

STATEMENT OF ACCOUNTS

Derry City and Strabane District Council

For the year ended 31st March 2023

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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 2023 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 2023 (the Code) and the Department for Communities Accounts Direction, Circular LG 07/2023. 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 2022/23 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 or joint ventures. Derry City and Strabane District Council owns 100% of the shares in City of Derry (Operations) Limited which commenced trading on 1 April 2010. 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) Ltd 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 37, 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 Summary (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' lines shows the balances before any discretionary transfers to or from earmarked reserves undertaken by the Council.

The Comprehensive Income and Expenditure Statement

This statement, as set out on page 36, 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 38, shows the value as at the Balance Sheet date of 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, ie those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

The Cash Flow Statement 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 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. 25 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. In accordance with the legislation the plan underwent a review in 2021-2022 and a reviewed plan was duly published in November 2022. The review process indicated that there needed to be a prioritisation of actions and that a further outcome should be added to address Older People's needs. The additional outcome local people wanted to achieve is "We are a caring society that supports people throughout their lives." Local people also said that our actions should be more collaborative; new and emerging partnership structures should be featured and the City and Growth Deal, UN Sustainable Goals, World Health Organisation designation, climate adaption, strategic rail and paramilitary activity needed to be featured in the plan. This was all included in the reviewed plan published in November 2022.

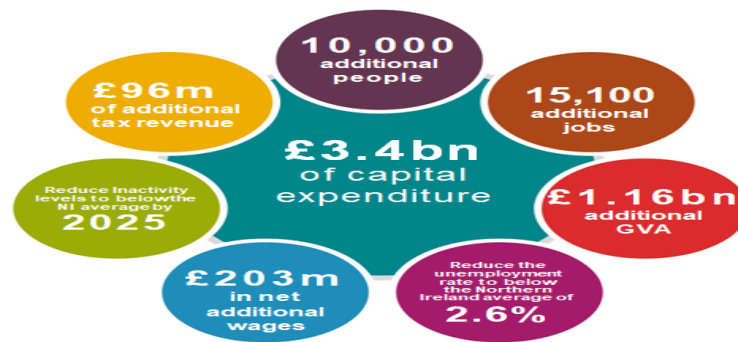
The Council and its partners have convened around a common and agreed vision:

Outcomes & Actions



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 its delivery partnerships. In accordance with the legislation, the partnership was required to publish a 'statement of progress' on achieving the outcomes, indicators and actions within the plan in November 2019 and November 2021. A further 'statement of progress' is due in November 2023. These statements are aimed to provide transparency around the business of community planning and the performance of the statutory and support partners in its delivery. The reports have shown that progress has been made across many of our outcomes and actions in the first four years of implementation of the plan. For further information please see www.arowderrystrabane.com

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 (C-TRIC) 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 Innovation, Digital and Health Pillar

- Centre for Industrial Digitisation, Robotics and Automation (CIDRA)
- Cognitive Analytics Research Laboratory (CARL)
- Personalised Medicine Centre
- School of Medicine
- Digital Enabling Infrastructure Programme and SMART Cities Initiatives

Regeneration, Tourism and Renewal Pillar

- Major Strabane Town Centre Regeneration project
- Derry Central Riverfront Regeneration
- 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, Capital Development, 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 2023 the Council increased its General Fund reserve by £1,078,503 to £6,266,769. Financial performance for the year has been summarised in the table below:-

Area	Annual Budget	Net Expenditur	Variance
	£000	£000	£000
Cross Cutting Corporate Services	7,060	7,149	89
Council	1,251	1,298	47
Health & Community	12,429	13,630	1,201
Business & Culture	9,279	9,342	63
Environment & Regeneration	26,373	28,561	2,188
Capital and loans (excluding City of Derry Airport)	5,898	6,553	655
City of Derry Airport (including capital and loans)	1,792	1,792	0
Other costs and income (including exceptional items)	404	2,448	2,044
Total net expenditure	64,486	70,773	6,287
Sources of funding:-			
Rates support grant	(2,268)	(1,698)	570
Rates (including derating grant)	(64,972)	(66,659)	(1,687)
Transferring Functions Grant	(374)	(374)	0
Transfers from and (to) reserves	3,478	(3,120)	(6,598)
Total funding	(64,136)	(71,851)	(7,715)
(Surplus)/ Deficit	350	(1,078)	(1,428)
Opening District Fund		(5,189)	
Closing District fund		(6,267)	

This has been an incredibly difficult financial year for Council with a number of key financial pressures arising after the rates for the year were agreed back in February 2022 as follows:-

- Global cost of living pressures such as rising fuel, and utility costs. Inflation has been running at over 10% for much of the year which has had significant implications for Council budgets.
- Construction inflation and increased borrowing costs have created major challenges for Council capital projects.
- Council has faced significant unbudgeted costs as a result of recent local pay negotiations for 2021/22 and the recently agreed outcome of national pay negotiations for 2022/23 which had not been fully budgeted for.
- Council has experienced significant cuts to critical Central Government grant funding. In particular, the regional Rates Support Grant pot was reduced by Department for Communities from £11.924m to £8.924m during the year creating a £570k unbudgeted pressure for Council.
- The COVID pandemic continued to pose challenges for service delivery. For some of the year, service income levels in leisure, licensing and car parking continued to lag behind pre- COVID levels and exceptional expenditure was incurred (eg health and safety costs, security costs at recycling centres, staffing challenges).
- Council relies heavily on rates income to fund its services. Whilst Council benefitted from a significant rates finalisation surplus during the year, the economic impact of the pandemic and the global cost of living crisis have seen rating debt levels increase and the risk of appeals against non-domestic valuations remains significant. Appeals against the 2015 revaluation resulted in a 2% impact on Council's non-domestic rates income. A new revaluation process completed in 2020 has already resulted in a further 0.5% erosion in Council rates income. Furthermore, 16.11% of Council's non-domestic list remains under appeal (mostly schools) which will likely result in a further reduction in Council rates income as appeals are concluded.

Thankfully, Council forecast all these issues in detail and was able to utilise £7.198m from its financial contingency reserve to offset all these unbudgeted financial pressures during the 2022/23 financial year and ensure Council finances have remained sustainable.

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

Moving forward into 2023/24, Council continues to face very significant financial challenges. Inflation continues to remain high, staff pay pressures remain under negotiation nationally, further funding cuts have been applied by Central Government to core grants including Rates Support Grant and risks remain in relation to rates income appeals and increasing debt levels. Prudently, Council has retained a sum of £6.02m within its "financial commitments and contingencies reserve" (See note 25g) which will fully mitigate these continued challenges in 2023/24 although will 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 £6.267m of which £1.75m has been earmarked to cover rates funded from reserves over the next 3 years leaving a net balance of £4.516m which represents 6.64% of 2022/23 net expenditure and is in line with relevant guidance.

Efficiency and Savings Programme

Prior to the current financial year and since the inception of the new Council, efficiencies of over £4.1m had been identified and implemented. 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.

Given the wider financial challenges, further savings and service reductions of £3.547m were identified and agreed as part of the 2023/24 budget process. A key element of these savings have been enabled through organisational restructuring and severance payments to officers who have left the organisation. Included within 2022/23 net expenditure (other costs and income) is a sum of £1,788,930 (see note 19) relating to officer severance payments. The Council has not had to borrow or utilise capitalisation directions to fund these costs. These savings enabled Council to strike a rates increase of 7.97% for 2023/24 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 £83.158m of which £42.277m has been secured from external sources. A further £318.256m of projects have been approved including City Deal and strategic projects for which £291.435m has been secured through external funders including City Deal and the Inclusive Future Fund with an additional £16.056m allocated by Council. A further £192.779m of projects have been identified to be progressed with £1.221m of external funding secured and a further £34.126m allocated by Council.

Expenditure on capital projects during the year amounted to £10,806,336. 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:-

	£
Greenways and Public Realm	3,794,791
Leisure, Recreation and Pitches	2,900,455
Vehicles and Equipment	1,893,051
Cemetery Provision Development	1,062,955
Parks and Play Areas Development	390,015
Planning Portal	270,000
City of Derry Airport	262,777
Tourism and Culture Development	207,754
Other works	24,538
Total	10,806,336

Grants to the value of £6,168,790 were applied 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 2023 was £36,985,665. No new loans were drawn down during the year. Capital expenditure unfinanced at 31st March 2023 for which loans will be drawn down was £10,521,914.

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 18th September 2023.

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 and Strabane District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has prepared an Annual Governance Statement which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. 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 2023 and up to the date of approval of the financial statements.

The governance framework

The following describes 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 - 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. This plan also went through a review process which involved a significant consultation and engagement process in 2021/2022. The reviewed and consulted plan was duly republished on November 2022 in accordance with the Local Government Act (2014).

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 (or other notified date) in line with the Performance Improvement Duty.

The draft version of this annual document / improvement objectives 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 2022/23 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 2023/24 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 has not been taken forward. It is now intended to revisit the Corporate Plan in the 2023/24, to coincide with the new Council term.

Consultations are taking place in April-August 2023 for the 23/24 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 2022/23.

- **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.

Work was progressed in 2022/23 in developing the NI Ombudsman Model Complaints Handling Scheme so as to ensure that complaints are dealt with effectively, and consistently across the sector.

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.

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. Examples include Leisure Services survey.

- **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 2022/23, 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.

During the 2022/23 year, any co-opted Members would have been required to sign off as having received a copy of the Code of Conduct prior to being able to act as an Elected Member.

Their induction process would also have included the allocation of a dedicated Council email address for secure communications and registration with the Council's committee software system to facilitate council business and access to resources.

Details of these documents would also have been provided to any new Members co-opted during the 2022/23 year.

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 was reviewed and updated again during 22/23 and approved by the Audit Committee in January 2023.

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 Audit & Risk Officer (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 Audit & Risk Officer.

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 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 Audit & 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. The risk appetite was reviewed again during 22/23 and approved by the Assurance, Audit & Risk Committee in January 2023. 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 continuously evolving process, which is monitored closely by the Audit & Risk Officer, the Internal Audit Manager, the Assurance 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.

Fraud Awareness Training was organised and made available to Members on an annual basis since the first training course in 2017. Audit Committee Training was offered and provided to Members in a group setting and to individuals as required. More training will be arranged for Members after the local government elections in May 2023. This was discussed at the meeting of the Councils Assurance, Audit and Risk Committee in March 2023.

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, the Assurance Manager and the Internal Audit Manager. 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.

Over £4.1m 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.

- **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 2022/23, 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:

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

The Internal Audit Manager:

- Has regular and open engagement across the organisation, particularly with the Senior Leadership Team and the Assurance, Audit and Risk Committee.
- Leads and directs an internal audit team that is resourced to be fit for purpose; and
- 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.

- **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, the Assurance Manager 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 (last updated August 2017). 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.

An assessment of the Committee was carried out during 22/23 and the Assurance team are satisfied that Committee was operating in compliance with the CIPFA's Position Statement: Audit Committees in Local Authorities 2022.

- **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 Assurance, Audit & Risk Committee 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/December 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 2022/23:

- Consultation of the draft reviewed Strategic Growth Plan in Feb 2022 to May 2022.
- 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 22/23.
- 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 "Bang on the Table"

- **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.growderrystabane.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 Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness within Derry City & Strabane District Council has been informed by a governance review completed by the Lead Assurance Officer; the Assurance Manager; the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment; the Internal Audit Manager's annual report and also by comments made by the external auditors.

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.

The following process has been applied in maintaining and reviewing the effectiveness of the governance framework:

- **the authority**

A Committee Structure was in place within Derry City & Strabane District Council during 2022/2023 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 2022/2023 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 2022/2023 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, the Internal Audit Manager and invited line managers depending on the audit reports being presented. 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 2022/23, 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 organisation's governance arrangements.

An Internal Audit Plan for 2022/2023 was approved by the Assurance, Audit and Risk Committee in March 2022. Although the Audit Plan was not completed in full for 2022 / 2023, 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.

The Internal Audit Plan for 2022/2023 was broken down into a number of areas covering:

- Work on completion of 2021 / 2022 plan;
- 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 2022/2023 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 2022/2023 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 2022/2023.

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, Lead Finance Officer and Lead Assurance Officer. The Board meetings are also attended by the Managing Director and the Company Secretary. In March 2023, 3 new non-executive Directors were appointed to the Board. The new non-executive Directors will work in conjunction with the current non-executive Directors for 12 months to ensure that there is a seamless handover of responsibilities.

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 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.

Following completion of a tender process and in close liaison with NIE and DFT, further funding has been secured for 1 year from 1st April 2023 to ensure the continued operation of the critical London PSO route. The PSO route to London Heathrow has been approved by Department for Transport and commenced operations on 6th May 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 2021/2022, 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 the delivery of Council's services due to pay pressures, central government funding cuts, inflation/cost of living pressures etc.</p>	<p>Council has an available district fund balance at 31st March 2023 of £4.516m and has a 5-year reserves plan in place to ensure that the district fund remains within 5% and 7.5% of forecast net expenditure.</p> <p>Council has agreed a district rates increase of 7.97% for 2023/24 to cover all known recurrent expenditure pressures at the time. This includes a £3.547m agreed recurrent savings plan which has been fully implemented.</p> <p>Further to ongoing developments around cost of living, inflation, pay pressures and central government funding cuts (including rates support grant) Council retains a financial contingency reserve of £6.02m to provide contingency for continued uncertainties into 2023/24.</p> <p>Council has agreed and submitted a robust response to the Department for Communities Equality Impact Assessment in relation to Rates Support grant cuts.</p> <p>Council has commenced Finance Working Group meetings with Elected Members to review all budgets and savings considerations in advance of the rates striking for 2024/25.</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.</p> <p>Further discussions with Government are underway to secure funding post March 2023.</p> <p>Following completion of a tender process and in close liaison with the Northern Ireland Executive (NIE) and the Department for Transport (DFT), further funding has been secured for 1 year from 1st April 2023 to ensure the continued operation of the critical London PSO route.</p> <p>The PSO route to London Heathrow has been approved by Department for Transport and commenced operations on 6th May 2023.</p>

<p>Increased risk of Cyber Crime</p>	<p>New AV system has been installed and deployed. All staff must use a 2-factor authentication to access the network remotely. Continue to roll out 'Bit locker' to all staff. Continuing to replace windows 7 devices. New version of 'BigFx' rolled out and updates have been pushed to all laptops and pcs. All laptops at home are now using the VPN and therefore will also get the updates when rolled out. Firewalls have been locked down more securely with new rules, including all access from countries other than the UK and Ireland have been blocked on the firewalls. Firewall tender has been completed and new firewalls are to be installed at the end of May 23 with the latest updates, and new support contract also in place Migration to office365 has been completed and 2 factor authentication has been enabled for all users accessing emails using the 'Microsoft Authenticator'. Access from high-risk countries as determined by the NCSC has been implemented. Staff complete 'BoxPhish' Cyber training monthly.</p>
<p>Inability to deliver on Council's ambitious capital programme of strategic and community projects due to the significant associated capital financing, staff resourcing and ongoing revenue costs.</p>	<p>Updated Capital Strategy approved by Council as part of the 2023/24 rates estimate 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>Staff resources have been put in place following additional non-recurrent monies identified as part of 2020/21 financial outturn.</p> <p>New updated funding strategy being developed to incorporate new and emerging capital projects and aspirations to be agreed as part of 2024/25 rates process.</p> <p>Ongoing meetings of finance working group and capital and corporate projects planning group to inform this process.</p> <p>Ongoing engagement with central government regarding funding of City of Derry Airport and reinstatement of rates support grant.</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 Govt and match funding of £105m confirmed from NIE.</p> <p>Key projects agreed and prioritised by Council in July 2019. Outline Business Cases have been substantially progressed for all projects.</p> <p>City Deal Board and Pillar Boards established and meeting bi-monthly.</p> <p>Regular formal communication between NIO, MHCLG, NICS and Council.</p> <p>Regular progress reports to Governance & Strategic Planning Committee.</p> <p>Medical school opened with initial intake of students in August 2021.</p> <p>City Deal Working Group has been established with the Elected Members of Council.</p> <p>Projects have had to be scaled/ prioritised within available funding envelope to absorb construction and inflation pressures.</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	Councillor Shaun Harkin on behalf of Assurance, Audit & Risk Committee		Date 18/09/2023
Signed	Mr John Kelpie, Chief Executive		Date 18/09/2023

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2023

INTRODUCTION

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

ALLOWANCE AND REMUNERATION ARRANGEMENTS

COUNCILLORS

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

Guidance and determinations on Councillors' Allowances applicable from 1 April 2022 were issued by the Department for Communities on 28 March 2022 (Circular LG 10/2022). 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 2022/23.

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 £2,310 in 2022/23 (2021/22 £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) 2012 was:

Table 1: Total Allowances paid to councillors (audited information)

Allowance	2022/23		2021/22	
	Total Allowances £	Number of Councillors receiving the Allowance	Total Allowances £	Number of Councillors receiving the Allowance
Basic Allowance	599,885	44	601,645	40
Mayor Allowance	31,950	1	31,950	1
Deputy Mayor Allowance	7,987	1	7,987	1
Special Responsibility Allowance	68,067	23	67,909	22
Dependents' Carers Allowance	171	1	331	1
PCSP Allowance	6,960	11	10,380	20
Employer Costs	162,853	44	160,805	40
Mileage Allowance	3,240	8	790	6
Courses / Conferences and Visits	99	-	7,842	-
Travel and Subsistence	1,034	3	813	5
General Secretarial Services	2,816	44	1,692	40
Other Costs	188	44	112	40
Communication and Support Costs	1,827	44	2,970	40
TOTAL ALLOWANCES	887,077	-	895,226	

The overall number of Councillors at any one time is 40 but there were a number of resignations and reappointments during the year bringing the total number of Councillors paid to 44.

Details of the allowances paid to individual councillors in 2022/23 are published on the council website at www.derrystrabane.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)[audited information]

Officers	2022/23				2021/22			
	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	120-125	0	0	120-125
Director of Business & Culture - Stephen Gillespie	90-95	0	0	90-95	90-95	0	0	90-95
Director of Health & Community - Karen McFarland	90-95	0	0	90-95	90-95	0	0	90-95
Director of Environment & Regeneration - Karen Phillips	90-95	0	0	90-95	90-95	0	0	90-95
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 2022/23 was £120k - £125k. This was 3.74 times the median remuneration of the workforce, which was £33,057.

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 (audited information)

	2022/23	2021/22
Salary Band of Highest Paid member of the Executive Management Team/ Senior Management Team	£120k - £125k	£120k - £125k
Median Total Remuneration	£33k	£30k
Ratio	3.74	4.06

In 2022/23, 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

No bonuses were paid during the current or prior year.

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. No benefits in kind were provided in the current or prior year.

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 2022/23 (audited information)

Severance Package Cost Band	2022/23				2021/22			
	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	4	0	0	0	-5
£20,001 - £40,000 **	0	0	0	40	0	2	2	76
£40,001 - £60,000	0	0	0	-	0	1	1	42
£60,001 - £80,000	0	0	0	-	0	0	0	0
£80,001 - £100,000	0	0	0	-	0	0	0	0
£100,001 - £150,000	0	3	3	389	0	2	2	228
£150,001 - £200,000	0	8	0	1,356	0	2	2	326
Total	0	11	3	1,789	0	7	7	667

**The £44k cost in the £0-£40,000 band relates to adjustments to provisions set aside for employees whose exit packages were agreed during 2021/22.

Pension Benefits

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

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

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

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

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

Table 5: Employee Contribution Rates

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

Employers' contribution rates are determined by the fund's actuary every three years at the triennial valuation. A formal triennial actuarial valuation of the Fund as at 31 March 2019 was carried out in 2020/21 and set 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 2023 - 31 March 2023	19.5%

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

Councillors have been able to join the Scheme since May 2011 and therefore have not accrued significant benefits thus far. However, the in-year pension contributions made by the Council for all councillors during 2022/23 was £32,119.

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

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

Officers	Accrued Pension at pension age as at 31/3/23 £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/23 £'000	CETV at 31/3/22 £'000	Real increase in CETV £'000
Chief Executive - John Kelpie	35-40 plus lump sum 20-25	(2.5) - (3.5)	635	573	(33)
Director of Business & Culture - Stephen Gillespie	25-30	0 - (0.5)	429	385	(13)
Director of Health & Community - Karen McFarland	50-55 plus lump sum 80-85	(8.0) - (8.5)	1,027	962	(50)
Director of Environment & Regeneration - Karen Phillips	25-30 plus lump sum 10-15	0 - (1.0)	352	315	(8)
Director of Legacy - Oonagh McGillion	25-30 plus lump sum 25-30	(3.0) - (4.0)	436	406	(28)

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

Chief Executive
18 September 2023



Certificate of the Chief Financial Officer

I certify that:

- (a) the Statement of Accounts for the year ended 31st March 2023 on pages 36 to 114 has been prepared in the form directed by the Department for Communities and under the accounting policies set out on pages 40 to 57.

- (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 2023.



Chief Financial Officer

Date **18 September 2023**

Council Approval of Statement of Accounts

These accounts will be approved by resolution of the Council/Committee on 18th September 2023.



Chairman
Councillor Shaun Harkin

Date **18 September 2023**

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 2023 under the Local Government (Northern Ireland) Order 2005. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, 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 in the United Kingdom supported by UK adopted international accounting standards.

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

In my opinion the financial statements:

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

Emphasis of matter

I draw attention to the current funding issues at the City of Derry Airport as highlighted at page 22 in the Governance Statement and in note 11a Long Term Assets on page 69. 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 2024. 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 is 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 2023 is consistent with the financial statements.

Matters on which I report by exception

In 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 2022-23;

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

Responsibilities of the Chief Financial Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing 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 the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23;
- 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 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.



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

29th September 2023

Derry City and Strabane District Council

Comprehensive Income and Expenditure Statement for the year ended 31 March 2023

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

		2022/23			RESTATED 2021/22		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Service Expenditure	Notes	£	£	£	£	£	£
Cross Cutting Support Services	2	9,836,443	(1,376,903)	8,459,540	8,523,275	(1,341,283)	7,181,992
Environment & Regeneration	2	39,145,407	(4,365,416)	34,779,991	35,644,069	(4,334,680)	31,309,389
Business & Culture	2	15,021,499	(3,716,715)	11,304,784	14,544,680	(4,657,322)	9,887,358
Health & Community	2	24,990,334	(6,433,318)	18,557,016	21,645,480	(6,039,089)	15,606,391
Council	2	1,443,811	-	1,443,811	1,275,779	-	1,275,779
City of Derry Airport	2	4,181,299	(5,232,267)	(1,050,968)	3,961,061	(2,083,924)	1,877,137
Other Corporate	2	3,564,029	(170,963)	3,393,066	2,439,989	(1,411,660)	1,028,329
Cost of Services on Continuing Operations		98,182,822	(21,295,582)	76,887,240	88,034,333	(19,867,958)	68,166,375
Other Operating Expenditure/ Income	8	377,911	-	377,911	567,767	(785,400)	(217,633)
Financing and Investment Income and Expenditure	9	6,677,391	(447,382)	6,230,009	6,462,594	(27,360)	6,435,234
Net Operating Expenditure		105,238,124	(21,742,964)	83,495,160	95,064,694	(20,680,718)	74,383,976
Taxation and Non-Specific Grant Income	10	18,525	(68,931,778)	(68,913,253)	-	(86,310,309)	(86,310,309)
(Surplus)/Deficit on the Provision of Services		105,256,649	(90,674,742)	14,581,907	95,064,694	(106,991,027)	(11,926,333)
(Surplus)/Deficit on revaluation of non-current assets	11			(12,917,157)			(7,728,468)
Remeasurements of the Net Defined Benefit Liability (Asset)	21			(67,295,000)			(25,055,000)
Other Comprehensive Income and Expenditure				(80,212,157)			(32,783,468)
Total Comprehensive Income and Expenditure				(65,630,250)			(44,709,801)

The comparative income and expenditure figures have been restated to reflect the following:-

- Following reorganization, the capital development section has now been moved under the "Cross Cutting Corporate Services" section. £814,273 of net expenditure has therefore been reclassified from "Environment & Regeneration" to "Cross Cutting Corporate Services" to reflect this reorganization.

- Gross expenditure and Gross income have been increased by £93,683 to reflect a business and culture grant and associated expenditure incorrectly netted off in the prior year accounts.

Overall these have no net impact on the overall net expenditure figure reported for 2021-22.

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 2023

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

	General Fund Summary	Other Fund Balances and Reserves	Capital Receipts Reserve	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£	£	£	£	£	£
Balance as at 1 April 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	182,493	8,579,850	(8,579,850)	-
Net increase before transfers to Statutory and Other Reserves	3,743,482	16,580,208	182,493	20,506,183	24,203,618	44,709,801
Transfers to / from Statutory and Other Reserves	(3,743,482)	3,917,826	(174,344)	-	-	-
Increase/ Decrease in year	-	20,498,034	8,149	20,506,183	24,203,618	44,709,801
Balance as at 31 March 2022	5,188,266	64,098,066	1,448,701	70,735,033	100,782,833	171,517,866
Movement in reserves during the year						
Surplus/ (Deficit) on the provision of services	(14,581,907)	-	-	(14,581,907)	-	(14,581,907)
Other Comprehensive Income and Expenditure	-	-	-	-	80,212,157	80,212,157
Total Comprehensive Income and Expenditure	(14,581,907)	-	-	(14,581,907)	80,212,157	65,630,250
Adjustments between accounting basis & funding under regulations	12,540,229	(8,197,549)	(109,683)	4,232,997	(4,232,997)	-
Net increase before transfers to Statutory and Other Reserves	(2,041,678)	(8,197,549)	(109,683)	(10,348,910)	75,979,160	65,630,250
Transfers to / from Statutory and Other Reserves	3,120,181	(2,694,525)	(425,656)	-	-	-
Increase in year	1,078,503	(10,892,074)	(535,339)	(10,348,910)	75,979,160	65,630,250
Balance as at 31 March 2023	6,266,769	53,205,992	913,362	60,386,123	176,761,993	237,148,116

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 2023

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

	Note	31st March 2023	31st March 2022
		£	£
Fixed Assets	11	226,346,846	212,495,411
Long Term Debtors	15	12,973,568	15,518,397
Other Long Term Assets	21	3,304,000	-
LONG TERM ASSETS		242,624,414	228,013,808
Inventories	14	413,276	474,589
Short Term Debtors	15	27,405,963	29,928,714
Cash and Cash Equivalents	24	25,508,647	29,436,487
Assets Held for Sale	11	1,318,851	673,851
CURRENT ASSETS		54,646,737	60,513,641
Short Term Borrowing	17	3,102,154	3,256,262
Short Term Creditors	18	18,309,178	18,161,170
Provisions	19	1,967,529	599,254
CURRENT LIABILITIES		23,378,861	22,016,686
Provisions	19	2,768,128	3,322,702
Long Term Borrowing	17	33,976,045	37,078,194
Other Long Term Liabilities	21	-	54,592,000
LONG TERM LIABILITIES		36,744,173	94,992,896
NET ASSETS		237,148,117	171,517,867
USABLE RESERVES			
Capital Receipts Reserve	25a	913,362	1,448,701
Capital Grants Unapplied Account	25b	29,200,525	35,290,198
Capital Fund	25c	7,586,503	8,653,801
Renewal and Repairs Fund	25d	5,289,378	5,045,811
Other Balances and Reserves	25e	1,345,052	2,115,491
General Fund	25f	6,266,769	5,188,266
Financial Commitments and Contingencies Reserve	25g	9,784,535	12,992,766
		60,386,124	70,735,034
UNUSABLE RESERVES			
Capital Adjustment Account	26a	79,219,040	70,798,495
Revaluation Reserve	26b	95,182,283	85,490,743
Pensions Reserve	26c	3,304,000	(54,592,000)
Accumulated Absences Account	26d	(943,330)	(914,405)
		176,761,993	100,782,833
NET WORTH		237,148,117	171,517,867

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 2023**

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

	Note	2022/23	2021/22
		£	£
Net (Deficit) / Surplus on the provision of services		(14,581,907)	11,926,333
Adjustment for non-cash movements	24a	18,604,571	19,181,204
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	24a	(42,267)	(20,115,057)
Net cash flows from operating activities	24	3,980,397	10,992,480
Cash flows from Investing Activities	24d	(4,651,980)	(5,422,622)
Net Cash flows from Financing Activities	24e	(3,256,257)	(3,232,797)
Net increase or decrease in cash and cash equivalents		(3,927,840)	2,337,061
Cash and cash equivalents at the beginning of the reporting period		29,436,487	27,099,426
Cash and cash equivalents at the end of the reporting period		25,508,647	29,436,487

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 2023

1 **Accounting Policies**

a **General Principles**

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts in a form directed by the Department for Communities in accordance with regulations 3 (7) and (8) in the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 also requires disclosure in respect of:

Summary of Significant Accounting Policies

i) **Accruals of Income and Expenditure**

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

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

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

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

- Interest 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 retains a small 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 also retains a small provision for pay back associated with the harmonisation of pay between employees of the two legacy Councils.

iii) **Cash and Cash Equivalents**

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

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

iv) **Contingent Assets**

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

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

v) **Contingent Liabilities**

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

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

vi)

Employee Benefits

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

Termination benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with 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
- unitised securities – current bid price

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

Service cost comprising:

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

Within Financing and Investment Income and Expenditure

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

Within Other Comprehensive Income and Expenditure (Remeasurements)

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

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

Within the Movement in Reserves Statement Appropriations

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

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

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

Discretionary Benefits

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

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

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

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

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events

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

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

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

viii) **Exceptional Items**

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

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

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

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

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

x) **Financial Instruments**

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

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

- instruments with quoted market prices - the market price
- 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.

xi) **Foreign Currency Translation**

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

xii) **Government Grants and Contributions**

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

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

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

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

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

xiii) **Intangible Assets**

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

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

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 [FIFO/ weighted average] costing formula.

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

xv) **Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurable 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) **Finance 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 - lease

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

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

Operating Leases:

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

The Council as Lessor - lease

Where the Council grants a 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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix)

Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

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

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

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

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

Impairment

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

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

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

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

Depreciation

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

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- buildings are depreciated based on their estimated remaining useful life as advised by Land and Property Services. This ranges from 3 to 60 years.
- vehicles, plant, furniture and equipment are depreciated on a straight line basis on historic cost with useful lives ranging from 3 to 67 years.
- infrastructure assets are depreciated on a straight line basis on historic cost with useful lives ranging from 4 to 20 years.
- intangible assets are depreciated over their estimated lives ranging from 5 to 20 years.

Componentisation

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

Revaluations

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

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. They would be held by this authority in pursuit of our overall objectives in relation to the maintenance of heritage.

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

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 at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

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 Comprehensive Income and Expenditure Account in respect of Non-Current Assets**

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

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

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

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**

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

xxvi) **Fair Value Measurement**

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

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

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

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

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

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

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

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

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) IFRS 16 Leases (but only for those local authorities that have decided to voluntarily implement IFRS 16 in the 2023/24 year).
- b) Where an authority adopted IFRS 16 in 2022/23 but chose to defer implementation of IFRS 16 to PFI/PPP arrangements until 2023/24 information on that more specific accounting change will be required in its 2022/23 statements of accounts.
- c) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- d) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- e) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- f) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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 2023 the Council is faced with unprecedented challenges to its finances and operations. In line with 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 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. Following completion of a tender process and in close liaison with the Northern Ireland Executive and the Department for Transport, further funding has been secured for 1 year from 1 April 2023 to ensure the continued operation of the critical London PSO route. The PSO route to London Heathrow has been approved by the Department for Transport and commenced operations on 6 May 2023.

Pension Liability

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

2

a Expenditure and Funding Analysis

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

	2022/23			RESTATED 2021/22		
	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	7,148,607	(1,310,933)	8,459,540	5,963,147	(1,218,845)	7,181,992
Environment & Regeneration	28,560,659	(6,219,332)	34,779,991	25,464,856	(5,844,533)	31,309,389
Business & Culture	9,341,672	(1,963,112)	11,304,784	8,021,470	(1,865,888)	9,887,358
Health & Community	13,630,217	(4,926,799)	18,557,016	11,059,597	(4,546,794)	15,606,391
Council	1,298,018	(145,793)	1,443,811	1,120,815	(154,964)	1,275,779
City of Derry Airport	1,792,141	2,843,109	(1,050,968)	4,397,745	2,520,608	1,877,137
Capital Financing	6,553,149	6,553,149	-	6,448,151	6,448,151	-
Other Corporate	2,447,969	(945,097)	3,393,066	761,388	(266,941)	1,028,329
Transfers to/from Reserves & Provisions	(3,120,181)	(3,120,181)	-	3,743,483	3,743,483	-
Net Cost of Services	67,652,251	(9,234,989)	76,887,240	66,980,652	(1,185,723)	68,166,375
Other Income and Expenditure	(68,730,754)	(6,425,421)	(62,305,333)	(66,980,652)	13,112,056	(80,092,708)
Surplus or Deficit	(1,078,503)	(15,660,410)	14,581,907	-	11,926,333	(11,926,333)
Opening General Fund			5,188,266			5,188,266
Surplus/ (Deficit) on General Fund Balance in Year			1,078,503			-
Closing General Fund			6,266,769			5,188,266

Net expenditure charged to the general fund of £67,652,251 is effectively the 2022-23 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 expenditure of £5,281,391 (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 £76,887,240 in the CIES, the £5,281,391 is adjusted in the "adjustments column" totalling -£9,234,989.

The comparative income and expenditure figures have been restated to reflect reorganisation whereby the capital development section has now been moved under the "Cross Cutting Corporate Services" section. £814,273 of net expenditure has therefore been reclassified from "Environment & Regeneration" to "Cross Cutting Corporate Services" to reflect this reorganization.

Of the financing cost of £5,281,391, loan interest costs of £303,826 relate to City of Derry Airport (Operations) Ltd and CODA share write-down cost of £3,492,517 are included within the City of Derry Airport costs above. Furthermore the Airport has been allocated its portion of minimum revenue provision of £787,152 and revenue financing contributions of £209,022. The Airport is the only area which has been charged its share of financing and investment income and expenditure. The remaining capital financing costs of £6,553,149 consist of loan interest, revenue contributions and minimum revenue provision not allocated to services.

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. The comparative figures have been restated to reflect reorganisation whereby the capital development section has now been moved under the "Cross Cutting Corporate Services" section.

Adjustments between Funding and Accounting Basis
2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Cross Cutting Support Services	(163,164)	(1,147,769)	-	-	(1,310,933)
Environment & Regeneration	(3,189,380)	(3,029,952)	-	-	(6,219,332)
Business & Culture	(893,398)	(1,069,714)	-	-	(1,963,112)
Health & Community	(2,804,027)	(2,122,772)	-	-	(4,926,799)
Council	10,000	(155,793)	-	-	(145,793)
City of Derry Airport	(1,949,408)	-	-	4,792,517	2,843,109
Capital Financing	-	-	-	6,553,149	6,553,149
Other Corporate	-	(477,000)	(28,925)	(439,172)	(945,097)
Transfers to/from Reserves & Provisions	-	-	-	(3,120,181)	(3,120,181)
Net Cost of Services	(8,989,377)	(8,003,000)	(28,925)	7,786,313	(9,234,989)
Other Income and Expenditure from the Expenditure and Funding Analysis	(195,412)	(1,396,000)	-	(4,834,009)	(6,425,421)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(9,184,789)	(9,399,000)	(28,925)	2,952,304	(15,660,410)

Adjustments between Funding and Accounting Basis
RESTATED 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other non-statutory Adjustments	Total adjustments
	£	£	£	£	£
Cross Cutting Support Services	(158,780)	(1,060,065)	-	-	(1,218,845)
Environment & Regeneration	(3,093,573)	(2,750,960)	-	-	(5,844,533)
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	3,743,483
Net Cost of Services	(8,698,927)	(7,160,000)	398,410	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)	398,410	9,277,560	11,926,333

Adjustments for Capital Purposes

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

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

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

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

Net change for the Pensions

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

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

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

Other statutory differences

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

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

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

Other non-statutory adjustments

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

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

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

c Segmental Income and Expenditure

Income and expenditure on a segmental basis are analysed below. The comparative income and expenditure figures have been restated to reflect reorganisation whereby the capital development section has now been moved under the "Cross Cutting Corporate Services" section. £814,273 of net expenditure has therefore been reclassified from "Environment & Regeneration" to "Cross Cutting Corporate Services" to reflect this reorganization.

	2022/23				RESTATED 2021/22		
	Gross Expenditure	Income	Net Expenditure as reported to Council		Gross Expenditure	Income	Net Expenditure as reported to Council
	£	£	£		£	£	£
Chief Executive	1,998,714	(1,120,593)	878,121	Chief Executive	1,874,481	(1,145,948)	728,533
Personnel	833,632	(1,030)	832,602	Personnel	767,881	(5,891)	761,990
Policy & Improvement	2,121,572	(21,375)	2,100,197	Policy & Improvement	1,770,688	(22,773)	1,747,915
Governance	1,276,847	(45,996)	1,230,851	Governance	1,048,855	(13,000)	1,035,855
Strategic Finance & Funding	1,826,385	(64,195)	1,762,190	Strategic Finance & Funding	1,469,816	(50,412)	1,419,404
Legal Services	516,598	(171,951)	344,647	Legal Services	416,476	(147,027)	269,449
Cross Cutting Corporate Services	8,573,748	(1,425,140)	7,148,608	Cross Cutting Corporate Services	7,348,197	(1,385,051)	5,963,146
Environment & Regeneration Office	3,833,947	(1,609,427)	2,224,520	Environment & Regeneration Office	2,795,456	(885,635)	1,909,821
Planning & Regeneration	2,403,886	(1,007,296)	1,396,590	Planning & Regeneration	2,265,504	(1,076,079)	1,189,425
Environment Service	26,766,804	(1,827,255)	24,939,549	Environment Service	24,732,282	(2,366,673)	22,365,609
Environment and Regeneration Directorate	33,004,637	(4,443,978)	28,560,659	Environment and Regeneration Directorate	29,793,242	(4,328,387)	25,464,855
Business & Culture Director	262,049	-	262,049	Business & Culture Director	174,842	-	174,842
Business	3,844,396	(2,277,164)	1,567,232	Business	4,297,257	(2,823,239)	1,474,018
Culture	9,014,460	(1,502,071)	7,512,389	Culture	8,227,401	(1,854,790)	6,372,611
Business & Culture Directorate	13,120,905	(3,779,235)	9,341,670	Business & Culture Directorate	12,699,500	(4,678,029)	8,021,471
Health & Community Office	515,652	-	515,652	Health & Community Office	456,261	(8,540)	447,721
Community Wellbeing	3,040,292	(951,120)	2,089,172	Community Wellbeing	2,611,963	(811,489)	1,800,474
Community Development & Leisure	16,544,788	(5,519,393)	11,025,395	Community Development & Leisure	14,063,575	(5,252,172)	8,811,403
Health and Community Directorate	20,100,732	(6,470,513)	13,630,219	Health and Community Directorate	17,131,799	(6,072,201)	11,059,598
Council	1,298,017	-	1,298,017	Council	1,120,815	-	1,120,815
City of Derry Airport	7,024,408	(5,232,267)	1,792,141	City of Derry Airport	6,481,669	(2,083,924)	4,397,745
Capital Financing	6,553,149	-	6,553,149	Capital Financing	6,448,152	-	6,448,152
Pensioner Costs	112,991	-	112,991	Pensioner Costs	111,792	-	111,792
Other Costs	2,945,113	(170,964)	2,774,149	Other Costs	2,085,772	(1,411,660)	674,112
Bank Interest and Charges	(160,453)	(278,719)	(439,172)	Bank Interest and Charges	(3,426)	(21,090)	(24,516)
Other Costs	2,897,651	(449,683)	2,447,968	Other Costs	2,194,138	(1,432,750)	761,388
Transfers to / from reserves	(3,120,181)	-	(3,120,181)	Transfers to / from reserves	3,743,482	-	3,743,482
Taxation and Non-Specific Grant Income	-	(68,730,754)	(68,730,754)	Taxation and Non-Specific Grant Income	-	(66,980,652)	(66,980,652)
TOTAL	89,453,066	(90,531,570)	(1,078,504)	TOTAL	86,960,994	(86,960,994)	-

3 a Expenditure and Income Analysed by Nature

Expenditure		2022/23	2021/22
	Notes	£	£
Employee Benefits Expenses	7	40,840,340	34,948,876
Other Services Expenditure		48,353,104	44,386,531
Depreciation, Amortisation, Impairment	4, 11	8,989,378	8,698,926
Interest Payments	9	1,788,874	1,934,859
Gain on the Disposal of Assets	4, 8	377,911	(217,633)
Other Expenditure		4,907,042	5,313,135
Total Expenditure		105,256,649	95,064,694
Income		2022/23	2021/22
	Notes	£	£
Interest and Investment Income	9	(447,382)	(27,360)
District rate income	10	(63,984,533)	(59,907,337)
Government grants and Contributions	10	(4,928,720)	(26,402,972)
Support Service Income		(21,314,107)	(20,653,358)
Total Income		(90,674,742)	(106,991,027)
(Surplus) or Deficit on the Provision of Services		14,581,907	(11,926,333)

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 for contracts with service recipients:

	2022/23	2021/22
Notes	£	£
Cross Cutting Support Services	176,545	152,707
Environment & Regeneration	2,700,498	2,796,524
Business & Culture	2,338,336	2,341,359
Health & Community	3,220,776	2,167,470
Other Corporate	3,400	0
City of Derry Airport	4,410	2,400
Total Income	8,443,965	7,460,460

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

Notes	2022/23		2021/22	
	£	£	£	£
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	(110,095)		88,590
Depreciation charged in the year on non-current assets	11	9,099,473	8,989,378	8,610,336
Net Revenue expenditure funded from capital under statute (REFCUS)	12		3,180,789	1,665,912
REFCUS - Governments Grants and Other Contributions		(2,678,447)		(1,410,344)
REFCUS - Direct Financing		(502,342)	(3,180,789)	(255,568)
Carrying amount of non current assets sold	8	341,061		567,767
Proceeds from the sale of PP&E, investment property and intangible assets	24A	36,850	377,911	(785,400)
Net charges made for retirement benefits in accordance with IAS 19	21		15,191,000	13,692,000
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	21		(5,792,000)	(5,094,000)
Capital Grants and Donated Assets Receivable and Applied in year	10B		(201,024)	(1,196,744)
Capital Grants Receivable and Unapplied in year	10C		18,525	(18,132,913)
Adjustments in relation to Short-term compensated absences	26D		28,925	(116,350)
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		(3,580,204)	(3,918,461)
Direct revenue financing of Capital Expenditure	12, 25F		(2,492,282)	(1,897,676)
			12,540,229	(8,182,851)

Notes	2022/23		2021/22	
	£	£	£	£
b Net transfers (to)/from statutory and other earmarked reserves:				
Capital Fund				
Transfer to General Fund	25	476,330		322,563
Transfer from General Fund	25	(1,676,369)	(1,200,039)	(3,301,758)
Renewal and Repairs Fund				
Transfer to General Fund	25	176,512		476,381
Transfer from General Fund	25	(632,731)	(456,219)	(1,179,545)
Capital Receipts Reserve				
Transfer to General Fund	25	425,656	425,656	174,344
Other Funds and earmarked reserves				
Transfer to General Fund	25	914,839		410,972
Transfer from General Fund	25	(144,400)	770,439	(1,004,286)
Financial Commitments & Contingencies Reserves				
Transfer to General Fund	25	8,161,449		4,692,206
Transfer from General Fund	25	(4,581,105)	3,580,344	(4,334,358)
			3,120,181	(3,743,482)

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 2022/23 (£0 in 2021/22).

b External Audit Fees

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

	2022/23	2021/22
	£	£
External Audit Fees - Financial Statements	66,500	64,000
External Audit Fees - Performance Audit	13,500	22,000
External Audit Fees - National Fraud Initiative	1,314	-
	81,314	86,000

There were no other fees incurred in respect of any other service provided by the appointed auditor over and above those listed above (2021/22 £nil).

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 local businesses
- any other purposes

Rental income recognised in the Comprehensive Income and Expenditure Statement in the current year amounts to £119,012 (2021/22 £177,858).

The future minimum lease income is set out below:

	31st March 2023	31st March 2022
	£	£
Not later than 1 year	113,310	110,822
Later than 1 year and no later than 5 years	135,448	179,367
Later than 5 years	101,304	128,921
	350,062	419,110

Council as Lessee

c Finance leases (Council as lessee)

The Council holds one parcel of land on a 99 year lease 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 2023. The carrying value of this land at 31 March 2023 is as follows:

	31st March 2023	31st March 2022
	£	£
Other Land and Buildings	300,000	300,000
	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 2023	31st March 2022
	£	£
Leases liabilities (net present value of minimum lease payments):		
Current	4,527	4,757
Non- Current	88,006	92,533
Finance costs payable in future years	392,467	392,710
Minimum Lease Payments	485,000	490,000

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

	Minimum Lease Payments		Lease Liabilities	
	31st March 2023	31st March 2022	31st March 2023	31st March 2022
	£	£	£	£
Not later than one year	5,000	5,000	4,527	4,757
Later than one year and not later than five years	20,000	20,000	16,014	16,830
Later than five years	460,000	465,000	71,993	75,703
	485,000	490,000	92,534	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 leases in future years are:

	31st March 2023	31st March 2022
	£	£
Not later than 1 year	307,717	321,851
Later than 1 year and no later than 5 years	503,583	549,350
Later than 5 years	771,130	926,852
	1,582,430	1,798,053

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

	2022/23	2021/22
	£	£
Minimum lease payments	328,440	311,998
Total	328,440	311,998

7 Employee Costs and Member Allowances

a Staff Costs

	2022/23	2021/22
	£	£
Salaries and Wages	31,760,230	26,884,623
Employers NIC	3,144,833	2,637,315
Employers Superannuation - NILGOSC	5,641,776	5,132,115
Employers Superannuation - Civil Service	293,501	294,823
Total staff costs	40,840,340	34,948,876

The Employer's superannuation figure in Note 7a above includes £931,970 for the capital costs incurred in respect of the Council's 2022-23 exit packages (2021-22 £205,613).

In addition, agency costs during the year amounted to £801,351 (2021-22 £415,867) and short term compensating absences during the year amounted to £943,330 (2021-22 £914,405).

The Council's current contribution rate to the NILGOSC scheme is 19.5% (2021-22 19.5%).

At the last actuarial valuation, dated 31 March 2022, there was a surplus of £1,004.4M relative to the liabilities and the funding level was 111%.

The Council incurred total costs (including superannuation capital costs details above) of £1,748,930 during 2022-23 (2021-22 £666,544) 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

b Average Number of Employees

	2022/23	2021/22
	FTE	FTE
Full-time numbers employed	776	766
Part-time numbers employed	122	125
Total Number	898	891

	2022/23	2021/22
	Actual Numbers	Actual Numbers
Full-time numbers employed	779	761
Part-time numbers employed	230	253
Total Number	1,009	1,014

c Senior Employees' Remuneration		2022/23	2021/22
		£	£
£50,001 to £60,000		15	7
£60,001 to £70,000		8	11
£70,001 to £80,000		5	3
£80,001 to £90,000		-	-
£90,001 to £100,000		3	3
£100,001 to £110,000		-	-
£110,001 to £120,000		-	1
£120,001 to £130,000		1	-
Total Number		32	25

d Members' Allowances

		2022/23	2021/22
		£	£
Basic Allowance		599,885	601,645
Mayor Allowance		31,950	31,950
Deputy Mayor Allowance		7,987	7,987
Special Responsibility Allowance		68,067	67,909
Dependents' Carers Allowance		171	331
PCSP Allowance		6,960	10,380
Employer Costs		162,853	160,805
Mileage Allowance		3,240	790
Courses / Conferences and Visits		99	7,842
Travel and Subsistence		1,034	813
General Secretarial Services		2,816	1,692
Other Costs		188	112
Communication and Support Costs		1,827	2,970
Total		887,077	895,226

e Northern Ireland Civil Service Pension Arrangements

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

The Northern Ireland Civil Service 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 2022/23, employers' contributions of £293,501 (2021/22 £294,823) 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.

8 Other Operating Income & Expenditure

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

	2022/23	2021/22
	£	£
Proceeds from sale	36,850	(785,400)
Carrying amount of non-current assets sold (excl Investment Properties)	341,061	567,767
	377,911	(217,633)

Other Operating Expenditure	2022/23	2021/22
	£	£
(Surplus) / Deficit on Non Current Assets	377,911	(217,633)
	377,911	(217,633)

9 Financing and Investment Income and Expenditure

a Interest Payable and Similar Charges

	2022/23	2021/22
	£	£
Lease interest	243	-
Bank Charges	8,210	2,844
Government Loan Interest	1,780,421	1,932,015
	1,788,874	1,934,859

b Interest and Investment Income

	2022/23	2021/22
	£	£
Bank Interest	275,785	17,491
Employee car loan interest	2,934	3,599
Other Income (Exchange)	168,663	6,270
	447,382	27,360

c Pensions interest costs and expected return on pensions assets

	2022/23	2021/22
	£	£
Net interest on the net defined benefit liability (asset)	1,396,000	1,438,000
	1,396,000	1,438,000

Financing and Investment Income and Expenditure	2022/23			2021/22		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
	£	£	£	£	£	£
Interest Payable and Similar Charges	1,788,874	-	1,788,874	1,934,859	-	1,934,859
Interest and Investment Income	-	(447,382)	(447,382)	-	(27,360)	(27,360)
Pensions interest cost	1,396,000	-	1,396,000	1,438,000	-	1,438,000
Write down of value of shares purchased in CODA (Operations) Limited	3,492,517	-	3,492,517	3,089,735	-	3,089,735
	6,677,391	(447,382)	6,230,009	6,462,594	(27,360)	6,435,234

10 **Taxation and Non Specific Grant Income**

a Revenue Grants

	2022/23	2021/22
	£	£
General	(4,746,221)	(7,073,315)
	<u>(4,746,221)</u>	<u>(7,073,315)</u>

b Capital Grants and Donated Assets - Applied

	2022/23	2021/22
	£	£
Government & Other Grants - Conditions met and applied in year	(97,642)	(1,196,744)
Donated Assets - Conditions met	(103,382)	-
	<u>(201,024)</u>	<u>(1,196,744)</u>

c Capital Grants - Unapplied

	2022/23	2021/22
	£	£
Government & Other Grants - Conditions met and not applied in year	18,525	(18,132,913)
	<u>18,525</u>	<u>(18,132,913)</u>

d District Rates

	2022/23	2021/22
	£	£
Current year	(62,654,948)	(60,814,716)
Finalisation - previous year	(1,714,294)	(384,709)
Finalisation - other years	384,709	1,292,088
	<u>(63,984,533)</u>	<u>(59,907,337)</u>

Taxation and Non Specific Grant Income	2022/23	2021/22
	£	£
District Rate Income	(63,984,533)	(59,907,337)
Revenue Grants	(4,746,221)	(7,073,315)
Capital Grants and Contributions	(182,499)	(19,329,657)
	<u>(68,913,253)</u>	<u>(86,310,309)</u>

11 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	TOTAL
Balance as at 1 April 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
Adjustments between cost/value & depreciation/impairment	-	(5,965,128)	-	-	-	-	-	(5,965,128)	-	(5,965,128)
Balance as at 1 April 2022	25,545,498	140,342,589	13,997,985	43,030,450	7,614,823	9,898,544	4,928,649	245,358,538	4,377,798	249,736,336
Additions	-	127,706	-	2,135,521	-	8,543,108	-	10,806,335	-	10,806,335
Donations	-	13,272	-	-	-	-	-	13,272	90,110	103,382
Revaluation increases/ (decreases) to Revaluation Reserve	1,737	12,100,890	-	-	-	-	3,500	12,106,127	811,030	12,917,157
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	1,118	98,737	-	-	-	-	-	99,855	10,240	110,095
Derecognition - Disposals	-	(75,950)	-	(1,849,809)	(6,955)	-	(13,517)	(1,946,231)	(100)	(1,946,331)
Reclassifications & Transfers	349,517	6,301,512	1,995,820	53,125	-	(9,119,263)	(317,983)	(737,272)	-	(737,272)
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	(645,000)	(645,000)	-	(645,000)
Balance as at 31 March 2023	25,897,870	158,908,756	15,993,805	43,369,287	7,607,868	9,322,389	3,955,649	265,055,624	5,289,078	270,344,702
Depreciation and Impairment										
	£	£	£	£	£	£	£	£	£	£
Balance as at 1 April 2022	-	19,913	9,099,292	34,086,848	-	-	-	43,206,053	-	43,206,053
Adjustments between cost/value & depreciation/impairment	-	(5,965,128)	-	-	-	-	-	(5,965,128)	-	(5,965,128)
Balance as at 1 April 2022	-	(5,945,215)	9,099,292	34,086,848	-	-	-	37,240,925	-	37,240,925
Depreciation Charge	-	5,965,128	1,210,576	1,886,905	-	-	-	9,062,609	-	9,062,609
Derecognition - Disposals	-	-	-	(1,605,270)	-	-	-	(1,605,270)	-	(1,605,270)
Balance as at 31 March 2023	-	19,913	10,309,868	34,368,483	-	-	-	44,698,264	-	44,698,264
Balance as at 31 March 2023	25,897,870	158,888,843	5,683,937	9,000,804	7,607,868	9,322,389	3,955,649	220,357,360	5,289,078	225,646,438

Valuations

A revaluation of Land, Buildings and Surplus Assets was carried out by an independent valuer from Land and Property Services as at 31 March 2023. 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 1xix for further information on revaluation and depreciation policies. The net revaluation gain / loss and impairments have been reflected in the above figures for 2022/23.

Heritage assets were revalued for insurance purposes by the independent valuer Gurr Johns Limited as at 31 March 2023.

City of Derry Airport

During 2022/23, the Council transferred operational plant and machinery assets at the Airport in the sum of £242,470 (2021/22 £70,437) 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 £38.986m of buildings with an associated total revaluation reserve on these assets of £29.049m.

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.

Following completion of a tender process and in close liaison with the Northern Ireland Executive (NIE) and the Department for Transport (DFT), further funding has been secured for 1 year from 1st April 2023 to ensure the continued operation of the critical London PSO route.

The PSO route to London Heathrow has been approved by Department for Transport and commenced operations on 6th May 2023.

If issues regarding going concern crystallise this may result in a significant impairment to the current value of airport assets held by Council.

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 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	-	(69,077)	-	(362,405)	-	-	-	(431,482)	-	(431,482)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-
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)
Eliminated on reclassification to Held for Sale	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	19,913	9,099,292	34,086,848	-	-	-	43,206,053	-	43,206,053
Net Book Values										
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

For the year ended 31 March 2023

11 c Property, plant and equipment

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- buildings are depreciated based on their estimated remaining useful life as advised by Land and Property Services. This ranges from 3 to 60 years.
- vehicles, plant, furniture and equipment are depreciated on a straight line basis on historic cost with useful lives ranging from 3 to 67 years.
- infrastructure assets are depreciated on a straight line basis on historic cost with useful lives ranging from 4 to 20 years.
- intangible assets are depreciated over their estimated lives ranging from 5 to 20 years.

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 2023. 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 xix for further information on revaluation and depreciation policies. The net revaluation gain / loss and impairments have been reflected in the above figures for 2022/23. Heritage assets were revalued for insurance purposes by Gurr Johns Limited as at 31 March 2023.

d Intangible Assets

The Council owns intangible assets which relate to various pieces of software purchased by Council to assist in the delivery of services. During 2022/23 the Planning Portal became operational.

All software is given a finite useful life, based on assessment of the period that the software is expected to be of use to the Council.

Intangible Assets	2022/23	2021/22
	£	£
Cost		
Balance at 1 April	655,772	655,772
Additions (transferred from WIP)	737,272	-
Disposals	(585,270)	-
Balance at 31 March	807,774	655,772
Depreciation		
Balance at 1 April	655,772	655,772
Depreciation for year	36,864	-
Disposals	(585,270)	-
Balance at 31 March	107,366	655,772
Net Book Values	700,408	-

e Heritage Assets

Heritage assets are valued annually for insurance purposes with the latest valuation date being as at 31 March 2023. The valuation incorporates the majority of legacy Derry and Strabane assets with the remaining assets valued using historical information.

Sculptures

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 located beside the Alley Theatre and also the Let the Dance Begin Sculpture which is located on the Lifford Road, Strabane. The Claudy Memorial is also included for the first time in 2022/23.

Other Items

Other items include the City Walls cannons and many items of historical and artistic significance on display in the Guildhall, Tower Museum and 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 2022	673,851	-	673,851
Transferred from Non-Current Assets during year	645,000	-	645,000
Balance as at 31 March 2023	1,318,851	-	1,318,851
Net Book Value			
Balance as at 31 March 2023	1,318,851	-	1,318,851
Balance as at 31 March 2022	673,851	-	673,851

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 increases/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

Council has approved the disposal of the former Lisnagelvin Leisure Centre site and Council officers are working to progress the sale.

Council is also progressing the sale of small pieces of land at Ballynagard and close to City of Derry Airport to identified buyers.

The sale of land adjacent to the Strand Road Offices is also progressing in respect of Ulster University's School of Medicine.

g Long-Term Assets - Leased Assets

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

The asset was initially recognised at the present value of the minimum future lease payments and then subject to revaluation annually.

	2022/23	2021/22
	£	£
Cost or Valuation		
At 1 April	300,000	-
Initial Recognition	-	103,141
Revaluation	-	196,859
At 31 March	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 2023 and 2022 are as follows:

2022/23 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 2023
	£	£	£	£
Existing at 1 April	-	4,928,648	-	4,928,648
Transferred to operational during year	-	(326,483)	-	(326,483)
Additions	-	8,500	-	8,500
Disposals	-	(13,517)	-	(13,517)
Transferred to held for sale during year	-	(645,000)	-	(645,000)
Revaluation	-	3,500	-	3,500
Total	-	3,955,648	-	3,955,648
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

Transfers between levels of the fair value hierarchy

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

Valuation Techniques

A revaluation of surplus assets was carried out by Land and Property Services as at 31 March 2023 in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute 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

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

Capital Expenditure		2022/23	2021/22
		£	£
Opening Capital Financing Requirement		56,880,027	55,696,889
Capital Investment			
Property, Plant and Equipment	11	10,806,335	10,351,631
Donated Assets		103,382	
Revenue Expenditure Funded from Capital under Statute		3,180,789	1,665,912
Sources of Finance			
Capital Receipts		(72,833)	(602,907)
Government Grants and Other Contributions	10	(201,024)	(1,196,744)
Government Grants and Other Contributions applied from prior years		(6,071,148)	(460,796)
Transfers from Earmarked Reserves		(2,107,876)	(1,091,909)
***REFCUS - Council Contribution		(502,342)	(255,568)
***REFCUS - Government Grants and Other Contributions		(2,678,447)	(1,410,344)
Sums set aside from Revenue:			
Direct Revenue Contributions		(2,492,282)	(1,897,676)
Minimum Revenue Provision		(3,580,204)	(3,918,461)
Closing Capital Financing Requirement		53,264,377	56,880,027
Explanation of Movements in Year		2022/23	2021/22
		£	£
(Decrease) / Increase in underlying need to borrow		(3,615,650)	1,085,848
Assets acquired under leases		-	97,290
Increase/(decrease) in Capital Financing Requirement		(3,615,650)	1,183,138

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 by 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	33,379,145	19,653,691	13,725,454
Other Commitments	480,890	363,390	117,500
Total	33,860,035	20,017,081	13,842,954

14 Inventories	2022/23	2021/22
	£	£
Stock Derry Fuel	6,768	7,403
Stock Strabane	83,197	80,042
Stock Derry Bins	53,971	71,314
Stock Derry Vehicle items	256,320	307,143
Stock Strabane Fuel	13,020	8,687
Total	413,276	474,589

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

15 Debtors		
a Long Term Debtors		
	2022/23	2021/22
	£	£
Government Departments	12,501,036	13,192,279
Employee car loans	21,938	30,931
Capital Grants	150,000	1,903,573
Gas Income	300,594	391,614
Total Long-Term Debtors	12,973,568	15,518,397
b Short Term Debtors		
	2022/23	2021/22
	£	£
Government Departments	14,702,989	14,335,366
Other Councils	196,798	608,761
Gas Income	68,120	66,558
Employee car loans	30,122	33,245
Revenue Grants	1,697,515	2,249,513
Capital Grants	7,685,317	10,047,614
Value Added Tax	1,863,620	1,579,749
Prepayments	165,372	115,677
Other	1,083,864	940,008
Trade receivables	787,062	693,190
Impairment loss - Trade receivables	(874,816)	(740,967)
Total Short-Term Debtors	27,405,963	29,928,714
Total Debtors	40,379,531	45,447,111

16 Investments		
a Long Term Investments		
	2022/23	2021/22
	£	£
Investments - general	-	-
Investments - repairs and renewals	-	-
Investments - capital fund	-	-
Investments - other	-	-
Total Long-term Investments	-	-
Analysed over:		
	2022/23	2021/22
	£	£
Shares purchased in CODA (Operations) Limited	3,734,987	3,160,172
Write down of value of shares purchased in CODA (Operations) Limited	(3,734,987)	(3,160,172)
Total Long-term Investments	-	-

The difference between the value above of £3,734,987 for the write down of the value of shares purchased in CODA and the value of £3,492,517 in note 9 is £242,470. This relates to CODA fixed asset additions purchased in 2022-23 of which £242,470 were disposed for nil consideration to CODA and which is reflected in the disposal of fixed assets figure of £341,061 within the Capital Adjustment Account.

b Short-Term Investments		
	2022/23	2021/22
	£	£
Investments - other	10,000,000	8,000,000
Total Short-term Investments	10,000,000	8,000,000
Analysed over:		
	2022/23	2021/22
	£	£
Other deposits	10,000,000	8,000,000
Total Short-term Investments	10,000,000	8,000,000
Total Long Term and Short-term Investments	10,000,000	8,000,000

As at 31 March 2023, Council had £10M on deposit to another Local Authority for a period of 3 months at an interest rate of 3.9%. This amount is included within Cash and Cash Equivalents.

17 Borrowings			
a Short Term Borrowing		2022/23	2021/22
		£	£
Loans re-payable within one year		3,097,627	3,251,505
Lease Principal		4,527	4,757
Total Short Term Borrowing		3,102,154	3,256,262
b Long Term Borrowing		2022/23	2021/22
		£	£
Between 1 and 2 years		2,937,313	3,102,154
Between 2 and 5 years		6,813,125	7,623,458
Between 5 and 10 years		9,987,597	10,094,365
In more than 10 years		14,238,010	16,258,217
Government Loans Fund		33,976,045	37,078,194
Total Borrowing		37,078,199	40,334,456

Interest rates on the outstanding government loans range from 1.29% to 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		2022/23	2021/22
		£	£
Government Departments		3,561,568	3,342,948
Other Councils		1,277,603	57,452
Remuneration due to employees		462,680	275,894
Accumulated Absences		943,330	914,405
Loan Interest Payable		273,829	297,923
Capital Creditors		2,541,552	2,860,369
Receipts in advance		1,970,593	3,023,507
Trade creditors		4,935,147	5,200,235
Other		119,367	175,342
Creditor Accruals		2,223,509	2,013,096
Total Short Term Creditors		18,309,178	18,161,171

c Payment of Invoices

The council has a target, where no other terms are agreed, of paying supplier invoices within 30 calendar days. During the year the Council paid 22,904 invoices totalling £88,767,937 (2021/22: 20,584 invoices totalling £77,512,179).

The Council paid:

8,681 invoices (37.9%) within 10 working days (2021/22: 5,375 invoices (26.11%));
 17,466 invoices (76.26%) within 30 calendar days (2021/22: 13,311 invoices (64.67%)); and
 5,438 invoices (23.74%) outside 30 days (2021/22: 7,273 invoices (35.33%)).

The average number of days taken to pay suppliers during the year was 23.02 days.

Provisions	Balance as at	(Decrease)/Increase	Utilised during	Unused amounts	Interest cost	Balance as at
	1 April 2022	in provision during	year	reversed	and/or discount	31
	£	year	year	£	rate changes	March 2023
		£	£		£	£
Landfill Provision	1,665,184	(512,248)	(24,615)	-	-	1,128,321
Claims Management	1,722,558	634,351	(647,633)	-	-	1,709,276
Reorganisation	534,214	1,788,930	(425,084)	-	-	1,898,060
Total	3,921,956	1,911,033	(1,097,332)	-	-	4,735,657
Current Provisions	599,254	1,793,359	(425,084)	-	-	1,967,529
Long Term Provisions	3,322,702	117,674	(672,248)	-	-	2,768,128
Total	3,921,956	1,911,033	(1,097,332)	-	-	4,735,657

Comparative Year

Provisions	Balance as at	Increase in provision	Utilised during	Unused amounts	Interest cost	Restated Balance
	1 April 2021	during year	year	reversed	and/or discount	as at 31 March
	£	£	£	£	rate changes	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

Landfill Provision

The restoration of Culmore Landfill Site is complete and it is estimated that the remainder of the aftercare costs for 47 years will be £1,128,321. 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 2023.

Reorganisation

During the year further severance payments have been approved as part of Council's efficiency plan, some of which were paid during the 2022-23 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.

20 Financial Instruments

Categories of Financial Instruments

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

Financial Assets as at 31 March 2023

	Non-Current		Current		Total
	Investments	Debtors	Investments	Debtors	
	£	£	£	£	£
Amortised cost	-	21,938	25,508,647	30,122	25,560,707
Total Financial Assets	-	21,938	25,508,647	30,122	25,560,707

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 Liabilities as at 31 March 2023

	Non-Current		Current		Total
	Borrowings	Creditors	Borrowings	Creditors	
	£	£	£	£	£
Amortised cost	33,976,045	-	3,102,154	273,829	37,352,028
Total financial liabilities	33,976,045	-	3,102,154	273,829	37,352,028

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

Employee Car Loans

During the year the Council had loans to 20 employees who are in posts that require them to drive regularly on Council business.

Interest is charged on the car loans at the Bank of England base rate (as at date of loan advance) + 1.75% per annum on the amount of the loan.

	2022/23 £	2021/22 £
Balance at start of year:		
Opening balance	64,176	81,077
Nominal value of new loans granted in the year	22,542	25,095
Fair value of new loans	86,718	106,172
Loans repaid	(34,657)	(41,996)
Closing balance at end of year	52,061	64,176
Nominal value at end of year	52,061	64,176

The Council has no material exposure to any of the risk types identified below in its dealing 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 experiences 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	754,409
Three to six months	66,733
Six months to one year	104,466
More than one year	278,024
	1,203,632

This 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 2022-23 the Council made loans to other UK Local Authorities through the Ideal Trade Platform owned and operated by Arlingclose Ltd and 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, a petition to the High Court would be made on the rates/council tax of the authority. Local authorities can 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 euro but there is no material exposure to loss arising from movements in exchange rates.

Other Balance Sheet Disclosures

City of Derry Airport (Operations) Ltd

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

	2022/23 £	2022/23 £
Shares purchased in CODA (Operations) Ltd	3,734,987.00	3,160,172.00
Write down of value of shares purchased in CODA (Operations) Ltd	3,734,987.00	(3,160,172.00)

Income, Expense, Gains and Losses

	Surplus or Deficit on the Provision of Services £	Other Comprehensive Income and Expenditure £
2022/23		
Interest revenue		
Financial assets measured at amortised cost	447,382	-
Total interest revenue	447,382	-
Interest expense	1,788,874	-

	Surplus or Deficit on the Provision of Services £	Other Comprehensive Income and Expenditure £
2021/22		
Interest revenue		
Financial assets measured at amortised cost	27,360	-
Total interest revenue	27,360	-
Interest expense	1,934,859	-

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 creditors and are carried in the Balance Sheet at amortised cost. The fair values calculated are as follows.

Financial Liabilities	31st March 2023		31st March 2022	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
Loans / Borrowings: PWLB Short & Long Term	36,985,665	37,289,067	40,334,456	47,782,247
Total	36,985,665	37,289,067	40,334,456	47,782,247

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 rates and some of these rates are higher at the prevailing market rates.

Financial Assets	31st March 2023		31st March 2022	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
Cash & Cash Equivalents	25,508,647	25,508,647	29,436,488	29,436,488
Car loan debtors - long and short term	52,060	52,060	64,176	64,176
Total	25,560,707	25,560,707	29,500,664	29,500,664

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

21 Retirement Benefits

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

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

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

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

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

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

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

	Note	2022/23 £	2021/22 £
Net cost of services:			
Current service cost		13,318,000	11,920,000
Past service cost/(gain)		477,000	334,000
Net operating expenditure:			
Net Interest on net defined benefit Liability (asset)		1,396,000	1,438,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services		15,191,000	13,692,000
Movement in Reserves Statement:			
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Actual amount charged against the general fund balance for pensions in the year:		(15,191,000)	(13,692,000)
Employers' contributions payable to scheme		5,792,000	5,094,000
Net adjustment to General Fund		(9,399,000)	(8,598,000)

The service cost figures include an allowance for administration expenses of £0.145M.

Revaluations recognised in Other Comprehensive Income and Expenditure	Note	2022/23 £	2021/22 £
Liability gains due to change in financial assumptions		107,950,000	18,855,000
Liability (losses)/ gains due to demographic changes		(1,255,000)	2,764,000
Liability experience (losses) arising in the year		(19,323,000)	(621,000)
Actuarial (losses)/gains on plan assets		(20,077,000)	4,057,000
Total gains recognised in Other Comprehensive Income and Expenditure		67,295,000	25,055,000

c Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:	Note	2022/23 £	2021/22 £
Balance as at 1 April		273,449,000	280,605,000
Current service cost		13,318,000	11,920,000
Interest cost		7,331,000	5,849,000
Contributions by members		1,884,000	1,509,000
Remeasurement (gains) and losses:			
Actuarial (gains) arising from changes in financial assumptions		(107,950,000)	(18,855,000)
Actuarial losses/(gains) arising from demographic changes		1,255,000	(2,764,000)
Actuarial losses arising on liabilities from experience		19,323,000	621,000
Past service costs/(gains)		477,000	334,000
Estimated unfunded benefits paid		(109,000)	(109,000)
Estimated benefits paid		(5,762,000)	(5,661,000)
Balance as at 31 March		203,216,000	273,449,000
Reconciliation of present value of the scheme assets:	Note	2022/23 £	2021/22 £
Balance as at 1 April		218,857,000	209,556,000
Interest Income		5,935,000	4,411,000
Contributions by members		1,884,000	1,509,000
Contributions by employer		5,683,000	4,985,000
Contributions in respect of unfunded benefits		109,000	109,000
Remeasurement (loss)/gain		(20,077,000)	4,057,000
Unfunded benefits paid		(109,000)	(109,000)
Benefits paid		(5,762,000)	(5,661,000)
Balance as at 31 March		206,520,000	218,857,000

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 real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was a loss of £14,142,000 (2021/22 gain of £8,468,000).

Fair Value of Plan Assets	2022/23 £	2021/22 £
Equity investments	85,292,760	88,855,942
Bonds	47,912,640	56,683,963
Property	21,684,600	23,855,413
Multi Asset Credit	27,054,120	28,232,553
Cash	12,184,680	13,569,134
Other	12,391,200	7,659,995
	206,520,000	218,857,000

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 2023 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 Asset/ (Liability) (included in the Balance Sheet):

	2022/23 £	2021/22 £
Fair Value of Employer Assets	206,520,000	218,857,000
Present value of funded defined benefit obligation	(201,775,000)	(271,829,000)
Pension asset/(liability) of Funded Scheme	4,745,000	(52,972,000)
Present Value of unfunded defined benefit obligation	(1,441,000)	(1,620,000)
Net asset/(liability) arising from the defined benefit obligation	3,304,000	(54,592,000)
Amount in the Balance sheet:		
Liabilities	(203,216,000)	(273,449,000)
Assets	206,520,000	218,857,000
Net Asset/(Liability)	3,304,000	(54,592,000)
d Scheme History		
Analysis of scheme assets and liabilities		
	2022/23 £	2021/22 £
Fair Value of Assets in pension scheme	206,520,000	218,857,000
Present Value of Defined Benefit Obligation	(203,216,000)	(273,449,000)
Surplus/(deficit) in the Scheme	3,304,000	(54,592,000)
Amount recognised in Other Comprehensive Income and Expenditure:		
	2022/23 £	2021/22 £
Actuarial gains	87,372,000	20,998,000
Expected Return on Plan Assets	(20,077,000)	4,057,000
Remeasurements recognised in Other Comprehensive Income and Expenditure	67,295,000	25,055,000
Cumulative actuarial gains and losses	77,448,000	10,153,000
History of experience gains and losses:		
Experience (losses) and gains on assets	(20,077,000)	4,057,000
Experience gains on liabilities	87,372,000	20,998,000

The authority has a net pension asset of £3,304,000 at the accounting date as recorded in the Balance Sheet.

The Net Pension asset at 31 March 2023 has been based on the results of the latest full 2022 triennial Actuarial Valuation which have then been 'rolled-forward' to 31.03.2023.

The purpose of the triennial actuarial valuation is to review the financial position of the Fund and report on the adequacy of the contributions to continue to support the benefits of the Fund.

The updated valuation has identified that the contributions will be in excess of those necessary to provide the benefits, and contributions can be revised down. As the Council pension scheme is open to new entrants the surplus can be recognised in full at 31 March 2023 as the Council can gain economic benefit from payment of reduced contributions below the cost of the expected IAS19 service costs in the future.

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

	31/03/2024 £	31/03/2023
Projected current cost	6,642,000	11,144,000
Net Interest on the net defined benefit (asset) liability	(292,000)	1,408,000
	6,350,000	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 2024 is £5,874,000.

History of experience gains and losses

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

	2022/23 %	2021/22 %
Experience gains and (losses) on Assets	-9.72%	1.85%
Experience gains and (losses) on Liabilities	-42.99%	-7.68%

e Basis for estimating assets and liabilities

Assets/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 assets 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 2022.

Pension scheme assumptions:	2022/23	2021/22
	%	%
Equity investments	41.3%	40.6%
Bonds	23.2%	25.9%
Property	10.5%	10.9%
Multi Asset Credit	13.1%	12.9%
Cash	5.9%	6.2%
Other	6.0%	3.5%
Mortality assumptions:		
<i>Longevity at 65 current pensioners:</i>	Years	Years
Men	22.2	21.8
Women	25.0	25.0
<i>Longevity at 65 for future pensioners:</i>		
Men	23.2	23.2
Women	26.0	26.4
Inflation/Pension Increase Rate	2.70%	3.00%
Salary Increase Rate	4.20%	4.50%
Discount Rate	4.70%	2.70%
Pension accounts revaluation rate	2.70%	3.00%
Take-up of option to convert annual pension into retirement lump sum:		
Service to April 2009	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 2023 is set out below.

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

Funded Pension Scheme Benefits

Discount Rate Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to discount rate		
Present value of the total obligation (£M)	198.143	205.407
% change in the present value of the total obligation	-1.80%	1.80%
Projected service cost (£M)	6.396	6.894
Approximate % change in projected service cost	-3.70%	3.80%
Rate of General Increase in Salaries		
	+0.1%p.a.	-0.1%p.a.
Adjustment to salary increase rate		
Present value of the total obligation (£M)	202.380	201.170
% change in the present value of the total obligation	0.30%	-0.30%
Projected service cost (£M)	6.642	6.642
Approximate % change in projected service cost	0.00%	0.00%
Rate of Increase to Pensions in Payment and Deferred Pension Assumption		
	+0.1%p.a.	-0.1%p.a.
Adjustment to pension increase rate		
Present value of the total obligation (£M)	204.802	198.748
% change in the present value of the total obligation	1.50%	-1.50%
Projected service cost (£M)	6.894	6.396
Approximate % change in projected service cost	3.80%	-3.70%
Post Retirement Mortality Assumption		
	- 1 Year	+1 Year
Adjustment to mortality age rating assumption*		
Present value of the total obligation (£M)	207.223	196.327
% change in the present value of the total obligation	2.70%	-2.70%
Projected service cost (£M)	6.874	6.410
Approximate % change in projected service cost	3.50%	-3.50%

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

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

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

	31/03/2023 %	31/03/2022 %
Equity investments	41.30%	40.60%
Government Bonds	20.50%	24.10%
Corporate Bonds	2.70%	1.80%
Multi Asset Credit	13.10%	12.90%
Property	10.50%	10.90%
Cash	5.90%	6.20%
Other	6.00%	3.50%
Total	100.00%	100.00%

g Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the 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 31/03/2022. 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 2023.

h 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 introduced as part of the 2015 reforms to the Firefighters' and Judges' pension scheme were age discriminatory and, therefore, unlawful. 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 remedy is made up of two parts. The first part was completed last year with all active members now being members of alpha from 1 April 2022, this provides equal treatment for all active pension scheme members. The second part is to put right, 'remedy,' the discrimination that has happened between 2015 and 2022. Department for Communities are currently working on new scheme regulations and processes in readiness for this.

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 had been adopted using a roll forward method based on previous year's results. In 2022-23 full data was not available in the 2022 valuation data to calculate the McCloud Sargent liability accurately, so an approximate percentage uplift method was used.

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. From 31.03.2021 to 31.03.2023 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 31.03.2023.

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. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. Changes to NI Regulations were made on 24 March 2022 and came into effect on 18 April 2022. 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 data Aon Hewitt receive from NILGOSC and no allowance has been made for this at 31.03.2023 on the grounds of materiality.

22 Donated Assets Account	Note	2022/23 £	2021/22 £
Opening balance		-	-
Add: new donated assets received (condition of use not met)		103,382	-
Less: amounts released to the District Fund - Comprehensive Income and Expenditure Account (conditions met)		-	-
		103,382	-
		-	-

Analysis of Donated Assets

The following assets were donated during the year:

Donated Assets	Note	2022/23 £	2021/22 £
Claudy Memorial		90,000	-
Other Heritage Asset		110	-
Springhill Community Building		13,272	-
		103,382	-

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 funding 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 amendment 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.

The Council, together with the other 10 district councils in NI, is participating in a legal action against HMRC to recover previously overdeclared output VAT in respect of leisure and recreational income which arose because HMRC did not accept that the Council provides leisure and recreational activities pursuant to a special legal regime without causing any significant distortion of competition. Although Mid Ulster District Council (as lead council in the litigation) succeeded in its claim to the First Tier Tax Tribunal HMRC subsequently, pursuant to Rule 39 of the Tribunal Procedure (First Tier Tribunal) (Tax Chamber) Rules 2009, lodged an application to appeal to the Upper Tier Tax Tribunal. The application to lodge an appeal was successful and the appeal was heard by the Upper Tier Tribunal in May 2022. The Upper Tier Tax Tribunal released its decision on 19 July 2022; the decision was to allow the appeal and remit the matter back to the First Tier Tax Tribunal for consideration. Mid Ulster District Council subsequently sought and received permission to appeal the Upper Tier Tax Tribunal decision to the Court of Appeal and a Hearing was scheduled to take place in May 2023. On 26 January 2023, HMRC notified Mid Ulster District Council that it decided to pay all of the Local Authority Leisure Service claims and proceeded to publish an associated Revenue and Customs Brief on 3 March 2023. Mid Ulster District Council's appeal to the Court of Appeal is currently stayed until 15 September 2023 to allow both parties time to seek a resolution of the matter. If resolution is reached, it will take time to conclude the matter; alternatively, if there is no resolution, Mid Ulster District Council shall make application for its appeal to be re-listed for mention. In either case, at this stage, it's too early to access any associated financial impact, but if the matter is resolved to the Mid Ulster District Council's satisfaction, the benefit to Derry City and Strabane District Council could be in the region of £3.5m.

Derry City and Strabane District Council
Notes to the Financial Statements
For the year ended 31 March 2023

24

Other cash flow disclosures			
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	2022/23	2021/22
Depreciation	11	9,099,473	8,610,336
Impairment & downward revaluations (& non-sale derecognitions)	11	(110,095)	88,590
(Increase)/Decrease in inventories		61,313	(160,034)
(Increase)/Decrease in Debtors		(1,740,896)	(903,844)
Increase/(decrease) in impairment provision for bad debts		133,849	16,357
Increase/(Decrease) in Creditors		734,641	2,668,066
Increase/(Decrease) in Interest Creditors		(24,094)	(24,633)
Payments to NILGOSC	21	9,399,000	8,598,000
Carrying amount of non-current assets sold	8	341,061	567,767
Contributions to Other Reserves/Provisions		813,701	(279,401)
Amounts posted to CIES from Donated Assets Account	22	(103,382)	-
		18,604,571	19,181,204

Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing			
	Notes	2022/23	2021/22
		£	£
Proceeds from the sale of PP&E, investment property and intangible assets		36,850	(785,400)
Capital grants included in "Taxation & non-specific grant income"		(79,117)	(19,329,657)
		(42,267)	(20,115,057)

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:

	2022/23	2021/22	2020/21
Cash and Bank balances	7,178,143	3,996,645	2,716,066
Short Term Deposits (considered to be Cash Equivalents)	8,330,504	17,439,842	14,383,360
Short Term Investments (considered to be Cash Equivalents)	10,000,000	8,000,000	10,000,000
	25,508,647	29,436,487	27,099,426

c Cash Flow Statement: Operating Activities

	2022/23	2021/22
The cash flows from operating activities include:		
Interest received	447,382	27,360
Interest paid	1,788,874	1,934,859

d Cash flows from Investing Activities

	2022/23	2021/22
Purchase of PP&E, investment property and intangible assets	(11,472,256)	(9,326,763)
Proceeds from the sale of PP&E, investment property and intangible assets	(36,850)	785,400
Capital Grants and Contributions Received	6,857,126	3,118,741
Net Cash flows from Investing Activities	(4,651,980)	(5,422,622)

e Cash flows from Financing Activities			2022/23	2021/22
			£	£
Cash Receipts from Short and Long Term Borrowing			-	-
Repayment of Finance Lease			4,757	-
Repayment of Short and Long Term Borrowing			3,251,500	3,232,797
Other payments for Financing Activities			-	-
Net Cash flows from Financing Activities			3,256,257	3,232,797

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	31/03/2023	31/03/2022
		£	£
At 1 April		1,448,701	1,440,552
Movement			
Capital receipts received in year	4, 8, 24	(36,850)	785,400
Capital Receipts used to finance capital expenditure	12	(72,833)	(602,907)
Transferred to the General Fund	4b	(425,656)	(174,344)
At 31 March		913,362	1,448,701

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	31/03/2023	31/03/2022
		£	£
At 1 April		35,290,198	17,618,081
Movement			
Unapplied Capital Grants received in year		(18,525)	18,132,913
Unapplied Capital Grants transferred to CAA in year		(6,071,148)	(460,796)
At 31 March		29,200,525	35,290,198

Unapplied Capital Grants received in year includes:

New Letters of Offer / Additional Funding	2,886,028	20,413,488
Letter of Offer reductions / w/off amounts which won't be drawn	(2,747,504)	(914,365)
Exchange	187,856	(39,891)
Reclassification to revenue	(247,263)	(129,575)
Grants applied in year	(97,642)	(1,196,744)
Total	(18,525)	18,132,913

c Capital Fund

This fund was established under section 56 of the Local Government Act (NI) 1972, however this section of the act was repealed under the Local Government Finance Act (Northern Ireland) 2011. Councils should disclose details where any of these reserves are earmarked for specific purposes.

Capital Fund		Notes	31/03/2023	31/03/2022
			£	£
At 1 April			8,653,801	6,577,261
Transfer to General Fund			(476,330)	(322,563)
Transfer from General Fund			1,676,369	3,301,758
Transfer to Other Usable Reserves			(372,113)	-
Transfers between Capital Fund & CAA to finance Capital Expenditure		12	(1,895,224)	(902,655)
At 31 March			7,586,503	8,653,801
				£
Strabane Public Realm				370,684
Play / Greenways Programme				750,000
Rural Revitalisation				225,000
Castledearg Recycling Facility				256,375
Strabane North Greenway				501,398
Strathfoyle Greenway				450,178
Boomhall Estate				101,983
Culmore Landfill				800,000
Strand Road Office Works				129,982
Cultural Venues Access Fund				103,577
Leisure Refurbishment Works				120,000
Capital Development / City Deal / Strategic Projects				2,549,846
Other Commitments and Balances				1,227,480
Total				7,586,503

d 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.

Renewal and Repairs Fund		Notes	31/03/2023	31/03/2022
			£	£
At 1 April			5,045,811	4,529,861
Transfers from General Fund			632,731	1,179,545
Transfers to General Fund			(176,512)	(476,381)
Transfers to Financial Commitments & Contingencies Reserve				(22,376)
Transfers between Renewal & Repair Fund & CAA to finance Capital Expenditure		12	(212,652)	(164,838)
At 31 March			5,289,378	5,045,811
				£
Car Park Maintenance				421,253
ICT Hardware and Software				281,720
City Baths				1,027,531
Health and Community Commitments including Leisure Projects				842,954
Office Works				164,565
Flooding Repair Works				545,158
Museum / Civic Art Collection				200,449
Other Commitments				1,805,748
Total				5,289,378

e Other Balances & Reserves

Other Balances & Reserves	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		2,115,491	1,729,765
Transfers from General Fund		144,400	1,004,286
Transfers to General Fund		(914,839)	(410,972)
Transfers to Financial Commitments & Contingencies Reserve			(202,472)
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	11	-	(5,116)
At 31 March		1,345,052	2,115,491

£978,840 of this reserve is for Economic Development purposes and £366,213 is to 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	31/03/2023	31/03/2022
		£	£
At 1 April		5,188,266	5,188,266
Applied Capital Grants	10, 12	(201,024)	(1,196,744)
Unapplied Capital Grants received in year		18,525	(18,132,913)
Direct Revenue Financing	4, 12	(2,492,282)	(1,897,676)
Depreciation and Impairment adjustment	4	8,989,378	8,698,926
Statutory Provision for financing Capital Investment	4	(3,580,204)	(3,918,461)
Net Revenue expenditure funded from capital under statute	4, 12	3,180,789	1,665,912
REFCUS - Government Grants and Other Contributions	4, 12	(2,678,447)	(1,410,344)
REFCUS - Direct Financing	4, 12	(502,342)	(255,568)
Surplus/(Deficit) on the Provision of Services	CIES	(14,581,907)	11,926,333
Transfers between Statutory and Other Reserves and the General Fund	4	3,120,181	(3,743,482)
Net movements on Pension Reserve	4, 20	9,399,000	8,598,000
Disposal of Fixed Assets/Capital Sales	3, 4, 11, 23	377,911	(217,633)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		28,925	(116,350)
At 31 March		6,266,769	5,188,266

g Other Usable Reserves

Financial Commitments and 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	31/03/2023	31/03/2022
		£	£
At 1 April		12,992,766	13,145,066
Transfers from Repairs and Renewals Fund		-	22,376
Transfers from ED Projects Fund		-	202,472
Transfers from General Fund		4,581,105	4,334,358
Transfers to General Fund		(8,161,449)	(4,692,206)
Transfer from Capital Fund		372,113	-
Transfers between Capital Fund/ Renewal & Repair Fund & CAA to finance Capital Expenditure	11	-	(19,300)
At 31 March		9,784,535	12,992,766
			£
Financial Contingency Fund (including rates appeals and bad debt provision (£1.9m) and hardship fund (£54k))			6,019,289
Department for Communities grant funding received in advance			441,414
City of Derry Airport			1,774,155
Rural Capacity			135,239
Single Status and other pay			446,564
Other Commitments including Local Development Plan			967,874
Total			9,784,535

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

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

Capital Adjustment Account	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		70,798,495	67,533,271
Applied Capital Grants/ donated assets	10, 12	201,024	1,196,744
Unapplied Capital Grants transferred to CAA in year		6,071,148	460,796
Direct Revenue Financing	4, 12	2,492,282	1,897,676
Depreciation & Impairment adjustment	11	(8,989,378)	(8,698,926)
Statutory Provision for financing Capital Investment	4, 12	3,580,204	3,918,461
Net Revenue expenditure funded from Capital under statute	4, 12	(3,180,789)	(1,665,912)
REFCUS - Government Grants and Other Contributions		2,678,447	1,410,344
REFCUS - Direct Financing		502,342	255,568
Disposal of Fixed Assets/ Capital Sales	4, 11	(341,061)	(567,767)
Capital Receipts used to finance capital expenditure	4, 12	72,833	602,907
Other Movements		3,225,617	3,363,424
Transfers between Capital Fund/Renewal & Repair Fund & CAA to finance capital expenditure	12	2,107,876	1,091,909
At 31 March		79,219,040	70,798,495

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	31/03/2023	31/03/2022
		£	£
At 1 April		85,490,743	81,125,699
Revaluation & Impairment	11	12,917,157	7,728,468
Other Movements		(3,225,617)	(3,363,424)
At 31 March		95,182,283	85,490,743

c Pension Reserve

Pension Reserve	Notes	31/03/2023	31/03/2022
		£	£
At 1 April		(54,592,000)	(71,049,000)
Net Movements on Pension Reserve	4, 21	(9,399,000)	(8,598,000)
Revaluation & Impairment	21	67,295,000	25,055,000
At 31 March		3,304,000	(54,592,000)

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 assets/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 credit balance on the Pensions Reserve therefore shows that Council has set aside more resources than required to meet the benefits earned by past and current employees. The 2022 triennial updated valuation has identified that the contributions will be in excess of those necessary to provide the benefits, and contributions can be revised down. As the Council pension scheme is open to new entrants the surplus can be recognised in full at 31 March 2023 as the Council can gain economic benefit from payment of reduced contributions below the cost of the expected IAS19 service costs in the future.

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	31/03/2023	31/03/2022
		£	£
At 1 April		(914,405)	(1,030,755)
Difference between finance and other costs and income calculated on an accounting basis and finance costs calculated in accordance with statutory requirements		(28,925)	116,350
At 31 March		(943,330)	(914,405)

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 and Culture,' namely income of £1,336,686 (2021/22 £1,156,295) and costs of £709,355 (2021/22 £667,007). Council also availed of a grant carried forward of £47,658 (2021/22 £225,688) received from DC for loss of income from car parking as a result of the Covid19 pandemic.

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 businesses in the Strabane town centre which resulted in a majority vote.

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

During 2022-23, £59,298 (2021-22 £58,146) was collected on behalf of the BIDS company and at 31 March 2023 £18,878 (2021-22 £14,213) is included with the Creditor Accruals in the Balance Sheet.

At 31 March 2023 £13,629 (2021-22 £14,849) 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 BIDS 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.

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 2022/23, DCSDC invoiced FODC and MUDC £167,484 and £146,396 respectively. As at 31 March 2023, both Councils had reimbursed DCSDC in full.

Works on all three sculptures has largely completed with the official launch of the trail to take place in Summer 2023.

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 2023, DCSDC has no capital grant debtor as all funding has been received from DAERA.

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 design team / 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. Derry City and Strabane District Council through the Access and Inclusion Fund are also co-funders. The contractor is currently on site and construction is due to complete in early 2023.

In December 2022 TEO issued a revised letter of offer for a total project cost of £2,829,576 for the construction of The Gasyard Heritage and Exhibition Project in which, alongside TEO, the Department for Communities, the Department for Infrastructure, the National Heritage Lottery Fund, the Gasyard Development Trust and Derry City and Strabane District Council through the Access and Inclusion Fund have all been named as co-funders. Council is acting as the delivery partner working alongside the Gasyard Development Trust as project promoter. Construction has now commenced on site with completion expected to take place in Winter 2023.

As at 31 March 2023, Council recognised a revenue grant debtor of £1,457,304 (21/22 £373,953) for the New Gate Arts and Culture Centre and £709,026 (21/22 £128,757) for the Gasyard Heritage Project.

Waterside Shared Village

Together with Irish Street Youth and Community Association and Hillcrest Community Trust, Council worked towards the delivery of the Waterside Shared Village Project funded by the Special EU Programme Body (SEUPB). Following reprofiling of the €8.1m letter of offer from SEUPB, Irish Street Youth and Community Association were allocated €202K, Hillcrest Community Trust were allocated €196K and Council were allocated €7.7M. 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.

Building works have now completed on the project and the facility opened in Autumn 2022.

During 2022/23, Council received £81,876 of funding from SEUPB to be reimbursed to partner organisations. These funds were paid to the partners in full during the 22/23 year.

At 31 March 2023, Council recognised a capital grant debtor of £1,571,135 (21/22 £5,416,716) and a revenue grant debtor of £134,773 (21/22 £71,657) relating to its element of the grant aid.

Electric Vehicle Chargepoints

In partnership with 8 other Northern Ireland Councils, Derry City and Strabane District Council (DCSDC) (collectively known as the Northern Ireland Electric Vehicle Consortium) is the lead Council for the delivery of the Onstreet Residential Chargepoint Scheme. The purpose of the scheme is to provide electric vehicle charging points in identified residential areas across Northern Ireland. DCSDC will be responsible for procuring and delivering the scheme and will invoice each partner for their element of the costs incurred.

The Office for Zero Emission Vehicles (OZEV) has offered grant aid to a maximum value of £1,348,370 being 75% of eligible project expenditure. The Department for Infrastructure (DfI) has committed a maximum of £500,000 as match funding towards the project.

The project is currently progressing with procurement documents being prepared and discussions are ongoing with DfI in relation to the process for installing chargepoints on-street.

Both OZEV and DfI have already paid 75% of the grant aid to DCSDC. DCSDC will pay each of the partner Councils their element of the grant and as at 31 March 2023, DCSDC owed the other Councils £1,205,198 and included a capital grant debtor of £47,723 in relation to its element of the overall grant aid still due.

Northwest Greenways

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 two routes - Maydown - Strathfoyle - Derry - Quigley's Point (25.5km) and Ballymagorry - Strabane - Lifford - Castletinn (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. During the 2022-23 financial year, SEUPB allocated an additional €8.991m towards the project bringing the revised grant amount to €23.853m with the Donegal County Council allocation being €14.379m, Sustrans allocation being €267k and DCSDC allocation being €9.206m. 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 - Bunrana 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 the 2022-23 financial year Council appointed Northstone Ltd to deliver the Culmore greenway route and they mobilised onsite in December 2022 with completion on programme to be achieved by December 2023. Planning approval was secured to deliver the Bay Road bridge project and the procurement process for same scheme has advanced to ITT stage. Council secured approval to deliver routes extending to Castlefinn, Quigley's Point, Ballymagorry and Maydown in lieu of the Route 1 project due to planning delays incurred on the ROI section of the scheme. As above, both Councils were awarded additional funding from SEUPB to help deliver same extensions in order to meet the 46.5km output target. DCC have secured planning approval for proposed route extensions in their jurisdiction and the procurement and lands processes for the schemes are at an advanced stage. DCSDC has advanced procurement on the delivery of the Strabane North Greenway and the Strathfoyle Greenway is at a significantly advanced stage.

During 2022-23, Council received €47,957.78 and €693,161.50 funding from SEUPB to be reimbursed to Sustrans and Donegal County Council respectively. As at 31 March 2023, Derry City and Strabane District Council owed no funds to the partners.

At 31 March 2023, Council recognised a revenue grant debtor of £705,355 (21/22 £324,755) and a capital grant debtor of £6,065,695 (21/22 £3,900,981) relating to the SEUPB grant aid.

At 31 March 2023, Council also recognised a revenue grant debtor of £24,000 (21/22 £24,000) in relation to the DfI fundina.

Riverine Community Park

In partnership with Donegal County Council, Council has been 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 which €3.3m was awarded to Council being €3.1m towards capital infrastructure and €0.2m towards 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 January 2023, following difficulty with obtaining statutory approvals for the project beyond the control of the Councils, the lead partner DCC wrote to SEUPB to advise that the project could not be completed in full by the programme deadline of December 2023. Negotiations are ongoing in relation to closing out final sums of funding for elements of the project. It is intended that the project will be resubmitted under the Peace Plus funding programme.

At 31 March 2023, Council recognised a capital grant debtor of £18,487 (21/22 £2,425,389) and a revenue grant debtor of £163,893 (21/22 £117,552) relating to its element of the grant aid.

29 Related Party Transactions

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 28) 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 2022/2023:

(A) Payments below £25,000

Council made payments in aggregate of £27,356 (2021/22 £42,368), each individually below £25,000, to 5 (2021/22:6) 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 16 (2021/22:14) 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:-

	2022/23	2021/22
City Centre Initiative	56,471	58,841
Citizen's Advice Bureau	717,134	667,556
RAPID Limited	93,500	0
City of Derry Airport	3,850,875	3,255,138
ERNACT (EEIG)	38,045	49,183
Education Authority	134,852	95,149
N.I. Local Government Association	67,462	75,887
North West Carnival Initiative	87,880	117,880
The Resource Centre	121,585	110,833
Dove House	237,256	212,730
Derry Theatre Trust	557,780	681,751
Visit Derry	684,363	629,373
University of Ulster	63,734	0
Glenelly Development Trust	38,252	25,500
Neighbourhood Renewal Partnership: Cityside (TRIAX)	27,902	41,280
Neighbourhood Renewal Partnership: Waterside	58,494	108,827

(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 2023 was £52,060 (31st March 2022: £64,176). The total outstanding for Chief Officers was £13,693 (31st March 2022: £288).

(D) Department for Communities

Council receives an annual operating grant from the Department for Communities. During 2022/23 it received £4,746,221 (2021/22 £7,073,315), 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 10 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 2022/2023 Council paid £552,000 (2021/22 £552,000) in Management Fees to Visit Derry. Council also paid £132,363 to Visit Derry during 2022/2023 (2021/22 £77,373) for Advertising, Marketing and Tourism Promotion and there was £6,310 outstanding to be paid at 31.03.2023 (2021/22 £29,627). Visit Derry is situated in a Council owned building for which Council received £36,000 (2021/22 £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 8 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 2022/2023 Council paid £531,960 (2021/22 £531,960) in Management Fees to Derry Theatre Trust. 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 £25,820 to the Trust during 2022/23 (2021/22: £16,801) 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 2022/2023 a sum of £38,045 (2021/22 £49,183) 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 2022/2023 Council made no net contribution (2021/22: £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 2022/2023 (2021/22 £9,300).

(I) Other Local Authorities

During 2022/2023 the Council had expenditure of £240,499 (2021/22 £328,293) to other Local Authorities and £1,277,603 (Note 18) was outstanding at 31st March 2023 (31st March 2022: £57,452). The Council also received £1,120,739 (2021/22: £1,599,228) from other Local Authorities and £196,797 (Note 15) was outstanding as at 31st March 2023 (31st March 2022: £608,761). 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 2022/23 further operational assets in the value of £242,470 (2021/22: £70,437) were transferred to the company in exchange for shares with an issued value of £242,470 (2021/22: £70,437). 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 2022/23 to the value of £3,492,517 which are also deemed to be of minimal value (2021/22: £3,089,735). 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 £2,227,858 (2021/22 £ 2,081,524). These costs have been fully funded, with 88% grant funding received from Department of Transport (UK) and 12% from Department for Economy (NI) during 2022/23.

During 2022/2023 the Council invoiced CODA (Operations) Limited for £13,158 for expenditure incurred on it's behalf (2021/22: £17,283) and also received invoices from the Company for £3,807,849 (2021/22 £3,262,458) mainly for the annual support subvention. At 31 March 2023 £414 was owed to the company by Derry City and Strabane District Council (2021/22: £43,440) and £12,000 was receivable from the company (2021/2022 £0).

(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 £149,554 (2021/22: £137,209). 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 2023. 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 2022/2023 (2021/22: £15,000). Council paid a sum of £69,678 to the Joint Committee as it's share of operating costs for 2022/2023 (2021/22: £68,400) and a further sum of £3,353 (2021/22: £1,188) towards costs incurred on behalf of a number of Councils.

As the Joint Committee uses Derry City and Strabane District Council to cashflow it's activities there was a balance owed to the Council as 31st March 2023 of £17,564 in relation to 2022/23 (31st March 2022: £24,985 in relation to 2021/22).

(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 2023 had a sum of £89,527 in it's Bank Account and within Receipts in Advance which belonged to the Consortium (2021/22 £119,988). 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 2023. The following expenditure has been incurred and reflected in cost of services:-

	2022/23	2021/22
	£	£
Expenditure:-		
Administration:-		
Salaries and Wages	103,767	94,818
Overheads	1,687	2,302
Joint Project Expenditure:-		
Ireland North West Trade Missions	77,271	6,332
Capacity Building	56,255	49,105
Regional Tourism and Heritage Support	88,165	45,944
Harvard Graduate Research - Printing of Atlas	0	44,015
Regional Energy Strategy	0	3,766
Regional Energy Agency	24,488	18,639
North West Greenways Support	0	57,085
NW Sports Development	0	13,738
Audience Development Programme	1,200	0
Audience Development Programme Phase 2	63,438	42,014
Global Export Support Programme	0	85,945
NW Climate Action Plan	1,254	67,390
Every Youth Counts Project	0	87,554
Colmcille 1500	124,859	53,203
NW Tourism Product Development & Signage	30,925	38,082
Irish Language Research	7,249	2,800
MIT Innovators Europe	20,218	0
Ireland North West Investment Strategy 2022-23	49,904	0
Chambers of Commerce Conference	11,557	0
Total Expenditure:-	662,237	712,732
Income:-		
NI Grant Funding	0	107,627
ROI Grant Funding	662,237	605,104
Total Income	662,237	712,732
Net Expenditure Charged to Net Cost of Services	-	-

	2022/23	2021/22
	£	£
Partnership Agreement Priorities/Theme:-		
Regional Economic Growth and Investment	1,798,601	1,486,847
Regional Physical and Environmental Development	772,830	747,089
Regional Social and Community Cohesion and Wellbeing	638,164	475,131
Cross-cutting: Capacity Building, Collaborative Working and Planning for Balanced Regional Development	1,048,914	887,205
Total Spend to 31 March 2023	4,258,509	3,596,272
NI Grant Funding	2,150,953	2,150,953
ROI Grant Funding	2,107,556	1,445,318
Total Grant Funding to 31 March 2023	4,258,509	3,596,272

Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Executive on 18 September 2023. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2023, the figures in the financial statements have been adjusted in all material respects to reflect the impact of this information.

Date of authorisation for issue

The Chief Financial Officer authorised these financial statements for issue on 18 September 2023.

Derry City and Strabane District Council

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2023

	2022/23			RESTATED 2021/22		
	Gross Expenditure £	Gross Income £	Net Expenditure £	Gross Expenditure £	Gross Income £	Net Expenditure £
Service Expenditure						
Cross Cutting Support Services	9,836,443	(1,376,903)	8,459,540	8,523,275	(1,341,283)	7,181,992
Environment & Regeneration	39,145,407	(4,365,416)	34,779,991	35,644,069	(4,334,680)	31,309,389
Business & Culture	15,021,499	(3,716,715)	11,304,784	14,544,680	(4,657,322)	9,887,358
Health & Community	24,990,334	(6,433,318)	18,557,016	21,645,480	(6,039,089)	15,606,391
Council	1,443,811	-	1,443,811	1,275,779	-	1,275,779
City of Derry Airport	12,121,644	(9,161,219)	2,960,425	10,054,760	(4,865,843)	5,188,917
Other Corporate	3,564,029	(170,963)	3,393,066	2,439,989	(1,411,660)	1,028,329
Cost of Services on Continuing Operations	106,123,167	(25,224,534)	80,898,633	94,128,032	(22,649,877)	71,478,155
Other Operating Expenditure	135,441	-	135,441	497,330	(785,400)	(288,070)
Financing and Investment Income and Expenditure	3,215,874	(447,382)	2,768,492	3,427,859	(27,360)	3,400,499
Net Operating Expenditure	109,474,482	(25,671,916)	83,802,566	98,053,221	(23,462,637)	74,590,584
Taxation and Non-Specific Grant Income	18,525	(68,961,618)	(68,943,093)		(86,316,786)	(86,316,786)
(Surplus)/Deficit on the Provision of Services	109,493,007	(94,633,534)	14,859,473	98,053,221	(109,779,423)	(11,726,202)
(Surplus)/Deficit on revaluation of non-current assets			(12,917,157)			(7,728,468)
Impairment losses on non-current assets charged to the Revaluation Reserve			-			-
Remeasurements of the Net Defined Benefit Liability (Asset)			(71,033,000)			(26,935,000)
Other Comprehensive Income and Expenditure			(83,950,157)			(34,663,468)
Total Comprehensive Income and Expenditure			(69,090,684)	-	-	(46,389,670)

The comparative income and expenditure figures have been restated to reflect the following:-

- Following reorganization, the capital development section has now been moved under the "Cross Cutting Corporate Services" section. £814,273 of net expenditure has therefore been reclassified from "Environment & Regeneration" to "Cross Cutting Corporate Services" to reflect this reorganization.

- Gross expenditure and Gross income have been increased by £93,683 to reflect a business and culture grant and associated expenditure incorrectly netted off in the prior year accounts.

Overall these have no net impact on the overall net expenditure figure reported for 2021-22."

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 2023

	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 2021	5,654,246	43,600,033	1,440,552	50,694,831	74,462,561	125,157,392
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	182,493	9,122,406	(9,122,406)	0
Net increase before transfers to Statutory and Other Reserves	4,085,907	16,580,209	182,493	20,848,608	25,541,064	46,389,672
Transfers to / from Statutory and Other Reserves	(3,743,481)	3,917,826	(174,345)	-	-	-
Increase in year	342,426	20,498,035	8,148	20,848,608	25,541,064	46,389,672
Balance as at 31 March 2022	5,996,672	64,098,068	1,448,700	71,543,440	100,003,625	171,547,064
Movement in reserves during the year						
(Deficit)/Surplus on the provision of services	(14,859,473)	-	-	(14,859,473)	-	(14,859,473)
Other Comprehensive Income and Expenditure	-	-	-	-	83,950,157	83,950,157
Total Comprehensive Income and Expenditure	(14,859,473)	-	-	(14,859,473)	83,950,157	69,090,684
Adjustments between accounting basis & funding under regulations	12,888,700	(8,197,549)	(109,683)	4,581,468	(4,581,468)	0
Net increase before transfers to Statutory and Other Reserves	(1,970,773)	(8,197,549)	(109,683)	(10,278,005)	79,368,689	69,090,684
Transfers to / from Statutory and Other Reserves	3,120,181	(2,694,525)	(425,656)	-	-	-
Increase/ Decrease in year	1,149,408	(10,892,074)	(535,339)	-10,278,005	79,368,689	69,090,684
Balance as at 31 March 2023	7,146,080	53,205,994	913,361	61,265,435	179,372,314	240,637,748

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 2023

	Note	31st March 2023	RESTATED 31st March 2022
		£	£
Fixed Assets	Group Note 5	226,987,805	213,011,866
Long Term Debtors		12,973,568	15,518,397
Other Long Term Assets	Group Note 6	5,414,000	-
LONG TERM ASSETS		245,375,373	228,530,263
Inventories		546,804	649,832
Short Term Debtors		28,139,890	30,680,002
Cash and Cash Equivalents	Group Note 7	26,646,030	30,416,820
Assets Held for Sale		1,318,851	673,851
CURRENT ASSETS		56,651,575	62,420,505
Short Term Borrowing		3,102,154	3,256,262
Short Term Creditors		19,575,346	19,313,294
Provisions		1,967,529	599,254
CURRENT LIABILITIES		24,645,029	23,168,810
Provisions		2,768,128	3,322,702
Long Term Borrowing		33,976,045	37,078,194
Other Long Term Liabilities	Group Note 6	-	55,834,000
LONG TERM LIABILITIES		36,744,173	96,234,896
NET ASSETS		240,637,746	171,547,062
USABLE RESERVES			
Capital Receipts Reserve	Group MIRS	913,362	1,448,701
Capital Grants Unapplied Account	Group MIRS	29,200,525	35,290,198
Capital Fund	Group MIRS	7,586,503	8,653,801
Renewal and Repairs Fund	Group MIRS	5,289,378	5,045,811
Other Balances and Reserves	Group MIRS	1,345,052	2,115,491
Financial Commitments & Contingencies Reserve	Group MIRS	9,784,535	12,992,766
General Fund	Group MIRS	7,146,078	5,996,670
		61,265,433	71,543,438
UNUSABLE RESERVES			
Capital Adjustment Account	Groups MIRS	79,719,360	71,261,286
Revaluation Reserve	Group MIRS	95,182,283	85,490,743
Pensions Reserve	Group MIRS	5,414,000	(55,834,000)
Accumulated Absences Account	Group MIRS	(943,330)	(914,405)
		179,372,313	100,003,624
NET WORTH		240,637,746	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 Cash Flow Statement as at 31 March 2023

	Note	2022/23	2021/22
		£	£
Net (Deficit)/Surplus on the provision of services		(14,859,473)	11,726,202
Adjustment for non-cash movements	Group Note 7a	19,156,002	19,523,465
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Group Note 7a	(72,107)	(20,121,534)
Net cash flows from operating activities		4,224,422	11,128,133
Net Cash flows from Investing Activities	Group Note 7d	(4,738,955)	(5,416,145)
Net Cash flows from Financing Activities	Group Note 7e	(3,256,257)	(3,232,797)
Net increase or decrease in cash and cash equivalents		(3,770,790)	2,479,191
Cash and cash equivalents at the beginning of the reporting period		30,416,820	27,937,629
Cash and cash equivalents at the end of the reporting period		26,646,030	30,416,820

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 Group Financial Statements For the year ended 31st March 2023

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 2022/23 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 £3.493m to the company during 2022-23.

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 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.

Following completion of a tender process and in close liaison with Northern Ireland Executive and Department for Transport (UK), further funding has been secured for 1 year from 1st April 2023 to ensure the continued operation of the critical London PSO route. The PSO route to London Heathrow has been approved by Department for Transport and commenced operations on 6th May 2023.

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 £44M (see note 11), and the associated revaluation reserve element of approximately £29M 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.

	2022/23			RESTATED 2021/22		
	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	7,148,607	(1,310,933)	8,459,540	6,133,629	(1,048,363)	7,181,992
Environment & Regeneration	28,560,659	(6,219,332)	34,779,991	25,294,373	(6,015,016)	31,309,389
Business & Culture	9,341,672	(1,963,112)	11,304,784	8,021,470	(1,865,888)	9,887,358
Health & Community	13,630,217	(4,926,799)	18,557,016	11,059,597	(4,546,794)	15,606,391
Council	1,298,018	(145,793)	1,443,811	1,120,815	(154,964)	1,275,779
City of Derry Airport	1,721,236	(1,239,189)	2,960,425	4,055,320	(1,133,597)	5,188,917
Capital Financing	6,553,149	6,553,149	-	6,448,151	6,448,151	-
Other Corporate	2,447,969	(945,097)	3,393,066	761,388	(266,941)	1,028,329
Transfers to/from Reserves & Provisions	(3,120,181)	(3,120,181)	-	3,743,483	3,743,483	-
Net Cost of Services	67,581,346	(13,317,287)	80,898,633	66,638,226	(4,839,929)	71,478,155
Other Income and Expenditure	(68,730,754)	(2,691,594)	(66,039,160)	(66,980,652)	16,223,705	(83,204,357)
(Surplus) or Deficit for the year	(1,149,408)	(16,008,881)	14,859,473	(342,426)	11,383,776	(11,726,202)
Opening General Fund	5,996,670			5,654,244		
Surplus/ (Deficit) on General Fund Balance in Year	1,149,408			342,426		
Closing General Fund	7,146,078		-	5,996,670		-

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

Net expenditure charged to the general fund of £67,581,346 is effectively the 2022-23 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 expenditure of £1,788,874. 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 £80,898,633 in the CIES, the £1,788,874 is reversed out in the "adjustments column" totalling -£13,317,287.

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 £6,553,149 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
2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Statutory Adjustments	Other Differences	Total
	£	£	£	£	£
Cross Cutting Support Services	(163,164)	(1,147,769)	-	-	(1,310,933)
Environment & Regeneration	(3,189,380)	(3,029,952)	-	-	(6,219,332)
Business & Culture	(893,398)	(1,069,714)	-	-	(1,963,112)
Health & Community	(2,804,027)	(2,122,772)	-	-	(4,926,799)
Council	10,000	(155,793)	-	-	(145,793)
City of Derry Airport	(2,184,189)	(355,000)	-	1,300,000	(1,239,189)
Capital Financing	-	-	-	6,553,149	6,553,149
Other Corporate	-	(477,000)	(28,925)	(439,172)	(945,097)
Transfers to/from Reserves & Provisions	-	-	-	(3,120,181)	(3,120,181)
Net Cost of Services	(9,224,158)	(8,358,000)	(28,925)	4,293,796	(13,317,287)
Other Income and Expenditure from the Expenditure and Funding Analysis	76,898	(1,427,000)	-	(1,341,492)	(2,691,594)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(9,147,260)	(9,785,000)	(28,925)	2,952,304	(16,008,881)

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	(2,663,201)	(1,883,593)	-	-	(4,546,794)
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

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 these 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 Financial 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 CODA shares, Transfers to/from General Fund, Accumulated Absences, Revenue Contributions to Capital and Minimum Revenue Provision.

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:

		2022/23		2021/22	
Notes		£	£	£	£
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 (decreases)/increases taken to Surplus/Deficit on the Provision of Services	Group Note 5	(110,095)		88,590	
Depreciation charged in the year on non-current assets	Group Note 5	9,334,254	9,224,159	8,789,806	8,878,396
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	12, 25f, 26a		3,180,789		1,665,912
REFCUS - Governments Grants and Other Contributions	12, 25f, 26a	(2,678,447)		(1,410,344)	
REFCUS - Direct Financing	12, 25f, 26a	(502,342)	(3,180,789)	(255,568)	(1,665,912)
Carrying amount of non current assets sold	Group Note 5	98,591		497,330	
Proceeds from the sale of PP&E, investment property and intangible assets		36,850	135,441	(785,400)	(288,070)
Net charges made for retirement benefits in accordance with IAS 19	Group Note 6		15,699,000		14,243,000
Direct revenue financing of Capital Expenditure	12, 25f, 26a		(2,492,282)		(1,897,676)
Capital Grants and Donated Assets Receivable and Applied in year	10B		(230,864)		(1,203,221)
Capital Grants Receivable and Unapplied in year	10C		18,525		(18,132,913)
Adjustments in relation to Short-term compensated absences	25f, 26d		28,925		(116,350)
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		(3,580,204)		(3,918,461)
Employers contributions payable to the NILGOSC and retirement benefits payable direct to pensioners	Group Note 6		(5,914,000)		(5,205,000)
		12,888,700		(7,640,295)	

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

		2022/23		2021/22	
Notes		£	£	£	£
Capital Fund					
Transfer to General Fund	25c	476,330		322,563	
Transfer from General Fund	25c	(1,676,369)	(1,200,039)	(3,301,758)	(2,979,195)
Renewal and Repairs Fund					
Transfer to General Fund	25d	176,512		476,381	
Transfer from General Fund	25d	(632,731)	(456,219)	(1,179,545)	(703,164)
Capital Receipts Reserve					
Transfer to General Fund	25a	425,656	425,656	174,344	174,344
Other Funds and earmarked reserves					
Transfer to General Fund	25e	914,839		410,972	
Transfer from General Fund	25e	(144,400)	770,439	(1,004,286)	(593,314)
Financial Commitments and Contingencies Reserve					
Transfer to General Fund	25g	8,161,449		4,692,206	
Transfer from General Fund	25g	(4,581,105)	3,580,344	(4,334,358)	357,848
		3,120,181		(3,743,481)	

Group Note 4

4 Employee Costs and Member Allowances		
a Staff Costs		
	2022/23	2021/22
	£	£
Salaries and Wages	34,961,883	29,518,867
Employers NIC	3,461,293	2,881,812
Employers Superannuation - NILGOSC	5,763,776	5,243,115
Employers Superannuation - Civil Service	293,501	294,823
Total staff costs	44,480,453	37,938,617

The Employer's superannuation figure in Note 4a above includes £931,970 for the capital costs incurred in respect of the Council's 2022-23 exit packages (2021-22 £205,613).

In addition, agency costs during the year amounted to £801,351 (2021-22 £415,867) and short term compensating absences during the year amounted to £943,330 (2021-22 £914,405).

The Council's current contribution rate to the NILGOSC scheme is 19.5% (2021-22 19.5%).

At the last actuarial valuation, dated 31 March 2022, there was a surplus of £1,004.4M relative to the liabilities and the funding level was 111%.

The Council incurred total costs (including superannuation capital costs details above) of £1,748,930 during 2022-23 (2021-22 £666,544) 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		
	2022/23	2021/22
	FTE	FTE
Full time numbers employed	776	766
Part time numbers employed	122	125
Other	127	121
Total Number	1,025	1,012

	2022/23	2021/22
	Actual	Actual Numbers
Full-time numbers employed	906	882
Part-time numbers employed	230	253
Total Number	1,136	1,135

c Senior Employees' Remuneration		
	2022/23	2021/22
	£	£
£50,001 to £60,000	15	7
£60,001 to £70,000	8	11
£70,001 to £80,000	5	3
£80,001 to £90,000	-	-
£90,001 to £100,000	3	3
£100,001 to £110,000	-	1
£110,001 to £120,000	1	1
£120,001 to £130,000	1	-
Total Number	33	26

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 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	262,599,753
Adjustments between cost/value & depreciation/impairment	-	(5,965,128)	-	-	-	-	-	(5,965,128)	-	-	-	(5,965,128)
Balance as at 1 April 2022	25,545,498	140,342,589	13,997,985	49,272,967	7,614,823	9,898,544	4,928,649	251,601,055	4,377,798	-	655,772	256,634,625
Additions	-	127,706	-	2,252,336	-	8,543,108	-	10,923,150	-	-	-	10,923,150
Donations	-	13,272	-	-	-	-	-	13,272	90,110	-	-	103,382
Revaluation increases/ (decreases) to Revaluation Reserve	1,737	12,100,890	-	-	-	-	3,500	12,106,127	811,030	-	-	12,917,157
Revaluation increases/ (decreases) to Surplus or Deficit on the Provision of Services	1,118	98,737	-	-	-	-	-	99,855	10,240	-	-	110,095
Derecognition - Disposals	-	(75,950)	-	(1,607,339)	(6,955)	-	(13,517)	(1,703,761)	(100)	-	(585,270)	(2,289,131)
Reclassifications & Transfers	349,517	6,301,512	1,995,820	53,125	-	(9,119,263)	(317,983)	(737,272)	-	-	737,272	-
Reclassified to(-) / from(+) Held for Sale	-	-	-	-	-	-	(645,000)	(645,000)	-	-	-	(645,000)
Balance as at 31 March 2023	25,897,870	158,908,756	15,993,805	49,971,089	7,607,868	9,322,389	3,955,649	271,657,426	5,289,078	-	807,774	277,754,278
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 2022	-	19,913	9,099,292	39,812,910	-	-	-	48,932,115	-	-	655,772	49,587,887
Adjustments between cost/value & depreciation/impairment	-	(5,965,128)	-	-	-	-	-	(5,965,128)	-	-	-	(5,965,128)
Balance as at 1 April 2022	-	(5,945,215)	9,099,292	39,812,910	-	-	-	42,966,987	-	-	655,772	43,622,759
Depreciation Charge	-	5,965,128	1,210,576	2,121,686	-	-	-	9,297,390	-	-	36,864	9,334,254
Derecognition - Disposals	-	-	-	(1,605,270)	-	-	-	(1,605,270)	-	-	(585,270)	(2,190,540)
Balance as at 31 March 2023	-	19,913	10,309,868	40,329,326	-	-	-	50,659,107	-	-	107,366	50,766,473
Net Book Value												
Balance as at 31 March 2023	25,897,870	158,888,843	5,683,937	9,641,763	7,607,868	9,322,389	3,955,649	220,998,319	5,289,078	-	700,408	226,987,805

Valuations

A revaluation of Land, Buildings and Surplus Assets was carried out by an independent valuer from Land and Property Services as at 31 March 2023. 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 2022/23.

Heritage assets were revalued for insurance purposes by the independent valuer Gurr Johns Limited as at 31 March 2023.

5 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	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	262,599,753
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 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	-	-	213,011,866

City of Derry Airport

During 2022/23, the Council transferred operational plant and machinery assets at the Airport in the sum of £242,470 (2021/22 £70,437) 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 £38.986m of buildings with an associated total revaluation reserve on these assets of £29.049m.

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.

Following completion of a tender process and in close liaison with the Northern Ireland Executive (NIE) and the Department for Transport (DFT), further funding has been secured for 1 year from 1st April 2023 to ensure the continued operation of the critical London PSO route.

The PSO route to London Heathrow has been approved by Department for Transport and commenced operations on 6th May 2023.

If issues regarding going concern crystallise this may result in a significant impairment to the current value of airport assets held by Council.

6 Retirement Benefits

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

As part of the terms and conditions of employment of its officers and other employees, the 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	2022/23 £	2021/22 £
Net cost of services:		
Current service cost	13,795,000	12,416,000
Past service cost/(gain)	477,000	334,000
Net operating expenditure:		
Net Interest on net defined benefit Liability (asset)	1,427,000	1,493,000
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	15,699,000	14,243,000
Movement in Reserves Statement:		
Reversal of net charges made for retirement benefits in accordance with IAS 19 and the Code	(15,699,000)	(14,243,000)
Employers' contributions payable to scheme	5,914,000	5,205,000
Net adjustment to General Fund	(9,785,000)	(9,038,000)

The service cost figures include an allowance for administration expenses of £0.150M.

Note	2022/23 £	2021/22 £
Liability gains due to change in financial assumptions	113,215,000	18,855,000
Liability (losses)/gains due to changes in demographic assumptions	(1,295,000)	2,764,000
Liability experience (losses)/gains arising in the year	(19,309,000)	613,000
Actuarial (losses)/gains on plan assets	(21,578,000)	4,703,000
Total losses recognised in Other Comprehensive Income and Expenditure	71,033,000	26,935,000

c Assets and liabilities in relation to retirement benefits

Note	2022/23 £	2021/22 £
Reconciliation of present value of the scheme liabilities:		
Balance as at 1 April	287,643,000	295,247,000
Current service cost	13,795,000	12,416,000
Interest cost	7,713,000	6,156,000
Contributions by members	1,957,000	1,576,000
Remeasurement (gains) and losses:		
Actuarial (gains) arising from changes in financial assumptions	(113,215,000)	(18,855,000)
Actuarial losses/(gains) arising from demographic changes	1,295,000	(2,764,000)
Actuarial losses/(gains) arising on liabilities from experience	19,309,000	(613,000)
Past service costs	477,000	334,000
Estimated unfunded benefits paid	(109,000)	(109,000)
Estimated benefits paid	(5,896,000)	(5,745,000)
Balance as at 31 March	212,769,000	287,643,000
Reconciliation of present value of the scheme assets:		
Balance as at 1 April	231,809,000	221,516,000
Interest Income	6,286,000	4,663,000
Contributions by members	1,957,000	1,576,000
Contributions by employer	5,805,000	5,096,000
Contributions in respect of unfunded benefits	109,000	109,000
Remeasurement (loss)/gain	(21,578,000)	4,703,000
Unfunded benefits paid	(109,000)	(109,000)
Benefits paid	(5,896,000)	(5,745,000)
Balance as at 31 March	218,383,000	231,809,000

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 loss of £15,292,000 (2021/22 Gain of £9,366,000).

Fair Value of Plan Assets	2022/23 £	2021/22 £
Equity investments	90,037,960	94,412,350
Bonds	50,712,308	60,168,051
Property	23,013,256	25,150,613
Multi Asset Credit	28,631,899	29,929,265
Cash	12,955,775	14,087,214
Other	13,031,802	8,061,507
	218,383,000	231,809,000

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 2023 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):

	2022/23 £	2021/22 £
Fair Value of Employer Assets	218,383,000	231,809,000
Present value of funded defined benefit obligation	(211,528,000)	(286,023,000)
Pension asset/(liability) of Funded Scheme	6,855,000	(54,214,000)
Present Value of unfunded defined benefit obligation	(1,441,000)	(1,620,000)
Net asset/(liability) arising from the defined benefit obligation	5,414,000	(55,834,000)
Amount in the Balance sheet:		
Liabilities	(212,969,000)	(287,643,000)
Assets	218,383,000	231,809,000
Net Asset/(Liability)	5,414,000	(55,834,000)

The authority has a net pension asset of £5,414,000 at the accounting date as recorded in the Balance Sheet.

The Net Pension asset at 31 March 2023 has been based on the results of the latest full 2022 triennial Actuarial Valuation which have then been 'rolled-forward' to 31.03.2023.

The purpose of the triennial actuarial valuation is to review the financial position of the Fund and report on the adequacy of the contributions to continue to support the benefits of the Fund.

The updated valuation has identified that the contributions will be in excess of those necessary to provide the benefits, and contributions can be revised down. As the main Council pension scheme is open to new entrants the surplus can be recognised in full at 31 March 2023 as the Council can gain economic benefit from payment of reduced contributions below the cost of the expected IAS19 service costs in the future. This has been reflected in Note 21. However, the CODA net pension asset of £2,773M was assessed by Aon Hewitt pension advisors with reference to future contributions to the scheme and the pension surplus has been restricted by £0.663M under paragraph 28.22 of FRS 102 resulting in a plan asset value of £2.110M being recognised in the group balance sheet.

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

	31/03/2024 £
Projected current cost	6,907,000
Net Interest on the net defined benefit liability (asset)	-292,000
	6,615,000.00

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 2024 is £5,874,000.

History of experience gains and losses

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

	2022/23 %	2021/22 %
Experience gains and (losses) on Assets	-9.88%	2.03%
Experience gains and (losses) on Liabilities	43.49%	7.73%

e

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels, etc. The 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 2022.

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:	2022/23		2021/22	
	%		%	
Equity investments		40.0%		42.9%
Bonds		23.6%		26.9%
Property		11.2%		10.0%
Multi Asset Credit		13.3%		13.1%
Cash		6.5%		4.0%
Other		5.4%		3.1%
Mortality assumptions:				
<i>Longevity at 65 current pensioners:</i>				
	Years		Years	
Men		22.2		21.8
Women		25.0		25.0
<i>Longevity at 45 for future pensioners:</i>				
Men		23.2		23.2
Women		26.0		26.4
Inflation/Pension Increase Rate		2.70%		3.00%
Salary Increase Rate		4.20%		4.50%
Discount Rate		4.70%		2.70%
Pension accounts revaluation rate		2.70%		3.00%
Take-up of option to convert annual pension into retirement lump sum:				
Service to April 2009		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		
	+0.1%p.a.	-0.1%p.a.
Adjustment to discount rate		
Present value of the total obligation	8,917	9,263
% change in the present value of the total obligation	-1.90%	1.90%
Projected service cost	0.257	0.273
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	9,117	9,063
% change in the present value of the total obligation	0.30%	-0.30%
Projected service cost	0.265	0.265
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	9,235	8,945
% change in the present value of the total obligation	1.60%	-1.60%
Projected service cost	0.273	0.257
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	9,335	8,845
% change in the present value of the total obligation	2.70%	-2.70%
Projected service cost	0.274	0.256
Approximate % change in projected service cost	3.50%	-3.50%

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

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

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

	31/03/2023 %	31/03/2022 %
Equity investments	40.00%	42.90%
Government Bonds	20.60%	24.70%
Corporate Bonds	3.00%	2.20%
Property	11.20%	10.00%
Multi Asset Credits	13.30%	13.10%
Cash	6.50%	4.00%
Other	5.40%	3.10%
Total	100.00%	100.00%

g Northern Ireland Civil Service Pension Arrangements

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes but the 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 31/03/2022. 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 2023.

h 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 introduced as part of the 2015 reforms to the Firefighters' and Judges' pension scheme were age discriminatory and, therefore, unlawful. 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 remedy is made up of two parts. The first part was completed last year with all active members now being members of alpha from 1 April 2022, this provides equal treatment for all active pension scheme members. The second part is to 'put right, remedy,' the discrimination that has happened between 2015 and 2022. Department for Communities are currently working on new scheme regulations and processes in readiness for this.

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 had been adopted using a roll forward method based on previous year's results. In 2022-23 full data was not available in the 2022 valuation data to calculate the McCloud Sargeant liability accurately, so an approximate percentage uplift method was used.

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 GMP's to individuals reaching SPA after 6 April 2016 with any increase in the liability at 31.03.20 being charged through Other Comprehensive Income. From 31.03.2021 to 31.03.2023 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 GMP's 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 31.03.2023.

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. The chief secretary to the Treasury announced in a written ministerial statement on 20 July 2020 that he believed that changes would be required to other public service pension schemes with similar arrangements. Changes to NI Regulations were made on 24 March 2022 and came into effect on 18 April 2022. 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 data Aon Hewitt receive from NILGOSC and no allowance has been made for this at 31.03.2023 on the grounds of materiality.

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 noncash movements	Notes	2022/23	2021/22
		£	£
Depreciation	Group Note 5	9,334,254	8,789,806
Impairment & downward revaluations (& non-sale derecognitions)	Group Note 5	(110,095)	88,590
Decrease/(Increase) in Stock		103,028	(175,571)
Decrease in Debtors		(1,758,257)	(1,233,361)
Increase in impairment provision for bad debts		133,849	16,357
Increase in Creditors		848,685	2,806,348
Decrease in Interest Creditors		(24,094)	(24,633)
Payments to NILGOSC	Group Note 6	9,521,000	8,709,000
Carrying amount of non-current assets sold	Group Note 5	133,313	497,330
Contributions to Other Reserves/Provisions		1,077,701	49,599
Amounts posted to CIES from Donated Assets Account		(103,382)	-
		19,156,002	19,523,465

Adjust for items included in the Group net surplus or deficit on the provision of services that are investing and financing activities	Notes	2022/23	2021/22
		£	£
Proceeds from the sale of PP&E, investment property and intangible assets		36,850	(785,400)
Capital grants included in "Taxation & non-specific grant income"		(108,957)	(19,336,134)
		(72,107)	(20,121,534)

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:

	2022/23	2021/22
	£	£
Cash and Bank balances	8,315,526	4,976,978
Short Term Deposits (considered to be Cash Equivalents)	8,330,504	17,439,842
Short Term Investments (considered to be Cash Equivalents)	10,000,000	8,000,000
	26,646,030	30,416,820

c Cash Flow Statement: Operating Activities

The cash flows from operating activities include:	2022/23	2021/22
	£	£
Interest received	447,382	27,360
Interest paid	(1,788,874)	(1,934,859)

d Cash flows from Investing Activities

	2022/23	2021/22
	£	£
Purchase of PP&E, investment property and intangible assets	(11,589,071)	(9,326,763)
Proceeds from the sale of PP&E, investment property and intangible assets	(36,850)	785,400
Capital Grants and Contributions Received	6,886,966	3,125,218
Net Cash flows from Investing Activities	(4,738,955)	(5,416,145)

e Cash flows from Financing Activities

	2022/23	2021/22
	£	£
Repayment of Finance Lease	(4,757)	-
Repayment of Short and Long Term Borrowing	(3,251,500)	(3,232,797)
Net Cash flows from Financing Activities	(3,256,257)	(3,232,797)

The Accounting Officer authorised these financial statements for issue on 18th September 2023.