Department for
Communities
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Commonities
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Annual Report and Accounts

for the year ended 31 March 2021

Annex includes Child Maintenance Service Client Funds Account 2020–21

Department for Communities

Annual Report and Accounts
for the year ended 31 March 2021

Laid before the Northern Ireland Assembly by the Department of Finance under section 10(4) of the Government Resources and Accounts Act (Northern Ireland) 2001

9 August 2021

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www.communities-ni.gov.uk

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Performance Report

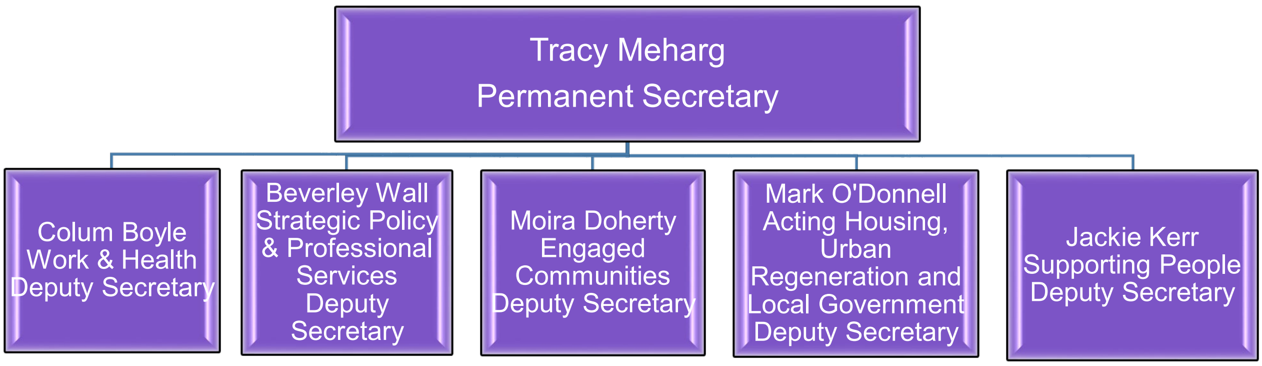
The purpose of the performance section of the annual report is to provide information on the Department, its main objectives and strategies and the principal risks that it faces. The requirements of the performance report are based on the matters required to be dealt with in a Strategic Report as set out in Chapter 4A of Part 15 of the Companies Act 2006 adapted for the public sector.

Section 1 – Overview

The Overview section provides a summary of the structure of the organisation, its purpose, performance and key risks during the year.

Tracy Meharg has held the post of Department for Communities' Permanent Secretary since 2018. The primary role of the Permanent Secretary is to ensure the effective management of the department's operations and to provide strategic advice to the Minister on departmental policy making and implementation activities. The Permanent Secretary is also the Principal Accounting Officer for the Department which carries with it responsibility for ensuring the regularity and propriety of departmental expenditure, for promoting value for money and for ensuring there are robust systems of corporate governance and financial control within the Department.

The Permanent Secretary is supported in delivering the Department's wide range of functions by 5 Deputy Secretaries:



Accounting Officer's Report

These accounts consolidate the financial information of the Department for Communities (DfC) for the financial year to 31 March 2021. DfC was formed on 9 May 2016 following the restructuring of Northern Ireland (NI) Departments.

The Department had an opening budget of approximately £7.5 billion and employs over 8,500 staff.

The Department provides support to meet the needs of some of the most disadvantaged citizens, families and communities across Northern Ireland, spending in the region of £1 billion in assistance. Areas of DfC responsibility include:

- delivering welfare payments from the social security system
- delivering child maintenance support and pensions
- providing advice and support for those seeking employment and those who are unable to work
- supporting our local government to deliver services
- ensuring the availability of good quality and affordable housing
- encouraging diversity and participation in society and promoting social inclusion within the community
- promoting sports and leisure within our communities
- identifying and preserving records of historical, social and cultural importance and realising the value of our built heritage
- supporting creative industries, and promoting the arts, language and culture sectors
- providing free access to books, information, IT and community programmes through our libraries
- maintaining museums and revitalising town and city centres

Our Arm's Length Bodies deliver many services on behalf of the Department.

The Department operated in a challenging financial and political environment during much of the 2020-21 year and the last twelve months have been difficult for many. No one could have predicted that Covid-19 would have such an ongoing impact on our society, our economy and on our health and wellbeing. In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption for the 2020-21 reporting period. The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2021.

In March 2020, in response to the rapidly developing Covid-19 situation and following a discussion between the Head of the Civil Service and Executive Ministers, it was decided to temporarily suspend work on the Programme for Government and New Decade, New Approach (NDNA).

Work on the DfC Business Plan 2020-21 was at an advanced stage in March 2020, however the onset of the Covid-19 pandemic necessitated a halt to this work.

The Department successfully launched its 5 year Strategy 'Building Inclusive Communities' in November 2020 following an extensive period of engagement with key stakeholders, ALB's and delivery partners. Work to develop a Departmental Business Plan commenced in parallel to the strategy work, with the plan being deliberately developed to align to the 5 year Strategy, supporting a work programme that seeks to address strategic themes of Anti-Poverty, Wellbeing & Inclusion, Agility & Innovation, and Sustainability & Inclusive Growth.

The resulting Departmental Business Plan was approved by the Departmental Management Board in January 2021 covering an 18 month period from October 2020 to March 2022. The Departmental Business Plan is the vehicle through which performance against the 5 year Strategy will be monitored and assessed.

Purpose and Activities of the Department

DfC is the largest of the nine Northern Ireland departments. It was established under the Departments Act (Northern Ireland) 2016.

During the period of this annual report, DfC had strategic responsibility in Northern Ireland for setting policy, bringing forward legislation and resourcing in the following areas:

DfC Responsibility for Funds

The Department continues to manage the following funds:

- The **National Insurance Fund**, within the remit of HM Revenue and Customs (HMRC), is excluded from the consolidation and the summary of resource outturn in the Statement of Assembly Supply. However, certain elements are included in the remaining primary statements. These are contributory benefits, all administration costs and their related assets and liabilities.

- The **Social Fund**, which is consolidated within the primary statements.

- A **Client Funds Account** to control the receipt and payment of child maintenance and fees from non-resident parents and parents with care. Child maintenance is collected from paying parents (non-resident parents) and paid over to the receiving parent i.e. parent/person with care of the child/children. This fund is prepared as a separate account and is not consolidated within these accounts. The Client Funds Account is attached at Annex A.

- The **Northern Ireland Central Investment Fund for Charities** into which NI charities can invest funds. The Department pays dividends twice yearly and invests the capital of the Charitable Donations and Bequests Fund. These funds are not consolidated within these accounts as no Departmental funds are involved.

Public Bodies outside our Accounting Boundary

In fulfilling its role, DfC currently has responsibility for 15 Non-Departmental Public Bodies (NDPBs) that sit outside its accounting boundary. Executive NDPBs are those with executive, administrative, commercial or regulatory functions. They carry out set functions within a government framework, but the degree of operational independence varies.

The DfC NDPBs and their associated responsibilities are:

Armagh Observatory and Planetarium (AOP)

To advance the knowledge and understanding of astronomy and related sciences through the execution, promotion and dissemination of astronomical research nationally and internationally in order to enrich the intellectual, economic, social and cultural life of the community.

Arts Council of Northern Ireland (ACNI)

To develop and improve the knowledge, appreciation and practice of the arts, increase public access to and participation in the arts, to advise the Department and other government departments, district councils and other bodies on matters related to the arts.

Commissioner for Older People for Northern Ireland (COPNI)

To champion the rights and interests of older people in Northern Ireland. The Commissioner has promotional, advisory and educational and general investigatory powers and duties.

Charity Commission for Northern Ireland (CCNI)

To provide an integrated system of registration and regulation of charities in Northern Ireland providing for a well governed charity sector in which the public can have confidence.

Local Government Staff Commission (LGSC)

To exercise general oversight of matters connected with the recruitment, training and employment of officers of councils and the NI Housing Executive. The NI Executive agreed that the LGSC should be dissolved on 31 March 2017. However this timetable was not achieved and the intention now is to dissolve the body as soon as the consultation and Assembly process allows.

Museums and Galleries NI (known as National Museums Northern Ireland)

To care for, preserve and add to collections, ensure that the collections are available to the public through exhibitions, effective interpretation, research and study, promote awareness and appreciation and understanding of art history and science, the way of life and traditions of people.

Northern Ireland Library Authority (known as Libraries Northern Ireland)

To provide a comprehensive and efficient public library service for persons living, working or studying in Northern Ireland.

Northern Ireland Museums Council (NIMC)

To support local and regional museums in Northern Ireland and maintain and improve the standards of collections, care and service to the public.

Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC)

To administer a fund providing pension benefits for employees of local authorities and other admitted bodies. The Local Government pension scheme is managed by NILGOSC.

Northern Ireland Commissioner for Children and Young People (NICCY)

To safeguard and promote the rights and best interests of children and young people up to the age of 18 or 21, for those with a disability, or who have experience of being in the care of the state.

Northern Ireland Housing Executive (NIHE)

To act as the regional housing authority for Northern Ireland. From 1 April 2014, following a request from the Office for National Statistics, NIHE is classified as a NDPB in respect of its regional strategic functions and a Public Corporation in respect of its landlord activities.

Sport NI

To act as a lead public body for the development of sport and physical recreation in Northern Ireland.

Ulster Supported Employment Limited (USEL)

To provide supported paid employment to people with disabilities to meet their employment aspirations. The organisation has offices in several locations throughout Northern Ireland.

North South Language Body

To promote both the Irish language (Foras na Gaeilge) and the Ulster Scots language (Ulster Scots Agency). Each of these bodies has a Board which together constitute the Board of the North/South Language Body.

- **Foras na Gaeilge**

  To facilitate and encourage the speaking of Irish in the public and private arena in the Republic of Ireland and Northern Ireland where there is appropriate demand in the context of part three of the European Charter for Regional and Minority Languages.

- **Ulster-Scots Agency**

  To promote the study, conservation development and use of Ulster-Scots as a living language, to encourage and develop the full range of its attendant culture and promote an understanding of the history of the Ulster-Scots.

Northern Ireland Events Company (NIEC)

The NIEC was incorporated as a limited liability company in 1997 with a remit to support major events in Northern Ireland. Following the failure of the company, the Public Accounts Committee produced a report in February 2016 with the Memorandum of Reply presented to the Northern Ireland Assembly on 22 June 2016.

All former Directors of the NIEC have accepted undertakings or a judgment has been applied preventing them from acting as Company Directors. The company was dissolved via voluntary strike off on 22 September 2020.

Public Bodies within our Accounting Boundary

DfC Advisory Non-Departmental Public Bodies

The **Charities Advisory Committee** was appointed under Section 25 of the Charities Act (Northern Ireland) 1964, which provided for the establishment of a common investment fund for charities. The legislation required the appointment of a committee of persons who have special experience of investment and finance or of the administration of trusts to advise the Department with respect to the investment of the Northern Ireland Central Investment Fund for Charities. The Committee's main objective is to monitor the Investment Manager's performance against the stated contractual requirements and advise the Department accordingly.

The **Historic Buildings Council** was established in 1974 under the provisions of the Planning (Northern Ireland) Orders of 1972. Its current authority is derived from the Planning Act (NI) 2011. The Council is made up of 15 members with a wide range of expertise and experience in architecture, architectural history, planning, industrial heritage, building conservation and structural engineering.

Its role is to keep under review, and from time to time report to the Department on, the general state of preservation of listed buildings; and to advise the Department on such matters relating to the preservation of buildings of special architectural or historic interest as the Department may refer to it. It is consulted on all proposed amendments to the list of buildings of special architectural or historic interest.

The **Historic Monuments Council (HMC)** was first established in 1971 under the provisions of the Historic Monuments (Northern Ireland) Act 1971. Its current authority is derived from the Historic Monuments and Archaeological Objects (Northern Ireland) Order 1995. The Council is made up of 15 members with a wide range of experience and expertise in matters concerning historic monuments and cultural heritage. The role of HMC is to advise the Department on, among other things, the management of monuments in state care, maritime archaeology, industrial and defence heritage and areas of significant archaeological interest within development plans.

Ministerial Advisory Group on Architecture and Built Environment (MAG) is an advisory body. Members contribute expertise as Architects, Planners, Landscape Architects, Urban Designers, Ecologists, Conservation and Transport Consultants and Archaeologists.

Independent Statutory Officeholder – the Discretionary Support Commissioner

The Discretionary Support Commissioner is a Statutory Office Holder appointed by the Department. The Commissioner provides an independent process by means of a review service, for applicants who are dissatisfied with decisions made by the Department on applications for Discretionary Support.

Other Entities

Local Government Boundaries Commissioner

The function of the Local Government Boundaries Commissioner is to review, and make recommendations regarding:

(a) the number, boundaries and names of local government districts; and
(b) the number, boundaries and names of the wards into which each district is divided.

The legislation which governs the appointment of a Local Government Boundaries Commissioner (the Commissioner) is the Local Government Act (Northern Ireland) 1972 which requires the Department to appoint a Commissioner within 8 – 12 years following the submission to the Department of the final report of the previous Commissioner. The previous Commissioner reported on 26 June 2009, therefore, the current Commissioner was appointed in 2020.

Key Risks

DfC has a robust risk management process in place to ensure that the risks faced by the Department are identified and managed, and that appropriate controls are in existence and utilised accordingly. The Department has gone through a significant risk management change programme and subsequently, introduced a new Risk Framework which was implemented across the department and aligns to HM Government's Orange Book Guidance. Further information on this and the key risks to the Department achieving its objectives are outlined in the Governance Statement.

Details of the Department's corporate governance and risk management arrangements are also included in the Governance Statement.

Key issues faced during 2020-21

During 2020-21 the Department managed a number of significant issues with the Covid-19 pandemic presenting the biggest challenge to operational delivery. The Department faced an unprecedented increase in demand for its services throughout the pandemic but was able to successfully maintain service delivery throughout 2020-21. The Department met surges in claims for benefits including Jobseekers Allowance and Universal Credit but also introduced new services including the provision of food parcels, not previously within the remit of the Department. These services were delivered as the business adjusted to remote working and the requirement to ensure social distancing guidelines were adhered to in its offices. Further detail on the Department's performance in relation to Covid-19 is included below. Further details on Covid-19 and other issues faced and the actions taken can be found within the Governance Statement.

Anti-corruption and anti-bribery matters

The Department continues to strengthen its anti-corruption and anti-bribery arrangements through the sharing of best practice with Departmental staff and Arm's Length Bodies (ALBs).

Section 2 – Performance Analysis

The Departmental Management Board (DMB) supports the Accounting Officer in her oversight of the delivery of the strategy and business plan.

Programme for Government (PfG)

Following suspension of PfG in March 2020, the top priorities for government were on planning for the impact of the Covid-19 outbreak and co-ordinating the management of the response across all sectors. For the remainder of 2020-21, the focus of the Executive's work programme was dominated by the response to and recovery from Covid-19, however further work has been undertaken to develop a new Programme for Government to commence during 2021. This included the development of a revised PfG Outcomes Framework which was subject to a public consultation from January to March 2021.

Despite challenging conditions, including the impact of Covid-19 throughout the year, the Department has sought to restore and continue support to the most vulnerable in our society. Examples of successful DfC performance during 2020-21 include:

- Through Housing Rights Service, assisting 10,278 people tackle homelessness and housing problems
- Connecting with 30,500 people through the Make the Call campaign to ensure they are receiving the help and support they are entitled to
- Delivery of employability programmes and services to 9,391 people to help secure sustainable employment for the economically inactive and the unemployed in society.

Our Detailed Financial Results for the Year

Departmental Resource Accounts form the principal financial reports of the Department and are published on an annual basis.

Budgeting Framework

The Department of Finance (DoF) is responsible for management of the NI Executive Budget process in line with a budgetary framework set by Treasury.

The total amount a department spends is referred to as the Total Managed Expenditure (TME); which is split into:

- Annually Managed Expenditure (AME)
- Departmental Expenditure Limit (DEL)

Treasury, and in turn DoF, do not set firm AME budgets. They are volatile or demand-led in a way that departments cannot control. The Department monitors AME forecasts closely and this facilitates reporting to DoF, who in turn report to Treasury.

As DEL budgets are understood and controllable, Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive departments.

DEL budgets are classified into resource and capital.

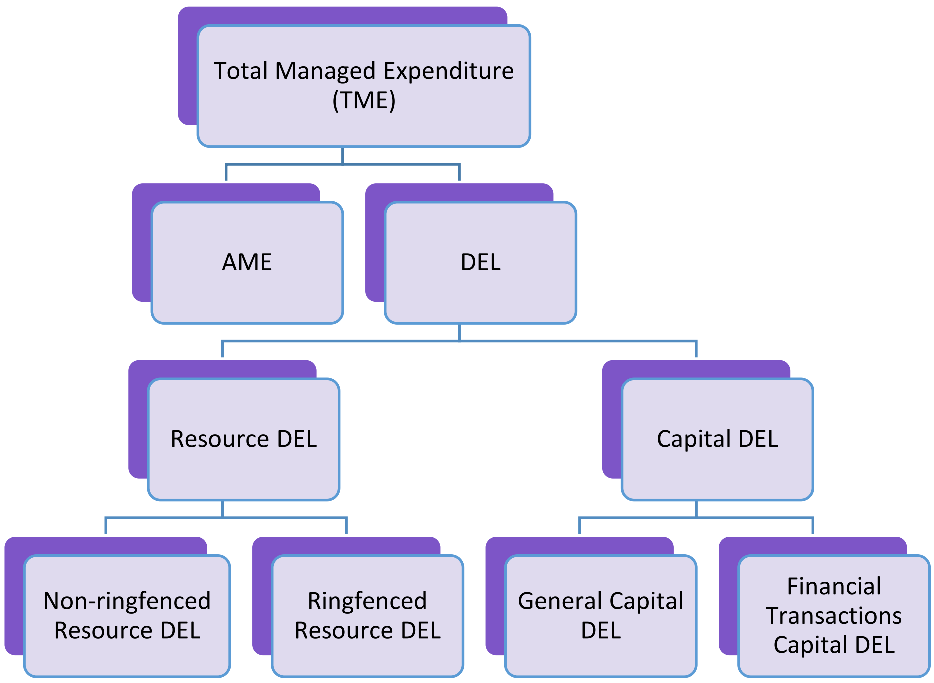
- Resource budgets are further split into non-ringfenced resource that pays for programme delivery and departmental running costs, and separately ringfenced resource that covers non-cash charges for depreciation and impairment of assets
- Capital DEL is split into ‘financial transactions’ for loans given or shares purchased and ‘general capital’ for spending on all other assets or investments.

The information contained within budgetary controls does not currently read directly to financial information presented in Financial Statements due to a number of misalignments. It is intended that the Executive's Review of Financial Process will help address these differences and improve transparency.

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by Treasury.

https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022.

Budget Structure



Budgetary Performance

Details of the Department's performance against Budgetary Control totals is set out in the table below.

	Provisional Outturn 2020-21 £'000	Final Plan 2020-21 £'000	Underspend/ (Overspend) £'000
Resource DEL	**1,100,948**	**1,109,255**	**8,307**
Including:			
Non-ringfenced	1,091,915	1,097,879	5,964
Ringfenced	9,033	11,376	2,343
Capital DEL	**229,691**	**234,402**	**4,711**
Including:			
General Capital	190,441	195,152	4,711
Financial Transactions Capital (FTC)	39,250	39,250	-
Total DEL	**1,330,639**	**1,343,657**	**13,018**
Total AME	**6,983,986**	**7,252,672**	**268,686**
Including:			
AME Resource	6,988,135	7,251,157	263,022
AME Capital	(4,149)	1,515	5,664
Total Managed Expenditure	**8,314,625**	**8,596,329**	**281,704**

Explanation of Variances

The Resource DEL was £8.3 million less than Plan due to the PIP Contract costs being replaced with actual rather than forecast (£1.7 million), Disability Living Allowance Payment to Appeal Scheme underspend (£1.4 million), depreciation underspend (£1.4 million) due to delays in asset purchases and decrease in Housing Benefit Rates for tenants administered by NIHE which are only calculated at the end of each year and can be difficult to predict (£1.1 million).

The Capital DEL was £4.7 million less than Plan due to slippages in project spends as a result of Covid-19.

The AME spend was £269 million less than Plan mainly due to the challenges around predicting Universal Credit as a result of the effects of the Covid-19 pandemic, combined with this spend being demand led and difficult to forecast.

Estimates

Supply estimates are the means by which parliamentary (Assembly) authority is secured for most government expenditure.

Supply is granted on an annual basis, voted in the Main and Spring Supplementary Estimates and in the Budget Acts in NI.

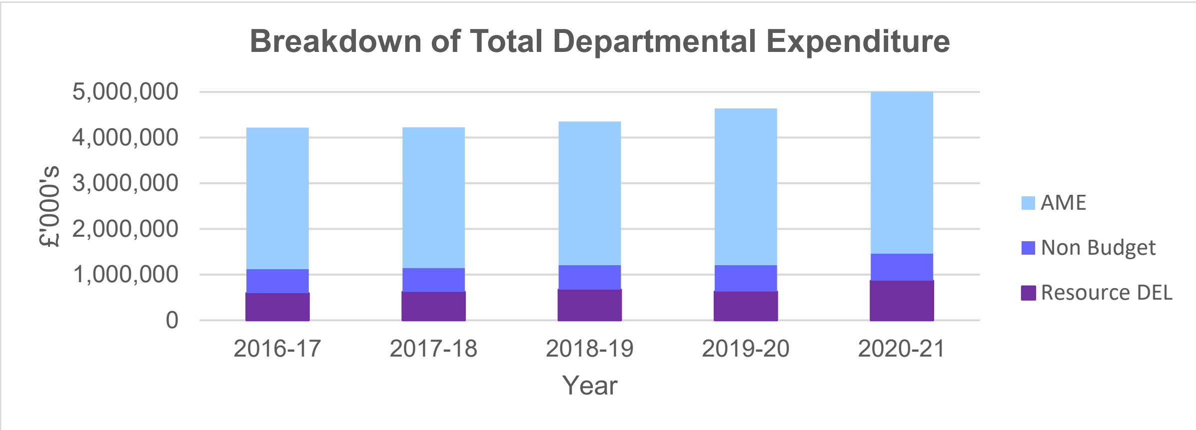
Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

	2020-21 Outturn £'000
Net Resource Outturn	**5,406,648**
Non-supply Expenditure (net)	2,875,573
Accruing Resources not treated as income	
- funding from National Insurance Fund (NIF) to cover administration costs	14,051
Other fair value adjustments and write offs relating to Non Voted and Social Fund expenditure	10,556
Non-supply Income (CFERs)	(3,732)
Public Corporation Equity Withdrawal	(14,209)
Other	3
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure	**8,288,890**
Adjustments to remove:	
Voted resource expenditure outside the budget	(456,334)
Funding which is paid into the Social Fund	(50,000)
Capital Grants	(48,467)
Social Fund Grant Funding	(10,556)
Adjustments to include:	
Full resource consumption of NDPBs or other bodies	287,472
Social Fund spend	60,554
Public Corporation Equity Withdrawal	14,209
Capital CFERs	2,725
National Insurance Fund administration costs (DoF)	593
Resource Budget	**8,089,086**
Capital Outturn	(294)
Adjustments to remove:	
NIHE borrowing/loans	(27,061)
Social Fund Net capital	(3,237)
Capital CFERs	(2,725)
Adjustments to include:	
Capital spending by NDPBs	171,139
Capital grants	48,467
NI Co-Ownership Housing Association (NICHA) - FTC Funding	39,250
Capital Budget	**225,539**
Total Budget	**8,314,625**
Of which:	
Departmental Expenditure Limit (DEL)	**1,330,639**
Annually Managed Expenditure (AME)	**6,983,986**

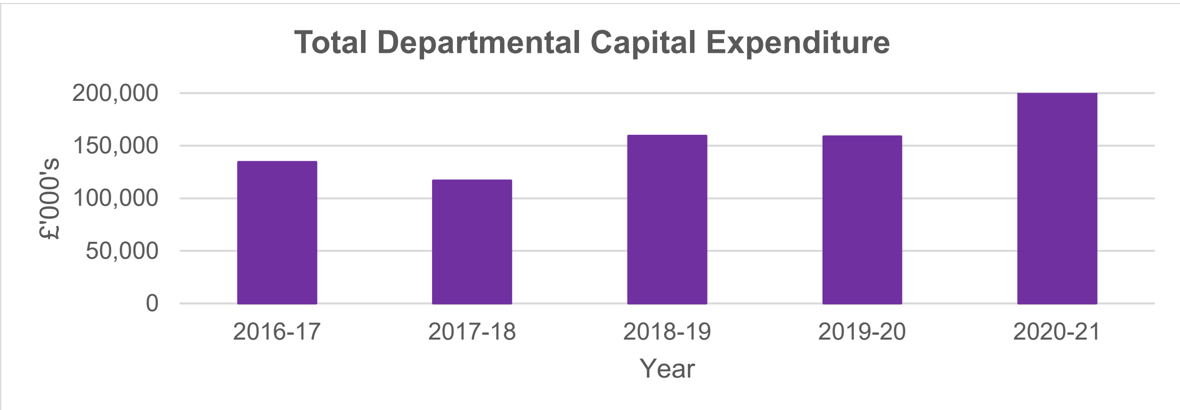
The financial results of the Department are set out on pages 133 to 224.

Long-term Expenditure Trends

The graphs below show the trends in departmental expenditure. DfC was formed at the beginning of the 2016-17 year.



There was an increase in total spend this year mainly as a result of AME spend due to the Covid-19 pandemic.



There was an increase in capital spend this year as a result of additional funding being made available to NICHA from Financial Transactions Capital, increase in Public Realm funding due to Covid-19 and a general increase compared to the prior year as some capital projects were unable to proceed last year due to Covid-19.

Fixed Assets

Details of movements in fixed assets are set out in the Notes 6-8 to the Financial Statements.

Contingent Liabilities

Contingent liabilities are not required to be disclosed under IAS 37 but are included for parliamentary reporting accountability.

Contingent liabilities in this context are included in the Note18 to the Financial Statements.

Going Concern

In common with other government departments, the future financing of liabilities will be met by future grants of Supply and the application of future income, both to be approved annually. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Departmental Performance

Strategic Priorities and Objectives

In November 2020, Minister Carál Ní Chuilín, then Minister for Communities launched the Department's five year Strategy, "Building Inclusive Communities" which sets out how the Department will work across government, its Arm's Length Bodies and with communities.

DfC delivers a diverse range of functions that impact on the lives of everyone in our society, working together, tackling deprivation and inequality; developing better ways of engaging with communities and in particular those communities that are the most marginalised and vulnerable. The DfC Strategy has been designed to deliver the Department's Common Purpose of:

The Department's Strategy sets out long term outcomes over four cross cutting themes of Anti-Poverty, Wellbeing & Inclusion, Sustainability & Inclusive Growth plus Agility & Innovation, and priorities that are aligned to the Executive's plans for Covid-19 recovery and renewal. The next five years will be a challenging period, with ongoing financial constraints and potentially huge changes to the ways we live.

As the largest Department in the NICS, DfC is playing a critical role in contributing to the long term societal, economic and health and wellbeing recovery from the Covid-19 pandemic. Our five year strategy will build on all our work to date and serve as a road map, providing a clear direction for the Department. The Department aims to become a modern, agile and innovative organisation so that we can continue to make a positive difference to people's lives.

The key services provided and actions taken to meet these responsibilities as outlined in the Department's five year Strategy are listed below:

1. Delivery of the social security system including child maintenance support and pensions.

In 2020-21, DfC managed a social welfare budget of approximately £7 billion whilst ensuring public funds were utilised efficiently. Reducing fraud and error within the benefit system, including Housing Benefit, remains a key focus and in 2020-21, overpayments were recorded at 2.5% while underpayments were 0.8%.

The State Pension claim clearance achievement in 2020-21 was 98.9% cleared on or before the due date, against a target of 95%.

Housing benefit, aimed at helping people on low income with housing costs had an average turnaround time for applications of 6.26 days.

The average clearance time for Jobseekers Allowance applications was 5.9 days, Employment Support Allowance 13 days and Income Support 3.4 days.

Universal Credit (UC) is administered from three service centres and 35 Jobs and Benefits offices located throughout Northern Ireland and an Operational Control Centre based in Belfast.

The economic consequences of the Covid-19 pandemic began to impact claims to Universal Credit from 16 March 2020. From that date to the end of March 2021, just over 150,000 adults made new claims to Universal Credit, a significant increase on the previous year (>60%).

Throughout 2020-21, despite the significant increase in claims made and the challenges of offices being closed to the public, reduced office capacity and the introduction of remote working, 96% of new claims were paid in full by the end of their first assessment period.

The next phase of Universal Credit (UC) (known as 'Move to UC') will require those claimants who continue to receive any of the 6 legacy benefits UC is replacing to be managed across to UC. In NI, the Move to UC phase was temporarily paused in March 2020 in response to the Covid-19 pandemic. The Department for Work and Pensions (DWP) has now updated its approach to 'Move to UC' and has shared details of its planned roadmap up until 2024. This is currently under consideration within the NI UC Programme team.

In 2020-21, the Child Maintenance Service (CMS) in Northern Ireland supported 18,540 children, with £22.6 million in child maintenance payments arranged between paying parents and receiving parents. CMS continues to promote parents working together following separation and, where possible, to make family based arrangements for child maintenance. However, it is recognised this is not always possible, therefore CMS continues to offer a statutory scheme for parents who are unable to enter into a private arrangement to financially support their children. During the year, additional digital services have been introduced, including “Apply Online” and enhancements to the Self Service Portal, providing parents with more opportunities to engage with CMS, through online services, by choice. CMS also employed an average of over 730 full time equivalent staff in Belfast to deliver child maintenance services to parents in Great Britain on behalf of the Department for Work & Pensions.

2. Providing advice and support for those seeking employment and for those who are unable to work.

The Department spent approximately £15.3 million on Work and Wellbeing programmes designed to help unemployed and economically inactive people to find work, or those at risk of joining these categories, to remain in work. Whilst poverty is a multidimensional issue, assisting those that can move towards the labour market to find and retain good work is the most sustainable response to poverty.

The main work and wellbeing programmes delivered by the Department in 2020-21 were:

- Steps 2 Success – the Department spent £4.3 million and supported 6,100 benefit recipients towards finding and sustaining work thereby supporting the needs of employers and the economy. Referrals to Steps 2 Success ceased with effect from 18 March 2020 and all service delivery pertaining to Steps 2 Success formally closed on 31 March 2021.
- Workable NI – the Department spent £2.7 million through our disability employment programme supporting 942 people with a disability enabling them to find and stay in work.
- Employment Support – the Department spent £2.7 million assisting 389 people with a disability to remain in work.
- Condition Management Programme – the Department spent £2.5 million supporting 427 people on our health and wellbeing focused rehabilitation programme which utilises health professional expertise and support to help the individual client to progress towards, move into or return to paid employment

- Access to Work (NI) – the Department spent £1.7 million supporting 852 people with a disability or health condition providing assistance with travel to and from work, the provision of a support worker, provision of equipment and adaptations to premises.
- £1.5 million was spent on European Social Fund match funding programmes designed to help reduce economic inactivity, increase employment opportunities in our most deprived communities, reduce underemployment, and increase quality of life for people with disabilities by helping individuals find, or return to work.

In addition to Work and Wellbeing programme provision, the Department continues to work in partnership with employers, statutory bodies, local councils and other partners across Northern Ireland to offer tailored recruitment initiatives.

The Covid-19 pandemic has significantly impacted the labour market, with the majority of employers and sectors delivering their business in different ways and in a reduced capacity, with reduced recruitment needs. Whilst a high level of redundancies had initially been forecast, the Coronavirus Job Retention Scheme and its extension until September 2021 has helped mitigate the rises in unemployment forecast in 2020-21.

The main delivery themes for 2020-21 were:

- Working at a strategic and local level with employers to understand recruitment and retention needs, and seeking to agree a tailored response package of support from across the range of provision available through the Department and its partners, linking employers with jobseekers
- Collaborating with Councils and local partners, pooling collective experience and resources to deliver targeted employability interventions, contingency plan rapid response actions for redundancy situations, and promote close communication and collaboration in understanding and responding to local labour market needs
- Exploring and expanding delivery of services and interventions through digital channels, and in a more joined up and holistic approach with statutory partners.

3. Ensuring the availability of good quality and affordable housing.

Demand for social housing continues to be high with waiting lists of around 38,000. During 2020-21 the Department delivered 2,403 social new build starts against the target of 1,850. It should be noted that the increased starts are partially as a result of some schemes which were delayed from starting in the final quarter of 2019-20 as a result of Covid-19.

The Co-ownership Scheme, funded by the Department, has been targeted to deliver 4,000 affordable homes over a 4 year program (2020-21 to 2023-24), and a further 422 homes, as a result of additional stimulus funding, by 31 March 2022. 1,242 homes have been delivered in 2020-21 and progress is on track to deliver against the overall target. The Department's Affordable Homes Loan Fund pilot delivered 31 affordable homes.

On 27 August 2020, the Housing (Amendment) Act (Northern Ireland) 2020 received Royal Assent. This legislation allowed the Office for National Statistics (ONS) to review the reclassification of Registered Housing Associations to the public sector and led to their subsequent return to private sector classification. This reversal represents an important achievement for the Department against the commitment in New Decade, New Approach. This reversal has prevented a significant reduction in the number of homes supplied each year by Housing Associations due to public borrowing restrictions and the reduction of access to Financial Transactions Capital (FTC) funding available for Co-ownership.

The Northern Ireland Housing Executive (NIHE) under the oversight of the Department, has invested £130.2 million in maintaining the NIHE's 84,453 social homes, including £7.6 million on disabled adaptations (the Department provided £6.1 million). The Department also provided the NIHE with additional capital of around £52 million from in-year bids to invest in the maintenance of its homes. The Department has also provided £12.6 million to NIHE Regional Services to provide private sector grants, including the Disabled Facilities Grant.

This year saw a decision to exempt the NIHE from its liability to pay Corporation Tax. This realises one of the commitments given in New Decade, New Approach and resolves this long standing issue. Its exemption from paying Corporation Tax will provide the NIHE with much needed additional income (around £10 million per year based on an average of previous years) which will be spent on addressing its significant investment challenge, and for the benefit of its tenants. The exemption is also an important contribution to the Minister for Communities' future plans, which she announced in November 2020, for the revitalisation of the NIHE. The Department is liaising with Department of Finance (DoF) who in turn are working with Her Majesty's Treasury (HMT) in an effort to secure the refund of the Corporation Tax already paid by the NIHE.

The Department has developed an Interdepartmental Homelessness Action Plan. Minister approved the recommendation that year 3 actions would be carried over to 2021-22 and work has commenced on this. Minister also approved that year 2 actions would be published to reflect the position when work stopped due to Covid-19 pressures. All other participating departments have now confirmed they are content with these actions and the year 2 plan is being prepared for publication.

The Department also provides grant funding (£0.9 million in 2020-21) to Housing Rights to provide free, independent advice to people experiencing difficulty with housing and mortgage debt issues, and to help prevent homelessness in Northern Ireland. The funding also includes the provision of the landlord helpline and a pilot mediation service for private landlords and tenants.

The Department aims to tackle the blights of sectarianism, racism and other forms of intolerance by supporting people to improve communities and tackle disadvantage. This includes the completion of ten shared social housing schemes under the NI Executive Together: Building a United Community Strategy (T:BUC), and the programming of a further 35 Housing for All schemes. The Shared Housing Programme is now supporting 45 schemes in total with 1,480 units. Of these, 483 units are across the 10 T:BUC schemes and 997 units are across 35 Housing for All schemes.

Each shared housing scheme is supported through the establishment of an Advisory Group and the development and delivery of a five-year Good Relations Plan. The Good Relations Plan is delivered to all of the communities within a five-mile radius of the shared schemes.

There are now 990 Units in the Shared Housing Program.

4. Enabling, encouraging and promoting social inclusion, diversity and participation in society.

In January 2020 the New Decade New Approach (NDNA) committed to the development and delivery of a range of social inclusion strategies to support the Programme for Government (PfG). The Department is responsible for leading on:

- an Anti-Poverty Strategy
- a Disability Strategy
- a Gender Equality Strategy
- an Active Ageing Strategy
- a Child Poverty Strategy
- a Sexual Orientation Strategy

In October 2020, work commenced on the development of four new social inclusion strategies (Anti-Poverty; Disability; Gender Equality; and Sexual Orientation) using a co-design approach. Expert Advisory Panels were appointed to make recommendations to inform the development of the strategies. Each Panel was comprised of four members drawn from the voluntary and community sector and academia. The Panels submitted their recommendations to the Department in December 2020. Work on developing each of the strategies is progressing in conjunction with Strategy Co-design Groups, made up of representatives from relevant voluntary & community sector organisations, and Cross-departmental Working Groups comprised of representatives from relevant Executive departments.

The existing Child Poverty Strategy and Active Ageing Strategy have been extended until May 2022.

Poverty and Child Poverty Policy

The Department has responsibility for two statutory commitments related to Poverty and Child Poverty:

- the Life Chances Act 2010; and
- Section 28E of the Northern Ireland Act 1998.

The legislative requirement to publish a revised Child Poverty Strategy under the Life Chances Act 2010 does not apply after 31 March 2020.

In September 2020, the Executive agreed to extend the 2016-2019 Child Poverty Strategy to May 2022. The purpose of this extension is to allow time for key stakeholders to be consulted on whether the Anti-Poverty Strategy covering all age groups is sufficient or whether the development of a Child Poverty Strategy is also required.

The Department continues to implement and monitor the actions set out in the Executive's Child Poverty Strategy (2016-2022). This Strategy aims to reduce the number of children in poverty and reduce the impact of poverty on children, focusing on economic well-being, health, education and safe, secure and stable environments. A Child Poverty Annual Report for 2020-21 has been compiled and will be published and laid in the Assembly following Executive agreement.

Disability Policy

On 3 December 2020, in partnership with Disability Action NI, the Department hosted an online event to celebrate the United Nations International Day of Persons with Disabilities in December 2020.

The Department also worked alongside Cabinet Office Disability Unit to provide input to the development of the UK Disability Strategy.

Active Ageing Policy

The Executive agreed to extend the Active Ageing Strategy 2016-2021 until May 2022. A refreshed Strategy with updated actions was published in November 2020, including actions targeted at mitigating the impact of the Covid-19 pandemic on our older citizens.

The Department continues to work alongside Age NI and the Public Health Agency to support the work of the Age Friendly Network.

On 21 October 2020, the Department hosted an interactive, online discussion to mark Positive Ageing Month, which follows the United Nations (UN) International Day of Older Persons which takes place annually on 1 October. The event assembled a panel comprising experts from the health, operational and local government sectors for an audience of older people and organisations that represent them. The event provided a platform for discussion of progress on the Active Ageing Strategy and issues of topical importance to older people.

Gender Policy

On behalf of the Executive, the Department contributed to the 4th Annual Report to Parliament on progress towards the ratification of the Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence (The Istanbul Convention). This report was formally laid in the UK Parliament on 22 October 2020.

LGBT Policy

During 2020-21, the Department developed a programme of online events and articles to support a virtual PRIDE season, including arranging virtual benefit clinics and a social media video of the Minister offering words of support for LGBTQI+ equality. LGBTQI+ inclusion and visibility was marked over the year through social media on events such as Trans Remembrance Day and LGBT History Month. This work was important in the context of the pandemic and the isolation felt by many LGBTQI+ people.

Equality and Disability Duties

The promotion of equality and good community relations is at the forefront of the Department's programmes and activities. When considering the development and funding of programmes or projects, appropriate equality screening is conducted to ensure that the funding is used to benefit all sections of society and/or, if appropriate, that specific under-represented groups are targeted.

A comprehensive list of actions taken by the Department in relation to its equality duties is detailed in DfC's annual report to the Equality Commission.

During 2020-21, the Department reviewed its Disability Action Plan, developed a new action plan for the period 2020-2024 and undertook a public consultation exercise with a wide range of contacts from the political, voluntary and statutory sectors including disability organisations and departmental staff.

5. Promoting sports and leisure within our communities.

The Department has sustained its lead role in the strategic development and delivery of sport for Northern Ireland, promoting the benefits of participation in sport and physical activity from grassroots community level to elite level. In taking this forward, the Department provided over £36.5 million in 2020-21 to Sport NI. This included £27 million specifically provided to support the sports sector during the Covid-19 pandemic.

The Department has overall responsibility for developing a new strategy for sport and physical activity to replace the current 'Sport Matters' Strategy for Sport and Physical Recreation. Despite the restrictive impact of the pandemic, work has continued at pace throughout 2020-21 with additional research and extensive engagement with a range of sectors including the sports sector, Section 75 groups and a specific connection with non-participants and those leading sedentary lifestyles, which has been overseen by a Project Board which is made up of officials from councils, other Government Departments and key stakeholders as well as elected representatives.

As part of the work to engage extensively with stakeholders in sport and physical exercise, a number of engagement cohorts were identified in compliance with Section 75 obligations. The Department was aware anecdotally that there was a cadre of people who were habitually inactive for a range of reasons (exclusion, physical barriers, health reasons, economic reasons, no interest in sport, other life priorities etc.) or were comfortable in leading sedentary lifestyles. Therefore as part of our engagement, we engaged with as many inactive people as we could to analyse the key reasons for inactivity so as this could feed into our themes and proposed goals for the promotion of participation, inclusion and health and wellbeing.

Another key delivery priority has been supporting the implementation of the Active Living-

No Limits Action Plan 2016-2021 through Sport NI, Disability Sport NI and other delivery partners, which aims to provide greater opportunities for people living with disabilities to participate in physical activities and sports, bringing health improving benefits together with competitive success.

During 2020-21 the Department has extended the scope and reach of provision for those with learning difficulties such as the 'Gaelfast ADAPT Programme' with Antrim County Gaelic Athletic Association (GAA), has extended the provision of sports wheelchairs in support of wheelchair basketball and has provided increased opportunities for those with disabilities to access ice based activities with the Belfast Giants through the Sledge Ice Hockey Initiative. The Department has also supported other initiatives to improve access and participation in sport and physical activity including for example, disabled access to watersports activities through a partnership capital development at the Prehen Boathouse on the river Foyle, in conjunction with Derry and Strabane District Council.

The Department continues to take the lead on the cross-Departmental investment in Special Olympics Ulster in collaboration with the Department of Education and the Department of Health and during 2021 secured the approval for another 4 year Strategic Plan for the development and sustainability of Special Olympics Programming. The Department has also continued to address the key priority of increasing opportunities for women and girls to participate in sport and physical activity in line with the Active, Fit & Sporty programme.

The Department also leads on the Your School Your Club initiative, which aims to enhance school sports facilities for community use. Partners in the initiative include the Department of Education, Education Authority, Sport NI, Department of Agriculture, Environment and Rural Affairs and local Councils. With a modest investment of £0.5 million this year, ten projects have been supported through the initiative across a range of council areas and a mix of urban and rural areas throughout 2020-21.

The Ulster Council Gaelic Athletic Association (UCGAA) project team has continued to work closely with the Regional Stadia programme team to develop their revised draft full business case for the Casement Park Stadium project. The UCGAA project team continues to engage with the Department for Infrastructure (DfI) in their assessment of the

Planning Application for the redevelopment of the Stadium. The DfI Notice of Opinion to approve the application was published in October 2020. Work is ongoing with DfI to develop the Section 76 Planning Agreement with UCGAA. It is hoped that this process will be concluded in early 2021-22.

The Sub Regional Stadia programme team maintained its engagement with key strategic stakeholders including the Irish Football Association (IFA), the NI Football League and representatives from District Councils. A Club survey and a series of strategic engagements with stakeholders has been completed. Consideration of this evidence collated to date is ongoing and will help to inform the development of detailed plans for delivering a successful Sub Regional Programme.

6. Supporting local government to deliver services/through voluntary & community sector.

This Department is responsible for setting the policy and legislative framework under which Northern Ireland's 11 district councils operate and provide services.

During the year, the Department brought forward legislation in response to the Coronavirus emergency, to enable district councils to hold meetings remotely and allow them to continue the effective delivery of local services whilst being mindful of the health and safety of their members, officers and the public. The Local Government (Coronavirus) (Flexibility of District Council Meetings) Regulations (Northern Ireland) 2020, which came into operation on 1 May 2020, allow councillors to be able to follow public health advice in relation to social distancing whilst continuing to participate in democratic local government by allowing councils to hold meetings, with attendees taking part remotely. The Regulations also provide for public access to council meetings and associated documents to be complied with by remote means and website access.

The Department has completed its engagement with other departments at Board level to promote the embedding by those departments of Community Planning in their thinking and work.

Based on the recommendations of the report of Dr. Johann Gallagher, Strategic

Investment Board (SIB), “Towards a Programme of Support for Community Planning”, the Permanent Secretary Group (PSG)/Society of Local Authority Chief Executives (SOLACE) Engagement Forum established a joint working group to consider its implementation. Jointly chaired by DfC Deputy Secretary and a council Director, the Working Group agreed a timetable of Group workshops to be held in February, March, May and June 2020. The Group also asked DfC to arrange for the appointment of an independent facilitator to facilitate three of the Group’s workshops (February, March and May) and develop a written Implementation Plan based on workshop outputs.

A Reference Group, comprising nominees from Community Planning Statutory Partners, the community and voluntary sector, Northern Ireland Local Government Association (NILGA) and the Community Planning Officers’ Network was established with a view to considering and advising the Working Group on the development of the implementation plan.

Ernst & Young (EY) were appointed to provide facilitation services to the Working Group and support its engagement with the Reference Group.

Due to the Covid-19 pandemic, the necessity of self-isolation and the temporary transfer of staff in central and local government to other Coronavirus related priorities, all of the Working Group meetings scheduled for March, May and June were postponed.

It was possible to restart the process in November 2020 and the EY report was received by the Department in late March 2021. This has been considered by the Group joint Chairs and was considered by the PSG/SOLACE Engagement Forum in June 2021. The report contained an implementation plan which will now be taken forward by the Working Group.

The Local Government Act (NI) 2014 states that a review of a council’s Community Plan must be completed before the fourth anniversary of the date on which it was published. The publication date for the 11 community plans varied from late March to November 2017, so the review of plans by Community Planning Partnerships were due for completion by the relevant fourth anniversary date during 2021.

Covid-19 has caused disruption to normal working arrangements and created a difficulty for partnerships to meet these requirements in the manner initially envisaged. The link between community plans and the Programme for Government (although not statutory) also creates practical difficulty since community plans will naturally wish to reflect any substantial change to the PfG Outcomes which may be decided by the Executive.

The Department recognises that all partnerships either have or are currently considering changes to the plans that are needed in light of the Covid-19 pandemic. The Department considers that it will be sufficient to meet legislative requirements for Partnerships to formally confirm that a review of the community plan has been conducted and that Partners agree the plan continues to meet (or will meet in an amended form) the needs of the local community.

The Department provided the following grant funding to Councils in respect of the 2020-21 financial year:

- De-Rating Grant £31 million
- Rates Support Grant £22 million (including additional payments of £6.4 million)
- Transferred Functions Grant £5.9 million
- Covid-19 support for Local Councils £85.3 million

The Department worked closely with the Voluntary and Community Sector Emergencies Leadership Group, which was established in March 2020 to support and guide the Department's Covid-19 Voluntary and Community Sector Emergencies Response Programme. This included standing up a dedicated Covid-19 Community Helpline which responded to over 66,000 enquiries. The Helpline was the central channel for the public to access help with food, fuel, pharmacy and psychological support services, as well as independent advice services on issues such as employment, debt and benefits.

Over £1 million was provided through the Regional Infrastructure Support Programme to ensure the voluntary and community sector has access to the support it needs to function effectively and efficiently. As well as generic support, funding was provided for volunteering, women in disadvantaged areas and faith based engagement. Overall this Department provides significant annual funding in the region of £6.4 million for the delivery of independent, community based advice services.

For 2020-21, approximately £2.1 million was provided through a levy on the Financial Services sector by HM Treasury to help people struggling with debt. This was allocated to the advice sector for the provision of free independent debt advice to help find solutions for those who are over-indebted. There remains significant segments of people in NI in problem debt not seeking help, with the issue remaining taboo. The Department has been working collaboratively with Advice NI and its membership organisations to address this issue.

£4.2 million was provided through the baseline Community Support Programme (CSP) to the 11 district councils. The funding of £4.2 million provided by the Department is matched by councils and provides support for community centres, advice services, resource centres, and grants to community groups and the employment of Community Services staff in councils.

An additional £6 million Covid-19 Community Support Fund was distributed to councils under the CSP mechanism to support the grassroots community response to the pandemic and meet additional needs on the ground across council areas. The CSP mechanism was also used to administer the Department's £0.7 million Covid-19 Financial Inclusion Fund which supported the delivery of debt preventative and financial wellbeing measures.

Through the Women's Centre Childcare Fund, the Department provided approximately £0.8 million to support 76,000 two-hour child care places for families in need.

7. Identifying and preserving records of historical, social and cultural importance to ensure they are available to the public and for future generations.

The Public Record Office of Northern Ireland (PRONI) is the official archive and custodian of Northern Ireland's historical public record with legislative responsibility for the receipt, preservation and provision of access to public records including those of government departments, courts of law, public bodies and records deposited by businesses, institutions, churches and individuals. PRONI's most significant strategic and operational achievement during 2020-21 was service delivery continuing during the Covid-19 pandemic and several periods of lockdown including:

- Supporting victims of historical institutional abuse by working with the Executive Office, the Department of Justice and The Historical Institutional Abuse Redress Board to make information available from a wide range of PRONI records to support redress applications
- Switching from facilitating onsite to online PRONI public events and delivering 46 online public events attracting 4,888 attendees including four flagship events (1) Charles Dickens exhibition (June 2020); (2) Stay Home project (June 2020); (3) Restored from the Flames (September 2020); (4) Explore your Archives week (November 2020)
- Delivering a high profile series of 'Women in the Archive' engagement activities as part of The Making the Future project – a major collaboration with the Nerve Centre, National Museums NI and the Linen Hall Library
- Developing and publishing online records management guidance for the retention and disposal of public records and for public inquiries. Public Authority retention and disposal schedules were also laid at the Assembly
- Working in partnership with NI Screen on the UTV film and tape archive, over 500 UTV titles were catalogued and a programme of digitisation and online public engagement was delivered ensuring digital preservation of films/tapes and enhancing wider public access
- Publicly releasing in December 2020 a wide range of files/records relating to 1997 from Northern Ireland departments and the Northern Ireland Office
- Completing over 340 requests under legislation for access to court and inquest records resulting in over 470 files being released to applicants.

8. Realising the value of our built heritage.

DfC leads work across the historic environment sector. The Department convenes a broad Historic Environment Stakeholder Group which during the year has focused on responding to the issues facing the historic environment, and the historic environment sector, as a result of the restrictions in place to address the Covid-19 pandemic. The Group also considered the PfG consultation, and assisted in shaping Executive support for the sector, delivered via the National Lottery Heritage Fund, Architectural Heritage Fund and National Churches Trust. The pandemic saw the annual European Heritage Open Days in September moving online for 2020, requiring ingenuity and creativity by staff and venues, but allowing a wide range of participation.

The Department supported the wider sector to complete and publish Archaeology 2030: a strategic approach for Northern Ireland, which draws together a comprehensive action plan for the sector to allow archaeology to be accessed and valued by as many people as possible, led by a sector which is healthy, resilient and connected.

The Department developed and have commenced an NI Heritage skills programme in partnership with the Prince's Foundation, with six bursary students at the Moira centre of excellence progressing towards National Vocation Qualification (NVQ) Level 3 in heritage skills, working at a range of heritage sites.

The planning applications to which the Department is a statutory consultee remained steady at around 3,000 in 2020-21 (2019-20: 2,935 applications). The Department continues to apply energy to improve processes and collaborate effectively with district councils, and has been an active member of the Planning Forum established by DfI. The Department responded to 78% of applications within agreed periods and also provided substantive inputs to all councils as they develop their local development plans.

The Historic Environment Fund operated on a reduced basis this year, with the constraints of the Covid-19 period. The Department continued to support work on heritage at risk, transforming heritage and with councils, and were able to support some online events such as a series of ten lunchtime sessions over two weeks on vernacular architecture – organised by Armagh City Banbridge & Craigavon Borough Council and Ulster Architectural Heritage – which attracted 2,000 attendees. The Department has also worked with the Department of Agriculture, Environment & Rural Affairs (DAERA) to progress a Village Catalyst scheme to combat rural poverty and isolation through the reuse of heritage assets for community use, with projects in Gracehill, Ederney, Caloden and Rathfriland underway.

Works commenced on improved visitor facilities at Ballycopeland Windmill (partly supported by the DAERA Rural Tourism Fund), and works at Greypoint Fort supported by LEADER funding. The Department progressed further works at Dunluce and Carrickfergus Castles, and submitted an outline business case for a far-reaching City Deal project for heritage-led regeneration of Carrickfergus including the castle and walls. We have worked in partnership with Fermanagh and Omagh District Council, Waterways Ireland, Tourism NI and others to develop improved visitor information and interpretation at Devenish Monastic site. Our ongoing risk assessments and condition surveys have highlighted urgent matters at a number of sites, and we have brought forward projects to address these.

2020-21 has seen considerable work on the Department's holdings of artefacts, with the handing over of a new storage facility in Ballymena and work to review holding and pass to more appropriate custodians in a number of cases. This is ongoing work which is addressing a number of longstanding issues.

9. Supporting creative industries, and promoting the arts, language and cultural sectors.

Culture and arts play an important part in promoting cohesive communities to help the achievement of positive health and socio-economic outcomes.

In 2020-21, the Department provided:

- over £39 million to the Arts Council and Northern Ireland Screen to deliver support and development for the arts and creative industries sectors. Over £24 million of this funding was specifically awarded for Covid-19 support and to aid cultural resilience through the pandemic
- £4.9 million tothe North South Language Body comprising the Ulster-Scots Agency and Foras na Gaeilge
- £0.2 million for the Sign Language Partnership Group fund to support and develop local sign language communities and families in a cultural and linguistic context.

10. Providing free access to books, information, IT and community programmes through our libraries.

The Department provided £28.3 million to enable Libraries NI to deliver its broad range of services to the public. A further £5.1 million was provided to Libraries NI to support delivery of capital projects. Supporting literacy and supporting a love of reading remains the core work of Libraries NI.

11. Maintaining museums.

The Department works with and provides funding to its Arm's Length Bodies, including Armagh Observatory and Planetarium, National Museums NI and the NI Museums Council. £3 million of funding was provided to AOP, £15.8 million to NMNI and £0.22 million to NIMC.

12. Revitalising town and city centres.

The Department also seeks to progress major regeneration schemes aimed at delivering vibrant, attractive environments for our communities in our towns and city centres. These include:

- Delivery of the £19.3 million capital Covid-19 Recovery Revitalisation Programme which was delivered in partnership with councils, to mitigate the impact of the pandemic on town and city centres and to provide a safer environment for shoppers, visitors and workers. DfC contributed £12 million towards the Programme, with additional contributions of £5 million and £2.3 million from DfI and DAERA respectively. Over £8 million of the allocation has been used by councils to pay business support grants to businesses to allow them to install social distancing measures and other safety measures in their premises.
- Business Improvement Districts (BIDs) - The Department acknowledges the important role BIDs play and provided a £0.45 million Covid-19 Support Fund for BIDs to ensure that they can continue to play a key role in bringing local businesses and other stakeholders together to help regenerate their areas and to improve their local trading environment.

- St Patrick’s Barracks, Ballymena – the acquisition of lands necessary for the delivery of the new spine road has been completed. The procurement process to appoint a construction contractor will commence in early Spring 2021, with a view to construction commencing on site in Autumn 2021. Radius Housing Association has been appointed to deliver the (mixed tenure) shared housing and is expecting planning approval in late Spring/early Summer 2021.
- Queen’s Quay, Belfast – this site is the last major development site in the Laganside Designated Area. The Department has appointed an Integrated Consultancy Team to deliver outline planning for mixed use on the site with the expectation this will be delivered by early 2022.
- Queens Parade, Bangor –planning approval for the multi-use regeneration of the waterfront site was granted on 27 January 2021. The proposed development includes residential units, retail space, an extensive public realm scheme, a hotel, and arts/ leisure facilities.
- Fort George, Derry~Londonderry - The Department has approved, in principle, to dispose part of the Fort George site to the Western Health and Social Care Trust to accommodate a Cityside Health and Care Centre. In addition, the Department has commenced an exercise to revise the Development Framework Masterplan and is working with local and central government to address infrastructure issues which will help to unlock the full potential of the site.
- Across a number of Northern Ireland towns and cities the three Urban Regeneration Directorates (Belfast Regeneration Directorate, Regional Development Office and North West Development Office) have continued the development of Public Realm, Environmental Improvement and Revitalisation Schemes alongside local government and other statutory partners. In the past year, work included substantial public realm schemes in Belfast, Coalisland, Enniskillen, Newry and Dromore.
- As an Accountable Department for Action 3.1 of the PEACE IV programme, approved funding of €60 million (£50.4 million) for the creation of nine new shared civic spaces that will be used by all sections of the community, changing attitudes and behaviours and reducing segregation.

13. The Appeals Service (TAS).

In response to Covid-19, social distancing requirements resulted in the 35 different locations across NI including court houses used by TAS to facilitate face to face hearings becoming unavailable. The President of the Appeals Service took the decision to postpone face to face hearings on 18 March 2020 following the Executive's response to growing concerns around the spread of the virus.

As a result, TAS developed a range of hearing type options:

- Video link hearing;
- Telephone hearing or
- Paper hearing -a determination based on the papers before the Tribunal Panel.

Each appellant, whose case was postponed was offered the above options. Video, paper and telephone hearings re-commenced on 6 July 2020 on a phased basis. Following risk assessment and adaption face to face hearings recommenced on 19 October 2020 in Cleaver House with 6 further venues following (Strule Arts Centre Omagh, Jethro Centre Lurgan, ICC Belfast, Ballymena Business Centre; Strabane Enterprise Agency and Ballybot House Newry). The tightening of restrictions in December 2020 caused further disruption to the face to face hearings and whilst remote and paper hearings continued there was an inevitable impact on our customers and targets. Whilst hearings continued via telephone, video link and on paper, 63% of appellants opted to wait for a face to face hearing.

The work on statutory transfer continues to progress through the joint Department for Communities /Department of Justice (DoJ) Transfer of Functions Project Board, reporting to the joint DoJ/DfC Strategic Oversight Group chaired by the DfC Permanent Secretary. Officials from both Departments continue to liaise on key issues, many of which have now been largely resolved such as budget transfer and future anticipated appeal volumes.

Other Key Highlights

Our Response to Covid-19

There were a wide range of actions undertaken as a direct result of Covid-19:

- On 13 March 2020 the Permanent Secretary established a Covid-19 Departmental Operations Centre to oversee and manage all of the Department's business contingency operations and to report to the Top Leadership Team, Minister and the NI Hub.
- In addition to the £271 million ring fenced Covid-19 funding the Department received from the NI Executive, £26 million of departmental funding was made available in the year 2020-21 for Covid-19 Schemes.
- A total of 20 Coronavirus-related sets of regulations were made in relation to social security benefits to implement temporary policy changes to support the increasing number of people who needed urgent support from the social security system. Temporary changes implemented include the £20 a week uplift in the Universal Credit standard allowance, the increase in Local Housing Allowance rates to the 30% percentile of local market rents for those in receipt of Universal Credit and Housing Benefit, removal of the 3 day waiting period in Statutory Sick Pay, extending eligibility to those who need to self-isolate for medical reasons to protect others and suspension of the Minimum Income Floor for self-employed people in receipt of Universal Credit.
- Resources were redeployed across the Department including the provision of additional telephony to meet significant increases in new claims for Universal Credit and Jobseekers Allowance.
- Face to face assessments for all benefits and the recovery of benefit overpayments and loan repayments from a number of social security benefits were suspended.
- As provision of benefits had been identified as a key priority, the Work & Health and Supporting People Groups, produced a focused Covid-19 Contingency Plan and an Emergency Planning Group met regularly to manage service delivery.
- Funding of £13 million was allocated across a range of interventions to ensure the most vulnerable in society were able to access food throughout the year. This

included a food box scheme which delivered over 204,000 boxes to individuals between April and July 2020. Subsequently support was provided to a range of national charities and allocations made to the eleven Councils to support their local voluntary and community sector address ongoing need.

- £3 million was allocated to the Warm, Well and Connected initiative which supported those whose wellbeing was most acutely impacted by the pandemic over winter 2020-21. The initiative saw projects run across NI aimed at decreasing isolation and improving emotional well-being. The impact of cold conditions on wellbeing is clear and therefore £0.75 million of the £3 million was allocated to providing direct fuel support to over 8,000 households who couldn't afford to heat their homes during winter 2020-21.
- To support the Public Health advice on the wearing of face coverings, the Department commissioned 18,000 face coverings which were distributed to Ethnic Minority Groups and homeless populations, through The Executives' Office (TEO) Race Relations Partnership lead and through homeless services. Funding was also provided to the 'Big Community Sew', a community led initiative manufacturing and supplying face coverings to vulnerable people in communities. DfC funding led to the production and supply of 22,000 additional face coverings.
- £6 million was allocated for the Community Support Fund. This fund was distributed to Councils to provide support to the Voluntary and Community groups under the following categories – Financial, Food and Connectivity.
- Social housing landlords agreed that any tenant facing difficulties paying rent would not be evicted, the Housing Executive rent increase was put on hold for six months and private renters can be assisted through Universal Credit and Discretionary Housing Payments.
- The Department took primary legislation through the Assembly in five weeks to extend Private Rented Sector notices to quit and liaised with the Courts regarding repossessions to protect tenants affected by the pandemic.
- The Department produced guidance for private sector landlords and tenants, social landlords and tenants and homeless service providers.
- The Department also produced guidance which allowed the early reopening of the housing market (rentals, sales and house moves). The reopening was coordinated with a virtual housing panel, representing all parts of the housing

system.

- The Supporting People (SP) Programme provides housing support for approximately 19,000 vulnerable individuals to support them in living independently. Housing support services are very similar in nature to domiciliary care services. They have similar characteristics in terms of physical setting where clients are typically located in a shared confined space such as supported housing accommodation in which services are delivered. This by consequence means that both settings share the same challenges in terms of maintaining service delivery, as well as infection prevention and control.
- The Executive awarded funding to the Supporting People Programme to alleviate Covid-19 related pressures experienced within provider organisations such as:
    - Staff Shortages
    - Additional infection prevention measures
    - Loss of income from closure of social enterprises
    - Loss of housing benefit due to a lower client density
    - Contingency planning arrangements
    - Recruitment of new temporary staff
    - Sick pay for staff sickness and isolation due to Covid-19 (up to 80%)

  As of 31st March, actual spend stands at £9.6 million
- An additional £3.5 million was allocated for Covid-19 PPE Funding (reduced to £0.8 million following budget easement) in June 2020 to allow NIHE to fund Supporting People Providers for appropriate PPE throughout 2020-21.
- During 2020-21 the Department provided additional homeless funding of £7.4 million, including £0.3 million from the Department of Health for services targeted at those with no recourse to public funds. The funding allowed the Northern Ireland Housing Executive to greatly expand temporary accommodation services and provide a greater level of sector support via its partner organisations.
- The Housing Executive worked closely with partner organisations and providers from the Homelessness sector to extend, and introduce new services in direct response to increased demands resulting from Covid-19. The main priority for the Housing Executive was to protect and support people experiencing homelessness in order to minimise as far as possible the risk of these people contracting or spreading Covid-19 and also to endeavour to prevent further homelessness

occurring as a result of Covid-19. The recent Housing Executive report "The Way Home - Homeless Response to Covid-19" includes the priority areas which have been identified for continued action as part of the Housing Executives' Covid-19 homelessness response in collaboration with sectoral partners.

- The Covid-19 Charities Fund was first launched on 15 June 2020 to assist local charities facing severe financial difficulty as a result of the pandemic and to prevent their closure up to the end of September 2020. By the 21 August 2020, when the Fund closed to applications, The National Lottery Community Fund, who are administering the Fund on behalf of the Department, had received 644 applications requesting £13.4 million of support. 501 grants had been awarded valued at £8.8 million.
- Due to the ongoing impact of the pandemic, the Minister launched a second phase of funding on 6 January 2021 to meet the financial needs of charities until the 31 March 2021. Community Finance Ireland administered this phase of funding and when the Fund closed on 22 January 2021, a further 427 applications were received requesting £10.4 million. 386 grants were awarded valued at £7.2 million.
- Local Councils in Northern Ireland faced significant financial challenges as a result of the Covid-19 pandemic, and continued financial support from Government to alleviate losses sustained at this time is critical to ensuring they can positively contribute to local economic, social and environmental recovery, and help to play a very vital role in that recovery. Funding of £85.3 million was provided by the Executive and this was paid out to Councils by the Department during the 2020-21 financial year.
- The impact of Covid-19 on culture, languages, arts and heritage sectors has been profound. Cultural organisations and venues have been subject to extended closures with theatres and concert venues closed. Crucially, social distancing, the restrictions on numbers permitted to gather and the stay at home requirement has meant that cultural and arts activities have also been heavily curtailed in the course of the year. For venues and the professional side of the sectors this has resulted in significant loss of self-generated income for organisations and the future sustainability of many of those organisations is still at risk.

- The Department has provided funding of £36 million up to the end of 2020-21 to mitigate the impact of the pandemic on the culture, languages, arts and heritage sector which includes £28.3 million of Covid-19 support allocated by the Executive in September 2020. In partnership with a range of delivery partners, the Department has been able to financially stabilise over 900 organisations and in addition support 3,000 individuals from across the arts, heritage and the creative economy who rely on it for their livelihood.
- Financial support of over £28 million was provided to the Sports Sector to ensure that sports Governing Bodies and clubs could survive the impacts that the public health restrictions have had on their ability to generate income during Covid-19. This funding was administered by Sport NI and distributed through the Sports Hardship Fund (£2.3 million), the Covid Safe Sports PPE Packs (£0.8 million) and the Sports Sustainability Fund (£25 million).
- Practical support was also provided to the sector with regard to advice and guidance on a phased, safe return to sport.
- The £3.8 million Voluntary, Community and Social Enterprise (VCSE) Sector Covid Recovery Fund opened on 12 November 2020. The fund's aim was to help the VCSE sector to safely deliver essential services during the Covid-19 crisis, with an allocation of £2.5 million to assist with purchase of PPE to facilitate safe reopening. Additional funds of £1.3 million were made available to provide IT and digital devices to VCSE groups which needed to move services to an online platform. The fund was distributed by Co-operation Ireland in partnership with Rural Community Network and attracted over 1,200 applications from VCSE organisations across NI. The Fund resource of £3.8 million will be fully utilised, with the exception of a £0.1 million easement from the £2.5 million resource/PPE element of the Fund.
- The £9.2 million Covid Social Enterprise Fund opened on 28 September 2020 and closed on 23 October 2020. Awards from the Covid Social Enterprise Fund will support social enterprises that already deliver services and products but find themselves in financial difficulties directly as a result of the coronavirus pandemic. The primary intention of the fund is to help social enterprises to stabilise and manage cash flow over this difficult period. Awards were distributed as a one-off payment and are intended to cover a shortfall of earnings due to Covid-19 over the period from March 2020 - August 2020 in order to help the

social enterprises achieve resilience in their business models. The fund approved 315 grants with an average grant of £29,000 per organisation. The fund was co designed with Social Enterprise NI and is administered by Community Finance Ireland on behalf of the Department for Communities (DfC).

Throughout the pandemic period all Departmental offices remained open. Social distancing measures and risk assessments to ensure buildings were Covid-19 secure for staff to perform essential work from an office setting were put in place. The Department also worked at pace to enable staff to work from home, where this could be facilitated. This included the deployment of over 8,000 additional laptop and mini-PC devices to allow more staff to work from home.

The Department also had a number of other significant achievements or implemented a number of important initiatives during the year. These included:

Discretionary Support Self-isolation Grant

A non-repayable Discretionary Support self-isolation grant was introduced back in March 2020 to support people who find themselves in financial difficulty after they or a member of their immediate family has been diagnosed with Covid-19 or advised to self-isolate.

There is no restriction on the number of self-isolation grants that a person or a member of their immediate family can receive and any award made will not adversely impact future applications to Discretionary Support.

The amount awarded is to provide for basic living expenses e.g. food and personal care items and will make provision for all of the children in a household.

To provide further help, on 16 November, former Minister Ní Chuilín enhanced self-isolation grants further by introducing longer award periods for people suffering from a loss of income, alongside increases to the maximum personal rate available.
The Department has been proactive in promoting the self-isolation grant with links in Public Health Agency (PHA) guidance to the Finance Support webpage and information included as part of the StopCovid app notification process.

In recognition of the increased levels of transmission, the Department embarked on an intensive awareness promotional campaign in January 2021. In the period from 25 March 2020 to 31 March 2021 the Department made 16,895 Discretionary Support self-isolation grant payments totalling £2.4 million.

The Department supported projects as part of the Executive's **Together: Building a United Community (T:BUC)**. This good relations programme is delivered through the medium of sport, physical and creative activity. The programme has three key elements:

- Uniting Communities through Leadership
- Uniting Communities through Community Activity
- Uniting Communities by Building Capacity

In 2020-21 the Uniting Communities Programme spent £0.685 million delivering projects in the three key elements highlighted above.

People and Place – A Strategy for Neighbourhood Renewal

Under People and Place – a Strategy for Neighbourhood Renewal approx. £18 million is invested annually across 65 geographical areas through the Neighbourhood Renewal, Areas at Risk and Small Pockets of Deprivation programmes.

Support is provided to over 300 projects that seek to improve key outcomes in areas such as health and wellbeing, community development, education, skills and employability.

Grant Flexibilities

At the onset of the pandemic in March 2020 Minister Hargey wrote to DfC grant funded organisations detailing a two strand approach to support delivery of critical services on the ground:

- Flexibility in Grant Funding; and
- Covid-19 Community Support Fund

The primary aim being to support our delivery partners in ensuring that as far as possible services were maintained to mitigate the impact across our most vulnerable communities.

In line with that approach the Department introduced grant funding flexibilities, to provide breathing space enabling organisations to focus on supporting many of those in our communities who needed help more than ever given the extraordinary circumstances. In many cases the organisations funded through Neighbourhood Renewal have been the first responders in providing vital services during the pandemic.

Northern Ireland Refugee Resettlement Scheme

During 2020-21 arrivals expected under the refugee resettlement scheme were cancelled due to the Coronavirus pandemic. The Department continued to work with the Consortium delivery partners to ensure that the refugees already settled in Northern Ireland were adequately supported during lockdown. The Department is also working with the Consortium to develop a new model in readiness for the restart of resettlement in Northern Ireland.

Environmental and Sustainability Commitments

The Property Management team responsible for the office estate continues to work with colleagues in DoF Central Procurement Division’s Energy Efficiency Unit, to ensure the office estate that the Department owns and occupies remains as energy efficient as possible. Continued use of Building Energy Management Systems (BEMS) assists local premises officers in understanding and controlling office temperatures. Effective use of these systems coupled with monthly reporting of energy consumption assists the Department in contributing to the Strategic Investment Board (SIB) new Energy Management Strategy and Action Plan to 2030 for the Northern Ireland Central Government Estate, which aims to reduce energy consumption by 30%.

The Department is committed to reducing waste and has well established recycling services in all its buildings.

Energy efficiency continues to be a Departmental priority helping to deliver long term health, economic and environmental outcomes. It will be important to ensure a fair and just transition to net zero carbon without creating inequalities and to align carbon reduction policies and plans for domestic housing and households with other emerging strategies. Departmental officials continue to work closely with colleagues in the Department of the Economy (DfE) on the Energy Strategy and with DAERA on the Green Growth Strategy. The responses to the DfE Energy policy options consultation and the Call for Evidence for the Housing Supply Strategy will inform the future development of a new Fuel Poverty Strategy.

In 2020-21, £7.9 million was provided through the Affordable Warmth and Boiler Replacement Schemes improving energy efficiency in over 3,400 homes. Delivery and uptake of both schemes was significantly impacted by the Covid-19 pandemic.

Sustainable buildings have a positive impact on the natural environment as well as improving wellbeing and comfort for residents. The Department working in conjunction with the NIHE and DfE has secured €23 million from the European Regional Development Fund. The NIHE is using this money as part of a €45 million (£39 million) programme to reduce carbon dioxide emissions through improving the energy efficiency of some of its non-traditional homes. This work has been impacted by the Covid-19 pandemic and the unprecedented pressures it placed on the NIHE during this period.

Impact of the UK's exit from the European Union (EU)

DfC has worked closely with colleagues in the Executive Office, the other NI Executive Departments, local councils and with key stakeholders to ensure that appropriate arrangements were in place for the UK's exit from the EU and the end of the Transition Period on 31 December 2020. The overall aim of this work was 'To ensure that, in so far as is possible, the important services for which this Department has responsibility continued to be delivered, to an agreed standard, under the terms of the UK's exit from the EU'.

Since the end of the Transition Period, the Department has continued to focus on the EU Future Relations agenda (and on developments within the UK) to prepare for any potential impacts on the services which we deliver.

Rural Needs Act (NI) 2016

All Northern Ireland departments are responsible for ensuring that they fulfil duties under the Rural Needs Act (NI) 2016. Section 1 of the Act places a statutory responsibility on public authorities to have due regard for rural needs when developing, adopting, implementing or revising policies, strategies and plans.

An annual report for 2020-21 will be made to DAERA later in 2021, in line with our statutory duties.

Complaints Handling

The Department is committed to a consistent approach to complaints handling. It helps ensure customers are provided with a good standard of care and that internal control mechanisms are effective and impartial. This should minimise the need for our customers to seek redress from the Northern Ireland Public Services Ombudsman or other external bodies.

Apart from the opportunity to acknowledge any shortcomings, the Department views complaints as an opportunity to review, develop and improve business practice, to learn from mistakes and implement tangible improvements to policies, procedures and processes.

During 2020-21, the Department received a total of 507 complaints and responded to 85% of all complaints within 10 working days. The majority of complaints were received by the Work and Health and Supporting People Groups whose responsibilities include the administration and awarding of benefits. Where a complaint is upheld, lessons learned are shared across business areas, contributing to improvements in meeting our customer needs.

The Departmental customer complaints policy can be found at https://www.communities-ni.gov.uk/dfc-complaints-procedure.

Conclusion

In the face of unprecedented pressures arising from Covid-19, the Department has continued to deliver an excellent service that positively impacts upon the lives of many vulnerable people across Northern Ireland both directly and indirectly. I believe that the first anniversary of the Covid-19 pandemic marks a year which has been tough for us as individuals, as families, as teams and as a Department. I commend all the staff on their resilience, tenacity, dedication and diligence. Our people have stepped up and ensured services are delivered during one of the most difficult and biggest challenges to society over the past century. As I reflect on the past year and the vast range of interventions, programmes and initiatives that we have developed to tackle the pandemic, I am proud to be part of a Department that has done, and is continuing to do, so much throughout the pandemic to support our communities and the sectors that rely on us. As I look forward to the year ahead, I do so with confidence and optimism that the Department and its staff will continue to deliver excellent services to the citizens of Northern Ireland. With the Executive's easing of restrictions and the advances with the vaccination programme, we are another step closer to returning to some sense of normality and my Department will continue to play a key role in that journey.

Tracy Meharg

TRACY MEHARG
ACCOUNTING OFFICER
04 AUGUST 2021

Accountability Report

The purpose of the accountability section of the annual report is to meet key accountability requirements to the Assembly. The requirements of the accountability report are based on the matters required to be dealt with in a Directors' Report, as set out in Chapter 5 of Part 15 of the Companies Act 2006 and Schedule 7 of SI 2008 No 410 and in a Remuneration Report, as set out in Chapter 6 of the Companies Act 2006 and SI 2013 No. 1981. The requirements of the Companies Act are adapted for the public sector.

The Accountability Report therefore comprises:

a) the Corporate Governance Report (consisting of the Directors' report, Statement of Accounting Officer's Responsibilities and Governance Statement);

b) the Remuneration and Staff Report; and

c) the Assembly Accountability and Audit Report (which includes the Statement of Assembly Supply and supporting notes and disclosures relating to regularity of expenditure, losses and special payments, remote contingent liabilities and long-term expenditure trends).

Corporate Governance Report

Directors' Report

Management of the Department.

DfC is one of nine Northern Ireland Departments created on 9 May 2016. The Permanent Secretary, Tracy Meharg, is the Department's most senior official and the Minister's principal advisor. The Northern Ireland Assembly was dissolved from 1 January 2017 until an Executive was formed on 11 January 2020. Ministers were not in place during this time. From 11 January 2020, the Department for Communities was under the direction and control of NI Assembly Minister Deirdre Hargey. Carál Ní Chuilín replaced Deirdre Hargey as Minister for Communities from 15 June 2020 until 16 December 2020 when Minister Hargey returned to her post.

The Permanent Secretary chairs the Departmental Management Board which comprises senior officials in charge of each executive business area plus two non–executive Board members (NEBMs).

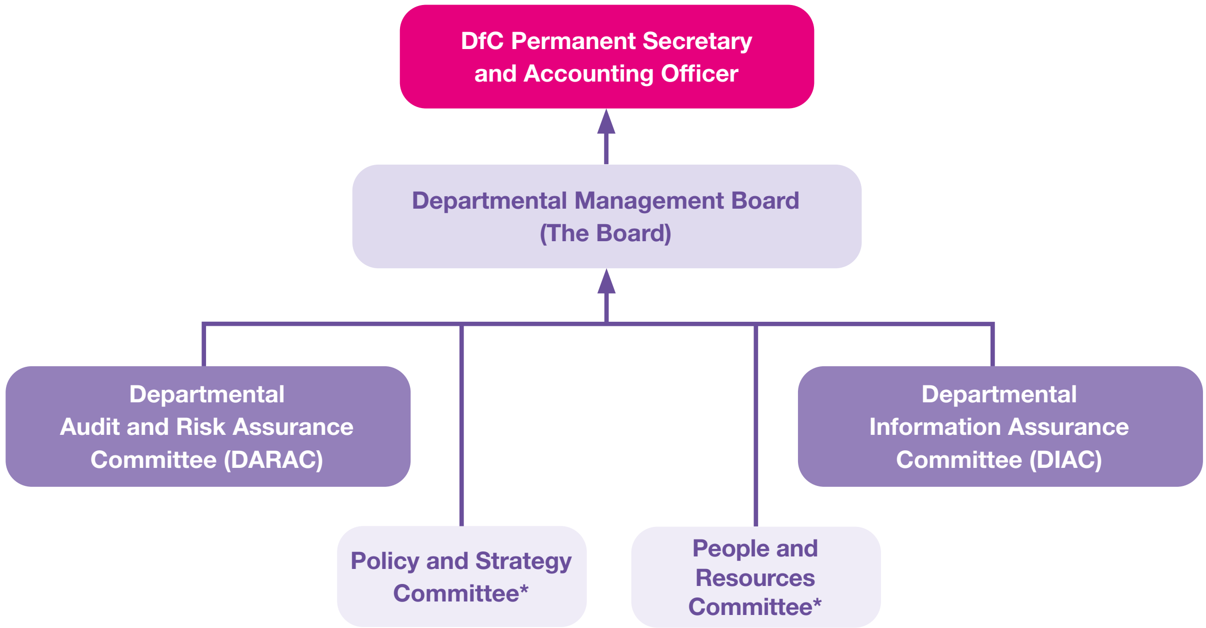
Appointment of the Permanent Secretary and Members of the Management Board

The Permanent Secretary is appointed by the Civil Service Commission under the terms of Article 6 of the Civil Service Commission (NI) Order 1999.

Appointments to executive Board positions are determined in accordance with NICS promotion and appointment procedures.

NEBMs are appointed by the Accounting Officer, following open competition.

Board and Committee Structure in 2020-21



*New Committees which commenced in 2020-21

Departmental Management Board (the Board)

The Board assists the Permanent Secretary, as Accounting Officer, in meeting the governance requirements for the Department. Responsibilities include the provision of advice on a number of matters which are reserved to the Board. These are set out in the Board's Operating Framework, agreed annually and assigned to specific Board meetings through the year.

Throughout 2020-21 the Board received assurance reports from both DARAC and DIAC. It also received and scrutinised regular stewardship reports encompassing key financial, budgetary and HR data and undertook regular review and oversight of principal risks and associated actions.

Departmental Audit and Risk Assurance Committee (DARAC)

DARAC is a committee of the Board, independent of the Department's executive structure and with no executive powers. Its role is to support the Board on issues of risk, control and governance through reviewing the comprehensiveness, reliability and integrity of the Department's assurance processes. The terms of reference for DARAC are agreed by the Board in line with the DoF Audit & Risk Assurance Committee Handbook (NI 2018) https://www.finance-ni.gov.uk/publications/audit-committees .

The committee is chaired by a NEBM and membership is made up entirely of NEBMs and members independent of the Department's executive structure. The Committee meets four times a year with additional Focus Sessions arranged, where appropriate, to allow more detailed consideration of specified topic areas. Dedicated Focus Sessions are held each year to consider the Department's Financial Statements and estimates of Fraud and Error for disclosure within the Financial Statements, these Focus Sessions were held in June 2021.

Departmental Information Assurance Committee (DIAC)

DIAC is a committee of the Board whose role is to ensure that the Department has appropriate policies, management and governance systems to effectively protect the considerable volume of information, held by the Department. DIAC assists the Board and Accounting Officer with responsibilities relating to the use, processing, storage, sharing and transmission of information or data and the systems and processes used for those purposes.

DIAC is chaired by the Department's Senior Information Risk Owner (SIRO). Committee membership encompasses the Departmental Security Officer, the Departmental Data Protection Officer, the Knowledge & Information Manager, the IT Security Manager, the Departmental Accreditor, the Head of Internal Audit and relevant Information Asset Owners.

Areas of DIAC focus during 2020-21 included:

- Adequate protection of the Department's information and physical assets whilst working remotely;
- Monitoring and advice on the management of departmental information and security risks including cyber and physical environment risks;
- Information Assurance; Records Management; IT Security and Information Systems;
- Accreditation and Information Risk Management;

- Oversight of all departmental information assurance issues; and
- Ensuring good information and governance principles and policies are adhered to across the Department.

People and Resources Sub-Committee

The People and Resources Sub-Committee commenced operation in 2020-21 and meets on a quarterly basis. The Committee oversees strategic resource planning in DfC from a financial, HR, capability, staff engagement, accommodation and IT perspective.

The focus of this Committee is to support the Accounting Officer and the Board in the strategic management of the Department's human resources planning and associated funding. The Committee is chaired at Deputy Secretary level and reports quarterly to the Board.

Policy & Strategy Sub-Committee

The Policy and Strategy Sub-Committee commenced operation in 2020-21 and meets quarterly in line with business planning timetables. The Committee is chaired at Deputy Secretary level and its focus is to oversee, scrutinise and monitor policy development, delivery and evaluation across DfC, in line with Programme for Government (PfG), Ministerial commitments and departmental strategic priorities. The Committee is responsible for providing assurances to the Board in relation to the delivery of the DfC Strategy and the Department's legislative programme. The Committee's remit also includes agreeing the professional support services required in support of evidence-based policy making and ensuring that DfC staff have access to information and support to allow them to develop the necessary policy making skills.

Board and DARAC Record of Attendance for 2020-21

Departmental Management Board Attendance Record 7 Board Meetings held during 2020-21			
Board Members	**Meetings attended**	**NEBMs**	**Meetings attended**
Tracy Meharg Permanent Secretary & Accounting Officer	**7/7**	**John West** NEBM / DARAC Chair	**7/7**
Moira Doherty Deputy Secretary	**6/7**	**Duncan McCausland** NEBM / DARAC Deputy Chair	**7/7**
Jackie Kerr Deputy Secretary	**6/7**		
Colum Boyle Deputy Secretary	**7/7**		
Beverley Wall Deputy Secretary	**7/7**		
Mark O'Donnell Acting Deputy Secretary from 06-04-2020	**7/7**		
Finance Directors and the NICS HR Business Partner for DfC also attend Board meetings.			

DARAC Attendance Record 4 meetings held during 2020-21. Quorum for meeting – 3 members			
NEBMs	**Meetings attended**	**Independent Members**	**Meetings attended**
John West DARAC Chair	**4/4**	***Emer Morelli** Independent member from 01-11-2020	**1/1**
Duncan McCausland NEBM / Deputy Chair	**4/4**	****Seamus Wade**	**4/4**
The Strategic Policy & Professional Services Deputy Secretary, the Director of Financial Management, the Director of Governance & Commercial Services and the Head of Governance attend DARAC meetings along with the Departmental Accounting Officer, the Head of Internal Audit and the NIAO.			

Board and DARAC meetings have continued throughout the Covid-19 pandemic with meetings conducted remotely.

***Emer Morelli** is a senior civil servant in the NICS Department of Finance.

****Seamus Wade** is a senior officer in the Education Sector.

Conflicts of Interest

A Register of Board Interests is maintained by the Department and published annually on the Department's website: [www.communities-ni.gov.uk/ publications/departmental-management-board-register-interests](www.communities-ni.gov.uk/publications/departmental-management-board-register-interests).

In the event of an actual or perceived conflict of interest, Board members will exclude themselves from all relevant discussions in respect of that item of business and the conflict will be formally recorded in Board minutes.

During 2020-21 one NEBM conflict of interest was declared at the Departmental Management Board meeting of 26 August 2020. No other Board members have declared any significant interest which would conflict with their management responsibilities.

Data Protection Arrangements

The Department places considerable emphasis on protective security and under data protection legislation there is a statutory obligation to report high risk breaches to the Information Commissioner's Office (ICO) within 72 hours of discovery. All major security incidents involving personal data are fully investigated, with lessons learned, controls improved and further training instigated (where necessary).

Lead Non-Executive Director's Report

The Departmental Management Board oversees performance against plans, preparations for future challenges, and the effectiveness of risk management and controls in the Department. The two Non-Executive Directors on the Board advise and support the Executive team on key issues discussed at the Board, and through the Departmental Audit and Risk Assurance Committee (DARAC) they provide an independent challenge of assurances from Deputy Secretaries in order to provide a confident onward assurance to the Accounting Officer to support her annual Governance Statement.

During the year to April 2021, the Board met on seven occasions, all remotely due to Covid-19 restrictions. Areas covered are summarized below. The variety and scope of discussions at Board fully reflect the scale and range of responsibilities within the Department, constantly focusing on the big priorities while also keeping other important matters moving forward.

Supporting our Customers

The Board received regular reports on the increased demand for primary benefits and voluntary and community sector services, right from the outset of the pandemic. Despite the challenges of keeping staff safe, managing social distancing for key workers and building capacity for remote working the Department has managed to consistently pay over 95% of all claims on the expected date. The timely rollout of Universal Credit, completed in 2019, brought a level of resilience which enabled the benefit system to withstand unprecedented pressures during this period. In addition, the Board received updates on the implementation of Welfare Reform, Community Planning, Disability Employment programmes and Labour Market Recovery Interventions.

Supporting our People

At the start of the year the Board received a timely briefing on flexible working practices, something which was almost instantly put into practice as the pandemic struck. The Board was also updated on the People Strategy and People Action Plan, Leadership and Wellbeing programme, Training Plans and Diversity Action Plans. Staff survey results were reported along with Investors in People survey results and Covid pulse surveys, carried out to assess staff feedback and support needs. The Board also discussed a significant NIAO report on Capability and Capacity within the NICS and its implications for the Department.

The Way We Plan, Organise and Work

Arising from a review of Board effectiveness facilitated by Ernst & Young in 2019, two new Board Sub-Committees were established covering People & Resources and Policy & Strategy. This is enabling closer scrutiny of these key areas with outcomes reported to Board. In addition to standing items such as operational performance, business planning and financial stewardship, the Board spent significant time on the departmental risk framework and the development of a new risk register. A Covid risk register was established early in the year to increase focus on Covid-specific threats. This has now been largely closed down and focus has turned to recovery planning, delivery of services in a post-pandemic world and the future shape of the workplace. A detailed review and refresh of Business Continuity arrangements is nearing completion and the Board also heard proposals to develop enhanced economic research capability in partnership with external experts.

Other Significant Topics presented to Board

- Brexit, the EU and Future Relations
- Climate Change
- Historic Environment Division critical upkeep challenges
- Fraud & Error in Benefit Delivery
- Revised Sports Strategy
- Casement Park progress report
- National Museums Corporate Strategy
- Northern Ireland Housing Executive – challenges and opportunities

Departmental Audit and Risk Assurance Committee (DARAC)

I am chair of DARAC, supported by my fellow non-executive Board member, Duncan McCausland as Deputy Chair and two Independents, Seamus Wade and Emer Morelli. DARAC met four times during the year and held two focus sessions. Overall, the Committee has reported to Board that it is satisfied that risk management, control and governance in the Department have been adequate and effective over the last year, and the completeness of assurances received by the Committee and the openness in calling out significant issues have been commended.

The dominant issue which the Department had to address during the year was the pandemic. This necessitated increasing risk appetite and resetting controls for a period to ensure that urgent assistance could be made available to the most vulnerable. Decisions were taken at speed, services were transformed to remote delivery and normal governance was on occasions necessarily shortened in order to maintain crucial support. DARAC was fully briefed on new arrangements and controls and was strongly supportive of the approach being taken across the Department.

Areas where the Committee considers there is a need for ongoing focus include the establishment of partnership agreements with ALBs; monitoring of risks to the delivery of key departmental objectives which stem mainly from funding and resourcing issues; and the future organisational delivery model review project, which is a key strategic response to these issues.

Conclusion

The year ahead will remain challenging with the ongoing pandemic continuing to dominate and disrupt. The knock-on effect on the labour market and on our communities will make DfC’s role even more critical in assisting people into work and supporting those who most need help. Recovery plans are being developed, and at the same time the Department remains clearly focused on delivery of its business plan and strategy

I am looking forward to continuing to support the Executive Team and colleagues on this challenging journey during 2021-22.

John West
Lead Non-Executive
Department for Communities

Statement of Accounting Officer’s Responsibilities

Under the Government Resource and Accounts Act (NI) 2001, the Department of Finance (DoF) has directed the Department for Communities (DfC) to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the ‘Government Financial Reporting Manual’ and in particular to:

- Observe the accounts direction issued by DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the ‘Government Financial Reporting Manual’ have been followed, and disclose and explain any material departures in the accounts;
- Prepare the accounts on a going concern basis;
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

DoF has appointed the Permanent Secretary as Accounting Officer of the Department and also for the Child Maintenance Service Client Funds. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding DfC’s assets, are set out in Managing Public Money NI.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that DfC’s auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

Introduction

The DfC Governance Statement has been compiled from work throughout the year to support stewardship, management and control of the Department. It supplements the annual accounts and explains the framework of governance and risk management operated in support of my role as Departmental Accounting Officer.

Governance Framework

Overview of Arrangements

DfC has a corporate governance framework in place which specifies organisational and governance structures, roles and responsibilities of those charged with governance, and key internal control, risk management and assurance arrangements. The framework is in line with the 'Corporate Governance in Central Government Departments: Code of Good Practice NI 2013' and is available at https://www.communities-ni.gov.uk/publications/dfc-corporate-governance-framework

The Department operates under the direction and control of the Minister for Communities. The Minister is responsible and accountable to the Assembly for the policies, programmes and actions of the Department. As Permanent Secretary for DfC I am the Minister's principal adviser as well as the administrative head of the Department and the Departmental Accounting Officer.

Ministerial Directions

I am required to disclose where I, as Accounting Officer, have sought formal Ministerial Direction to proceed where I believe I am being asked to take a course of action that could potentially result in irregular expenditure, impropriety or poor value for money.

I can confirm that Minister Hargey issued a written Ministerial Direction to DfC officials to put in place arrangements to make one-off, recognition payments through the Northern Ireland Housing Executive (NIHE), to Supporting People and Homelessness sector staff in recognition of the work they have done during 2020-21. Minister's decision will see payments made to around 4,000 Supporting People and Homelessness sector staff. Payments will cost an estimated £3.5 million funded from Covid-19 funds already allocated to the Department and the Housing Executive for 2020-21. The recognition payment is similar to the recognition payments announced by the Health Minister for Health and Social Care staff and may impact on recipients' social security benefit entitlement. The Ministerial Direction on Supporting People and Homelessness sector staff recognition payments was approved by the Finance Minister on 18 June 2021. Implementation is being closely monitored in discussion with key stakeholders in the NIHE and the Department of Health.

Minister Hargey has also issued a written Ministerial Direction to DfC officials to put in place arrangements to make a payment to Parkanaur College. This funding will support the college in 2021-22, allowing the college to consider their future delivery model and funding arrangements beyond 2021-22. Finance Minister approved the Ministerial Direction on funding to Parkanaur College on 26 March 2021.

Management and Organisation of the Department

As Accounting Officer I am personally responsible and accountable for the effective management and organisation of the Department, the efficient and effective use of its resources and the stewardship of its assets. I am assisted in my role as Accounting Officer by a Departmental Management Board which encompasses DfC Deputy Secretaries along with NEBMs operating as a collegiate committee under my leadership.

The Board is supported in its role by a Departmental Audit and Risk Assurance Committee (DARAC) and a Departmental Information Assurance Committee (DIAC). Two further Sub-committees of the Board were established following an independently facilitated review of Board Effectiveness in 2019-20. These new committees, the Policy & Strategy Sub-Committee and the People & Resources Sub-Committee began operating in 2020-21. Information on Board and Committee structures, attendance and areas of focus for 2020-21, are outlined within the Directors' Report on pages 55-60.

Board Performance and Effectiveness

Minutes of Board meetings are available at: https://www.communities-ni.gov.uk/publications/departmental-management-board-minutes

A Register of Board Interests is maintained and 'Conflicts of Interest' is a standing agenda item for Board meetings where members are asked to declare any interests relating to items on the Board agenda.

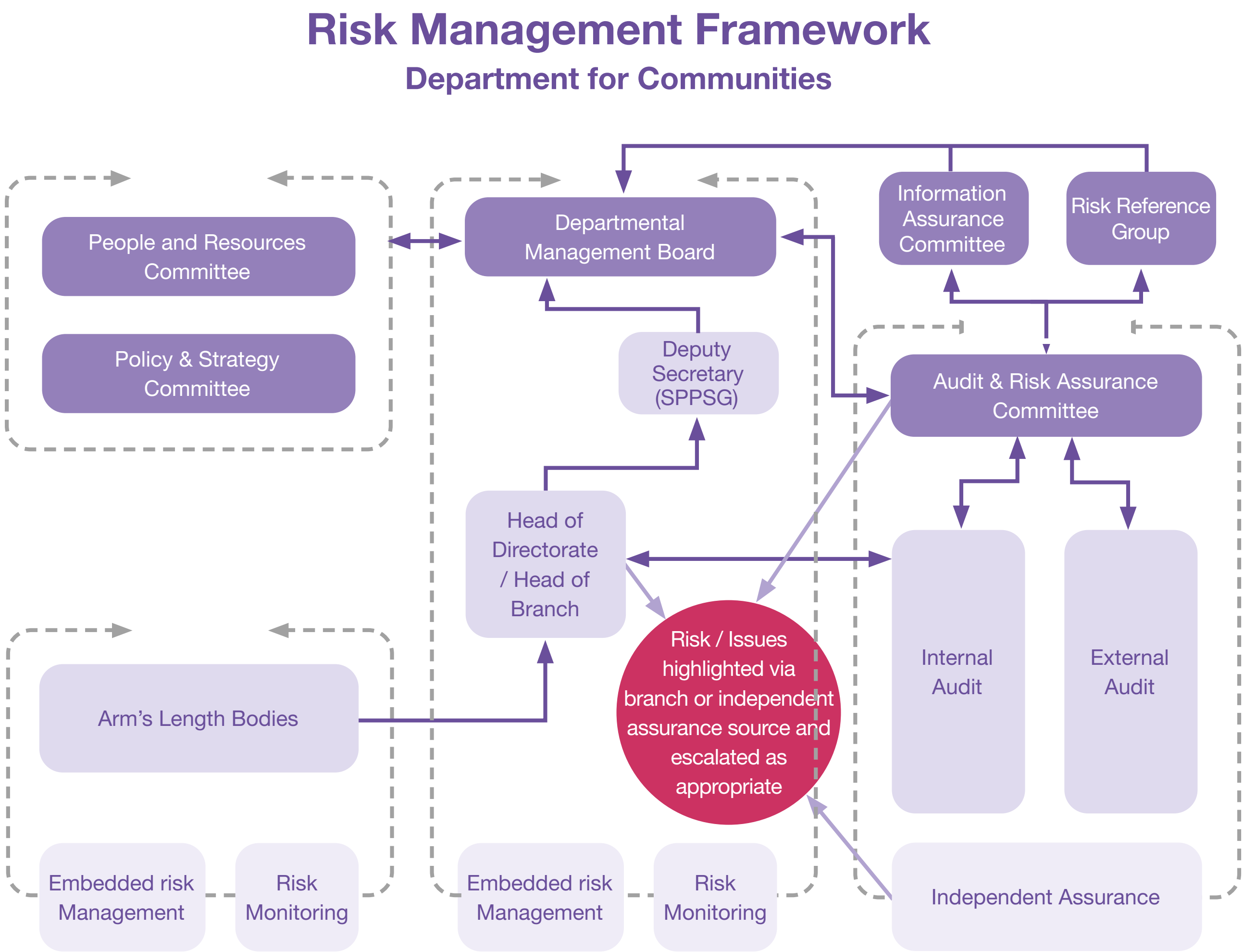
The Board undertakes an annual review of effectiveness in line with the Corporate Governance Code and its Operating Framework. Annual reviews consider the Operating Framework, the effectiveness of the Board's oversight of the important issues facing the Department and the quality of information available to the Board. Oversight of performance and risk and consideration of Board culture are key, together with the opportunity for Board member self-assessment. The annual review for 2020-21 took place in June 2021 with additional areas for consideration drawn from the new 'HM Government Orange Book: Management of Risk – Principles and Concepts'. The additional risk aspects support the Orange Book requirement for annual review of the risk management framework and the principle of comply or explain. The annual review has confirmed Board effectiveness, compliance with the Board Operating Framework and the mandatory requirements of the Orange Book. Proposals to further enhance Board effectiveness will be progressed during 2021-22.

DARAC Review of Effectiveness

DARAC undertakes an annual review of effectiveness in line with recommended best practice. The 2020-21 review was undertaken using the NAO Audit and Risk Assurance Committee Effectiveness Checklist. DARAC met on 26 April 2021 to consider the Checklist, the impact and effectiveness of the Committee and compliance with good practice. The effectiveness discussion was independently facilitated this year in order to strengthen the level of self-assessment and scrutiny with agreed actions identified to re-emphasise the importance of DARAC skills and information requirements.

Risk Management

DfC's Risk Management Framework forms part of its corporate governance system and facilitates compliance with the Corporate Governance Code of Good Practice:



In response to the emerging pandemic situation in March 2020 a Covid-19 Risk Register was established to support the Board in its management of risks relating to the Covid emergency. The Board used this register during the response phase of the pandemic.

The senior Risk Management Team in Ernst & Young worked with the Department during 2020-21 to review the Department's approach to risk management in support of its long term strategy and Covid-19 recovery. The review aligned with the refreshed 'HM Government Orange Book: Management of Risk – Principles and Concepts' issued under DAO (DoF) 04/20.

Flowing from the review, the Board has identified the Principal Risks facing the Department in delivery of its strategic objectives. The majority of Principal Risks are strategic in nature and focused on ensuring that opportunities to innovate and improve are driven forward. Principal Risks also include Cyber Threat; Information and Data Security; and Disaster Recovery. Principal Risks relating to People are particularly key for the Department, with the risk responses to clear vision and new ways of working being considered alongside the significant challenges around recruitment and resourcing, many of which were highlighted in the NIAO Report ‘Capacity and Capability in the Northern Ireland Civil Service’ published in November 2020.

Each Principal Risk has a Board level owner supported by a senior lead official. The Board has also endorsed use of the Risk Management Scales and definitions set out in the Orange Book and has agreed Risk Appetite for Risk Categories, emphasising the need for a balanced view to managing opportunity and risk, recognising that Public Sector organisations cannot be successful if they are entirely risk averse.

The review also established a Risk Reference Group bringing together senior Risk Leads to support the Board with its responsibilities for risk management and in line with the Orange Book the Accounting Officer has designated a senior official (the Deputy Secretary for Strategic Policy and Professional Services) as the lead for the Department’s overall approach to risk management.

In parallel with the Ernst and Young review the Department has also put in place an automated Business Planning and Risk Tool designed to make business planning and risk management more agile and transparent.

Internal Control and Assurance

The Department’s system of internal control is designed to maintain risk at a manageable level based on the Board’s risk appetite, in order to provide reasonable assurance of effectiveness.

A core part of the Department’s Risk Management and internal control arrangements is its established Assurance Framework. This includes provision of quarterly Assurance Statements from Deputy Secretaries on their risk management processes and internal control arrangements. Deputy Secretaries use their Assurance Statements to identify exceptions/material concerns within their Groups or the ALBs for which they are responsible. Sponsorship arrangements are in place for each of the Department’s ALBs. These arrangements, together with the ALB biannual Assurance process, inform and support Deputy Secretary Assurance Statements.

A Covid-19 specific Assurance Statement was developed and used within the Department in the first quarter of 2020-21 to provide assurance in relation to the management of Covid-19 risks and issues. A similar Assurance Statement was developed for the provision of assurances from DfC ALBs on their responses to the Covid-19 emergency. The normal assurance process was re-commenced in quarter 2.

Fraud and Whistleblowing Arrangements

The Department's Fraud Policy and Response Plan details responsibilities in respect of the prevention of fraud, bribery or serious irregularity within the Department and its ALBs and outlines procedures to be followed in the event of fraud being detected or suspected. The number of cases under enquiry or investigation are reported at each DARAC meeting.

The Department's Raising Concerns (Whistleblowing) guidance and procedures explain how workers can raise concerns about potential wrongdoing and how anyone who is not a member of staff can raise concerns about the proper conduct of public business by the Department or its ALBs. The number of Raising Concerns (Whistleblowing) matters under review are also provided at each DARAC meeting.

Head of Internal Audit (HIA) Opinion

The HIA provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Department's framework of governance, risk management and control. For 2020-21, the HIA provided an overall satisfactory opinion on the Department's arrangements.

Progress against the Annual Internal Audit Plan is monitored by DARAC. HIA attendance at DMB and Group Management Board meetings, as necessary, and scrutiny of internal audit recommendations, are some of the measures used to ensure a strong focus on control and improvement. Details of limited opinion Audit reports are included at page 81.

The 2020-21 Internal Audit Plan was revised in early April 2020 to meet the priorities and key assurance requirements specifically to include the provision of advice and guidance to the Department in its design of Covid-19 schemes and revisions to operations and internal control frameworks. The HIA overall opinion is based on internal audit activity carried out during 2020-21 and cumulative assurances derived from internal audit activity during the period of the current Internal Audit strategy, with a ‘Satisfactory’ opinion for 2020-21 provided.

Other Assurances

In addition to assurances received from my Deputy Secretaries and the HIA, I receive an annual and mid-year inter-departmental report from the DoF HIA on shared services provided to NICS Departments by DoF. Through this report I note that all audits completed in respect of DoF shared services for 2020-21 have received a satisfactory audit opinion. In addition I note that the DoF HIA has provided an overall ‘Satisfactory’ audit opinion in respect of DoF as a whole, incorporating DoF Shared Service business areas.

The DoF Accounting Officer also provides an annual Assurance Statement in respect of the administration of housing benefit rates rebates for owner occupiers. Assurance has been provided for 2020-21 on controls in place to ensure that the administration of housing benefit rates rebates for owner occupiers is efficient and effective. DoF Revenue & Benefits Directorate within Land and Property Services have confirmed that procedures to prevent and detect fraud in the award of housing benefit rates rebates are in place.

DfC relies on DWP computer systems, services and underpinning commercial arrangements to administer the majority of benefit and child maintenance schemes and to make benefit payments in Northern Ireland. The DWP Accounting Officer provides his assessment of the DWP System of Control and the Significant Control Challenges in the DWP Annual Report and Accounts. In agreement with the Group Chief Internal Auditor’s independent assurance, the DWP Accounting Officer has recorded an overall “moderate” assurance on the strength of DWP risk, control and governance arrangements which include its ICT systems. DfC places reliance on this assessment and on the UK wide arrangements for cyber security operated through the National Cyber Security Centre and the DWP Cyber Resilience Centre. DWP ICT systems are part of the UK Government’s Critical National Infrastructure and DWP continues to work closely with Cabinet Office to strengthen cross-government security standards and capabilities in order to support the Department, its arm’s length bodies and the other Departments to which it provides services, in meeting minimum government security standards and raising maturity levels across all areas of security. A Concordat is in place between DWP & DfC which enables DfC to place reliance on security measures operated by DWP.

Effectiveness of the Department's System of Internal Control

The Department's integrated assurance process which facilitates the capture and reporting of exceptions / material concerns for both the Department and its ALBs, informs the work of the DfC Governance Unit and supports the reporting process for DARAC. The Head of Governance provides a Risk and Assurance report which summarises key risks and issues, along with exceptions / material concerns identified through the assurance process, for consideration at each DARAC meeting.

The Board receives a report from the DARAC Chair outlining his assessment of the reliability and effectiveness of assurances available and highlighting areas for continued scrutiny following each DARAC meeting. In addition, the DARAC Chair also provides an annual report to the Board outlining the work undertaken by the Committee during the year and his assessment of assurances available on the effectiveness of risk management, control and governance across DfC. The DARAC Chair's annual report for 2020-21 provided positive assurance to the Board and Accounting Officer.

As DfC Accounting Officer I am required to assess the effectiveness of the Department's system of internal control and confirm that it has operated effectively throughout the 2020-21 year. My assessment is informed by the DARAC Chair's Annual Report, the annual opinion from the Head of Internal Audit and the summary of Systems of Internal Control provided by the Governance Unit. I have concluded that the DfC system of internal control is effective and has operated effectively throughout the 2020-21 financial year.

Key Risks and Issues

The most significant issues relating to the Department's business in 2020-21 and the current position on any issues highlighted in the 2019-20 Governance Statement are detailed below:

Covid -19

The emergence of Covid-19 in the closing period of 2019-20 and throughout 2020-21 has had far reaching impacts on the Department and its staff. An unprecedented level of demand was experienced for the timely delivery of benefits and services required to meet the needs of the most vulnerable in our society and to assist those impacted by the Covid-19 restrictions. This demand was coupled with the challenge of keeping staff safe within the Department, adapting to the emergency by introducing a range of measures including: remote-working, revised telephony assistance and the use of online forms and services. The Department's inherent risk of exposure to fraud /error increased as a direct result of the Covid-19 emergency. This was primarily as a result of enhanced demand for benefits and departmental services, also the impact of measures implemented by the NI Executive in respect of the payment of Grants [DAO 03/20], and continued payments to departmental suppliers [PGN 01/20] in order to maintain cash flow and protect jobs during the emergency.

The Department stood up, at short notice, a range of Covid 19 support schemes. The 2021-22 Internal Audit Plan includes a number of schemes for review in order to provide independent assurance and to identify lessons learnt to inform future schemes and business as usual activities. In June 2021 the NIAO published its report on the Sports Sustainability Fund, which was one of the Department's key support schemes (see https://www.niauditoffice.gov.uk/publications/sports-sustainability-fund.)
A Public Accounts Committee hearing was held on 8 July 2021 with a report to follow.

EU Exit

On 31 January 2020 the UK formally left the EU and entered a Transition Period which ran until 31 December 2020. DfC worked closely with colleagues in the Executive Office, the other NI Executive Departments, local councils and with key stakeholders to ensure that appropriate preparations were in place for the UK's exit from the EU and for the end of the Transition Period.

Since the end of the Transition Period, DfC has continued to focus on the EU Future Relations agenda and on developments within the UK, to prepare for any potential impacts on the services which DfC delivers. The important services for which this Department has responsibility continue to be delivered, to an agreed standard, under the terms of the UK's exit from the EU.

Northern Ireland Assembly and Budget Authority

The Assembly passed the Budget Act (Northern Ireland) 2021 in March 2021 which authorised the cash and use of resources for all departments for the 2020-21 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2021 also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2021-22 financial year. The 2021-22 Main Estimates and the associated Budget (No. 2) Bill was passed by the Northern Ireland Assembly in June 2021 and it is anticipated that it will receive Royal Assent in the coming weeks. This will authorise the cash and resource balance to complete for the remainder of 2021-22 based on the Executive's 2021-22 Final Budget.

Protective Security

Nineteen major incidents involving personal data were reported to the Department's Data Protection Officer (DPO) during 2020-21. Three of the incidents met the threshold for notification to the Information Commissioner's Office (ICO) and in all cases the ICO took no further action. There were no reported incidents from 2019-20 carrying into 2020-21.
The DPO continued work on awareness and training opportunities for all staff to improve data protection and personal data handling awareness across the Department.

Public Appointments

Progression of Public Appointments was highlighted as an issue in the 2019-20 Governance Statement. The issues arose due to the absence of Ministers. Following re-establishment of the NI Executive in January 2020, responsibility for all Public Appointment matters reverted to the Minister for Communities. As a result Public Appointment decisions have been progressed during 2020-21 with no issues to be raised.

Fraud and Raising Concerns (Whistleblowing)

Eleven incidents of suspected fraud were reported during 2020-21. All incidents related to the Department's ALBs. Of the cases investigated and closed during the year, there were two cases of fraud confirmed, five cases where fraud was attempted but prevented due to the operation of internal controls and two cases where no evidence of fraud was found. Investigations into nine cases were ongoing at the end of the year.

During 2020-21 the Department received twenty six concerns through its Raising Concerns (Whistleblowing) arrangements. Nineteen of these related to DfC ALBs.

Fraud and Error in Benefit Expenditure

DfC is responsible for payment of social security benefits including the range of new benefits introduced under Welfare Reform. As reported in previous years, there is an inherent risk of fraud/error with all benefit processing which the NIAO highlights as the most significant risk in terms of material misstatement in the Department's financial statements. Overall fraud and error loss from benefits in 2020 is estimated to be 2.5% of the £6.8 billion annual benefit expenditure. Underpayments of benefit due to error is estimated to be 0.8% of expenditure.

A wide range of activities are in place to mitigate against the risk of fraud and error within the benefit systems, with a new Fraud, Error & Debt Strategy to be put in place. The estimated level of fraud/error has resulted in qualification of the audit opinion on the regularity of benefit expenditure and will remain an area of focus for the Department.

Welfare Reform

The programme of Welfare Reform changes and specifically the introduction of Universal Credit represents the most substantial and widespread change to the welfare system since its inception. In addition to UK-wide changes the Northern Ireland Executive agreed a range of mitigation measures in the form of Welfare Supplementary Payments for Northern Ireland which have been in place since 2016-17. The Executive has committed to the extension of the mitigation schemes and funding has been allocated for the 2021-22 financial year. The Department will bring forward legislation to provide for the statutory extension of the mitigation schemes with payments being made under the sole authority of the relevant Budget Act in the interim period.

New Decade, New Approach committed the Executive to a review of welfare mitigation measures. While there has been an unavoidable delay due to the impact of the Covid-19 pandemic the Department is committed to completing the review at the earliest opportunity. An independent panel will be created to take forward this work and make recommendations for Minister's consideration.

All Welfare Reforms are now live in Northern Ireland, including Universal Credit which has been successfully rolled out for new claims. DWP is currently considering plans and timescales for the transfer of legacy benefit claimants, including Tax Credit claimants to Universal Credit.

Universal Credit Migration Arrangements

As highlighted in the 2019-20 Governance Statement the Universal Credit (Managed Migration and Miscellaneous Amendments) Regulations (Northern Ireland) 2019 introduced 'transitional payments' for eligible claimants who were in receipt of Severe Disability Premium (SDP) as part of their award of Income Based Job Seekers Allowance, Income Related Employment Support Allowance or Income Support and have moved to Universal Credit following a relevant change in their circumstances. From January 2021 the SDP Gateway that prevents claimants entitled to SDP from making a claim to Universal Credit if they have a relevant change of circumstances was abolished. SDP claimants now move to Universal Credit if they have a change of circumstances and eligibility for transitional payments are considered as part of this process.

Personal Independence Payments (PIP)

As highlighted in the 2019-20 Governance Statement the Department has carried out an exercise to review PIP applications and pay arrears where it is possible to do so. This exercise was completed in February 2021.

The NIAO Welfare Reform Report on Personal Independent Payment was published on 23 March 2021 (see niauditoffice.pdf). The report concluded that whilst it is too early to assess if the implementation of PIP will meet all its objectives, it is likely to cost more than Disability Living Allowance (which it replaced). It also concluded that whilst the Department has generally managed the PIP contact with Capita in line with good practice, it recommends that DfC enhances its own systems for monitoring contract performance.

The Northern Ireland Public Service Ombudsman(NIPSO) conducted the first ever 'Own Initiative' investigation in Northern Ireland which examined the actions of the Department and service provider Capita in administrating PIP with a particular focus on the availability and application of further evidence in the PIP benefit decision making and internal complaints processes. Her report was published on 23 June 2021 (see NIPSO-Own-Initiative-Full-report.pdf) and she has concluded, based on the cases she looked at, that missed opportunities to make the right payment as early as possible in the process and to seek and use further evidence, constituted ‘systematic maladministration’. The Department worked closely with NIPSO as she conducted her work and will now carefully consider the recommendations from the report to improve the PIP service.

State Pension Underpayments

In March 2020 the department were made aware by the Department for Work and Pensions (DWP) that some individuals resident in GB had been underpaid State Pension, particularly certain categories of married women, widows and people aged 80 and over.
For each group of individuals affected, DWP IT systems, which the department also use to administer State Pension, produce a prompt to consider if an individual’s State Pension amount should be increased. The prompt required Pension Centre agents to take further manual action and in some cases this action was not taken.

From July 2020 the Department has been working closely with DWP to ensure the scans to identify customers potentially underpaid State Pension includes individuals resident in Northern Ireland (NI).

A specialist team based in the NI Pension Centre commenced a correction exercise in January 2021. Where underpayments are identified, the team will contact the individual to inform them of the changes to their State Pension amount and of any arrears payment they will receive in accordance with the law. DfC expect to complete the correction exercise by mid-2022.

Child Maintenance

There have been long standing issues with the accuracy of child maintenance assessments and recorded arrears, under both the 1993 and 2003 Child Maintenance Schemes, as highlighted in previous Governance Statements. The 1993 and 2003 schemes are now closed to new applicants and the replacement 2012 scheme is underpinned by completely new operational accounting systems. Parents are also now supported and encouraged to make their own family based arrangements.

While closed to new applicants, the historic weaknesses in relation to 1993 and 2003 scheme cases are unlikely to be substantially resolved and this is reflected in NIAO qualifications to the Child Maintenance Client Funds Account.

Rates Support Grant (RSG)

As highlighted in previous Governance Statements, the Court of Appeal handed down its judgment in September 2018 in the case of Mid Ulster District Council v DOE in the matter of a judicial review concerning the application of the statutory formula for the distribution of RSG amongst eligible councils. As a result the Department recalculated the distribution of RSG and made Ex-Gratia Payments to several councils. Potential financial implications for the Department remain, with a Statement of Claim issued to the Department for damages, interest, costs, and all other necessary and/or appropriate relief for loss of grant prior to April 2015. This is being worked through by the Department and its legal advisers.

Regional Stadia

In October 2020, the DfI Minister confirmed her intention to issue a Notice of Opinion to approve the Casement Park planning application. This project milestone enables progression on interdependent project activities pertaining to the final planning outcome. DfC continues to engage with DoF colleagues on detailed cost due diligence, updates to the draft Ulster Council GAA Full Business Case and on final project procurement options. Completion of these interdependent activities and other activities outside the control of the Department, will culminate in an Executive paper to be brought forward for a revised or additional budget requirement for the Casement Park stadium.

Housing Executive Revitalisation

As reported in previous Governance Statements, change is needed to address housing challenges, including the long term sustainability of the NIHE's housing portfolio. Minister has set out an ambitious, long-term plan to increase the supply of social and intermediate housing, and reduce housing stress. This includes plans to tackle the NIHE investment challenge and the long term sustainability of the NIHE's housing portfolio. DfC and NIHE Officials are updating analysis and continuing to explore options which address the investment challenge, predicated on a comprehensive rental review. Recommendations are to be presented to the Executive by March 2022.

Social Housing Development Programme (SHDP)

The impact of Covid-19 on SHDP was highlighted in the 2019-20 Governance Statement. Discussions are ongoing on how to deal with the impact of Covid-19 moving forward. The 2020-21 SHDP substantially exceeded its target with 2,403 housing unit starts against a target of 1,850, and 1,318 completions against a target of 1,200.

SHDP Inspections

The 2019-20 Governance Statement highlighted the re-instatement of SHDP inspections from November 2019. Completion of inspections during 2020-21 was significantly impacted by Covid-19 but plans are now in place for delivery of a substantive programme of inspections during 2021-22.

Affordable Warmth Scheme

Irregular spend relating to the original Business Case for the Affordable Warmth Scheme was highlighted in the 2019-20 Governance Statement. A substantial Internal Audit review examining the Department's establishment of the scheme and oversight of scheme delivery was also highlighted. Internal Audit work is now complete with a limited opinion issued. Recommendations have been made for both the NIHE and the Department and implementation will be closely monitored.

Housing Associations

ONS classification of Registered Housing Associations (RHAs), the impact of Covid-19 on Co-Ownership, Special Needs Management Allowance and the ongoing Judicial Review of the Statutory Inquiry into the affairs of Woodvale and Shankill Housing Associations were highlighted within the 2019-20 Governance Statement.

The Housing Amendment Act received Royal Assent on 28 August 2020. Subsequently ONS reversed their decision of 2016 and classified RHAs back to the private sector. This new legislation removes the requirement to seek departmental consent on disposals and mortgages, rule changes, voluntary amalgamations and winding up, replacing consent with a notification process. Other legislative changes include the abolition of the Right to Buy scheme, with a grace period of 2 years, giving RHA tenants until 28 August 2022 to purchase their property.

The Regulatory Framework for RHAs due for review following three years of regulatory judgements, has been deferred, with my approval, given the demands on RHAs as a result of the current pandemic.

Funding of £145 million over 4 years from 2020-21 through to 2023-24, has been approved for the delivery of 4,000 shared ownership homes and in response to market changes brought about by Covid-19, an additional £13 million in short term stimulus funding was approved in January 2021 for an additional 422 homes.

In the early stages of 2020-21 an engagement process was underway with impacted RHAs, their Joint Management Partners and the Health and Social Care Trusts to inform the development of policy proposals on legacy SNMA. Engagement was paused due to the Covid-19 emergency but is now restarting. Legacy SNMA funding will continue during 2021-22.

The Judicial Review relating to a Statutory Inquiry into the affairs of Woodvale and Shankill Housing Associations remains ongoing.

Appeals Service NI (TAS (NI))

As reported in previous Governance Statements, the consent based medical records process that existed prior to 5 April 2019, has now ceased to be operated by TAS (NI). The Department continues to consider the implications of this change to determine what, if any, further departmental actions are required and Senior Counsel has been engaged to assist.

Charity Commission for Northern Ireland (CCNI)

As highlighted in the 2019-20 Governance Statement, In February 2020 the NI Court of Appeal/McBride High Court Judgment upheld the May 2019 decision which found that section 19 of the Interpretation Act (NI) 1954 together with provisions within the Charities Act (Northern Ireland) 2008 do not provide express or implied power for CCNI to delegate decision making in relation to its statutory functions to staff. CCNI is currently functioning through a Committee structure whilst awaiting a legislative resolution through a new Charities Bill which is expected to pass in this mandate. An independent review of charity regulation and the role of CCNI as regulator has also been initiated and is due to report in summer 2021.

Limited Opinion Audit Reports

The HIA issued one limited opinion audit report in 2020-21 in respect of the Affordable Warmth Scheme. A follow up audit will be completed in 2021-22.

Limited opinion reports referenced in the 2019-20 Governance Statement and the position with audit follow up is as follows:

- Departmental Health & Safety Arrangements (July 2017) – Follow up completed and opinion raised to 'Satisfactory'.
- Departmental Oversight of the Supporting People Programme (March 2018) – Follow up completed and opinion raised to 'Satisfactory'.
- Grants within the Voluntary and Community Division (February 2020) – Follow up completed and opinion raised to 'Satisfactory'.
- DfC Business Continuity Planning & Management (March 2020) - Follow-up to be undertaken in 2021-22.

Extraordinary Audit, Causeway Coast and Glens Borough Council

In November 2020, the Minister for Communities directed the Local Government Auditor to hold an extraordinary audit of the accounts of Causeway Coast and Glens Borough Council concentrating on land disposals and easements, and related asset management policies and procedures.

Arm's Length Bodies (ALBs)

Sponsorship/Partnership Arrangements

Sponsorship arrangements are in place for all DfC ALBs with regular risk assessments completed by Sponsor leads taking account of: the nature of ALB activities; public monies at stake; corporate governance arrangements; financial performance; internal and external audit reports; openness of communication; and other relevant matters.

Work continues to be progressed with DfC ALBs on the establishment of Partnership Agreements reflective of individual relationships and circumstances, following the launch of the NI Code of Good Practice on Partnerships between Departments and ALBs and further DoF guidance on

Partnership Agreements and Proportionate Autonomy. As highlighted in the 2019-20 Governance Statement the pace of progress has been impacted by the Covid-19 emergency.

Issues Relating to DfC ALBs

Internal Audit work in respect of arrangements in place with DfC ALBs may be supplemented by Governance reviews or additional audit work where the need for additional information or assurance is identified. No additional audit work/Governance reviews were undertaken in 2020-21.

The independent review of Arts Council NI governance/Board effectiveness was highlighted in the 2019-20 Governance Statement. A recently refreshed Board is now in place with working relationships and partnership working bedding in.

The NIAO standalone report on ‘Governance Issues in Sport NI’ published in March 2020 was highlighted in the 2019-20 Governance Statement. Arrangements established with the Chair and Chief Executive of Sport NI to monitor actions being taken in respect of the NIAO report have continued throughout 2020-21. An independent assurance review for the 2017 Project Assessment Review of the Sport NI Transformation Programme was undertaken in March 2021. The review identified the need for clarity and agreement between DfC and Sport NI on roles and responsibilities and an independent party will be brought in to look at the issues so that progress can be made on the Partnership Agreement.

North/South Language Body

In the absence of a DfC Minister until 11 January 2020, it was not possible to secure North South Ministerial Council (NSMC) approval of 2017- 2020 Business Plans for North/South Language Bodies. Arrangements had been made with DoF to ensure legality of payments in the absence of approved Business Plans and retrospective approval of the 2018, 2019 and 2020 plans at the 16 December 2020 NSMC Institutional meeting regularised the spend.

It is a legislative requirement under the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 that any grants paid to bodies by a Northern Ireland Sponsor Department must be approved by DoF. Where such an approval is absent, any expenditure is illegal and retrospective consent cannot confer legality. No grant payments were made in the 2019-20 or 2020-21 financial years without DoF approval. As reported in the 2017-18

Governance Statement a grant payment amounting to £16.6k was made in the 2017-18 financial year to Ulster Scots Agency without DoF approval. Because of this and the fact that retrospective consent cannot confer legality, NSMC was unable to retrospectively approve the 2017 Business Plan.

Conclusion

I am satisfied that DfC has effective governance arrangements in place that I can rely on as Accounting Officer to provide assurance that the public funds and other resources for which I am accountable are deployed effectively. Where significant issues have arisen I am satisfied that appropriate action is being taken to address the issues concerned.

Remuneration and Staff Report

The remuneration and staff report gives details of the salaries and pensions of the Department's staff during the accounting period. The remuneration report deals largely with details pertaining to senior management and ministers, whereas the staff report gives details of staffing costs for the Department as a whole, including for those not permanently employed by the Department, the pension schemes available to employees, policies on managing attendance and employment of disabled staff as well as details of the costs of any staff exit packages.

Remuneration Report

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 has been finalised and was paid in July 2021.

The pay of SCS is based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance.

Service Contracts

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise.

Unless otherwise stated, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners for Northern Ireland can be found at [www.nicscommissioners.org.](http://www.nicscommissioners.org)

Remuneration and pension entitlements

The following sections provide details of the remuneration and pension interests of the Minister and most senior management (i.e. Board Members) of the Department.

Remuneration and pension entitlements – Ministers (Audited Information)

Single total figure of remuneration

Minister	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (to nearest £1,000)	
	2020-21	2019-20 (Restated)	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20 (Restated)
Deirdre Hargey Member of Legislative Assembly (from 11 January 2020)		8,478 (38,000 full year equivalent)		-		3		11
(from 1 April 2020 to 14 June 2020)	**7,811 (38,000 full year equivalent)**		**-**		**2**		**10**	
(from 16 December 2020 to 31 March 2021)	**11,134 (38,000 full year equivalent)**		**-**		**3**		**14**	
Carál Ní Chuilín Member of Legislative Assembly (from 15 June 2020 to 15 December 2020)	**19,055 (38,000 full year equivalent)**	N/A	**-**	N/A	**7**	N/A	**26**	N/A

** The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

Remuneration and pension entitlements – Officials (Audited Information)

Single total figure of remuneration								
Officials	Salary (£'000)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Tracy Meharg Permanent Secretary	**125-130**	115-120	**-**	-	**67**	100	**190-195**	215-220
Jackie Kerr Deputy Secretary	**90-95** **(95-100 full time equivalent)**	85-90 (95-100 full time equivalent)	**-**	-	**66**	7	**155-160**	90-95
Colum Boyle Deputy Secretary	**100-105**	95-100	**-**	-	**65**	52	**165-170**	145-150
Louise Warde Hunter Deputy Secretary (to 19 April 2020)	**5-10** **(95-100 full year equivalent)**	95-100	**-**	-	**8**	38	**15-20**	130-135
Moira Doherty Deputy Secretary	**90-95**	90-95	**-**	-	**43**	103	**135-140**	190-195
Beverley Wall Deputy Secretary (from 4 November 2019)	**90-95**	35-40 (90-95 full year equivalent)		-	**116**	63	**205-210**	95-100
Mark O'Donnell Acting Deputy Secretary (from 6 April 2020)	**90-95**	**-**	**-**	**-**	**131**	**-**	**220-225**	**-**

Remuneration and pension entitlements – Officials (Audited Information) (continued)

Single total figure of remuneration								
Officials	Salary (£'000)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Duncan McCausland Independent Board Member	**5-10**	5-10	**-**	-	**-**	-	**5-10**	5-10
John West Independent Board Member	**5-10**	5-10	**-**	-	**-**	-	**5-10**	5-10

**The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

Salary

'Salary' includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex-gratia payments.

From 1 April 2020 to 14 June 2020 and from 16 December 2020 to 31 March 2021, the Department for Communities was under the direction and control of NI Assembly Minister Deirdre Hargey and from 15 June 2020 to 15 December 2020, was under the direction and control of NI Assembly Minister Carál Ní Chuilín. Their salaries and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in these accounts. These amounts do not include costs relating to the Ministers' roles as MLA/MP/MEP which are disclosed in the appropriate legislature accounts.

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.

Pay Multiples

	2020-21	2019-20
Band of Highest Paid Director's Total Remuneration* (£'000)	**120-125**	115-120
Median Total Remuneration* (£)	**25,839**	25,004
Ratio	**4.7**	4.7

**Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.*

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Department in the financial year 2020-21 was £120,000 - £125,000 (2019-20: £115,000 - £120,000). This was 4.7 times (2019-20: 4.7) the median remuneration of the workforce, which was £25,839 (2019-20: £25,004).

No employee received remuneration in excess of the highest paid director in 2020-21, nor in 2019-20.

Remuneration ranged from £17,369 to £110,067 excluding the highest paid director. 2019-20: £18,513 to £116,627.

There was no material change in the pay multiple ratio between 2020-21 and 2019-20.

Pension Entitlements – Ministers (Audited Information)

Minister	Accrued pension at pension age as at 31/3/21 £'000	Real increase in pension at pension age £'000	CETV at 31/3/21 £'000	CETV at 31/3/20 £'000	Real increase in CETV £'000
Deirdre Hargey **Member of Legislative Assembly** (from 11 January 2020)	-	-	-	2	-
(from 1 April 2020 to 14 June 2020)	0-5	0-2.5	3	-	1
(from 16 December 2020 to 31 March 2021)	0-5	0-2.5	5	-	1
Carál Ní Chuilín **Member of Legislative Assembly** (from 15 June 2020 to 15 December 2020)	0-5	0-2.5	77	70	4

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS). In 2011, the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011 establishing a Panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. In April 2016 the Independent Financial Review Panel issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016 which introduced a Career Average Revalued Earnings scheme for new and existing members. The scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016. Assembly Members aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 will retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The McCloud judgement found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on Members who missed out on the Transitional Protection policy in the Assembly Members' Pension

Scheme because of their age but the applicability and approach to the McCloud judgement in this scheme is still under consideration.

As Ministers are Members of the Legislative Assembly they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate ($1/50^{th}$ or $1/40^{th}$) multiplied by the cumulative contribution factors and the relevant final salary as a Member. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLAs' benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 14.4% of the Ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension age aligned to their State Pension Age.

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 office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) 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 is the increase in accrued pension due to the department's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period.

Pension Entitlements – Officials (Audited Information)

Officials	Accrued pension at pension age as at 31/3/21 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/21 £'000	(Restated) CETV at 31/3/20 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Tracy Meharg Permanent Secretary	45-50 plus a lump sum of 145-150	2.5-5 plus a lump sum of 7.5-10	1,154	1,045	69	-
Jackie Kerr Deputy Secretary	45-50 plus a lump sum of 110-115	2.5-5 plus a lump sum 2.5-5	933	851	49	-
Louise Warde Hunter Deputy Secretary (to 19 April 2020)	20-25	0-2.5	477	468	9	-
Colum Boyle Deputy Secretary	40-45 plus a lump sum of 100-105	2.5-5 plus a lump sum 2.5-5	896	815	49	-
Moira Doherty Deputy Secretary	25-30 plus a lump sum of 55-60	0-2.5 plus a lump sum 0-2.5	457	416	22	-
Beverley Wall Deputy Secretary (from 4 November 2019)	35-40 plus a lump sum of 80-85	5-7.5 plus a lump sum 10-12.5	677	566	87	-
Mark O'Donnell Acting Deputy Secretary (from 6 April 2020)	35-40 plus a lump sum of 75-80	5-7.5 plus a lump sum 10-12.5	655	532	100	-

Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP).

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

Discrimination identified by the courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relates to the different schemes eg classic, alpha etc and is not the monetary benefits received. This is known as the 'McCloud Remedy' and will impact many aspects of the Civil Service Pensions schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available at https://www.finance-ni.gov.uk/publications/dof-resource-accounts.

Currently new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based ‘final salary’ defined benefit arrangements (classic, premium and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years’ pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of **classic, premium**, and **classic plus** and 65 for members of **nuvos**. The normal scheme pension age in alpha is linked to the member’s State Pension Age but cannot be before age 65.

Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2020 was 0.5% and HM Treasury has announced that public service pensions will be increased accordingly from April 2021.

Employee contribution rates for all members for the period covering 1 April 2021 – 31 March 2022 are as follows:

Scheme Year 1 April 2021 to 31 March 2022

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All Members
From	To	From 01 April 2021 to 31 March 2022
£0	£24,199.99	4.6%
£24,200.00	£55,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) 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. A CETV 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 benefits 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. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Staff Report

Staff Costs (Audited Information)

	2020–21				2019-20
	Permanently Employed Staff* £'000	**Others £'000**	**Ministers £'000**	**Total £'000**	Total £'000
Wages and salaries	183,790	43,357	38	227,185	216,450
Social security costs	16,105	-	5	16,110	15,794
Other pension costs	50,619	-	5	50,624	50,646
Sub Total	250,514	43,357	48	293,919	282,890
Less recoveries in respect of outward secondments	(289)	-	-	(289)	(314)
Total net staff costs**	**250,225**	**43,357**	**48**	**293,630**	282,576
Of which:	Charged to Administration	Charged to Programme	**Total**		
Core Department	37,368	256,262	**293,630**		
Total net costs	**37,368**	**256,262**	**293,630**		

**The 2020-21 figures include the cost of the Department's Special Adviser who was paid in the pay band £46,000 -£55,000 (2019-20: £46,000 - £55,000).*

***Of the total, £139k has been charged to capital.*

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Department is unable to identify its 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.

For 2020-21, employers' contributions of £50.4 million were payable to the NICS pension arrangements (2019-20: £50.4 million) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0.065 million (2019-20: £0.069 million) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2019- 20: 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £0.002 million, 0.5% (2019-20: £0.002 million, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. There were no contributions due to the partnership pension providers at the reporting period date and also no contributions prepaid at that date.

23 persons (2019-20: 39 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0.069 million (2019-20: £0.012 million).

Average Number of Persons Employed (Audited Information)

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as in agencies and other bodies included within the consolidated Departmental Accounts.

	2020–21					2019–20
Departmental Activity	**Permanently Employed staff**	**Others**	**Ministers**	**Special Advisers**	**Total**	Total
Staff Employed	6,154	1,660	1	1	7,816	7,996
Total	**6,154**	**1,660**	**1**	**1**	**7,816**	7,996
Of which:						
Core Department	**7,816**					

Number of Senior Staff by Payband

The number of SCS (or equivalent) staff by pay band as at 31 March 2021 is as follows:

Pay Band £'000	Total
66-75	17
76-85	9
86-95	3
96-105	2
106-115	-
116-125	1
Total	**32**

Employee Gender

At 31 March 2021 there were 7,028 staff (based on staff headcount) plus an additional 1,529 recruitment agency staff employed within the Department. This figure excludes staff on career breaks. Below is a gender breakdown including staff at Grade 5 and above:

	Male	Female	Total
Directors (Board Members)	2	4	6
Senior Staff (Grade 5+)	11	8	19
Employees	3,677	4,855	8,532
Total	**3,690**	**4,867**	**8,557**

Sickness Absence Data

The Department had an overall sickness absence rate of 11.7 days lost per employee in 2020-21 (2019-20: 15.1 days). Annual sickness absence figures can be found in the "*Sickness Absence in the Northern Ireland Civil Service 2020/21*" report at Sickness Absence Statistics Northern Ireland Statistics and Research Agency (nisra.gov.uk).

Staff Turnover Percentage

The Departmental staff turnover percentage (the number of people that have left the Department but have moved within the NICS) for 2020-21 is 4.9%, and the general turnover percentage (the people who have left the Department and have not gone elsewhere in the NICS) is 2.7%. This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for turnover in the Civil Service. These percentages include permanent and temporary staff and those who left while on a career break.

Staff Engagement Percentage Scores from the 2020 NICS People Survey

The 2020 NICS People Survey was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. For DfC there were 6,840 (2019-20: 8,752) staff invited to complete the survey, of which 3,397 (2019-20: 4,254) participated, a response rate of 47.7% (2019-20: 49%). The Employee Engagement Index (EEI) is the weighted average of the responses to the five employee engagement questions, and it ranges from 0% to 100%. DfC responses indicated an Employee Engagement Index of 51% (2019-20: 45%), compared to the NICS average of 57% (2019-20: 51%).

The full survey can be accessed at https://www.finance-ni.gov.uk/publications/nics-people-survey-results.

Health and Safety at Work

The Department has a range of measures in place to ensure its compliance with the requirements of the Health and Safety at Work (NI) Order 1978 and all other legislation and codes of practice. The Department is committed to ensuring so far as is reasonably practical the health, safety and welfare of its employees and of others who may be affected by its operations.

The Department ensures that its employees are given such information, instruction, training and supervision as is necessary to ensure the safe performance of their work duties. Arrangements are also in place to enable employees to raise health and safety issues.

Employment, training and advancement of disabled persons

The Northern Ireland Civil Service applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all members of NICS recruitment panels. Unconscious bias training is available to all staff.

To maintain and promote a diverse and inclusive workforce, the NICS has policies in place to support adjustments to the working environment required by disabled persons.

The NICS has a wide and active network of Diversity Champions and one of its' Deputy Secretaries is the NICS Diversity Lead for Disability. The NICS has a Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. During 2020-21 the NICS established a Disability Staff Network. This Network plays a key role in promoting disability equality and inclusion across the NICS.

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS promotes a number of schemes for disabled people, including a Work Experience Scheme for People with Disabilities.

Learning & Development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

Development and delivery of generic staff training is centralised in NICSHR[1]. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and this year the focus was on improving the quality of the development conversation between managers and staff, with the introduction of a talent management toolkit.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing.

[1] NICSHR is the NICS' centralised human resources function. It falls under the responsibility of the Department of Finance

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. NICSHR, consults on HR policy with all recognised Trade Unions and local departmental arrangements are in place to enable consultation on matters specific to a department or individual business area.

Equality, Diversity and Inclusion

In the NICS, we are committed to building an inclusive workplace culture where diversity is truly valued at all levels, where you are valued for who you are and where you can bring your true self to work. We want to make use of all the talent that exists across the NICS to ensure we are a well-led, high performing, outcome-focused Service and a Service that is a great place to work.

The NICS People Strategy includes a range of actions that will help accelerate our ambition of a truly inclusive NICS, which reflects the society we serve.

As a key element of the People Strategy, our ambitious diversity and inclusion programme of work is delivered through the implementation of an annual NICS Diversity Action Plan, and overseen by the leadership of the NICS Board, the NICS Diversity Champions Network, Departmental Diversity Champions and Thematic Diversity Champions, NICS colleague networks and NICSHR, as well as through partnership working with stakeholder organisations.

The NICS Diversity Action Plan sets out our priorities for action by diversity and inclusion theme, cross-cutting priorities, departmental priorities and includes supporting plans on communications and outreach.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. The NICS' commitment to equality of opportunity is outlined in its Equality, Diversity and Inclusion Policy.

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of NICS human resource statistics.

The annual "Equality Statistics for the Northern Ireland Civil Service" reports work force composition and trends over time and, where appropriate, makes comparisons with the wider labour market and the Civil Service in Great Britain.

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. In addition, the NICS conducts a similar formal review of the gender profile of its workforce. The findings are published in the NICS Article 55 and Gender Reviews,

The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available at www.communities-ni.gov.uk/dfc-equality.

Consultancy Expenditure

During the 2020-21 year the Department spent £0.7 million on external consultancy (2019-20: £0.9 million). This expenditure is incurred where there is a requirement for an expertise which existing members of staff may not have, an additional resource when it is not available internally, or an independent view or assessment when required.

The Department also spent £43 million on the employment of temporary staff. These staff were largely engaged in providing services to the Department for Work and Pensions for the administration of Child Maintenance and Benefit Delivery services and also to the Public Record Office and Historic Environment Division to cover additional workloads and vacant posts.

Off-Payroll Engagements

The Department had no off-payroll engagements at an annual cost of over £245 per day lasting longer than six months during 2020-21 (2019-20: nil).

Off-payroll engagements of board members with significant financial responsibility during 2020-21 are outlined below:

	Total
Number of off-payroll engagements of Board members with significant financial responsibility during 2020-21	**0**
Total number of individuals on payroll and off-payroll with significant financial responsibility during 2020-21	**6** **(6 current Board members)**

Reporting of Civil Service and other compensation schemes – exit packages (Audited Information)

Data for the other 2019-20 year is shown in brackets.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost Band
<£10,000	-	13 (4)	13 (4)
£10,000–£25,000	-	4 (6)	4 (6)
£25,000–£50,000	-	1 (16)	1 (16)
£50,000–£100,000	-	1 (3)	1 (3)
£100,000–£150,000	-	-	-
£150,000–£200,000	-	-	-
Total number of exit packages	**-**	**19 (29)**	**19(29)**
Total Resource Cost £'000	**-**	**212 (944)**	**212 (944)**

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. The table above shows the total cost of exit packages agreed and accounted for in 2020-21 and 2019-20. £0.2 million exit costs were paid in 2020-21, the year of departure (2019-20: £0.9 million). Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Assembly Accountability and Audit Report

Statement of Outturn against Assembly Supply (SoAS) (Audited Information)

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (FReM) requires the Department for Communities to prepare a Statement of Outturn against Assembly Supply (SoAS) and supporting notes.

The SoAS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

The SoAS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision for resource and cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details Supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SoAS.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SoAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the DoF website.

The supporting notes detail the following:

- SoAS Note 1 - Outturn detailed by Estimate line, providing a more detailed breakdown.
- SoAS Note 2 - a reconciliation of outturn to net operating expenditure in the Statement of Consolidated Net Expenditure (SoCNE), to tie the SoAS to the financial statements.

- SoAS Note 3 - a reconciliation of net resource outturn to net cash requirement.
- SoAS Note 4 - an analysis of income payable to the Consolidated Fund.
- SoAS Note 5 - a reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund.
- SoAS Note 6 - detail on non-operating income – excess Accruing Resources.

The SoAS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on pages 14-15, in the financial review section of the Performance Report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on www.gov.uk.

Summary Tables - mirror Part II and III of the Estimates

Summary of Resource Outturn 2020-21 (Audited Information)

	2020-21							2019-20
	Outturn			Estimate				Outturn
	Gross Expenditure £'000	Accruing Resources £'000	Net Total £'000	Gross Expenditure £'000	Accruing Resources £'000	Net Total £'000	Outturn vs estimate: saving/ (excess) Net total £'000	Net Total £'000
Request for Resources A Providing a fair system of financial help to those in need; tackling disadvantage; promoting social and economic equality; personal development; tackling poverty; social exclusion; promoting the financial responsibility parents have for their children; access to decent, affordable, sustainable homes and housing support services; improving the physical, economic, community and social environment of neighbourhoods, towns and cities; securing excellence and equality across culture, arts and leisure, and developing a confident, creative, informed and healthy society; helping people into employment; protecting, conserving and enhancing our diverse built heritage and supporting principles of sustainable development, so that it can be enjoyed by future generations; promoting and protecting the interests of children, older people, people with disabilities, and other socially excluded groups.	5,526,526	(119,878)	5,406,648	6,029,132	(146,500)	5,882,632	475,984	4,644,207
Total resources (note SoAS1)	5,526,526	(119,878)	5,406,648	**6,029,132**	**(146,500)**	**5,882,632**	**475,984**	4,644,207
Non-operating Accruing Resources			**(21,678)**			**(25,217)**	**3,539**	(31,724)

Net cash requirement 2020-21 (Audited Information)

	2020-21				2019-20
	Note	**Outturn £'000**	**Estimate £'000**	**Outturn vs estimate saving/ (excess) Net total £'000**	Outturn £'000
Net cash requirement	SoAS3	**5,329,460**	**5,841,578**	**512,118**	4,586,817

Summary of income payable to the Consolidated Fund (Audited Information)

In addition to accruing resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

		2020-21	Forecast	2020-21	Outturn
	Note	Income £'000	*Receipts £'000*	Income £'000	*Receipts £'000*
Total amount payable to the Consolidated Fund	SoAS4	3,543	*3,543*	**3,732**	***1,125***

Explanations of variances between Estimate and outturn are given in Note SoAS1 and in the Performance Report.

The notes on pages 139 to 224 form part of these accounts.

Notes to the Statement of Outturn against Assembly Supply 2020-21

This note mirrors Part II of the Estimates: (Revised) Subhead Detail and Resource to Cash Reconciliation.

SoAS Note 1 Outturn detail, by Estimate line (Audited Information)

	2020-21										2019-20
	Resource Outturn						Estimate				
Type of spend	Admin £'000	Other Current £'000	Grants £'000	Gross Expenditure £'000	Accruing Resources £'000	Net Total £'000	Net Total £'000	Virements* £'000	Net Total inc. Virements £'000	Outturn vs Estimate (inc. virements) saving/(excess) £'000	Outturn Total £'000
Request for Resources A (RfR A)											
Providing a fair system of financial help to those in need; tackling disadvantage; promoting social and economic equality; personal development; tackling poverty; social exclusion; promoting the financial responsibility parents have for their children; access to decent, affordable, sustainable homes and housing support services; improving the physical, economic, community and social environment of neighbourhoods, towns and cities; securing excellence and equality across culture, arts and leisure, and developing a confident, creative, informed and healthy society; helping people into employment; protecting, conserving and enhancing our diverse built heritage and supporting principles of sustainable development, so that it can be enjoyed by future generations; promoting and protecting the interests of children, older people, people with disabilities, and other socially excluded groups.											
Departmental Expenditure in DEL:											
Social Security Administration	27,542	244,459	77,307	349,308	(15,405)	333,903	343,999	-	343,999	10,096	303,838
Belfast Benefit Delivery Centre	-	33,490	-	33,490	(33,490)	-	-	-	-	-	-
Eastern Area (GB Child Maintenance Group)	-	25,915	-	25,915	(25,915)	-	-	-	-	-	-
Child Maintenance Service	-	9,974	-	9,974	(849)	9,125	9,735	-	9,735	610	8,036
Mesothelioma Compensation Scheme	-	-	183	183	(183)	-	-	-	-	-	-
Discretionary Support Scheme	-	-	13,145	13,145	-	13,145	12,839	306	13,145	-	9,243
Housing benefit	-	-	101,122	101,122	-	101,122	102,200	-	102,200	1,078	106,602
Housing	4,540	1,800	14,383	20,723	(18,133)	2,590	3,752	(306)	3,446	856	18,237
Housing grants to the NI Housing Executive Landlord Function	-	58,357	16,709	75,066	-	75,066	214,877	-	214,877	139,811	21,703
Interest Payments on Housing Loans	-	16,569	-	16,569	(16,569)	-	-	-	-	-	-
Urban Regeneration	6,879	5,410	31,117	43,406	(591)	42,815	43,286	-	43,286	471	24,228

SoAS Note 1 Outturn detail, by Estimate line (continued) (Audited Information)

	2020-21										2019-20
	Resource Outturn						Estimate				
Type of spend	Admin £'000	Other Current £'000	Grants £'000	Gross Expenditure £'000	Accruing Resources £'000	Net Total £'000	Net Total £'000	Virements* £'000	Net Total inc. Virements £'000	Outturn vs Estimate (inc. virements) saving/(excess) £'000	Outturn Total £'000
Community and Voluntary Sector funding	5,772	428	92,810	99,010	-	99,010	106,671	(676)	105,995	6,985	44,695
EU Programme for Peace and Reconciliation	-	-	1,268	1,268	(1,078)	190	197	-	197	7	45
Library and Other Services	413	-	315	728	-	728	734	-	734	6	717
Arts and Museums	1,195	106	6,011	7,312	-	7,312	21,334	-	21,334	14,022	3,822
Sports	876	1,728	777	3,381	(90)	3,291	4,069	(159)	3,910	619	4,266
Cultural Policy and Languages	608	8	3,043	3,659	-	3,659	3,139	520	3,659	-	1,775
Public Record Office of Northern Ireland	-	5,433	-	5,433	(36)	5,397	5,609	(11)	5,598	201	5,580
Historic Environment Division	-	8,066	1,124	9,190	(230)	8,960	8,634	326	8,960	-	9,034
Local Government Services	1,757	-	144,864	146,621	(110)	146,511	162,985	-	162,985	16,474	54,904
Employment and Skills	-	-	13,855	13,855	-	13,855	14,446	-	14,446	591	16,811
Annually managed expenditure (AME):											
Non-contributory and means-tested benefits:											
- Pension benefits	-	-	6,588	6,588	-	6,588	7,234	-	7,234	646	6,495
- Disability benefits	-	-	1,722,480	1,722,480	-	1,722,480	1,768,450	-	1,768,450	45,970	1,653,092
- Industrial injuries benefits	-	-	29,714	29,714	-	29,714	30,538	-	30,538	824	30,347
- Pension credit	-	-	236,832	236,832	-	236,832	247,265	-	247,265	10,433	239,729
Income support - Jobseeker's allowance, Employment and Support Allowance and Universal Credit:								-	-	-	-
- Income support	-	-	88,504	88,504	-	88,504	92,634	-	92,634	4,130	109,106
- Jobseeker's allowance (income based)	-	-	32,147	32,147	-	32,147	33,161	-	33,161	1,014	38,068
- Employment and Support Allowance (income related)	-	-	516,286	516,286	-	516,286	524,521	-	524,521	8,235	527,308
- Universal Credit	-	10,651	830,992	841,643	-	841,643	995,247	-	995,247	153,604	361,692
- Tax credit Debt	-	(6,235)	-	(6,235)	(7,155)	(13,390)	(21,125)	-	(21,125)	(7,735)	(13,552)

SoAS Note 1 Outturn detail, by Estimate line (continued) (Audited Information)

	2020-21										2019-20
	Resource Outturn						Estimate				
Type of spend	Admin £'000	Other Current £'000	Grants £'000	Gross Expenditure £'000	Accruing Resources £'000	Net Total £'000	Net Total £'000	Virements* £'000	Net Total inc. Virements £'000	Outturn vs Estimate (inc. virements) saving/(excess) £'000	Outturn Total £'000
- Support for Mortgage Interest	-	546	-	546	(44)	502	560	-	560	58	661
- Discretionary Support	-	93	-	93	-	93	20	-	20	(73)	-
Job grant	-	-	-	-	-	-	-	-	-	-	-
Housing benefit (rent)	-	-	457,937	457,937	-	457,937	460,295	-	460,295	2,358	474,826
payments	-	-	4,157	4,157	-	4,157	6,100	-	6,100	1,943	4,610
Provisions, Depreciation and Impairments	-	24,515	-	24,515	-	24,515	26,779	-	26,779	2,264	(2,984)
Non-Budget:											
Cash Paid into the Social Fund	-	-	50,000	50,000	-	50,000	64,594	-	64,594	14,594	47,000
Northern Ireland National Insurance Fund	-	-	85,600	85,600	-	85,600	85,600	-	85,600	-	114,000
Grant-In-Aid Paid to the Northern Ireland Housing Executive	-	-	288,000	288,000	-	288,000	327,133	(3,074)	324,059	36,059	297,000
Charity Commission (NI)	-	-	2,100	2,100	-	2,100	2,253	-	2,253	153	2,396
Ulster Supported Employment Limited	-	-	732	732	-	732	732	-	732	-	982
Arts Council of Northern Ireland	-	-	37,733	37,733	-	37,733	35,104	2,629	37,733	-	12,760
National Museums and Galleries Northern Ireland	-	-	15,794	15,794	-	15,794	17,067	-	17,067	1,273	17,660
Sports Council for Northern Ireland	-	-	34,878	34,878	-	34,878	38,413	-	38,413	3,535	10,740
Northern Ireland Library Authority	-	-	33,417	33,417	-	33,417	35,719	-	35,719	2,302	32,419
Armagh Observatory and Planetarium	-	-	2,992	2,992	-	2,992	2,923	69	2,992	-	3,157
Northern Ireland Museums Council	-	-	220	220	-	220	220	-	220	-	256

SoAS Note 1 Outturn detail, by Estimate line (continued) (Audited Information)

	2020-21										2019-20
	Resource Outturn						Estimate				
Type of spend	Admin £'000	Other Current £'000	Grants £'000	Gross Expenditure £'000	Accruing Resources £'000	Net Total £'000	Net Total £'000	Virements* £'000	Net Total inc. Virements £'000	Outturn vs Estimate (inc. virements) saving/(excess) £'000	Outturn Total £'000
Language body	-	-	4,895	4,895	-	4,895	6,232	-	6,232	1,337	5,231
Commissioner for Children and Young People for Northern Ireland	-	-	1,552	1,552	-	1,552	1,628	-	1,628	76	1,489
Commissioner for Older People for Northern Ireland	-	-	1,022	1,022	-	1,022	1,022	-	1,022	-	920
Notional Charges	32,650	-	-	32,650	-	32,650	33,807	-	33,807	1,157	35,149
Local government Staff Commission	-	-	376	376	-	376	-	376	376	-	114
Prior period adjustment	-	-	-	-	-	-	-	-	-	-	-
Resource Outturn	**82,232**	**441,313**	**5,002,981**	**5,526,526**	**(119,878)**	**5,406,648**	**5,882,632**	**-**	**5,882,632**	**475,984**	4,644,207

This Note shows the NIF administration costs for Northern Ireland being incurred in the 'Admin' column and offset by the income in the 'AR' column.

*Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail and delegates to DoF). Further information on virements are provided in the Supply Estimates in Northern Ireland Guidance Manual, available on the DoF website.

The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

SoAS Note 1 Outturn detail, by Estimate line (continued) (Audited Information)

Explanation of the variation between Estimate and outturn for Request for Resources A (RfR A)

The **DEL** outturn is £191.8 million (18.1%) less than the Estimate. The variance was primarily due to underspends as a result of headroom built into the Estimate, as agreed with DoF, (£139.1 million Northern Ireland Housing Executive, £14 million Arts and Museums and £16.5 million Local Government Services). In relation to the NIHE variance, a bid was made to DoF for major Stock Investment funding of circa £170 million but unfortunately this bid was only met in part, therefore spend was reduced accordingly. This has resulted in the large variance, some of which was utilised with additional Assistance Grant. Other underspends are mainly due to an easement in the PIP contract, the Employee Benefit accrual being less than originally anticipated and the impacts of Covid-19.

The **AME** outturn is £223.7 million (5.4%) less than the Estimate due to the challenges around predicting Universal Credit as a result of the effects of the Covid-19 pandemic, combined with this spend being demand led and difficult to forecast.

The **Non-budget** outturn is £60.5 million (9.3%) less than the Estimate mainly due to payments into the Social Fund (£14.6 million) as a result of fewer Social Fund Cold Weather payments being paid, due to a mild winter, (£8 million) and loan recoveries exceeding payments and a reduced requirement for the Housing Regional Services cash drawdown due to the difficulty of forecasting accurately (£39.1 million). Other easements are due to reduced cash requirements in NDPBs as a result of timing differences around the settlement of year end creditors.

High level explanations of the variances are given in section 2 of the Annual Report, 'Performance Analysis'.

The notes on pages 139 to 224 form part of these accounts.

SoAS Note 2 Reconciliation of outturn to net operating expenditure (Audited Information)

		2020-21			2019-20
	Note	Outturn £'000	Supply Estimate £'000	Outturn compared with Estimate £'000	Outturn £'000
Net Resource Outturn	SoAS1	**5,406,648**	5,882,632	**475,984**	4,644,207
Non-supply Expenditure (net)	SoCITE, 4b & 17	2,875,573	2,888,695	13,122	2,779,604
AR not treated as income					
- funding from NIF to cover administration costs		14,051	14,051	-	14,408
Other fair value adjustments and write offs relating to Non Voted and Social Fund expenditure		10,556	-	(10,556)	7,385
Non-supply Income (CFERs)	SoAS4	(3,732)	(876)	2,856	(1,193)
Public Corporation Equity Withdrawal		(14,209)	-	14,209	(23,329)
Other		3	-	(3)	(5)
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure	SoCNE	**8,288,890**	**8,784,502**	**495,612**	7,421,077

As noted in the introduction to the SoAS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the resource outturn to net operating expenditure, linking the SoAS to the financial statements.

The notes on pages 139 to 224 form part of these accounts.

SoAS Note 3 Reconciliation of net resource outturn to net cash requirement (Audited Information)

This note mirrors Part II of the Estimates: Resource to Cash Reconciliation.

		2020-21		
	Note	Outturn £'000	Estimate £'000	Outturn compared with Estimate saving/ (excess) £'000
Resource Outturn	SoAS1	5,406,648	5,882,632	475,984
Capital:				
Acquisition of property, plant and equipment	6, 7 & 8	5,609	7,246	1,637
NI Co-Ownership Housing Association - FTC Funding		39,250	39,250	-
Tax credit Debt	15	7,155	23,645	16,490
Discretionary Support Scheme	15	6,351	8,920	2,569
Support for Mortgage Interest	15	2,269	2,150	(119)
Non-operating Accruing Resources:				
Net Book Value of asset disposals	6, 7 & 8	(116)	(460)	(344)
Long Term loan repayments by Housing associations	11	(4,361)	(4,361)	-
Discretionary Support Loan Repayments		(2,992)	(6,000)	(3,008)
Equity Withdrawal from Public Corporation		(14,209)	(14,396)	(187)
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation, impairments and revaluations	3,4	(26,366)	(32,508)	(6,142)
New provisions and adjustments to previous provisions	4	(21,363)	(4,366)	16,997
Housing Benefit Owner Occupiers	4	(34,623)	(34,700)	(77)
Other non-cash items	3,4	(32,638)	(33,807)	(1,169)
Adjustments to reflect movements in working balances:				
Changes in working capital other than cash		26,559	1,969	(24,590)
Increase/(decrease) in inventories	13	6	-	(6)
Increase/(decrease) in receivables	15	(8,620)	-	8,620
(Increase)/decrease in payables falling due within one year	16.1	(57,109)	-	57,109
(Increase)/decrease in payables falling due after more than one year	16.2	21,167	-	(21,167)
Use of provision	17	6,286	6,364	78
Other Social Fund adjustments	SoAS2	10,556	-	(10,556)
Other		1	-	(1)
Net cash requirement		**5,329,460**	**5,841,578**	512,118

SoAS Note 3 Reconciliation of net resource outturn to net cash requirement (continued) (Audited Information)

As noted in the introduction to the SoAS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. This reconciliation bridges the resource outturn to the net cash requirement.

The notes on pages 139 to 224 form part of these accounts.

SoAS Note 4 Amounts of income to the Consolidated Fund (Audited Information)

This note mirrors Part III of the Estimates: Extra Receipts Payable to the Consolidated Fund.

SoAS4.1 Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	Forecast Income £'000	**2020-21 *Receipts* £'000**	**Outturn Income** £'000	**2020-21 *Receipts*** *£'000*
Other operating income and receipts not classified as Accruing Resources	876	*876*	**1,065**	***1,125***
Subtotal of operating income and receipts surrenderable to the Consolidated Fund	876	*876*	1,065	*1,125*
Other non-operating income and receipts not classified as Accruing Resources	2,667	*2,667*	2,667	-
Total amount payable to the Consolidated Fund	**3,543**	***3,543***	**3,732**	***1,125***

SoAS Note 5 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (Audited Information)

	Note	**2020-21** **£'000**	2019-20 £'000
Income	5 & SoCNE	123,768	145,070
Public Corporation Equity Withdrawal	SoAS2	(14,209)	(23,329)
NIF Administration Costs	SoAS2	14,051	14,408
Other		-	1
Gross Income		123,610	136,150
Income authorised to be Accruing Resource (deduct the lower of AR and Estimate)		(119,878)	(134,957)
Operating Income payable to the Consolidated Fund	SoAS4	**3,732**	1,193

SoAS Note 6 Non-operating income - Excess Accruing Resources (Audited Information)

There were no non-operating income - excess Accruing Resources during 2020-21.

The notes on pages 139 to 224 form part of these accounts.

Other Assembly Accountability Disclosures (Audited Information)

I. Regularity of Expenditure (Audited Information)

Issues pertaining to the regularity of departmental expenditure are discussed in the Governance Statement.

II. Losses and Special Payments (Audited Information)

	2020–21	2019–20
Losses		
Total number of losses	24,133	42,480
Cash losses (£'000)	**15,471**	28,946
Special Payments		
Total number of special payments	169	352
Total value of special payments (£'000)	**180**	239

There was one loss in excess of £250,000:

There was a loss of £800,000 due to the write off of an irrecoverable 20 year loan and associated debenture to Ulster Supported Employment Ltd as all necessary conditions had been complied with.

There were no Special Payments made in excess of £250,000.

Details of any losses and special payments made by the Department's executive NDPBs are reported in the accounts of those bodies.

III. Fees and Charges (Audited Information)

This note is provided for fees and charges purposes and not for IFRS 8 purposes. Information is provided in relation to services where the full cost of the service is in excess of £1 million.

Business Activity	Income (£'000)	Full Cost (£'000)	2020-21 Surplus/ Deficit (£'000)	2019-20 Surplus/ Deficit (£'000)	Financial Objective	Commentary
Delivery of service on behalf of DWP	59,405	59,405	-	-	To recover Departmental costs of services provided to administer and deliver certain benefits on behalf of the Department for Work & Pensions.	Objective Achieved.

IV. Remote Contingent Liabilities (Audited Information)

The Department had no liabilities for which the likelihood of a transfer of economic benefit in the settlement is too remote to meet the definition of contingent liability. Contingent liabilities are reported within the financial statements.

Tracy Meharg

TRACY MEHARG
ACCOUNTING OFFICER
04 AUGUST 2021

Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Department for Communities for the year ended 31 March 2021 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the Statement of Outturn against Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2021 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Qualified Opinion on regularity

In my opinion, except for the incorrect benefit expenditure attributable to fraud and error as described in the basis of opinions section, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2021 and shows that those totals have not been exceeded; and

- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for Opinions

The Department is required to calculate benefits in accordance with primary legislation, which specifies the entitlement criteria for each benefit and the method used to calculate the amount of benefit to be paid. Where fraud and error results in overpayments and underpayments the transactions do not conform to this legislation. The expenditure is therefore irregular as it is not applied in accordance with the purposes intended by the Northern Ireland Assembly and because fraudulent transactions are by definition irregular since they are without proper authority.

My regularity opinion is qualified, as a material amount of benefits is estimated as incorrect or based on a fraudulent claim. The total amount paid in benefits by the Department is £6.8 billion, of which £2.4 billion relates to expenditure on State Pension. As this has a low level of estimated fraud and error, I have not qualified my regularity opinion on this. In respect of the other benefits of £4.4 billion, as reported in Note 23 to the financial statements:

- fraud and error resulted in estimated overpayments of £166.3 million; and
- estimated underpayments due to official error of £23.8 million.

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 the Department for Communities in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, 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 opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Department for Communities' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department for Communities' 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 Department for Communities is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accounting 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 annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate and report. The Accounting Officer is responsible for the other information. 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 parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Department for Communities and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or

- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting 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 Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Department for Communities' 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 Accounting Officer anticipates that the services provided by Department for Communities will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department for Communities through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered in this context included relevant benefit and pension legislation and the Government Resources and Accounts Act (Northern Ireland) 2001, Managing Public Money Northern Ireland and the Budget Act (Northern Ireland) 2021;
- making enquires of management and those charged with governance on Department for Communities 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 Department for Communities' 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: expenditure recognition, additional payments relating to the COVID-19 pandemic 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;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee

minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate and undertaking procedures to allow me to rely on the Department's estimate of the level of fraud and error in benefit expenditure;

- 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.

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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

My detailed observations are included in my report attached to these financial statements.

K J Donnelly

KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB

6 AUGUST 2021

Financial Statements

Consolidated Statement of Comprehensive Net Expenditure for the period ended 31 March 2021

This account summarises the expenditure and income generated and consumed on an accruals basis. It also includes other comprehensive income and expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	**2020-21 £'000**	2019-20 £'000
Revenue from contracts with customers	5.1	(59,405)	(58,587)
Other operating income	5.2	(64,156)	(86,183)
Total Operating Income		**(123,561)**	(144,770)
Staff Costs	3,4	293,919	282,890
Purchase of goods and services *	3,4	200,128	169,901
Depreciation and impairment charges	3,4	26,366	2,213
Provision Expense	4	21,363	(6,481)
Grants and Other Benefit Related Expenditure *	4	7,870,882	7,117,624
Total Operating Expenditure		**8,412,658**	7,566,147
Net Operating Expenditure		**8,289,097**	7,421,377
Finance Income		(207)	(300)
Net Expenditure for the year		**8,288,890**	7,421,077
Other Comprehensive Net Expenditure			
Items that will not be reclassified to net operating expenditure:			
- Net gain/(loss) on revaluation of Property Plant and Equipment	6	10,581	5,166
- Net gain/(loss) on revaluation of Intangible Assets	7	20	32
- Net gain/(loss) on revaluation of Heritage assets	8	1	-
Items that may subsequently be reclassified to net operating expenditure:			
- Net gain/(loss) on revaluation of assets classified as held for sale		110	(60)
Comprehensive Net Expenditure for the year		**8,278,178**	7,415,939

* Supplementary and Discretionary payments have been reclassified from Purchase of goods and services to Grants and Other Benefit Related Expenditure in 2019-20 and 2020-21.

The notes on pages 139 to 224 form part of these accounts.

Consolidated Statement of Financial Position as at 31 March 2021

This statement presents the financial position of the Department for Communities. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Note	**2020-21 £'000**	2019-20 £'000
Non-current assets:			
Property, plant and equipment	6	176,133	175,606
Intangible assets	7	2,476	2,131
Heritage Assets	8	1,474	1,353
Trade and other receivables	15	268,996	271,992
Financial Assets	11	106,003	93,291
Total non-current assets		555,082	544,373
Current assets:			
Assets classified as held for sale	12	760	650
Inventories	13	114	108
Trade and other receivables	15	174,032	166,774
Contract Assets	15	14,114	14,213
Financial Assets	11	15,948	5,035
Cash and cash equivalents	14	2,431	39
Total current assets		207,399	186,819
Total assets		**762,481**	731,192
Current liabilities:			
Trade and other payables	16	(389,207)	(332,098)
Provisions	17	(24,998)	(8,194)
Total current liabilities		(414,205)	(340,292)
Non current assets plus/less net current assets/liabilities		348,276	390,900
Non-current liabilities			
Trade and other payables	16	(137,156)	(158,323)
Provisions	17	(155,224)	(156,951)
Total non-current liabilities		(292,380)	(315,274)
Total assets less total liabilities		**55,896**	75,626
Taxpayers' equity & other reserves:			
General fund		(36,386)	(8,193)
Revaluation reserve		92,282	83,819
Total Equity		**55,896**	75,626

The notes on pages 139 to 224 form part of these accounts.

Tracy Meharg

TRACY MEHARG
ACCOUNTING OFFICER
04 AUGUST 2021

Consolidated Statement of Cash Flows for the period ended 31 March 2021

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department for Communities during the reporting period. The statement shows how the Department 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 service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Department's future public service delivery.

	Note	**£'000**	£'000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(8,288,890)	(7,421,077)
Adjustments for non-cash transactions	3,4	115,026	67,395
(Increase)/Decrease in trade and other receivables	15	(4,163)	7,518
less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	*15*	(8,939)	5,372
(Increase)/Decrease in inventories	13	(6)	31
Increase/(Decrease) in trade and other payables	16	35,942	(33,000)
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	*16*	3,939	(5,468)
Use of provisions	17	(6,286)	(7,011)
Adjustment to Net Operating Profit		5	10
Net cash (outflow) from operating activities		**(8,153,372)**	(7,386,230)
Cash flows from investing activities			
Purchase of non-financial assets	6,7,8	(5,609)	(7,994)
Proceeds of disposal of non-financial assets		80	981
Repayments/(Loans) to other bodies	11	(34,889)	1,867
Net cash outflow from investing activities		**(40,418)**	(5,146)
Cash flows from financing activities			
From the Consolidated Fund (Supply) - relating to the current year		5,334,530	4,598,239
From the Consolidated Fund (Supply) - relating to the prior year	16.1	(11,422)	(5,725)
From the Consolidated Fund (non-supply)		218	-
Net financing from the National Insurance Fund		2,874,176	2,800,061
Net financing		8,197,502	7,392,575
Net increase/(decrease) in cash and cash equivalents in the year before adjustment for receipts and payments to the Consolidated Fund		**3,712**	1,199
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		(933)	(1,726)
Net increase/(decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund	14	**2,779**	(527)
Cash and cash equivalents at the beginning of the period	14	**(348)**	179
Cash and cash equivalents at the end of the period	14	**2,431**	(348)

[Inflows = + / Outflows = -]

The notes on pages 139 to 224 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity for the period ended 31 March 2021

This statement shows the movement in the year on the different reserves held by the Department for Communities, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £'000	Revaluation Reserve £'000	Taxpayers Equity £'000
Balance at 1 April 2019		(51,898)	81,279	29,381
Net Assembly Funding - drawn down		4,598,239	-	4,598,239
Net funding from the National Insurance Fund in year		2,800,061	-	2,800,061
Supply (payable)/receivable adjustment	16	(11,422)	-	(11,422)
CFERs Income payable to the Consolidated Fund		(1,193)	-	(1,193)
Comprehensive Net Expenditure for the year	SoCNE	(7,421,077)	-	(7,421,077)
Non-Cash Adjustments:				
Non-cash charges - auditor's remuneration	3	241	-	241
Non-cash charges - other	3,4	70,886	-	70,886
Movement in National Insurance Fund		5,372	-	5,372
Movements in Reserves				
Transfers between reserves		2,595	(2,595)	-
Movements in Reserves		-	5,138	5,138
Other		3	(3)	-
Balance at 31 March 2020		**(8,193)**	**83,819**	**75,626**
Net Assembly Funding - drawn down		5,334,530	-	5,334,530
Consolidated Fund Standing Services		218	-	218
Net funding from the National Insurance Fund in year		2,874,176	-	2,874,176
Supply (payable)/receivable adjustment	16	(5,070)	-	(5,070)
CFER Income payable to the Consolidated Fund	SoAS4	(3,732)	-	(3,732)
Comprehensive Net Expenditure for the year	SoCNE	(8,288,890)	-	(8,288,890)
Non-Cash Adjustments:				
Non-cash charges - auditor's remuneration	3	258	-	258
Non-cash charges - other	3,4	67,003	-	67,003
Movement in National Insurance Fund		(8,939)	-	(8,939)
Movements in Reserves				
Transfers between reserves		2,249	(2,249)	-
Movements in Reserves		-	10,712	10,712
Other		4	-	4
Balance at 31 March 2021		**(36,386)**	**92,282**	**55,896**

The notes on pages 139 to 224 form part of these accounts.

Notes to the financial statements for the year ended 31 March 2021

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department for Communities for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare one additional primary statement. The *Statement of Outturn against Assembly Supply (SoAS)* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting Convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of investment property, property, plant and equipment, intangible assets, inventories and certain financial assets and liabilities.

The Department has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. IFRS 16 *Leases* replaces IAS 17 *Leases* and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. Management considers that the impact of the introduction of IFRS 16 Leases is likely to be significant. IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value on the Statement of Financial Position. There are corresponding changes to the disclosure requirements to show the effect that leases have on the financial position, financial performance and cash flows of the lessee. The Department currently has a large operating lease which is not on the Statement of Financial Position but will be required to come on after implementation. It is not possible to quantify the effect at this time.

IFRS 17 *Insurance Contracts* will replace IFRS 4 *Insurance Contracts* and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2023. Management considers that the impact of the introduction of IFRS 17 *Insurance Contracts* is unlikely to be significant.

The IASB issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014.

Accounting boundary IFRS are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2022-23, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may have changed as a result of these Standards.

1.2 Basis of Consolidation

These accounts comprise a consolidation of the Department and those entities which fall within the departmental boundary as defined in the FReM, interpreted for Northern Ireland.

The Social Fund is consolidated within the primary statements and the cash grant to the Social Fund is included in the summary of resource outturn.

The National Insurance Fund is the responsibility of HM Revenue and Customs. This expenditure is for contributory benefits, all administration costs and their related assets and liabilities.

Although elements of the National Insurance Fund are included in the Consolidated Statement of Comprehensive Net Expenditure, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows, they are excluded from the Summary of Resource Outturn and Statement of Assembly Supply (SoAS). They are also excluded from all SoAS notes.

This consolidation boundary ensures that all items which fall within the Department's expenditure are reflected in the Statement of Comprehensive Net Expenditure, whereas the Summary of Resource Outturn reflects only those items which fall within the supply process.

Separate White Paper accounts are produced for the Social Fund and the National Insurance Fund.

A full list of bodies and funds consolidated within the accounts is given in Note 25.

1.3 Property, Plant and Equipment and Intangible Assets

Expenditure on property, plant and equipment of over £1,000 is capitalised, with the exception of property improvements, cabling, software and licences, which is capitalised if expenditure is over £5,000. All personal computer equipment under the threshold of £1,000 is charged as an operating expense.

Externally and internally developed computer software costing greater than the £5,000 captilisation threshold is classified as non-current intangible assets. Internally developed computer software is capitalised if it meets the criteria in IAS 38 Intangible Assets. Where appropriate, costs are classified as assets under construction until the asset is available for use when the asset is then transferred to its relevant asset class.

The asset value on capitalisation is measured at cost plus all direct costs, such as installation, attributable to bringing them into working condition.

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA)and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years. A valuation of the majority of land and buildings was undertaken by Land and Property Services (LPS) as at 1 April 2020. They are revalued annually, between professional valuations, using indices and desk top valuations provided by LPS, an executive agency within the Department of Finance. The revaluations for the 2020-21 financial year were based on indices applicable at 31 December 2020. Some buildings had an actual valuation at this date, for example, House of Sport and PRONI.

Properties are valued on the basis of open market value existing use, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost. Properties surplus to requirements are valued on the basis of open market value less any material directly attributable selling costs. Land and buildings at Titanic Quarter housing PRONI have been treated as specialised.

The new towns development lands in Craigavon, Ballymena and Antrim have been on the books of the Department (and before it, the Department of the Environment) for in excess of 50 years and, although not the original intention, are currently held for rental under a piecemeal programme of disposal, economic conditions permitting (so as not to adversely affect the property markets in those areas).

Infrastructure assets are costs associated with the Laganside weir and riverside walkways which consist of fees for design and investigation, certified construction costs and also compensation paid to landowners for loss of use of land and, in the case of the weir, the river bed. These are valued annually in accordance with the Appraisal and Valuation Manual of the RICS by LPS. Properties which due to their specialised nature are rarely, if ever, sold on the open market for single occupation for a continuation of their existing use, have been valued on a depreciated replacement cost (DRC) basis. Properties which are in operational use for the purposes of the Department's business have been valued on an existing use value (EUV) basis.

Twenty-six pieces of public art were transferred to the Department upon the winding up of the Laganside Corporation. The pieces include cast iron figures, sculptured brick monuments, tiled and fabric wall murals and bronze and stainless steel statues. They include works as diverse as the Big Fish at Donegall Quay and the Bottle Top at the railway bridge at Gasworks Link and can be viewed under ‘Laganside Art Trails’ on the Department’s website. They are managed by the Department’s Belfast Regeneration Directorate.

Since the Department does not generally purchase or acquire works of art, information as to their current value is not readily obtainable at a cost commensurate with the benefits to users of the financial statements. These assets are therefore not included in the Statement of Financial Position.

All other property, plant and equipment and intangible assets are carried at fair value. December 2020 indices were applied.

1.4 Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated and amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives.

No depreciation is provided on freehold land, infrastructure assets or antique collections since they have unlimited or very long-established useful lives. Items under construction are not depreciated until they are commissioned. Properties that are surplus to requirements and not in use are not depreciated. Capital expenditure on leasehold improvements is depreciated over the remaining term of the lease.

Asset lives are in the following ranges:

Asset Type	Asset Life
Freehold buildings	Up to 100 years
Leasehold property	Lease period remaining
Furniture and fittings	10-20 years
Infrastructure Assets	Up to 100 years
Computer equipment	3 - 10 years
Other equipment	3 - 25 years
Motor Vehicles	3-7 years

The majority of furniture and fittings are rented from the Department of Finance and have not been capitalised. Instead, this forms part of the notional accommodation costs included in the Statement of Comprehensive Net Expenditure.

Most of the buildings used by the Department are part of the government estate. As rents are not paid for these properties, notional accommodation costs are based on a capital charge for the properties. These costs have been charged to the Statement of Comprehensive Net Expenditure.

In some cases the Department has carried out improvement work to these properties. Where the amount exceeds the capitalisation threshold the expenditure is treated as capital.

1.5 Heritage Assets

All heritage assets are deemed to be held by the Department in pursuit of its overall objectives in relation to the maintenance of heritage. Non-operational heritage assets are those which are held solely for this purpose and have no other use. Non-operational heritage assets which have not been purchased have no valuation placed on them as it is not possible to provide a robust valuation for them.

Operational heritage assets are those which, in addition to being held for their heritage characteristics, are also used by the entity for other activities or to provide other services for which it is responsible.

On initial recognition the assets are recognised at cost. Operational and non-operational heritage assets are not depreciated as they are considered to have an infinite useful life.

Heritage lands are subject to professional valuations and annual revaluations in accordance with the Appraisal and Valuation Manual produced jointly by the RICS

ISVA and the IRRV. Professional revaluations of heritage land are undertaken every five years. A professional valuation was undertaken on 1 April 2020. (An exception to this is some land at Dunluce Castle containing an archaeological site, which is not revalued and is on the departmental asset register at a value of £158,400).

Various State Care monuments throughout Northern Ireland are also the property of the Department. These monuments have been acquired by a variety of means, including inherited under the National Monuments Order 1880, properties previously vested in the county councils which were transferred to the Department under the Historic Monuments (Transfer) Order (NI)1973 and others are held in guardianship by the Department. The monuments are protected by the Department under the Historic Monument and Archaeological Objects (NI) Order 1995.

1.6 Non-Current Assets Held for Resale

The Department classifies a non-current asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through continuing use. In order to meet this definition, IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets held for sale are valued on the basis of open market value less any material directly attributable selling costs.

1.7 Investment and Loans in other Public Sector Bodies

The loan stock is valued at cost, which is considered to be a close approximation of the market value (see Note 11).

1.8 Vesting of land

In certain instances, the Department will vest property with the intention of facilitating urban regeneration. In such circumstances the Department assumes ownership from the date when the vesting order becomes operative. The property is capitalised at its Land and Property Service valuation.

The estimated compensation payments payable to the owner of the vested property are provided for in the period in which the vesting order becomes operative.

1.9 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Department, the asset is recorded as property, plant and equipment and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.10 Service Concession Arrangements

Service concession arrangement transactions have been accounted for in accordance with International Financial Reporting Interpretations Committee 12 (IFRIC 12), as required by the Government Financial Reporting Manual. Where the government body controls the use of the asset and the residual interest in the asset at the end of the arrangement, the Department does not have any assets to recognise within the contract period. The service charges are recorded as an operating cost (Note 4).

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Historical Environment Division's stocks were valued at 31 March 2021.

1.12 Cash and Cash Equivalents

Due to funding requirements it is departmental policy to hold and manage centrally all operational bank accounts. The total of the centrally held bank balances is disclosed in these accounts.

Cash in transit - the Central Payment System (CPS) processes benefit payments to customers' bank accounts through the Bank Automated Clearing System (BACS) and this process normally takes approximately three working days to complete.
The CPS accounts for the benefit expenditure on the first day of the BACS payment cycle i.e. BACS Day 1, although the payment amount does not transfer to the customer's bank account until BACS Day 3. The two day difference in the recording of the expenditure and the movement of the funds to make the payments creates a payables balance within CPS known as the 'Cash in Transit' balance. The Cash in Transit (CIT) balance represents purely a timing difference between the transactions that take place on BACS Day 1 and BACS Day 3. The CIT balance is included within Note 16 - Trade payables and other current liabilities.

1.13 Operating income

Operating income is income which relates directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full cost basis to external customers as well as public repayment work but also includes other income, such as that from investments. It includes income classified as accruing resources, as well as income due to the Consolidated Fund, which in accordance with the Government Financial Reporting Manual, is treated as operating income. Operating income is stated net of VAT. It excludes accruing resources and Consolidated Fund extra receipts treated as capital. Receipts under EU Peace and Reconciliation Programme or other EU initiatives are also treated as operating income.

1.14 Administration and Programme Expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by HM Treasury.

Administration costs reflect the costs of running the Department. These include both those administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost control regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit and that operating income which is not.

Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery.

Social security programme expenditure also comprises statutory payments, including contributory benefit expenditure, which is funded from the National Insurance Fund and expenditure which is borne by the Social Fund in addition to the programme expenditure which is within the supply process.

1.15 Employee Benefits including Pensions

Under the requirements of International Accounting Standard 19 ‘Employee Benefits’, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end.

The employee benefit accrual is based on information from the HR Connect payroll system. The accrual is calculated based on the actual leave amount outstanding per employee as at 31 March 2021, multiplied by the actual staff salary rate. Employers' National Insurance costs at 13.8% and employers' pension at 29.48% are added to this amount to provide the total employee benefit accrual figure for the financial year end.

Details of the departmental pension schemes are provided in the remuneration report in the annual report.

1.16 Grants Payable

Grants payable are recorded as expenditure in the period in which the underlying event or activity giving entitlement to the grant occurs, in so far as it is practicable to do so. Grants in aid, deficit grants and payments to other public bodies which operate grant schemes are expensed in the period in which the payments are made. Grant expenditure incurred and claimed by recipients but unpaid by the Department by the year end is accrued, as is grant expenditure incurred by the recipient before the year end but not claimed until after the year end. An accrual is also made for grant expenditure incurred by the recipient before the year end where the Department has been notified of the amount of the claim but the claim has not yet been submitted. Any future amounts payable under European Union letters of offer are disclosed as commitments. Overpayments of grants are shown as trade receivables.

Housing association grants may be repayable to the Department on the sale of housing properties and land. In addition, most grants provided by Urban Regeneration Division contain a provision within the letter of offer for clawback of the grant in particular circumstances. The amount of the repayment that is known with reasonable certainty is included within trade receivables (Note 15).

1.17 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with International Accounting Standard (IAS) 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Northern Ireland Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*.

These comprise:

a. items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the Northern Ireland Assembly by departmental Minute prior to the Department entering into the arrangement; and

b. all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the Government Financial Reporting Manual to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Northern Ireland Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Northern Ireland Assembly.

1.18 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation where this can be determined. This relates to early retirement costs, superannuation contributions, potential legal actions and provision for future liabilities in respect of contracts. Where the effect of the time value of money is significant the estimated risk-adjusted cash flows are discounted using the rates set by HM Treasury. Previously, HM Treasury issued real rates for departments to use in discounting provisions. From 2019-20 onwards, HM Treasury is issuing nominal rates. Nominal rates do not take account of inflation, unlike real rates. Departments, are therefore required to separately inflate their cash flows. The relevant rates are:

Years	Percentage	
	Nominal	Inflation
1 - 5	(0.02)%	1.20%
5 - 10	0.18%	1.60%
Greater than 10	1.99%	2.00%

1.19 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. VAT is recoverable on a departmental basis in line with the provisions applicable to government bodies in NI.

1.20 Third Party Assets

The Child Maintenance Service operates a client funds account to control the receipt of child maintenance and fees from non-resident parents and parents with care. Child maintenance and fees are collected and paid over respectively to persons with care or to the Department (maintenance and fees). These are not departmental assets and are not included in the Statement of Financial Position.

The Department administers a Central Investment Fund for Charities into which Northern Ireland charities invest funds and a Charitable Donations and Bequests Fund. These are not departmental funds and are not consolidated within the departmental accounts. Dividends are paid twice yearly by the Department.

1.21 National Insurance Fund (NIF)

As stated in Note 1.2, the NI National Insurance Fund is excluded from the consolidation. However, contributory benefits funded from the National Insurance Fund and the costs to the Department of administering the National Insurance Fund are included in the Statement of Comprehensive Net Expenditure. The NI National Insurance Fund provides financing to the Department to cover this contributory benefit expenditure and the administration costs incurred by the Department. The financing from the NI National Insurance Fund shown in the Consolidated Statement of Cash Flows is the net financing due to the Department. Any difference between the net financing due to the Department and the net financing received from the NI National Insurance Fund will be reflected in the current account maintained between the Department and the NI National Insurance Fund/HMRC (See Notes 15 and 16).

1.22 Early departure costs

The Department is required to meet the additional cost of benefits beyond the normal Principal Civil Service Pension Scheme benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme has been announced and this is binding on the Department.

1.23 EU Income

All receipts from the EU are separately identified and shown as income in the Statement of Comprehensive Net Expenditure. A distinction is made between receipts earned by the Department on infrastructure development which are paid over to the consolidated fund and receipts in support of departmental grant schemes which are netted off the cost of the schemes. All EU income is treated by the Department as non-public expenditure and thereby reduces the burden on the UK Exchequer.

1.24 Funding from Assembly vote

Vote funding is not treated as income on the face of the Statement of Comprehensive Net Expenditure, instead cash voted and drawn down is credited to the General Fund.

1.25 Provision of Agency Services

The Department provides agency services to the Department for Work and Pensions in administering the Belfast Child Maintenance Service Centre and the Belfast Benefit Delivery Centre. The direct cash costs incurred in operating these centres are recovered in full from the Department for Work and Pensions.

The expenditure in relation to these services is reported as programme costs in the Statement of Comprehensive Net Expenditure with the related accruing resources treated as revenue from contracts with customers within the income note.

1.26 Derivatives and Other Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when, and only when, it is extinguished.

Financial instruments are initially recognised at fair value unless otherwise stated. Fair value is the amount at which such an instrument could be exchanged in an arm's length transaction between informed and willing parties.

Financial instruments are subsequently carried at amortised cost using the effective interest method, with changes in value recognised in the Statement of Comprehensive Net Expenditure in the line which most appropriately reflects the nature of the item or transaction.

The following are the key accounting policies used to reflect the adoption of financial instruments under relevant Financial Reporting Standards (IAS 32 *Financial Instruments Presentation*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 *Fair Value Measurement*).

The Department assesses at each Statement of Financial Position date whether there is objective evidence that financial assets are impaired as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the Statement of Financial Position date and whether such events have had an impact on the estimated future cash flows of the financial instrument and can be reliably estimated. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account the type of instrument and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the terms of the asset being evaluated.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Future cash flows for a group of financial instruments that are collectively evaluated for impairment are estimated on the basis of expected cash flows for the assets and historical loss experience for assets with credit risk characteristics similar to those in the group.

Interest determined, impairment losses and translation differences on monetary items are recognised in the Statement of Comprehensive Net Expenditure.

More detail on the Department’s Financial Instruments is provided in Note 10.

1.27 Benefit Overpayment Receivables

Benefit overpayment receivables arise when a benefit overpayment occurs. The gross benefit receivable amount recognised in the Statement of Financial Position is valued at the difference between the amount paid to the customer by the Department and the actual benefit entitlement due. The value of the recoverable overpayment is communicated in writing to the customer along with advice on their right to appeal the Departments decision. The Department regards this letter as evidence to support the valuation and existence of the debt.

Legacy benefit overpayments arising as a result of customer fraud or error are recoverable. The value of the recoverable overpayment is communicated to the customer in writing and the customer is advised in the letter of their right to appeal the Department's decision.

Benefit overpayments arising as a result of official error have no statutory right of recovery. These are recognised and written off simultaneously.

However payments of Universal Credit, new style Jobseekers Allowance (JSA) and new style Employment and Support Allowance (ESA) paid in excess of entitlement are legally considered a recoverable overpayment; this includes official error overpayments.

All Benefit overpayments arising as a result of customer fraud and error are recoverable.

Benefit overpayment receivables write off policy has been agreed with the Department of Finance (DoF). To ensure it is applied consistently, detailed guidance is given in the Debt Management Guide to Waiver, Abandonment and write off and Managing Public Money Northern Ireland. In accordance with the write-off policy, the Department may write off benefit overpayment receivables because:

- the debt is below the small payments limit, currently set at £65 and it is not considered cost effective to pursue
- the case satisfies the criteria for waiver, where evidence is available that recovery of the debt will have a detrimental impact on the health or wellbeing of the debtor or their family
- the case satisfies the criteria for abandonment of recovery , where it is no longer considered cost effective to pursue the debt
- the debtor is deceased and there is insufficient estate to recover the debt
- the debtor is subject to insolvency action and write-off is appropriate.

The Department undertakes management reviews on the quality and consistency of write-off decisions through periodic management and quality assurance checks.

The Benefit Overpayment Receivable balance is assessed at the end of each accounting period and reduced to its estimated recoverable amount through making an impairment based on forecast cash and benefit deduction recoveries. In addition, the Department includes impairment in respect of an element of benefit overpayment receivables that could be subject to challenge and consequently written off. A discount factor of 3.7% is also applied to the benefit receivables balance at the end of the accounting period to estimate the present value of cash flows (2019-20: 3.7%).

Housing Benefit for tenants in the public and private rented sectors is administered by the Northern Ireland Housing Executive. Similar policies and procedures to those used by the Department are used by the Housing Executive for the purposes of recovering Housing Benefit overpayments.

Housing Benefit for owner occupiers is fully administered by Land and Property Services.

The Department provides guidance to the Housing Executive on overpayment recovery policy and legislation and monitors performance against overpayment recovery targets.

1.28 Tax Credits Receivables

In 2017-18, DfC started to take on debt associated with HM Revenue and Customs (HMRC) Personal Tax Credits for customers who have made a claim to Universal Credit (UC) and have existing Tax Credits debt or have migrated from Tax Credits to UC. The debt transfer is planned to continue to transfer over the coming years as more customers move to UC.

A temporary pause was implemented in April 2020 as a result of the Covid-19 pandemic. The reintroduction of Tax Credit transfers re-commenced in November 2020.

In line with the appropriate financial accounting guidance as issued by the Department of Finance this transfer has been treated as a donated asset capital grant in kind and disclosed as such throughout the financial statements.

The debt has been transferred at the estimated actual value which was calculated at the point of transfer by HMRC and applies the HMRC impairment rate to the gross debt.

Following the transfer to our Department the Tax Credit receivable balance is assessed at the end of each accounting period and reduced, where appropriate, to its estimated recoverable amount through making a fair value impairment based on forecast recoveries and write-off information.

1.29 Estimation Techniques

Fair Value Adjustment:

(i) The fair value adjustment of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arm's length transaction between knowledgeable willing parties. Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined using expected cash flows discounted back to present value and an estimated impairment for the element of the receivable balance that could be written off.

(ii) The fair value adjustment for payments made to the Department in respect of the Compensation Recovery Scheme (CRS) is based on likely future write-offs and is calculated on a case by case basis.

The fair value adjustment is not disclosed within the trade receivables note. However, the fair value adjustment relating to financial instruments is detailed in Note 10.

Benefit Overpayment Receivables:

The estimation technique employed in the calculation of benefit overpayment receivables is disclosed in Note 1.27.

Employee Benefits:

Under the requirements of IAS 19 *Employee Benefits*, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them.

This includes the cost of any untaken leave that has been earned at the year end.

The employee benefit accrual is based on information from the payroll systems. The accrual is calculated based on the actual leave amount outstanding per employee as at 31 March 2021, multiplied by the actual staff salary rate and adjusted for Employers' National Insurance and pension costs.

Details of the departmental pension schemes are provided in the Remuneration Report in the Annual Report.

The estimation technique employed in the calculation of employee benefits is disclosed in Note 1.15.

Provisions:
The estimation technique employed in the calculation of provisions is disclosed in Note 1.18.

NHS Trusts' balance:
An exercise is completed each year by the Department's Compensation Recovery Unit (CRU) to estimate the potential value of those claims awaiting settlement from the insurance companies and due to the Health Service Trusts (HST). The CRU collects the monies due from the insurance companies on behalf of the HST and those amounts are then forwarded to the Trusts themselves. The CRU estimate is based on the number of claims outstanding and the associated medical costs applicable to each claim.

1.30 Deferred Income

Deferred income of £1.351 million includes the cost of remediation work at Fort George army barracks (Note 16). The former Department for Social Development (DSD) acquired the Fort George site from the Londonderry Port and Harbour Commissioners (LPHC) in 2004, having been on leasehold to the Ministry of Defence (MoD).

In 2010-11 the MoD made an offer to DSD for £3.2 million in exchange for the formal release and legal cancellation of the existing indemnities against the MoD. The Department accepted the offer. Decontamination of the site commenced in 2010-11, with income being released as expenditure was incurred. While decontamination work was completed in 2019-20, and all retention amounts have now been released, the Department is now examining the use of the remaining monies for further works at Fort George army barracks and intends to complete this exercise in 2021-22.

1.31 Local Government Boundaries Commissioner

By statute, the remuneration and expenses of the Office of the Local Government Boundaries Commissioner are met directly from the Consolidated Fund. These costs are treated as Consolidated Fund Standing Services in the Department's Resource Accounts.

2 Statement of Operating Expenditure by Operating Segment

		2020-21					2019-20				
	Note	SP&PSG £'000	HURLG £'000	ECG £'000	WH&SPG £'000	Total £'000	SP&PSG £'000	HURLG £'000	ECG £'000	WH&SPG £'000	Total £'000
Gross Expenditure		737,489	621,821	263,370	6,789,978	8,412,658	785,703	471,421	157,618	6,151,405	7,566,147
Income		(315)	(51,549)	(3,053)	(68,851)	(123,768)	(382)	(69,989)	(796)	(73,903)	(145,070)
Net Expenditure	SoCNE	**737,174**	**570,272**	**260,317**	**6,721,127**	**8,288,890**	785,321	401,432	156,822	6,077,502	7,421,077
Net Assets		**(161,218)**	**205,853**	**29,007**	**(17,746)**	**55,896**	(161,236)	171,892	29,399	35,571	75,626

In accordance with IFRS 8: Operating Segments (IFRS 8), the Department has considered the need to analyse its income and expenditure relating to operating segments. The Department's operating costs are analysed into 4 operating segments. The Department does not consider that assets and liabilities can be meaningfully allocated to segments and manages and reports on assets and liabilities as a single block. Therefore, in accordance with IFRS 8, no breakdown of assets and liabilities by segment is given.

Strategic Policy & Professional Services Group (SP&PSG)

Delivering high quality corporate and professional services to the Department for Communities. It plays an important role in creating a well-led, high performing and outcome-focused Department, unified by Our Common Purpose of supporting people, building communities and shaping places.

Housing, Urban Regeneration & Local Government Group (HURLG)

Delivering decent, affordable, sustainable homes and housing support, to tackle area-based deprivation and to create urban centres which help bring divided communities together.

Engaged Communities Group (ECG)

Delivering good policy and services to the voluntary and community sectors, across the culture, arts and leisure functions and in relation to stewardship of the historic environment.

2 Statement of Operating Expenditure by Operating Segment (continued)

Work & Health and Supporting People Group (WH&SPG)

Focuses on helping people improve their lives by helping them into work, providing support to those who are unable to work and positively working with those people who won't work. The Group also manages the Child Maintenance Service and aspects of welfare delivered through Pensions, Disability & Benefit Security, Fraud and Error Reduction.

Any transactions between the reportable segments are eliminated upon consolidation of the accounts.

The activities of the reportable segments are reported both individually and collectively to senior management.

None of the reportable segments has any reliance on major customers.

3 Other Administration Expenditure

	Note	2020-21 £'000	2019-20 £'000
Staff Costs[1]:			
Wages and salaries		26,717	25,073
Social security costs		2,685	2,450
Other pension costs		7,966	7,442
Contracted services		8,809	9,024
Accommodation costs		916	918
Early Departure Costs		109	184
Travel and subsistence		(2)	475
Management consultancy		156	38
Advertising & Publicity		173	55
Telecom		245	221
Legal and Other Professional Costs		335	213
Computer and office running costs		158	184
Other expenditure		1,475	1,248
Non-cash items:			
Depreciation	6	100	101
Amortisation	7	1	-
Impairment/Revaluation of administration property, plant and equipment		1	-
Notional costs:			
Accommodation costs		17,700	19,243
Other indirect charges and services		14,644	15,654
Auditor's remuneration and expenses	3a	258	241
Total		**82,446**	82,764

[1] Further analysis of staff costs is located in the Staff Report on page 96.

3a The audit fee represents the cost for the audit of the financial statements carried out by the Comptroller & Auditor General.

There was £0.001 million paid for the National Fraud Initiative exercise.

4 Programme Expenditure

	Note	**2020-21 £'000**	2019-20 £'000
Staff Costs[2]:			
Wages and salaries		200,468	191,377
Social security costs		13,425	13,344
Other pension costs		42,658	43,204
Grants & Other Voted Expenditure	4a	4,824,678	4,117,109
Non Voted Benefit Expenditure	4b	2,856,157	2,779,604
Social Fund Expenditure		59,362	53,217
Statutory Maternity, Parental, Adoption and Sick Pay		85,600	114,000
Supplementary payments		31,940	44,451
Discretionary payments		13,145	9,243
Contracted services		48,494	44,942
Accommodation costs		8,815	9,835
Medical adjudication		1,857	6,343
Card Account		1,591	1,877
Legal and other Professional costs		4,190	4,403
Postage		1,621	1,877
Travel and subsistence		406	1,663
Computer and office running costs		3,282	5,820
Telecommunications		681	561
Printing and stationery		505	793
Management consultancy		1,031	1,403
Managed Services		397	1,270
Other programme costs		47,635	5,190
Non-cash items:			
Depreciation	6	4,345	3,664
Amortisation	7	955	2,175
Impairment/Revaluation of programme property, plant and equipment		9,700	(307)
Discounting/Impairment on NICHA Financial Transactions Capital Funding		11,528	(2,360)
Discounting/Impairment on Loans		(264)	(1,060)
(Profit)/Loss on disposal of administration property, plant and equipment		36	247
Movement in programme provisions	17	21,363	(6,481)
Housing Benefit Owner Occupiers		34,623	35,991
Release from General Fund in respect of GB capital items		(12)	(12)
Total		**8,330,212**	7,483,383

[2] Further analysis of staff costs is located in the Staff Report on page 96.

4a Grants & Other Voted Expenditure

	Note	2020-21 £'000	2019-20 £'000
Grant in Aid to NDPB's		423,334	385,010
Other Grants		402,957	208,766
Housing Benefit Rent Rebate Funding		161,068	170,430
Housing Benefit Rent Allowance Funding		296,869	304,396
Housing Benefit Rates (tenants) Funding		66,499	70,611
Discretionary Housing Payment		4,157	4,610
Disability Living Allowance		410,616	432,130
Employment Support Allowance		516,286	527,308
Pension Credit		236,832	239,731
Attendance allowance		209,237	206,988
Personal Independence Payment		916,595	838,431
Carers allowance		181,617	176,217
Income support		88,504	98,651
Jobseeker's allowance		32,147	38,068
Industrial injuries benefits		29,714	30,347
Universal Credit		830,992	361,693
Other		17,254	23,722
Total		**4,824,678**	4,117,109

4b Non Voted Expenditure

	Note	2020-21 £'000	2019-20 £'000
State Pension		2,472,766	2,404,908
Employment and Support Allowance		339,178	335,378
Bereavement benefits		15,239	15,877
Maternity Allowance		11,300	12,315
Jobseekers Allowance		10,179	4,843
Other		7,495	6,283
Total		**2,856,157**	2,779,604

5 Income

5.1 Revenue from Contracts with Customers

	Note	**2020-21 £'000**	2019-20 £'000
Recoveries from DWP		59,405	58,587
Total		**59,405**	58,587

This income represents full cost recovery of the Department's costs in relation to the administration and delivery of benefit processing services on behalf of the Department for Work & Pensions. This income is recognised regularly on an "Over Time" basis.

The performance obligation of DfC is the processing, administration and delivery of benefits on behalf of DWP and the Department recognises the full cost of providing these services to DWP on a monthly basis.
The assets/liabilities recognised as a result of this contract are disclosed separately in notes 15 and 16 under the "contract assets/liabilities" heading.

5.2 Other Operating Income

	Note	**2020-21 £'000**	2019-20 £'000
Interest Reimbursement from NIHE		16,569	18,988
NIHE House Sales		14,209	23,329
Housing Association Grant recoverable		14,082	20,518
Tax Credit Debt		7,155	13,552
Syrian Refugee Project		3,595	4,910
Consolidated Fund Extra Receipts		3,525	893
2012 Child Maintenance Service		849	961
Recreation Income - Admission charges		99	529
Recoveries of secondees' costs		289	314
EU receipts		1,193	406
Other		2,591	1,783
Total		**64,156**	86,183

6 Property, plant and equipment

2020-21	Land £'000	Buildings £'000	Network Assets £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Transport Equipment £'000	Payments on A/c & Assets under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2020	75,893	51,771	49,400	1,389	1,168	8,146	699	983	189,449
Adjustments to opening balances	3	-	-	142	-	1	-	-	146
Additions	1,406	257	-	1,396	50	82	-	883	4,074
Disposals	(85)	-	-	(38)	-	(5)	-	(3)	(131)
Reclassifications	1	924	-	-	-	24	-	(949)	-
Impairments/Impairment Reversal	2	(34)	-	-	-	7	-	-	(25)
Revaluations	(3,719)	(365)	(2,325)	1	13	(86)	1	-	(6,480)
At 31 March 2021	**73,501**	**52,553**	**47,075**	**2,890**	**1,231**	**8,169**	**700**	**914**	**187,033**
Depreciation									
At 1 April 2020	11	1,504	5,205	1,018	752	4,836	517	-	13,843
Adjustments to opening balances	3	-	-	(1)	-	-	-	-	2
Charged in year	133	1,779	1,675	266	80	457	55	-	4,445
Disposals	-	-	-	(37)	-	(3)	-	-	(40)
Impairments/Impairment Reversal	-	(63)	-	-	-	-	-	-	(63)
Revaluations	(12)	(1,800)	(5,201)	-	(1)	(269)	(4)	-	(7,287)
At 31 March 2021	**135**	**1,420**	**1,679**	**1,246**	**831**	**5,021**	**568**	**-**	**10,900**
Carrying amount at 31 March 2021	**73,366**	**51,133**	**45,396**	**1,644**	**400**	**3,148**	**132**	**914**	**176,133**
Carrying amount at 31 March 2020	75,882	50,267	44,195	371	416	3,310	182	983	175,606

6 Property, plant and equipment (continued)

Asset Financing:

	Land £'000	Buildings £'000	Network Assets £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Transport Equipment £'000	Payments on A/c & Assets under Construction £'000	Total £'000
Owned	73,351	51,133	45,396	1,644	400	3,148	132	914	176,118
Finance leased	15	-	-	-	-	-	-	-	15
Carrying amount at 31 March 2021	**73,366**	**51,133**	**45,396**	**1,644**	**400**	**3,148**	**132**	**914**	**176,133**

6 Property, plant and equipment (continued)

2019-20	Land £'000	Buildings £'000	Network Assets £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Transport Equipment £'000	Payments on A/c & Assets under Construction £'000	Total £'000
Cost or valuation									
At 1 April 2019	72,515	48,567	56,131	1,407	1,002	8,278	788	1,231	189,919
Adjustments to opening balances	(1,829)	-	(8,547)	-	-	(81)	(27)	-	(10,484)
Additions	5,350	190	-	81	158	12	67	1,211	7,069
Disposals	(796)	(616)	-	(115)	(2)	(74)	(135)	(1)	(1,739)
Reclassifications	-	1,458	-	15	(7)	-	-	(1,458)	8
Impairments/Impairment Reversal	10	12	-	-	-	(6)	1	-	17
Revaluations	643	2,160	1,816	1	17	17	5	-	4,659
At 31 March 2020	**75,893**	**51,771**	**49,400**	**1,389**	**1,168**	**8,146**	**699**	**983**	**189,449**
Depreciation									
At 1 April 2019	21	1,268	13,849	1,016	707	4,429	586	-	21,876
Adjustments to opening balances	(412)	-	(9,960)	-	-	-	(26)	-	(10,398)
Inter-business area transfers	-	-	-	-	-	-	-	-	-
Charged in year	502	1,541	997	93	85	482	65	-	3,765
Disposals	(29)	(300)	-	(103)	(1)	(72)	(107)	-	(612)
Reclassifications	(100)	-	100	12	(3)	-	-	-	9
Impairments/Impairment Reversal	-	-	-	-	-	(1)	-	-	(1)
Revaluations	29	(1,005)	219	-	(36)	(2)	(1)	-	(796)
At 31 March 2020	**11**	**1,504**	**5,205**	**1,018**	**752**	**4,836**	**517**	**-**	**13,843**
Carrying amount at 31 March 2020	**75,882**	**50,267**	**44,195**	**371**	**416**	**3,310**	**182**	**983**	**175,606**
Carrying amount at 31 March 2019	72,494	47,299	42,282	391	295	3,849	202	1,231	168,043

6 Property, plant and equipment (continued)

Asset Financing:

	Land	Buildings	Network Assets	Information Technology	Plant & Machinery	Furniture & Fittings	Transport Equipment	Payments on A/c & Assets under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Owned	75,857	50,267	44,195	371	416	3,310	182	983	175,581
Finance leased	25	-	-	-	-	-	-	-	25
Carrying amount at 31 March 2020	75,882	50,267	44,195	371	416	3,310	182	983	175,606

7 Intangible assets

2020-21	Information Technology £'000	Other £'000	Total £'000
Cost or valuation			
At 1 April 2020	8,999	54	9,053
Adjustments to opening balances	(144)	(3)	(147)
Additions	1,450	-	1,450
Disposals	(25)	(24)	(49)
Impairments/Impairment Reversal	9	-	9
Revaluations	27	-	27
At 31 March 2021	**10,316**	**27**	**10,343**
Amortisation			
At 1 April 2020	6,895	27	6,922
Adjustments to opening balances	-	(3)	(3)
Charged in year	955	1	956
Disposals	(24)	-	(24)
Impairments/Impairment Reversal	2	-	2
Revaluations	14	-	14
At 31 March 2021	**7,842**	**25**	**7,867**
Carrying amount at 31 March 2021	**2,474**	**2**	**2,476**
Carrying amount at 31 March 2020	2,104	27	2,131

Asset Financing:

	Information Technology £'000	Other £'000	Total £'000
Owned	2,474	2	2,476
Carrying amount at 31 March 2021	**2,474**	**2**	**2,476**

7 Intangible assets (continued)

2019-20	Information Technology £'000	Other £'000	Total £'000
Cost or valuation			
At 1 April 2019	7,969	90	8,059
Adjustments to opening balances	24	(24)	-
Additions	913	-	913
Disposals	(10)	(2)	(12)
Reclassifications	-	(12)	(12)
Impairments/Impairment Reversal	-	2	2
Revaluations	103	-	103
Downward Revaluations			
At 31 March 2020	8,999	54	9,053
Amortisation			
At 1 April 2019	4,649	42	4,691
Adjustments to opening balances	8	(4)	4
Charged in year	2,174	1	2,175
Disposals	(9)	(2)	(11)
Reclassifications	-	(10)	(10)
Revaluations	73	-	73
At 31 March 2020	6,895	27	6,922
Carrying amount at 31 March 2020	**2,104**	**27**	**2,131**
Carrying amount at 31 March 2019	3,320	48	3,368

Asset Financing:	Information Technology £'000	Other £'000	Total £'000
Owned	2,104	27	2,131
Carrying amount at 31 March 2020	2,104	27	2,131

8 Heritage Assets

2020-21	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2020	555	38	760	1,353
Additions	-	-	85	85
Impairments	35	-	-	35
Revaluations	1	-	-	1
At 31 March 2021	**591**	**38**	**845**	**1,474**
Amortisation				
At 1 April 2020	-	-	-	-
Charged in year	-	-	-	-
At 31 March 2021	**-**	**-**	**-**	**-**
Carrying amount at 31 March 2021	**591**	**38**	**845**	**1,474**
Carrying amount at 31 March 2020	555	38	760	1,353
Asset Financing:				
Owned	591	38	845	1,474
Carrying amount at 31 March 2021	**591**	**38**	**845**	**1,474**

8 Heritage Assets (continued)

2019-20	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2019	555	33	753	1,341
Additions	-	5	7	12
At 31 March 2020	555	38	760	1,353
Amortisation				
At 1 April 2019	-	-	-	-
Charged in year	-	-	-	-
At 31 March 2020	-	-	-	-
Carrying amount at 31 March 2020	555	38	760	1,353
Carrying amount at 31 March 2019	555	33	753	1,341
Asset Financing:				
Owned	555	38	760	1,353
Carrying amount at 31 March 2020	**555**	**38**	**760**	**1,353**

9 Impairments

	2020-21 £'000	2019-20 £'000
Amount charged to the Statement of Comprehensive Net Expenditure	9,700	(307)
Amount taken through the revaluation reserve	(9,780)	290
Total Impairment charge for the year	**(80)**	**(17)**

10 Financial Instruments

As the cash requirements of the Department are met through the estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

Credit Risk

The Department manages its exposure to credit risk via credit risk management policies. Credit policies cover exposures generated from benefit overpayment receivables and Social Fund loans and are embedded within regulations governing Social Security benefits.

The maximum exposure to credit risk is represented by the carrying amounts of the financial assets in the Statement of Financial Position. For benefit overpayment receivables and Discretionary and Social Fund loans the exposure to credit risk is the amount of debt or loan not recovered from benefit customers.

For benefit overpayment receivable, Discretionary and Social Fund Loans, the exposure is limited to the extent that the receivable can be recovered from cash recoveries and deductions from benefit payments e.g. from State Pension Benefit and even from the estate on death. Some risk still remains as the level that can be recovered from each benefit payment is restricted to avoid causing hardship, and customers do not always have sufficient funds in their estate to cover the receivable. However, the Department has an active recovery process in place, in order to maximise the amounts recovered.

Liquidity Risk

The Department's resource requirements are financed by resources voted by the Assembly and Parliament. Its capital expenditure is voted by the Assembly only. It is not, therefore, exposed to significant liquidity risks.

The Department has a statutory obligation to issue Discretionary and Social Fund loans and seek repayments in line with legislation. The Department is not permitted to withhold loans on the basis of poor credit rating nor is it able to seek collateral. The Department is therefore exposed to risk that some Discretionary and Social Fund loans will not be repaid.

Interest Rate Risk

Interest rate risk primarily occurs when there are changes in the market interest rates. The Department has discounted the forecast future cash flows for estimated recoveries and write offs for benefit overpayment receivables and Discretionary and Social Fund loans. The discount factor for 2020-21 was 3.7%, (2019-20: 3.7%).

The Department categorises the following account balances to be financial instruments:

(i) Cash and cash equivalents

- Assembly Funding
- NIF receivable
- Cash in Transit

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions which are readily convertible to known amounts of cash and which are subject to insignificant changes in value. It also comprises funding voted by the Northern Ireland Assembly to meet the Department's resource requirements, the NI National Insurance Fund receivable and cash in transit. The NI National Insurance Fund (NIF) receivable represents the balance at the year end of the funding provided to the Department by Her Majesty's Revenue and Customs (HMRC) for the payment of contributory benefits.

The fair value for these approximates to the current value stated in the Statement of Financial Position owing to the short maturity of this instrument.

(ii) Loans and Receivables

- Benefit overpayment receivables (including Housing Benefit)
- Discretionary and Social Fund Loans

- NIHE loan receivables
- Housing Association loans
- NICHA FTC Funding
- Local Authority loans
- Get Britain Building loans

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted on an active market and which are not classified as available for sale. Loans and receivables are assessed at the end of each accounting period and reduced, where appropriate to their estimated recoverable amount through making an impairment based on forecast cash and benefit deduction recoveries and write off information. In addition, the Department applies a discount factor to estimate the present value of the cash flows. The discount factor for 2020-21 was 3.7%, (2019-20: 3.7%).

Financial instruments are carried at amortised cost using the effective interest method, with changes in value between 1 April 2020 and 31 March 2021 recognised in the Statement of Comprehensive Net Expenditure in the line which most appropriately reflects the nature of the item or transaction.

Given the nature of the NIHE, local authority and housing association loan receivables, the reason for their existence and the Department's policy towards them, the fair value is not materially different from the book value.

The amounts included in the 2020-21 accounts are:

Statement of Financial Position	Gross Receivables £'000	Impairment & Discounting Debt £'000	Net Receivables £'000
Loans & Receivables (amounts falling due less than one year):			
NIHE Loans	21,873	-	21,873
NICHA FTC Funding	2,500	(89)	2,411
Get Britain Building Loans	13,298	(474)	12,824
Housing Association Loans	713	-	713
Housing Benefit	6,094	-	6,094
Non-contributory Benefits	10,182	(2,491)	7,691
Discretionary Loans	4,577	(14)	4,563
Contributory Benefits	947	(226)	721
CRU Receivable	1,245	(86)	1,159
Salary Overpayments	112	(97)	15
Tax Credit Receivable	10,598	(5,425)	5,173
Funeral Loans	54	(2,243)	(2,189)
Other Loans	45,902	(825)	45,077
Loans & Receivables (amounts falling due more than one year):			
NIHE Loans	136,737	-	136,737
NICHA FTC Funding	135,500	(45,293)	90,207
Get Britain Building Loans	21,000	(6,276)	14,724
Housing Association Loans	1,072	-	1,072
Housing Benefit	15,721	(2,033)	13,688
Non-contributory Benefits	109,023	(59,093)	49,930
Contributory Benefits	12,808	(7,924)	4,884
Salary Overpayments	40	-	40
Tax Credit Receivable	39,281	(19,146)	20,135
Funeral Loans	5,366	(3,090)	2,276
Other Loans	43,409	(10,671)	32,738
Total	**638,052**	**(165,496)**	**472,556**

(iii) Other Liabilities

- Contractual payables and accruals are non-derivative financial instruments. These amounts are due within one year and have no impairment indicators
- The Department has reviewed all contracts including service level agreements and letters of offer with third parties for any embedded

derivatives. The review concluded that any embedded derivatives which exist are outside the scope of IAS 39.

11 Investments and loans in other public sector bodies

	Loans £'000	Other £'000	Total £'000
Balance at 1 April 2019	96,773	-	96,773
Repayments and Redemptions	(1,867)	-	(1,867)
Revaluations	3,420	-	3,420
Balance at 31 March 2020	98,326	-	98,326
Additions	39,250	-	39,250
Repayments and Redemptions	(4,361)	-	(4,361)
Revaluations	1,064	-	1,064
Impairments	(12,328)	-	(12,328)
Balance at 31 March 2021	**121,951**	**-**	**121,951**

Analysis of investments:

The balance of investments comprises:

Core Department	**2021**	**121,951**	**-**	**121,951**
Agencies	**2021**	**-**	**-**	**-**
Core Department	2020	98,326	-	98,326
Agencies	2020	-	-	-

Analysis by period:

	£'000
Not later than one year	15,948
Later than one year and not later than five years	19,901
Later than five years	86,102
Balance at 31 March 2021	**121,951**

12 Assets classified as held for sale

	Total £'000
Balance at 1 April 2019	1,099
Disposals	(389)
Impairments	(3)
Revaluations	(57)
Balance at 31 March 2020	650
Revaluations	110
Balance at 31 March 2021	**760**
Asset Financing:	
Owned	760
Balance at 31 March 2021	**760**
Of the total:	
Core Department	760
Balance at 31 March 2021	760

In accordance with the FReM assets which the Department has identified as surplus to requirement and held pending disposal have been written down to their recoverable amount and included as current assets.

Assets held for resale comprise some of the assets falling within the New Town Lands of Antrim, Ballymena and Craigavon and in Belfast and Londonderry. The properties are being offered for sale in anticipation of disposals being confirmed in 2021-22.

13 Inventories

	Not	**2020-21 £'000**	2019-20 £'000
PRONI		62	53
Other		52	55
Total		**114**	108

14 Cash and cash equivalents

	2020-21 £'000	2019-20 £'000
Balance at 1 April	(348)	179
Net change in cash and cash equivalent balances	2,779	(527)
Balance at 31 March	**2,431**	**(348)**

The following balances at 31 March are held at:

	2020-21 £'000	2019-20 £'000
Northern Ireland Banking Pool	2,396	(387)
Commerical banks and cash in hand	35	39
Balance at 31 March	**2,431**	**(348)**

14.1 Reconciliation of liabilities arising from financing activities

The Department has two main sources of financing - funding from the Assembly Vote and from the NI National Insurance Fund.

Any liability arising from the Assembly Vote funding is settled with the Department of Finance on an annual basis and so the year end liability shown in Note 16 is the difference between the Assembly drawdown shown in the Statement of Taxpayers Equity and the Net Cash Requirement detailed in SoAS Note 3.

HMRC provides financing to the Department through the NI National Insurance Fund to cover contributory benefit expenditure and the costs incurred by the Department in the administration of these benefits. The funding (on a cash basis) from the NI National Insurance Fund is shown in the SoCITE and the benefit expenditure (calculated on an accruals basis) is shown in Note 4b. The Department maintains several accounts with the NI National Insurance Fund and the balance on these are reflected in Note 15.

15 Trade receivables and other current assets

(The figures quoted below are net of any impairment or discount. Gross amounts are at Note 10).

15.1 Amounts falling due within one year:

	Note	2020-21 £'000	2019-20 £'000
Benefit overpayments		8,412	5,735
Benefit overpayments - Housing Benefit		6,094	6,887
Benefit prepayments		50,372	21,548
Social Fund loans		28,128	30,728
NIHE receivable		21,873	27,663
Grant repayable by NICHA		8,510	10,410
NIF receivable		3,254	12,193
VAT		3,828	4,862
EU Receivable		1,189	407
Other receivables		31,589	36,324
Housing Benefit Rent and Rates Prepayment		7,770	7,170
Prepayments and accrued income		3,013	2,847
Contract Assets		14,114	14,213
Total amounts falling due within one year		**188,146**	180,987

15.2 Amounts falling due after more than one year:

	Note	2020-21 £'000	2019-20 £'000
Benefit overpayments		54,815	55,246
Benefit overpayments - Housing Benefit		13,688	14,215
Social Fund loans		15,528	24,601
NIHE receivable		136,737	158,147
Other receivables		48,228	19,783
Total amounts falling due after more than one year		**268,996**	271,992
Total trade receivables and other current assets		**457,142**	452,979

16 Trade payables and other current liabilities

16.1 Amounts falling due within one year:

	Note	**2020-21** **£'000**	2019-20 £'000
Bank overdraft	14	-	387
Trade payables:			
- Non-capital		19	10
Benefit accruals		128,932	133,642
Cash In Transit		99,773	30,110
NIHE payable		21,873	27,663
NICHA Grant		103	14,060
Vested Land Payable		3,622	3,622
Other payables		11,643	7,805
Grants accrual		39,713	41,901
Housing Benefit accrual		17,193	16,351
Financial Assistance Scheme accrual		6,150	5,693
Deferred Grant Income		1,351	1,351
Other accruals and deferred income		50,229	37,344
Amounts issued from the Consolidated Fund for supply but not spent at year end		5,070	11,422
Consolidated Fund extra receipts due to be paid to the Consolidated Fund			0
- Received		615	424
- Receivable		2,921	313
Total amounts falling due within one year		**389,207**	332,098

16.2 Amounts falling due after more than one year:

	2020-21 **£'000**	2019-20 £'00
NIHE payable	136,737	158,147
Other programme payables	419	176
Total amounts falling due after more than one year	**137,156**	158,323
Total payables and other current liabilities	**526,363**	490,421

17 Provisions for liabilities and charges

	Note	2020-21 Financial Assistance Scheme £'000	2020-21 Other Programme £'000	2020-21 Total £'000	2019-20 Financial Assistance Scheme £'000	2019-20 Other Programme £'000	2019-20 Total £'000
Balance at 1 April		161,250	3,895	165,145	170,218	8,419	178,637
Provided in the year	4	-	19,910	19,910	-	2,467	2,467
Provisions not required written back	4	(1,705)	(166)	(1,871)	(6,207)	(5,804)	(12,011)
Provisions utilised in the year		(6,149)	(137)	(6,286)	(5,693)	(1,318)	(7,011)
Borrowing Costs (Unwinding of discount)	4	3,315	9	3,324	2,932	131	3,063
Balance at 31 March		**156,711**	**23,511**	**180,222**	161,250	3,895	165,145

17 Provisions for liabilities and charges (continued)

Analysis of expected timing of discounted flows

	2020-21 Financial Assistance Scheme £'000	2020-21 Other Programme £'000	2020-21 Total £'000	2019-20 Financial Assistance Scheme £'000	2019-20 Other Programme £'000	2019-20 Total £'000
Not later than one year	6,798	18,200	24,998	5,693	2,501	8,194
Later than one year and not later than five years	28,589	3,881	32,470	32,878	195	33,073
Later than five years	121,324	1,430	122,754	122,679	1,199	123,878
Balance at 31 March	**156,711**	**23,511**	**180,222**	161,250	3,895	165,145

17 Provisions for liabilities and charges (continued)

Financial Assistance Scheme

The Financial Assistance Scheme provides financial assistance to members of certain occupational pension schemes who have lost part or all of their pensions as a consequence of their scheme ending without having enough money to pay full pensions benefits. The Department for Work and Pensions calculate the provision on behalf of the whole of the UK, including Northern Ireland, using statistical models. As some employees were quite young when their pension scheme ended the Department for Work and Pensions model has forecast payments up until 2100. The provision is calculated using a discount rate of (0.02)% for short-term, 0.18% for medium-term and 1.99% for long-term provisions.

State Pension Underpayment

The Department for Communities (DfC) became aware of potential issues with State Pension underpayments during the 2020-21 financial year. As the Department for Work and Pensions (DWP) were also impacted. DfC worked closely with counterparts in DWP to obtain a better understanding of the number of individuals likely to have been underpaid and the value of underpayments that are due to them. The Department is committed to ensuring that anyone who has been underpaid State Pension receives the money to which they are entitled, and correction of this issue is a key priority for us.

We have included within the 2020-21 DfC resource accounts a provision amount of £19.2 million that reflects our current estimate of the amount that will be paid out to correct State Pension underpayments. We would highlight that the value of the provision is an estimate and the final value of State Pension underpayments could be higher or lower than that estimated amount. The provision estimate uses the best available data held by the Department and relates to complex pensions awards and several assumptions involving the volume of individuals impacted and the associated values.   The estimate is subject therefore to a high level of uncertainty and will continue to be reviewed and refined as further information becomes available. Activity to correct the State Pension underpayments is currently ongoing and the Department will continue to update the estimated total value of the State Pension underpayments as this work progresses.

18 Contingent liabilities disclosed under IAS 37

The Department has entered into the following contingent liabilities:

Compensation Recovery Unit

The Department recognises recoveries of social security benefits from insurance companies in respect of ongoing compensation claims made by the benefit recipients. Once the recovery of the social security benefit is received by the Department's Compensation Recovery Unit (CRU), the insurance company has the right to appeal within one month. Should the appeal be successful the recovery is refunded to the insurance company. Analysis of historic data suggests it is reasonable to recognise a contingent liability of £0.218 million (2019-20: £0.3 million) for successful appeals from insurance companies.

Potential Changes to Current Benefit Legislation

The Department is aware that there may be changes to current benefit legislation. It is not possible to provide a financial impact or further clarification at this time. The Department maintains close contact with the GB DWP to monitor ongoing developments in this area.

Lease Contracts

The Department is currently seeking advice from DSO with regards to an existing lease and a former lease contract. It is not possible at this time to establish whether a possible or present obligation exists, nor to reliably measure the possible outflow of resources.

Judicial Review

We have contingent liabilities arising from payment that may become due as a result of judicial review claims against us. We can’t be sure of the timing, likelihood or amount of any settlements at this stage.

Legal Case

The Department is currently seeking advice from DSO with regards to potential interest payable on prior year Rates Support Grant. It is not possible at this time to establish whether a possible or present obligation exists, nor to reliably measure the possible outflow of resources.

18 Contingent liabilities disclosed under IAS 37 (continued)

Charity Commission Northern Ireland

The Department has agreed to meet any costs which the Commission cannot meet from its own resources which are incurred as a result of any claim made against the Commission in respect of decisions taken prior to the High Court Draft Judgement handed down by Madam Justice McBride on 16 May 2019. This will apply to actions taken against the Commission as a whole or any member of staff who acted in good faith on behalf of the Commission. There is an estimated contingent liability of £0.5 million.

Financial Guarantees, Indemnities and Letter of Comfort

The Department has entered into the following quantifiable indemnities. None of these is a contingent liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IAS 39. Managing Public Money Northern Ireland requires that the full potential costs of such contracts be reported to the Assembly.

Statutory Guarantees

The Department has entered into a Guarantee Agreement with the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) in respect of the Governors of the Armagh Observatory and Planetarium, Arts Council of Northern Ireland, Sports Council of Northern Ireland and the Northern Ireland Library Authority. The Department has guaranteed any and all obligations in respect of pension liabilities if any of these NDPBs ceases to exist or is otherwise unable to discharge its liabilities under the Local Government Pension Scheme Regulations (Northern Ireland) 2002.

Statutory Indemnities

Indemnities to cover local museums borrowing objects for exhibitions to the value of £1.56 million at 31 March 2021.

19 Leases

19.1 Finance leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods.

	2020-21 £'000	2019-20 £'000
Obligations under finance leases comprise:		
Other:		
Not later than one year	5	5
Later than one year and not later than five years	10	15
Later than five years	-	-
	15	20
Less interest element	-	-
Total	15	20
Total obligations under finance leases	**15**	20

19.2 Operating leases

£2.2 million (2019-20 £2.2 million) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure.

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2020-21 £'000	2019-20 £'000
Obligations under operating leases comprise:		
Land:		
Not later than one year	-	1
Total	-	1
Buildings:		
Not later than one year	2,192	2,103
Later than one year and not later than five years	8,298	8,319
Later than five years	3,627	5,697
Total	14,117	16,119
Other:		
Not later than one year	6	20
Later than one year and not later than five years	2	1
Total	8	21
Total obligations under operating leases	**14,125**	16,141

20 Capital and other Commitments

20.1 Capital Commitments

	2020-21	2019-20
	£'000	£'000
Contracted capital commitments at 31 March not otherwise included in these financial statements:		
Other	1,136	70
Total	**1,136**	70

20.2 Other Financial Commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements) for the services outlined below. The payments to which the Department is committed are as follows:

	2020-21	2019-20
	£'000	£'000
Not later than one year	38,699	40,590
Later than one year and not later than five years	26,382	7,721
Later than five years	1,627	1,728
Total	**66,708**	50,039

Included within Other Financial Commitments are:	**£'000**
Medical Support Services (MSS)	18,620
Standard Service Business Allocation	10,147
Post Office Card Account	1,300
Personal Independence Payment (PIP) / Capita Contract	33,857
i-movo	50
Landlord Registration Database	168
PRONI Specialist Storage	2,566
	66,708

21 Government Grant Commitments

	2020-21	2019-20
	£'000	£'000
Government grant commitments at 31 March for which no provision has been made:		
Implementation of Regional Stadium Development Programme	51,648	52,231
Other	32,413	30,063
Total	**84,061**	82,294

22 Related-party transactions

The Department for Communities sponsors those bodies listed in Note 25. All these bodies are regarded as related parties with which the Department has had material transactions during the year.

In addition, the Department has had a number of transactions with other government departments and other central government bodies. Most of these transactions have been with the Department for Work and Pensions GB and the Northern Ireland Housing Executive.

No Minister, board member, key manager or other related parties has undertaken any material transactions with the Department during the year.

23 Payment Accuracy

This note provides detail on the area of Payment Accuracy (benefit fraud and error), and the relevant estimated amounts of overpayments and underpayments across all Department for Communities benefits and Housing Benefit.

Department for Communities (‘the Department’)

Social Security legislation lays out the basis on which the Department calculates and pays benefits. However, the complexity of the benefit systems and inherent risks associated with the award and payment of benefits can result in inaccurate payments being made in a proportion of the awards made. The Department has well developed mechanisms in place to tackle incorrectness and measure results. The focus is on the prevention, detection, and correction of fraud and error, with investigation and prosecution where appropriate. Further information on the range and detail of the Department’s counter fraud and error activities is set out in Part B - Strategies to Reduce Fraud and Error.

During the calendar year 2020 the Department’s regular monitoring and measurement programme was disrupted by the coronavirus pandemic. As a result, an amended programme focussing on the areas of highest risk and highest spend i.e. Universal Credit Benefit Review and Financial Accuracy and a State Pension Financial Accuracy exercise was carried out. Further detail is outlined in the sections below. The figures are calculated on a rolling annual basis and the figures do not vary significantly between quarters. The calendar year figures for Fraud and Error are processed and produced to facilitate production and publication of the Department’s accounts. This calendar year approach to measurement has been in place for many years. Essentially this involves two main activities:

(i) Financial Accuracy Monitoring

(ii) Benefit Reviews

An estimate of total fraud and error is derived by combining the results from Financial Accuracy Monitoring, which provides a measure of Official Error, with results from the Benefit Reviews which provide a measure of Customer Fraud and Customer Error.

The tables in this section show estimates for Customer Fraud, Customer Error and Official Error in terms of overpayments and underpayments. For clarity tables have also been included within the 2020 Payment Accuracy note to show the totals of estimated overpayments and underpayments for the previous calendar year.

Notes to the Tables for Official Error, Customer Error and Customer Fraud

Roundings: In tables throughout the report figures may have been calculated to more decimal places than shown and have been rounded for presentational purposes. This means that where a breakdown of a total is given the rounded individual parts may not sum to the rounded total.

Confidence Intervals around the statistical estimates provided in the tables. The Department reviews a sample of claims; this is a sampling approach as it would be impractical to assess every case, and therefore requires a level of statistical certainty to underpin the estimates. This level of certainty is quantified with **confidence intervals** or tolerances within which the central estimates are produced. These give the range in which the Department has a **confidence level** of 95%. This means the Department can be 95% sure that the true value lies for each of the estimates presented. The results still maintain a 95% confidence level. Each of the following tables shows the monetary value of error (MVE) and the MVE as a percentage of expenditure. The associated 'range' or 'lower' and 'upper 'confidence intervals are also provided. The figures also account for additional uncertainty that has been introduced into the overall estimates by the introduction of data from previous years.

The confidence intervals quoted for each error category relate to the individual error category Monetary Value of Error. The table also quotes a total Monetary Value of Error figure with associated confidence intervals. The lower confidence interval quoted for the total Monetary Value of Error should not equal the sum of the lower confidence interval for each individual benefit Monetary Value of Error. The upper confidence interval quoted for the total Monetary Value of Error should not equal the sum of the upper confidence interval for each individual benefit Monetary Value of Error.

Estimating Unreviewed Benefits

The Department is committed to continuous improvement in its measurement of Fraud & Error. In 2020, once again, the Department has applied proxy figures to Social Fund, Attendance Allowance, Industrial Injuries Disablement Benefit, Christmas Bonus (Contributory), and Other Expenditure (Non-NIF).

Table 1 shows the unreviewed benefits and the benefits used to provide an estimate for these benefits. These are known as Proxy Benefits as they provide an approximate estimate for the unreviewed benefit.

Table 2 shows the individual elements of the Other Expenditure element and the benefits used to provide an estimate for these elements. The Proxy Benefits used are in line with the Department for Work and Pensions (DWP).

Table 1: Unreviewed Benefits and Their Proxy Measures (Benefit Review)

Main Benefit	Proxy Measure	Benefit Review Period
Bereavement Benefit	JSA	Jan 19 - Dec 19
Maternity Allowance	ESA	Jan 19 - Dec 19
Widows Benefit	JSA	Jan 19 - Dec 19
Attendance Allowance	DLA	Jan 08 - Dec 08
Industrial Injuries Disablement Benefit	DLA	Jan 08 - Dec 08
Christmas Bonus (Contributory)	Overall*	Jan 20 – Dec 20

*The Overall result is based on the Social Security Benefits and does not include Housing Benefit – Northern Ireland Housing Executive or Housing Benefit – Land and Property Services.

Table 2: Other Expenditure Elements and Their Proxy Measures

Other Expenditure Item	Proxy Measure	Official Error Period	Benefit Review Period
Retirement Pension (Non-contributory)	SP	Jan 20 - Dec 20	Jan 09 - Dec 09
Christmas Bonus (Non-contributory)	Overall*	Jan 20 - Dec 20	Jan 20 - Dec 20
Family Benefits	Overall*	Jan 20 - Dec 20	Jan 20 - Dec 20
Severe Disablement Allowance	ESA	Jan 19 - Dec 19	Jan 19 - Dec 19
Winter Fuel Payments	SP	Jan 20 - Dec 20	Jan 09 - Dec 09
Cold Weather Payments	JSA	Jan 19 - Dec 19	Jan 19 - Dec 19

*The Overall result is based on the Social Security Benefits and does not include Housing Benefit – Northern Ireland Housing Executive or Housing Benefit – Land and Property Services.

Table 3: Social Fund Fraud and Error Proxies (Benefit Review)

Social Fund expenditure encompasses Budgeting Loans, Funeral Payments and Maternity Grants and the underlying customer group for these benefits is quite varied and diverse, and not exclusively, or even primarily, working age jobseekers. To provide a better reflection of fraud and error rates within Social Fund expenditure, the Department therefore uses different proxies for the different customer groups and this breakdown is shown in Table 3.

Customer Group	Proxy Measure	Benefit Review Period
Pensioners	SPC	Jan 19 – Dec 19
Unemployed	JSA	Jan 19 – Dec 19
Disabled	DLA	Jan 08 – Dec 08
Lone Parent	IS	Jan 12 – Dec 12
Others	Overall*	Jan 20 – Dec 20

*The Overall result is based on the Social Security Benefits and does not include Housing Benefit – Northern Ireland Housing Executive or Housing Benefit – Land and Property Services.

Table 4: Benefits Not Subject to Financial Accuracy Exercise and Their Proxy Measures

Main Benefit	Proxy Measure	Benefit Review Period
Christmas Bonus (Contributory)	Overall*	Jan 20 – Dec 20

*The Overall result is based on the Social Security Benefits and does not include Housing Benefit – Northern Ireland Housing Executive or Housing Benefit – Land and Property Services.

Social Security Benefits

The 2020 measurement programme was subject to significant disruption due to the Covid-19 pandemic. In late March 2020, all measurement activity was suspended as some staff were redeployed to support critical benefit delivery functions, and benefit review visits which are largely face to face were suspended in line with Public Health guidelines. An amended programme was put in place as soon as practically possible and measurement recommenced in August 2020, focussing on areas of highest risk and highest spend, namely:

- Universal Credit Benefit Review
- Universal Credit Financial Accuracy Monitoring
- State Pension Financial Accuracy Monitoring

If a benefit is not reviewed in a given year we would normally roll forward the fraud and error rate from when it was previously measured. DWP undertook an exercise to assess if this approach was still valid for 2020 and determined the impact of benefit easements introduced as a result of the pandemic were not large enough (or in some cases not certain enough) to result in a change. The Professional Services Unit in the Department has analysed fraud and error figures over time for specific benefits and are content that the approach adopted by DWP can equally be applied in Northern Ireland and proxy values for those benefits not tested during this past year can be used as outlined in detail below.

Official Error: The official error estimates for Universal Credit and State Pension in 2020 are based on the results of the Department's Financial Accuracy Exercises completed in 2020.

Estimates for 2020 official error in Jobseeker's Allowance, Employment and Support Allowance, State Pension Credit, and Personal Independence Payments are based on 2019 results. Income Support is based on results from 2016. Disability Living Allowance is based on results from 2015. Attendance Allowance, Bereavement Benefit, Carer's Allowance, Industrial Injuries Disablement Benefit, and Maternity Allowance are based on 2014 results. Widow's Benefit is based on results from 2012. For Social Fund expenditure the Budgeting Loans estimates are based on the 2016 exercise, but the Funeral Payments and Sure Start Maternity Grants elements estimates are based on the 2013 exercise. This does not affect the statistical validity of the Social Fund result as the remaining elements are still measured to a 95% confidence level.

Christmas Bonus (Contributory) has never been subject to a Financial Accuracy Exercise so a proxy based on Overall results is applied as per Table 4 (above).

Customer Error and Customer Fraud: Customer Fraud and Customer Error are measured by a Benefit Review Exercise. In 2020, Benefit Reviews were carried out on Universal Credit only.

Estimates for 2020 customer fraud and customer error in Jobseeker's Allowance, Employment & Support Allowance, State Pension Credit, and Personal Independence Payment are based on 2019 Benefit Review exercise. Estimates for Disability Living Allowance are based on the 2008 Benefit Review exercise. Estimates for State Pension are based on the 2009 Benefit Review exercise. Estimates for Carers Allowance are based on the 2010 Benefit Review exercise. Estimates for Income Support are based on the 2012 Benefit Review exercise.

In the tables below estimates have been assigned to unreviewed benefits using current or historic estimates for other benefits. For the following benefits, Customer Fraud and Customer Error has never been measured – Attendance Allowance, Social Fund, Industrial Injuries Disablement Benefit, Bereavement Benefit, Maternity Allowance, and Widows Benefit. Details of the benefits used to estimate the above are in Table 1 (above).

Other Expenditure is also unreviewed and details of the benefits used to estimate these are also in Table 2 (above).

Social Fund expenditure is assessed against customer specific groups and this breakdown is shown in Table 3 (above).

Benefit Expenditure: In summary the expenditure stated for 2020 includes expenditure on 20 benefits, a total of £6,757 million, plus an amount of £62.1 million on other benefit expenditure in year. Total annual expenditure is £6,819 million.

Within the overall benefit expenditure totals in the tables below other benefit expenditure for the calendar year 2020 includes, Retirement Pension £4.8 million, Severe Disablement Allowance £4.6 million, Winter Fuel Payments £50.8 million, Christmas Bonus (Non-contributory) £1.7 million, and Cold Weather Payments £0.2 million.

Accounting Adjustments: The expenditure for Incapacity Benefit is £0, but separate accounting adjustment related to the benefits has resulted in an expenditure figure in the Tables below. The expenditure figure reflects the annual adjustments required to account for Incapacity Benefit debt balances including the Fair Value accounting adjustments for this debt.

Deemed Errors: A deemed error arises for a number of reasons, including where a check has been left outstanding awaiting retrieval of a missing case paper or requiring further information/evidence/documentation from the customer or the business unit. Historically this situation has only related to very small numbers of cases each year. In line with DWP methodology these cases have been removed as recording as an error carries a high likelihood of overstating the levels of error in the system.

Universal Credit Inconclusive Cases: A small number of Universal Credit cases did not have an effective review due to the claimant not engaging with the process. Additionally, it includes cases where the claimant withdrew their claim to benefit following notification of a review. The estimate of the monetary value of fraud and error on these cases was around £5.7 million (0.8% of expenditure). The Department's Standards Assurance Unit reviewed the cases and applied a set of assumptions to categorise the cases as one of "fraud", "not fraud", or inconclusive". This is in line with the Department for Work & Pensions methodology.

During 2020, there were 6 cases identified as "cannot review". The details of these cases and the estimated expenditure they account for are as follows:

Cannot Review	No. of Cases	Estimated Expenditure (£)	Estimated Percentage of Total Expenditure
Fraud	1	£1,072,000	0.2%
Not Fraud	2	£2,190,000	0.3%
Inconclusive	3	£2,407,000	0.3%
Total	6	£5,669,000	0.8%

Housing Benefit

1. For Tenants

2. For owner occupiers

1. Housing Benefit – for tenants: is administered by the Northern Ireland Housing Executive on behalf of the Department. From 2009 Housing Benefit monitoring and review processes are consistent with the measurement approach adopted for all other social security benefits. Financial Accuracy Exercise measures Official Error. Benefit Review measures Customer Fraud and Customer Error. The results provide estimates of fraud and error in Housing Benefit for tenants. The 2020 benefit expenditure on Housing Benefit for tenants was £529.8 million.

It is estimated that there was a total amount of approximately £23.6 million overpaid through fraud and error in Housing Benefit for tenants for the year 2020. This represents approximately 4.5% of the related expenditure for the calendar year, of which £14.5 million

(2.7%) is Customer Fraud, £6.0 million (1.1%) is Customer Error and £3.1 million (0.6%) is Official Error. The overall percentage has increased from 4.1% in 2019 to 4.5% in 2020.

2020 Official Error estimates for Housing Benefit for tenants are based on the results of Financial Accuracy Exercise in 2020. Customer Error and Customer Fraud estimates for Housing Benefit for tenants are based on the results of Benefit Review in 2019.

2. Housing Benefit – for owner occupiers: by legislation this benefit is administered by the Department of Finance (DoF). Operationally, this function is carried out by the Land & Property Services, part of the DoF. Housing Benefit for owner occupiers has been included in the Resource Accounts of the Department from 2006-07. The 2020 benefit expenditure on Housing Benefit for owner occupiers was £34.5 million.

It is estimated that there was a total amount of approximately £4.0 million overpaid through fraud and error in Housing Benefit for owner occupiers for the year 2020. This represents approximately 11.6% of the related expenditure for the financial year, of which £2.2 million (6.4%) is Customer Fraud, £0.8 million (2.4%) is Customer Error and £1.0 million (2.8%) is Official Error. The overall percentage has increased from 9.9% in 2019 to 11.6% in 2020.

2020 Official Error estimates for Housing Benefit for owner occupiers are based on the results of Financial Accuracy Exercise in 2020. Customer Error and Customer Fraud estimates for Housing Benefit for owner occupiers are based on the results of Benefit Review in 2019.

Total Departmental Benefit Expenditure (all social security benefits including Housing Benefit)

Total Departmental benefit expenditure has increased from £6,355 million in 2019, to £6,819 million in 2020.

A: Overpayments

Benefit Overpayments

The table below shows the Department's total estimates of benefit overpayments for the last 2 years, 2020 and 2019 (all social security benefits including Housing Benefit).

Estimates of benefit overpayments for 2020 and 2019

2020	Expenditure £	Monetary Value of Error £	Lower Confidence Interval £	Upper Confidence Interval £	Monetary Value of Error as % of expenditure	Lower Confidence Interval	Upper Confidence Interval
Official Error	6,819,041,562	36,001,229	21,846,227	53,561,450	0.5%	0.3%	0.8%
Customer Error	6,819,041,562	32,279,471	19,032,074	49,356,977	0.5%	0.3%	0.7%
Customer Fraud	6,819,041,562	99,512,857	70,702,579	132,284,779	1.5%	1.0%	1.9%
Total Overpayments[1]	**6,819,041,562**	**167,793,557**	**133,067,634**	**208,708,119**	**2.5%**	**2.0%**	**3.1%**

2019	Expenditure £	Monetary Value of Error £	Lower Confidence Interval £	Upper Confidence Interval £	Monetary Value of Error as % of expenditure	Lower Confidence Interval	Upper Confidence Interval
Official Error	6,354,529,579	36,133,144	27,951,997	46,087,365	0.6%	0.4%	0.7%
Customer Error	6,354,529,579	23,126,682	16,958,488	31,368,469	0.4%	0.3%	0.5%
Customer Fraud	6,354,529,579	65,226,978	50,828,788	81,908,787	1.0%	0.8%	1.3%
Total Overpayments[1]	**6,354,529,579**	**124,486,804**	**106,815,198**	**145,588,849**	**2.0%**	**1.7%**	**2.3%**

[Note1] Confidence intervals for each individual benefit are calculated using a bootstrapping technique. The confidence interval for the overall figure is calculated using the sum of squares method of combining the confidence intervals from all the individual samples. The central estimates sum because they are an estimate of a true value. If we knew this true value for each benefit, it is logical that summing it over all individual benefits would equal the overall total. The confidence intervals are a measure of uncertainty around these values. When we combine the individual benefits, a new interval needs to be created around this summed estimate. Summing the old confidence limits doesn't work because it focuses on the absolute value of the limits rather than the uncertainty around the central estimates that they represent. The sum of squares method is a way of combining this uncertainty across samples.

The Department estimates that approximately £167.8 million was overpaid through fraud and error in social security benefits (including Housing Benefit) for 2020. This represents approximately 2.5% of the total benefit expenditure, including housing benefit, for 2020, of which £99.5 million (1.5%) is Customer Fraud, £32.3 million (0.5%) is Customer Error and £36.0 million (0.5%) is Official Error.

The comparative estimate for 2019 is that there was approximately £124.5 million overpaid through fraud and error in social security benefits (including Housing Benefit). This represents approximately 2.0% of the total benefit expenditure, including housing benefit, for 2019, of which £65.2 million (1.0%) is Customer Fraud, £23.1 million (0.4%) is Customer Error and £36.1 million (0.6%) is Official Error.

Social Security Benefits (Excluding Housing Benefit): From the total £167.8 million overpayments, the 2020 estimate for overpayment through fraud and error which is attributable to social security benefits (excluding Housing Benefit) is £140.2 million. This represents approximately 2.2% of the total social security benefit expenditure for 2020, of which £82.8 million (1.3%) is Customer Fraud, £25.5 million (0.4%) is Customer Error and £32.0 million (0.5%) is Official Error. In summary, loss in 2020 rose from 1.7% of expenditure to 2.2%.

A detailed breakdown of the total overpayment amount for 2020 of £167.8 million, which includes Housing Benefit, is disclosed in the following tables. The tables are produced to depict the individual totals arising from the three main elements of benefit overpayments, i.e. Official Error, Customer Error and Customer Fraud. In addition, tables are also included at Part C that disclose the estimated amount of underpayments that have arisen from both Official and Customer Error in 2020.

Official Error - Overpayments

Official Error occurs where benefit awards are miscalculated as a result of an official not applying the benefit specific rules correctly or not taking into account all the circumstances applicable to an individual. The table below sets out the estimate of Official Error in 2020.

Estimates of official error overpayments across all benefits in 2020

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Interval (£)	Upper Confidence Interval (£)	Monetary Value of Error (%)	Lower Confidence Interval (%)	Upper Confidence Interval (%)
Disability Living Allowance	413,232,864	540,657	-	2,323,417	0.1%	0.0%	0.6%
Employment and Support Allowance	848,802,628	12,258,434	417,533	26,549,710	1.4%	0.0%	3.1%
Income Support	92,642,213	561,785	-	1,631,482	0.6%	0.0%	1.8%
Jobseeker's Allowance	41,880,677	429,544	-	1,071,771	1.0%	0.0%	2.6%
State Pension	2,456,668,966	1,487,894	232,529	2,635,830	0.1%	0.0%	0.1%
Pension Credit	238,963,637	2,297,216	-	5,723,279	1.0%	0.0%	2.4%
Attendance Allowance	207,670,315	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	16,014,672	49,577	-	224,578	0.3%	0.0%	1.4%
Carer's Allowance	180,170,941	-	-	-	0.0%	0.0%	0.0%
Industrial Injuries Disablement Benefit	29,999,535	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,423,596	-	-	-	0.0%	0.0%	0.0%
Social Fund	33,830,930	206,841	17,036	454,502	0.6%	0.1%	1.3%
Widow's Benefit	810,537	2,067	-	6,538	0.3%	0.0%	0.8%
Personal Independence Payments	900,110,412	1,720,142	-	7,063,283	0.2%	0.0%	0.8%
Universal Credit	716,116,714	12,277,599	6,590,010	18,892,395	1.7%	0.9%	2.6%
Other Expenditure (Non-NIF)	62,065,594	109,996	1,098	234,846	0.2%	0.0%	0.4%
Christmas Bonus (Contributory Only)	3,487,656	17,919	10,008	27,640	0.5%	0.3%	0.8%
Incapacity Benefit	825,319	-	-	-	0.0%	0.0%	0.0%
Social Security Benefits	**6,254,717,207**	**31,959,671**	**-**	**-**	**0.5%**	**-**	**-**

Housing Benefit	529,799,962	3,085,473	796,631	6,785,481	0.6%	0.2%	1.3%
Housing Benefit Owner Occupier (LPS)	34,524,393	956,085	552,004	1,433,348	2.8%	1.6%	4.2%
Total [1]	**6,819,041,562**	**36,001,229**	**21,846,227**	**53,561,450**	**0.5%**	**0.3%**	**0.8%**

[1] See Note 1

Customer Error - Overpayments

Customer error occurs where there has been a failure by the customer to notify a reportable change that affects the benefit in payment but there is no suspicion of fraud/fraudulent intent. The table below sets out the estimate of Customer Error overpayments in 2020.

Estimates of customer error overpayments across all benefits in 2020

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Interval (£)	Upper Confidence Interval (£)	Monetary Value of Error (%)	Lower Confidence Interval (%)	Upper Confidence Interval (%)
Disability Living Allowance	413,232,864	-	-	-	0.0%	0.0%	0.0%
Employment and Support Allowance	848,802,628	8,258,859	1,085,525	16,822,246	1.0%	0.1%	2.0%
Income Support	92,642,213	406,343	-	993,221	0.4%	0.0%	1.1%
Jobseeker's Allowance	41,880,677	38,268	-	155,371	0.1%	0.0%	0.4%
State Pension	2,456,668,966	-	-	-	0.0%	0.0%	0.0%
Pension Credit	238,963,637	5,015,774	1,095,277	9,832,416	2.1%	0.5%	4.1%
Attendance Allowance	207,670,315	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	16,014,672	14,633	-	81,802	0.1%	0.0%	0.5%
Carer's Allowance	180,170,941	98,876	-	504,782	0.1%	0.0%	0.3%
Industrial Injuries Disablement Benefit	29,999,535	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,423,596	111,152	-	284,027	1.0%	0.0%	2.5%
Social Fund	33,830,930	125,249	-	606,586	0.4%	0.0%	1.8%
Widow's Benefit	810,537	741	-	4,140	0.1%	0.0%	0.5%
Personal Independence Payments	900,110,412	-	-	-	0.0%	0.0%	0.0%
Universal Credit	716,116,714	11,314,624	4,778,523	19,023,669	1.6%	0.7%	2.7%
Other Expenditure (Non-NIF)	62,065,594	51,487	-	120,615	0.1%	0.0%	0.2%
Christmas Bonus (Contributory Only)	3,487,656	14,317	8,378	21,405	0.4%	0.2%	0.6%
Incapacity Benefit	825,319	8,221	-	24,258	1.0%	0.0%	2.9%
Social Security Benefits	**6,254,717,207**	**25,458,542**	**-**	**-**	**0.4%**	**-**	**-**
Housing Benefit Tenants (NIHE)	529,799,962	6,004,041	-	17,582,580	1.1%	0.0%	3.3%
Housing Benefit Owner Occupier (LPS)	34,524,393	816,888	79,275	1,724,385	2.4%	0.2%	5.0%
Total [1]	**6,819,041,562**	**32,279,471**	**19,032,074**	**49,356,977**	**0.5%**	**0.3%**	**0.7%**

[1] See Note 1

Customer Fraud – overpayments

Customer Fraud occurs where the basic conditions of entitlement have not been met, where the customer could reasonably be expected to be aware of the effect on entitlement to benefit and the customer has deliberately not reported relevant information. The table below sets out the estimate of Customer Fraud in 2020.

Estimates of customer fraud overpayments across all benefits in 2020

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Interval (£)	Upper Confidence Interval (£)	Monetary Value of Error (%)	Lower Confidence Interval (%)	Upper Confidence Interval (%)
Disability Living Allowance	413,232,864	-	-	-	0.0%	0.0%	0.0%
Employment and Support Allowance	848,802,628	17,774,369	4,233,556	32,835,242	2.1%	0.5%	3.9%
Income Support	92,642,213	674,832	-	1,674,140	0.7%	0.0%	1.8%
Jobseeker's Allowance	41,880,677	1,921,691	460,593	3,603,532	4.6%	1.1%	8.6%
State Pension	2,456,668,966	-	-	-	0.0%	0.0%	0.0%
Pension Credit	238,963,637	6,647,301	1,672,245	12,480,351	2.8%	0.7%	5.2%
Attendance Allowance	207,670,315	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	16,014,672	734,832	-	1,699,506	4.6%	0.0%	10.6%
Carer's Allowance	180,170,941	2,169,423	-	6,653,904	1.2%	0.0%	3.7%
Industrial Injuries Disablement Benefit	29,999,535	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,423,596	239,216	-	543,261	2.1%	0.0%	4.8%
Social Fund	33,830,930	549,208	12,469	1,171,281	1.6%	0.0%	3.5%
Widow's Benefit	810,537	37,191	-	86,016	4.6%	0.0%	10.6%
Personal Independence Payments	900,110,412	-	-	-	0.0%	0.0%	0.0%
Universal Credit	716,116,714	51,843,235	32,984,293	73,073,694	7.2%	4.6%	10.2%
Other Expenditure (Non-NIF)	62,065,594	125,767	16,049	247,835	0.2%	0.0%	0.4%
Christmas Bonus (Contributory Only)	3,487,656	46,496	32,852	61,873	1.3%	0.9%	1.8%
Incapacity Benefit*	825,319	17,871	-	44,447	2.2%	0.0%	5.4%
Social Security Benefits	**6,254,717,207**	**82,781,432**	**-**	**-**	**1.3%**	**-**	**-**

Housing Benefit	529,799,962	14,515,566	0	32,802,775	2.7%	0.0%	6.2%
Housing Benefit Owner Occupier (LPS)	34,524,393	2,215,859	748,756	3,835,759	6.4%	2.2%	11.1%
Total [1]	**6,819,041,562**	**99,512,857**	**70,702,579**	**132,284,779**	**1.5%**	**1.0%**	**1.9%**

[1] See Note 1

B: Strategies to Reduce Social Security Benefit Fraud and Error

The Department for Communities in responsible for a total benefit spend of £6,819 million.

Reduction of fraud and error has been a long-standing commitment at the core of the Department's business priorities. Against a backdrop of significant change within the benefit system including new benefits and new methods of interaction with customers, the Department's Fraud, Error & Debt Strategy encompasses Customer Fraud, Customer Error, Official Error, and Debt Recovery.

The strategy will be underpinned by four key principles, these are:

Prevent	Target	Correct	Recover
Minimise flow of fraud and error into the benefit system	Identify fraud and error early and stop it	Minimise over and under payments	Effectively recover overpaid benefit

Before the introduction of new benefits under Welfare Changes, the Department maintained total overpayments from fraud and error of 1.2% of total expenditure or lower for the past decade. The reform of the social security system brings fresh challenges where historically, the introduction of a new benefit has seen a period where accuracy drops and error increases. The Department worked closely with DWP to tweak the design of Universal Credit to ensure risks were closed as they were uncovered.

Universal Credit was introduced in Northern Ireland in September 2017. The number of people claiming Universal Credit increased steadily over the next 2.5 years to around 65,000 by February 2020. At the beginning of the coronavirus pandemic, there was a sudden surge in claims to Universal Credit with new claims peaking at ten times the usual volumes for a number of weeks. The number of adults claiming Universal Credit in Northern Ireland increased rapidly to almost 122,000 by the end of April 2020 and had more than doubled to over 132,000 by the beginning of August increasing expenditure from £295 million to £716 million. To get money as quickly as possible to those who needed it, whilst allowing people to stay at home, a number of easements to normal checking processes were introduced under the 'Trust and Protect' principle, namely an initial reliance on a customer's declaration of their circumstances. This approach was designed to manage the need to continue with making payments during an emergency situation while balancing the risks associated with streamlining checks and relying on customers to correctly declare their circumstances. Our analysis of the figures shows that 75% of the fraud & error in monetary terms occurred during the early days of the pandemic despite making up only 50% of the reviewed cases. Benefit Security Division worked closely with Universal Credit Operations throughout the pandemic to build new safeguards and strengthen processes to enhance verification and intercept the payment of claims or elements of claims that were in doubt. Benefit Security Division also liaised closely with DWP to identify high risk claims opened during the initial weeks of the pandemic and takes corrective action where appropriate.

Minimising Fraud & Error remains a priority and throughout the year, a range of measures have been implemented to mitigate the risks in Universal Credit. In addition, the Department's Benefit Security Division has used outputs from data matching exercises to detect incorrect information used to support existing benefit claims. In the longer term, the Department's Fraud, Error & Debt Strategy is expected to drive further improvements to pre-pandemic levels.

Benefit Security Board

The Department's counter-fraud activities are overseen by the Benefit Security Board. This Board's membership comprises a wide selection of internal stakeholders and guides the Department's priorities to address the areas of highest risk. Ultimately responsible to the Departmental Management Board, they share the wider Departmental aim of providing assurance of effective counter fraud and error activities. Mitigating the losses from fraud and error is one of the Department's key priorities.

Benefit Security Division

Bringing together all Counter Fraud & Error activities, the Department's Benefit Security Division was established in April 2018. The structure was aimed at creating a cohesive organisation to focus on emerging risks such as new benefits.

Official Error Strategy and Activities

For 2020, financial accuracy (excluding housing benefit) was 99.0%. Benefit Security Division's Error Reduction Division allocates funds to Error Reduction Teams located in the regions and central benefits dedicated to performing checking on cases which, through statistical analysis are considered to be at the greatest risk of error. This work aims to reduce staff error and ensure strong levels of accuracy. Funding is allocated on the basis of risk and takes into consideration the monetary value of error in each benefit alongside factors such as the deployment of resources and priorities within the Department.

Improving financial accuracy is as much about detecting and correcting underpayments as it is about overpayments. Addressing overpayments and underpayments is key to error reduction activity. During 2020-21, this amounted to over 18,000 actions, leading to the adjustment of benefit in 2,724 cases, with a total monetary value of over £10.9 million.

Benefit Security Division's Standards Assurance Unit (SAU) measure and report the levels of fraud and error in benefits to influence the direction to be undertaken to combat fraud and error.

The Department is committed to the reduction of staff error and has a wide range of control mechanisms built into benefit administration to ensure high levels of financial accuracy. These mechanisms include extensive training and consolidation following training; the application of benchmark standards for staff; a programme of regular checks and controls to prevent potential incorrectness; and the measurement and reporting on Department performance within this area.

Customer Fraud and Error

Using information from diverse sources, Benefit Security Division identifies and focuses on areas of greatest risk. Cases are managed through a number of risk based approaches – case cleanse, customer compliance, and criminal fraud investigation, to detect and correct fraud and error and apply penalties where appropriate to deter further abuse. The coronavirus pandemic had a significant impact on counter fraud and error activity in 2020 as some staff were temporarily redeployed to support critical benefit delivery functions. Business processes were also subject to significant disruption as Customer Compliance interviews were changed from face to face interviews to telephone interviews, while Criminal Interviews Under Caution were suspended while Jobs and Benefits Offices were closed.

Criminal Investigation: During 2020-21, 1,742 fraud investigations were undertaken leading to 83 penalties, formal cautions, or convictions. In 2020-21 the monetary value of adjustments arising from the discovery of fraud was estimated to be £3.2 million.

Coronavirus Pandemic Response: As part of the Department's response to the coronavirus pandemic, Benefit Security staff were deployed to various exercises designed to mitigate the risk from streamlining checks to ensure the Department could continue to make payments. The Enhanced Verification Team triaged over 3,000 Universal Credit cases were customers were suspected of exaggerating their circumstances in respect of housing, children, personal details, failed online identity check and use of disposable email accounts. Universal Credit Operations carried out retrospective reviews on around 20,000 cases opened during the early days of the pandemic.

Customer Compliance: Interviews have continued to generate very positive outcomes in the correction and prevention of customer error. In response to the coronavirus restrictions, interviews in 2020 were conducted via telephone rather than face to face. During 2020-21, Customer Compliance Officers within Benefit Security Division carried out 1,486 Compliance Interviews resulting in changes in 12% of cases and led to £1.2 million in benefit adjustments. This in turn freed up investigators to focus on high risk fraud cases and to maximise results from criminal investigations.

Case Cleansing Centres aim to cleanse error from legacy benefits by carrying out targeted checks on Income Support, Job Seekers Allowance and Employment Support Allowance cases, primarily using HMRC real time earnings and pension income data.

Case Cleansing Centres activity in 2020-21 led to monetary value of adjustments totalling £13.4 million. This includes work carried out by the NI Housing Executive and State Pension Credit; they use HMRC real time earnings data to target Housing Benefit and State Pension Credit respectively.

Financial Investigation Unit: For higher value fraud convictions, Debt Management's Financial Investigation Unit (FIU) uses powers granted under the Proceeds of Crime Act 2002 to recover assets. The table below presents the results of the FIU for 1 April 2020 to 31 March 2021.

	2020-21
Confiscation order recoveries	94
Voluntary payments	31
Total recovery	**125**

Real Time Information Initiatives

The Department directs resources towards the Real Time Information matching systems that utilise real time HM Revenue & Customs information in respect of earnings and non-state pension income.

This referral source is a vital tool in the Department's drive for continual improvement in the levels of customer fraud and error. The Department continues to proactively engage with DWP to confirm arrangements for the continuation of the initiative through the remainder of 2021 and beyond.

Verify Earnings and Pensions (VEP) is being used within State Pension Credit and Housing Benefit. This provides the Department with the ability to detect undeclared earnings or non-state pension income at the point of claim and ensure the claim is correct before it is put into payment. The Department continues to liaise with DWP with a view to expanding VEP to other benefits.

Future Benefit Security Division Initiatives

The Department continues to explore new initiatives to strengthen counter fraud and error activities, and maintain readiness for future risks. These include:

- **Fully Understand Root Cause of Fraud** – Use customer insight data to drive actions and generate outcomes. Use risk-based analysis of wide variety of data sources guide our operational direction in tackling fraud, error, and debt. Identify risks associated with online benefits and ensure appropriate mitigating measures are in place.

- **Joined up working** – The Department remains alert to the threat of organised attempts to defraud the benefit system and takes proactive steps to prevent same. The Department's Benefit Security Division has a joined up approach with other public sector bodies and is pursuing closer working relationships with other organisations such as HMRC, Gangmasters Licensing Authority, and the PSNI.

- **Cyber Fraud** – The introduction of digital benefits has introduced new risks from cyber fraud. The Department is working closely with the Department for Work and Pensions Risk & Intelligence Service to understand these risks and ensure the capability is in place to target appropriately.

- **Collaborating and Partnering** – The Department recognises there are significant opportunities for collaboration between public sector authorities such as Legal Services Agency, NI Housing Executive, and Health & Social Care Business Services Organisation in the fight against customer fraud and error. These partnerships enable other organisations to benefit from expertise and experience within Benefit Security Division and promote a fairer society where public sector fraud, including benefit fraud is not tolerated.

- **Cross Border Fraud** – The Department alongside the Department of Social Protection and the Department for Work and Pensions participate in a Cross Border Operational Forum. The Forum meets to share best practice, identify areas of risk, and explore data matching opportunities with a strategic aim of minimising cross jurisdictional fraud and protecting each other's social security welfare programmes.

- **Optimum Deployment of Resources to Deliver Positive Outcomes** – A new Universal Credit Cleansing team has recently been established to use outputs from data matching risk-based scans to identify customer error and low level fraud and take corrective action. This will drive high throughputs of cases to minimise the levels of fraud and error in the live caseload.

C: Underpayments

Benefit Underpayments

The table below shows the Department's total estimates of benefit underpayments for the last two years, 2020 and 2019 (all social security benefits including Housing Benefit).

Overall the figure for estimated amounts of underpayments is £57.4 million, or 0.8% of expenditure in 2020 compared to £56.7 million (0.9%) in 2019.

Estimates of underpayments across all benefits for 2020 and 2019

2020	Expenditure £	Monetary Value of Error £	Lower Confidence Interval £	Upper Confidence Interval £	Monetary Value of Error as % of expenditure	Lower Confidence Interval	Upper Confidence Interval
Official Error	6,819,041,562	34,248,721	20,387,214	49,400,655	0.5%	0.3%	0.7%
Customer Error	6,819,041,562	23,151,983	9,720,990	42,462,881	0.3%	0.1%	0.6%
Total Underpayments[1]	**6,819,041,562**	**57,400,704**	**38,099,591**	**81,946,414**	**0.8%**	**0.6%**	**1.2%**

2019	Expenditure £	Monetary Value of Error £	Lower Confidence Interval £	Upper Confidence Interval £	Monetary Value of Error as % of expenditure	Lower Confidence Interval	Upper Confidence Interval
Official Error	6,354,529,579	35,283,001	25,470,186	48,235,613	0.6%	0.4%	0.8%
Customer Error	6,354,529,579	21,453,707	11,655,587	36,145,601	0.3%	0.2%	0.6%
Total Underpayments[1]	**6,354,529,579**	**56,736,709**	**42,869,679**	**76,322,976**	**0.9%**	**0.7%**	**1.2%**

[1] See Note 1

The Department monitors and estimates the level of underpayments arising from Official and Customer Error. Identifying those cases not receiving their full entitlement and correcting benefit payments is an integral part of the Department's strategy.

Official Error – Underpayments

The table below sets out the estimate of benefit underpayments due to Official Error in 2020.

Estimates of official error underpayments across all benefits in 2020

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Interval (£)	Upper Confidence Interval (£)	Monetary Value of Error (%)	Lower Confidence Interval (%)	Upper Confidence Interval (%)
Disability Living Allowance	413,232,864	168,356	-	856,424	0.0%	0.0%	0.2%
Employment and Support Allowance	848,802,628	13,506,143	2,649,042	25,938,461	1.6%	0.3%	3.1%
Income Support	92,642,213	199,381	-	762,859	0.2%	0.0%	0.8%
Jobseeker's Allowance	41,880,677	486,350	-	1,241,502	1.2%	0.0%	3.0%
State Pension	2,456,668,966	10,435,553	3,297,854	16,121,358	0.4%	0.1%	0.7%
Pension Credit	238,963,637	1,419,076	-	4,520,938	0.6%	0.0%	1.9%
Attendance Allowance	207,670,315	410,619	-	2,115,915	0.2%	0.0%	1.0%
Bereavement Benefit	16,014,672	54,466	-	231,143	0.3%	0.0%	1.4%
Carer's Allowance	180,170,941	-	-	-	0.0%	0.0%	0.0%
Industrial Injuries Disablement Benefit	29,999,535	62,608	-	342,974	0.2%	0.0%	1.1%
Maternity Allowance	11,423,596	21,988	-	90,464	0.2%	0.0%	0.8%
Social Fund	33,830,930	75,748	-	362,350	0.2%	0.0%	1.1%
Widow's Benefit	810,537	14,657	-	49,411	1.8%	0.0%	6.1%
Personal Independence Payments	900,110,412	2,684,153	-	7,534,906	0.3%	0.0%	0.8%
Universal Credit	716,116,714	2,964,482	1,248,586	5,033,121	0.4%	0.2%	0.7%
Other Expenditure (Non-NIF)	62,065,594	319,818	10,529	576,539	0.5%	0.0%	0.9%
Christmas Bonus (Contributory Only)	3,487,656	18,376	10,535	26,945	0.5%	0.3%	0.8%
Incapacity Benefit*	825,319	3,924	-	8,760	0.5%	0.0%	1.1%
Social Security Benefits	**6,254,717,207**	**32,845,700**	**-**	**-**	**0.5%**	**-**	**-**
Housing Benefit Tenants (NIHE)	529,799,962	1,189,012	483,872	2,035,544	0.2%	0.1%	0.4%
Housing Benefit Owner Occupier (LPS)	34,524,393	214,009	123,671	313,409	0.6%	0.4%	0.9%
Total [1]	**6,819,041,562**	**34,248,721**	**20,387,214**	**49,400,655**	**0.5%**	**0.3%**	**0.7%**

[1] See Note 1

Customer Error - Underpayments

The table below sets out the estimate of benefit underpayments due to Customer Error in 2020.

Estimates of customer error underpayments across all benefits in 2020

Benefit	Expenditure (£)	Monetary Value of Error (£)	Lower Confidence Interval (£)	Upper Confidence Interval (£)	Monetary Value of Error (%)	Lower Confidence Interval (%)	Upper Confidence Interval (%)
Disability Living Allowance	413,232,864	-	-	-	0.0%	0.0%	0.0%
Employment and Support Allowance	848,802,628	4,475,020	-	10,735,199	0.5%	0.0%	1.3%
Income Support	92,642,213	66,349	-	342,014	0.1%	0.0%	0.4%
Jobseeker's Allowance	41,880,677	172,362	-	611,702	0.4%	0.0%	1.5%
State Pension	2,456,668,966	4,557,418	-	17,878,949	0.2%	0.0%	0.7%
Pension Credit	238,963,637	2,222,538	-	5,293,021	0.9%	0.0%	2.2%
Attendance Allowance	207,670,315	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	16,014,672	65,909	-	317,907	0.4%	0.0%	2.0%
Carer's Allowance	180,170,941	-	-	-	0.0%	0.0%	0.0%
Industrial Injuries Disablement Benefit	29,999,535	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,423,596	60,227	-	186,606	0.5%	0.0%	1.6%
Social Fund	33,830,930	82,637	21,161	417,031	0.2%	0.1%	1.2%
Widow's Benefit	810,537	3,336	-	16,090	0.4%	0.0%	2.0%
Personal Independence Payments	900,110,412	1,941,922	-	8,088,630	0.2%	0.0%	0.9%
Universal Credit	716,116,714	3,756,212	289,457	8,449,965	0.5%	0.0%	1.2%
Other Expenditure (Non-NIF)	62,065,594	132,729	-	550,988	0.2%	0.0%	0.9%
Christmas Bonus (Contributory Only)	3,487,656	9,814	3,241	19,401	0.3%	0.1%	0.6%
Incapacity Benefit*	825,319	-	-	-	0.0%	0.0%	0.0%
Social Security Benefits	**6,254,717,207**	**17,546,473**	**-**	**-**	**0.3%**	**-**	**-**

Housing Benefit Tenants (NIHE)	529,799,962	5,336,743	-	14,613,045	1.0%	0.0%	2.8%
Housing Benefit Owner Occupier (LPS)	34,524,393	268,768	-	844,312	0.8%	0.0%	2.4%
Total [1]	**6,819,041,562**	**23,151,983**	**9,720,990**	**42,462,881**	**0.3%**	**0.1%**	**0.6%**

[1] See Note 1

D: Disability Living Allowance (DLA) - 'Change in Customers Circumstances' cases

The 2006 DLA Benefit Review identified cases where the change in customers' needs had been so gradual that it would have been unreasonable to expect the customer to know at which point their entitlement to DLA might have changed. These cases do not result in a recoverable overpayment as the Department cannot quantify or define when the customer's change occurred. Under the specific terms of benefit legislation (to establish a recoverable overpayment) it is necessary for the Department to prove that entitlement to DLA is incorrect. Cases in this sub-category are therefore technically and legally correct but are reassessed after review activity. (For further clarification on this issue see regulation 7(2)(c)(ii) of the Social Security and Child Support (Decisions and Appeals) Regulations (Northern Ireland) 1999 (S.R. 1999 No. 162); regulation 7(2)(c)(ii) was substituted by regulation 2(5) of S.R. 1999 No. 267).

The difference between what claimants in these 'change in customers' circumstances' cases are receiving in excess of DLA entitlement and what they would potentially receive if their benefit was reassessed was estimated to be around £38.0 million, 5.7% of DLA expenditure in 2008. Since there was no DLA Benefit Review in 2020, the 2020 estimate for DLA 'change in customer circumstances' overpayments is estimated by applying the 2008 percentage. The 2020 estimate is £23.4 million, 5.7% of expenditure. In comparison the 2019 estimate was £25.8 million, 5.7% of expenditure. These figures are not included in the total figures in the respective tables above.

The difference between what claimants in the DLA 'change in customers' circumstances' cases are receiving below their DLA entitlement and what they would potentially have been due to receive if their benefit was reassessed was estimated to be £19.4 million, 2.9% of expenditure in 2008. Since there was no DLA Benefit Review in 2020, the 2020 estimate for DLA 'change in customers' circumstances' underpayments is estimated by applying the 2008 percentage. The 2020 estimate is £12.0 million, 2.9% of expenditure. In comparison the 2019 estimate was £13.2 million, 2.9% of expenditure. These figures are not included in the total figures in the respective tables above.

E: Personal Independence Payments (PIP) - 'Change in Customers' Circumstances' cases

A decision on the award of PIP made on the ground of a change of circumstances takes effect on the date on which the relevant change of circumstances occurs or is expected to occur. This does not apply, however where a customer could not reasonably be expected to know at which point their entitlement to PIP might have changed. These cases do not result in a recoverable overpayment as the Department cannot quantify or define when the customer's change occurred.

Under the specific terms of benefit legislation (to establish a recoverable overpayment) it is necessary for the Department to prove that entitlement to PIP is incorrect. Cases in this sub-category are therefore technically and legally correct but are reassessed after review activity. This is in line with the DWP approach and similar to the methodology previously used for DLA. Note that due to differences in legislation, a “gradual change in customer circumstances” underpayment can exist for Disability Living Allowance, but cannot exist for Personal Independence Payment.

For further clarification on this issue see The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Decisions and Appeals) Regulations (Northern Ireland) 2016 (S.R. No 221) Schedule 1, Part 2.

The difference between what claimants in these 'change in customers' circumstances' cases are receiving in excess of PIP entitlement and what they would potentially receive if their benefit was reassessed was estimated to be around £21.8 million or 2.4% of expenditure in 2020.

These figures are not included in the total figures in the respective tables above.

Most PIP awards are for fixed terms with a review point built in; this provides the Department with a regular opportunity to reassess a customer's circumstances and reduce the accumulation of over and under payments in these cases.

24 Third Party Assets

The Child Maintenance Service operates a Client Funds Account to control the receipt of child maintenance and fees from non-resident parents and parents with care. Child maintenance and fees are collected and paid over respectively to persons with care or to the Department (maintenance and fees). These are not Departmental assets and are not included in the statement of financial position.

The Client Funds Account is attached to these accounts at Annex A.

The Department administers a Central Investment Fund for Charities into which Northern Ireland charities invest funds and a Charitable Donations and Bequests Fund. These are not departmental funds and are not consolidated within the departmental accounts. Dividends are paid twice yearly by the Department. The value of the Fund at 31 March 2021 was £50.6 million.

25 Entities within the departmental boundary

The entities within the boundary during 2020-21 were as follows:

Independent Statutory Bodies

Office of the Discretionary Support Commissioner

Advisory Non-Departmental Public Bodies

Historic Monuments Council

Historic Buildings Council

Advisory Bodies

Charities Advisory Committee

Ministerial Advisory Group

Other Entities

Local Government Boundaries Commissioner

26 Events after the Reporting Period

There were no adjusting events between the end of the reporting period and the date the financial statements were authorised for issue.

The Accounting Officer authorised the issue of these financial statements on 6 August 2021.

Report of the Comptroller and Auditor General

Report by the Comptroller and Auditor General

Introduction

1. The Department for Communities (the Department) is responsible for housing, urban regeneration, community development, social security and child support. The annual budget for the Department is £8.5 billion, of which approximately £7.2 billion is spent on benefits.

2. The Department administers £6.2 billion[1] of benefits directly with a further £0.6 billion of housing benefits administered by the Northern Ireland Housing Executive (the Housing Executive) and Land and Property Services (LPS).

3. This Report reviews the results of my 2020-21 audit of the Department's accounts and sets out:

   - the reasons and context for my qualified regularity audit opinion in relation to the material level of estimated fraud and error in benefit expenditure;
   - a high level comparison of fraud and error rates with Great Britain;
   - impact of the COVID-19 pandemic; and
   - the gap in assurances available to the Accounting Officer over the Social Housing Development Programme.

Key findings

Estimated Fraud and error in benefit expenditure

4. I have qualified my opinion on the regularity of the Department's financial statements due to the material level of fraud and error in benefit expenditure. I exclude State Pension from my qualified opinion because the estimated level of error is much lower than in other benefits (£11.9 million in expenditure of £2.5 billion, see Figure 1).

[1] These figures are from Note 23 to the accounts as the Department measures the level of estimated fraud and error in benefit expenditure on a calendar year basis. The financial statements disclose overall benefit expenditure for 2020-21 of approximately £7.2 billion, on a financial year basis.

5. Overpayments of benefits due to fraud and error, continue to increase and are now at their highest estimated rate for several years. The estimated overpayment and underpayment rate for benefits now stands at 3.8 and 0.5 per cent of the £4.4 billion of expenditure on benefits for 2020-21 respectively, excluding State Pension. This comprises overpayments of £166.3 million and underpayments of £23.8 million (see Figure 1). Of this overpayments figure, £75.4 million relates to Universal Credit.

6. The level of estimated fraud and error in housing benefit expenditure, included in the Department's financial statements, is material and forms part of my qualification. As this benefit is paid to claimants out of the Housing Executive accounts and the LPS Statement of Rate Levy Account, I also qualify my regularity audit opinion on these accounts in respect of housing benefit expenditure.

Impact of the COVID-19 pandemic

7. There was a significant increase in Universal Credit claims during the year with expenditure increasing by 140 per cent and new claims peaking at 34,500 in March 2020 as compared to a monthly average of 7,000. To meet this increased demand and provide support to those in urgent need the Department implemented temporary policy changes and redeployed staff from other areas.

8. The NI Executive allocated the Department an additional £271 million in funding this year and the Department spent £26 million of its normal allocated funding to mitigate against the COVID-19 pandemic (see paragraph 30). Additional funding was provided at national level for the increase in both Universal Credit and Jobseekers' Allowance claims. My staff have looked at a number of the COVID-19 schemes and found that payments were made in line with the rules of the scheme. I have not, however, assessed whether value for money has been achieved. I reported separately[2] on the £25 million allocated to the Sports Sustainability Fund (which falls within the Sports Hardship Fund of £27 million).

[2] Sports Sustainability Fund Report, Report by the Comptroller and Auditor General, 22 June 2021.

Gaps in assurance over the Social Housing Development Programme (SHDP)

9. As the Department has not been carrying out a full programme of SHDP inspections since April 2016, we consider that there is a gap in assurances available to the Accounting Officer. These inspections provide the Accounting Officer with assurance over how the Housing Association Grant is used and Registered Housing Associations' (RHAs) compliance with both the Housing Association Guide and NI Public Procurement Policy. The Department has now restarted its programme of inspections although the numbers were limited in 2020-21 because of the impact of the COVID-19 pandemic. We expect a full programme of inspections to be fulfilled next year.

Qualification of the Comptroller and Auditor General's audit opinion on the regularity of benefit expenditure (excluding State Pension)

10. I have qualified my opinion on the regularity of the Department's financial statements due to the material level of estimated fraud and error in benefit expenditure except for expenditure on State Pension where the estimate is significantly lower.

11. I am required under the Government Resources and Accounts Act (Northern Ireland) 2001 to report my opinion as to whether the financial statements give a true and fair view. I am also required to report my opinion on regularity, that is, whether in all material respects the expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and the financial transactions conform to the authorities that govern them.

12. Legislation specifies the entitlement criteria for each benefit, and the method to be used to calculate the amount to be paid. Where fraud or error results in the payment of a benefit to an individual who is not entitled to that benefit; or a benefit is paid at a rate that differs from the amount specified in legislation, the over or under payment[3] does not conform to the Assembly's intention and is irregular.

13. In my opinion, the estimated value of overpayments and underpayments due to fraud and error in benefits, other than State Pension, remains material and the

[3] Only underpayments due to official error are considered to be irregular.

qualification of my audit opinion reflects this. The Department's accounts have been qualified for a number of years due to material levels of overpayments and underpayments in benefit expenditure. The nature and reasons for these levels of fraud and error vary every year.

Measuring fraud and error

14. Benefit payments are susceptible to intentional error by claimants (customer fraud) and, also to unintended error by claimants (customer error) and the Department (official error). The Department is reliant on claimants' accurate and timely notification of changes of circumstances and the complexity of benefits can cause confusion and genuine error, especially for those with means-tested entitlements.

15. The Department selects random samples from the total benefit caseload to test their financial accuracy and provide a measure of official error, and conducts benefit reviews that provide a measure of customer fraud and error. The Department estimates total fraud and error, set out in Note 23 to the accounts, by combining the results from these reviews. The fraud and error figures that are quoted are statistically determined central estimates (or mid-points) within a range. While this range is higher than usual this year[4], due to additional uncertainties arising from introducing previous years' data, I am satisfied that the scope of this range is not material.

16. In order to facilitate the timetable for the production of the accounts, the Department's testing of financial accuracy is reported on a rolling 12 month basis, not on a financial year basis. I am satisfied that this approach is reasonable and that the results produced are a reliable estimate of the total fraud and error in the benefits' system.

17. Benefit reviews, which estimate customer fraud and error, for both Disability Living Allowance (DLA) and State Pension have not been completed since 2008 and 2009 respectively. I acknowledge that DLA for working-age claimants is continuing to reduce as it is replaced by Personal Independence Payment and that the 2009 State Pension estimates for customer error and fraud were fairly low at 0.2 per cent

[4] The Department is 95% sure that the total overpayments' estimate lies within the range £133 million (2 per cent) to £209 million (3.1 per cent). The Department is 95% sure that the total underpayments estimate lies within the range £38 million (0.6 per cent) to £82 million (1.2 per cent).

and zero per cent respectively. The absence of complete up-to-date information on fraud and error rates in large benefits creates a risk that the Department is not targeting its activities to reduce fraud and error effectively. I note that DWP is planning a full review of State Pension next year and the Department is considering this as part of their work programme for the year after.

18. As I reported last year, the Department was unable to complete its full measurement programme this year due to the impact of the COVID-19 pandemic. A full fraud and error review was completed for Universal Credit, considered to have the highest risk and official error was measured for State Pension, which has the highest spend. The Department also measured the level of official error within Housing Benefit expenditure. The level of fraud and error for the remaining benefits has been estimated using either the results of previous financial accuracy or benefit review exercises or by proxy values[5].

19. It is recognised that, due to the increase in volume of claims, less experienced staff and the reduction in usual controls[6], there is likely to be a higher level of fraud and error this year. Basing estimated fraud and error for this year on previous sampling exercises or proxy values for unmeasured benefits may not fully reflect this. DWP assessed the validity of using these methods and concluded that an adjustment was not required due to potential impacts of benefit easements related to the pandemic. Following an analysis of trends in estimated levels of fraud and error, the Department is content that DWP's approach is also applicable to Northern Ireland.

20. I am satisfied that the use of previous sampling exercises and proxy values is a reasonable measure of the level of estimated fraud and error in unmeasured benefits.

[5] The level of fraud and error for benefits that have not been measured during the year is either estimated from the results of previous sampling exercises (financial accuracy or benefit reviews) or based on a proxy values then rolled forward. A proxy value used for unmeasured benefits is closely related to a measured benefit in terms of claimant entitlement characteristics, for example, Disability Living Allowance is used as a proxy measure for fraud and error in Attendance Allowance.

[6] For example, suspension of face-to-face interviews, automatic extension of awards instead of reviewing them and a reduction in checks on claimant information.

The estimated level of fraud and error in benefit expenditure

21. Fraud and error levels in State Pension benefit expenditure of £2.5 billion (2019-20: £2.4 billion) remain at an immaterial level, estimated at 0.5 per cent of expenditure for both over and underpayments (see Figure 1). As a result, I continue to exclude State Pension expenditure from my qualified opinion on the accounts. The estimated rate of overpayments has increased again to 3.8 per cent (£166.3 million) from 3.1 per cent (£124 million) in 2019-20. The estimated rate of underpayments, excluding State Pension, has decreased to 0.5 per cent (£23.8 million) from its estimated rate of 0.7 per cent (£26 million) in 2019-20.

Figure 1: Estimated total overpayments and underpayments due to official error in benefit expenditure due to fraud and error

	State Pension	Other Benefits	Total
		£'million	
Benefits expenditure	**2,457**	**4,362**	**6,819**
All overpayments	1.5 (0.1%)	166.3 (3.8%)	167.8 (2.5%)
Underpayments due to official error	10.4 (0.4%)	23.8 (0.5%)	34.2 (0.5%)
Total	**11.9 (0.5%)**	**190.1 (4.3%)**	**202 (3%)**

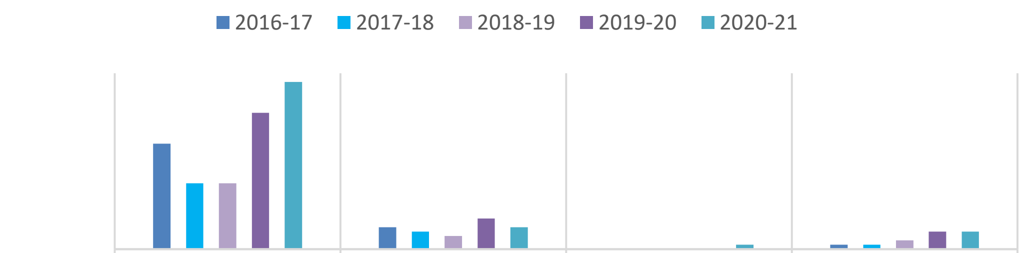
Source: Department for Communities Resource Account 2020-21.

22. Figure 2 shows the overpayment and underpayment rates as a percentage of benefit expenditure since 2016-17. The overpayment rate has more than doubled since 2018-19 and is at its highest level to date. I note that the significant increase in overpayments this year is largely attributable to increasing customer fraud which has gone up from 1 per cent (£65 million) to 1.5 per cent (£99.5 million), with a slight improvement in the level of official error and a small increase in customer error. The Department considers that the increase in customer fraud this year is due to an increase in Universal Credit fraud. It told me that:

- at the beginning of the coronavirus pandemic, there was a sudden surge in claims for Universal Credit with new claims peaking at ten times the usual volumes for a number of weeks. The number of adults claiming Universal Credit rose incrementally over 36 months to reach 70,000 in early March 2020 but due to the pandemic increased substantially in just 2 months to 134,000 by the end of May 2020; and

- there was an increase in the proportion of high risk claims within the caseload. To get money as quickly as possible to those who needed it a number of operational easements and changes to benefit administration were introduced for a short time in both Great Britain and Northern Ireland which included changes to the verification processes, placing a reliance on a claimant's declaration of their circumstances. This approach was necessary to manage the need to make payments on time to vulnerable customers following the sudden surge of claims during an emergency situation.

Figure 2: Trends in over and underpayments due to estimated fraud and error as a percentage of relevant benefit expenditure for the last 5 years

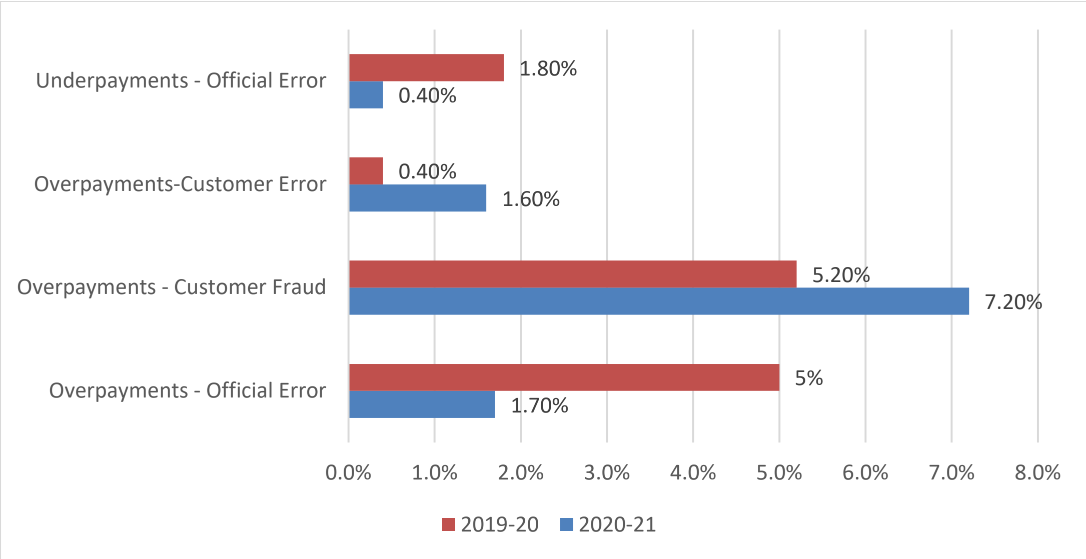


	Overpayments exc State Pension	Underpayments exc State Pension	State Pension Overpayments	State Pension Underpayments
2016-17	2.4%	0.5%	0.0%	0.1%
2017-18	1.5%	0.4%	0.0%	0.1%
2018-19	1.5%	0.3%	0.0%	0.2%
2019-20	3.1%	0.7%	0.0%	0.4%
2020-21	3.8%	0.5%	0.1%	0.4%

Source: Department for Communities Resource Account 2016-17 - 2020-21.

23. The only benefit that has been fully measured this year is Universal Credit. While the overall estimated value of overpayments of £75.4 million is more than double the prior year figure of £31 million the overpayment error rate of 10.5 per cent is broadly the same. Movements in overpayment and underpayment rates for estimated fraud and error rates since 2019-20 are set out in Figure 3:

Figure 3: Change in estimated overpayment and underpayment rates for Universal Credit



Source: Department for Communities Resource Account 2019-20- 2020-21.

24. While the estimated rates of overpayments due to official error in Universal Credit have decreased this year from 5 per cent to 1.7 per cent, the corresponding rates due to customer fraud have increased from 5.2 per cent to 7.2 per cent. I welcome the reduction in official error rates this year particularly given the complexity of this benefit.

Comparisons between Northern Ireland and Great Britain – high level comparison

25. We have reviewed and tested the Departments' methodology for estimating fraud and error. Looking at comparable figures in GB[7], including State Pension, overpayment error rates have increased significantly from 2.4 per cent in 2019-20 to 3.9 per cent this year. In Northern Ireland, the corresponding overpayment error rate has increased from 2 per cent to 2.5 per cent. Underpayment rates for official error have reduced from 0.6 per cent to 0.5 per cent in Northern Ireland, slightly higher than GB's rate of 0.4 per cent.

[7] Fraud and Error in the benefit system for financial year ending 2021, 13 May 2021, DWP National Statistics. The benefit expenditure figures exclude amounts devolved to the Scottish Government of £3.2 billion.

The impact of the COVID-19 pandemic on UC

26. As noted earlier there was a significant increase in Universal Credit claims this year due to the COVID-19 pandemic. At the end of February 2020 there were nearly 58,000 households on Universal Credit. By the end of February 2021 this had increased to just over 118,000. Consequently this year, expenditure on Universal Credit increased from £295 million to £716 million[8] (an increase of 140 per cent).

27. The Department told me that frontline staff identified 3,500 suspicious claims, of which 60 per cent were found to be wholly or partially suspicious. Wholly suspicious claims (52 per cent) were not paid nor was the suspicious element, for example, housing costs. It is encouraging that in the midst of the pressures arising from the pandemic that Department staff were alert to the possibility of fraud and acted accordingly.

The impact of the COVID-19 pandemic on benefits and other expenditure

28. By the end of February 2021, the Westminster Government provided estimated additional funding of £277 million and £4.7 million to cover the costs of additional Universal Credit and Jobseekers' Allowance claims[9].

29. The Department was also allocated £271 million in funding this year by the Northern Ireland Executive to deliver various schemes to mitigate against the worst effects of COVID-19[9]. Figure 4 shows the breakdown of this funding.

[8] On a calendar year basis. On a financial year basis it increased from £362 million to £831 million (130 per cent increase).
[9] Second Report-Overview of the Northern Ireland Executive's Response to the COVID-19 Pandemic, Report by the Comptroller and Auditor General, 8 June 2021. The figures in this Report are based on estimates and reflect expenditure to date.

Figure 4: Funding allocated to the Department for COVID-19 during 2020-21

COVID-19 Scheme	Funding (£'000)
Grants to Local Councils	85,300
Heating Payment	44,200
Sports Hardship Fund	27,000
Culture Resilience Scheme (Culture Recovery)	23,300
Culture Resilience Fund	4,000
Charitable Grants	20,500
Access to Food Packages	13,500
Supporting People	8,400
Community Support Fund	9,500
Social Enterprise Support	9,300
Homelessness	7,100
Benefit Delivery Response	5,000
Loss of Rental Income (NI Housing Executive Landlord)	4,500
Discretionary Support	3,000
Community, Voluntary and Social Enterprise Sector (Personal Protective Equipment)	2,500
NI Housing Executive Supplier Payments Relief	1,600
Department of Health Jointly Supported Living Scheme Care Costs	1,200
NI Housing Executive Supporting People (Personal Protective Equipment)	1,100
TOTAL	**271,000**

Source: Department for Communities

30. In addition, the Department spent £26 million of its own allocated funding to help mitigate the impact of the COVID-19 pandemic with £12 million being spent on a COVID-19 revitalisation programme, delivered in partnership with Councils, and approximately £6 million on IT equipment for staff to enable working from home.

31. The Department had to make these payments within a very short timeframe and therefore it may be possible that controls over this expenditure were not as robust as they would have been normally. While my staff have looked at a number of these

schemes and found that they were paid in line with the rules of the scheme I have not assessed whether value for money has been achieved.

32. As noted in paragraph 8, I reported separately on the £25 million allocated to Sports Sustainability Fund (which falls within the Sports Hardship Fund of £27 million) in June 2021.

Gaps in assurance over the Social Housing Development Programme (SHDP)

33. The Department provided funding of £136 million via the Housing Executive to Registered Housing Associations (RHAs) during 2020-21 for the delivery of new social housing through the SHDP[10]. The Department carries out a rolling programme of individual SHDP inspections to provide the Accounting Officer with assurance over the use of the Housing Association Grant and ensure that RHAs comply with both the Guide and NI Public Procurement Policy.

34. In 2019 the Department's Internal Audit Unit reported that SHDP inspections had not taken place since April 2016. The Department instigated a pilot exercise in 2019-20 but due to COVID-19 restrictions, only two inspections were completed and 5 inspections (£1.6 million) have been completed in 2020-21.

[10] Including "Housing for All" supported schemes

35. In previous years I have reported extensively on the area of Housing Association inspections, most recently in June 2016[11]. It is disappointing that the Department has been unable to complete a full inspection programme for a number of years. While I appreciate the many challenges the Department is facing in terms of resourcing and additional COVID-19 pressures, until a full programme of inspections is completed there continues to be reduced assurance available to the Accounting Officer over the SHDP. I intend to monitor this situation closely.

K J Donnelly

KJ Donnelly

Comptroller and Auditor General

Northern Ireland Audit Office

1 Bradford Court

Galwally

BELFAST

BT8 6RB

6 AUGUST 2021

[11] Report by the Comptroller and Auditor General for Northern Ireland, Department for Social Development Resource Account 2015-16.

ANNEX A
Child Maintenance Service (CMS) Client Funds Account 2020–21

Management Commentary

1.1 Major Reforms

The Child Maintenance Service (CMS) is part of the Department for Communities; the CMS promotes the financial responsibility parents have for their children, providing information and advice about the different child maintenance options available to parents and administers the Statutory Child Maintenance Scheme in NI.

The CMS is responsible for the management of client funds relating to the 2012 statutory child maintenance scheme operated by the CMS. This scheme supports children by collecting money from the paying parent and paying these funds to the receiving parent. The 1993 and 2003 schemes (Legacy schemes) operated by the previous Child Support Agency are now closed with any ongoing arrears only cases transferred to the CMS 2012 scheme.

The Department for Communities (the Department) CMS is determined to maximise the number of effective maintenance arrangements for children who live apart from one or both of their parents. To do this it has a two-pronged approach: more support for separated families to work together and reach family-based arrangements; and for those that cannot, providing the 2012 statutory scheme, which can collect money on behalf of parents. In addition, the Child Maintenance Choices service operates as the official 'gateway' to the statutory scheme and helps separated parents to make informed choices about their maintenance arrangements.

The 2012 scheme offers one simpler assessment type based on gross income and benefits in payment. The system retrieves this data automatically from HM Revenue and Customs (HMRC) and the Department's social security benefit systems to carry out the assessment calculations.

The 2012 scheme was introduced on a pathfinder approach in December 2012, and the scheme opened to all new applicants from November 2013. A second phase of reform was implemented on 30 June 2014. This included the introduction of collection and enforcement charges as part of a package of financial incentives to encourage parents to take greater financial responsibility for their children. The charging structure per the Scheme adds 20% to each of the paying parents' child maintenance payments and deducts a 4% charge from the payment made to the receiving parents. The intention is that only those clients, who are unable to reach a family-based arrangement or where the paying parent has failed to pay using Direct Pay, utilise the Collect and Pay statutory service.

Once an application is made to the 2012 scheme, both parents can avoid collection charges entirely by using the Direct Pay service. This is where parents organise payments between themselves based upon a CMS calculation. This can be a step towards a more collaborative relationship. It is encouraging to see that, at March 2021, use of the Direct Pay service remains high, with two out of three parents whose case is on the 2012 statutory scheme using this service and thus avoiding charges completely.

Throughout the 2020-21 year the Child Maintenance Service (CMS) has continued to progress major reforms to child maintenance. This includes ongoing implementation of the 2012 scheme, while at the same time managing the closure and decommissioning of the 1993 and 2003 Legacy schemes.

In 2018-19 NI CMS, in line with the approach adopted by the GB Department for Work and Pensions (DWP) Child Maintenance Group (CMG), moved to the next phase of the Child Maintenance Reform Programme with the implementation of the NI Compliance and Arrears Strategy. The Strategy received approval from the Department of Finance in November 2018. The associated legislation, package one of the Regulations the Child Support (Miscellaneous Amendments) Regulations (Northern Ireland) 2018 came into operation on 13 December 2018.

The Strategy focused on appropriately treating historic arrears which had built up on the Child Support Agency (CSA) 1993 and 2003 statutory child maintenance schemes (also known as the Legacy schemes). Subject to specific criteria, arrears from Legacy cases were either restated or clients were offered the opportunity to make representations if they wished the CMS to attempt a final collection of their arrears.

In November 2018 CMS commenced addressing arrears owed to the Department and the Compliance and Arrears Strategy activity continued throughout the following financial years to date. The CMS completed the majority of the restatement and representation activity in the 2019-20 financial year. Where appropriate Legacy cases were closed or transferred to the CMS 2012 system through the representation process. This has allowed all cases on the 1993 and 2003 statutory schemes to be closed and enabled the 1993/2003 IT systems to be decommissioned in November 2020.

The NI Compliance and Arrears Strategy also aimed to minimise arrears accruing on the 2012 statutory child maintenance scheme. The regulations that came into operation on 13 December 2018 included additional collection powers to maximise the chances of collection on the CMS 2012 Scheme. This included changes to:

- Take into account notional income derived from assets to ensure complex earners in CMS cases, who can afford to, will pay more maintenance;
- Enable deductions from joint and unlimited partnership business accounts.

The second package of Regulations introduced under the NI Compliance and Arrears Strategy made changes to deductions from benefit powers, and extended these powers to allow the collection of arrears of unpaid maintenance when ongoing maintenance has ended. These powers apply to a broader range of benefits than the previous Regulations, including Universal Credit. The second package of Regulations came into operation in July 2019.

The NI Compliance and Arrears Strategy regulations were passed by the NI Assembly on 01 June 2020.

Performance during 2020-21

There were no live cases on the Legacy systems at the end of March 2020. The Legacy systems were closed down and decommissioned in November 2020. Transitioned Legacy arrears balances are managed on CMS 2012.

Performance for the 2020-21 year is therefore reported as per the CMS 2012 system. This includes data on the Direct Pay scheme as part of CMS 2012, and receipts and payments relating to both the CMS 2012 Collect and Pay and transitioned Legacy arrears cases.

The caseload at 31 March 2021 was 15,327 (31 March 2020:15,066). At 31 March 2021 94.2% of case groups were contributing towards their current liability (31 March 2020: 91.9%). This includes Direct Pay arrangements where parents arrange payments between themselves based upon a calculation by CMS.

Parents using the 2012 scheme may elect to use either the Direct Pay or the Collect and Pay service. In total, the Department estimates that £22.628 million (2019-20: £22.182 million, restated) was paid between parents:

- £18.290 million through Direct Pay; and,
- £4.338 million through Collect and Pay

1.1.1 Direct Pay

A case is classed as Direct Pay when the maintenance calculation has been derived by CMS (after assessment of the case) and the paying parent pays maintenance direct to the receiving parent. Parents are incentivised, through fees on the Collect and Pay service, to choose Direct Pay. It is encouraging to see that, at March 2021, two out of three parents using the 2012 statutory scheme are already using this service and thus avoiding charges completely.

As at 31 March 2021, 66% (31 March 2020: 66%) of those parents due to pay their liability were using Direct Pay. Payments made through Direct Pay do not pass through the Client Funds Bank Account and are considered to be made in full and on time unless CMS is informed otherwise.

Where a payment is reported as missed, both clients are asked to provide evidence of the missed payment. Where it is deemed the paying parent is unlikely to pay, the case may be changed to Collect and Pay where enforcement tools are available to re-establish compliance and recover any outstanding arrears, including any arrears which accrued while the case was Direct Pay.

1.1.2 Receipts of child maintenance

During 2020-21, approximately 68.2k (2019-20: 65.3k) individual receipts were recorded. Total monies received (including collection charges) were £5.110 million (2019-20: £5.312 million, restated) with 99% of receipts by volume received electronically.

1.1.3 Payments of child maintenance

During 2020-21, approximately 65.8k (2019-20: 62.5k) individual payments were made to receiving parents with a total value of £4.002 million (2019-20: £4.151 million, restated). One hundred per cent of payments are made by funds transferred electronically to clients' bank accounts.

1.2 Outstanding Arrears of Child Maintenance

In addition to reporting the receipts and payments of maintenance monies, the Department is required to report on the value of outstanding child maintenance arrears, which totalled £12.010 million at 31 March 2021 (31 March 2020: £12.481 million). The outstanding child maintenance arrears balances are reported in Note 5 to the accounts and detail both the CMS 2012 arrears balances and the Legacy transitioned arrears.

1.3 Assessment Accuracy

There were no live cases on the Legacy systems at the end of March 2020 and for the last five years it has not been possible to generate a statistically valid sample of cases to test and determine the assessment accuracy of these cases. The last Case Value Accuracy measurement for the Legacy Schemes was for the 2015-16 year and this was 96.2%.

The 2012 CMS scheme simplified the way the Department administers child maintenance. For example, it has significantly reduced the number of procedures and manual interventions involved in its administration, and built direct digital interfaces with Her Majesty's Revenue and Customs and the Department's benefit systems to establish parental income and calculate maintenance. Whilst some calculations will still require manual intervention, the changes to the 2012 scheme have increased the number of child maintenance calculations which can be carried out by an automated process requiring no manual intervention i.e. are fully automated calculations.

In 2018-19 the Department completed a review of its accuracy assessment methodology and from April 2019 NI CMS have assessed the accuracy of child maintenance assessments using the Monetary Value of Error (MVE) approach. This provides an overall accuracy assessment result incorporating both caseworker error, that is manual error, and the CMS 2012 fully automated transactions. The CMS 2012 Fully Automated transactions are assumed to be 100% accurate.

The MVE result for 2020-21 is 0.73 % (2019-20: 0.85%).

1.4 Impact of Exit from the European Union (EU)

On 31 January 2020 the UK formally left the EU and entered a Transition Period which ran until 31 December 2020. DfC has worked closely with colleagues in the Executive Office, the other NI Executive Departments, local councils and with key stakeholders to ensure that appropriate preparations were in place for the UK's exit from the EU and the end of the Transition Period. The overall aim of this work was 'To ensure that, in so far as was possible, the important services for which this Department has responsibility continued to be delivered, to an agreed standard, under the terms of the UK's exit from the EU'.

Since the end of the Transition Period, DfC has continued to focus on the EU Future Relations agenda and on developments within the UK, to prepare for any potential impacts on the services which DfC delivers.

1.5 Impact of Covid-19

NI CMS continued to deliver essential services throughout the financial year during the Coronavirus (Covid-19) outbreak.

A limited number of changes were introduced to support priority work, including reduction in the inbound telephony hours and accepting verbal evidence when informing of a change of income. The online messaging was updated to reflect this, and to signpost customers to the range of services across the wider Department which could provide key and swift financial support.

Customers were encouraged to use the online portal wherever possible, and inbound telephony volumes reduced as a consequence. Enhancements to the digital offering were introduced, with additional transactions able to be carried out via the online portal. The Apply Online service was launched in October 2020 and enabled parents to make their application for child maintenance online. Available 24 hours a day, seven days a week, the online service offers an improved customer experience through a flexible and convenient channel for parents to apply for child maintenance. A Video Relay Service was introduced by the Child Maintenance Service in July 2020 for deaf, hard of hearing or speech impaired clients who use British Sign Language or Irish Sign Language. The Video Relay Service enables clients to communicate in real time with staff via an Interpreter by using a video connection on an electronic device including laptop, PC, Smartphone or tablet.

CMS was able to secure IT equipment at an early stage to enable staff to work remotely, and had all staff back working, either in the office or remotely, from July 2020. The provision of this equipment was supported by additional software to enable the telephony service to also be delivered by those working remotely.

Statement of Accounting Officer's responsibilities

Under the Government Resource and Accounts Act (NI) 2001, the Department of Finance has directed the Department for Communities to prepare a Statement of Client Funds Account for each financial year in the form and on the basis set out in the Accounts Direction. The Client Fund accounts must comprise a Receipts and Payments Account, a Statement of Cash Balances and must properly present the receipts and payments for the financial year and the balances held at the year-end.

The notes to the Client Funds Account must include a summary of the maintenance assessment balances at the beginning and the end of the year and movements thereon during the year. The summary must also disclose the extent to which any outstanding maintenance arrears are likely to be collected. In addition, the amount of the arrears must be categorised as to its collectability.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Department of Finance, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;

- make judgements and estimates on a reasonable basis;

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;

- prepare the accounts on a going concern basis; and

- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and

Accounts and the judgements required for determining that it is fair balanced and understandable.

The Department of Finance has appointed the Permanent Secretary as Accounting Officer for the Department. The Accounting Officer for the Department for Communities is also the Accounting Officer for the Child Maintenance Service Client Funds. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Department for Communities' assets, are set out in Managing Public Money Northern Ireland published by the Department of Finance.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Child Maintenance Service auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Tracy Meharg

TRACY MEHARG
ACCOUNTING OFFICER
04 AUGUST 2021

Governance Statement

Introduction

The Department for Communities has responsibility for the management of client funds relating to the 2012 statutory child maintenance scheme, which includes the flow of receipts from paying parents to receiving parents or persons with care of the children, payments to the Department, and the management of the accumulated maintenance arrears. The Department is required to publish a separate Client Funds Account, in accordance with the Department of Finance Accounts Direction under Section 11(2) of the Government and Resources and Accounts Act (Northern Ireland) 2001. The Department operates the statutory child maintenance scheme through the Child Maintenance Service.

DfC is one of nine Northern Ireland Departments created on 9 May 2016. The Permanent Secretary, Tracy Meharg, is the Department's most senior official and the Minister's principal advisor. The Northern Ireland Assembly was dissolved from 26 January 2017 until an Executive was formed on 11 January 2020. Ministers were not in place during this time. From 11 January 2020, the Department for Communities was under the direction and control of NI Assembly Minister Deirdre Hargey. Carál Ní Chuilín replaced Deirdre Hargey as Minister for Communities from 15 June 2020 until 16 December 2020 when Minister Hargey returned to her post.

The Permanent Secretary chairs the Departmental Management Board which comprises senior officials in charge of each executive business area plus two non–executive board members (NEBMs).

The governance arrangements set out in the Departmental Resource Account for the year ended 31 March 2021 relate to the Child Maintenance Service as part of the Department.

This statement provides comment on issues which are specific to the Child Maintenance Service operating within the Department with specific reference to the significant control weaknesses relevant to the Child Maintenance Service.

Legacy Schemes

Many of the control weaknesses highlighted in previous years' accounts and documented below, arise as a result of the limitations in the systems underpinning the 1993 and 2003 statutory schemes (also known as the Legacy schemes), which have led to repeated qualified audit opinions by the Comptroller and Auditor General. Whilst this statement records the action which the Department has taken to manage these control weaknesses, a key part of the strategic solution is the full implementation of the 2012 scheme.

The 2012 Statutory Scheme opened on a pathfinder basis in December 2012 and then to all new applicants on 25 November 2013. On 30 June 2014 the second phase of the reform programme introduced collection and enforcement charges for clients using the new statutory scheme.

Following on from the Case Closure Programme, which commenced in 2014, CMS moved onto the next phase of Child Maintenance Reform Programme with the implementation of the NI Compliance and Arrears Strategy in 2018-19. The Strategy received approval from the Department of Finance in November 2018. The associated legislation, package one of the Regulations the Child Support (Miscellaneous Amendments) Regulations (Northern Ireland) 2018 came into operation on 13 December 2018.

The second package of Regulations introduced under the NI Compliance and Arrears Strategy included changes to deductions from benefit powers and extending these powers to allow the collection of arrears of unpaid maintenance when ongoing maintenance has ended. These powers will also be applied to a broader range of benefits, including Universal Credit. The second package of Regulations came into operation in July 2019.

All the NI Compliance and Arrears Strategy regulations were then combined and passed by the NI Assembly on 1 June 2020.

The Strategy, focused on appropriately treating historic arrears which had built up on the Child Support Agency (CSA) 1993 and 2003 statutory child maintenance schemes. Specific criteria identified categories of arrears for restatement activity. Where arrears were greater than £1,000/£500 CMS offered clients the opportunity to make representations to CMS to make a final attempt to collect their arrears. If clients did not wish CMS to take this action, CMS restated those arrears.

This work allowed the 1993 and 2003 statutory schemes to close in March 2020 and the 1993/2003 IT systems were shut down and decommissioned in November 2020. Some work did continue on the NI Compliance and Arrears Strategy actions throughout 2020-21 with a total of 162 cases selected throughout the year (2019-20: 4,387 cases selected) and a total amount restated of £0.473 million (2019-20: £13.117 million).

The NI Compliance and Arrears Strategy also seeks to minimise arrears accruing on the 2012 statutory child maintenance scheme.

Internal Audit Opinion

During 2020-21 Internal Audit carried out a review of NI CMS. The scope of the audit encompassed a review of the following activities:

- Call Handling;
- NI Direct Choices; and
- Enforcement.

This internal audit assignment resulted in a satisfactory opinion.

Significant Governance and Internal Control Challenges

Accuracy of Maintenance Assessments

The level of complexity in carrying out maintenance assessments under the 1993 and 2003 Legacy schemes, together with inadequate computer systems, led to significant levels of error in the Legacy child maintenance assessment calculations. These incorrect assessments continue to have an impact on the accuracy of the current amounts collected and paid relating to these schemes, though the receipts and payments are now all facilitated through the CMS 2012 system. Due to the closure of Legacy cases (1993 and 2003 Schemes) over the last five years it is not possible to generate a statistically valid sample of cases to test and determine the Case Value Assessment (CVA) accuracy. The last CVA accuracy measurement for the Legacy Schemes was for the 2015-16 year and this was 96.2%. By March 2020 the Legacy systems were closed down and decommissioning was completed in November 2020.

The 2012 CMS scheme simplified the way the Department administers child maintenance. Whilst some calculations for the 2012 Scheme still require manual intervention, the changes to the 2012 scheme have increased the number of child maintenance calculations which can be carried out by an automated process requiring no manual intervention i.e. are fully automated calculations.

From April 2019 the NI CMS assess the accuracy of child maintenance assessments using the Monetary Value of Error (MVE) approach. This provides an overall accuracy assessment result incorporating both caseworker error, that is manual error, and the CMS 2012 fully automated transactions. The MVE result for 2020-21 was 0.73% (2019-20: 0.85%).

The Comptroller and Auditor General (C&AG) considers the level of irregularity in receipts and payments continues to be material and has qualified the regularity audit opinion again this year.

Accounting Information

Due to the limitations of the CMS Child Support Computer Systems (CSCS and CS2) supporting the 1993 and 2003 schemes, the evidence available to support the accuracy and completeness of outstanding maintenance arrears balances was limited or unavailable. There was significant uncertainty over the accuracy and completeness of the Legacy arrears balances. The Comptroller and Auditor General (C&AG) was unable to conclude on the accuracy and completeness of the Legacy maintenance arrears balances and disclaimed his audit opinion in respect of this note.

At March 2020 there were no live cases remaining on the CMS Legacy 1993 and 2003 system. All relevant Legacy cases had transitioned to the CMS 2012 system. The Legacy systems were closed down and decommissioned in November 2020.

In the 2019-20 financial year, the Department carried out considerable work on the CMS 2012 debt balances to help substantiate the balance of maintenance arrears on a case-by-case basis. The NIAO examined the work as part of the audit of the account and the C&AG was content that the CMS 2012 balances were complete and accurate.

The total outstanding maintenance arrears at March 2021 are currently £12 million, made up of £6.8 million from cases operating under the CMS 2012 scheme and £5.2 million transferred from the Legacy schemes. Again this year the CMS 2012 balances can be substantiated on a case by case basis. The C&AG is content that these balances, £6.8 million in total, are complete and accurate.

The arrears relating to the legacy schemes, £5.2 million, are considered to be a significant proportion (43%) of the overall arrears' balance of £12 million. The examination of the transferred Legacy arrears cases is limited as there is no accurate information available to support the debt balance. Consequently, the C&AG continues to disclaim his opinion over the outstanding maintenance arrears note in the accounts.

Statement of Balances

Due to insufficient information being available in underlying Legacy IT systems, the Client Funds Receipts and Payments Account and Statement of Balances have historically been prepared using bank statements. The Statement of Balances discloses the balance on the bank account at the year end. The year-end bank balance is then broken down between funds received into the bank which are awaiting clearance and cleared funds which are awaiting distribution. The Department can provide a full and detailed breakdown of cash transactions for the current year and historic banking transactions will have been subject to full management and audit scrutiny.

As a result of the closure of the Legacy IT systems the corresponding Legacy bank accounts were closed down in August 2020 with all appropriate action taken to clear down and terminate the accounts. All bank activity is now processed through the CMS 2012 bank account. This enables the Department to fully reconcile the year-end outstanding bank balance, removing the previous Legacy issue of a partially unreconciled bank balance at year-end.

Reimbursements to Clients

Where cases are subject to significant delay or maladministration, the Department can incur costs in the form of special payments for compensation for delay, maladministration or financial loss, where appropriate. Such costs are reflected within the Accountability Report in the annual DfC Resource Account. These payments totalled £0.012 million in 2020-21 (2019-20: £0.019 million).

Conclusion

The Department will continue to work with the Department for Work and Pensions in Great Britain on the continued development of the 2012 Child Maintenance system.

I am satisfied that the Child Maintenance Service has effective governance arrangements in place that I can rely on as Accounting Officer to provide assurance that the public funds and other resources for which I am accountable are deployed effectively. Where significant issues have arisen I am satisfied that the appropriate action is being taken to address the issues concerned.

Tracy Meharg

TRACY MEHARG
ACCOUNTING OFFICER
04 AUGUST 2021

Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Child Maintenance Services Client Funds for the year ended 31 March 2021 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Receipts and Payments Account, Statement of Balances; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- properly present the receipts and payments of the Child Maintenance Services Client Funds for the year then ended and the balances as held at 31 March 2021; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder, except for the Outstanding Maintenance Arrears at Note 5.1, as further described below in the "Basis for opinions" section.

Disclaimer of opinion on the maintenance arrears balance

Due to the significance of the issues described in the "Basis for opinions" section below, I have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion on the maintenance arrears balance of the Child Maintenance Services Client Funds, so therefore have not expressed an opinion on this balance.

Qualified Opinion on regularity

In my opinion, except for the receipts and payments that have arisen from the proportion of the maintenance assessments calculated in error, in all material respects the receipts and payments recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I have not expressed an opinion on the maintenance arrears' balance of £12 million, as there was insufficient evidence to substantiate the legacy scheme element which is a substantial proportion of the balance, being £5.2 million. The Department is not able to maintain adequate accounting records to support the level of outstanding maintenance arrears for the legacy scheme. I have not therefore received all the information and explanations I require for my audit.

I was also not able to confirm the accuracy and completeness of the maintenance assessments, which form the basis of the maintenance arrears balance.

As the Client Fund Account is not prepared on an accruals basis, the maintenance arrears' figures in Note 5.1 do not affect any other disclosures within the Account. Consequently, the disclaimer of my audit opinion is in respect of Note 5.1 only.

My opinion on regularity is qualified as the Department is required to calculate maintenance assessments for Child Maintenance Service Client Funds in accordance with the relevant legislation. My examination of maintenance assessments has identified cases that have been calculated incorrectly. Receipts have been obtained, and payments have been made, based on these incorrect assessments. It is not possible to quantify the overall irregularity in £574,000 of receipts and £567,000 of payments based on maintenance assessment calculations under the legacy schemes. The estimated level of irregularity is £27,500 in £3.6 million of receipts and £3.4 million of payments based on maintenance assessments calculated under the CMS 2012 scheme. I consider the overall irregularity for receipts and payments to be material.

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 the Department in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

Except for the legacy arrears balance in Note 5.1, I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department's use of the going concern basis of accounting in the preparation of the financial statements for the Child Maintenance Service Client Funds is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Child Maintenance Service Client Funds 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 the Child Maintenance Service Client Funds is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accounting 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 annual report other than the financial statements and my audit certificate and report. The Accounting Officer is responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

Opinion on other matters

In my opinion:

- the information given in the Management Commentary and Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Child Maintenance Service Client Funds and its environment obtained in the course of the audit, I have not identified material misstatements in the Management Commentary.

Due to the matters leading to my qualified and disclaimed opinions I report to you that, in my opinion:

- adequate accounting records have not been kept; and
- I have not received all of the information and explanations I require for my audit.

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

- the financial statements are not in agreement with the accounting records; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they properly present the receipts and payments during the year and that the maintenance arrears' balance is properly presented;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Child Maintenance Service Client Funds' 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 Accounting Officer anticipates that the services provided by the Child Maintenance Service Client Funds will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Child Maintenance Service Client Funds through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001, the Child Support (Northern Ireland) Order 1991 and The Child Support (Maintenance Assessments and Special Cases) Regulations (Northern Ireland) 1992.
- making enquiries of management and those charged with governance on the Child Maintenance Service Client Funds' 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 Child Maintenance Service Client Funds' 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 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;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial

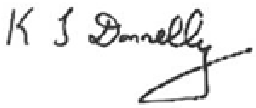
statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate and re-performing a sample of decisions tested by the Child Maintenance Service Client Funds in the CMS 2012 scheme to provide an estimate of the level of error.

- 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.

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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

My detailed observations are included in my report attached to these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Galwally
BELFAST
BT8 6RB

6 AUGUST 2021

Financial Statements

CHILD MAINTENANCE SERVICE (CMS) CLIENT FUNDS ACCOUNT

Receipts and Payments Account for the year ended 31 March 2021

	Notes	2020-21 £'000	2019-20 £'000
Receipts	2	5,110	5,312
Total Receipts		**5,110**	5,312
Less Payments to :			
Receiving Parents	2	4,002	4,151
the Department (including fees)	2	910	896
Department for Work and Pensions (DWP)	2	64	92
Paying Parents	2	97	76
Total payments		**5,073**	5,215
Net (Payments)/Receipts		**37**	97
Balance as at 1 April		275	178
Balance as at 31 March	3	**312**	275

Statement of Balances as at 31 March 2021

	Notes	2020-21 £'000	2019-20 £'000
Funds awaiting clearance	3	145	109
Cleared funds awaiting distribution	3	167	166
Balance on bank account		**312**	275

The notes on pages 271 to 282 form part of these accounts.

Tracy Meharg

TRACY MEHARG
ACCOUNTING OFFICER
04 AUGUST 2021

NOTES TO THE ACCOUNT

1. Accounting Policies

1.1 This Receipts and Payments Account has been prepared on a cash basis and in the form directed by the Department of Finance.

1.2 The Client Funds Account properly presents the receipts and payments and cash balances of the CMS Client Funds. The Client Funds Account is required to be published along with the Department's Resource Accounts and includes a Statement of Accounting Officer's Responsibilities and a Governance Statement.

1.3 The notes to the CMS Client Funds Account include a summary of the maintenance assessment balances at the beginning and end of the year and the movements thereon during the year both for the current year and the previous year. CMS is required to disclose the extent to which any outstanding maintenance arrears are likely to be collected with the total amount of arrears categorised as to its collectability.

1.4 The outstanding maintenance arrears note has been prepared on an accruals basis.

2. Receipts and Payments

Receipts

2.1 Receipts from clients relate to child maintenance collected from Paying Parents, 2020-21 £4.167 million (2019-20: £4.337 million); and the receipt of collection and enforcement charges, 2020-21 £0.892 million (2019-20: £0.930 million). Receipts also include drawdowns and receipts from the Department; for the 2020-21 financial year these were £0.051 million (2019-20: £0.045 million).

2.2 The receipts quoted in the Receipts and Payments Account differ from the receipts total shown in movements on outstanding maintenance arrears (see Notes 5.1 and 5.2). This is due principally to timing differences and the inclusion of non-maintenance receipts in the amounts shown in the Receipts and Payments Account.

Payments

2.3 Payments to Receiving Parents include payments made per the CMS 2012 Scheme £4.002 million (2019-20: £4.144 million). No payments were made to Persons with Care per the Legacy Schemes (2019-20: £0.007 million).

2.4 The payments to the Department of £0.910 million (2019-20: £0.896 million), include £0.878 million of collection and enforcement charges received from parents using the 2012 Collect and Pay Scheme (2019-20: £0.881 million).

Also included are payments of £0.010 million (2019-20: £0.013 million) that have been made in respect of funds received on 1993 and 2003 scheme cases where clients were in receipt of benefit at the time of the assessment, pre-October 2008. When funds are received which relate to periods when clients were in receipt of benefits these payments continue to be made to the Department.

Payments to the Department also includes a sundry amount of £250 for DNA fees (2019-20: £0.002 million). There was £0.022 million of Consolidated Fund Excess Receipts (CFERs), (2019-20: £400).

2.5 Payments to the Department for Work and Pensions (DWP) of £0.064 million (2019-20: £0.092 million) relate to maintenance transactions between the Department and the Child Maintenance Group in DWP/GB.

2.6 Refunds are made to Paying Parents under a number of different circumstances. In the year £0.097 million (2019-20: £0.072 million) relates to refunds on cases held on the 2012 Scheme. The 1993 and 2003 schemes have now closed therefore no refunds were made in relation to those schemes (2019-20: £0.004 million).

3 Statement of Balances

3.1 The balances relating to funds awaiting clearance, 2020-21 £0.145 million (2019-20: £0.109 million) are amounts that CMS has received into its bank account but have not yet cleared through the bank's clearance processes.

3.2 The balances relating to cleared funds awaiting distribution, 2020-21 £0.167 million (2019-20: £0.166 million) are amounts that CMS have received into the Client Funds bank account but have not yet been paid out to Receiving Parents, the Department, the Department for Work and Pensions or Paying Parents.

4 Outstanding Maintenance Arrears at 31 March 2021

4.1 Under the Accounts Direction, issued by the Department of Finance, the Department is required to disclose the balances outstanding from Paying Parents at the year end, the movements in the balances outstanding between the beginning and end of the year and to categorise those balances by reference to their collectability.

4.2 In 2018-19 NI CMS, in line with the approach adopted by the GB Department for Work and Pensions (DWP) Child Maintenance Group (CMG), moved forward with the implementation of the NI Compliance and Arrears Strategy. This work has allowed the close down of the Legacy IT systems and these systems were decommissioned during 2020-21.

4.3 As part of the Project appropriate arrears only cases relating to the 1993 and 2003 schemes were transferred to the CMS 2012 system. The outstanding child maintenance arrears balances relating to the transitioned Legacy arrears cases are reported in Note 5 to the accounts. Note 5 also includes the detail for the outstanding arrears balances relating to the CMS 2012 Scheme.

Collectability of Outstanding Maintenance Arrears

4.4 In line with the Accounts Direction, CMS have estimated the collectability of outstanding maintenance arrears for 2020-21 and this information is included in Note 5.

4.5 The outstanding arrears for 2012 Scheme cases are considered to be potentially collectable. This is based on these arrears primarily accruing within the last eight years. In addition the NI Compliance and Arrears Strategy introduced further reforms that seek to minimise arrears accruing on the 2012 statutory child maintenance scheme.

4.6 As at March 2020 all appropriate arrears only Legacy cases were transitioned to the CMS 2012 system and it has been possible to undertake an initial review on the recovery performance and data for these specific outstanding arrears cases for the financial year. Based on this preliminary review the outstanding Legacy transitioned arrears are considered to be potentially collectable.

4.7 The estimation of the collectability of outstanding Legacy arrears at March 2020 was based on a previous 2018-19 collectability exercise. This analysed the arrears balance into three categories - Likely to be collectable, possibly uncollectable and probably uncollectable. Full details of the collectability exercise and the analysis of the March 2020 transitioned arrears are included in the 2019-20 NI CMS Client Fund accounts. The collectability categories for transitioned arrears at March 2020 are included in prior year figures in Note 5 to the accounts.

4.8 On 10 December 2012, powers within the Child Maintenance Act (Northern Ireland) 2008 were introduced, which allowed for the writing off of some arrears in certain circumstances. These are circumstances when the Receiving Parent specifically requests us not to collect the arrears, or when collection is impossible because, for example the Paying Parent has died and the arrears cannot be recovered from the estate. There are several reasons why a Receiving Parent would ask for the arrears to be written off, for example, they may have reconciled with their former partner.

4.9 Provision has also been made for the Receiving Parent to accept part payment in full and final satisfaction of the outstanding arrears. These arrangements will be made on a case-by-case basis and, where CMS is considering use of these powers, the Receiving Parent will be required to provide their consent to the part-payment arrangement and the amount to be paid.

4.10 Per the NI CMS Compliance and Arrears Strategy and associated regulations the Department has taken forward restatement activity on the historic arrears which have built up on the Child Support Agency (CSA) 1993 and 2003 statutory child maintenance schemes (also known as the Legacy schemes). The restatement amounts per Scheme are disclosed below and are included within the Outstanding Maintenance Arrears (OMA) in Note 5 to the accounts. Also included within the OMA note are the business as usual write-off amounts actioned under the pre-existing write-off arrangements. Comparative data for the previous financial year is also included.

4.11 In total £0.779 million has been restated /written off for the 2020-21 financial year and details of this are included below:

	Restatement Amount £'000	Write-off Amount £'000	Total £'000
1993 CSCS	-	-	-
2003 CS2	-	-	-
Legacy Arrears on 2012	473	134	607
CMS 2012	-	172	172
Total	**473**	**306**	**779**

Restatement & Write-off Amounts 2019-20

	Restatement Amount £'000	Write-off Amount £'000	Total £'000
1993 CSCS	1,205	87	1,292
2003 CS2	7,028	20	7,048
Legacy Arrears on 2012	4,884	561	5,445
CMS 2012	-	213	213
Total	**13,117**	**881**	**13,998**

Note 5.1 Outstanding Maintenance Arrears as at 31 March 2021

	1993 Scheme (CSCS) £'000	2003 Scheme (CS2) £'000	Legacy Arrears hosted on 2012 Scheme £'000	2012 Scheme £'000	Total £'000
Opening balances as at 1 April 2020	**-**	**-**	**6,496**	**5,985**	**12,481**
Transfer between schemes *(Note a)*	-	-	-	-	**-**
Write Off *(5. 3iii)*	-	-	(134)	(172)	**(306)**
Restatement *(5.3 iii)*	-	-	(473)	-	**(473)**
Maintenance Charged in Year *(5.3i)*	-	-	-	5,278	**5,278**
Maintenance Adjustments *(Note b) (5.3ii)*	-	-	(69)	(563)	**(632)**
Maintenance Received in Year *(5.3iv)*	-	-	(571)	(3,767)	**(4,338)**
Closing balances as at 31 March 2021	**-**	**-**	**5,249**	**6,761**	**12,010**
Collectability analysis					
Likely to be collected	-	-	5,249	6,761	**12,010**
Possibly uncollectable	-	-	-	-	**-**
Probably uncollectable	-	-	-	-	**-**
	-	**-**	**5,249**	**6,761**	**12,010**

Note a

Transfer between schemes relates to movement of arrears balances from 1993 and 2003 schemes to the 2012 scheme.

Note b

Maintenance adjustments include outstanding maintenance arrears transferred to and from the Child Maintenance Group in Great Britain, and adjustments arising from cancelled or terminated assessments; or where the liability has been reduced, for example, as a result of a direct payment between parties offset against the maintenance due.

Note 5.2 Outstanding Maintenance Arrears as at 31 March 2020

	1993 Scheme (CSCS) £'000	2003 Scheme (CS2) £'000	Legacy Arrears hosted on 2012 Scheme £'000	2012 Scheme £'000	Total £'000
Opening balances as at 1 April 2019	**4,740**	**8,082**	**12,040**	**4,849**	**29,711**
Transfer between schemes *(Note a)*	(374)	(463)	837	-	**-**
Write Off *(5.3iii)*	(87)	(20)	(561)	(213)	**(881)**
Restatement (5.3 iii)	(1,205)	(7,028)	(4,884)	-	**(13,117)**
Maintenance Charged in Year *(5.3i)*	-	-	-	5,643	**5,643**
Maintenance Adjustments *(Note b) (5.3ii)*	(3,074)	(566)	(328)	(458)	**(4,426)**
Maintenance Received in Year *(5.3iv)*	-	(5)	(608)	(3,836)	**(4,449)**
Closing balances as at 31 March 2020	**-**	**-**	**6,496**	**5,985**	**12,481**

Collectability analysis					
Likely to be collected	-	-	2,701	5,985	**8,686**
Possibly uncollectable	-	-	1,655	-	**1,655**
Probably uncollectable	-	-	2,140	-	**2,140**
	-	**-**	**6,496**	**5,985**	**12,481**

Note a

Transfer between schemes relates to movement of arrears balances from 1993 and 2003 schemes to the 2012 scheme.

Note b

Maintenance adjustments include outstanding maintenance arrears transferred to and from the Child Maintenance Group in Great Britain, and adjustments arising from cancelled or terminated assessments; or where the liability has been reduced, for example, as a result of a direct payment between parties offset against the maintenance due.

5.3 Movements in outstanding maintenance arrears

The following notes explain movements from the opening outstanding maintenance arrears balance to the closing balance:

i) Maintenance charged in year relates to assessments made on Paying Parents during the year. The amount charged in 2020-21 was £5.278 million (2019-20: £5.643 million). The decrease in maintenance charged for the 2012 Scheme reflects a change throughout the year in the 2012 Collect and Pay caseload.

ii) Maintenance adjustments comprises outstanding maintenance arrears transferred to and from the Child Maintenance Group in Great Britain, and adjustments arising from cancelled or terminated assessments; or where the liability has been reduced, for example, as a result of a direct payment between parties offset against the maintenance due. The maintenance adjustments in 2020-21 totalled £0.632 million (2019-20: £4.426 million). The amount of Maintenance Adjustments for the 2019-20 financial year was significantly higher primarily due to the NI Compliance & Arrears Strategy restatement activity on the Legacy systems.

iii) CMS has continued to make use of business as usual write off powers introduced as part of the Write off and Part Payment legislation. In addition, new restatement powers were introduced in December 2018 as part of the NI CMS Compliance and Arrears Strategy. The total amount written off and restated on the 1993, 2003 and

2012 schemes in 2020-21 is £0.779 million (2019-20: £13.998 million). The decrease is primarily as a result of the reduction in restatement activity carried out on the 1993 and 2003 Legacy arrears and the Legacy transitioned 2012 debt balance as described in paragraphs 4.10 - 4.11.

iv) Maintenance received during the year comprises amounts received from Paying Parents, and the Child Maintenance Group in Great Britain during the year. When a receipt is subsequently allocated to a case by the child support computer systems, the receipt becomes a constituent of the arrears balance for that case. The timing difference between receipt, assignment and allocation contributes to the difference between the value of the receipts in the Receipts and Payments Account and the receipt amounts in Note 5. The total value of receipts allocated to cases in 2020-21 was £4.338 million (2019-20: £4.449 million). Additionally, the Receipts and Payments Account includes payments of non-child maintenance not reported in Note 5, which includes purely child maintenance receipts.

6.0 Events after the Reporting Period

There were no adjusting or non-adjusting events between the end of the reporting period and the date the financial statements were authorised for issue.

The Accounting Officer authorised these financial statements for issue on 6 August 2021.

Report of the Comptroller and Auditor General

Report by the Comptroller and Auditor General

Introduction

1. The Department for Communities (the Department) is responsible for administering statutory child maintenance schemes in Northern Ireland and the management of client funds relating to these schemes. The Department's Child Maintenance Service (CMS) also promotes parents' financial responsibility for their children and provides information and advice on the different child maintenance options available to parents.

2. The CMS is responsible for the management of client funds relating to the 2012 child maintenance scheme and the arrears transferred from the 1993 and 2003 legacy schemes, operated by the previous Child Support Agency.

3. Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance has directed the Department to prepare a Statement of Client Funds Account. This is a receipts and payments account that mainly shows receipts of child maintenance from paying parents and payments[1] to receiving parents, with responsibility for the children concerned.

4. The Department is also required to provide a summary of the amounts due in respect of unpaid maintenance assessments together with its assessment of the extent to which they are likely to be collected. The administration costs of running the CMS are accounted for through the Department's Resource Account.

5. I am required to examine and certify the CMS Client Funds Account and report whether the financial statements are properly presented and, whether in all material respects the receipts and payments and financial transactions conform to the authorities which govern them.

6. This Report reviews the results of my 2020-21 audit of the Child Maintenance Service Client Funds Account.

[1] In some instances, parents also pay back benefits they have received from the Department (or the Department of Work and Pensions) to support their children.

Key findings

7. CMS 2012 scheme receipts for 2020-21 are approximately £3,600,000 (2019-20: £3,732,000) and associated payments are approximately £3,400,000 (2019-20: £3,500,000). The Department estimated the overall rate of error in receipts and payments for these cases to be 0.73 per cent, a monetary impact of £27,500.

8. In relation to legacy schemes, receipts this year are £574,000 (2019-20: £605,000) and associated payments are £567,000 (2019-20: £592,000). There is historic evidence of material inaccuracies in the maintenance cases assessed under these schemes and the Department is unable to estimate the level of error in them.

9. Therefore the level of irregularity in receipts and payments continues to be material and I have qualified my regularity audit opinion again this year.

10. Outstanding maintenance arrears are currently £12 million, made up of £6.8 million from cases operating under the CMS 2012 scheme which can be substantiated and £5.2 million transferred from the legacy schemes, for which I was unable to obtain satisfactory evidence. Arrears relating to the legacy schemes are a significant proportion (43 per cent) of the overall arrears' balance of £12 million. Consequently, while recognising the considerable ongoing work completed by the Department, I continue to disclaim my opinion over this balance.

Statutory Child Maintenance Schemes

11. The current statutory child maintenance scheme was introduced in 2012 (CMS 2012 scheme). Two earlier schemes introduced in 1993 and 2003 (legacy schemes) have now been closed and cases with "arrears only balances" have transferred to the 2012 scheme.

12. The CMS 2012 scheme is supported by a DWP IT system and obtains information on income directly from Her Majesty's Revenue and Customs' records and the Department's social security systems to carry out assessment calculations.

13. The IT systems supporting the legacy schemes were unable to generate the information needed to prepare the Account or provide accurate assessments. The level of complexity in carrying out maintenance assessments under the legacy schemes, together with inadequate computer systems, has led to significant levels

of error in historical child maintenance assessment calculations. These in turn continue to have a cumulative impact on the accuracy of current amounts collected from parents who pay maintenance to CMS (paying parents) and those who receive payments from CMS (receiving parents). Accordingly, every year since the creation of the Northern Ireland Child Support Agency[2] in April 1993, I have qualified my audit opinion on this Account in respect of these receipts and payments.

Receipts and payments

14. In June 2014, as part of the ongoing child maintenance reform programme, collection and enforcement charges were introduced for both paying and receiving parents. This arrangement is known as Collect and Pay. Almost two-thirds of parents pay maintenance directly to persons with care, using a calculation and payment schedule provided by CMS (Direct Pay).

15. While Direct Pay payments do not pass through the Client Funds Account they are a key part of the child maintenance reforms. The Department estimates that during 2020-21, £18.3 million (2019-20: £17.7 million) was paid between parents using Direct Pay and £4.3 million (2019-20: £3.8 million) using Collect and Pay.

16. Due to the uptake in Direct Pay arrangements the level of receipts and payments disclosed in the Client Funds Account has declined over the past five years. **Figure 1** shows total receipts and payments since 2016-17.

[2] The Northern Ireland Child Support Agency was the government body responsible for the calculation, enforcement and collection of Child Maintenance in Northern Ireland and was established in 1993. In April 2008, the Agency ceased to exist and became an integral part of the Department.

Figure 1: Receipts and Payments for the five years ending 31 March 2021

	2020-21	2019-20	2018-19	2017-18	2016-17
			£millions		
Total Receipts	5.1	5.3	4.7	5.5	9.9
Total Payments	5.0	5.2	4.8	5.5	10.1

Source: CMS Accounts 2016-17 to 2020-21

Measurement of the level of error in maintenance assessments

17. The Department is required to calculate maintenance assessments in accordance with relevant legislation. Where an error is made in a maintenance assessment, both the receipt and associated payment are incorrect and therefore have not complied with the relevant legislation.

18. The Department has advised that due to the closure of existing legacy scheme cases it is not possible to generate a statistically valid sample which can be used to test the accuracy of these assessments.

19. The Department's Case Monitoring Team (CMT) estimates of the level of error in maintenance assessments for decisions made under the CMS 2012 scheme. The IT system underpinning this scheme determines the maintenance decision in 78 per cent of cases automatically. Where the decision is more complex it requires manual intervention by Department staff.

20. Since April 2019, CMT has been calculating the monetary value of error[3] for CMS 2012 decisions in line with the approach adopted by the Department for social security benefits. This provides an estimate of how much child maintenance has been paid incorrectly and assesses the accuracy of the last financial decision taken on the maintenance assessment. CMT has tested a statistically valid sample[4] of both fully automated decisions and those requiring manual intervention. CMT estimated an error rate of 2.9 per cent for decisions needing manual intervention

[3] This is a percentage of the financial value of errors identified divided by the overall value of assessments.
[4] The Professional Services Unit, part of the Northern Ireland Statistics and Research Agency selected the sample to be checked.

while fully automated cases were found to be 100 per cent accurate.

21. The combined value of the estimated error is 0.73 per cent of receipts under the CMS 2012 scheme (**see Figure 2**) which produces an estimated monetary value of error of £27,500.

Figure 2: Breakdown of Receipts for 2019-20 and 2020-21

	2020-21 £	2019-20
Receipts		
Legacy schemes	574,000	605,000[5]
CMS 2012 schemes	3,593,000	3,732,000
Total NRP Receipts	**4,167,000**	4,337,000
Other[6]	943,000	975,000
Total Receipts	**5,110,000**	5,312,000
Payments		
Legacy schemes	567,000	592,000
CMS 2012 schemes	3,435,000	3,559,000
Total PWC Payments	**4,002,000**	4,151,000
Other[7]	1,071,000	1,064,000
Total Payments	**5,073,000**	5,215,000

Source: Department for Communities and notes to the CMS 2020-21 and CMS 2019-20 accounts

[5] Last year I reported figures of £87,000 for receipts and £7,000 for payments for legacy schemes which related to transactions recorded within the legacy bank account. Figures reported this year and restated for last year also include legacy transactions through the CMS 2012 bank account. These figures have been provided to the Department by the Department for Work and Pensions (DWP) who prepare separate legacy and CMS 2012 scheme accounts in GB. The Department does not currently have access to the data that supports these figures and cannot therefore validate their accuracy at this time. The process used by DWP to determine the different categories of GB receipt and payment amounts is the same as that utilised to provide the NI figures.

[6] This mainly consists of collection and enforcement charges of £892,000 in 2020-21 (2019-20: £930,000).

[7] This mainly consists of collection and enforcement charges of £878,000 in 2020-21 (2019-20 £881,000).

22. Due to recognised limitations in the IT systems underpinning the legacy schemes I am unable to obtain any assurance in relation to the accuracy and completeness of the £574,000 received and £567,000 paid out during the year from those schemes. I am also not able to quantify the level of irregularity in the legacy scheme receipts and payments. The Department has estimated an error for the CMS 2012 scheme of £27,500. The level of error in receipts and payments continues to be significant and my regularity audit opinion is qualified on this matter.

Level of maintenance arrears

23. The Department is required to disclose the amount owed by paying parents in respect of maintenance assessments. Where a paying parent does not make payments in accordance with the maintenance assessment and the Department is responsible for collecting those payments, any missed or shortfall in payment is recorded as debt.

24. Where the Department has made incorrect maintenance assessments, any arrears accruing will also be at an incorrect rate. Historic inaccuracies in maintenance assessments, in the legacy child maintenance schemes, have therefore led to misstatements in individual arrears that support the outstanding legacy arrears balance. The Department is unable to provide adequate supporting documentation for the individual arrears balances nor is it able to estimate the value of misstatements as a result of inaccurate assessments for legacy schemes.

25. The total arrears at 31 March 2021 represents the cumulative amount of arrears since child support arrangements were established in 1993. In line with legislation, the Department can only write-off arrears in very limited circumstances. The total amount of unpaid maintenance assessments of £12 million at 31 March 2021 is shown in note 5.1 to the accounts – see **Figure 3**. This figure comprises legacy arrears of 5.2 million and arrears recorded on the system underpinning the CMS 2012 scheme of £6.8 million.

Figure 3: Trends in maintenance arrears over the last five years

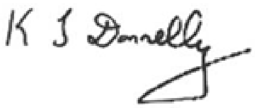
System	At 31 March 2021	At 31 March 2020	At 31 March 2019	At 31 March 2018	At 31 March 2017
			£millions		
CSCS (introduced 1993)	-	-	4.7	11.1	13.2
CS2 (introduced 2003)	-	-	8.1	32.3	35.1
CMS 2012 (introduced December 2012)					
Legacy Arrears (hosted on 2012 Scheme)	5.2	6.5	12	14.4	11.4
2012 Scheme	6.8	6.0	4.9	3.4	2.0
Total	**12.0**	**12.5**	**29.7**	**61.2**	**61.7**

Source: CMS Accounts 2016-17 to 2020-21

26. My examination of arrears is limited as there is no accurate information available to support the arrears balance that transferred from the legacy schemes of £5.2 million at 31 March 2021. This year, the Department has carried out considerable work to allow me to substantiate the £6.8 million balance of maintenance arrears on a case-by-case basis under the CMS 2012 scheme. My staff have examined this work as part of the audit of this Account and I am content that these balances are complete and accurate.

27. In previous years I disclaimed my audit opinion on the truth and fairness of the arrears' balance shown in Note 5.1. This year, although I have satisfactory assurance on the CMS 2012 balances of £6.8 million, the unsubstantiated legacy arrears of £5.2 million is too significant a proportion of the overall maintenance arrears' balance of £12 million for me to change my opinion. Therefore I continue to

disclaim my audit opinion. I recognise that the Department has carried out considerable work to ensure that the remaining legacy arrears are collectable and that it does not expect this balance to reduce significantly in the short-term as some legacy recoveries are very low in value. As this balance reduces I will continue to review the nature of my opinion.



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