Operations	94,034,349	(22,556,194)	71,478,155	87,814,473	(29,154,782)	58,659,691
Other Operating Expenditure	497,330	(785,400)	(288,070)	57,967	(643,870)	(585,903)
Financing and Investment Income and Expenditure	3,427,859	(27,360)	3,400,499	3,341,958	(6,764)	3,335,194
Net Operating Expenditure	97,959,538	(23,368,954)	74,590,584	91,214,398	(29,805,416)	61,408,982
Taxation and Non-Specific Grant Income		(86,316,786)	(86,316,786)		(68,389,868)	(68,389,868)
(Surplus)/Deficit on the Provision of Services	97,959,538	(109,685,740)	(11,726,202)	91,214,398	(98,195,284)	(6,980,886)
(Surplus)/Deficit on revaluation of non-current assets			(7,728,468)			(1,227,032)
Impairment losses on non-current assets charged to the Revaluation Reserve			-			-
Remeasurements of the Net Defined Benefit Liability (Asset)			(26,935,000)			11,156,000
Other Comprehensive Income and Expenditure			(34,663,468)			9,928,968
Total Comprehensive Income and Expenditure			(46,389,670)			2,948,082

The figures above are prepared to two decimal places but rounding due to formatting may occur.

Derry City and Strabane District Council
Group Movement in Reserves Statement for the year ended 31 March 2022

	General Fund Summary	Other Fund Balances and Reserves £	Capital Receipts Reserve £	Total Usable Reserves £	Total Unusable Reserves £	Total Council Reserves £
Balance as at 31 March 2020	5,066,769	33,732,386	871,332	39,670,487	88,434,989	128,105,476
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	6,980,886	-	-	6,980,886	-	6,980,886
Other Comprehensive Income and Expenditure	-	-	-	-	(9,928,972)	(9,928,972)
Total Comprehensive Income and Expenditure	6,980,886	-	-	6,980,886	(9,928,972)	(2,948,086)
Adjustments between accounting basis & funding under regulations	5,469,566	(1,995,329)	643,870	4,118,107	(4,043,457)	74,650
Net increase before transfers to Statutory and Other Reserves	12,450,452	(1,995,328)	643,870	11,098,993	(13,972,428)	(2,873,435)
Transfers to / from Statutory and Other Reserves	(11,862,975)	11,862,975	(74,650)	(74,650)	-	(74,650)
Increase in year	587,477	9,867,647	569,220	11,024,343	(13,972,428)	(2,948,085)
Balance as at 31 March 2021 - RESTATED	5,654,246	43,600,033	1,440,552	50,694,831	74,462,561	125,157,391
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	11,726,202	-	-	11,726,202	-	11,726,202
Other Comprehensive Income and Expenditure	-	-	-	-	34,663,469	34,663,469
Total Comprehensive Income and Expenditure	11,726,202	-	-	11,726,202	34,663,469	46,389,671
Adjustments between accounting basis & funding under regulations	(7,640,295)	16,580,208	785,400	9,725,313	(9,122,407)	602,906
Net increase before transfers to Statutory and Other Reserves	4,085,907	16,580,208	785,400	21,451,515	25,541,062	46,992,577
Transfers to / from Statutory and Other Reserves	(3,743,481)	3,917,826	(777,251)	(602,906)	-	(602,906)
Increase/ Decrease in year	342,426	20,498,034	8,149	20,848,609	25,541,062	46,389,671
Balance as at 31 March 2022	5,996,672	64,098,067	1,448,701	71,543,440	100,003,623	171,547,062

The figures above are prepared to two decimal places but rounding due to formatting may occur.

Derry City and Strabane District Council
Group Balance Sheet as at 31 March 2022

			RESTATED
	Note	31st March 2022	31st March 2021
		£	£
Fixed Assets			
Long Term Debtors	Group Note 5	213,011,866	203,531,344
		15,518,397	12,053,538
LONG TERM ASSETS		228,530,263	215,584,882
Inventories		649,832	474,261
Short Term Debtors		30,680,002	16,716,941
Cash and Cash Equivalents	Group Note 7	30,416,820	27,937,629
Assets Held for Sale		673,851	1,450,000
CURRENT ASSETS		62,420,505	46,578,831
Short Term Borrowing		3,256,262	3,232,802
Short Term Creditors		19,313,294	15,604,000
Provisions		599,254	956,713
CURRENT LIABILITIES		23,168,810	19,793,515
Provisions		3,322,702	3,244,644
Long Term Borrowing		37,078,194	40,237,163
Other Long Term Liabilities	Group Note 6	55,834,000	73,731,000
LONG TERM LIABILITIES		96,234,896	117,212,807
NET ASSETS		171,547,062	125,157,391
USABLE RESERVES			
Capital Receipts Reserve	Group MIRS	1,448,701	1,440,552
Capital Grants Unapplied Account	Group MIRS	35,290,198	17,618,081
Capital Fund	Group MIRS	8,653,801	6,577,260
Renewal and Repairs Fund	Group MIRS	5,045,811	4,529,860
Other Balances and Reserves	Group MIRS	2,115,491	1,729,766
Financial Commitments & Contingencies Reserve	Group MIRS	12,992,766	13,145,065
General Fund **	Group MIRS	5,996,670	5,654,246
		71,543,438	50,694,830
UNUSABLE RESERVES			
Capital Adjustment Account **	Groups MIRS	71,261,286	68,098,617
Revaluation Reserve	Group MIRS	85,490,743	81,125,699
Pensions Reserve	Group MIRS	(55,834,000)	(73,731,000)
Accumulated Absences Account	Group MIRS	(914,405)	(1,030,755)
		100,003,624	74,462,561
NET WORTH		171,547,062	125,157,391

The figures above are prepared to two decimal places but rounding due to formatting may occur.

** The General Fund and Capital Adjustment Account balances for 31/03/2021 have been adjusted for £270,032 relating to incorrect CODA furloughed grant income included in the 2020-21 group accounts. These restated figures also flow into the Movement in Reserves Statement for the year ended 31 March 2021 and Group Note 3A.

Derry City and Strabane District Council
Group Cash Flow Statement as at 31 March 2022

	Note	2021/22	2020/21
		£	£
Net Surplus/(Deficit) on the provision of services		11,726,202	6,980,886
Adjustment for non-cash movements	Group Note 7a	19,523,465	18,761,982
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Group Note 7a	(20,121,534)	(2,648,340)
Net cash flows from operating activities		11,128,133	23,094,528
Net Cash flows from Investing Activities	Group Note 7d	(5,416,145)	(2,513,627)
Net Cash flows from Financing Activities	Group Note 7e	(3,232,797)	(3,372,464)
Net increase or decrease in cash and cash equivalents		2,479,191	17,208,437
Cash and cash equivalents at the beginning of the reporting period		27,937,629	10,729,192
Cash and cash equivalents at the end of the reporting period		30,416,820	27,937,629

The figures above are prepared to two decimal places but rounding due to formatting may occur.

Group Accounts

1a

The Group Accounting Policies are the same as the Council policies and have not been repeated again in these Notes.

Since there are no significant changes to the Consolidated Group Balance Sheet as compared to the Council's Balance Sheet, except for Fixed Assets and Pensions, most of the other supporting notes have not been deemed necessary. The reader should refer to the Council's Balance Sheet notes for further detail on these areas.

City of Derry Airport (Operations) Limited

Derry City and Strabane District Council is the sole shareholder in City of Derry Airport (Operations) Limited and has included the financial results for the company in the Council's Group Accounts.

The Income & Expenditure for the company is included within the City of Derry Airport service expenditure line in the Group Comprehensive Income & Expenditure Account.

The Fixed Assets which have been transferred from Council to CODA (Operations) Limited have been included in the Group Balance Sheet as have the other Assets/Liabilities of the company. The loss on disposal triggered by the transfer of the Equipment & Vehicles has been removed from the Group Accounts. The remaining Assets in use at the Airport have not yet been transferred but are being operated under licence by the company.

The losses incurred by CODA (Operations) Limited during 2021/22 have been reflected in the Cost of Services and General Fund Balances. These losses have been mainly offset by the removal of the loss on investment incurred by the Council on the shares purchased during the financial year.

1b Going Concern of Wholly Owned Subsidiary - CODA (Operations) Limited

Derry City and Strabane District Council (DCSDC) provided operational subvention funding of £3.090m to the company during 2021-22.

The COVID19 Pandemic has had a significant impact on the operations of CODA Operations Ltd and the airlines which operate from CODA.

In line with the significant central Government support provided to Regional Airports throughout Europe, a medium term Business Plan was approved by Council in March 2021 setting out support required from Governments to ensure the medium term sustainability of CODA for a further 6 year period until critical transport infrastructure (A5 and A6) is progressed and roads connectivity to the North West is significantly enhanced. The Business Case has been submitted to Governments and formal engagement has commenced. Further to the submission of the Business Case, the Northern Ireland Executive provided initial funding of £3m to assist with the operational subvention for the year 2022/23. Discussions are ongoing with Government to secure continued funding post March 2023. 100% funding of the critical London PSO route from April 2021 to March 2023 was secured for 2022/23 and Council are currently in discussions with the Department for Transport (UK) and the Department for the Economy to secure funding beyond 2023. The tender process to appoint an operator for the service from April 2023 has now commenced.

The financial implications to council should this funding not be secured are a potential write down of both airport assets, with a current value of approximately £43m (see note 11), and the associated revaluation reserve element of approximately £27m and it is also likely that Council would have to meet other associated costs.

Group Note 2

a Expenditure and Funding Analysis

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

	2021/22			2020/21		
	Net Expenditure Chargable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargable to the General Fund	Adjustments between the Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£	£	£
Cross Cutting Support Services	5,319,355	(1,048,363)	6,367,718	5,369,618	(693,341)	6,062,959
Environment & Regeneration	26,108,647	(6,015,016)	32,123,663	26,135,353	(5,067,110)	31,202,463
Business & Culture	8,021,470	(1,865,888)	9,887,358	5,181,836	(1,496,504)	6,678,340
Health & Community	11,059,597	(4,546,794)	15,606,391	8,264,127	(3,536,485)	11,800,612
Council	1,120,815	(154,964)	1,275,779	1,141,468	6,583	1,134,885
City of Derry Airport	4,055,320	(1,133,597)	5,188,917	2,347,707	(994,890)	3,342,597
Capital Financing	6,448,151	6,448,151	-	7,985,264	7,985,264	-
Other Corporate	761,388	(266,941)	1,028,329	(2,488,904)	(926,739)	(1,562,165)
Transfers to/from Reserves & Provisions	3,743,483	3,743,483	-	11,861,452	11,861,452	-
Net Cost of Services	66,638,226	(4,839,929)	71,478,155	65,797,921	7,138,230	58,659,691
Other Income and Expenditure	(66,980,652)	16,223,705	(83,204,357)	(66,385,398)	(744,821)	(65,640,577)
(Surplus) or Deficit for the year	(342,426)	11,383,776	(11,726,202)	(587,477)	6,393,409	(6,980,886)
Opening General Fund	5,654,244			5,066,767		
Surplus/ (Deficit) on General Fund Balance in Year	342,426			587,477		
Closing General Fund	5,996,670			5,654,244		

The figures above are prepared to two decimal places but rounding due to formatting may occur.

Net expenditure charged to the general fund of £66,638,226 is effectively the 2021-22 net accrued cost of running the group that has to be funded by rates or from the existing surplus in the general fund.

This cost includes financing and investment income of £1,934,859. As this is not part of the "cost of services on continuing operations" in the Comprehensive Income and Expenditure Statement (CIES), in order to reconcile back to the net figure of £71,478,155 in the CIES the £1,934,859 is reversed out in the "adjustments column" totalling -£4,839,929.

The Airport is the only service head that has been charged its share of financing and investment income and expenditure. The remaining capital financing costs of £6,448,151 consist of loan interest and minimum revenue provision costs unallocated to service heads.

Group Note 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
2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other Differences	Total
	£	£	£	£	£
Cross Cutting Support Services	(158,780)	(889,583)	-	-	(1,048,363)
Environment & Regeneration	(3,093,573)	(2,921,443)	-	-	(6,015,016)
Business & Culture	(913,786)	(952,102)	-	-	(1,865,888)
Health & Community	(2,463,201)	(1,883,593)	-	-	(4,346,794)
Council	(460)	(154,504)	-	-	(154,964)
City of Derry Airport	(2,048,597)	(385,000)	-	1,300,000	(1,133,597)
Capital Financing	-	-	-	6,448,151	6,448,151
Other Corporate	-	(358,776)	116,351	(24,516)	(266,941)
Transfers to/from Reserves & Provisions	-	-	282,059	3,461,424	3,743,483
Net Cost of Services	(8,878,397)	(7,545,001)	398,410	11,185,059	(4,839,929)
Other Income and Expenditure from the Expenditure and Funding Analysis	19,624,204	(1,493,000)	-	(1,907,499)	16,223,705
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	10,745,807	(9,038,001)	398,410	9,277,560	11,383,776

Adjustments between Funding and Accounting Basis
2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other Differences	Total
	£	£	£	£	£
Cross Cutting Support Services	(153,914)	(539,427)	-	-	(693,341)
Environment & Regeneration	(3,245,177)	(1,723,455)	(98,478)	-	(5,067,110)
Business & Culture	(920,872)	(575,632)	-	-	(1,496,504)
Health & Community	(2,449,739)	(1,086,746)	-	-	(3,536,485)
Council	(460)	(92,957)	-	100,000	6,583
City of Derry Airport	(2,034,519)	(266,000)	-	1,305,629	(994,890)
Capital Financing	-	-	-	7,985,264	7,985,264
Other Corporate	-	(310,783)	(619,000)	3,044	(926,739)
Transfers to/from Reserves & Provisions	-	-	-	11,861,452	11,861,452
Net Cost of Services	(8,804,681)	(4,595,000)	(717,478)	21,255,389	7,138,230
Other Income and Expenditure from the Expenditure and Funding Analysis	2,590,373	(1,247,000)	-	(2,068,194)	(744,821)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(6,214,308)	(5,842,000)	(717,478)	19,167,195	6,393,409

The figures above are prepared to two decimal places but rounding due to formatting may occur.

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:

- Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- 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 there are not chargeable under generally accepted accounting practices.
- Taxation and Non Specific Grant Income and Expenditure - Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pension Adjustments

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

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

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

Other Statutory Adjustments / Other Differences

Other Differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

Other differences - adjusts for interest payable and receivable, write off in the value of CIDA shares, Transfers to/from General Fund, Accumulated Absence, Revenue Contributions to Capital and Minimum Revenue Provision.

Deery City and Strabane District Council

**Notes to the Group Financial Statements
For the year ended 31 March 2022**

Group Note 3

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	2021/22		Restated 2020/21	
	£	£	£	£
Amounts included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining the Movement on the General Fund Balance for the year:				
Revaluation increases/decreases taken to Surplus/Deficit on the Provision of Services	Group Note 5	88,590		(59,861)
Depreciation charged in the year on non-current assets	Group Note 5	8,789,806	8,878,396	8,864,543
Carrying amount of non-current assets sold	Group Note 5	497,330		57,967
Proceeds from the sale of PP&E, investment property and intangible assets		(785,400)	(288,070)	(643,870)
Net charges made for retirement benefits in accordance with IAS 19	Group Note 6		14,243,000	11,328,000
Direct revenue financing of Capital Expenditure	12, 25f, 26a		(1,897,676)	(3,465,272)
Capital Grants and Donated Assets Receivable and Applied in year	10B		(1,203,221)	(1,171,213)
Capital Grants Receivable and Unapplied in year	10C		(18,132,913)	(833,256)
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	12, 25f, 26a		1,665,912	2,534,858
REFCUS - Governments Grants and Other Contributions	12, 25f, 26a	(1,410,344)		(1,586,253)
REFCUS - Direct Financing	12, 25f, 26a	(255,568)	(1,665,912)	(948,605)
Adjustments in relation to Short-term compensated absences	25f, 26d		(116,350)	619,000
Amounts not included in the Comprehensive Income and Expenditure Statement but required by statute to be included when determining the Movement on the General Fund Balance for the year				
Statutory Provision for the financing of Capital Investment	12,25f		(3,918,461)	(3,740,472)
Employers contributions payable to the NTLGOSC and retirement benefits payable direct to pensioners	Group Note 6		(5,205,000)	(5,486,000)
			(7,640,295)	5,469,566

b Net transfers (to)/from statutory and other earmarked reserves:

Notes	2021/22 £	2021/22 £	2020/21 £	2020/21 £
Capital Fund				
Transfer to General Fund	25c	322,563		479,502
Transfer from General Fund	25c	(3,301,758)	(2,979,195)	(2,041,898)
Renewal and Repairs Fund				
Transfer to General Fund	25d	476,381		340,164
Transfer from General Fund	25d	(1,179,545)	(703,164)	(1,526,020)
Capital Receipts Reserve				
Transfer to General Fund	25a	174,344	174,344	-
Financial Commitments and Contingencies Reserve				
Transfer to General Fund	25g	4,692,206		-
Transfer from General Fund	25g	(4,334,358)	357,848	(8,420,471)
Other Funds and earmarked reserves				
Transfer to General Fund	25e	410,972		483,327
Transfer from General Fund	25e	(1,004,286)	(593,314)	(1,177,579)
			(3,743,481)	(11,862,975)

Derry City and Strabane District Council
Notes to the Group Financial Statements
For the year ended 31 March 2022

Group Note 4

4 Employee Costs and Member Allowances	2021/22	2020/21
a Staff Costs	£	£
Salaries and Wages	29,518,867	29,541,800
Employers NIC	2,881,812	2,760,700
Employers Superannuation - NILGOSC	5,243,115	5,051,337
Employers Superannuation - Civil Service	294,823	293,015
Total staff costs	37,938,617	37,646,852

The Employer's superannuation figure in Note 4a above includes £205,613 for the capital costs incurred in respect of the Council's 2021-22 exit packages (2020-21 £328,523).

In addition, agency costs during the year amounted to £415,867 (2020-21 £181,625) and short term compensating absences during the year amounted to £914,405 (2020-21 £1,030,755).

The Council's current contribution rate to NILGOSC scheme is 19.5% (2020-21 19.5%). At the last actuarial valuation, dated 31 March 2019, there was a surplus of £836.9M relative to the liabilities and a funding level of 112%. However since the valuation date the effect of measures being taken to limit the impact of the Covid19 pandemic on economic activity and asset valuations may mean that the fund is no longer in surplus by the time of the results of the next valuation as at 31 March 2022. As a result future contributions will remain under review and may be increased.

The Council incurred total costs (including superannuation capital costs details above) of £666,544 during 2021-22 (2020-21 £701,165) in respect of former employees who were granted early retirement or redundancy or employees who continued to pay their contributions during periods of absence such as career breaks.

b Average Number of Employees - where FTE represents fulltime equivalent employees

Average Number of Employees	2021/22	2020/21
	FTE	FTE
Full time numbers employed	766	813
Part time numbers employed	125	103
Other	121	121
Total Number	1,012	1,037

	2021/22	2020/21
	Actual	
	Numbers	Actual Numbers
Full-time numbers employed	882	887
Part-time numbers employed	253	223
Total Number	1,135	1,110

c Senior Employees' Remuneration	2021/22	2020/21
	£	£
£50,001 to £60,000	7	3
£60,001 to £70,000	11	12
£70,001 to £80,000	3	2
£80,001 to £90,000	-	3
£90,001 to £100,000	3	-
£110,001 to £120,000	1	1
Total Number	25	21

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5 a Long - Term Assets - Current Year

Cost or Valuation	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	TOTAL
Balance as at 1 April 2021	25,009,498	138,926,105	13,306,520	47,390,124	7,614,823	8,740,123	4,174,501	245,161,694	4,373,468	-	655,772	250,190,934
Adjustments between cost/value & depreciation/impairment	-	(5,569,541)	-	-	-	-	-	(5,569,541)	-	-	-	(5,569,541)
Balance as at 1 April 2021	25,009,498	133,356,564	13,306,520	47,390,124	7,614,823	8,740,123	4,174,501	239,592,153	4,373,468	-	655,772	244,621,393
Additions	-	140,328	-	1,193,009	-	9,012,054	-	10,345,391	6,240	-	-	10,351,631
Revaluation increases/ (decreases) to Revaluation Reserve	396,439	7,593,237	-	-	-	-	(246,522)	7,743,154	(1,670)	-	-	7,741,484
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	(61,031)	7,862	-	-	-	-	(35,181)	(88,350)	(240)	-	-	(88,590)
Derecognition - Disposals	-	(69,077)	-	(291,968)	-	-	-	(361,045)	-	-	-	(361,045)
Reclassifications & Transfers	200,592	5,278,803	691,465	981,802	-	(7,853,633)	700,971	-	-	-	-	-
Reclassified to: / from (+) Held for Sale	-	-	-	-	-	-	334,880	334,880	-	-	-	334,880
Balance as at 31 March 2022	25,545,498	146,307,717	13,997,985	49,272,967	7,614,823	9,898,544	4,928,649	257,566,183	4,377,798	-	655,772	262,598,753
Depreciation and Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 April 2021	-	17,922	8,177,443	37,808,453	-	-	-	46,003,818	-	-	655,772	46,659,590
Adjustments between cost/value & depreciation/impairment	-	(5,569,541)	-	-	-	-	-	(5,569,541)	-	-	-	(5,569,541)
Balance as at 1 April 2021	-	(5,551,619)	8,177,443	37,808,453	-	-	-	40,434,277	-	-	655,772	41,090,049
Depreciation Charge	-	5,571,532	921,849	2,296,425	-	-	-	8,789,806	-	-	-	8,789,806
Derecognition - Disposals	-	-	-	(291,968)	-	-	-	(291,968)	-	-	-	(291,968)
Balance as at 31 March 2022	-	19,913	9,099,292	39,812,910	-	-	-	48,932,115	-	-	655,772	49,587,887
Net Book Value	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	25,545,498	146,287,804	4,898,693	9,460,057	7,614,823	9,898,544	4,928,649	208,634,068	4,377,798	-	655,772	213,011,866

Valuations

A revaluation of Land, Buildings, Surplus Assets and Investment Properties was carried out by an independent valuer from Land and Property Services as at 31 March 2022. A combination of desk top valuations and physical inspections were carried out by the valuer. This included material asset additions and material reclassifications of assets which are revalued in the year of completion/transfer. Please refer to Note 19 for further information on revaluation and depreciation policies. The net revaluation gain/loss and impairments have been reflected in the above figures for 2021/22.

Heritage assets were revalued for insurance purposes by the independent valuer Gur Johns Limited as at 31 March 2022.

5 b Long - Term Assets - Comparative Year

	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	TOTAL
Cost or Valuation	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2020	27,420,798	142,085,781	13,112,178	45,680,388	7,614,823	7,153,920	693,501	243,761,289	4,348,418	-	655,772	248,765,479
Adjustments between cost/value & depreciation/impairment	-	(5,960,525)	-	-	-	-	-	(5,960,525)	-	-	-	(5,960,525)
Balance as at 1 April 2020	27,420,798	136,125,256	13,112,178	45,680,388	7,614,823	7,153,920	693,501	237,800,764	4,348,418	-	655,772	242,804,954
Additions	3,000	(30,905)	5,649	684,243	-	5,919,378	142,000	6,723,365	-	-	-	6,723,365
Donations	48,000	-	-	-	-	-	240,000	288,000	-	-	-	288,000
Revaluation increases/ (decreases) to Revaluation Reserve	(47,700)	1,029,744	-	-	-	-	(80,062)	901,982	25,050	-	-	927,032
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	(14,100)	122,341	-	-	-	-	(48,380)	59,861	-	-	-	59,861
Derecognition - Disposals	(7,000)	(33,973)	-	(571,305)	-	-	-	(612,278)	-	-	-	(612,278)
Reclassifications & Transfers	(2,393,500)	1,713,642	188,693	1,596,798	-	(4,333,075)	3,227,442	-	-	-	-	-
Balance as at 31 March 2021	25,009,498	138,926,105	13,306,520	47,390,124	7,614,823	8,740,123	4,174,501	245,161,694	4,373,468	-	655,772	250,190,934
Depreciation and Impairment												
	Land	Buildings	Infrastructure Assets	Vehicles, Plant & Equipment	Community Assets	PP&E Under Construction	Surplus Assets	Total PP&E	Heritage Assets	Investment Properties	Intangible Assets	TOTAL
	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2020	-	573,000	7,205,699	35,880,913	-	-	-	43,659,612	-	-	650,271	44,309,883
Adjustments between cost/value & depreciation/impairment	-	(5,960,525)	-	-	-	-	-	(5,960,525)	-	-	-	(5,960,525)
Balance as at 1 April 2020	-	(5,387,525)	7,205,699	35,880,913	-	-	-	37,699,087	-	-	650,271	38,349,358
Depreciation Charge	-	5,405,447	971,744	2,481,851	-	-	-	8,859,042	-	-	5,501	8,864,543
Derecognition - Disposals	-	-	-	(554,311)	-	-	-	(554,311)	-	-	-	(554,311)
Balance as at 31 March 2021	-	17,922	8,177,443	37,808,453	-	-	-	46,003,818	-	-	655,772	46,659,590
Net Book Value												
Balance as at 31 March 2021	25,009,498	138,908,183	5,129,077	9,581,671	7,614,823	8,740,123	4,174,501	199,157,876	4,373,468	-	655,772	203,531,344

City of Derry Airport

During 2021-22, the Council transferred operational plant and machinery assets of the Airport in the sum of £70,437 (2020-21: £35,316) to City of Derry Airport (Operations) Limited in consideration for shares in the company to the net book values of the Assets transferred. These shares are deemed to have no market value due to the current trading conditions of the Airport, and the transfer has resulted in a loss on disposal of these assets. A number of assets associated with the Airport have not yet been transferred by Council to the new Company.

The City of Derry Airport is a fully owned subsidiary of Council. The value of these assets in note 11, on a going concern basis are £5,299M of land and £37,877M of buildings with an associated total revaluation reserve on these assets of £27,478M.

In line with the significant central Government support provided to Regional Airports throughout Europe, a medium term Business Plan was approved by Council in March 2021 setting out support required from Governments to ensure the medium term sustainability of CODA for a further 6 year period until critical transport infrastructure (A5 and A6) is progressed and roads connectivity to the North West is significantly enhanced. The Business Case has been submitted to Governments and formal engagement has commenced. Further to the submission of the Business Case, the Northern Ireland Executive provided initial funding of £3m to assist with the operational subvention for the year 2022/23. Discussions are ongoing with Government to secure continued funding post March 2023. 100% funding of the critical London PSO route from April 2021 to March 2023 was secured for 2022/23 and Council are currently in discussions with the Department for Transport (UK) and the Department for the Economy to secure funding beyond 2023. The tender process to appoint an operator for the service from April 2023 has now commenced. It is noted that the current crystallisation of the concern may result in a significant impairment to the current value of airport assets held by Council of £5,299M of land and £37,877M of buildings.

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Retirement Benefits

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 Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

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

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

	Note	2021/22 £	2020/21 £
Net cost of services:			
Current service cost		12,416,000	9,743,000
Past service cost/(gain)		334,000	306,000
Curtailment Cost		-	32,000
Net operating expenditure:			
Net Interest on net defined benefit Liability (asset)		1,493,000	1,247,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		14,243,000	11,328,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code		(14,243,000)	(11,328,000)
Employers' contributions payable to scheme		5,205,000	5,486,000
Net adjustment to General Fund		(9,038,000)	(5,842,000)

The service cost figures include an allowance for administration expenses of £0.123M.

Remeasurements recognised in Other Comprehensive Income and Expenditure	Note	2021/22 £	2020/21 £
Liability (losses)/gains due to change in financial assumptions		18,855,000	(49,152,000)
Liability gains due to changes in demographic assumptions		2,764,000	-
Liability experience gain/(losses) arising in the year		613,000	(1,066,000)
Actuarial gains/(losses) on plan assets		4,703,000	39,062,000
Total losses recognised in Other Comprehensive Income and Expenditure		26,935,000	(11,156,000)

c Assets and liabilities in relation to retirement benefits			
Reconciliation of present value of the scheme liabilities:			
	Note	2021/22	2020/21
		£	£
Balance as at 1 April		295,247,000	233,778,000
Current service cost		12,416,000	9,743,000
Interest cost		6,156,000	5,335,000
Contributions by members		1,576,000	1,674,000
Remeasurement (gains) and losses:			
Actuarial gains/losses arising from changes in financial assumptions		(18,855,000)	49,152,000
Actuarial gains/losses arising from demographic changes		(2,764,000)	-
Actuarial gains/losses arising on liabilities from experience		(613,000)	1,066,000
Past service costs/(gains)		334,000	306,000
Curtailment cost		-	32,000
Estimated unfunded benefits paid		(109,000)	(112,000)
Estimated benefits paid		(5,745,000)	(5,727,000)
Balance as at 31 March		287,643,000	295,247,000
Reconciliation of present value of the scheme assets:			
	Note	2021/22	2020/21
		£	£
Balance as at 1 April		221,516,000	177,045,000
Interest income		4,663,000	4,088,000
Contributions by members		1,576,000	1,674,000
Contributions by employer		5,096,000	5,374,000
Contributions in respect of unfunded benefits		109,000	112,000
Remeasurement gain/(loss)		4,703,000	39,062,000
Unfunded benefits paid		(109,000)	(112,000)
Benefits paid		(5,745,000)	(5,727,000)
Balance as at 31 March		231,809,000	221,516,000

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

The actual return on scheme assets in the year was a gain of £9,366,000 (2020/21 Gain of £43,150,000).

Fair Value of Plan Assets	2021/22 £	2020/21 £
Equity investments	94,412,350	102,561,908
Bonds	60,168,051	79,081,212
Property	25,150,613	19,714,924
Multi Asset Credit	29,929,265	0
Cash	14,087,214	11,740,348
Other	8,061,507	8,417,608
	231,809,000	221,516,000

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

The bid value of assets for the fund as a whole as at 31 March 2022 were provided by the Administering Authority.

The amounts included in the fair value of plan assets for property occupied by the Council was £0.

The Group's share of the Net Pension Liability (Included in the Balance Sheet):

	2021/22 £	2020/21 £
Fair Value of Employer Assets	231,809,000	221,516,000
Present value of funded defined benefit obligation	(286,023,000)	(293,433,000)
Pension asset/(liability) of Funded Scheme	(54,214,000)	(71,917,000)
Present Value of unfunded defined benefit obligation	(1,620,000)	(1,814,000)
Net asset/(liability) arising from the defined benefit obligation	(55,834,000)	(73,731,000)
Amount in the Balance sheet:		
Liabilities	(287,643,000)	(295,247,000)
Assets	231,809,000	221,516,000
Net Asset/(Liability)	(55,834,000)	(73,731,000)

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £55,834,000 has a substantial impact on the net worth of the Group as recorded in the Balance Sheet.

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

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

	31/03/2023 £
Projected current cost	11,612,000
Net interest on the net defined benefit liability (asset)	1,440,000
	13,052,000.00

The total contributions expected to be made to the Northern Ireland Local Government Officers' Pension Fund by the council in the year to 31 March 2023 is £5,045,000.

History of experience gains and losses

The actuarial gains/losses identified as movements on the Pensions Reserve 2021/22 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2022

	2021/22 %	2020/21 %
Experience gains and (losses) on Assets	2.03%	17.63%
Experience gains and (losses) on Liabilities	7.73%	-17.01%

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 Group's Fund liabilities have been assessed by AON Hewitt Limited, an independent firm of actuaries, estimates for the Group Fund being based on data pertaining to the latest full valuation of the scheme as at 31 March 2019.

As regards pension scheme assumptions, details for the Council only scheme can be found at Note 21E. Below are the pension scheme assumptions in respect of CODA.

Pension scheme assumptions:	2021/22 %	2020/21 %
Equity investments	42.9%	46.3%
Bonds	26.9%	35.7%
Property	10.0%	8.9%
Multi Asset Credit	13.1%	0.0%
Cash	4.0%	5.3%
Other	3.1%	3.8%
Mortality assumptions:		
Longevity at 65 current pensioners:	Years	Years
Men	21.8	21.9
Women	25.0	25.1
Longevity at 45 for future pensioners:		
Men	23.2	23.3
Women	26.4	26.5
Inflation/Pension Increase Rate	3.00%	2.70%
Salary Increase Rate	4.50%	4.20%
Discount Rate	2.70%	2.10%
Pension accounts revaluation rate	3.00%	2.70%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	75%	75%
Service post April 2009	75%	75%

Pension Assumptions Sensitivity Analysis

The pension figures disclosed above in these group financial statements are the combined NILGOSC figures for the Council and CODA and are sensitive to assumptions used. As regards pension assumption sensitivity analysis, details for the Council only scheme can be found at Note 21E. Below are the pension sensitivity analysis details in respect of CODA.

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

Funded Pension Scheme Benefits

Discount Rate Assumption		
Adjustment to discount rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	13,882	14,506
% change in the present value of the total obligation	-2.20%	2.20%
Projected service cost	0.453	0.483
Approximate % change in projected service cost	-3.10%	3.20%
Rate of General Increase in Salaries		
Adjustment to salary increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	14,279	14,109
% change in the present value of the total obligation	0.60%	-0.60%
Projected service cost	0.468	0.468
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions in and rate of revaluation of pension accounts		
Adjustment to pension increase rate	+0.1% p.a.	-0.1% p.a.
Present value of the total obligation	14,421	13,967
% change in the present value of the total obligation	1.60%	-1.60%
Projected service cost	0.483	0.453
Approximate % change in projected service cost	3.20%	-3.10%
Post Retirement Mortality Assumption		
Adjustment to mortality age rating assumption*	-1 Year	+1 Year
Present value of the total obligation	14,691	13,697
% change in the present value of the total obligation	3.50%	-3.50%
Projected service cost	0.487	0.449
Approximate % change in projected service cost	4.00%	-4.00%

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

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:

	31/03/2022	31/03/2021
	%	%
Equity investments	42.90%	46.30%
Government Bonds	24.70%	23.60%
Corporate Bonds	2.20%	12.10%
Property	10.00%	8.90%
Multi Asset Credits	13.10%	0.00%
Cash	4.00%	5.30%
Other	3.10%	3.80%
Total	100.00%	100.00%

Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the Department of Communities was unable to identify its share of the underlying assets and liabilities transferred to Council at 01 April 2015. The most up to date actuarial valuation was carried out as at 31/03/16 and completed in March 2019. 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 2022.

Allowance for the McCloud Judgement / GMP Indexation & Equalisation / Goodwin Ruling

Retirement Benefits Note 21 includes an allowance for additional liabilities that are now probable arising from the McCloud Judgement and GMP Indexation and Equalisation cases outlined below.

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. HM Treasury (HMT) ran a public consultation during the summer of 2020 to gather stakeholder views on the government's two final policy proposals. The consultation closed in October 2020 with the final approach being agreed as a 'deferred choice underpin'. This allows eligible members a choice at the point their benefits are paid of which pension scheme benefits they would prefer to take for the remedy period.

While the judgement was not in relation to members with local Government Pension Scheme (NI) benefits, the UK Government announced in a written Ministerial Statement on 15 July 2019 'the government believes that the difference in treatment will need to be remedied across all main public service schemes'. The Department for Communities published its McCloud consultation for the LGPS (NI) in November 2020 setting out proposed changes aimed at removing the unlawful age discrimination in the LGPS (NI). The Department has not yet published its consultation response.

At 31.03.19 an additional McCloud liability at Fund level was shown as a Past Service Cost over the accounting period. During 2019/20 the liability was calculated at Employer level (based on updated membership data provided for the 2019 valuation) with any change in the allowance over the period treated as an experience item through Other Comprehensive Income. At 31.03.20 the Current Service Cost also included a prospective allowance for McCloud liabilities of 3.2% of the Pensionable Pay over the accounting period. For 31.03.2021 and 31.03.2022 the same approach has been adopted using a roll forward method based on previous year's results.

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 (NI) 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. At 31.03.2019 an estimated liability was used based on a typical Local Government pension fund in order to quantify the value of fully indexing GMPs in line with CPI inflation for those reaching State Pension age after 5 December 2018. This was calculated to be 0.3% of the liabilities / defined benefit obligation. During 2019/20 allowance has been made for full pension increases to be paid on GMPs to individuals reaching SPA after 6 April 2016 with any increase in the liability at 31.03.20 being charged through Other Comprehensive Income. For 31.03.2021 and 31.03.2022 the same approach has been adopted using a roll forward approach based on the previous year's results.

In October 2020 a second ruling in the Lloyds case clarified that compensation would be required to members who transferred benefits out since May 1990. The government are considering if this judgement to equalise historic GMPs applies to all historic transfers made by all public service pension schemes including the LGPS. As the government have not yet acknowledged a liability or indicated an approach to rectify no allowance has been made for this at 31.03.2022.

Goodwin Ruling

In June 2020 an Employment Tribunal ruled, in relation to the Teachers' Pension Scheme, that provisions for survivor's benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on the grounds of sexual orientation. It is expected the Goodwin judgement may add around 0.2% to the defined benefit obligation for a typical employer, however the impact will vary depending on the membership profile. Changes have yet to be reflected in the LGPS Regulations and no allowance has been made for this at 31.03.2021 on the grounds of materiality.

Developments since the 31 March 2019 valuation

At the last actuarial valuation of the NI/GOSC pension scheme, dated 31 March 2019, there was a surplus of £836.9M relative to the liabilities and a funding level of 112%. However since the valuation date the effect of measures being taken to limit the impact of the Covid19 pandemic, an economic activity and asset valuations may mean that the fund is no longer in surplus by the time of the next valuation due as at 31 March 2022. Pension Contributions for 2021/22 and 2022/23 have been based on the valuation results as at 31 March 2019, as a result these pension contributions are subject to confirmation and may be increased in order to avoid a higher increase being required from 1 April 2023 if the funding level falls below its 31 March 2019 level.

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Group Note 7

Other cash flow disclosures

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

Adjustment to surplus or deficit on the provision of services for non-cash movements			
	Notes	2021/22	2020/21
		£	£
Depreciation	Group Note 5	8,789,806	8,864,543
Impairment & downward revaluations (& non-sale derecognitions)	Group Note 5	88,590	(59,861)
Decrease/(Increase) in Stock		(175,571)	335,556
Decrease/(Increase) in Debtors		(1,233,361)	977,584
Increase in impairment provision for bad debts		16,357	121,738
Increase/(Decrease) in Creditors		2,806,348	2,319,485
Increase/(Decrease) in Interest Creditors		(24,633)	(26,106)
Payments to NILGOSC	Group Note 6	8,709,000	5,697,000
Carrying amount of non-current assets sold	Group Note 5	497,330	57,965
Contributions to Other Reserves/Provisions		49,599	186,078
Amounts posted to CIES from Donated Assets Account		-	288,000
		19,523,465	18,761,982

Adjust for items included in the Group net surplus or deficit on the provision of services that are investing and financing activities			
	Notes	2021/22	2020/21
		£	£
Proceeds from the sale of PP&E, investment property and intangible assets		(785,400)	(643,870)
Capital grants included in "Taxation & non-specific grant income"		(19,336,134)	(2,004,470)
		(20,121,534)	(2,448,340)

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:

	2021/22	2020/21
	£	£
Cash and Bank balances	4,976,978	3,554,269
Short Term Deposits (considered to be Cash Equivalents)	17,439,842	14,383,360
Short Term Investments (considered to be Cash Equivalents)	8,000,000	10,000,000
	30,416,820	27,937,629

c Cash Flow Statement: Operating Activities		
	2021/22	2020/21
	£	£
The cash flows from operating activities include:		
Interest received	27,360	6,764
Interest paid	(1,934,859)	(2,094,958)

d Cash flows from Investing Activities		
	2021/22	2020/21
	£	£
Purchase of PP&E, investment property and intangible assets	(9,326,763)	(6,741,270)
Proceeds from the sale of PP&E, investment property and intangible assets	785,400	643,870
Capital Grants and Contributions Received	3,125,218	3,583,773
Net Cash flows from Investing Activities	(5,416,145)	(2,513,627)

e Cash flows from Financing Activities		
	2021/22	2020/21
	£	£
Repayment of Short and Long Term Borrowing	(3,232,797)	(3,372,464)
Net Cash flows from Financing Activities	(3,232,797)	(3,372,464)

The Accounting Officer authorised these financial statements for issue on 26th September 2022.