Department for Communities
An Roinn Pobal
Depairtment fur Commonities
www.communities-ni.gov.uk

Annual Report and Accounts

for the year ended 31 March 2022

Annex includes Child Maintenance Service Client Funds Account 2021–22

Department for Communities

Annual Report and Accounts
for the year ended 31 March 2022

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

8 July 2022

Any enquiries regarding this document should be sent to us at:

Departmental Resource Accounts & Finance Systems
Level 5, Causeway Exchange
1–7 Bedford Street
Belfast BT2 7EG

Telephone: 028 90 512644

Email: directorate.support@communities-ni.gov.uk

You can download this publication from our website at:
www.communities-ni.gov.uk

Contents

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

Structure of the Department

The Department for Communities (the Department or DfC) was established under the Departments Act (Northern Ireland) 2016.

Up until the suspension of Northern Ireland Assembly on 28 March 2022, and in advance of the Assembly elections in May 2022, the Minister for the Department was Deirdre Hargey MLA[1]. The Minister's responsibilities, as laid out in the Ministerial code, include observing the highest standards involving impartiality, integrity and objectivity; being accountable to Northern Ireland's citizens and communities; stewardship of public funds; responding to requests for information from the Assembly, users of services and individual citizens; conducting their dealings with the public in an open and responsible way; and promoting good community relations and equality of treatment.

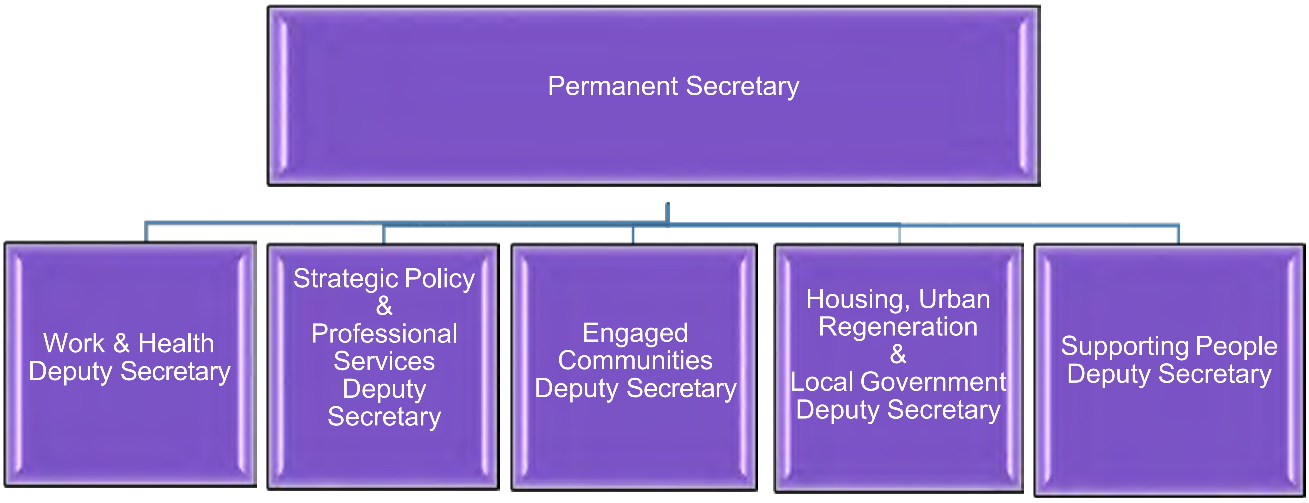
The Permanent Secretary as the most senior official has the primary role of providing strategic advice to the Minister on departmental policy making and implementation activities, and ensuring the effective management of the department's operations. The Permanent Secretary is also the Principal Accounting Officer for the Department, with responsibility for ensuring the regularity and propriety of departmental expenditure, promoting value for money and ensuring there are robust systems of corporate governance and financial control within the Department.

Tracy Meharg, Permanent Secretary for the Department retired on 21 March 2022. The position was filled by Colum Boyle who took up post on 25 April 2022. In the interim period, the post was held by Moira Doherty.

The Permanent Secretary is supported by five Deputy Secretaries, who each manage Business Groups within the Department to deliver effective public services

[1] At time of drafting the Assembly elections have taken place on Thursday 5 May 2022. Due to a lack of cross community support no new Speaker was elected. The Northern Ireland (Ministers, Elections and Petitions of Concern) Act permits incumbent Ministers to remain in post for a potential 24 week period from the date of the Assembly's first sitting on Friday 13 May 2022.

to the community, and do so in conjunction with relevant stakeholders.



The Permanent Secretary is further assisted by a Departmental Management Board (DMB) which meets on a six-weekly basis.

The key aspects of the Board's role include:

- Setting the strategic direction for the Department
- Advising on the allocation of financial and human resources to achieve strategic aims
- Monitoring the overall financial position of the Department.
- Monitoring the achievement of performance objectives
- Setting the Department's standards and values
- Maintaining a transparent system of prudent and effective controls.
- Assessing and managing risk and establishing the Department's risk management framework
- Leading and overseeing the process of change and encouraging innovation, to enhance the Department's capability to deliver.

The Board is further supported in its role by four Sub-Committees, two of which are: the People & Resources Sub-Committee; and the Policy and Strategy Sub-Committee. The People & Resources Sub-Committee provides advice and recommendations to DMB on people issues including Departmental staffing; Performance Management; Absence Management; Learning & Development; Blended Working Approach; Accommodation, IT and Digital; and Staff Engagement.

Amongst its roles the Policy and Strategy Sub-Committee’s objective is to ensure the Department has a cohesive policy agenda, provides policy leadership and ensures the Department is well equipped to fulfil its policy responsibilities.

DMB in turn supports the Accounting Officer in their oversight of the delivery of the Departmental strategy and business plan.

Accounting Officer’s Report

These accounts consolidate the financial information of the Department for the financial year to 31 March 2022.

The Department currently employs approximately 8,750 staff (full time equivalent) and was allocated a total opening budget of £1.2 billion in assistance to provide support to meet the needs of some of the most disadvantaged citizens, families and communities across Northern Ireland. This comprised of £891.5 million Resource Departmental Expenditure Limit (DEL) budget and net Capital DEL of £263.7 million.[2] As well as the budget provided to it by the Executive, the Department was also responsible for managing approximately £7.3 billion[3] of Annually Managed Expenditure (AME) on behalf of HM Treasury.

DfC’s Common Purpose

[2] DEL expenditure is managed by the Northern Ireland Executive and allocated to departments for expenditure on local public services.

[3] £7.5 billion AME budget at the start of the year but reduced at the Spring Supplementary Estimate to £7.3 billion.

As a Department we aim to work together for our Common Purpose: Supporting people; Building communities; Shaping places. Through this collaborative response, the Department ensured continued delivery of public services to our communities and fulfilled the commitment to help, support and improve lives.

Purpose and Activities

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

Areas of DfC responsibility include:

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. 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.

- The **Community Festivals Fund (CFF)**. DfC currently provides CFF funding to the 11 NI local councils, with the budget allocated on the basis of population distribution, with a 10% weighting for deprivation. This is match funded by local Councils.

Public Bodies outside our Accounting Boundary

For the 2021-22 period, DfC had responsibility for 14 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. 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. The Commissioner has promotional, advisory, educational and general investigatory powers and duties.

Charity Commission for Northern Ireland (CCNI)

To provide an integrated system of registration and regulation of charities 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 Northern Ireland Housing Executive. The Northern Ireland Executive agreed that the LGSC should be dissolved on 31 March 2017. This timetable, however, was not achieved. The dissolution of the Commission did not take place in March 2017 as planned, due to the suspension of the Assembly and, more recently, the Covid-19 emergency.

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 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 Councils and other admitted bodies.

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, 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 activity.

Ulster Supported Employment Limited (USEL)

To provide supported paid employment to people with disabilities to meet their employment aspirations.

North/South Language Body

To promote both the Irish language (Foras na Gaeilge) and the Ulster Scots language and culture (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.

Public Bodies within our Accounting Boundary

Within the Department's consolidated accounts[4], the following advisory bodies are included:

[4] Page 22 Financial Reporting Manual 2021-22_FReM_-_Dec_21.pdf (publishing.service.gov.uk)

DfC Advisory Non-Departmental Public Bodies:

- **Charities Advisory Committee**

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.

- **Historic Buildings Council**

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 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.

- **Historic Monuments Council (HMC)**

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)**

  MAG supports communities, developers, local authorities and government to create high quality buildings and places that promote well-being, sustainable futures and the economy in Northern Ireland. MAG is the only organisation in Northern Ireland appointed by the Minister that provides government and others with independent, specialist advice on place making, architecture and built environment issues from a breadth of multi-disciplinary experts.

Other

- **Local Government Boundaries Commissioner**

  The Local Government Act (NI) 1972 requires the Department to appoint a Local Government Boundaries Commissioner within 8 – 12 years following the submission of the final report of the previous Local Government Boundaries Commissioner (submitted on 26 June 2009). The Commissioner was appointed from 1 April 2020 and submitted her Final Recommendations Report on 31 May 2022.

- **Independent Statutory Officeholder – Discretionary Support Commissioner**

  The Commissioner is a Statutory Office Holder appointed by the Department. They provide 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.

Key Risks

DfC has well established risk management processes in place to ensure that the risks faced by the Department are identified and managed, and that appropriate controls are in place and operate effectively. The Department has introduced a new intranet based Risk Management Tool and Risk Framework, aligned with the HM Government Orange Book.

Principal Risks facing the Department and their potential impact on delivery against Strategic Objectives are identified and owned at Board level. Principal Risks include risks associated with not driving forward opportunities for improvement and innovation. Where delivery against Strategic Objectives is uncertain, consideration is given to the causes of the uncertainties in order to identify additional risks arising that may require treatment or contingency. Principal Risks actively monitored and managed by the Board during 2021-22 were as follows:

Risk Title	Risk Description
Clear Vision	Potential for enhanced alignment across strategic priorities and greater buy in from our people and partners through provision of a really Clear Vision is not achieved to the fullest extent possible.
People	Insufficient access to a supply of talented resources to meet statutory and departmental obligations.
New Ways of Working	Benefits of working in an agile manner using our office accommodation, our IT and our home working aren't realised.
Policy Failure	Failure to develop and implement timely, effective, evidence based and value added policy choices to target objective need.
Climate Change	Strategies, plans and practices not sufficiently resourced or future proofed to address climate challenges faced by the Department.
Linking Funding to Evidence Based Priorities	Scarce funding not directed to evidence based priorities.
Collaboration	The opportunity to realise optimal policy and delivery outcomes is not realised to its full extent through meaningful and effective collaboration.
Disaster Recovery	Insufficient preparedness for the response to and recovery from a Natural Disaster, Emergency, Pandemic or other shock in the political, economic or social environment.
Labour Market Response	Potential to get working age people who require support into sustainable employment, which meets the current and future needs of employers is not realised.
Cyber Threat	Security breaches and/or loss of systems or data due to Cyber attack.
Information and Data Management	Loss of personal and financial data.

The Principal Risks outlined will remain relevant to future plans and will continue to be monitored by the Board.

Further detail of the Department's corporate governance and risk management arrangements are included in the Governance Statement pages 88-107.

DfC's 2020-2025 Strategy

The 2021-22 financial year is the first full year to fall within the term of the Department's 2020-2025 Strategy, Building Inclusive Communities which was launched in November 2020. The strategy has 4 themes which address the intended outcomes. These in turn are supported by Strategic Objectives and Business Plan activities, to deliver on those outcomes.

Each of the 4 Strategic themes (Anti-Poverty; Wellbeing & Inclusion; Sustainability & Inclusive Growth; and Agility & Innovation) seek to target broad areas where society and citizens' outcomes can be enhanced.

Programme for Government (PfG)– Strategy & Business Plan Development

In the absence of a PfG, in August 2021 the Executive launched their 'Building Forward: Consolidated Covid-19 Recovery Plan'. Its purpose was to accelerate economic, health and society's recovery in the immediate aftermath of the pandemic; and to make long term plans for a strong Northern Ireland. It is anticipated that when an Executive is in place and in a position to agree a PfG these interventions will provide a sound foundation.

DfC's Strategy and associated Business Plan has been developed with consideration for the outcomes and spirit of the previous PfG and NICS Outcomes Delivery Plans.

Business Planning Overview

Throughout the 2021-22 Business Plan period, progress against both strategic objectives and business plan activities was subject to scrutiny from the Policy and

Strategy Sub Committee. The Committee undertook analysis and challenge to provide assurance on business planning arrangements and the adequacy and effectiveness of control processes for business planning activity. It was the Committee's considered opinion that there was adequate evidence to provide assurance on the progress achieved against the Department's Business Plan.

At 31 March 2022, of the 36 strategic objectives contained in Business Plan, 23 (64%) of objectives were on track for achievement, 6 (17%) objectives were progressing though at some risk they may not be achieved as planned and 7 (19%) objectives were at serious risk of not being achieved[5]. At 31 March 2022, of the 97 business planning activities 73 (75%) of those had been achieved, with 24 (25%) activities having not been achieved.[6]

Recurring reasons for activities not progressing as planned included:

- Delays arising from a deficit in the supply of staff, which was outside the Department's control. However, whilst it was being addressed by the public sector as a whole, the pace was not sufficient to offset the delays experienced
- The Department also found that legal action which is also outside the Department's control served to slow down the progress of some activities
- Finally, responses to consultation processes on new policies led to wider considerations being undertaken and which also impeded the achievement of some activities.

Overall the Department achieved 75% of targets that were agreed at the outset of the year. DfC will seek to continually improve in all operational areas as it moves into 2022-23.

[5] All of the above definitions relate to the 5 year term of the Strategic Objectives.
[6] As this is the final report for the 2020/22 Business Plan, there are no Amber rated activities. All activities are either achieved or not achieved.

Section 2 – Performance Analysis

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

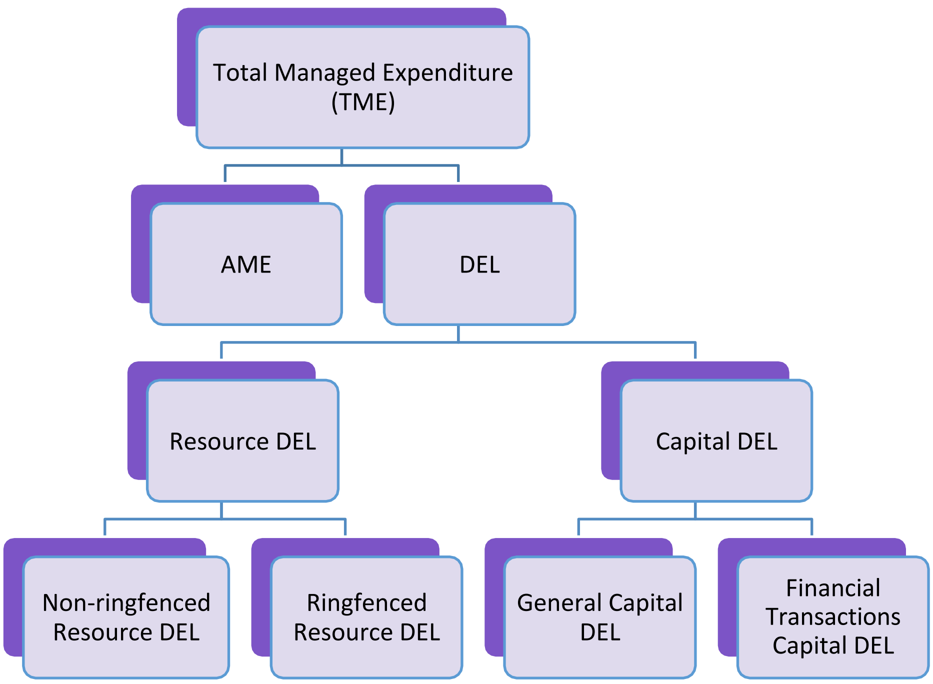
- Capital DEL is split into ‘financial transactions’ for loans given or shares purchased and ‘general capital’ for spending on all other assets or investments.

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.

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 (RoFP) will help address these differences and improve transparency. RoFP is due to be implemented in 2022-23. Further information on the Executive’s Review of Financial Process can be found on the Northern Ireland Assembly website.

Budget Structure



Budgetary Performance

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

	Provisional Outturn 2021-22 £'000	Final Plan 2021-22 £'000	Underspend/ (Overspend) £'000
Resource DEL	**968,257**	**978,532**	**10,275**
Including:			
Non-ringfenced	958,811	966,083	7,272
Ringfenced	9,446	12,449	3,003
Capital DEL	**265,709**	**274,493**	**8,784**
Including:			
General Capital	235,757	244,541	8,784
Financial Transactions Capital (FTC)	29,952	29,952	-
Total DEL	**1,233,966**	**1,253,025**	**19,059**
Total AME	**7,124,355**	**7,276,283**	**151,928**
Including:			
AME Resource	7,131,209	7,278,952	147,743
AME Capital	(6,854)	(2,669)	4,185
Total Managed Expenditure	**8,358,321**	**8,529,308**	**170,987**

Explanation of Variances

The Resource DEL was £10.3 million less than Final Plan mainly due to easements in the demand led Housing Benefit Rates (£3.1 million), Welfare Mitigations (£2.9 million) and Welfare Reform (£1.1 million) payments as a result of lower than anticipated contractual costs and delays in filling vacancies. Also depreciation and impairments were less than Plan (£3.0 million) mainly as a result of a write down in properties within the Building Successful Communities Scheme and delays in the commencement of a number of Housing projects.

The Capital DEL was £8.8 million less than Plan due to continued slippages in project spends as a result of Covid-19 and issues in bringing forward a number of Social Housing Development Programme schemes.

AME spend is difficult to predict or control as it is predominantly demand led. The spend this year was £152 million less than plan due to the challenges around forecasting Universal Credit and the benefits it replaces. In addition the continued impact of Covid-19 presented particular challenges which added to the difficulty and complexity of forecasting AME.

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.

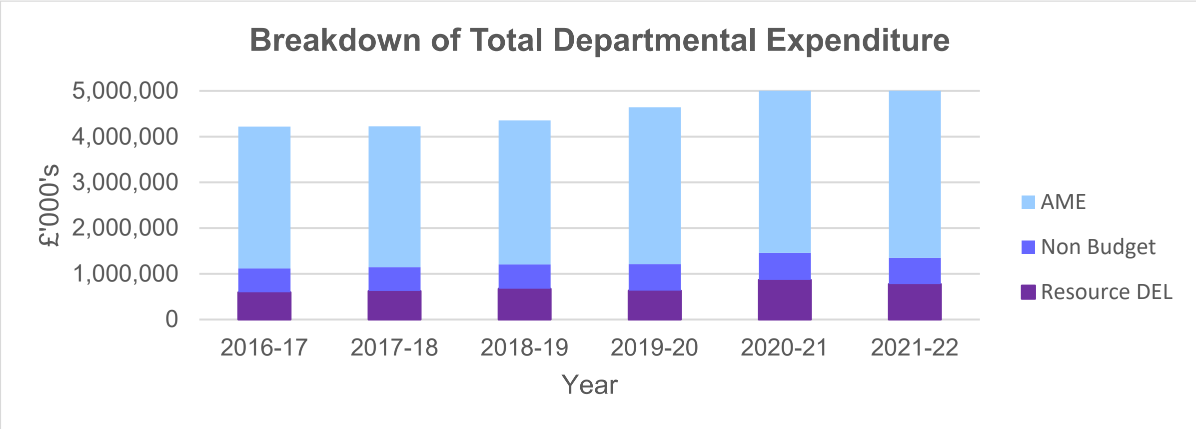
Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets

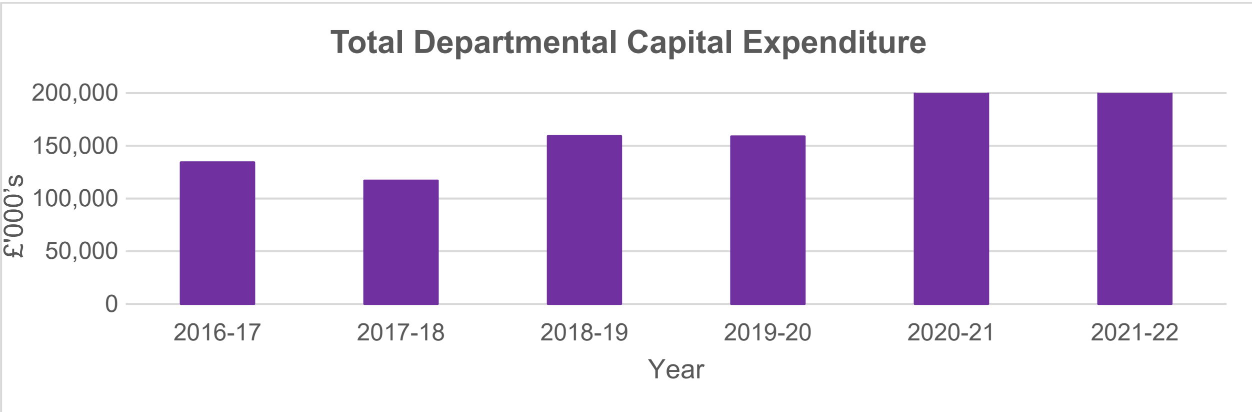
	2021-22 Outturn £'000
Net Resource Outturn	**5,369,629**
Non-supply Expenditure (net)	2,946,360
Accruing Resources not treated as income	
- funding from National Insurance Fund (NIF) to cover administration costs	13,800
Other fair value adjustments and write offs relating to Non Voted and Social Fund expenditure	3,225
Non-supply Income (CFERs)	(1,093)
Public Corporation Equity Withdrawal	(20,490)
Other	1
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure	**8,311,432**
Adjustments to remove:	
Voted resource expenditure outside the budget	(440,386)
Funding which is paid into the Social Fund	(47,000)
Capital Grants	(45,606)
Social Fund Grant Funding	(3,226)
Adjustments to include:	
Full resource consumption of NDPBs or other bodies	253,058
Social Fund spend	50,226
Public Corporation Equity Withdrawal	20,490
National Insurance Fund administration costs (DoF)	480
Other	(3)
Resource Budget	**8,099,465**
Capital Outturn	31,682
Adjustments to remove:	
NIHE borrowing/loans	(21,410)
Social Fund Net capital	(5,357)
Adjustments to include:	
Capital spending by NDPBs	208,335
Capital grants	45,606
Capital Budget	**258,856**
Total Budget	**8,358,321**
Of which:	
Departmental Expenditure Limit (DEL)	**1,233,966**
Annually Managed Expenditure (AME)	**7,124,355**

The financial results of the Department are set out on pages 163 to 252.

Long-term Expenditure Trends

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





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

The Department responded to conditions which required ever changing policies and legislation, and encouraged agility and innovation to be central to delivery of services by all within and connected to the Department. Adapting to digital solutions and new ways of working ensured that collaboration, communication and engagement with colleagues, ALBs, stakeholders and the public continued, and improved over this past year.

In August 2020, work commenced on a new draft Business Plan, to cover an 18-month period (1 October 2020 to 31 March 2022), aligning to the DfC Strategy 2020-2025. The 18-month term was designed to restore normality to the Department's business plans after managing the exceptional response to the Covid-19 Pandemic.

In May 2021, in response to confirmation of the Department's budget for 2021-22, a major review of the Business Plan 2020-22 was progressed to develop achievable and realistic activities within the agreed budget, which in turn would better meet the Department's strategic objectives. Details of the published plan can be found at DfC Business Plans NICS Intranet (nigov.net).

The key services and actions taken to meet responsibilities as outlined in the Department's Strategy are listed below. Under each key responsibility heading, the Departmental Strategic Objective(s) to which it aligns is listed. In some cases, a Strategic Objective can be listed to more than one responsibility.

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

Linked Departmental Strategic Objectives

- Continue to deliver a Social Security System which supports the reduction of poverty
- Undertake a Customer Insight Programme to improve quality and mechanisms of service delivery
- Deliver the Health Transformation Project.

Universal Credit (UC) is administered from three service centres, two satellite service centres, 35 Jobs & Benefits offices plus an Operational Control Centre based in Belfast. Volumes of new claims for Universal Credit during 2021-22 have returned to pre-pandemic levels. During 2021-22 97.5% of new claims and 97.1% of existing claims were paid in full and on time.

A total of 41 pieces of legislation (Statutory Rules) have been made in 2021-22 to support the delivery of child maintenance, pensions and a range of income and disability related benefits. Furthermore, 3 Bills have been introduced to change the terminal illness rules, extend Welfare mitigations and introduce a statutory Charge to Support for Mortgage Interest Loans. Northern Ireland specific welfare mitigation schemes provided financial support to more than 43,000 people affected by changes to social security benefits.

Discretionary Support delivered emergency financial support to more than 77,000 people who were in a crisis situation. This included almost 17,000 grants paid to people who were self-isolating as a result of Covid-19.

For 2021-22, the average clearance time for processing working age legacy benefits remained strong and within target for both Jobseekers Allowance and Employment and Support Allowance claims at 7.6 days and 9.4 days respectively.

Planning and preparation is underway for the next phase of UC in Northern Ireland which will see people, who are claiming one of the six benefits/credits being replaced by UC, being managed across to UC in a process known as 'Move to UC'.

In 2021-22, the Child Maintenance Service (CMS) supported 19,160 children, with £23.6 million in child maintenance payments arranged between paying parents and receiving parents. CMS continues to offer a statutory scheme for parents who are unable to enter into a private arrangement to financially support their children. CMS also employed an average of over 910 staff in Belfast to deliver child maintenance services to parents in Great Britain on behalf of the Department for Work & Pensions (DWP).

In 2021-22, DfC managed a social welfare budget of approximately £7.1 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 2021-22, overpayments were recorded at 3% while underpayments were 0.7%.

The State Pension claim clearance achievement in 2021-22 was 98.49% cleared on or before the due date, against a target of 95%.

Over 3,000 customers have been contacted in relation to the Customer Insight Programme via an ongoing programme of exit surveys to help improve the delivery of services. This work resulted in enhancements to processes and communications, including the development and delivery of bespoke Improved Customer Conversation Workshops for Personal Independence Payment (PIP) front line staff, also currently being developed for Financial Support.

In response to stakeholder feedback, a number of improvement test and learn exercises have been undertaken including developing an Advanced Customer Support approach in collaboration with Training, Work Psychology Teams and operational business areas. This has resulted in a comprehensive Mental Health Awareness Programme delivered to front line staff, and the introduction of an Advanced Customer Service Hub consolidating information on supporting customers with complex needs on one easily accessible page.

Work has continued on implementing the recommendations of the 2nd Independent Review of PIP and progression of the Northern Ireland Public Services Ombudsman (NIPSO) Own Initiative Report on Further Evidence PIP.

The Department administers functional health assessment services to determine support requirements for people with health conditions and disabilities. PIP Health Assessments are currently undertaken by Capita, with Work Capability Assessments for Employment and Support Allowance (ESA) and Universal Credit (UC) (plus assessments for some smaller benefits) undertaken by Atos. The contracts with the current suppliers will expire on 31 July 2023.

DWP established a Health Transformation Programme (HTP) to transform the delivery of health assessment services, with DfC establishing a parity Health Transformation Project. The HTP Outline Business Case was approved by Minister and Department of Finance (DoF) to enable the project to enter the Department for Work and Pensions procurement as a separate Lot (Lot 5), for a single provider to deliver the service with a range of significant improvements from August 2023. This procurement launched on 12 November 2021 and is ongoing with contract award due in the 2022-23 financial year.

There have been a number of improvements to the existing service including:

- From March 2021 the completion of PIP award reviews in-house, where sufficient evidence is available. This has reduced referrals to the PIP Assessment Provider by 25%
- From August 2021 the Department in housed quality audits previously undertaken by Providers. This will provide robust oversight of the service provided by external providers and better equip the department to hold providers to account for the quality of service provided.

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

Linked Departmental Strategic Objectives

- Continue to deliver a Social Security System which supports the reduction of poverty
- Increase and incentivise participation in the labour market and wider society through targeted, sustainable interventions, delivering these alongside community-based partners and other sectors.

Increase and incentivise participation in the labour market

The Department has a team of Work Psychologists to support front line teams to provide a quality service to people with health and disability related support needs.

In 2021-22, the Department has provided a range of support programmes for people with disabilities, to progress towards, move into and retain employment. The Department has spent approximately £11.1 million supporting people as follows:

- **Workable NI** – £2.5 million through our disability employment programme supporting 979 people with a disability enabling them to find and stay in work
- **Employment Support** – £2.7 million assisting 358 people with a disability to remain in work
- **Condition Management Programme** – £2.6 million supporting 1,499 people. The programme helps people understand and manage their health condition(s) to enable them to progress towards, move into and stay in employment and is delivered by health care professionals in the 5 Health and Social Care Trusts in NI
- **Access to Work (NI)** – £1.8 million supporting 799 people with a disability or health condition helping 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 this provision, the Department continues to work collaboratively with partners to develop a future strategic direction and policy approach to supporting those with disabilities and health conditions in employment. The Department is developing a new Disability Employment Strategy which will seek to reduce the disability employment gap.

The **Labour Market Partnerships (LMP)** model is intended to help improve employability outcomes and labour market conditions utilising a coordinated, collaborative, multi-agency approach. 11 Labour Market Partnerships have been established to achieve regional objectives whilst being flexible to meet the needs presented by localised conditions and help to connect employers with employees. In 2021-22 over 1,500 people were supported through their local LMP.

The **Work Experience Programme (WEP)** offers short work experience placements with local employers. These placements will give participants the chance to try out various tasks in a real work situation and develop skills needed to help them get a job. There are two separate strands of the Work Experience Programme: a 2-8 week Work Experience for 18-65 year olds; and an Opportunity Guarantee for 16-24 year olds that was introduced to tackle the disproportionate effect the Covid-19 pandemic had on the employment prospects of young people. In 2021-22, the Work Experience Programme and Opportunity Guarantee (OG) schemes helped 37% and 32% of participants into work respectively.

Adviser Discretion Fund (ADF)

This provides financial support to eligible people through non-repayable grant payments of up to £1,500 in a 12 month period. The grant enables them to purchase essential goods or services to help remove any barriers towards and into employment, retaining employment, increasing hours of employment, progressing within employment to increase earnings, assisting with commencing self-employment or re-commencing former self-employed businesses. From 25 October 2021, ADF also supports eligible people for whom upfront childcare costs are a barrier to commencing employment, significantly increasing their hours or returning to work following maternity leave. At the end of March, just over £911,000 was awarded through 2,349 ADF awards. Throughout the year, 46% of those who received help from ADF got into work or progressed in work.

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

Linked Departmental Strategic Objectives

- Drive new innovative solutions to increase total Housing Supply using capital grant and loan-finance, and by leveraging other sources of funding and assets including best use of public land.

- Shaping inclusive places by strengthening their economic and environmental sustainability, while maximising the social value of places for our citizens.
- Continue to ensure citizens have access to good quality, affordable and sustainable homes that are appropriate for their needs.
- Examine, and agree and implement options that:
    1. Resolve the issues of NIHE historical debt and Corporation Tax
    2. Provide a long term trajectory for NIHE rental charges that are affordable to tenants and landlords
    3. Provide a classification for NIHE landlord services that will enable it to borrow.

Demand for social housing continues to be high with waiting lists of around 44,000. During 2021-22, 1,713 social new build starts were delivered against a target of 1,900. Approval has been obtained for a further 378 units which are expected to lead to starts in the new 2022-23 financial year. The provisional investment of £171 million is the highest annual Social Housing Development Programme spend that the NIHE has ever processed.

The Co-Ownership Scheme, 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. 877 homes have been delivered in 2021-22, resulting in an overall figure of 2,119 homes delivered in the period from 2020-22. At this midway point of the programme, progress is approximately 300 homes behind target. Market changes, such as increases in construction costs, rising inflation and issues with mortgage affordability, have impacted on both supply and demand for homes within Co-Ownership's target market. It is anticipated that the current shortfall of homes will be made up over the remainder of the programme. The Department will keep Co-Ownership's property value limit under review to ensure that it is set at an appropriate level.

On 28 August 2020, the NI Assembly passed legislation to end the House Sales Scheme for tenants of Registered Housing Associations from midnight on 27 August 2022. This legislation was necessary owing to changes in the public accounting classification for Registered Housing Associations, which had the potential for significant detrimental impacts for the building of social homes. During 2021-22 there was a significant rise in the number of applications from Housing Associations tenants to purchase their homes, resulting in an increase of correspondence from Housing Associations (HA), their tenants and their representatives. These have highlighted complex issues that required officials to seek the advice of NIHE and the Departmental Solicitors Office.

Communications with the HA sector have been maintained over the last year, and a database of evidence is on file to show how tenants have been made aware of the eligibility criteria by their HA landlord, in case of any future legal challenges.
A fact sheet containing more information on the ending of the House Sales Scheme for tenants of Housing Associations is available on the Department's website at the following link: https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-end-of-house-sales-scheme-fact-sheet.pdf

NIHE under the oversight of the Department, has invested £196.6 million in maintaining the NIHE's 83,905 social homes, including £11.3 million on disabled adaptations (fully funded by the Department). The Department also provided the NIHE with additional funding of around £45 million (of which £17.9 million was Capital and £27.4 million was Resource) from in-year bids to invest in the maintenance of its homes. The Department has also provided £11 million to NIHE Regional Services to provide private sector grants, including the Disabled Facilities Grant, and £13.1 million for the delivery of Energy Efficiency Grants.

Plans to revitalise the Housing Executive were set out in a Statement to the Assembly in November 2020. The Housing Executive Revitalisation Programme was established to identify and assess options via an Outline Business Case, to address the significant investment challenge facing the Housing Executive. This is required not only to secure current homes, but also to identify a solution which will continue to maintain those homes and provide supply for the future; recognising the need to achieve better long-term housing, social, health and environmental outcomes for tenants, increase investment in homes and communities and increase housing supply. During 2021-22 work progressed on this programme and in February 2022, advice was provided to the Minister on a potential solution to address the investment challenge and deliver a sustainable maintenance programme. This solution is based on assumptions which remain to be tested before progressing to Full Business Case (FBC).

The publication of the findings of the Fundamental Review on Social Housing Allocations system in December 2020, set out 20 recommendations, 18 were to be implemented and two needed further research. In 2021-22, the Department began working with the NIHE to implement the recommendations, which will be taken forward over three years.

The Department has developed Year 3 of the Interdepartmental Homelessness Action Plan following the Minister's approval that Year 3 actions should be carried forward to 2021-22. This Year 3 Action Plan was published on the Department's website on 6 May 2022.

The Department also provides grant funding (£1.1 million in 2021-22) 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 developments under the Executive's Together: Building a United Community Strategy (T: BUC), and the programming of a further 50 Housing for all developments, up to and including the 2021-22 programme year. The Shared Housing Programme is now supporting 58 developments in total, delivering 1,728 houses. Of these, 483 houses are across the 10 T: BUC developments and 1,245 houses are across the 48 Housing for All developments.

As one of a number of strands aimed at increasing housing supply and reducing housing stress, the development of a new Intermediate Rent continues to progress. Intermediate Rent seeks to increase housing supply by offering a more secure, affordable and supportive rental option for low to moderate income households struggling with the costs of market rentals. During 2021-22 the Department has completed a public consultation on a new policy and model. A Consultation Outcome Report published March 2022 outlined the feedback received, the Department's response and next steps, which include finalising the policy and model, and securing funding and a delivery partner to begin implementation in future years.

The Department has provided £8 million in Financial Transactions Capital (FTC) funding to Co-Ownership to pilot a new affordable housing intervention, based on a shared ownership model, which aims to help older people access more suitable housing, and provide a potential boost to housing supply by encouraging the private sector to build homes which are better able to meet people's needs as they age. Co-Own for Over 55's is targeted to assist 118 households over 4 years. The soft launch of the product took place on the 14 March 2022, and progress is on track for the pilot to formally open for applications from end June 2022.

The Private Tenancies Bill passed its final stage in March 2022, this important piece of legislation will introduce greater protections for private tenants including:

- Increased protections in relation to the length of notice to quit they receive from a landlord
- Restrictions on the frequency with which a landlord can increase the rent and the length of notice they must receive before the rent can be increased
- Restricting the amount of deposit a landlord can request
- Introducing statutory safety measures for the property
- Enabling powers to allow the introduction of minimum Energy Performance Certificate (EPC) standards in private rentals.

All of which will improve the quality and sustainability of tenancies in a sector which is now larger than the social sector and which houses increasing numbers of low income and vulnerable tenants.

4. Encouraging diversity and participation in society and promoting social inclusion.

Linked Departmental Strategic Objectives

- Deliver a co-designed, cross departmental anti- poverty strategy to seek to address the causes of poverty
- Continue to collaborate to establish sustainable anti-poverty interventions based on objective need
- Provide an effective and agile response to social inclusion and economic issues

that may arise as a result of EU Exit
- Continue the promotion of social inclusion in respect of disability; gender; and sexual orientation through the delivery of co-designed cross-departmental strategies
- Continue to improve life opportunities for the most disadvantaged.

The Department leads on the Executive's Social Inclusion Strategies and a range of related social inclusion policy issues. This work includes the development of four new Executive strategies: Anti-Poverty; Disability; Gender Equality; and LGBTQI+.
It also includes oversight of two existing strategies, Active Ageing and Child Poverty. Both the Child Poverty Strategy and the Active Ageing Strategy concluded in May 2022. It is proposed that, subject to the agreement of an incoming Minister and Executive, child poverty will be subsumed into the Executive's new Anti-Poverty Strategy which is currently in development. The co-design of the new Anti-Poverty and Active Ageing Strategies is ongoing. Next steps, including a timetable for public consultation, will be confirmed when an incoming Executive is in place.

Development of the four new social inclusion strategies has been ongoing throughout the reporting period. Each strategy is being developed using a co-design approach. Strategy development will continue into the 2022-27 Assembly mandate.

Anti-Poverty/Child Poverty

During 2021-22, work continued to deliver a wide range of actions aligned to the four agreed outcomes of the Strategy. The final report on the Child Poverty Strategy has been prepared and will be published following Executive approval.

Disability Policy

The United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) is an international treaty which identifies the rights of disabled people as well as the obligations on Parliament and of the NI Assembly to promote, protect and ensure those rights. On behalf of the Executive, the Department provided the Northern Ireland input to the UK State Party's 2021 follow-up report to a 2016 Inquiry by the Committee. This is normally reported upon annually; however, due to the Covid-19 Pandemic, the latest report covered the years 2020 and 2021.

Active Ageing

An evaluation of the Strategy has commenced and a report will be published once the Strategy has concluded. Work on a successor Strategy has begun with an Innovation Lab involving key stakeholders taking place on 9 March 2022.

Gender Equality

On behalf of the Executive, the Department provided Northern Ireland's input to the fifth 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). The report was formally laid in the UK Parliament on 1 November 2021.

LGBTQI+ Policy

The Department delivered a programme of online events and intranet articles to support a virtual PRIDE season in 2021. 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 Good Relations Duties

Equality of opportunity and good community relations are central to the Department's policy making and service delivery. 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 in particular on the lives of people experiencing inequalities. Actions taken by the Department in relation to its equality duties is detailed in DfC's annual report to the Equality Commission.

During 2021-22, the Department published its Disability Action Plan (2020-24), Equality Action Plan (2019-2022) and completed the 5 year review of its Equality Scheme. The DfC Disability Action Plan sets out how the Department proposes to fulfil the duties under Section 49A of the Disability Discrimination Act 1995 in relation to its functions, for the period 2020-2024. The Department's Equality Action Plan (EAP) relates to the Department's specific functions and aims to promote equality of opportunity and good relations by taking actions to address inequalities, for the period 2019-2022.

Access and Inclusion

Through its Access and Inclusion Grant Programme, the Department issued letters of offer to 9 local Councils and the NI Museums Council with a total value of £1.5 million in support of 70 projects. Projects supported included Changing Places toilets; sensory gardens; accessible play equipment; and accessible angling stands and picnic tables. The programme is aimed at promoting a more inclusive society by improving accessibility at arts, cultural and active recreation venues for people with disabilities.

5. Promoting sports and leisure within our communities.

Linked Departmental Strategic Objectives

- Drive and lead a strategic approach to growing individual and community confidence, capacity, creativity, innovation and skills through sport, culture, museums, libraries, arts and heritage
- Deliver Minister's legislative priorities on liquor licensing, entertainment licensing and gambling.

The Department continues to lead the strategic development and delivery of sport in 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 £14 million in 2021-22 to Sport NI.

The Department has launched 'Active Living a new Sport and Physical Activity Strategy for Northern Ireland'. This aims to bring about change, to challenge the normal approach by removing barriers to inclusion and to drive participation rates upwards by increasing opportunities for as many people as possible to take part in sport and physical activity.

Practical support, advice and guidance has been provided to the sector throughout the pandemic to ensure that sports clubs and governing bodies were in a position to safely re-engage with participants, volunteers and members. The Department has worked with the sector and key stakeholders, such as councils and other Departments, to ensure that sports development and recovery covered grassroots sport and physical activity, targeted under-represented groups including females and those with a disability and helped those focusing on competing at national and international level.

Through continued support to the Active Living No Limits Action Plan, the Department has continued to provide advice, guidance and financial support to provide greater access to sport for those with a disability. The Department supported the development of the Active Living No Limits online portal that enables users to find opportunities to participate in activities delivered by disability sports clubs or at the District Council Disability Sports Hubs. It also continued to work on removing barriers to some sports by providing funding for specialist equipment. A grant of £20,000 to the Belfast Giants helped to provide access to Ice Hockey for people with physical disabilities. The grant supported the purchase of specialist sledges which provide access to a sport that had previously been beyond those with certain disabilities.

During 2021-22 the Department in conjunction with DE and DoH continued its direct support for those with learning difficulties and intellectual restrictions through continued funding for Special Olympics programmes. The Department continues to chair the cross Departmental Group and provided £0.4 million (average amount annually) to enable participation in sport and physical activity, to assist Special Olympics Ulster deliver their activities and to continue their whole person development approach which promotes participation and makes a significant positive impact on people with learning difficulties and autism, and their families.

The Ulster Council Gaelic Athletic Association (UCGAA) project team has continued to work closely with the Regional Stadia Programme team to progress the Casement Park Stadium project. The draft Full Business Case of November 2019 identified potential increased cost estimates due to delays to the planning approval, construction inflation and repeated design stages. This increased cost estimate will now need to take account of any delay as a result of the Judicial Review taken against the Department for Infrastructure's decision to grant planning permission in October 2021. The Department was joined as a Notice Party to the Judicial Review which was heard on 23 March 2022 and on 26 and 27 April 2022. On 31 May 2022 the Judge provided a Judicial Review ruling and upheld the existing Planning Permission for the Casement Park Stadium.

The Sub-Regional Stadia Programme for Soccer team collaborated with an Advisory Working Group who provided expert opinion on facility needs for the sector across the region, supporting the development of the shape and scope of the Programme.

Engagement with stakeholders has continued including the Irish Football Association (IFA), Northern Ireland Football League (NIFL), District Councils and individual clubs and organisations to further identify a robust evidence base of facility needs. The collated evidence informed the Minister's consideration of the way forward for the Programme. The Minister awaits the opportunity to present to the Executive in order to secure approval. A Task and Finish Group has been established with the purpose of identifying the structural need for football stadia along with quantification of financial need.

Social Policy Legislation

During 2021-22, primary legislation was progressed on Liquor Licensing and Gambling. The Licensing and Registration of Clubs Act (NI) 2021 (the Act) provided a much needed boost to the hospitality industry post Covid-19 and includes some additional flexibility for premises around opening hours and removes the existing restrictions on opening hours at Easter. Alongside this, the Act introduces a new category of licence for local producers of craft beers, ciders and spirits. The Act also goes some way in tackling practices which contribute to alcohol related harm by placing restrictions on off-sales promotions and the use of loyalty schemes, and giving the Department the power to approve an industry code of practice

In relation to gambling, the legislation also removes outdated restrictions on Sunday opening for bookmakers and commercial bingo halls; tightens the definition of cheating and makes gambling contracts enforceable. In addition, the Act provides additional fundraising opportunities for societies' lotteries by increasing the ticket price from £1 to a maximum £100 and simplifies the rules around deduction of expenses. The Act also gives the Department the power to issue Codes of Practice and to impose a levy on the land based industry, the proceeds of which will be used to fund educations, treatment and research.

6. Supporting local government to deliver services

Linked Departmental Strategic Objectives

- Support delivery of effective and sustainable structures through co-delivery and continued collaboration with our Arm's Length Bodies, key stakeholders and District Councils

- Increase community capacity for wealth building
- Support councils in the delivery of City and Growth Deal projects
- Work with Local Government to build financial resilience and capability to deliver key public services
- Deliver Minister's legislative priorities in relation to local government
- Develop new partnership, policy and funding frameworks between government and the voluntary and community sector to enable and support community empowerment and the delivery of agreed Programme for Government outcomes.

The Department is responsible for setting the policy and legislative framework under which Northern Ireland's 11 Councils operate and provide services. During the year, legislation was brought forward in response to the Coronavirus emergency, to enable councils to continue to hold meetings remotely. The Local Government (Meetings and Performance) Act (NI) 2021 which came into force on 27 August 2021, also provides an enabling power for the Department, by subordinate legislation, to make further provision on remote/hybrid meetings, which would include the power to make such provisions permanent, if considered desirable.

The Department carried out a call for evidence (closing date 15 February 2022) seeking views on how the provisions on remote/hybrid meetings have worked in practice since 1 May 2020. The responses to the call for evidence are being considered and will inform any Regulations to be made under the 2021 Act. To ensure that there would be no gap in legislative provision for remote/hybrid meetings until Regulations under the 2021 Act are made, the Department also brought forward legislation – the (Extension of Provisions Relating to Local Authority Meetings) Order (Northern Ireland) 2022 – to extend the expiry date of section 78 of the Coronavirus Act 2020 (under which the current Regulations on remote/hybrid meetings were made) until 24 September 2022.

The 2021 Act also contained provisions in respect of local government performance improvement arrangements to address concerns raised by the local government sector about the difficulties councils faced, as a consequence of the Covid-19 emergency and restrictions, in delivering statutory performance improvement duties and continuous improvement. As a result of these concerns and to provide councils with some initial relief in respect of these duties, a number of performance improvement duties for the 2020-21 year were set aside to allow councils to concentrate on providing essential services and to support their communities during the emergency. The 2021 Act includes provision to regularise the legislative position regarding the 2020-21 performance improvement duties.

The Department also brought forward legislation to extend the provisions of section 21 of the Coronavirus Act - the Coronavirus Act 2020 (Extension of Modifications of Requirements Regarding Medical Certificates for Cremations) Order (Northern Ireland) 2022 – until 24 September 2022. Section 21 streamlined the administrative arrangements for cremations to remove any unnecessary administrative burdens for health professionals in the context of the Coronavirus emergency.

During the year the Department also made the Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2022, to introduce changes to the Local Government Pension Scheme (NI), required by an Employment Tribunal ruling in relation to survivor benefits.

The Department is responsible for local government policy and community development and provides advice and guidance on Community Planning. As well as providing advice and guidance on Community Planning to support delivery, the Department has had representation at each of the 11 Community Planning Partnerships. All Community Planning Partnerships have completed a review of their Community Plan and a Statement of Progress this year in line with statutory requirements as set out in the Local Government Act (NI) 2014.

The Department has also led on the work of the Community Planning Working Group, a joint working group chaired by a DfC Deputy Secretary and a council Director, established by the Permanent Secretary Group (PSG)/ Society of Local Authority Chief Executives (SOLACE) to consider the recommendations of the Strategic Investment Board (SIB) ‘Towards a Programme of Support for Community Planning’ Report. The Working Group presented a draft Implementation Plan, developed by the group in consultation with a wider reference group as facilitated independently by Ernst & Young, to PSG /SOLACE in

June 2021. The Plan was agreed in summer 2021 and the Working Group subsequently established sub-groups for each of the activities in the Plan looking at improvements in relation to communications, community involvement, scope of community plans, the use of data and evidence and leadership, performance and resources. This work is ongoing with a report to PSG/SOLACE expected in Autumn 2022.

The Department has facilitated three meetings of the PSG/SOLACE Engagement Forum – in June and November 2021 and February 2022. As well as the review of Community Planning, the Engagement Forum brought forward action and discussion on opportunities to build upon the lessons learned from the pandemic, key policy issues and opportunities for collaborative working and support for local government to deliver services.

The Department has also facilitated and chaired three meetings of the Partnership Panel in April and October 2021 and February 2022. The Partnership Panel is a statutory instrument established under the Local Government Act (NI) 2021. It provides a formal mechanism for political and strategic liaison between Executive Ministers and local government elected members on policy matters of mutual interest at a strategic and regional level.

The Department provided the following grant funding to Councils in respect of the 2021-22 financial year:

- De-Rating Grant £34.5 million
- Rates Support Grant £21.9 million (including additional payments of £10 million)
- Transferred Functions Grant £5.9 million
- Covid-19 support for Local Councils £17 million[7].

The Department continues to progress potential community wealth building opportunities in regeneration schemes (including Social Value Action Plan; Meanwhile uses of Sites; opportunities for Community Asset Transfer).

[7] Refer to Other Key Highlights section for further detail.

7. Supporting the Voluntary & Community Sector.

Linked Departmental Strategic Objectives

- Develop new partnership, policy and funding frameworks between government and the voluntary and community sector to enable and support community empowerment and the delivery of agreed Programme for Government outcomes.

Small Capital Grants programme

The Department operates a Small Capital Grants Programme which aims to promote partnership and collaborative working across the voluntary and community sector. In 2021-22, 342 projects received letters of offer with a total value of £1.2 million. The programme provides grants of up to £5,000 to voluntary and community groups, working in partnership, for minor capital works to improve premises and the purchase of items of capital that will help to enhance and sustain the activities they provide to local communities.

The Department delivered a range of support programmes for the Voluntary and Community Sector worth circa £10.9 million. These programmes support the core costs of regional infrastructure organisations involved in playing a supporting, coordinating or development role in relation to voluntary and community sector organisations, particularly in those policy areas which are the responsibility of the Department. These programmes support general Voluntary and Community Sector functions in addition to specific strands of support for the independent advice sector, the women's sector, volunteering, and community development.

The Department also delivered £9 million of funding to local government under the Community Support Programme for council-led community development and advice services, including £3 million funding for grassroots community interventions on local Covid-19 response and recovery[8].

The Department continued to work within the spirit of the 2011 Concordat Agreement by supporting the Joint Forum between government and the Voluntary and Community Sector

[8] Further detail provided in Other Key Highlights section below under "Community Support Programme".

in developing its strategic plans and future role in relation to supporting the work of the sector.

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

Linked Departmental Strategic Objectives

- Ensure that our Heritage is recorded, protected, conserved and promoted to increase its relevance to current and 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 privately including by businesses, institutions, churches and individuals.

PRONI's most significant strategic and operational achievements during 2021-22 are detailed below, focusing on the continuation of a wide range of public services 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 1,123 redress applications
- Supporting victims who have been permanently, physically or psychologically disabled as a result of an injury related to the Troubles by working with the Victims Payment Board (VPB) to provide information available from a wide range of PRONI records to support 167 applications submitted to the VPB
- 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 as required by legislation
- Working in partnership with NI Screen on the UTV film and tape archive, over 1,000 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 2021, a wide range of records relating to 1998 from Northern Ireland departments and the Northern Ireland Office and making additional digitised content available via the PRONI on CAIN resource with Ulster University
- Completing over 64 requests under legislation for access to court and inquest records resulting in over 83 files being released to applicants
- Releasing over 200 official files from the early 1920s and completing the re-cataloguing of significant privately deposited archives such as the Spender papers
- Conservation cleaning and digitisation was completed on 19th century glass plate negatives, created by Mary Alice Young held by PRONI as part of the Young of Galgorm archive. PRONI worked with the depositor and Mid & East Antrim Borough Council to select 100 images from the collection for exhibition during 2023
- Reopened on-site services to the public following the relaxation of some Covid-19 related restrictions in 24 May 2021 and repurposed all engagement activities as online events and delivered a programme of over 80 events, attended by over 4,500 participants during 2021-22
- Delivered four flagship events in 2021-22, targeting new audiences who do not normally engage with PRONI including a five week programme of talks entitled Belfast Blitz 80 in conjunction with Belfast War Memorial; a Programme to support the national UK and Ireland Explore Your Archives Week in November 2021; held events to mark the closure of a three year outreach programme in conjunction with The Nerve Centre, Linen Hall Library and National Museums Northern Ireland entitled ‘Making the Future’; and a joint event exploring Civil Rights Marches with NI Screen using UTV archive footage digitised with funding from the Broadcasting Authority Ireland and the Department
- Launched a new education resource – Ireland 1900-1925 Crisis, War and Revolution: A Level Resource, aimed at A Level students
- Launched a new online resource, the indexes to the Belfast Board of Guardians Workhouse in January 2022
- Delivered a new travelling exhibition in conjunction with Queen’s University

Belfast, relating to St Matthew's Parish Church (Shankill) on 8 March 2022.

9. Realising the value of our built heritage.

Linked Departmental Strategic Objectives

- Ensure that our Heritage is recorded, protected, conserved and promoted to increase its relevance to current and future generations
- Shaping inclusive places by strengthening their economic and environmental sustainability, while maximising the social value of places for our citizens
- Continue to improve our built environment and heritage, creating authentic, inclusive, sustainable and animated spaces.

DfC leads work across the Historic Environment Sector. The Department convenes a broad Historic Environment Stakeholder Group which has grown in strength this year. Outputs from the group included an agreed sectoral submission on the PfG public consultation and the further development of a joint website www.niheritagedelivers.org.

The 2021-22 period has seen the Department bring forward a number of projects to address urgent matters at our State Care Monuments. These included conservation works to high-level masonry at Devenish Island, Church Island and the castles of Kinbane, Dunluce and Dundrum. Conservation works were completed at Greypoint Fort and the improved visitor facilities were copleted at Ballycopeland Windmill. At Carrickfergus Castle works to address complex conservation problems will ensure the site is ready to take part in the Carrickfergus City Deal proposals.

The Heritage Skills Programme which was developed in conjunction with the Prince's Foundation has proved to be very successful. Five bursary students finished the course and gained NVQ level 3 qualifications in Heritage Skills, three of these students have now progressed to their assessor awards. This programme has proved so successful the Prince's Foundation has agreed to sponsor at least another two tranches of bursary students all of which will be trained through our Moira Skills Centre.

The Historic Environment Fund invested circa £0.8 million in 77 projects across the four areas of: Heritage Research; Repair; Regeneration and Revival. This included around

- £200,000 spent on 46 listed building repair schemes
- £220,000 spent on repair schemes to 9 listed churches via the National Churches Trust (NCT)
- £125,000 on strategic investments in long term engagement work with the Architectural Heritage Fund (AHF), Ulster Architectural Heritage (UAH), and the NCT
- £80,000 spent on supporting district councils to undertake heritage development work
- £106,000 invested in research work including archaeological research and the research into enabling the regeneration of towns through heritage
- £29,000 invested in revival projects including awards, events and publications.

In 2021-22 the Department completed a Village Catalyst pilot with partners Department of Agriculture & Rural Affairs (DAERA) and the Architectural Heritage Fund (AHF) to support 4 social enterprises to conserve and find a sustainable use for historic buildings in villages with less than 5,000 people. In 2 villages the improved confidence has manifested itself in separate projects commenced by private developers. In one village the creation of a childcare facility has been roundly welcomed by a primary school that was facing reduced intake. In another creation of remote working stations is addressing a need that has only increased as a result of the Covid-19 Pandemic. In all 4 villages extra sustainable jobs have been or will be created. Citizens and visitors alike are able to enjoy an improved urban environment in all four villages and appreciate that an important part of the built heritage of these places has been protected and preserved. The number of planning consultations for which the Department is a statutory consultee increased significantly by around 20% in 2021-22, compared to 2020-21.

The Department responded to 70% of statutory applications within targets and also continues to provide substantive inputs to all councils as they develop their local development plans.

The Department continues to work effectively and closely with district councils, and had

205 (pre-application) discussion engagements with local authority planners, applicants, developers and their design teams. It continues to be an active member of the Planning Forum established by Department for Infrastructure (DfI), which seeks to increase efficiencies in the planning processes.

DfC has finalised an Action Plan for Climate Change for 2021-2022. The Department on 9 July 2021 signed a Memorandum of Understanding (MoU) with Department of Housing, Local Government and Heritage (DHLGH) on Cultural Heritage and Climate Action to support greater North-South co-operation in dealing with the impacts of climate change on built and archaeological heritage across the island.

In partnership with our sister agencies across the UK and lead by the National Trust, a Climate change Hazard Map Tool has been created to help custodians of heritage assets to identify the risks associated with climate change for example to their building, monument or historic garden. This hexigrid mapping tool also allows forecasting into the future, which means that consideration can be given to long term strategies to adapt to climate change hazards where they may arise.

Task groups have been established to move forward the recommendations from Archaeology 2030: a strategic approach for Northern Ireland, which draws together a comprehensive action plan for the sector. This work will enable archaeology, in all its forms, to become more sustainable, more accessible and to deliver benefits for both the sector itself and the public. Substantial work has also been carried out both in providing appropriate storage for extensive archaeological artefact collections and archives in the care of the Department, and identifying better-placed organisations to display and care for elements of the collections, and this is also making this important resource and its research value more accessible.

European Heritage Open Days (EHOD) 2021 saw the introduction of a hybrid event, with physical ‘open doors’ participation on the weekend of 11 and 12 September coupled with a range of online events running an entire week from 6-12 September.

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

Linked Departmental Strategic Objectives

- Drive and lead a strategic approach to growing individual and community confidence, capacity, creativity, innovation and skills through sport, culture, museums, libraries, arts and heritage
- Lead on the New Decade New Approach (NDNA) commitment to deliver strategies to underpin a new PfG to include an Irish Language Strategy and Ulster-Scots Strategy to broaden the inclusion of communities
- Lead on the NDNA commitment to introduce a sign language bill to the Assembly.

New Decade New Approach committed to the development and delivery of an Ulster-Scots Language, Heritage and Culture Strategy and an Irish Language Strategy. In June 2021, work commenced on the development of these two strategies using a co-design approach through the establishment of Expert Advisory Panels, Co-Design groups and a Cross-Departmental Working Group. The Expert Advisory Panels produced recommendations reports presenting themes and action areas to be considered in the development of the strategies. Both reports were published on 7 March 2022 alongside a 'Call for Views' consultation. A significant programme of work, including extensive stakeholder engagement, is now underway in the co-design of the strategies. Strategy development will continue into the 2022-27 Assembly mandate.

Sign Language

The Department has the policy lead across Executive's departments for its two sign languages – British Sign Language (BSL) and Irish Sign Language (ISL). It chairs and provides Secretariat to the Sign Language Partnership Group – a cross-departmental forum with representatives of the Deaf community to improve access to public services for sign language users. In 2021-22 the Department has provided £368,000 through its Sign language Partnership Group fund to support and develop local sign language communities and families in a cultural and linguistic context. This funding provided grants to tackle social exclusion, for example, by ensuring that the Deaf community were able to avail of essential public information and news throughout the Covid-19 Pandemic through a

BSL/ISL translations Vlog and YouTube channel provided by a Deaf led news service – Deaf Daily News.

In addition, the Department funded Family Sign Language courses with online study support for deaf children, their families and their care professionals and teaching assistants. It funded accredited BSL/ISL qualifications ranging from Level 1 (beginners) to Level 6 (degree equivalent) to deaf children and young people, their families and support workers, school pupils/university students and the wider community. It also provided sign language workshops and courses to 30 schools with online study support and Deaf awareness/Sign Language taster courses to 500 people across 30 Voluntary & Community organisations.

In January 2020 the NDNA acknowledged the 2016 consultation on a draft Sign Language Framework and policy proposals for legislation and contained a commitment to bring forward a Sign Language Bill. Throughout 2021-22 the Department's newly formed Sign Language Policy and Legislation Team, aided by the secondment of a Deaf BSL/ISL officer from the British Deaf Association, continued to work with the Deaf community to ensure that the Sign Language Framework is refreshed to update the policy proposals to inform the drafting of clauses of the Sign Language Bill which will be introduced to the Assembly early in the next mandate.

Culture and arts play an important part in promoting cohesive communities to help the achievement of positive health and socio-economic outcomes. In 2021-22 the Department provided over £20 million to the Arts Council and NI Screen to deliver support and development for the arts and creative industries sectors. As well as supporting digital creativity in schools, and wider cultural activity such as film festivals, funding for the screen and creative industries includes investments in improving career accessibility and creating 'talent pipelines' designed to build skills and allow local people to take advantage of the opportunities offered.

The impact of Covid-19 on culture, languages, arts and heritage sectors has been profound. The Culture, Arts and Heritage Recovery Taskforce was established in May 2021 to consider measures to support reopening and recovery of the sector in the short term, paving the way for a longer term strategy for culture, the arts and heritage. Implementation of the report recommendations will continue into 2021-22 and beyond.

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

Linked Departmental Strategic Objectives

- Drive and lead a strategic approach to growing individual and community confidence, capacity, creativity, innovation and skills through sport, culture, museums, libraries, arts and heritage.

The Department provided an opening resource allocation of £28.1 million to enable Libraries NI to deliver its broad range of services to the public. A further allocation of £3.1 million was provided to support delivery of capital projects. Supporting literacy and supporting a love of reading remains the core work of Libraries NI. In line with Executive decisions and Public Health guidance, Libraries NI implemented on a phased basis their Reconnect plan, which brought about a return to full public library services being available to communities here.

12. Maintaining museums.

Linked Departmental Strategic Objectives

- Drive and lead a strategic approach to growing individual and community confidence, capacity, creativity, innovation and skills through sport, culture, museums, libraries, arts and heritage.

The Department works with and provides funding to its Arm’s Length Bodies, including Armagh Observatory and Planetarium (AOP), National Museums NI (NMNI) and the NI Museums Council (NIMC). £3 million of funding was provided to AOP, £14.9 million to NMNI and £0.2 million to NIMC.

In adjusting to the impact of the Covid-19 restrictions NMNI developed new, innovative ways of connecting with and supporting their audience. Its learning and engagement programmes overcame the challenges faced in 2021-22 and successfully pivoted to a digital model. Additionally, NMNI developed a new approach to programme delivery for schools with its Museum on the Move programme which offered interactive workshops to schools via video link, each one connecting popular curriculum topics with key areas of National Museums NI collections.

AOP also adapted to online working during Covid-19 lockdowns including the provision of a series of educational experiments that could be completed at home with common household materials. Following the success of this venture funding was provided by the Science and Technology Facilities Council to capture all the experiments into a booklet which was distributed to all schools in Northern Ireland in 2021-22. The Planetarium Education team also developed a Cosmic Classroom virtual interactive lesson plan.

13. Revitalising town and city centres.

Linked Departmental Strategic Objectives

- Shaping inclusive places by strengthening their economic and environmental sustainability, while maximising the social value of places for our citizens
- Support councils in the delivery of City and Growth Deal projects.

Over the past year, the Department has invested in public realm, environmental improvement and revitalisation schemes.

The public realm schemes include:

- The £4 million Coalisland public realm scheme completed in February 2022
- The £5 million Enniskillen public realm scheme is due to complete in June 2022
- The £1 million Albert Street public realm scheme which is 99% complete with final handover walk practical completion scheduled for June 2022

- The £3 million Banbridge public realm scheme which will complete in March 2023
- The £2 million Warrenpoint public realm scheme which will complete in March 2023
- £1 million in design development public realm projects in Belfast City Centre.

The Department's investment in Environmental Improvement and Revitalisation schemes in 2021-22 includes the following:

- Revitalisation schemes across towns and cities to include Derry, Strabane, Enniskillen, Craigavon, Coleraine, Dromore, Downpatrick, and Newry.
- Investment in Greenways at Strathfoyle in Derry and Strabane.

The Department has also progressed regeneration in a number of strategic sites as follows:

- Fort George, Derry~Londonderry - The Department continues to work with the Western Health and Social Care Trust to accommodate a Cityside Health and Care Centre on the site. This includes developing a Planning application which should address infrastructure issues and set the context for the future regeneration of the remainder of the site.

- Queens Parade, Bangor – planning approval for the multi-use regeneration of the waterfront site was granted by the Ards and North Down Borough Council on 27 January 2021.

  DfI held that decision under review, with the potential to formally 'call-in' the planning decision, until 9 March 2022, when it was passed back to Council to proceed. The proposed £50 million private sector investment includes residential and commercial units, retail and office space, an extensive public realm scheme, a hotel, and arts/leisure facilities. The next steps involve the developer carrying out the detailed design work to inform the construction phases, which are expected to commence in mid-2023.

- St Patrick’s site, Ballymena – further and final demolitions and remediations work by the Department has been completed. The procurement process to appoint a construction contractor was progressed by DfI. DfC obtained all the necessary approvals for appointment, and the contractor was appointed and started work on site in May 2022. Construction is expected to take approximately 12 months. Radius Housing Association has been appointed to deliver the shared housing. They achieved planning approval in Summer 2021 and are currently working through the process to appoint a contractor. A portion of land was sold to Northern Regional College to progress their new campus adjoining the site.

- DfC provided funding to develop, and took the Departmental lead on, the Strabane Town Centre Regeneration Project Outline Business Case, part of the Derry and Strabane City Deal.

- The Belfast Region City Deal (BRCD) is expected to deliver a total investment value of £880 million, comprised of £350 million from UK Treasury (exclusively towards the Innovation and Digital pillar), matched by £350 million from the Executive towards Regeneration and Tourism initiatives. A further estimated £100 million will come from partner Councils and universities, with an estimated £80 million additional funding coming from other match-funding, including private sector investment. In the 2021-22 year, the Carrickfergus, Bangor and Newry City Deal projects successfully completed Casework review, and the Outline Business Cases for each secured DoF approval. The Department’s Regional Development Directorate has progressed work to agree the terms of the respective Contracts for Funding and Governance/reporting arrangements.

- The Department is also working with Causeway Coast & Glens Borough Council on the development of its £72 million Growth Deal, as it continues to progress Strategic Outline cases for shortlisted projects.

- The MAG has led the co-design of Living High Streets Craft Kit publication in collaboration with over 25 participants from across government departments, councils and key interest groups. This supports the Department’s purpose of

Supporting People, Building Communities and Shaping Places. The Craft Kit includes a series of tools that are designed to facilitate local engagement with communicates (businesses, residents, services, statutory bodies etc) to co-produce, people and place specific models for future Living High Street and has been referenced in the High Street Task Force (HSTF) document "Delivering a 21st Century High Street" report The HSTF have also proposed that they may seek MAG's expertise to facilitate pilot exercises that they plan to deliver within Council areas to promote this report.

- MAG has been collaborating with all 11 District councils and has supported them in their aim to provide better towns and villages in Northern Ireland. This has included a series of workshops with key decision-makers/influencers within each council, combining elected members and staff to discuss how the MAG Design Review processes can be optimised to deliver best outcomes. The outcome of these workshops has resulted in an increase of requests for MAG Design Reviews.

14. The Appeals Service (TAS)

Covid-19 continued to present challenges in terms of availability of suitable venues to facilitate face-to-face hearings. Social distancing requirements meant that court houses remained unavailable to TAS however the service continued to increase the number of venues as restrictions eased, expanding our offering to 11 (Cleaver House Belfast, Spires Centre Belfast, Causeway Enterprise Coleraine, Ballymena Business Centre, Strabane Enterprise Agency, Ballybot House Newry, Strule Arts Centre Omagh, Jethro Centre Lurgan, The Junction Dungannon, The Holywell Trust Londonderry and Enniskillen Business Centre).

TAS continued to offer alternative hearing options incorporating the use of technology including Video link hearing; Telephone hearing or Paper hearing -a determination based on the papers before the Tribunal Panel to every appellant at an early stage in proceedings.

Plans were well advanced for the transfer of The Appeals Service and Rent Assessment

Panel from the Department to the Department of Justice (DoJ) to take place on 1 April 2022, with colleagues from both Departments collaborating regularly to make the transfer happen and the transition from DfC to DoJ as smooth as possible. However, the resignation of the First Minister on 3 February 2022 meant that the Communities Minister was unable to secure Executive agreement to the Transfer of Functions Order meaning that the transfer could not take place in the current mandate (2017-2022). DfC and DoJ remain fully committed to the transfer and will, as soon as is practicably possible, recommence the work on the transfer in the new mandate.

15. Corporate Support

A key enabler for the Department's functions to operate effectively and deliver its key responsibilities outlined in this section is the corporate support function. It provides the expertise and ongoing advice and guidance required across the entire Department. The rest of the Department's Strategic Objectives are linked to this Corporate Support function and are as follows:

- Drive evidence based decision making, integration of data analytics, and leverage greater value from data
- Deliver the IT and estates foundation for a transformed way of working.
- Develop & implement a People Strategy
- Continue to develop and build leadership capability at all levels
- Develop and deliver a strategic resourcing model to support workforce capacity planning
- Establish & deliver a Communication plan that helps embed the DfC 5 Year Strategy and support staff engagement
- To lead on the People and Resources Project to determine the level of resources required to deliver on the Department's 5 year Strategy
- Develop and deliver DfC Centre of Excellence for Procurement, Contract and Project Management to service the Department's objectives
- Develop and deliver a DfC Centre of Excellence for Policy development & implementation
- Continue to deliver effective, responsive and proportionate financial management

and governance frameworks that enable innovative delivery within the Department

- To ensure our approaches deliver a cohesive programme of activity to mitigate and adapt to climate change and to show leadership in this regard.

Other Key Highlights

The Performance Analysis section of this report has already highlighted key actions undertaken by the Department under each areas of responsibility. However further work has been undertaken by the Department during the reporting year and these have been outlined below. They have been reported in two parts – part one details key projects that received budget allocation for Covid-19 and part two covers other general highlights. The Covid-19 projects listed below include spend in 2021-22 against each project.

Covid-19 Projects

The Department's Net Covid-19 allocations from the Executive and other Departments for 2021-22 is £119.7 million. During 2020-21, given uncertainties and the demand-led nature of the Department's Covid-19 support schemes, DoF provided approval for the Department to maximise the utilisation of Covid-19 funding across all the ongoing schemes. Therefore, the pressures and easements were netted off against each other to provide a minimal underspend of £739,000, 0.7 % of the total Covid-19 funding provided to the Department.

In addition to the £119.7 million ring fenced Covid-19 funding the Department has received from the Executive and other Departments, £2.1 million of departmental Resource funding and £8 million of departmental Capital funding has been made available in the year 2021-22 for Covid-19 Schemes.

Estimates of Fraud and Error within Covid-19 Schemes

The Department has well established arrangements for estimating and reporting on benefit fraud and error and where Covid-19 funding has been administered through the benefit system this funding will be encompassed within overall estimates. For other Covid-19 support schemes provisional estimates indicate a low level of fraud and error. The 2021-22

Internal Audit Plan included review of six Covid-19 Schemes with a Satisfactory Audit Opinion provided for all six schemes. The performance of each scheme is set out in the paragraphs below.

Benefit Delivery Response - £17.9 million

Covid-19 had a huge impact on Universal Credit and to help meet the demands of a sudden, unprecedented increase in the Universal Credit caseload, budget was secured from the Covid-19 Funding Recovery Scheme. More than ever customers needed financial support, help to make and maintain their claim and coaching to help and support people back into employment. This additional funding helped boost capacity and capability within the service by enabling Universal Credit to embark on a large scale recruitment exercise to secure, train and consolidate an additional 1,000 Universal Credit frontline and service centre processing staff.

Despite the ongoing challenge of scaling Universal Credit up to deliver a good quality service to a dynamic range of customers, 97.5% of new claims were paid in full and on time, with 97.1% of existing claims also paid in full each month. Engaging effectively with our customers to help improve outcomes for them was critical, a multi-channel approach that fully utilised telephony, digital and video saw appointments booked increase to 508,000 during 2021-22.

Labour Market Programmes - £10.3 million

In addition to the provision of Labour Market Partnerships, Work Experience and the Adviser Discretion Fund, the Department introduced a number of Labour Market recovery schemes to support people who, as a result of the impact of Covid-19, had fallen out of the labour market. These schemes included JobStart and the Work Ready Employability Services.

JobStart Scheme

The scheme was launched on 2 April 2021, with the aim, to help young people aged 16-24 at risk of long-term unemployed to obtain the necessary skills to find work. The young people participating in JobStart must be in receipt of an eligible benefit or Not in Education, Employment or Training (NEET). Young people received a quality work opportunity for 6 months or 9 months for those who met specialist pathways criteria such as a disability, care experience or in the youth justice system. The scheme closed, as planned, to new applications from 1 April 2022.

JobStart exceeded its target of creating 3,313 job opportunities in 2021-22 with a total of 6,586 opportunities offered by employers at the end of March 2022. By the end of March 2022, 1,179 young people had started the scheme and early indications show that around 60% have moved into sustained employment. There was also a higher than anticipated participation rate of 35% for those who met the specialist pathways criteria.

The specialist pathways pilot commenced on 21 June 2021. Job opportunities were identified within the Department that provided office based or home working for 25 hours per week. Each participant received the age related National Minimum Wage during the 9-month pilot. Fifteen young people joined the pilot and the first group of 9 finished on 18 March 2022 the remaining 6 to complete by July 2022. Independent surveys highlighted the success of the pilot and feedback from participants and line managers exceeded expectations.

Work Ready Employability Services (WRES)

The scheme was available between 26 May 2021 and 31 March 2022 and was designed to target "work ready" people who are closer to the Labour Market. Individuals receiving benefits are eligible for WRES from day 1 of their claim. Participation was voluntary. This service provided short training modules on 6 areas of core employability skills: CV development, interview skills, mock interview, job search techniques, basic IT/digital skills and social media; and confidence building/personal development.

Throughout the year the scheme delivered high levels of satisfaction with an average of 97% achieved for each participant.

Labour Market Interventions- Employment and Skills Programme - £18.4 million
Arts, Culture and Heritage Recovery programme - £10.0 million
Sports Funding - £4.3 million
Charities and Social Enterprise Recovery Fund - £6.2 million

Following the allocation of Executive Covid-19 funding in May 2021, Deirdre Hargey, MLA, then Minister for Communities set up the Culture Arts and Heritage Recovery Taskforce to provide a roadmap from lockdown to recovery and they made a number of important recommendations. In response, the Department established a Covid-19 Recovery Programme to implement emerging findings and recommendations covering three strands: People; Organisations; and employment and skills.

People

The Covid-19 Individuals Recovery Programme (CIRP) was launched on 15 September 2021 to help individuals in the arts and heritage sectors[9] with awards of up to £2,000 for reactivating, maintaining and enhancing their creative trade, vocation or profession. This fund aimed to prevent the large-scale loss of individuals and skills from the creative economy and help freelance and self-employed people re-establish and reconnect with their audiences.

Grant awards of £2.8 million were made to 1,500 eligible applications including DJs, artists, performers, sound and lighting technicians, writers, events managers and many other professionals who were impacted because of the public health restrictions.

Organisations

The Covid-19 Recovery Programme for Organisations (CRPO) launched on 17 December 2021 to support sectoral organisations in the culture, languages, arts, heritage, sport, charities and social enterprise sectors. It aimed to stabilise eligible organisations financially by reducing or removing an operating deficit generated in 2021-22, which had arisen as a result of the Covid-19 Pandemic.

Grant awards of just approximately £15.4 million were made to support 802 organisations in the following sectors:

Sector	Number Supported	Amount £ million
Arts	39	2.1
Creative Industries	2	0.1
Sport	260	4.3
Heritage	11	0.9
Language	260	1.8
Charities & Social Enterprises	230	6.2

[9] Grant funding scheme launched by NHLF for the Heritage sector in December 2021.

Employment and Skills

The pandemic exacerbated issues with recruitment, retention and career development within the Sports, Arts, and Heritage, Creative Industries and Voluntary & Community sectors. As society emerged from lockdowns and restrictions, a clear and consistent message came from across cultural, arts and heritage organisations around the need for investment provide opportunities for individuals to enter the sectors and upskilling opportunities for existing staff.

The Employment and Skills Initiative (ES&I) disbursed awards through competitive grant schemes to 201 organisations and provided funding to create 100 new entrant roles in the creative industries at Real Living Wage for a 3 year period for those of working age (18 years+). Funding was also awarded for training and upskilling of existing employees in key roles within the affected sectors, thereby protecting jobs by incentivising staff to remain in and develop their career paths in these sectors.

Community Support Programme - £3 million

The Department provided an additional £3 million through the Community Support Programme in 2021-22 to support Council led Community Development and Advice services in response to Covid-19. This was in recognition of the broader social impacts of the pandemic and the differential impacts in areas of greatest deprivation, both in terms of incidence of infection, hospitalisation and death and also in terms of individual and community wellbeing and socio-economic fallout.

Councils had flexibility to utilise this funding to support local recovery through a range of interventions delivered by both grassroots-led, partnership arrangements and council led initiatives.

Food interventions - £1 million

The Department has provided £500,000 funding to FareShare, a food redistribution charity, to maintain a bolstered supply of food to community food providers in response to the increased need during the pandemic. Councils have received £500,000 in funding to bolster and enhance food support and start the process of transitioning to a more sustainable long term approach through the rollout of the Social Supermarket models across the region.

Homelessness Response - £9.3 million

The Minister has ensured that the Housing Executive's Covid-19 Reset Plan 'The Way Home - Homelessness Response to Covid-19' was fully funded in 2021-22 by securing a £9.3 million investment to build on the collaborative response to homelessness which has been so effective to date during the pandemic with the aim of ending homelessness together.

NIHE 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 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 Executive's Covid-19 homelessness response in collaboration with sectoral partners and have been taken forward in the Housing Executive's new 5 Year Homelessness Strategy which was published on 22 March 2022.

Supporting People - £4.3 million[10]

Funding was provided to the Supporting People Programme, including those jointly funded with Department of Health, to alleviate Covid-19 related pressures experienced within provider organisations via the NIHE such as additional staffing costs, staffing shortages, PPE, additional infection prevention measures, loss of income from closure of social enterprises, loss of housing benefit due to a lower client density and contingency planning arrangements.

Grants to Local Councils - £17 million

Local Councils in Northern Ireland continued to face significant financial challenges as a result of the Covid-19 Pandemic. Financial support from Government to alleviate losses sustained was critical to councils to ensure they continued to positively contribute to local

[10] This included £195,000 Supporting People PPE and £548,000 for Jointly Supported Living Care Costs.

economic, social and environmental recovery, and help to play a vital role in that recovery and sustainability.

Town & City Centre Support - £0.7 million

Town and City Centre Support was provided for the High Street Task Force, by establishing the secretariat to the High Streets Task Force, supporting other potential interventions to support town and city centres and looking at measures to improve the resilience of smaller rural towns to the effects of the pandemic.

TAS/OPAT Tribunal Costs - £2 million

The number of backlog cases continued to grow, due to the inadequate number of hearings held, as well as a lack of admin support to cope with both current and postponed cases.

Small Settlements Regeneration Programme - £23.2 million[11]

The Programme built on the success of the earlier Covid-19 Recovery Revitalisation Programme to develop a collaborative approach to supporting smaller rural settlements as they recover from the impact of the pandemic and also to address regeneration needs in these areas. It provided investment to attract investors and visitors, and create vital and viable towns that meet the needs of local citizens and the surrounding areas. Each council developed an investment plan which was tailored to meet the regeneration needs of their towns and villages and to encourage active travel in their rural communities.

Other Departmental Projects

People and Place – A Strategy for Neighbourhood Renewal

Under People and Place – a Strategy for Neighbourhood Renewal approximately £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.

[11] This includes £13.5 million capital spend and £0.5 million resource spend against Covid-19 allocations for 2021-22 along with baseline funds and transfers from other Departments.

People & Place Review

People and Place – A Strategy for Neighbourhood Renewal was launched in June 2003 and was aimed at targeting those urban communities in Northern Ireland experiencing the highest levels of deprivation by bringing together the work of all Government Departments in partnership with local people to tackle disadvantage.

There is recognition that the strategic context that Neighbourhood Renewal (NR) operates in has changed. Also, the development of the Executive's Anti-poverty Strategy (draft) and its commitment to a place-based approach to tackling deprivation, presents an opportune time to complete a strategic review of People and Place. The Department for Communities has established a People & Place Review Team, to take this forward on a Co-Design basis. The Review will seek to bring together organisations from all sectors involved in tackling poverty and deprivation to build upon the effective elements of the strategy and seek to recommend a more efficient and integrated approach, based on evidence of need.

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 Advance payments to the Voluntary and Community Sector (VCS) were issued (at 6 monthly intervals) covering the period from April 2020 to March 2022, as part of the Department's Covid-19 response. These payments have supported salary and running costs to enable the sector to continue service delivery uninterrupted. In addition to advance funding, measures were put in place to reduce the administrative burden on our partner organisations through refreshed monitoring and reporting arrangements.

Fair pay and conditions for the VCS

Over £2.1 million was made available to help employing organisations improve the terms and conditions of Voluntary and Community Sector posts which are funded through DfC. This focused on the following:

- Allocations to allow employing organisations to ensure alignment with the most recent rate of Real Living Wage (RLW) of £9.90 per hour
- A consolidated 2% increase on current level of support provided by the Department for salaried posts (which has been calculated after ensuring the level of support to meet RLW rates)
- A 7% non-consolidated payment (which has been calculated following application of steps I. and II above)
- An increase in support to allow for an increase in employer's pension contributions from the Governments recommended minimum level of 3% to 5%.

  In addition, effective from 1 January 2022, funded organisations are no longer required to inform the Department of short term sick absences of up to five working days for their employees in posts supported by the Department.

Coronavirus Regulations

A total of 5 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.

Universal Credit – customer contact

Universal Credit delivers services to a diverse range of customers, many who need additional support provided via face to face. Our face to face channel was unavoidably affected by the Covid-19 health and NICS guidance, however as soon as guidance changed this service was restored in a measured and controlled way, giving access to face to face service by appointment only. To balance the reduction in the availability of face to face services, telephony, digital and the use of video were fully utilised. Contact with our customers more than doubled during 2021-22, increasing from a total of 241,000 appointments booked during 2020-21 to 508,000 in 2021-22.

Universal Credit Recruitment

To help meet the demands of the significant increase in the Universal Credit caseload an exercise to recruit, train and consolidate an additional 1,000 staff commenced during 2021-22. To date nearly 90% of these staff have now been recruited with many having already successfully been trained and consolidated, with further support being provided on an ongoing basis to increase their skills and knowledge. Throughout the year Universal Credit work coaches continued to adopt a reasonable, flexible and responsive approach when agreeing work search related activities with customers. On an ongoing basis they highlighted the range of help, support and provision available to help customers return to work and tailored work search requirements to meet the individual needs of customers.

Energy Payment Support Scheme

In 2021-22 DfC delivered a £55 million to support those most impacted by the unprecedented rise in energy costs. The Scheme provided a one-off payment of £200, without the need for an application process, to around 280,000 people on low incomes and in receipt of specified means tested benefits.

For 2021-22 the Department continued to maintain social distancing controls and risk-assessment measures in line with NICS workplace health guidance to ensure buildings were Covid-19 secure for staff and public visitors. The Department also continued to build on its 2020-21 laptop rollout to ensure staff could continue to work from home where this could be facilitated. In addition, for 2021-22 the department has commenced planning for the future implementation and rollout of hybrid working in line with NICS New Ways of Working programme.

Discretionary Support Self-isolation Grant

A non-repayable Discretionary Support self-isolation grant which was introduced back in

March 2020 has continued 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 in accordance with guidance published by the Public Health Agency.

Anyone whose annual income is below the annual income threshold is eligible to apply regardless of whether they are in work or in receipt of benefits. The threshold was increased again in April 2021 to ensure that support was available to more people. 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. There are no restrictions on the number of Self-Isolation grants that can be awarded and any award made will not adversely impact future applications to Discretionary Support.

The Department has raised awareness of 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. The Department also developed and introduced an online application facility and increased telephony support to maximise accessibility to the service.

In recognition of the increased levels of transmission, the Department embarked on an intensive awareness promotional campaign in January 2021 and a further Discretionary Support advertising campaign commenced in February 2022. In the period from 25 March 2020 to 31 March 2022 the Department made 25,600 Discretionary Support self-isolation grant payments totalling over £3.9 million.

Strategic Partnership Group

The Department established a Strategic Partnership Group for the Lower Ormeau and Wider University area in 2021. The partnership (comprising relevant Executive Ministers and partners) provides strategic oversight to the work to address the long term issues in the area, and in particular the Holyland, empowering and supporting the work of Belfast City Council's Community Planning Partnership and associated inter-agency groups in taking forward a collaborative and joined up approach. The partnership provides for the first time a forum for the escalation of issues which require a policy change, resource commitment and/or collective approach as the level of central government and associated agencies.

The Department has also engaged with the InterAgency Group and directly with the Council and an Intervention Proposal for the area was agreed. The Strategic Partnership Group agreed funding for an Intervention Manager for the area in February 2022. The Department also provided funding towards a community-led celebration of St Patrick's Day in the area, which involved local schools, students and community groups. The interagency approach to tackling anti-social behaviour was praised by residents in the media following the 2022 St Patrick's Day celebrations in the area.

Local Government Finance – Task & Finish Group

The Partnership Panel established a subgroup on 'Local Government Finances - Task & Finish Group', with membership comprising relevant Ministers along with representatives from Local Government and Northern Ireland Local Government Association (NILGA). The Group remit is to consider an issue raised by Local Government on unsustainability of the current local government financing model.

The Group met during 2021 and provided a mid-year review to the Panel meeting in October 2021. A further update on longer-term sustainable business model alternatives for Councils was made to the February 2022 Panel meeting, at which the Group reported they had commissioned a 2-Stage (current and future funding) Review of Local Government Financing. Further updates and recommendations are to be brought back to future Partnership Panel meetings.

T: BUC

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 2021-22 the Uniting Communities Programme delivered 24 projects, engaging 750 young people in the three key elements highlighted above utilising both TEO Shared

Future and DfC funding.

Our Place in the Cosmos

Armagh Observatory and Planetarium was selected as a contributor to the prestigious United Nations Climate Change Conference COP26 presenting an in-house developed show ‘Our Place in the Cosmos’ to over 3,000 participants during the 2 week summit in Glasgow. The full dome production centred on how fragile a place planet Earth is in our Galaxy, the only habitat yet known that can sustain life and demonstrated the impacts of global warming.

Science, Technology, Engineering, Arts & Mathematics (STEAM)

In 2021-22, £2.7 million was provided to support the development and delivery of the Northern Ireland programme for the Unboxed Festival, ‘Our Place in Space’. The ongoing cross-sectoral project involves co-operation between the arts, science and tech sectors, bringing large scale community engagement and STEAM focused education events to a number of local locations in 2022, increasing awareness of local creativity and innovation.

Turner Prize

On 1 December 2021, Array Collective from Belfast won the prestigious Turner Prize, the first artists from Northern Ireland ever to do so. The Collective transformed a room at the Herbert Art Gallery & Museum in Coventry into a replica of a síbín in an installation called ‘The Druithaib’s Ball’. The Department funded the Collective along with the British Council to contribute to installation and sign language costs.

Bolder Vision

By request of Ministers Hargey and Mallon, the MAG chair facilitated discussions with DfC, DfI and Belfast City Council in relation to the challenges of bringing forward the delivery of the Bolder Vision for Belfast. The Strategy, developed collaboratively by the three organisations had set ambitions aspirations for a people-focused environment.

Social Supermarkets

In a move to longer term, sustainable food responses, £1 million in funding has been provided from Welfare Reform funding to support the existing Social Supermarket Pilot

Programme which supports around 300 people at any one time, and work to expand the model across all 11 councils. A co-design process with councils and other stakeholders commenced in November 2021 to develop tailored models for each council area. A Social Supermarket Market provides holistic support to those in need with wraparound services to address the root causes of poverty alongside food provision.

Social Housing landlords

Social Housing landlords continued to honour the non-eviction agreement for Covid-19 related rent arrears. The Housing Executive rent increase was put on hold for three 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 has been working closely with NIHE, as implementation of the 18 proposals from the Fundamental Review on Social Housing Allocations has now begun. This is to be completed over the next 3 years.

Revitalisation of the Housing Executive

During 2021-22 the Department produced an Outline Business Case for the revitalisation of the Housing Executive. This OBC provided updated figures on the investment challenge being faced, taking into account decarbonisation and building safety, and provided a number of options for Minister to consider to tackle the issue. The preferred option identified within the OBC is based on assumptions which remain to be tested before progressing to Full Business Case.

Housing Guidance

The Department continues to provide guidance, in line with current Executive advice, on providing services during the pandemic to 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.

Northern Ireland Refugee Resettlement Scheme

During 2021-22 the Department worked with Consortium delivery partners to facilitate the arrivals of 10 families who were reunited with relatives already resettled under the Syrian Vulnerable Persons Resettlement Scheme. Families were resettled using a new individual family arrival model due to their varying locations and Covid-19 restrictions.

The Department continues to work with the Consortium delivery partners and statutory bodies to prepare for the arrival of Afghan families under the Afghan Relocation and Assistance Policy (ARAP) and Afghanistan Citizens Resettlement Scheme (ACRS) programmes.

Environmental and Sustainability Commitments

The Department developed a pilot programme aimed at reducing its carbon footprint across the DfC estate. In total, 27 projects and programmes with a value of £1.4 million are in the process of being delivered through this programme. Projects include tree planting, electric vehicles and charging points, solar panelling, climate exhibitions and a programme aimed at improving methods of heating in mid and high rise housing units.

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 Department of Agriculture, Environment and Rural Affairs (DAERA) on the Green Growth Strategy. The DfE Energy Strategy and the Housing Supply Strategy will inform the future development of a new Fuel Poverty Strategy.

Affordable Warmth and Boiler Replacement Schemes

In 2021-22, £13.1 million was provided through the Affordable Warmth and Boiler Replacement Schemes improving energy efficiency in over 4,900 homes. Delivery and uptake of both schemes was significantly impacted by the Covid-19 pandemic and contractor availability.

Rural Needs Act (NI) 2016

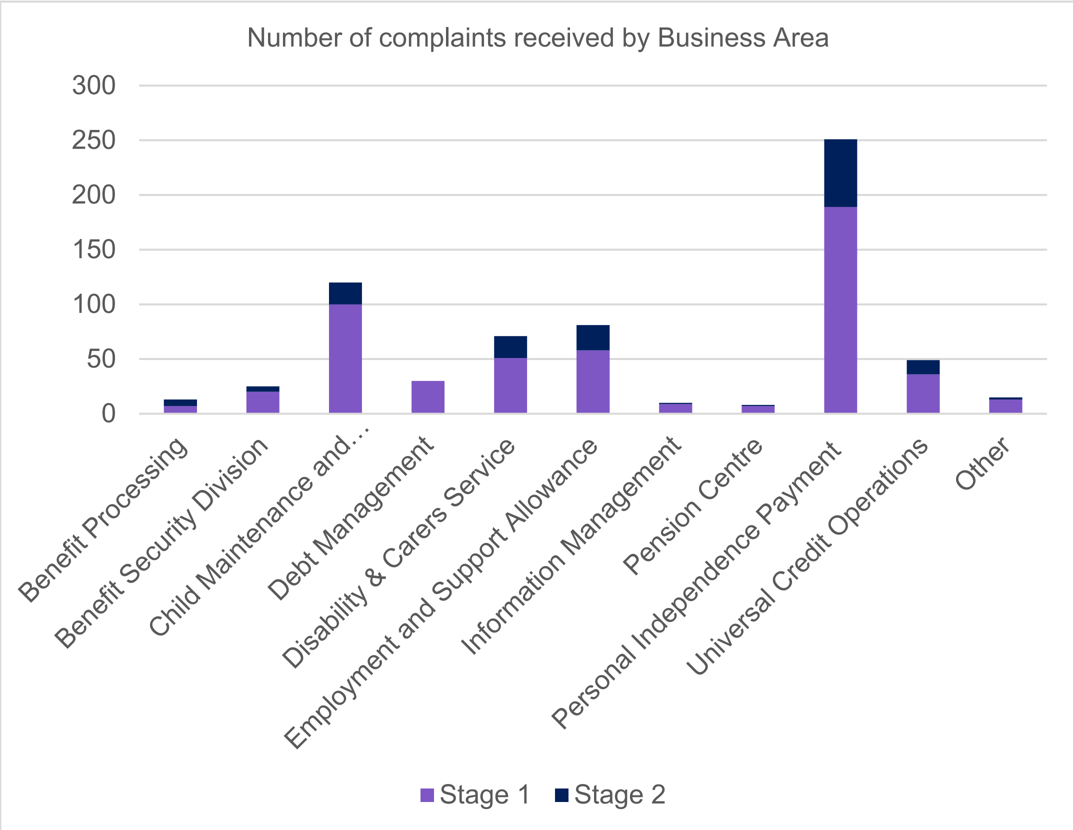
All Executive departments are responsible for ensuring that they fulfil duties under the Rural Needs Act (NI) 2016. Section 1 of the Act places a statutory responsibility on public authorities to have due regard for rural needs when developing, adopting, implementing or revising policies, strategies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

DfC has monitoring and reporting obligations under Section 3(1) of the Rural Needs Act (Northern Ireland) 2016 (the Act) and, in line with our statutory duties, will make a Departmental return to the 2021-22 Rural Needs Annual Monitoring Report to DAERA during 2022.

Complaints Handling

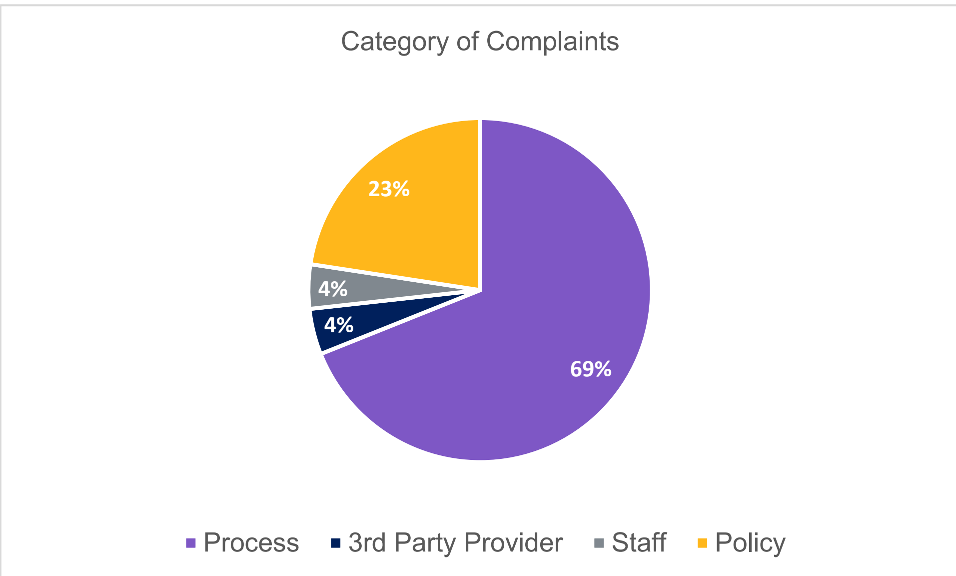
During 2021-22, the Department received 673 complaints and responded to 92% of all complaints within the agreed timescale[12]. The majority of complaints were associated with the administration and awarding of benefits. However, the complaints received represent less than 1% of the social security benefit caseload. A breakdown of the complaints received by Business Area is shown in the graph below.

[12] The agreed timescale for complaints to be dealt with by the Department is 10 working days, with the exception of the Child Maintenance Service where it is 15 working days.



The majority of complaints related to processing of benefits, rather than the policy, staff or third party providers. This is displayed in the chart below.

Category of complaints received in 2021-22



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 DfC complaints procedure Department for Communities (communities-ni.gov.uk).

Conclusion

On 5 November 2021, the Department marked the first anniversary of its Strategy, ‘Building Inclusive Communities’. Reflecting on our key achievements over the previous 12 months it was clear that our people have worked tirelessly, along with our Arm’s Length Bodies and other delivery partners, to deliver against the Strategy’s four cross-cutting themes; Anti-Poverty, Wellbeing & Inclusion, Sustainability & Inclusive Growth, and Agility & Innovation.

We have established a strong foundation as we continue to deliver against our four cross-cutting themes. The year ahead is likely to bring new challenges which will impact our ability to deliver planned activities and work programmes for 2022-23.

I will seek to continue the work of my predecessor, Tracy Meharg in building a culture of strong leadership, to harness our collective potential across the organisation and continue to create an innovative environment where together, we can develop solutions to the complex challenges that we as a Department and society face.

As I look forward to the year ahead I do so with confidence that our Department and its staff will continue to deliver quality public services to the citizens of Northern Ireland.

COLUM BOYLE
ACCOUNTING OFFICER
6 JULY 2022

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 following the restructuring of NICS Departments. In respect of 2021-22, up until the suspension of the Northern Ireland Assembly on the 28 March 2022, in advance of the Assembly elections in May 2022, the Department for Communities was under the direction and control of Northern Ireland Assembly Minister Deirdre Hargey. The current Northern Ireland Assembly was elected on 5 May 2022 however an Executive has not been formed. Incumbent Ministers can remain in post for up to 24 weeks from the date of the Assembly's first sitting due to provisions in the Northern Ireland (Ministers, Elections and Petitions of Concern) Act 2022. Therefore the Department for Communities continues to operate under the direction and control of Minister Hargey.

The Permanent Secretary is the Department's most senior official and the Minister's principal advisor. For the 2021-22 financial year, Tracy Meharg was the Department's Permanent Secretary and Accounting Officer until her retirement on 21 March 2022. Moira Doherty was appointed as interim Permanent Secretary and Accounting Officer from 7 March 2022 pending the appointment of the Department's new Permanent Secretary and Accounting Officer, Colum Boyle, from 25 April 2022.

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 2021-22

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 2021-22 the Board received assurance reports from the DARAC Chair along with regular reports from other Sub Committees. The Board also receives and scrutinises regular stewardship reports encompassing key financial, budgetary and HR data and undertakes regular review and scrutiny 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, with membership consisting 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. Focus Sessions for 2021-22 Financial Statements were held in June 2022. A Focus session with the DfC Risk Reference Group was held in October 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 2021-22 included:

- Identification of themes from issues arising
- Monitoring and advice on the management of departmental information and security risks including cyber and physical environment risks
- Reviewing Cyber Threat and Information & Data Management risks and associated controls and actions
- Annual review of the Strategic Information Assurance Framework
- Oversight of the DfC Security Policy and Advice Group
- Oversight of progress on accreditation of departmental systems

- Promoting adherence to UK GDPR principles, monitoring and making recommendations to ensure compliance
- Oversight of all departmental information assurance issues
- Ensuring good information and governance principles and policies are adhered to across the Department
- Promoting best practice.

People and Resources Sub-Committee

The People and Resources Sub-Committee meets on a six weekly 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 on a six weekly basis to the Board. An annual report to the Board is also provided.

Policy & Strategy Sub-Committee

The Policy and Strategy Sub-Committee 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 the DfC Strategy, "Building Inclusive Communities". The Committee is responsible for providing assurances to the Board in relation to the delivery of the DfC Strategy. The Committee's remit also includes monitoring progress of the Department's legislative programme, 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 2021-22

Departmental Management Board Attendance Record 8 Board Meetings held during 2021-22			
Board Members	**Meetings attended**	**NEBMs**	**Meetings attended**
Tracy Meharg Permanent Secretary & Accounting Officer	**8/8**	**John West** NEBM / DARAC Chair	**8/8**
Moira Doherty Deputy Secretary	**8/8**	**Duncan McCausland** NEBM / DARAC Deputy Chair	**8/8**
Colum Boyle Deputy Secretary to 16-05-21	**1/1**		
Beverley Wall Deputy Secretary	**7/8**		
Mark O'Donnell Acting Deputy Secretary from 06-04-2020 to 01-12-2021, Substantive Deputy Secretary from 01-12-2021	**7/8**		
Paddy Rooney Acting Deputy Secretary from 17-05-2021	**7/7**		
Brenda Henderson Acting Deputy Secretary from 10-05-2021	**7/7**		
Finance Directors and the NICS HR Business Partner for DfC also attend Board meetings**.** From January 2022 the Director of Corporate Services & People Development (CSPD) also attends.			

DARAC Attendance Record 4 meetings held during 2021-22. Quorum for meeting – 3 members			
NEBMs	**Meetings attended**	**Independent Members**	**Meetings attended**
John West DARAC Chair	**4/4**	***Emer Morelli**	**4/4**
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 Northern Ireland Audit Office.

All bar one Board meeting and all DARAC meetings have been conducted remotely during the Covid-19 pandemic.

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

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

Duncan McCausland's appointment as a NEBM and Deputy Chair of DARAC is due to end in June 2022. A new NEBM, Neil Bodger, has been appointed from 1 May 2022.

Conflicts of Interest

A Register of Board Interests is maintained by the Department and published annually on the Department's website: [Departmental Management Board Register of Interests | Department for Communities (communities-ni.gov.uk)]

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.

Conflicts of interest were declared by a NEBM at the August 2021 and March 2022 Board meetings. Conflicts as identified were appropriately managed in accordance with the Board Operating framework. No other Board Members have declared any significant interest which would conflict with their management responsibilities.

Special Advisers Conflicts of Interest

In line with the current Declaration of Interests policy for special advisers, all special advisers declared any relevant interests or confirmed they do not consider they have any relevant interests. The Permanent Secretary has considered these returns for the DfC Special Adviser and determined that there are no conflicts of interest to declare.

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 appropriate).

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 the annual Governance Statement.

During the year to April 2022, the Board met on eight occasions, mostly remotely due to Covid-19 restrictions. We managed on one occasion to meet face to face, suitably distanced, at Stormont Pavillion in November, before Covid restrictions were reintroduced. I remain hopeful that we will be able to resume in-person meetings soon as I believe it enables much better discussions and exchange of ideas to take place.

Areas covered in our Board meetings are summarised below. The variety and scope of discussions at Board fully reflects the scale and range of responsibilities within the Department, continually focusing on the big priorities while also keeping a close watch on other important areas and activities.

Supporting our Customers

Covid-19 remained a constant factor in how the Department supported customers during the year. Some face to face services were restored but many customer support processes developed in response to the pandemic continued to operate. The Board received reports on how the Voluntary and Community and Social Enterprise sectors were being supported in their work to assist vulnerable customers. We heard how the Department was addressing food poverty and financial wellbeing, managing customer complaints and meeting its extensive Equality responsibilities. We also heard how the Department intends to respond to a significant report from the Northern Ireland Public Service Ombudsman (NIPSO) into Personal Independence Payment processes.

In addition, the Board received progress reports on Jobstart, Community Planning, Disability Employment programmes, Labour Market Recovery Interventions and a No Interest Loan Scheme pilot.

Supporting our People

With most staff continuing to work remotely or under Covid-19 restrictions, the Board received briefings on design principles for New Ways of Working, which we expect to see rolling out in the next twelve months. The Board was also updated on Staffing challenges, People Strategy and People Action Plan, Staff Health and Safety, Training Plans and Diversity and Inclusion policies. We were updated on plans to develop and embed key new competencies within the Department in areas such as Commercial Skills, Procurement, Contract Management, Programme Office and Project Management. The new People & Resources Sub-Committee performs valuable work scrutinising all matters relating to staff capacity and capability and reporting on progress to the Departmental Board.

The Way We Plan, Organise and Work

The Board agenda includes standing items such as operational performance, business planning, risk management and financial stewardship, which provides us with assurance that the Department continues to run efficiently. The Policy & Strategy Sub-Committee, on behalf of the Board, provides oversight on the delivery of the Department's five year strategy and the ongoing development of the Department's policy-making capability. The departmental IT & Digital Strategy was presented to Board in November with a vision to drive sustainable business transformation through the widespread adoption and use of digital technologies by our staff, customers and ALBs. Board received updates on how Fraud & Error in benefits is being managed and took part in a live rehearsal exercise as part of the implementation of new Department-wide Business Continuity arrangements.

Other Significant Topics presented to Board

- Northern Ireland Housing Executive – Revitalisation Plans
- Armagh Observatory & Planetarium –Strategy & New Initiatives

- Libraries NI – Strategic Priorities & New Opportunities
- Arts Council – Strategy, Challenges & Plans
- Historic Buildings
- Climate Change
- Cyber Security
- Sport & Physical Activity Strategy
- Stadia Programme
- City Deals
- Charity Regulation
- Sign Language

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. Duncan will come to the end of his term in June, after over five years as a Non-Executive with DfC. I would like to express my thanks to Duncan for his support and insightful scrutiny during his time with us, and welcome our new non-Executive, Neil Bodger, who joins DMB and DARAC as a new Non-Executive in May.

DARAC met four times during the year and held a number of focus sessions. 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. DARAC has welcomed the new risk management arrangements which have been put in place, including the establishment of the Risk Reference Group which has provided additional assurance to our Committee. We also receive detailed and expert assurance from the Departmental Information Assurance Committee (DIAC) on information and cyber security in DfC.

In addition to the usual comprehensive assurance reports, DARAC held sessions on significant areas of interest including Fraud and Error, Sports Sustainability Fund, Annual Accounts, Child Maintenance Services, and Risk Management Governance.

Areas where the Committee considers there is a need for ongoing focus include the establishment of partnership agreements with ALBs (also raised in 2021 but delayed in part due to Covid), and capacity and funding challenges which are impacting achievement of key objectives.

Conclusion

Despite the current improved position in relation to the pandemic, the coming year is set to be even more challenging for the Department as funding and resourcing challenges are at a level not seen for some time. However the Senior Team has a clear and credible strategy to navigate these challenges and to continue to deliver vital support to those most in need of help.

I am looking forward to continuing to support the Executive Team and colleagues on this journey during 2022-23.

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 the Department's organisational and governance structures, roles and responsibilities of those charged with governance, key internal controls, 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

As Accounting Officer I am required to disclose where formal Ministerial Direction to proceed has been sought where I believe the Department has been 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 written Ministerial Directions to DfC officials to put in place arrangements for the following:

(i) Creative Individuals Recovery Fund: The Fund was established in June 2021 in recognition of the plight of many associated with this vital sector which was among the first to suffer closure and one of the final to re-open as a result of the necessary Covid restrictions.

(ii) Child Funeral Fund: Established from June 2022 to provide a one-off lump sum payment to cover the basic cost of a funeral in the event of the death of a child up to the age of 18, or stillborn babies born after 24 weeks. The Direction was provided in the absence of an agreed budget however the initial Draft Budget has now proposed allocating funding to DfC to implement the Fund.

(iii) Covid Recovery Programme Employment and Skills Initiative: A scheme to support individuals and not-for-profit organisations in respect of new salary and supporting costs for up to three years. Following an initial Direction to approve this Programme, a further Direction was made to increase the expenditure from £20 million to £21.3 million. The additional £1.3 million is to support delivery bodies' administration costs in future years up to 2026.

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 number of Sub-Committees - the Departmental Information Assurance Committee (DIAC), the Policy & Strategy Sub-Committee and the People & Resources Sub-Committee. Information on Board and Committee structures, attendance and areas of focus for 2021-22, are outlined within the Directors' Report on pages 73-87.

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. Reviews consider the Board 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 Board culture are considered and reviews provide an opportunity for Board member self-assessment. Reviews also consider risk management arrangements in line with the requirement for annual review and the principle of comply or explain set out in the 'HM Government Orange Book: Management of Risk – Principles and Concepts'.

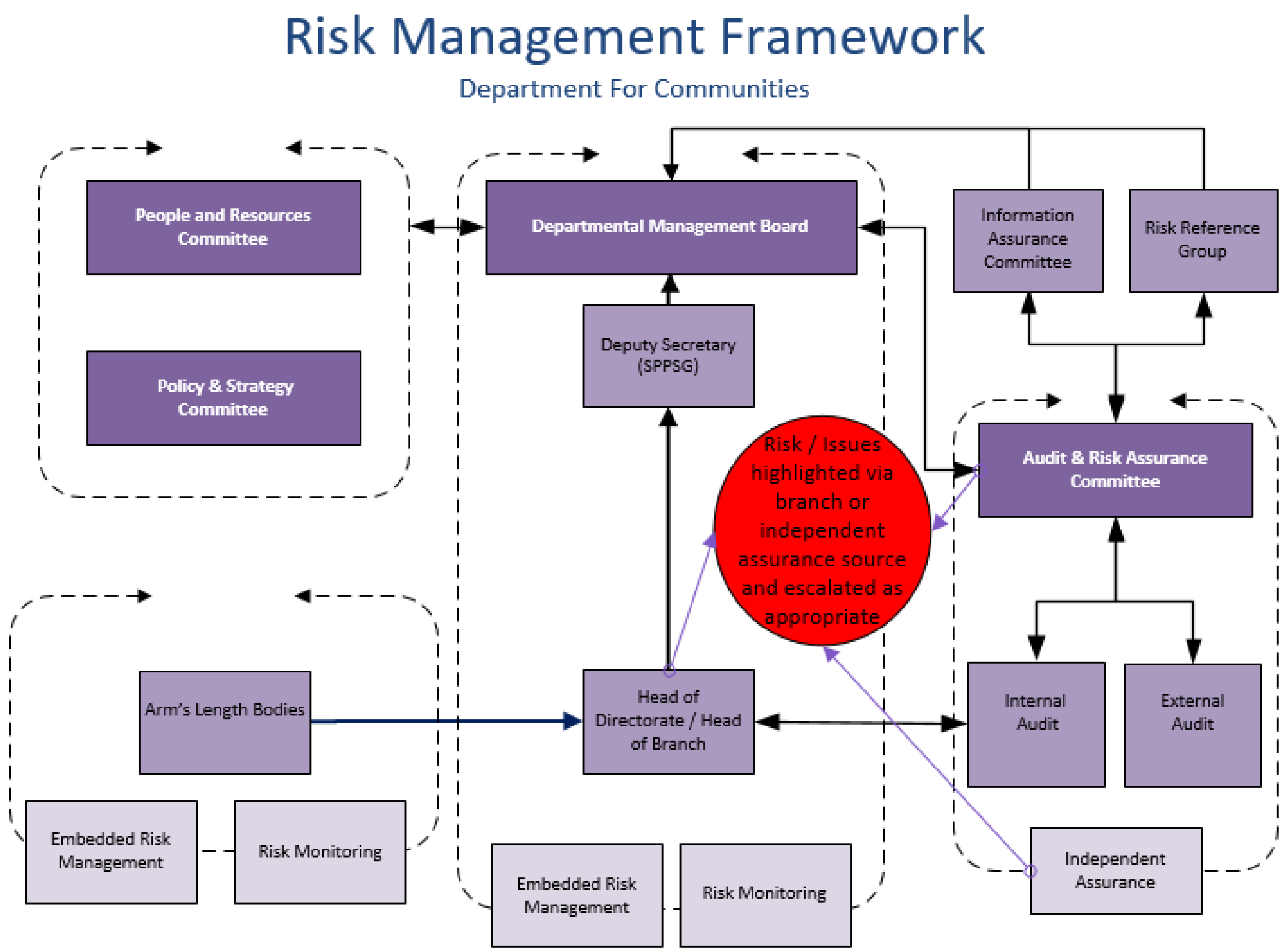
The Board continues to build on recommendations flowing from previous Board effectiveness reviews and the 2021-22 review will be externally facilitated by a Senior Civil Servant who will report to the Board in August 2022.

DARAC Review of Effectiveness

DARAC undertakes an annual review of effectiveness in line with recommended best practice. The 2021-22 review was undertaken using the NAO Audit and Risk Assurance Committee Effectiveness Checklist. DARAC met on 29 April 2022 to consider the Checklist, the impact and effectiveness of the Committee and compliance with good practice. The review allows DARAC to strengthen its approach and ensure focus on areas of greatest importance for the Department.

Risk Management

DfC's Risk Management Framework is an integrated part of its corporate governance system illustrated as follows:



Risk management arrangements are in line with the 'HM Government Orange Book: Management of Risk – Principles and Concepts' and the Corporate Governance Code with no departures to disclose.

Arrangements have been in place throughout 2021-22 and have operated up to the date of approval of the annual report and accounts.

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. The Board has also established a Risk Reference Group bringing together senior Risk Leads to support the Board with its responsibilities for risk management.

The Risk Reference Group supports the identification, evaluation and management of the Principal and emerging risks facing the Department. 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 Board undertakes a quarterly review of Principal risks, with reporting from the Risk Reference Group and DARAC in respect of their regular monitoring, review and assurance. This includes their assessment of the effectiveness of risk management arrangements and the adequacy and effectiveness of control processes for Principal risks. In addition an expertly facilitated Workshop was held with the Risk Reference Group in April 2022, with focus on the Department’s overall risk profile, embedding of risk appetite and further work in respect of a Risk Aware culture across DfC.

An Audit of DfC Risk Management has provided a Satisfactory Opinion and confirmed that DfC has established ‘Satisfactory’ risk management arrangements in line with HM Government’s *‘The Orange Book - Management of Risk – Principles and Concepts’* to adequately identify and manage Board Level Risks.

Further detail of the Departments Principal risks and its Risk Management processes which have been established to ensure that the risks faced by the Department are identified and managed, are included in the Performance report pages 1-72.

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.

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. It outlines procedures to be followed in the event of fraud being detected or suspected. The number of cases under enquiry or investigation are reported bi-annually to DARAC.

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 reported bi-annually to DARAC.

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 2021-22, 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 105.

The 2021-22 Internal Audit Plan was approved by DARAC in March 2021 to meet the priorities and key assurance requirements of the Department, including Covid-19 Schemes. In addition to the planned assignments Internal Audit have responded to a range of consulting requests including ad hoc advice and guidance, attendance at project boards and post-audit support. All of this work informs the Internal Audit opinion for 2021-22. The HIA overall opinion is based on internal audit activity carried out during 2021-22 and cumulative assurances derived from internal audit activity during the previous 3 year period, with a 'Satisfactory' opinion for 2021-22 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 the status of all DoF Internal Audits completed in respect of DoF shared services for 2021-22, additionally it was confirmed with the DoF HIA that there are no recommendations specifically directed at DfC in 2021-22. 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 2021-22 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 ALBs 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 and 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 2021-22 was presented to the Board in May 2022 and 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 2021-22 year. My assessment is informed by the DARAC Chair's Annual Report, the annual opinion from the HIA 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 2021-22 financial year.

Key Risks and Issues

The most significant issues relating to the Department's business in 2021-22 and the current position on any issues highlighted in the 2020-21 Governance Statement are detailed below:

Covid-19

The roll-out of IT equipment and systems to support home-working during Covid has been successful. Whilst the initial demand on the benefit system has largely returned to normal levels, delivering normal business alongside Covid responses remains challenging.

The Department is currently preparing and progressing plans for New Ways of

Working following update to the Executive's guidance on working from home. Accommodation and IT changes have been made to some buildings with further work planned to support a Hybrid Working Policy.

The Public Accounts Committee published its report on the Sports Sustainability Fund on 25 February 2022. In the absence of an Executive, DoF are progressing a Memorandum of Reply which is expected to be presented to the Assembly once circumstances allow.

EU Exit

On 31 January 2020 the UK formally left the EU and entered a Transition Period which ran until 31 December 2020. Since the end of the Transition Period, the Department has continued to work in partnership with TEO and all other NICS Departments to support the Minister on issues relating to the new and developing relationship between the UK and the EU.

Discussions are ongoing between the UK and the EU which are aimed at solving issues associated with the operation of the Northern Ireland Protocol. The Department has established appropriate processes to ensure it has the capacity and capability to deal with any changes or increased demand for its services, arising as a result of EU exit.

Northern Ireland Assembly and Budget Authority

The Assembly passed the Budget Act (Northern Ireland) 2022 in March 2022 which authorised the cash and use of resources for all departments for the 2021-22 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2022 also included a Vote on Account which authorised departments' access to cash and use of resources for the early months of the 2022-23 financial year. The cash and resource balance to complete for the remainder of 2022-23 will be authorised by the 2022-23 Main Estimates and the associated Budget Bill based on an agreed 2022-23 Budget. In the event that this is delayed, then the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 will be used to authorise the cash, and the use of resources during the intervening period.

Forward Look Financial Position

Following the resignation of the First Minister and the subsequent lack of an Executive, a Budget for 2022-23 could not be finalised. The Finance Minister wrote to departments to set out a way forward in the absence of an Executive to agree a Budget. This process involved DoF issuing departments with contingency planning envelopes for the 2022-23 financial year. These envelopes provided departments with an assessment of the minimum funding they could reasonably expect for 2022-23 and allowed departments to plan for expenditure until such times as a Budget could be agreed.

Protective Security

Fifteen major incidents involving personal data were reported to the Department's Data Protection Officer (DPO) during 2021-22. One incident met the threshold for notification to the Information Commissioner's Office (ICO) however in that case the ICO took no further action. There were no reported incidents from 2020-21 carrying into 2021-22.

The DPO continued work on awareness and training opportunities for all staff to improve data protection and personal data handling awareness across the Department. The DPO Forum has prepared a new data protection learning course which will commence roll out across the NICS in 2022-23.

Fraud and Raising Concerns (Whistleblowing)

Nine incidents of suspected fraud were reported during 2021-22. All incidents related to the Department's ALBs or Grant-funded Organisations. Of the cases investigated and closed during the year, there were four cases of fraud confirmed, one case where fraud was attempted but prevented due to the operation of internal controls and five cases where no evidence of fraud was found. Investigations into eight cases were ongoing at the end of the year.

During 2021-22 the Department received fourteen concerns through its Raising Concerns (Whistleblowing) arrangements and ten cases were notified by DfC ALBs. Of the concerns received by DfC, five related to its ALBs and three to Grant-funded Organisations. At the year-end three of the concerns received by DfC were ongoing.

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 2021 is estimated to be 3% of the £7.1 billion annual benefit expenditure. Underpayments of benefit due to error is estimated to be 0.7% of expenditure. These estimates relate to a period when, during the early days of the Covid pandemic, checks to new Universal Credit claims were necessarily paused to manage the surge in demand and restrictions in place and where there was an increase in self-employed cases where income is more difficult to verify.

A wide range of activities are in place to mitigate against the risk of fraud and error within the benefit systems, with a new DfC Fraud, Error & Debt Strategy now 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 committed to the extension of the mitigation schemes and funding was allocated for the 2021-22 financial year with payments being made under the sole authority of the relevant Budget Act pending a statutory extension of the schemes.

The Assembly subsequently approved legislation extending the Social Sector Size Criteria mitigation scheme without an end date. Legislation to extend the remaining mitigation schemes until 31 March 2025 was also approved by the Assembly in January 2022.

New Decade, New Approach committed to a review of welfare mitigation measures. The Department commissioned an independent panel, led by the former Chief Commissioner of the NI Human Rights Commission, to complete this important work. While the review was unavoidably delayed due to the impact of the Covid-19 pandemic the independent panel commenced their work in October 2021. A final report, including recommendations, is expected to be published in due course.

All Welfare Reforms are now live in Northern Ireland, including Universal Credit which has been successfully rolled out for new claims. DWP has announced plans to commence testing its approach for the planned transfer of legacy benefit claimants, including Tax Credit claimants to Universal Credit (known as Move to UC), before scaling of the managed migration process is started in earnest. A decision has not yet been taken in respect of the commencement of managed migration for customers in Northern Ireland.

Personal Independence Payments (PIP)

The Northern Ireland Public Service Ombudsman (NIPSO) ‘Own Initiative’ investigation report into the administration of PIP was published on 23 June 2021.

Upon detailed consideration of this report the Department submitted an Action Plan to the Ombudsman's Office in December 2021 detailing progress against the recommendations, with a number accepted or accepted in principle. Departmental officials continue to meet with NIPSO officials on a monthly basis to update on progress against recommendations. The Ombudsman intends to report on the action taken by the Department after summer 2022.

State Pension Underpayments

In March 2020 DWP alerted the Department to the fact that some individuals, particularly certain categories of married women, widows and people aged 80 and over had been underpaid State Pension. From July 2020 the Department has been working closely with DWP to ensure that 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. A total of 5,168 individuals resident in NI have been identified as requiring further investigatory work to determine if they have been underpaid State Pension. 5,002 have now been reviewed with £5.4 million paid in arrears to affected customers. It is anticipated that the correction exercise will be completed in early 2022-23 and work is ongoing in conjunction with DWP to establish whether there could be more individuals affected.

Child Maintenance

As highlighted in previous Governance Statements, 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. 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 (MUDC) 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. The MUDC issued a Statement of Claim to the Department and following advice from Legal Counsel, the Department is now due to pay this amount along with associated interest compensation.

Regional Stadia

In July 2021, the DfI Minister granted Planning Permission for the Casement Park Stadium. A Judicial Review of this decision was sought in October 2021 and the Hearing concluded in April 2022. The Judicial Review ruling was delivered on 31 May 2022, with the Planning Permission upheld. This project milestone will now enable further progression on interdependent project activities. 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.

Northern Ireland Housing Executive (NIHE) Revitalisation

As reported in previous Governance Statements, change is needed to address housing challenges, including the long term sustainability of the NIHE housing portfolio. A Housing Executive Revitalisation Programme was established to provide advice to Minister on options for tackling the NIHE investment challenge and the long term sustainability of the NIHE housing portfolio. DfC and NIHE officials have updated the analysis and explored options which address the investment challenge, predicated on a comprehensive rental review. Advice will be presented for consideration in the new mandate.

Social Housing Development (SHDP) Inspections

The 2020-21 Governance Statement highlighted that the completion of SHDP inspections during 2020-21 had been significantly impacted by Covid-19. A substantive programme of inspections was resumed in 2021-22 and is continuing.

Affordable Warmth Scheme

Irregular spend relating to the original Business Case for the Affordable Warmth Scheme was highlighted in previous Governance Statements. A substantial Internal Audit review examining the Department's establishment of the scheme and oversight of scheme delivery resulted in a limited opinion Audit Report. Recommendations have been made for both the NIHE and the Department. A detailed Action Plan is in place to address all recommendations, which the Department will continue to progress and monitor closely. Follow up by Internal Audit is scheduled for 2022-23.

Housing Associations

Review of the Regulatory Framework for Registered Housing Associations (RHAs), Special Needs Management Allowance (SNMA) and the ongoing Judicial Review of the Statutory Inquiry into the affairs of Woodvale and Shankill Community Association were highlighted within the 2020-21 Governance Statement.

Following three years of regulatory judgments, a review of the Regulatory Framework for RHAs was due to commence in 2020-21 but was deferred as a result of the Covid 19 pandemic. Work on the review commenced during 2021-22 and will continue to be progressed throughout the 2022-23 financial year.

An independent review is currently underway to inform the development of policy proposals on SNMA. This work was paused in 2020-21 due to Covid-19 but is now anticipated to conclude during 2022-23.

The Judicial Review relating to a Statutory Inquiry into the affairs of Woodvale and Shankill Community Association 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 DfC Permanent Secretary wrote to the President of the Appeals Tribunal in September 2021 agreeing to a pilot exercise on interlocutory matters. The purpose of this review is to assess the effectiveness of a case management review prior to a first hearing in order to reduce the adjournment rate. The pilot commenced in December 2021 and will last up to 9 months.

Charity Commission for Northern Ireland (CCNI)

As highlighted in the 2020-21 Governance Statement, in February 2020 the NI Court of Appeal upheld the May 2019 Mc Bride High Court decision which found that section 19 of the Interpretation Act (NI) 1954 together with provisions within the Charities Act (Northern Ireland) 2008 did not provide express or implied power for CCNI to delegate decision making in relation to its statutory functions to staff.

The Minister for Communities brought forward a Charities Bill to address the impacts of the McBride Judgment, which passed Final Stage in the Assembly in February 2022 and received Royal Assent in March 2022, becoming the Charities Act (Northern Ireland) 2022. The 2022 Act amends the 2008 Act with retrospective effect rendering previous decisions taken by Commission staff lawful (in cases where doing so is consistent with rights under the European Convention on Human Rights (ECHR) and decisions are not unlawful on other grounds).

The 2022 Act also provides power of delegation to Commission staff going forward, provided that the functions to be delegated are set out in a Scheme of Delegation approved by the Department. There are however certain functions that can never be delegated to staff. The first Scheme of Delegation will be the subject of public consultation which it is anticipated will be taken forward in 2022-23.

The 2022 Act also inserts a power to enable the Department to introduce a registration threshold for charities at some future point if deemed appropriate.

The Minister also commissioned an independent review of charity regulation and the role of CCNI as regulator. The Department is currently considering its response to recommendations contained within the report, which was published in January 2022.

Limited Opinion Audit Reports

No limited opinion audit reports were issued by the HIA during 2021-22. There were two Limited opinion reports referenced in the 2020-21 Governance Statement. The opinion on DfC Business Continuity Planning & Management (March 2020) has been raised to satisfactory following audit follow up. The Limited Opinion on the Affordable Warmth Scheme (March 2021) remains, with Internal Audit continuing to provide post audit support to management and a follow up scheduled for 2022-23.

Extraordinary Audit, Causeway Coast and Glens Borough Council

As reported in the 2020-21 Governance Statement, 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.

The audit has been completed and will be published on the 7 July 2022.

Arm’s Length Bodies (ALBs)

New Decade New Approach Review of DfC ALBs

The Executive has agreed that the commitment to review ALBs set out in New Decade New Approach should proceed. It will be for individual Ministers and their Departments to take forward reviews for their respective ALBs. The first DfC reviews will be of the Commissioner for Older People and the Northern Ireland Commissioner for Children and Young People. These will be progressed in 2022-23.

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 2020-21 Governance Statement the overall pace of progress on Partnership Agreements was impacted by the Covid-19 emergency. Progress has been made during the 2021-22 year with completion of Agreements anticipated in 2022-23.

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. An independent review of Human Resources and Governance matters was conducted in the office of the

Commissioner for Older People NI during 2021-22. The Department will retain oversight in respect of actions required following report recommendations.

Sport NI

The Department continues to engage closely with Sport NI on organisational, financial and structural issues. The Department is also engaging with the Sport NI Chair on the Board's assessment of organisational effectiveness.

North/South Language Body

It has not been possible to secure North South Ministerial Council (NSMC) approval of the 2022 Business Plans for North/South Language Bodies. While arrangements have been made with DoF to ensure legality of payments in 2022, in the absence of NSMC approved business plans, expenditure will be irregular until the NSMC approves each of these Business Plans. (Total expenditure of £2.41 million in respect of funding for the period 1 January 2022 to 31 March 2022 is therefore deemed to be irregular).

Foras na Gaeilge (FnaG) and the Ulster Scots Agency, continue to be impacted by uncertainty around North/South Ministerial Council (NSMC) meetings. The NSMC is an integral part of the Language Body decision-making process and important matters such as business plan approval, approval of the FnaG Chief Executive appointment and Board appointments will require further consideration in 2022-23.

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 2021-22 NI public sector pay policy (March 2021).

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 were paid in June and July 2021. The pay awards for 2021-22 were paid in September and October 2021.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, 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 consideration of 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)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Deirdre Hargey Member of Legislative Assembly (from 1 April 2021 to 31 March 2022)	**38,000**	-	-	-	**12**	-	**50**	-
(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)	-	-	-	7	-	26

** 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) 2021-22	Salary (£'000) 2020-21	Benefits in kind (to nearest £100) 2021-22	Benefits in kind (to nearest £100) 2020-21	Pension Benefits* (to nearest £1,000) 2021-22	Pension Benefits* (to nearest £1,000) 2020-21	Total (£'000) 2021-22	Total (£'000) 2020-21
Tracy Meharg Permanent Secretary (to 21 March 2022 Retired)	**125-130** **(130-135 full year equivalent)**	125-130	**-**	-	**35**	67	**160-165**	190-195
Moira Doherty Deputy Secretary (to 6 March 2022) Acting Permanent Secretary (from 7 March 2022)	**95-100** **(120-125 full year equivalent as Permanent Secretary)**	90-95	**-**	-	**46**	43	**145-150**	135-140
Jackie Kerr Deputy Secretary	**95-100** **(100-105 full time equivalent)**	90-95 (95-100 full time equivalent)	**-**	-	**56**	66	**150-155**	155-160
Beverley Wall Deputy Secretary	**95-100**	90-95	-	-	**50**	116	**145-150**	205-210
Mark O'Donnell Deputy Secretary	**95-100**	90-95	**-**	**-**	**52**	131	**150-155**	220-225
Brenda Henderson Acting Deputy Secretary (from 10 May 2021)	**85-90** **(95-100 full year equivalent)**	**-**	**-**	**-**	**152**	**-**	**240-245**	**-**
Paddy Rooney Acting Deputy Secretary (from 17 May 2021)	**85-90** **(95-100 full year equivalent)**	-	**-**	**-**	**179**	**-**	**265-270**	**-**

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

Single total figure of remuneration								
	Salary (£'000)		**Benefits in kind (to nearest £100)**		**Pension Benefits* (to nearest £1,000)**		**Total (£'000)**	
Officials	**2021-22**	2020-21	**2021-22**	2020-21	**2021-22**	2020-21	**2021-22**	2020-21
Iain Greenway Acting Deputy Secretary (from 7 March 2022)	**5-10** **(95-100 full year equivalent)**	-	**-**	-	**1**	-	**5-10**	-
Colum Boyle Deputy Secretary (to 16 May 2021)	**15-20** **(100-105 full year equivalent)**	100-105	**-**	-	**23**	65	**35-40**	165-170
Louise Warde-Hunter Deputy Secretary (to 19 April 2020)	**-**	5-10 (95-100 full year equivalent)	-	-	**-**	8	**-**	15-20
Duncan McCausland Independent Board Member	**10-15**	5-10	**-**	-	**-**	-	**10-15**	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. This report is based on accrued payments made by the department and thus recorded in these accounts.

The Department for Communities was under the direction and control of NI Assembly Minister Deirdre Hargey during the financial year. Her salary and allowances were paid by the department and have been included in these accounts. These amounts do not include costs relating to the Minister's role as MLA which are disclosed in the Northern Ireland Assembly Commission 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.

Fair Pay Disclosures (Audited Information)

Pay Ratios

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

The banded remuneration of the highest-paid director in the department in the financial year 2021-22 was £125,000 - £130,000 (2020-21, £120,000 - £125,000). The relationship between the mid-point of this band and the remuneration of the department's workforce is disclosed below.

2021-22	25th percentile	Median	75th percentile
Total remuneration (£)	22,771	26,295	29,307
Pay ratio	5.6:1	4.8:1	4.3:1

The 2020-21 median was £25,839 (Pay ratio - 4.7:1).

The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required and the 2021-22 Financial Reporting Manual does not require comparative figures to be disclosed for 2020-21.

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.

For 2021-22, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2021-22 and in 2020-21, no employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £15,147 to £127,500 (2020-21, £17,369 to £122,500).

There was no material change in the pay ratios between 2021-22 and 2020-21.

Percentage Change in Remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the:

a) salary and allowances, and
b) performance pay and bonuses (not applicable to the Northern Ireland Civil Service)
of the highest paid director and of their employees as a whole.

The percentage changes in respect of the department are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year.

Percentage change for:	2021-22 v 2020-21
Average employee salary and allowances	2.9%
Highest paid director's salary and allowances	4.1%

Pension Benefits – Ministers (Audited Information)

Minister	Accrued pension at pension age as at 31/3/22 £'000	Real increase in pension at pension age £'000	CETV at 31/3/22 £'000	CETV at 31/3/21 £'000	Real increase in CETV £'000
Deirdre Hargey Member of Legislative Assembly (from 1 April 2021 to 31 March 2022)	0-5	0-2.5	13	5	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. The tenure of the first Panel ended in July 2016. As a consequence of the Assembly Commission's desire to consider a reform of the Panel and the political situation between March 2017 and January 2020, a new Panel was not appointed. Legislation to reform the Panel, although started, was not completed before the dissolution of the Assembly on 28 March 2022, therefore, the legislation and appointment of the Panel will be taken forward during the next mandate.

In April 2016 the Independent Financial Review Panel (IFRP) 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 retained 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 AMPS because of their age. However the applicability of, and approach to, the McCloud judgement in relation to this scheme is not a matter for the Assembly Commission, instead it is a matter for IFRP. Therefore, this matter will be given further consideration once a new panel is appointed.

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 (1/50th or 1/40th) 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. Up to the 6 May 2021 those Ministers under the transitional protection arrangements paid contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. The contribution paid by Ministers in the CARE Scheme is 9% of the Ministerial salary. 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. Following the publication of the triennial valuation of the AMPS by the Government Actuary's Department, this was increased from 14.4% to 17.1% of Ministerial salary, effective from 1 April 2021. 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 Benefits – Officials (Audited Information)

Officials	Accrued pension at pension age as at 31/3/22 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/22 £'000	CETV at 31/3/21 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Tracy Meharg Permanent Secretary (to 21 March 2022 Retired)	50-55 plus a lump sum of 155-160	0-2.5 plus a lump sum of 7.5-10	1,235	1,154	37	-
Moira Doherty Deputy Secretary (to 6 March 2022) Acting Permanent Secretary (from 7 March 2022)	30-35 plus a lump sum of 55-60	2.5-5 plus a lump sum of 0-2.5	510	457	25	-
Jackie Kerr Deputy Secretary	50-55 plus a lump sum of 115-120	2.5-5 plus a lump sum of 0-2.5	1,027	933	40	-
Beverley Wall Deputy Secretary	40-45 plus a lump sum of 85-90	2.5-5 plus a lump sum 0-2.5	750	677	32	-
Mark O'Donnell Deputy Secretary	40-45 plus a lump sum of 80-85	2.5-5 plus a lump sum 0-2.5	727	655	32	-
Brenda Henderson Acting Deputy Secretary (from 10 May 2021)	40-45 plus a lump sum of 85-90	5 -7.5 plus a lump sum of 15-17.5	794	622	134	-
Paddy Rooney Acting Deputy Secretary (from 17 May 2021)	45-50 plus a lump sum of 110-115	7.5-10 plus a lump sum of 17.5-20	966	761	161	-
Iain Greenway Acting Deputy Secretary (from 7 March 2022)	50-55	0-2.5	881	879	0	-
Colum Boyle Deputy Secretary (to 16 May 2021)	45-50 plus a lump sum of 100-105	0-2.5 plus a lump sum of 0-2.5	915	896	20	-

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 (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) 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 (tapered protection).

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, the 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 relate to the alternative schemes e.g. legacy PCSPS (NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completes Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PSCPS (NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which are available at https://www.finance-ni.gov.uk/publications/dof-resource-accounts.

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%.

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 who joined on or after 30 July 2007 were eligible for membership of the legacy PCSPS (NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen 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. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy **Classic, Premium**, and **Classic Plus** arrangements and 65 for any benefits accrued in **Nuvos**. 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 2021 was 3.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2022.

Employee contribution rates for all members for the period covering 1 April 2022–31 March 2023 are as follows:

Scheme Year 1 April 2022 to 31 March 2023

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All Members
From	To	From 01 April 2022 to 31 March 2023
£0	£24,449.99	4.6%
£24,450.00	£56,399.99	5.45%
£56,400.00	£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)

	2021–22				2020-21
	Permanently Employed Staff* £'000	Others £'000	Ministers £'000	Total £'000	Total £'000
Wages and salaries	190,561	44,442	38	235,041	227,185
Social security costs	17,794	-	5	17,799	16,110
Other pension costs	54,956	-	6	54,962	50,624
Sub Total	263,311	44,442	49	307,802	293,919
Less recoveries in respect of outward secondments	(266)	-	-	(266)	(289)
Total net staff costs**	**263,045**	**44,442**	**49**	**307,536**	293,630
Of which:	Charged to Administration	Charged to Programme	**Total**		
Core Department	38,817	268,719	**307,536**		
Total net costs	**38,817**	**268,719**	**307,536**		

**The 2021-22 figures include the cost of the Department's Special Adviser who was paid in the pay band £46k-£55k (2020-21: £46k to £55k).*

***Excluded from the total is £1,497k (2020-21 £139k) which 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.

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

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the

McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2021-22, employers' contributions of £55.0 million were payable to the NICS pension arrangements (2020-21: £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 £0.069 million (2020-21: £0.065 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% (2020-21: 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% (2020-21: £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.

27 persons (2020-21: 23 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0.146 million (2020-21: £0.069 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.

	2021–22					2020–21
Departmental Activity	**Permanently Employed staff**	**Others**	**Ministers**	**Special Advisers**	**Number Total**	Number Total
Staff Employed	6,626	1,815	1	1	8,443	7,816
Total*	**6,626**	**1,815**	**1**	**1**	**8,443**	7,816
Of which:						
Core Department	**8,443**					

**The Department does not employ any staff exclusively for capital projects.*

Number of Senior Staff by Payband

The number of SCS (or equivalent) staff by pay band as at 31 March 2022 is as follows:

Pay Band £'000	**Total**
66-75	5
76-85	19
86-95	-
96-105	6
106-115	-
116-125	1
Total	**31**

Employee Gender

At 31 March 2022 there were 7,565 substantive staff (based on staff headcount) employed within the Department. This figure excludes staff on career breaks and agency staff. Below is a gender breakdown including staff at Grade 5 and above:

	Male	Female	Total
Directors (Board Members)	1	3	4
Senior Staff (Grade 5+)	13	8	21
Employees	3,186	4,354	7,540
Total	**3,200**	**4,365**	**7,565**

Sickness Absence Data

The Department had an overall sickness absence rate of 11.7 days lost per employee in 2020-21. Annual sickness absence figures can be found in the "*Sickness Absence in the Northern Ireland Civil Service 2021/22*" report at Sickness Absence in the Northern Ireland Civil Service 2021/22 | Northern Ireland Statistics and Research Agency nisra.gov.uk). Figures for the 2021-22 financial year will be published by the end of June 2022.

Staff Turnover Percentage

The Departmental staff turnover percentage (the total number of people that have left the Department including those who have moved within the NICS) for 2021-22 is 6.4% (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 4.7% (2020-21 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 2021 NICS People Survey

The 2021 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. As the 2020 survey related primarily to the impact of Covid-19 and did not include engagement themes, the latest year for which direct comparisons can be made is 2019. 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 NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS has a wide and active network of Diversity Champions. The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the NICS.

The NICS 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. Mandatory training for recruitment and selection panel members includes raising awareness of unconscious bias. Unconscious bias training is available to all staff.

The NICS undertakes outreach activities to promote career opportunities to the disability sector and offers a Work Experience Scheme for People with Disabilities and participates in the annual International Job Shadow Day. In 2021-22 the NICS offered a number of work experience opportunities under the JobStart Scheme.

In 2021-22, the NICS implemented a Guaranteed Interview Scheme (GIS).

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

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[14]. 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 continued on promoting the importance of improving the quality of the development conversation between managers and staff, with additional resources being added to the existing talent management toolkit.

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

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.

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. Further information on the NICS' commitment to equality of opportunity is outlined in the 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 data. The statistics are available on the NICS Human Resources Statistics Section of the Northern Ireland Statistics and Research Agency (NISRA)'s website.

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 2021-22 year the Department spent £1.2 million on external consultancy (2020- 21: £0.7 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 £44 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 of Northern Ireland and the Historic Environment Division to cover specific projects 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 2021-22 (2020-21: nil).

Off-payroll engagements of board members with significant financial responsibility during 2021-22 are outlined below:

	Total
Number of off-payroll engagements of Board members with significant financial responsibility during 2021-22	**0**
Total number of individuals on payroll and off-payroll with significant financial responsibility during 2021-22	**9** **(7 current Board members)**

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

Data for the other 2020-21 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	-	1 (13)	1 (13)
£10,000–£25,000	-	5 (4)	5 (4)
£25,000–£50,000	-	5 (1)	5 (1)
£50,000–£100,000	-	4 (1)	4 (1)
£100,000–£150,000	-	-	-
£150,000–£200,000	-	-	-
Total number of exit packages	**-**	**15 (19)**	**15(19)**
Total Resource Cost £'000	**-**	**514 (212)**	**514 (212)**

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 2021-22 and 2020-21. £0.5 million exit costs were paid in 2021-22, the year of departure (2020-21: £0.2 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 17-21 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.

Assembly Accountability and Audit Report

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

Summary Tables - mirror Part II and III of the Estimates

Summary of Resource Outturn 2021-22 (Audited Information)

	2021-22							2020-21
	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.								
	5,512,303	(142,674)	5,369,629	5,811,678	(169,404)	5,642,274	272,645	5,406,648
Total resources (note SoAS1)	5,512,303	(142,674)	5,369,629	**5,811,678**	**(169,404)**	**5,642,274**	**272,645**	5,406,648
Non-operating Accruing Resources			**(45,447)**			**(47,885)**	**2,438**	**(21,678)**

Net cash requirement 2021-22 (Audited Information)

	2021-22				2020-21
	Note	Outturn £'000	Estimate £'000	Outturn vs estimate saving/ (excess) Net total £'000	Outturn £'000
Net cash requirement	SoAS3	**5,326,928**	**5,620,490**	**293,562**	5,329,460

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).

	Note	2021-22 Income £'000	Forecast *Receipts* *£'000*	2021-22 Income £'000	Outturn *Receipts* *£'000*
Total amount payable to the Consolidated Fund	SoAS4	278	*278*	**1,093**	***1,239***

The notes on pages 163 to 252 form part of these accounts.

Notes to the Statement of Outturn against Assembly Supply 2021-22

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)

	2021-22										2020-21
	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	29,117	251,653	84,780	365,550	(14,614)	350,936	360,119	(8,537)	351,582	646	333,903
Belfast Benefit Delivery Centre	-	36,765	-	36,765	(36,765)	-	-	-	-	-	-
Eastern Area (GB Child Maintenance Group)	-	32,714	-	32,714	(32,714)	-	-	-	-	-	-
Child Maintenance Service	-	8,362	-	8,362	(979)	7,383	8,226	(744)	7,482	99	9,125
Mesothelioma Compensation Scheme	-	-	174	174	(174)	-	-	-	-	-	-
Discretionary Support Scheme	-	-	18,496	18,496	-	18,496	13,813	4,683	18,496	-	13,145
Housing benefit	-	-	93,914	93,914	-	93,914	97,000	(1,106)	95,894	1,980	101,122
Housing	6,162	2,125	6,885	15,172	(25,034)	(9,862)	(8,404)	(550)	(8,954)	908	2,590
Housing grants to the NI Housing Executive Landlord Function	-	27,493	32,918	60,411	-	60,411	160,147	-	160,147	99,736	75,066
Interest Payments on Housing Loans	-	14,608	-	14,608	(14,608)	-	-	-	-	-	-
Urban Regeneration	5,958	6,970	34,412	47,340	(1,624)	45,716	46,608	(856)	45,752	36	42,815

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

	2021-22										2020-21
	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	5,842	792	59,586	66,220	-	66,220	62,414	3,806	66,220	-	99,010
EU Programme for Peace and Reconciliation	-	-	3,157	3,157	(2,683)	474	482	-	482	8	190
Library and Other Services	341	-	340	681	-	681	714	-	714	33	728
Arts and Museums	1,108	98	13,775	14,981	-	14,981	9,681	5,300	14,981	-	7,312
Sports	894	2,017	4,034	6,945	(90)	6,855	6,443	412	6,855	-	3,291
Cultural Policy and Languages	1,004	56	1,811	2,871	-	2,871	2,799	72	2,871	-	3,659
Public Record Office of Northern Ireland	-	5,395	-	5,395	(50)	5,345	5,502	(65)	5,437	92	5,397
Historic Environment Division	-	9,080	1,727	10,807	(1,056)	9,751	10,050	(160)	9,890	139	8,960
Local Government Services	1,806	-	81,008	82,814	(50)	82,764	81,658	1,106	82,764	-	146,511
Employment and Skills	-	-	18,349	18,349	-	18,349	22,015	(3,361)	18,654	305	13,855
Annually managed expenditure (AME):											
Non-contributory and means-tested benefits:											
- Pension benefits	-	-	7,246	7,246	-	7,246	7,803	-	7,803	557	6,588
- Disability benefits	-	11,236	1,819,241	1,830,477	-	1,830,477	1,853,112	(4,154)	1,848,958	18,481	1,722,480
- Industrial injuries benefits	-	-	29,336	29,336	-	29,336	29,265	-	29,265	(71)	29,714
- Pension credit	-	-	229,076	229,076	-	229,076	233,326	-	233,326	4,250	236,832
Income support - Jobseeker's allowance, Employment and Support Allowance and Universal Credit:								-	-	-	-
- Income support	-	-	75,495	75,495	-	75,495	76,135	-	76,135	640	88,504
- Jobseeker's allowance (income based)	-	-	27,593	27,593	-	27,593	28,566	-	28,566	973	32,147
- Employment and Support Allowance (income related)	-	-	472,312	472,312	-	472,312	484,614	-	484,614	12,302	516,286
- Universal Credit	-	9,726	914,713	924,439	-	924,439	969,168	-	969,168	44,729	841,643
- Tax credit Debt	-	(8,922)	-	(8,922)	(12,193)	(21,115)	(27,344)	-	(27,344)	(6,229)	(13,390)

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

	2021-22										2020-21
	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	-	575	-	575	(40)	535	610	-	610	75	502
- Discretionary Support	-	(46)	-	(46)	-	(46)	20	-	20	66	93
Job grant	-	-	-	-	-	-	-	-	-	-	-
Housing benefit (rent)	-	-	430,452	430,452	-	430,452	438,827	-	438,827	8,375	457,937
payments	-	-	4,229	4,229	-	4,229	6,100	-	6,100	1,871	4,157
Provisions, Depreciation and Impairments	-	10,129	-	10,129	-	10,129	5,975	4,154	10,129	-	24,515
Non-Budget:											
Cash Paid into the Social Fund	-	-	47,000	47,000	-	47,000	64,612	(11)	64,601	17,601	50,000
Northern Ireland National Insurance Fund	-	-	86,800	86,800	-	86,800	86,800	-	86,800	-	85,600
Grant-In-Aid Paid to the Northern Ireland Housing Executive	-	-	313,000	313,000	-	313,000	367,533	-	367,533	54,533	288,000
Charity Commission (NI)	-	-	2,184	2,184	-	2,184	2,184	-	2,184	-	2,100
Ulster Supported Employment Limited	-	-	874	874	-	874	1,170	-	1,170	296	732
Arts Council of Northern Ireland	-	-	17,412	17,412	-	17,412	19,540	-	19,540	2,128	37,733
National Museums and Galleries Northern Ireland	-	-	18,561	18,561	-	18,561	18,925	(3)	18,922	361	15,794
Sports Council for Northern Ireland	-	-	9,107	9,107	-	9,107	13,877	-	13,877	4,770	34,878
Northern Ireland Library Authority	-	-	32,694	32,694	-	32,694	33,327	(155)	33,172	478	33,417
Armagh Observatory and Planetarium	-	-	3,181	3,181	-	3,181	3,026	155	3,181	-	2,992
Northern Ireland Museums Council	-	-	317	317	-	317	314	3	317	-	220

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

Type of spend	2021-22 Resource Outturn Admin £'000	Other Current £'000	Grants £'000	Gross Expenditure £'000	Accruing Resources £'000	Net Total £'000	Estimate Net Total £'000	Virements* £'000	Net Total inc. Virements £'000	Outturn vs Estimate (inc. virements) saving/(excess) £'000	2020-21 Outturn Total £'000
Language body	-	-	7,837	7,837	-	7,837	10,213	-	10,213	2,376	4,895
Commissioner for Children and Young People for Northern Ireland	-	-	1,756	1,756	-	1,756	1,756	-	1,756	-	1,552
Commissioner for Older People for Northern Ireland	-	-	1,099	1,099	-	1,099	1,200	-	1,200	101	1,022
Notional Charges	32,364	-	-	32,364	-	32,364	32,353	11	32,364	-	32,650
Local Government Staff Commission	-	-	-	-	-	-	-	-	-	-	376
Resource Outturn	**84,596**	**420,826**	**5,006,881**	**5,512,303**	**(142,674)**	**5,369,629**	**5,642,274**	**-**	**5,642,274**	**272,645**	5,406,648

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 £103.9 million (11.8%) less than the Estimate. The variance was primarily due to an underspend of £99.7 million in relation to Housing grants to NIHE as a result of headroom built into the Estimate, as agreed with DoF. This was due to a bid made to DoF for major stock investment funding which unsuccessful.

The **AME** outturn is £86.0 million (2.1%) less than the Estimate due to this spend being demand led and difficult to forecast. The spend this year was less than Estimate due to the challenges around forecasting Universal Credit and the benefits it replaces. In addition the continued impact of Covid-19 presented particular challenges which added to the difficulty and complexity of forecasting AME.

The **Non-budget** outturn is £82.6 million (12.6%) less than the Estimate mainly due to and easement in payments into the Social Fund as a result of fewer Social Fund Cold Weather payments being paid, due to a mild winter, (£8.6 million) and loan recoveries exceeding payments (£8.4 million) and a reduced requirement for the Housing Regional Services cash drawdown (£54.5 million) due to the difficulty of forecasting accurately and delays in the approval of some Social Housing Development Programme schemes. Other easements across NDPBs are due to underspends in the Covid-19 Recovery Programme for Organisations.

The notes on pages 163 to 252 form part of these accounts.

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

	Note	2021-22 Outturn £'000	2021-22 Supply Estimate £'000	2021-22 Outturn compared with Estimate £'000	2020-21 Outturn £'000
Net Resource Outturn	SoAS1	**5,369,629**	5,642,274	**272,645**	5,406,648
Non-supply Expenditure (net)*	SoCITE & 4b	2,946,360	2,973,427	27,067	2,875,573
AR not treated as income					
- funding from NIF to cover administration costs		13,800	13,800	-	14,051
Other fair value adjustments and write offs relating to Non Voted and Social Fund expenditure		3,225	-	(3,225)	10,556
Non-supply Income (CFERs)	SoAS4	(1,093)	(278)	815	(3,732)
Public Corporation Equity Withdrawal		(20,490)	(20,490)	-	(14,209)
Other		1	-	(1)	3
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure	SoCNE	**8,311,432**	**8,608,733**	**297,301**	8,288,890

** Consolidated Fund Standing Services and expenditure financed by the National Insurance Fund.*

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 163 to 252 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.

		2021-22		
	Note	Outturn £'000	Estimate £'000	Outturn compared with Estimate saving/ (excess) £'000
Resource Outturn	SoAS1	5,369,629	5,642,274	272,645
Capital:				
Acquisition of property, plant and equipment	6, 7 & 8	10,286	9,860	(426)
NI Co-Ownership Housing Association - FTC Funding		36,250	36,250	-
Tax credit Debt	15	12,193	30,000	17,807
Discretionary Support Scheme	15	7,126	7,962	836
Support for Mortgage Interest	15	1,774	2,134	360
Other		9,500	9,602	102
Non-operating Accruing Resources:				
Net Book Value of asset disposals	6, 7 & 8	(190)	(2,211)	(2,021)
Long Term loan repayments	11	(16,511)	(16,511)	-
Discretionary Support Loan Repayments		(8,008)	(8,312)	(304)
Equity Withdrawal from Public Corporation		(20,490)	(20,490)	-
Other		(248)	(361)	(113)
Accruals to cash adjustments:				
Adjustments to remove non-cash items:				
Depreciation, impairments and revaluations	3,4	8,532	(672)	(9,204)
New provisions and adjustments to previous provisions	4	(33,449)	(17,336)	16,113
Housing Benefit Owner Occupiers	4	(32,121)	(32,500)	(379)
Other non-cash items	3,4	(32,357)	(32,353)	4
Adjustments to reflect movements in working balances:				
Changes in working capital other than cash		5,022	5,897	875
Increase/(decrease) in inventories	13	(5)	-	5
Increase/(decrease) in receivables	15	(10,466)	-	10,466
(Increase)/decrease in payables falling due within one year	16.1	(10,759)	-	10,759
(Increase)/decrease in payables falling due after more than one year	16.2	16,188	-	(16,188)
Use of provision	17	11,809	7,257	(4,552)
Other Social Fund adjustments	SoAS2	3,225	-	(3,225)
Other		(2)	-	2
Net cash requirement		**5,326,928**	**5,620,490**	293,562

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 163 to 252 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	**2021-22** ***Receipts*** **£'000**	**Outturn Income** £'000	**2021-22** ***Receipts*** *£'000*
Other operating income and receipts not classified as Accruing Resources	278	*278*	**1,093**	***1,239***
Subtotal of operating income and receipts surrenderable to the Consolidated Fund	278	*278*	1,093	*1,239*
Total amount payable to the Consolidated Fund	**278**	***278***	**1,093**	***1,239***

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	**2021-22 £'000**	2020-21 £'000
Income	SoCNE	150,457	123,768
Public Corporation Equity Withdrawal	SoAS2	(20,490)	(14,209)
NIF Administration Costs	SoAS2	13,800	14,051
Gross Income		143,767	123,610
Income authorised to be Accruing Resource (deduct the lower of AR and Estimate)		(142,674)	(119,878)
Operating Income payable to the Consolidated Fund	SoAS4	**1,093**	3,732

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

There were no non-operating income - excess Accruing Resources during 2021-22.

The notes on pages 163 to 252 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)

	2021–22	2020–21
Losses		
Total number of losses	53,150	24,133
Cash losses (£'000)	**24,299**	**15,471**
Special Payments		
Total number of special payments	112	169
Total value of special payments (£'000)	**71**	**180**

There were no Losses or 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.

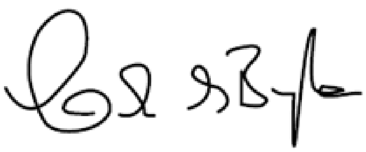
III. Fees and Charges (Audited Information)

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)	2021-22 Surplus/ Deficit (£'000)	2020-21 Surplus/ Deficit (£'000)	Financial Objective	Commentary
Delivery of service on behalf of DWP	69,480	69,480	-	-	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.



COLUM BOYLE
ACCOUNTING OFFICER
6 JULY 2022

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 2022 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. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted 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 2022 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 for 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 2022 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 £7.1 billion, of which £2.6 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 £4.5 billion, as reported in Note 23 to the financial statements:

- fraud and error resulted in estimated overpayments of £209 million; and
- estimated underpayments due to official error of £20 million.

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 ‘Audit of Financial Statements and Regularity of Public Sector Bodies 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 that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council’s Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the 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 the 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 included the relevant benefit and pension legislation and the Government Resources and Accounts Act (Northern Ireland) 2001 and the Budget Act (Northern Ireland) 2022;

- making enquires of management and those charged with governance on the 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 the 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 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

7 July 2022

Financial Statements

Consolidated Statement of Comprehensive Net Expenditure for the period ended 31 March 2022

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	**2021-22 £'000**	2020-21 £'000
Revenue from contracts with customers	5.1	(69,480)	(59,405)
Other operating income	5.2	(80,850)	(64,156)
Total Operating Income		**(150,330)**	(123,561)
Staff Costs	3,4	307,802	293,919
Purchase of goods and services	3,4	215,739	200,128
Depreciation and impairment charges	3,4	(8,532)	26,366
Provision Expense	4	33,449	21,363
Grants and Other Benefit Related Expenditure	4	7,913,431	7,870,882
Total Operating Expenditure		**8,461,889**	8,412,658
Net Operating Expenditure		**8,311,559**	8,289,097
Finance Income		(127)	(207)
Net Expenditure for the year		**8,311,432**	8,288,890
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	4,861	10,581
- Net gain/(loss) on revaluation of Intangible Assets	7	336	20
- 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		30	110
Comprehensive Net Expenditure for the year		**8,306,205**	8,278,178

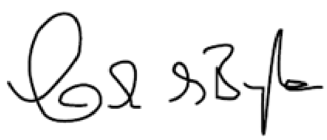
The notes on pages 169 to 252 form part of these accounts.

Consolidated Statement of Financial Position as at 31 March 2022

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	**2021-22 £'000**	2020-21 £'000
Non-current assets:			
Property, plant and equipment	6	181,413	176,133
Intangible assets	7	6,252	2,476
Heritage Assets	8	1,838	1,474
Trade and other receivables	15	280,658	268,996
Financial Assets	11	161,281	106,003
Total non-current assets		631,442	555,082
Current assets:			
Assets classified as held for sale	12	790	760
Inventories	13	109	114
Trade and other receivables	15	165,129	174,032
Contract Assets	15	13,726	14,114
Financial Assets	11	4,314	15,948
Cash and cash equivalents	14	28	2,431
Total current assets		184,096	207,399
Total assets		**815,538**	762,481
Current liabilities:			
Trade and other payables	16	(399,966)	(389,207)
Provisions	17	(25,294)	(24,998)
Total current liabilities		(425,260)	(414,205)
Non current assets plus/less net current assets/liabilities		390,278	348,276
Non-current liabilities			
Trade and other payables	16	(120,968)	(137,156)
Provisions	17	(176,568)	(155,224)
Total non-current liabilities		(297,536)	(292,380)
Total assets less total liabilities		**92,742**	55,896
Taxpayers' equity & other reserves:			
General fund		(2,507)	(36,386)
Revaluation reserve		95,249	92,282
Total Equity		**92,742**	55,896

The notes on pages 169 to 252 form part of these accounts.



COLUM BOYLE
ACCOUNTING OFFICER
6 JULY 2022

Consolidated Statement of Cash Flows for the period ended 31 March 2022

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	**2021-22 £'000**	2020-21 £'000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(8,311,432)	(8,288,890)
Adjustments for non-cash transactions	3,4	89,424	115,026
(Increase)/Decrease in trade and other receivables	15	(2,371)	(4,163)
less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	*15*	7,771	(8,939)
(Increase)/Decrease in inventories	13	5	(6)
Increase/(Decrease) in trade and other payables	16	(5,429)	35,942
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	*16*	(5,224)	3,939
Use of provisions	17	(11,809)	(6,286)
Adjustment to Net Operating Profit		(5)	5
Net cash (outflow) from operating activities		**(8,239,070)**	(8,153,372)
Cash flows from investing activities			
Purchase of non-financial assets	6,7,8	(10,286)	(5,609)
Proceeds of disposal of non-financial assets		162	80
Repayments/(Loans) to other bodies	11	(29,239)	(34,889)
Net cash outflow from investing activities		**(39,363)**	(40,418)
Cash flows from financing activities			
From the Consolidated Fund (Supply) - relating to the current year	SoCITE	5,337,198	5,334,530
From the Consolidated Fund (Supply) - relating to the prior year	16.1	(5,070)	(11,422)
From the Consolidated Fund (non-supply)	SoCITE	425	218
Net financing from the National Insurance Fund	SoCITE	2,944,545	2,874,176
Net financing		**8,277,098**	8,197,502
Net increase/(decrease) in cash and cash equivalents in the year before adjustment for receipts and payments to the Consolidated Fund		**(1,335)**	3,712
Payments of amounts due to the Consolidated Fund		(1,369)	(933)
Net increase/(decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund	14	**(2,704)**	2,779
Cash and cash equivalents at the beginning of the period	14	**2,431**	(348)
Cash and cash equivalents at the end of the period	14	**(273)**	2,431

[Inflows = + / Outflows = -]

The notes on pages 169 to 252 form part of these accounts.

Consolidated Statement of Changes in Taxpayers' Equity for the period ended 31 March 2022

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 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)
CFERs Income payable to the Consolidated Fund		(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**
Net Assembly Funding - drawn down		5,337,198	-	5,337,198
Consolidated Fund Standing Services		425	-	425
Net funding from the National Insurance Fund in year		2,944,545	-	2,944,545
Supply (payable)/receivable adjustment	16	(10,270)	-	(10,270)
CFER Income payable to the Consolidated Fund	SoAS4	(1,093)	-	(1,093)
Comprehensive Net Expenditure for the year	SoCNE	(8,311,432)	-	(8,311,432)
Non-Cash Adjustments:				
Non-cash charges - auditor's remuneration	3	268	-	268
Non-cash charges - other	3,4	64,210	-	64,210
Movement in National Insurance Fund		7,771	-	7,771
Movements in Reserves				
Transfers between reserves		2,259	(2,259)	-
Movements in Reserves		-	5,226	5,226
Other		(2)	-	(2)
Balance at 31 March 2022		**(2,507)**	**95,249**	**92,742**

The notes on pages 169 to 252 form part of these accounts.

Notes to the financial statements for the year ended 31 March 2022

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2021-22 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.

The Department has assessed the impact that the implementation of IFRS 16 will have on the Comprehensive Net Expenditure for the financial year ending 31 March 2023 and on the Statement of Financial Position at that date. The figures relate to existing leases as at 31 March 2022. The standard is expected to increase total expenditure in 2022-23 by approximately £0.05 million. The recognition of Right of Use assets associated with existing Operating Leases is expected to increase the value of non-current assets by approximately £13 million, while liabilities will increase by approximately £13 million.

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 2025. 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 (Review of Financial Process), 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. Arm’s Length Bodies (ALBs) apply IFRS in full and their consolidation boundary may have changed as a result of these Standards.

Implementation of Review of Financial Process (RoFP)

The Department for Communities is implementing the Review of Financial Process in 2022-

23. The aim of RoFP is to align the boundaries of budgets, estimates and accounts as far as it is practicable, including consolidation of NDPBs and other central government bodies in estimates and accounts. The bodies intended for inclusion within the 2022-23 departmental boundary are:

- Armagh Observatory and Planetarium
- Arts Council of Northern Ireland
- Charity Commission for Northern Ireland
- Commissioner for Older People Northern Ireland
- Local Government Staff Commission Northern Ireland
- National Museums Northern Ireland
- Northern Ireland Commissioner for Children and Young People
- Northern Ireland Housing Executive
- Northern Ireland Library Authority
- Northern Ireland Local Government Officers' Superannuation Committee
- Northern Ireland Museums Council Ltd
- North/South Language Body
- Sport Northern Ireland
- Ulster Supported Employment Limited

The list of bodies is subject to change and the final list of bodies to be included within the departmental boundary will be designated each year in an Estimates and Accounts (Designation of Bodies) Order for consolidation into the Department's annual Estimates and Accounts.

Management considers that the impact of the introduction of RoFP is likely to have a significant impact on the Consolidated Statement of Financial Position and to a lesser extent the Consolidated Statement of Comprehensive Net Expenditure. It is not possible to quantify the effect at this time.

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 2021-22 financial year were based on indices applicable at 31 December 2021. 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 2021 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 in PRONI and HED are valued for both interim and year-end accounts each year. They are typically stated at cost due to the nature of the stock held.

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 2022, multiplied by the actual staff salary rate. Employers’ National Insurance costs at 13.8% and employers’ pension at 30.7% 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	0.47%	4.0%
5 - 10	0.70%	2.6%
11 – 40	0.95%	2.0%
41 +	0.66%	2.0%

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 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 to the customer in writing, either by letter or, if appropriate, via the customers on line journal. The communication to the customer includes advice on their right to appeal the Department's decision. The Department regards this notification 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. Legacy benefit overpayments arising as a result of official error have no statutory right of recovery. These are recognised and written off simultaneously.

Payments in excess of entitlement of Universal Credit, new style Jobseekers Allowance (JSA) and new style Employment and Support Allowance (ESA) are legally considered a recoverable overpayment. This includes official error overpayments and all benefit overpayments arising as a result of customer fraud and error.

Benefit overpayment receivables write off policy has been agreed with the Department of Finance (DoF), in line with Managing Public Money Northern Ireland.

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

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 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 1.9% is also applied to the benefit receivables balance at the end of the accounting period to estimate the present value of cash flows (2020-21: 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 over the coming years as more customers move to UC.

Building on this arrangement and with Treasury approval, the transfer of Non UC Tax Credit debt to the Department for recovery began in June 2019 and will continue under the current agreement until May 2022.

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 2022, 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 Scheme (CRS) to estimate the potential value of those claims awaiting settlement from the insurance companies and due to the Health and Social Care Trusts (HSC Trusts). The CRS collects the monies due from the insurance companies on behalf of the HSC Trusts and those amounts are then forwarded to the Trusts themselves. The CRS 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. While decontamination work was completed in 2019-20, and all retention amounts have now been released, the Department intends to use the remaining monies for further works in order to redevelop the Fort George site.

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

		2021-22					2020-21				
	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		206,959	1,067,436	202,023	6,985,471	8,461,889	737,489	621,821	263,370	6,789,978	8,412,658
						-					
Income		(318)	(64,890)	(1,822)	(83,427)	(150,457)	(315)	(51,549)	(3,053)	(68,851)	(123,768)
Net Expenditure	SoCNE	**206,641**	**1,002,546**	**200,201**	**6,902,044**	**8,311,432**	737,174	570,272	260,317	6,721,127	8,288,890
Net Assets		**(188,941)**	**259,173**	**27,104**	**(4,594)**	**92,742**	(161,218)	205,853	29,007	(17,746)	55,896

*In 2021-22 the administration of Housing Benefit moved from SP&PSG to HURLG.

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, net assets by segment only are reported and not split between assets and liabilities.

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	2021-22 £'000	2020-21 £'000
Staff Costs[1]:			
Wages and salaries		27,387	26,717
Social security costs		2,919	2,685
Other pension costs		8,511	7,966
Contracted services		8,820	8,809
Accommodation costs		1,206	916
Early Departure Costs		46	109
Travel and subsistence		84	(2)
Management consultancy		457	156
Advertising & Publicity		245	173
Telecom		250	245
Legal and Other Professional Costs		681	335
Computer and office running costs		505	158
Other expenditure		1,434	1,475
Non-cash items:			
Depreciation	6	109	100
Amortisation	7	2	1
Impairment/Revaluation of administration property, plant and equipment		-	1
Notional costs:			
Accommodation costs		18,142	17,700
Other indirect charges and services		13,954	14,644
Auditor's remuneration and expenses	3a	268	258
Total		**85,020**	82,446

[1] Further analysis of staff costs is located in the Staff Report on page 123-133.

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

4 Programme Expenditure

	Note	**2021-22 £'000**	2020-21 £'000
Staff Costs[2]:			
Wages and salaries		207,654	200,468
Social security costs		14,880	13,425
Other pension costs		46,451	42,658
Grants & Other Voted Expenditure	4a	4,783,480	4,824,678
Non Voted Benefit Expenditure	4b	2,945,935	2,856,157
Social Fund Expenditure		49,101	59,362
Statutory Maternity, Parental, Adoption and Sick Pay		86,800	85,600
Supplementary payments		27,110	31,940
Discretionary payments		21,005	13,145
Contracted services		46,888	48,494
Accommodation costs		9,848	8,815
Medical adjudication		7,680	1,857
Card Account		1,438	1,591
Legal and other Professional costs		4,505	4,190
Postage		1,993	1,621
Travel and subsistence		298	406
Computer and office running costs		2,961	3,282
Telecommunications		712	681
Printing and stationery		398	505
Management consultancy		1,324	1,031
Managed Services		1,524	397
Other programme costs		57,945	47,635
Non-cash items:			
Depreciation	6	4,657	4,345
Amortisation	7	875	955
Impairment/Revaluation of programme property, plant and equipment		230	9,700
Discounting/Impairment on NICHA Financial Transactions Capital Funding		(11,188)	11,528
Discounting/Impairment on Loans		(3,217)	(264)
(Profit)/Loss on disposal of administration property, plant and equipment		19	36
Movement in programme provisions	17	33,449	21,363
Housing Benefit Owner Occupiers		32,121	34,623
Release from General Fund in respect of GB capital items		(7)	(12)
Total		**8,376,869**	8,330,212

[2] Further analysis of staff costs is located in the Staff Report on page 123-133.

4a Grants & Other Voted Expenditure

	Note	2021-22 £'000	2020-21 £'000
Grant in Aid to NDPB's		408,022	423,334
Other Grants		301,516	402,957
Housing Benefit Rent Rebate Funding		153,919	161,068
Housing Benefit Rent Allowance Funding		276,532	296,869
Housing Benefit Rates (tenants) Funding		61,793	66,499
Discretionary Housing Payment		4,229	4,157
Disability Living Allowance		397,821	410,616
Employment Support Allowance		472,311	516,286
Pension Credit		229,076	236,832
Attendance allowance		210,745	209,237
Personal Independence Payment		1,029,258	916,595
Carers allowance		177,581	181,617
Income support		75,496	88,504
Jobseeker's allowance		27,593	32,147
Industrial injuries benefits		29,336	29,714
Universal Credit		914,710	830,992
Other		13,542	17,254
Total		**4,783,480**	4,824,678

4b Non Voted Expenditure

	Note	2021-22 £'000	2020-21 £'000
State Pension		2,574,762	2,472,766
Employment and Support Allowance		332,406	339,178
Bereavement benefits		13,776	15,239
Maternity Allowance		11,193	11,300
Jobseekers Allowance		4,086	10,179
Other		9,712	7,495
Total		**2,945,935**	2,856,157

5 Income

5.1 Revenue from Contracts with Customers

	Note	**2021-22 £'000**	2020-21 £'000
Recoveries from DWP		69,480	59,405
Total		**69,480**	59,405

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	**2021-22 £'000**	2020-21 £'000
Interest Reimbursement from NIHE		14,608	16,569
NIHE House Sales		20,490	14,209
Housing Association Grant recoverable		20,921	14,082
Tax Credit Debt		12,193	7,155
Syrian Refugee Project		2,784	3,595
Consolidated Fund Extra Receipts		966	3,525
2012 Child Maintenance Service		979	849
Recreation Income - Admission charges		292	99
Recoveries of secondees' costs		266	289
EU receipts		3,421	1,193
Other		3,930	2,591
Total		**80,850**	64,156

6 Property, plant and equipment

2021-22	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 2021	73,501	52,553	47,075	2,890	1,231	8,169	700	914	187,033
Adjustments to opening balances	(239)	-	-	-	-	42	-	-	(197)
Additions	1,230	313	-	624	49	1,191	26	2,357	5,790
Disposals	(168)	-	-	(21)	(16)	(203)	(18)	(4)	(430)
Reclassifications	-	568	-	138	(86)	(56)	-	(564)	-
Impairments/Impairment Reversal	(20)	6	-	(33)	-	-	-	-	(47)
Revaluations	(58)	1,280	2,079	16	72	477	20	-	3,886
At 31 March 2022	**74,246**	**54,720**	**49,154**	**3,614**	**1,250**	**9,620**	**728**	**2,703**	**196,035**
Depreciation									
At 1 April 2021	135	1,420	1,679	1,246	831	5,021	568	-	10,900
Charged in year	135	1,880	1,675	428	66	533	49	-	4,766
Disposals	-	-	-	(21)	(14)	(199)	(18)	-	(252)
Reclassifications	-	1	-	114	(67)	(48)	-	-	-
Impairments/Impairment Reversal	-	(28)	-	(12)	-	-	-	-	(40)
Revaluations	-	(1,161)	171	4	48	169	17	-	(752)
At 31 March 2022	**270**	**2,112**	**3,525**	**1,759**	**864**	**5,476**	**616**	**-**	**14,622**
Carrying amount at 31 March 2022	**73,976**	**52,608**	**45,629**	**1,855**	**386**	**4,144**	**112**	**2,703**	**181,413**
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)

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	73,961	52,608	45,629	1,855	386	4,144	112	2,703	181,398
Finance leased	15	-	-	-	-	-	-	-	15
Carrying amount at 31 March 2022	**73,976**	**52,608**	**45,629**	**1,855**	**386**	**4,144**	**112**	**2,703**	**181,413**
Of the total:									
Core Department	73,976	52,608	45,629	1,855	386	4,144	112	2,703	181,413
Other Designated Bodies	-	-	-	-	-	-	-	-	-
Carrying amount at 31 March 2022	**73,976**	**52,608**	**45,629**	**1,855**	**386**	**4,144**	**112**	**2,703**	**181,413**

6 Property, plant and equipment (continued)

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	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	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**

Of the total:									
Core Department	73,366	51,133	45,396	1,644	400	3,148	132	914	176,133
Carrying amount at 31 March 2021	73,366	51,133	45,396	1,644	400	3,148	132	914	176,133

7 Intangible assets

2021-22	Information Technology £'000	Other £'000	Total £'000
Cost or valuation			
At 1 April 2021	10,316	27	10,343
Adjustments to opening balances	197	-	197
Additions	4,132	-	4,132
Disposals	(5,700)	-	(5,700)
Revaluations	465	-	465
At 31 March 2022	**9,410**	**27**	**9,437**
Amortisation			
At 1 April 2021	7,842	25	7,867
Charged in year	877	-	877
Disposals	(5,688)	-	(5,688)
Revaluations	129	-	129
At 31 March 2022	**3,160**	**25**	**3,185**
Carrying amount at 31 March 2022	**6,250**	**2**	**6,252**
Carrying amount at 31 March 2021	2,474	2	2,476

Asset Financing:	Information Technology £'000	Other £'000	Total £'000
Owned	6,250	2	6,252
Carrying amount at 31 March 2022	**6,250**	**2**	**6,252**

Of the total:			
Core Department	6,250	2	6,252
Carrying amount at 31 March 2022	6,250	2	6,252

7 Intangible assets (continued)

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

8 Heritage Assets

2021-22	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2021	591	38	845	1,474
Additions	-	-	364	364
At 31 March 2022	**591**	**38**	**1,209**	**1,838**
Amortisation				
At 1 April 2021	-	-	-	-
Charged in year	-	-	-	-
At 31 March 2022	**-**	**-**	**-**	**-**
Carrying amount at 31 March 2022	**591**	**38**	**1,209**	**1,838**
Carrying amount at 31 March 2021	591	38	845	1,474
Asset Financing:				
Owned	591	38	1,209	1,838
Carrying amount at 31 March 2022	**591**	**38**	**1,209**	**1,838**
Of the total:				
Core Department	591	38	1,209	1,838
Carrying amount at 31 March 2022	591	38	1,209	1,838

8 Heritage Assets (continued)

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**
Of the total:				
Core Department	591	38	845	1,474
Carrying amount at 31 March 2021	591	38	845	1,474

9 Impairments

	2021-22 £'000	2020-21 £'000
Amount charged to the Statement of Comprehensive Net Expenditure	230	9,700
Amount taken through the revaluation reserve	(223)	(9,780)
Total Impairment charge for the year	**7**	**(80)**

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 2021-22 was 1.9%, (2020-21: 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 2021-22 was 1.9%, (2020-21: 3.7%).

Financial instruments are carried at amortised cost using the effective interest method, with changes in value between 1 April 2021 and 31 March 2022 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 2021-22 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	16,419	-	16,419
NICHA FTC Funding	3,750	(70)	3,680
Get Britain Building Loans	100	(2)	98
Housing Association Loans	536	-	536
Housing Benefit	5,145	-	5,145
Non-contributory Benefits	9,252	(3,113)	6,139
Discretionary Loans	6,612	(19)	6,593
Contributory Benefits	1,021	(167)	854
CRU Receivable	1,049	(155)	894
Salary Overpayments	106	(77)	29
Tax Credit Receivable	15,618	(7,529)	8,089
Funeral Loans	204	(2,384)	(2,180)
Other Loans	40,980	(1,107)	39,873
Loans & Receivables (amounts falling due more than one year):			
NIHE Loans	120,733	-	120,733
NICHA FTC Funding	176,000	(34,124)	141,876
Get Britain Building Loans	20,900	(3,201)	17,699
Housing Association Loans	536	-	536
Housing Benefit	13,809	(1,211)	12,598
Non-contributory Benefits	122,392	(52,788)	69,604
Contributory Benefits	16,120	(9,975)	6,145
Salary Overpayments	55	-	55
Tax Credit Receivable	48,769	(22,202)	26,567
Funeral Loans	5,843	(3,356)	2,487
Other Loans	43,810	(5,834)	37,976
Total	**669,759**	**(147,314)**	**522,445**

(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 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
Additions	45,750	-	45,750
Repayments and Redemptions	(16,511)	-	(16,511)
Revaluations	17,244	-	17,244
Impairments	(2,839)	-	(2,839)
Balance at 31 March 2022	**165,595**	**-**	**165,595**

Analysis of investments:

The balance of investments comprises:

Core Department	**2022**	**165,595**	**-**	**165,595**
Core Department	2021	121,951	-	121,951

Analysis by period:

	£'000
Not later than one year	4,314
Later than one year and not later than five years	26,325
Later than five years	134,956
Balance at 31 March 2022	**165,595**

12 Assets classified as held for sale

	Total £'000
Balance at 1 April 2020	650
Revaluations	110
Balance at 31 March 2021	760
Revaluations	30
Balance at 31 March 2022	**790**
Asset Financing:	
Owned	790
Balance at 31 March 2022	**790**
Of the total:	
Core Department	790
Balance at 31 March 2022	790

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 2022-23.

13 Inventories

	Not	**2021-22 £'000**	2020-21 £'000
PRONI		58	62
Other		51	52
Total		**109**	114

14 Cash and cash equivalents

	2021-22 £'000	2020-21 £'000
Balance at 1 April	2,431	(348)
Net change in cash and cash equivalent balances	(2,704)	2,779
Balance at 31 March	**(273)**	**2,431**

The following balances at 31 March are held at:

	2021-22 £'000	2020-21 £'000
Northern Ireland Banking Pool	(301)	2,396
Commercial banks and cash in hand	28	35
Balance at 31 March	**(273)**	**2,431**

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	2021-22 £'000	2020-21 £'000
Benefit overpayments		6,993	8,412
Benefit overpayments - Housing Benefit		5,145	6,094
Benefit prepayments		36,953	50,372
Social Fund loans		22,013	28,128
NIHE receivable		16,419	21,873
Grant repayable by NICHA		9,738	8,510
NIF receivable		11,025	3,254
Tax Credit Debts		8,089	5,173
UC Advances		13,316	14,323
VAT		4,779	3,828
EU Receivable		3,373	1,189
Other receivables		15,004	12,093
Housing Benefit Rent and Rates Prepayment		7,251	7,770
Prepayments and accrued income		5,031	3,013
Contract Assets		13,726	14,114
Total amounts falling due within one year		**178,855**	188,146

15.2 Amounts falling due after more than one year:

	Note	2021-22 £'000	2020-21 £'000
Benefit overpayments		75,749	54,815
Benefit overpayments - Housing Benefit		12,598	13,688
Social Fund loans		17,729	15,528
NIHE receivable		120,733	136,737
Tax Credit Debts		26,567	20,135
UC Advances		14,918	11,964
Other receivables		12,364	16,129
Total amounts falling due after more than one year		**280,658**	268,996
Total trade receivables and other current assets		**459,513**	457,142

16 Trade payables and other current liabilities

16.1 Amounts falling due within one year:

	Note	2021-22 £'000	2020-21 £'000
Bank overdraft	14	301	-
Trade payables:			
- Non-capital		611	19
Benefit accruals		162,222	128,932
Cash In Transit		69,177	99,773
NIHE payable		16,419	21,873
NICHA Grant		-	103
Vested Land Payable		2,960	3,622
Other payables		9,616	11,643
Grants accrual		49,669	39,713
Housing Benefit accrual		17,097	17,193
Financial Assistance Scheme accrual		6,912	6,150
Deferred Grant Income		1,371	1,351
Other accruals and deferred income		50,082	50,229
Amounts issued from the Consolidated Fund for supply but not spent at year end		10,270	5,070
Consolidated Fund extra receipts due to be paid to the Consolidated Fund			
- Received		486	615
- Receivable		2,773	2,921
Total amounts falling due within one year		**399,966**	389,207

16.2 Amounts falling due after more than one year:

	2021-22 £'000	2020-21 £'000
NIHE payable	120,733	136,737
Other programme payables	235	419
Total amounts falling due after more than one year	**120,968**	137,156
Total payables and other current liabilities	**520,934**	526,363

17 Provisions for liabilities and charges

		2021-22			2020-21		
	Note	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000
Balance at 1 April		156,711	23,511	180,222	161,250	3,895	165,145
Provided in the year	4	21,321	11,731	33,052	-	19,910	19,910
Provisions not required written back	4	-	(2,613)	(2,613)	(1,705)	(166)	(1,871)
Provisions utilised in the year		(6,912)	(4,897)	(11,809)	(6,149)	(137)	(6,286)
Borrowing Costs (Unwinding of discount)	4	3,007	3	3,010	3,315	9	3,324
Balance at 31 March		**174,127**	**27,735**	**201,862**	156,711	23,511	180,222

Analysis of expected timing of discounted flows

	2021-22			2020-21		
	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000
Not later than one year	6,633	18,661	25,294	6,798	18,200	24,998
Later than one year and not later than five years	27,101	7,515	34,616	28,589	3,881	32,470
Later than five years	140,393	1,559	141,952	121,324	1,430	122,754
Balance at 31 March	**174,127**	**27,735**	**201,862**	156,711	23,511	180,222

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 0.47% for short-term, 0.70% for medium-term, 0.95% for long term and 0.66% for very long-term provisions.

State Pension Underpayment

Throughout the 2021-22 financial year work has continued on the State Pension Underpayment correction exercise. 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. The majority of Phase 1 cases have now been reviewed and underpayments of approximately £4.7 million have been made to customers where arrears were due. Work will continue throughout 2022-23 to conclude Phase 1 and commence review activity on those cases identified in Phase 2 of the exercise.

The State Pension Provision estimate within the accounts uses the best available data held by the Department at the current time. The estimate calculations relate to complex pensions awards and several assumptions involving the volume of individuals impacted and the associated values. The estimate will continue to be reviewed and refined as further information becomes available.

PIP Correction Exercise

As a result of Tribunal Judgement impacting Personal Independence Payment (PIP) benefit the Department commenced an Administrative Exercise in September 2021. The Administrative Exercise (AE) will review approximately 25,000 cases to assess eligibility and determine if an underpayment of PIP benefit is due.

A provision amount of £11.3 million is included in the 2021-22 DfC resource accounts relating to this exercise. This estimate is based on the best available information at this current time. The estimate does include assumptions and calculations as to the number of potential PIP cases impacted and the average underpayment arrears award. The estimate is therefore subject to a high level of uncertainty and will continue to be reviewed and refined as further information becomes available. Activity to review and correct the underpayment cases will continue throughout the 2022-23 financial year.

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 £0.3 million (2020-21: £0.2 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 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.

Legal Cases

The Department is aware of ongoing legal cases for example Judicial Reviews and appeals which may lead to possible future obligations. It is not possible to assess the timing, likelihood or amount of any financial settlement of these cases at this time. The Department will continue to monitor the ongoing developments in this area.

18 Contingent liabilities disclosed under IAS 37 (continued)

Home Responsibilities Protection (HRP)

For people reaching State Pension age before 6 April 2010 Home Responsibilities Protection (HRP) reduced the number of qualifying years needed for a basic State Pension where someone stayed at home to care for children for whom they received Child Benefit or a person who was sick or disabled. For people reaching State Pension age since 6 April 2010, previously recorded periods of HRP were converted into National Insurance credits. Errors have occurred where periods of HRP were due but were not accurately recorded on the individual's National Insurance record.

Work is underway with HM Revenue and Customs and the Department for Work and Pensions in GB to investigate the extent of the problem and the subsequent impact this may have on an individual's State Pension entitlement in NI.

This work is at an early stage, and it is not therefore possible to disclose or provide an estimate of the financial effect or the timings of any outflow from this issue.

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.

18 Contingent liabilities disclosed under IAS 37 (continued)

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 £0.72 million at 31 March 2022.

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.

	2021-22 £'000	2020-21 £'000
Obligations under finance leases comprise:		
Other:		
Not later than one year	5	5
Later than one year and not later than five years	5	10
Later than five years	-	-
	10	15
Less interest element	-	-
Total	10	15
Total obligations under finance leases	**10**	15

19.2 Operating leases

£3.0 million (2020-21 £3.0 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.

	2021-22 £'000	2020-21 £'000
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	2,294	2,192
Later than one year and not later than five years	8,535	8,298
Later than five years	2,761	3,627
Total	13,590	14,117
Other:		
Not later than one year	5	6
Later than one year and not later than five years	-	2
Total	5	8
Total obligations under operating leases	**13,595**	14,125

20 Capital and other commitments

20.1 Capital commitments

	2021-22 £'000	2020-21 £'000
Contracted capital commitments at 31 March not otherwise included in these financial statements:		
Other	-	1,136
Total	**-**	1,136

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:

	2021-22 £'000	2020-21 £'000
Not later than one year	39,951	38,699
Later than one year and not later than five years	10,596	26,382
Later than five years	1,628	1,627
Total	**52,175**	66,708

Included within Other Financial Commitments are:	
Personal Independence Payment (PIP) / Capita Contract	22,247
Medical Support Services (MSS)	13,691
Standard Service Business Allocation	11,267
PRONI Specialist Storage	3,770
Landlord Registration Database	335
Other	865
	52,175

21 Government grant commitments

	2021-22 £'000	2020-21 £'000
Government grant commitments at 31 March for which no provision has been made:		
Implementation of Regional Stadium Development Programme	51,400	51,648
Other	33,070	32,413
Total	**84,470**	84,061

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 - Strategy to Reduce Fraud and Error.

During the calendar year 2021 the Department resumed its regular monitoring and measurement of the levels of fraud and error. The figures are calculated on a rolling annual basis and the figures do not vary significantly between quarters. The calendar year figures are processed and produced by March of the following year, 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 2021 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 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 the true value lies between 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 2021, 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 21 - Dec 21
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 21 – Dec 21

*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 21 - Dec 21	Jan 09 - Dec 09
Christmas Bonus (Non-contributory)	Overall*	Jan 21 - Dec 21	Jan 21 - Dec 21
Severe Disablement Allowance	ESA	Jan 21 - Dec 21	Jan 21 - Dec 21
Winter Fuel Payments	SP	Jan 21 - Dec 21	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.

Table 3: Proxy Measures per Customer Group

Customer Group	Proxy Measure	Benefit Review Period
Pensioners	SPC	Jan 21 – Dec 21
Unemployed	JSA	Jan 19 – Dec 19
Disabled	DLA	Jan 08 – Dec 08
Lone Parent	IS	Jan 12 – Dec 12
Others	Overall*	Jan 21 – Dec 21

*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 21 – Dec 21

*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

Official Error: The official error estimates for Employment and Support Allowance, State Pension Credit, State Pension, Carer's Allowance, Personal Independence Payments, and Universal Credit in 2021 are based on the results of the Department's Financial Accuracy Exercises completed in 2021.

Estimates for 2021 official error in Jobseeker's Allowance 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, 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 2021, Benefit Reviews were carried out on Employment and Support Allowance, State Pension Credit, Carer's Allowance, and Universal Credit,

Estimates for 2021 customer fraud and customer error in Jobseeker's Allowance, and Personal Independence Payment are based on 2019 Benefit Review exercise. Estimates for

Income Support are based on the 2012 Benefit Review exercise. Estimates for State Pension are based on the 2009 Benefit Review exercise. Estimates for Disability Living Allowance are based on the 2008 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 2021 includes expenditure on 20 benefits, a total of £6,531 million, plus an amount of £63.6 million on other benefit expenditure in year. Total annual expenditure is £6,595 million.

Within the overall benefit expenditure totals in the tables below other benefit expenditure for the calendar year 2021 includes, Retirement Pension £5.3 million, Severe Disablement Allowance £4.0 million, Winter Fuel Payments £52.0 million, Christmas Bonus (Non-contributory) £1.8 million, and Cold Weather Payments £0.6 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. At times benefit branches may have to gather renewed evidence as the original documentation is no longer held. In some cases however it is impractical or disproportionate to gather or restore sufficient levels of evidence required to satisfy the check – for example where original papers are dating back some years, or where new system requirements or information retention rules mean papers are no longer kept. Rather than assuming as incorrect and potentially overstating the level of error, and equally to assume as correct and potentially understating the level of error, the Department has excluded such cases from the 2021 figures to ensure the estimates are as accurate as possible with the removal of uncertainty.

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 £13.5m (1.5% 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 2021, there were 11 cases identified as "cannot review". The details of these cases and the estimated expenditure they account for are as follows:

Cannot Review Categorisation	No. of Cases	Estimated Expenditure (£)	Estimated Percentage of Total Expenditure
Fraud	8	11,544,000	1.27%
Not Fraud	1	625,000	0.07%
Inconclusive	2	1,322,000	0.14%
Total	**11**	**13,490,000**	**1.48%**

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. The Financial Accuracy Exercise measures Official Error and Benefit Review measures Customer Fraud and Customer Error. The results provide estimates of fraud and error in Housing Benefit for tenants. The 2021 benefit expenditure on Housing Benefit for tenants was £506.4 million.

It is estimated there was a total amount of approximately £16.9 million overpaid through fraud and error in Housing Benefit for tenants for the year 2021. This represents approximately 3.3% of the related expenditure for the calendar year, of which £11.3 million (2.2%) is Customer Fraud, £4.7 million (0.9%) is Customer Error and £0.9 million (0.2%) is Official Error. The overall percentage has decreased from 4.5% in 2020 to 3.3% in 2021.

2021 Official Error estimates for Housing Benefit for tenants are based on the results of Financial Accuracy Exercise in 2021. Customer Error and Customer Fraud estimates for Housing Benefit for tenants are based on the results of Benefit Review in 2021.

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 2021 benefit expenditure on Housing Benefit for owner occupiers was £32.1 million.

It is estimated there was a total amount of approximately £3.2 million overpaid through fraud and error in Housing Benefit for owner occupiers for the year 2021. This represents approximately 10.0% of the related expenditure for the financial year, of which £2.5 million

(7.7%) is Customer Fraud, £0.2 million (0.6%) is Customer Error and £0.5 million (1.7%) is Official Error. The overall percentage has decreased from 11.6% in 2019 to 10.0% in 2021.

2021 Official Error estimates for Housing Benefit for owner occupiers are based on the results of Financial Accuracy Exercise in 2021. Customer Error and Customer Fraud estimates for Housing Benefit for owner occupiers are based on the results of Benefit Review in 2021.

Total Departmental Benefit Expenditure (all social security benefits including Housing Benefit)

Total Departmental benefit expenditure has increased from £6,819 million in 2020, to £7,133 million in 2021.

A: Overpayments

Benefit Overpayments

The table below shows the Department's total estimates of benefit overpayments for the last 2 years, 2021 and 2020 (all social security benefits including Housing Benefit).

Estimates of benefit overpayments for 2021 and 2020

2021	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	7,133,497,762	37,121,598	27,818,656	48,103,946	0.5%	0.4%	0.7%
Customer Error	7,133,497,762	36,046,352	28,267,440	45,462,464	0.5%	0.4%	0.6%
Customer Fraud	7,133,497,762	138,359,040	113,865,310	164,657,900	1.9%	1.6%	2.3%
Total Overpayments[1]	**7,133,497,762**	**211,526,991**	**184,195,707**	**241,542,072**	**3.0%**	**2.6%**	**3.4%**

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%**

[1] 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 approximately £211.5 million overpaid through fraud and error in social security benefits (including Housing Benefit) for 2021. This represents approximately 3.0% of the total benefit expenditure, including housing benefit, for 2021, of which £138.4 million (1.9%) is Customer Fraud, £36.1 million (0.5%) is Customer Error and £37.1 million (0.5%) is Official Error.

The comparative estimate for 2020 is approximately £167.8 million was overpaid through fraud and error in social security benefits (including Housing Benefit). 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.

Social Security Benefits (Excluding Housing Benefit): From the total £211.5 million overpayments, the 2021 estimate for overpayment through fraud and error which is attributable to social security benefits (excluding Housing Benefit) is £191.4 million. This represents approximately 2.9% of the total social security benefit expenditure for 2021, of which £124.6 million (1.9%) is Customer Fraud, £31.1 million (0.5%) is Customer Error and £35.7 million (0.5%) is Official Error. In summary, loss in 2021 rose from 2.2% of expenditure to 2.9%.

A detailed breakdown of the total overpayment amount for 2021 of £211.5 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 2021.

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 2021.

Estimates of official error overpayments across all benefits in 2021

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	399,669,487	522,911	-	2,247,157	0.1%	0.0%	0.6%
Employment and Support Allowance	825,038,813	10,323,314	5,447,759	15,792,953	1.3%	0.7%	1.9%
Income Support	78,804,994	477,876	-	1,387,800	0.6%	0.0%	1.8%
Jobseeker's Allowance	34,787,188	356,791	-	890,241	1.0%	0.0%	2.6%
State Pension	2,568,614,436	2,469,188	834,109	4,719,642	0.1%	0.0%	0.2%
Pension Credit	230,338,893	1,613,898	567,064	2,938,659	0.7%	0.2%	1.3%
Attendance Allowance	209,078,052	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	14,865,723	46,020	-	208,466	0.3%	0.0%	1.4%
Carer's Allowance	178,409,143	317,280	-	953,110	0.2%	0.0%	0.5%
Industrial Injuries Disablement Benefit	29,217,789	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,297,748	-	-	-	0.0%	0.0%	0.0%
Social Fund	36,159,023	217,090	18,064	477,699	0.6%	0.0%	1.3%
Widow's Benefit	650,751	1,660	-	5,249	0.3%	0.0%	0.8%
Personal Independence Payments	998,508,182	4,058,298	944,976	7,786,053	0.4%	0.1%	0.8%
Universal Credit	912,382,814	15,121,946	8,266,851	23,120,102	1.7%	0.9%	2.5%
Other Expenditure (Non-NIF)	63,612,896	120,644	38,346	227,298	0.2%	0.1%	0.4%
Christmas Bonus (Contributory Only)	3,529,722	19,199	14,162	25,133	0.5%	0.4%	0.7%
Incapacity Benefit	(7,522)	-	-	-	-	-	-
Social Security Benefits	**6,594,958,132**	**35,666,113**	**-**	**-**	**0.5%**	**-**	**-**

Housing Benefit Tenants (NIHE)	506,409,405	911,887	144,093	2,036,903	0.2%	0.0%	0.4%
Housing Benefit Owner Occupier (LPS)	32,130,225	543,599	241,101	927,789	1.7%	0.8%	2.9%
Total [1]	**7,133,497,762**	**37,121,598**	**27,818,656**	**48,103,946**	**0.5%**	**0.4%**	**0.7%**

[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 2021.

Estimates of customer error overpayments across all benefits in 2021

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	399,669,487	-	-	-	0.0%	0.0%	0.0%
Employment and Support Allowance	825,038,813	11,290,686	6,380,206	16,837,746	1.4%	0.8%	2.0%
Income Support	78,804,994	345,651	-	844,872	0.4%	0.0%	1.1%
Jobseeker's Allowance	34,787,188	31,786	-	129,055	0.1%	0.0%	0.4%
State Pension	2,568,614,436	-	-	-	0.0%	0.0%	0.0%
Pension Credit	230,338,893	8,049,074	5,795,575	10,659,466	3.5%	2.5%	4.6%
Attendance Allowance	209,078,052	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	14,865,723	13,583	-	75,933	0.1%	0.0%	0.5%
Carer's Allowance	178,409,143	3,993,910	1,994,348	6,329,660	2.2%	1.1%	3.5%
Industrial Injuries Disablement Benefit	29,217,789	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,297,748	154,610	20,126	306,528	1.4%	0.2%	2.7%
Social Fund	36,159,023	106,511	-	529,638	0.3%	0.0%	1.5%
Widow's Benefit	650,751	595	-	3,324	0.1%	0.0%	0.5%
Personal Independence Payments	998,508,182	-	-	-	0.0%	0.0%	0.0%
Universal Credit	912,382,814	7,036,043	3,156,560	12,057,565	0.8%	0.3%	1.3%
Other Expenditure (Non-NIF)	63,612,896	63,316	15,927	116,882	0.1%	0.0%	0.2%
Christmas Bonus (Contributory Only)	3,529,722	16,810	13,026	21,311	0.5%	0.4%	0.6%
Incapacity Benefit	(7,522)	-	-	-	-	-	-
Social Security Benefits	**6,594,958,132**	**31,102,576**	**-**	**-**	**0.5%**	**-**	**-**
Housing Benefit Tenants (NIHE)	506,409,405	4,748,210	1,280,641	9,207,461	0.9%	0.3%	1.8%
Housing Benefit Owner Occupier (LPS)	32,130,225	195,566	29,463	430,581	0.6%	0.1%	1.3%
Total [1]	**7,133,497,762**	**36,046,352**	**28,267,440**	**45,462,464**	**0.5%**	**0.4%**	**0.6%**

[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 2021.

Estimates of customer fraud overpayments across all benefits in 2021

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	399,669,487	-	-	-	0.0%	0.0%	0.0%
Employment and Support Allowance	825,038,813	8,303,629	4,303,644	12,904,166	1.0%	0.5%	1.6%
Income Support	78,804,994	574,038	-	1,424,087	0.7%	0.0%	1.8%
Jobseeker's Allowance	34,787,188	1,596,207	382,581	2,993,188	4.6%	1.1%	8.6%
State Pension	2,568,614,436	-	-	-	0.0%	0.0%	0.0%
Pension Credit	230,338,893	8,432,546	5,446,294	11,887,469	3.7%	2.4%	5.2%
Attendance Allowance	209,078,052	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	14,865,723	682,112	-	1,577,577	4.6%	0.0%	10.6%
Carer's Allowance	178,409,143	2,329,350	667,139	4,319,771	1.3%	0.4%	2.4%
Industrial Injuries Disablement Benefit	29,217,789	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,297,748	113,707	4,158	239,702	1.0%	0.0%	2.1%
Social Fund	36,159,023	615,897	-	1,510,526	1.7%	0.0%	4.2%
Widow's Benefit	650,751	29,860	-	69,059	4.6%	0.0%	10.6%
Personal Independence Payments	998,508,182	-	-	-	0.0%	0.0%	0.0%
Universal Credit	912,382,814	101,741,354	78,529,485	126,486,701	11.2%	8.6%	13.9%
Other Expenditure (Non-NIF)	63,612,896	101,690	51,046	159,894	0.2%	0.1%	0.3%
Christmas Bonus (Contributory Only)	3,529,722	67,315	54,345	81,209	1.9%	1.5%	2.3%
Incapacity Benefit*	(7,522)	-	-	-	-	-	-
Social Security Benefits	**6,594,958,132**	**124,587,704**	**-**	**-**	**1.9%**	**-**	**-**

Housing Benefit Tenants (NIHE)	506,409,405	11,283,293	5,841,779	17,370,947	2.2%	1.2%	3.4%
Housing Benefit Owner Occupier (LPS)	32,130,225	2,488,043	1,663,968	3,424,898	7.7%	5.2%	10.7%
Total [1]	**7,133,497,762**	**138,359,040**	**113,865,310**	**164,657,900**	**1.9%**	**1.6%**	**2.3%**

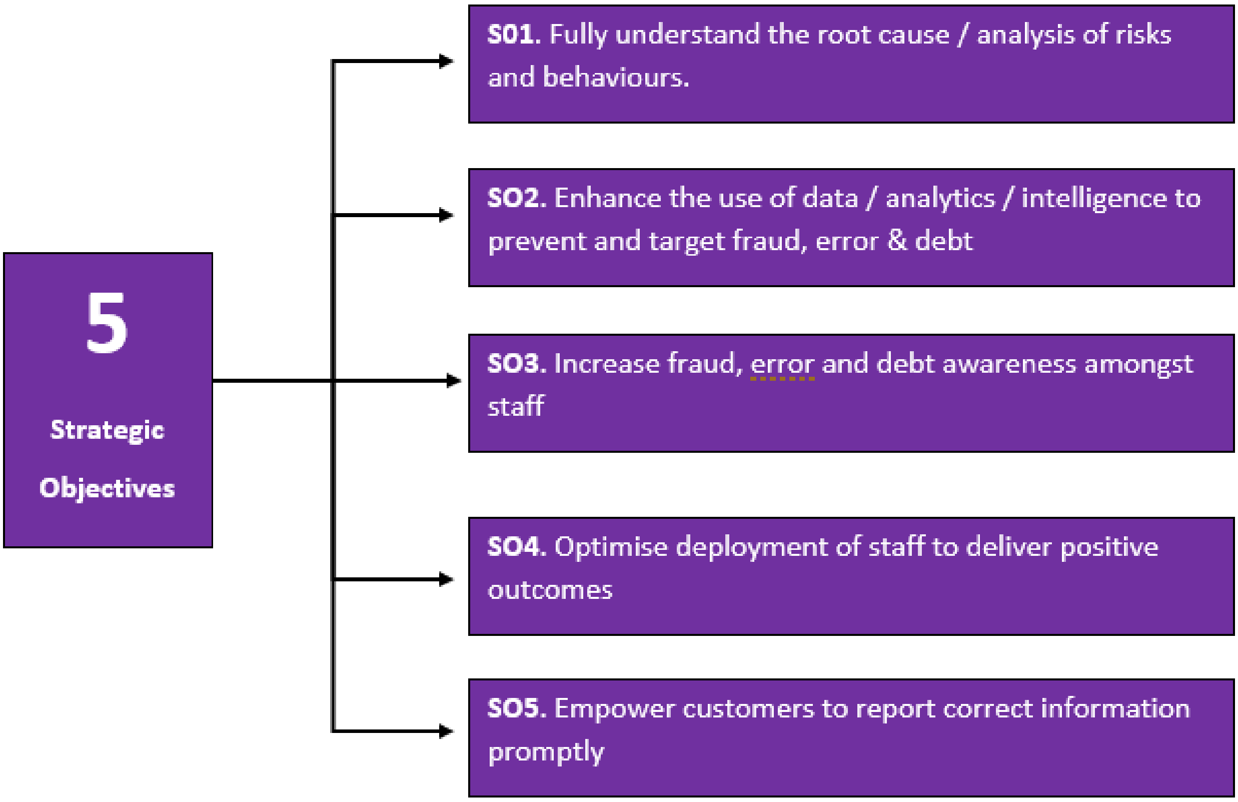
[1] See Note 1

B: Strategy to Reduce Social Security Benefit Fraud and Error

The Department for Communities administers an annual benefit expenditure of over £7.1billion and while the vast majority of these payments are correct, a small percentage are subject to fraud and error, leading to benefit over and underpayments for customers and putting pressure on the public purse. The Department's Benefit Security Division takes the lead in driving activity to minimise fraud and error and published a Benefit Fraud, Error and Debt Strategy in November 2021. This Strategy outlines at a high level the work undertaken to achieve this along with a number of changes planned over the next three years to ensure counter fraud and error operations remain fit for purpose in the face of a rapidly changing environment. The Strategy recognises what we currently do well whilst remaining aware of areas in which we can do better and those where we must adapt to changing conditions.

Fraud and error has risen over the past three years and loss now stands at 3.0%, £211.5 million of total benefit expenditure. The biggest influence for this Strategy is the move from legacy benefits to Universal Credit which introduces a more diverse customer base. The vast majority of Universal Credit claimants will self-serve online, offering opportunities to make the customer journey easier and deploy analytical methods to identify system vulnerabilities and remove the potential for some fraud and error. This is important as technical capabilities for data sharing and analytics are evolving quickly, both ours and those who seek to defraud us.

The Strategy sets out five objectives designed to minimise loss to the public purse. Our aim is to prevent fraud and error from occurring where we can and, if we are unable to, detect it early and take corrective action. Throughout the lifespan of this Strategy we will achieve this aim through the delivery of five strategic objectives.



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 digital benefits.

Official Error Activities

For 2021, overall financial accuracy excluding Housing Benefit was 99.1%. Benefit Security Division's Error Reduction Division allocates funds to the Department's 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 2021-22, this amounted to over 24,000 actions, leading to the adjustment of benefit in 4,072 cases, with a total monetary value of almost £17.7 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; 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 intervention, customer compliance, and criminal fraud investigation, to detect and correct fraud and error and apply penalties where appropriate to deter further abuse.

Criminal Investigation: During 2021-22, 2,180 fraud investigations were undertaken leading to 112 penalties, formal cautions, or convictions. In 2021-22 the monetary value of adjustments arising from the discovery of fraud was estimated to be £6.1million.

Customer Compliance: Interviews have continued to generate very positive outcomes in the correction and prevention of customer error. Since the start of the coronavirus pandemic, interviews have been conducted via telephone rather than face to face. During 2021-22, Customer Compliance Officers within Benefit Security Division carried out 3,986 Compliance Interviews resulting in changes in 21% of cases and led to £5.7million in benefit adjustments. This in turn freed up investigators to focus on high risk fraud cases and to maximise results from criminal investigations.

Case Intervention Centres aim to cleanse error from the benefits system by carrying out targeted checks on Universal Credit and Employment Support Allowance cases, using HMRC real time earnings and high-risk scans.

Case Cleansing Centres activity in 2021-22 led to monetary value of adjustments totalling £11.1million, correcting just over 6,000 cases. 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 2021 to 31 March 2022.

	2021-22 £'000's
Confiscation order recoveries	55
Voluntary payments	71
Total recovery	**126**

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. This process is well embedded into the business to help reducing the amount of fraud and error entering the benefit system.

VEP provides an enhanced alert service to increase accuracy by accessing earnings and pension income data pre-payment. Once this part of the system goes live, the alert will provide a notification if the pension or earnings amount changes during the life of a claim.

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:

- **Universal Credit** – The caseload for Universal Credit has already significantly increased during the pandemic and is likely to continue to increase as customers move to Universal Credit. The system design and operational policies and processes continue to be developed providing an opportunity to design out or reduce the risks of fraud and error. We are working closely with DWP to identify and report back on emerging fraud and error risks, to inform changes to close IT system gaps.

- **Intervention Activity** – A new Universal Credit Intervention team has been created to carry out high volumes of case reviews. The team will carry out targeted activity to identify and correct cases on known and emerging fraud & error risks using data matching scans. In addition, existing Case Intervention teams will continue to undertake high volumes of end to end reviews on legacy benefits identified through Her Majesty's Revenue & Customs Real Time Information System. This activity detects low risk customer error and corrects at the earliest opportunity and plays a key role in supporting the legacy benefit move to Universal Credit and help to ensure claim accuracy from the outset.

- **Counter Fraud and Error Management System** – As the current IT software used to manage all Customer Fraud & Error activity comes to the end of its lifespan, Benefit Security Division will work closely with DWP to ensure the replacement system meets the needs of the business going forward. The Counter Fraud and Error Management System will allow the intelligent routing of cases to the appropriate work strand.

- **National Insurance Number (NINO) Transformation** – We are aware of the significant contribution a strong gateway has in terms of fraud prevention. We aim to have a system that is both robust and user-friendly; throughout this strategy, we will work with DWP and Home Office to fully implement the Apply for a NINO functionality and transform NINO allocation.

- **Optimum Use of Resources** – Align resources to risk with a greater shift to compliance and early claim interventions and the introduction of an Enhanced Checking Service. This will bring less reliance on public referrals and lengthy investigations by using more data insight led activity.

- **Data Analytics** – Use data matching to identify high risk cases and uncover fraud and error that may have previously been undetected. Use analytical tools to identify patterns and trends and allocate resources to tackle accordingly.

C: Underpayments

Benefit Underpayments

The table below shows the Department's total estimates of benefit underpayments for the last two years, 2021 and 2020 (all social security benefits including Housing Benefit).

Overall, the figure for estimated amounts of underpayments is £52.9 million, or 0.7% of expenditure in 2021 compared to £57.4 million (0.8%) in 2020.

Estimates of underpayments across all benefits for 2021 and 2020

2021	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	7,133,497,762	27,088,371	20,273,975	36,114,783	0.4%	0.3%	0.5%
Customer Error	7,133,497,762	25,781,183	14,676,645	42,396,195	0.4%	0.2%	0.6%
Total Underpayments[1]	**7,133,497,762**	**52,869,555**	**39,840,865**	**71,778,143**	**0.7%**	**0.6%**	**1.0%**

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%**

[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 2021.

Estimates of official error underpayments across all benefits in 2021

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	399,669,487	162,830	-	828,314	0.0%	0.0%	0.2%
Employment and Support Allowance	825,038,813	5,783,191	3,075,275	8,816,185	0.7%	0.4%	1.1%
Income Support	78,804,994	169,601	-	648,917	0.2%	0.0%	0.8%
Jobseeker's Allowance	34,787,188	403,975	-	1,031,224	1.2%	0.0%	3.0%
State Pension	2,568,614,436	7,157,572	2,693,273	13,429,648	0.3%	0.1%	0.5%
Pension Credit	230,338,893	2,382,899	1,024,275	4,044,190	1.0%	0.4%	1.8%
Attendance Allowance	209,078,052	413,402	-	2,130,258	0.2%	0.0%	1.0%
Bereavement Benefit	14,865,723	50,559	-	214,560	0.3%	0.0%	1.4%
Carer's Allowance	178,409,143	-	-	-	0.0%	0.0%	0.0%
Industrial Injuries Disablement Benefit	29,217,789	60,977	-	334,037	0.2%	0.0%	1.1%
Maternity Allowance	11,297,748	21,746	-	89,468	0.2%	0.0%	0.8%
Social Fund	36,159,023	80,988	-	388,614	0.2%	0.0%	1.1%
Widow's Benefit	650,751	11,768	-	39,670	1.8%	0.0%	6.1%
Personal Independence Payments	998,508,182	5,586,048	2,156,544	10,015,846	0.6%	0.2%	1.0%
Universal Credit	912,382,814	3,519,073	1,531,958	5,902,470	0.4%	0.2%	0.6%
Other Expenditure (Non-NIF)	63,612,896	201,543	17,500	459,010	0.3%	0.0%	0.7%
Christmas Bonus (Contributory Only)	3,529,722	13,987	10,300	18,872	0.4%	0.3%	0.5%
Incapacity Benefit*	(7,522)	-	-	-	-	-	-
Social Security Benefits	**6,594,958,132**	**26,020,158**	**-**	**-**	**0.4%**	**-**	**-**
Housing Benefit Tenants (NIHE)	506,409,405	929,964	303,643	1,681,369	0.2%	0.1%	0.3%
Housing Benefit Owner Occupier (LPS)	32,130,225	138,249	26,318	307,080	0.4%	0.1%	1.0%
Total [1]	**7,133,497,762**	**27,088,371**	**20,273,975**	**36,114,783**	**0.4%**	**0.3%**	**0.5%**

[1] See Note 1

Customer Error - Underpayments

The table below sets out the estimate of benefit underpayments due to Customer Error in 2021.

Estimates of customer error underpayments across all benefits in 2021

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	399,669,487	-	-	-	0.0%	0.0%	0.0%
Employment and Support Allowance	825,038,813	9,062,864	5,259,784	13,304,747	1.1%	0.6%	1.6%
Income Support	78,804,994	56,439	-	290,930	0.1%	0.0%	0.4%
Jobseeker's Allowance	34,787,188	143,168	-	508,096	0.4%	0.0%	1.5%
State Pension	2,568,614,436	4,765,091	-	18,693,656	0.2%	0.0%	0.7%
Pension Credit	230,338,893	2,052,051	810,087	3,637,175	0.9%	0.4%	1.6%
Attendance Allowance	209,078,052	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	14,865,723	61,180	-	295,099	0.4%	0.0%	2.0%
Carer's Allowance	178,409,143	-	-	-	0.0%	0.0%	0.0%
Industrial Injuries Disablement Benefit	29,217,789	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,297,748	124,103	19,948	240,276	1.1%	0.2%	2.1%
Social Fund	36,159,023	69,052	36,934	487,617	0.2%	0.1%	1.3%
Widow's Benefit	650,751	2,678	-	12,918	0.4%	0.0%	2.0%
Personal Independence Payments	998,508,182	2,154,208	-	8,972,858	0.2%	0.0%	0.9%
Universal Credit	912,382,814	3,574,069	1,485,553	6,204,246	0.4%	0.2%	0.7%
Other Expenditure (Non-NIF)	63,612,896	158,383	-	585,605	0.2%	0.0%	0.9%
Christmas Bonus (Contributory Only)	3,529,722	11,960	6,033	20,864	0.3%	0.2%	0.6%
Incapacity Benefit*	(7,522)	-	-	-	-	-	-
Social Security Benefits	**6,594,958,132**	**22,235,246**	**-**	**-**	**0.3%**	**-**	**-**

Housing Benefit Tenants (NIHE)	506,409,405	3,379,557	1,282,847	6,117,128	0.7%	0.3%	1.2%
Housing Benefit Owner Occupier (LPS)	32,130,225	166,380	43,363	331,015	0.5%	0.1%	1.0%
Total [1]	**7,133,497,762**	**25,781,183**	**14,676,645**	**42,396,195**	**0.4%**	**0.2%**	**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 2021, the 2021 estimate for DLA 'change in customer circumstances' overpayments is estimated by applying the 2008 percentage. The 2021 estimate is £22.7 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 2021, the 2021 estimate for DLA 'change in customers' circumstances' underpayments is estimated by applying the 2008 percentage. The 2021 estimate is £11.6 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.

Since there was no PIP Benefit Review in 2021, 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 by applying the 2019 percentage. The 2021 estimate is £24.2 million or 2.4% of expenditure. 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 2022 was £57.3 million.

25 Entities within the departmental boundary

The entities within the boundary during 2021-22 were as follows:

Independent Statutory Bodies

Office of the Discretionary Support Commissioner

Advisory Non-Departmental Public Bodies

Historic Building Council

Historic Monuments Council (HMC)

Charities Advisory Committee

Ministerial Advisory Group on Architecture and Built Environment (MAG)

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 7 July 2022.

Report of the Comptroller and Auditor General

Report by the Comptroller and Auditor General to the Northern Ireland Assembly

Introduction

1. The Department for Communities (the Department) is responsible for housing, urban regeneration, community development, social security and child maintenance. The annual budget for the Department is £8.4 billion, of which approximately £7.1 billion is spent on benefits.

2. The Department administers £6.6 billion[1] of benefits directly with a further £0.5 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 2021-22 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; and
   - progress on Housing Association inspections.

Key findings

<u>Estimated Fraud and error in benefit expenditure</u>

4. **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**. I exclude State Pension from my qualified opinion because the estimated level of fraud and error in this benefit is much lower than in other benefits, being £9.6 million in expenditure of £2.6 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 2021-22 of approximately £7.2 billion, on a financial year basis.

5. Estimated overpayment and underpayment rates for benefits now stand at 4.6 and 0.4 per cent respectively of benefit expenditure, excluding State Pension, and are at the highest rate for several years (see **Figure 2**). In terms of value this represents £209 million in overpayments and £20 million in underpayments. Of this overpayments figure, 60 per cent (£124 million) relates to overpayments arising from 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 the level of estimated fraud and error in housing benefit expenditure.

Progress in Housing Association inspections

7. Last year I raised concerns about the gap in assurances available to the Accounting Officer in the absence of a regular programme of Social Housing Development Programme inspections. These inspections provide the Accounting Officer with assurance over how the Housing Association Grant is used and how Registered Housing Associations' (RHAs) comply with both the Housing Association Guide and NI Public Procurement Policy. I welcome the considerable progress the Department has been making towards resuming a full programme of inspections.

8. As part of its regulatory role the Department is required to assess all RHAs annually against set standards. Since 2017 this requirement has been met for all RHAs except for Woodvale and Shankill Community Housing Association due to an ongoing Judicial Review raised against the Department. I accept that the Department continues to follow legal advice but am concerned that this Association did not have adequate Department scrutiny for a number of years. I note that, following recent legal advice, annual assessment within this Association has now re-commenced.

Qualification of the Comptroller and Auditor General's audit opinion on the regularity of benefit expenditure (excluding State Pension)

9. **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.

10. 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.

11. 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[2] does not conform to the Assembly's intention and is irregular.

12. 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 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

13. 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

[2] Only underpayments due to official error are considered to be irregular.

of changes of circumstances and the complexity of benefits can cause confusion and genuine error, especially for those with means-tested entitlements.

14. 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. I am satisfied that the scope of this range[3] is not material. We have reviewed and tested the Departments' methodology for estimating fraud and error.

15. 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.

16. Note 23 to the Accounts sets out which benefits were measured for financial accuracy[4] and subject to benefit review[5] this year. 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[6].

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 and

[3] The Department is 95% sure that the total overpayments' estimate lies within the range £184 million (2.6 per cent) to £241.5 million (3.4 per cent). The Department is 95% sure that the total underpayments estimate lies within the range £39.8 million (0.6 per cent) to £71.8 million (1 per cent).
[4] Employment and Support Allowance, State Pension, Pension Credit, Carer's Allowance, Personal Independence Payment, Universal Credit, Housing Benefit –Northern Ireland Housing Executive and Land and Property Services.
[5] Employment and Support Allowance, Pension Credit, Carer's Allowance, Universal Credit, Housing Benefit –Northern Ireland Housing Executive and Land and Property Services.
[6] 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.

zero per cent respectively. However, 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.

18. The need for regular review has been illustrated following a number of pensioners contacting the Department for Work and Pension (DWP) in January 2020 to confirm the accuracy of their State Pension. In August 2020 DWP[7] confirmed there was a significant issue and estimated that it had underpaid 134,000 pensioners over £1 billion, an average of £8,900 each. DWP's review of all possibly affected cases is ongoing and since July 2020 the Department has been working with it to identify claimants, potentially underpaid in Northern Ireland. So far nearly 5,000 cases have been reviewed and £4.6 million in arrears has been paid out to NI claimants.

19. In January 2022[8] the Westminster Public Accounts Committee (PAC) concluded that DWP had been relying on a State Pension payment system that is not fit for purpose. The Committee noted that DWP's assurance attention was focused elsewhere due to low annual error rates on State Pension and that there was a risk that similar, unidentified errors exist elsewhere in the State Pension caseload. The Committee made seven recommendations which included the need to consider if there are costs effective ways to upgrade State Pension IT systems, enhance administrative processes and improve the clarity and availability of information to claimants and the next of kin of deceased claimants.

20. I accept that the Department is reliant on DWP's IT systems for processing benefit expenditure and that the Department intends to fully measure State Pension in its 2022 programme. While this is welcome, given the fact that the Department was apprised of this issue in March 2020, I am disappointed that it did not act with pace and include the review of State Pension in its 2021 programme.

21. It is reassuring that DWP's full review of State Pension in 2021 showed that estimated overpayment rates continue to be low[9]. However this benefits review

[7] Investigation into underpayment of State Pension, National Audit Office, HC 665, 2021-22.
[8] Underpayments of the State Pension, Committee of Public Accounts, 21 January 2022.
[9] Fraud and Error in the benefit system for financial year ending 2022, 26 May 2022, DWP National Statistics. Both customer error and fraud rates were zero per cent and values were estimated to be £50 million and £20 million respectively.

exercise identified a further issue[10] in respect of state pensions being underpaid to certain claimants. It is hoped that the Department's full review of State Pension next year will provide similar assurance over overpayment rates in NI and help the Department better assess the impact of these state pension underpayments issues for NI claimants.

22. 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.

The estimated level of fraud and error in benefit expenditure

23. Fraud and error levels in State Pension benefit expenditure of £2.6 billion (2020-21: £2.4 billion) remain at an immaterial level, estimated at 0.4 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.

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	2,568	4,566	7,134
All overpayments	2.5 (0.1%)*	209 (4.6%)	211.5 (3%)
Underpayments due to official error	7.1 (0.3%)	20 (0.4%)	27.1 (0.4%)
Total	9.6 (0.4%)	229 (5%)	238.6 (3.4%)

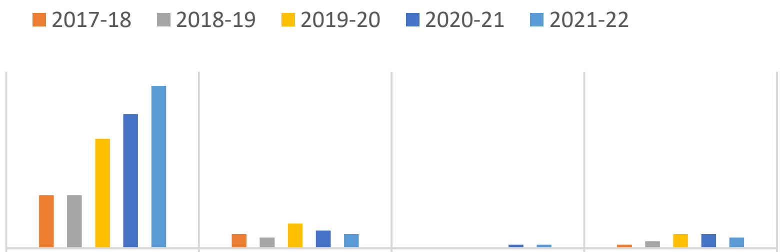
*Percentage of benefits expenditure

Source: Department for Communities Resource Account 2021-22.

24. **Figure 2** shows the overpayment and underpayment rates as a percentage of benefit expenditure since 2017-18. The overpayment rate has tripled since then 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 £99.5 million (1.5 per cent) to £138 million (1.9 per cent).

[10] During its benefit review of State Pension DWP identified an issue with Home Responsibilities Protection (HRP) records which have led to underpayment in State Pension and benefit review claimants being contacted by the team.

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

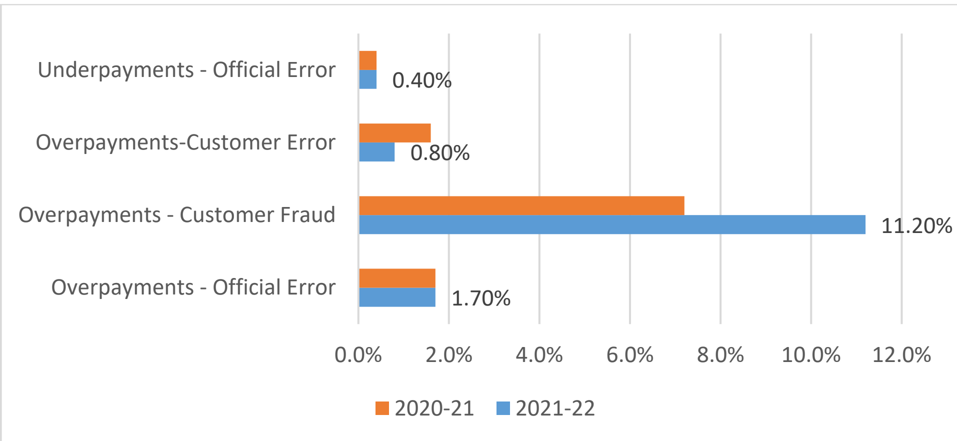


	Overpayments exc State Pension	Underpayments exc State Pension	State Pension Overpayments	State Pension Underpayments
2017-18	1.5%	0.4%	0.0%	0.1%
2018-19	1.5%	0.3%	0.0%	0.2%
2019-20	3.1%	0.7%	0.0%	0.4%
2020-21	3.8%	0.5%	0.1%	0.4%
2021-22	4.6%	0.4%	0.1%	0.3%

Source: Department for Communities Resource Account 2017-18 – 2021-22.

25. The Department considers that the increase in customer fraud this year is mainly due to the significant increase in Universal Credit (UC) fraud which has doubled in value again this year to £101.7 million (2020-21: £51.8 million) with the overpayment rate increasing from 7.2 per cent to 11.2 per cent. Universal Credit was fully measured for the last two years and movements in overpayment and underpayment rates for estimated fraud and error are set out in **Figure 3**:

Figure 3: Change in estimated overpayment and underpayment rates for Universal Credit



Source: Department for Communities Resource Account 2020-21- 2021-22.

26. Expenditure on UC increased by 27 per cent from £716 million in 2020-21 to £912 million this year and accounts for nearly 13 per cent of overall benefit expenditure. The Department's analysis of UC fraud cases shows that:

- 28 per cent of the cases commenced during the early days of the pandemic when checks to new claims were paused to manage the surge in demand and restrictions in place[11]; and
- a significant proportion relate to self-employed income which is more difficult to verify than taxed income through HMRC records.

27. I note that the GB position with respect to UC is similar in terms of increasing expenditure and estimated overpayment rates due to customer fraud of 13 per cent. However I am concerned that estimated overpayments due to fraud of 11.2 per cent (£101.7 million) in NI are so significant, particularly given its size, and consider this to be unacceptable. Moreover this will potentially increase when the Department starts transferring claimants from legacy benefits to UC (managed migration).

28. The Department has highlighted a number of initiatives to reduce fraud and error in social security benefits, including UC, in Note 23 and I asked what its strategy is for reducing UC fraud and error and what the barriers are in achieving this. The Department told me that it continues to enhance its understanding of the root causes of fraud and error within the benefit system and has targeted plans in place to minimise loss to the public purse, tackling those areas of highest risk. The Department's Benefit Fraud, Error and Debt Strategy sets out high-level objectives of preventing fraud and error from occurring or detecting it as early as possible during the life of a claim. The Department's Benefit Security Division takes the lead in driving activity to minimise fraud and error and undertakes a range of counter fraud activities from targeted interventions to criminal investigations for the most serious frauds. This complements the risk based targeted work carried out by individual benefit branches.

[11] Work has subsequently been carried out to verify the elements where checks were paused. The Department has advised that the fraud identified for measurement purposes does not necessarily relate to those specific elements.

29. Furthermore as a digital benefit with 24/7 access the fraud and error picture within UC remains challenging and is influenced by a number of factors for example, customer behaviour, both opportunistic and organised activity. There has been significant and ongoing development of the UC system along with future exploration of additional measures that can be taken to reduce both fraud and error. These include ongoing investment in enhanced checking activity throughout the claim journey. Close engagement with DWP continues to ensure the Department is fully sighted on the longer term strategy for Universal Credit fraud & error.

Estimated fraud and error in Northern Ireland and Great Britain – high level comparison

30. Looking at comparable figures in GB[12], including State Pension, overpayment error rates have increased from 3.9 per cent in 2020-21 to 4 per cent this year. In Northern Ireland, the corresponding overpayment error rate has increased from 2.5 per cent to 3 per cent. Underpayment rates for official error have reduced from 0.5 per cent to 0.4 per cent in Northern Ireland, lower than GB's rate of 0.5 per cent.

Progress in Housing Association inspections

31. The Department is responsible for the funding, monitoring, regulation and issue of guidance and policy directives to Registered Housing Associations. There are 20 Registered Housing Associations (RHAs) in Northern Ireland. The Department carries out two different types of inspection:

- as part of its regulatory role the Department is required to assess the performance of every RHA annually against governance, finance and consumer standards; and
- to provide assurance to the Accounting Officer over spend on the Social Housing Development Programme (SHDP) the Department inspects a sample of individual schemes or adaptations.

[12] Fraud and Error in the benefit system for financial year ending 2022, 26 May 2022, DWP National Statistics. The benefit expenditure figures exclude amounts devolved to the Scottish Government of £3.3 billion.

Regulatory Assessments

32. Since 2017 annual regulatory assessments have been completed for all of the RHAs, except Woodvale and Shankill Community Housing Association (WSCHA), following legal advice in respect of the matters referred to in the next paragraph. WSCHA provides for upgrades and maintains general family housing needs, sheltered accommodation for the elderly and disabled and special needs accommodation. It is responsible for managing approximately 460 units and has been registered with the Charities Commission since March 2015.

33. Following a number of whistleblower allegations in 2016 the Department commissioned a Governance Review of the specific matters raised in respect of WSCHA. After the review was completed in 2017, a Statutory Inquiry (SI)[13] was launched into the affairs of WSCHA. The results of this SI have not been published as WSCHA subsequently raised a Judicial Review (JR) against the Department on a separate issue. This JR remains ongoing and the Department continues to seek legal advice. The Charities Commission NI launched their own SI into WSCHA in January 2020 which has recently concluded.

34. It is concerning that this RHA has been operating without adequate Department scrutiny in the past five years but I welcome the fact that, following further legal advice, a regulatory assessment is underway for 2020-21. My staff intend to monitor the position with respect to this RHA closely.

Social Housing Development Programme (SHDP) inspections

35. The Department provided funding of £172 million (2020-21: £136 million) via the Housing Executive to Registered Housing Associations (RHAs) during 2021-22 for the delivery of social housing through the SHDP[14].

36. In 2019 the Department's Internal Audit Unit reported that SHDP inspections had not taken place since April 2016. The purpose of these inspections is to ensure that RHAs have complied with the Housing Association Guide and NI Procurement policy

[13] Under Article 23 of the Housing Order (NI) 1992.
[14] Including "Housing for All" supported schemes.

and therefore they provide the Accounting Officer with assurance over how SHDP money has been spent. Last year I expressed my concern about the limited progress that had been made in re-instating a programme of inspections. The Department introduced a three year plan from 2020-21 to 2022-23 to cover the 13 RHAs who continue to develop schemes and this year completed 20 desk-based inspections in which no major issues were identified except for one inspection where the Department identified significant procurement issues and planning conditions not being fully met. The Department is following these issues up with the Association. While the target of 31 inspections has not been achieved this year, I note that 11 further reports are either at fieldwork or draft stage and schemes and adaptations in 10 of the 13 developing RHAs have been inspected to date.

37. I welcome the considerable progress the Department is making in this area which should provide greater assurance to the Accounting Officer over how this money is spent. Due to the historic issues around inspections in the SHDP my staff will keep this matter under review.

K J Donnelly

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

7 July 2022

ANNEX A
Child Maintenance Service (CMS) Client Funds Account 2021–22

Management Commentary

1.1 Major Reforms

The Child Maintenance Service (CMS) is part of the Department for Communities (the Department); 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 were closed in March 2020 with any ongoing arrears only cases transferred to the CMS 2012 scheme.

The 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 and pay 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 2022, 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.

In 2018-19 NI CMS, in line with the approach adopted by the Great Britain (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 under the Compliance and Arrears Strategy activity, followed by Parent with Care (PWC) arrears cases. The majority of the restatement and representation activity was completed by March 2020. 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. As part of the Compliance and Arrears Strategy the

Legacy bank account was closed in August 2020. Receipts and payments for Legacy cases are processed through a single bank account used for both the Legacy cases hosted on CMS 2012 and the 2012 Scheme.

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.

During the 2020-21 financial year a new GB CMG data and analytics service, Children Analytical Data Service (ChADS) was initiated. There was further development of the new system in the 2021-22 year and the DfC finance teams were involved with GB CMG in the testing of the transition of the existing finance reporting capability. This work will continue throughout the next year with the planned go-live of the ChADS finance system in the Summer 2022.

Performance during 2021-22

The Legacy systems were closed down in March 2020 and fully decommissioned in November 2020. Transitioned Legacy arrears balances are managed on CMS 2012.

Performance for the 2021-22 year is therefore reported as per the CMS 2012 system. This includes data on receipts and payments relating to both the CMS 2012 Collect and Pay and the transitioned Legacy arrears cases. Direct Pay cases are not included in the receipts and payments amounts in the accounts as the parents arrange payments between themselves based upon a calculation by CMS.

The total caseload as at 31 March 2022, including Direct Pay, Collect and Pay and Legacy transitioned cases was 15,897 (2020-21:15,327). At 31 March 2022 92.3% of these case groups were contributing towards their current liability (31 March 2021: 94.2%).

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 £23.570 million (2020-21: £22.628 million) was paid between parents:

- £18.982 million through Direct Pay
- £4.588 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 2022, two out of three parents using the 2012 statutory scheme are already using this service and thus avoiding charges completely.

As at 31st March 2022, 66% (31 March 2021: 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 2021-22, approximately 70.6k (2020-21: 68.2k) individual receipts were recorded. Total monies received (including collection charges) were £5.324 million (2020-21: £5.110 million) with 99% of receipts by volume received electronically.

1.1.3 Payments of child maintenance

During 2021-22, approximately 68.2k (2020-21: 65.8k) individual payments were made to receiving parents with a total value of £4.220 million (2020-21: £4.002 million). 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 £11.941 million at 31 March 2022 (31 March 2021: £12.010 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

The Legacy systems were closed down at the end of March 2020. For the last six 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 HMRC 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 2021-22 is 0.5 % (2020-21: 0.7%).

1.4 Impact of Covid-19

The NI CMS continued to deliver essential services throughout the 2021-22 financial year during the ongoing Covid-19 outbreak.

Moving on from the position last year, CMS have increased their Inbound telephony hours gradually and are no longer accepting verbal evidence when informed of a change in income. As part of the drive to deliver better customer services and improved response times customers are encouraged to use their digital account – 'My Child Maintenance Case'. This digital service allows customers to make an on-line Child Maintenance application, report changes, obtain updates on progress and make card payments. In addition, CMS is continuing to transform and modernise the services provided with the introduction of a live WebChat service which provides support to customers when they need it. Customer Inbound contact via My Child Maintenance Case for general enquiries is also available when WebChat is not available.

Throughout the 2021-22 year a full range of activities continued to be delivered by CMS staff either working in the office or working from home.

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

- 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.

COLUM BOYLE
ACCOUNTING OFFICER
6 JULY 2022

Governance Statement

Introduction

The Department for Communities (DfC) is one of nine Northern Ireland Departments created on 9 May 2016 following the restructuring of NICS Departments. In respect of 2021-22, up until the suspension of the Northern Ireland Assembly on the 28 March 2022, in advance of the Assembly elections in May 2022, the Department for Communities was under the direction and control of NI Assembly Minister Deirdre Hargey. The current Northern Ireland Assembly was elected on 5 May 2022 however an Executive has not been formed. Incumbent Ministers can remain in post for up to 24 weeks from the date of the Assembly's first sitting due to provisions in the Northern Ireland (Ministers, Elections and Petitions of Concern) Act 2022. Therefore the Department for Communities continues to operate under the direction and control of Minister Hargey.

The Department 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.

The Permanent Secretary is the Department's most senior official and the Minister's principal advisor. For the 2021-22 financial year, Tracy Meharg was the Department's Permanent Secretary and Accounting Officer until her retirement on 21 March 2022. Moira Doherty was appointed as interim Permanent Secretary and Accounting Officer from 7 March 2022 pending the appointment of the Department's new Permanent Secretary and Accounting Officer, Colum Boyle, from 25 April 2022.

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.

The governance arrangements set out in the Departmental Resource Account for the year ended 31 March 2022 relate to the CMS as part of the Department.

This statement provides comment on issues which are specific to the CMS operating within the Department with specific reference to the significant control weaknesses relevant to the CMS.

Legacy Schemes

Many of the control weaknesses highlighted in previous years' accounts and highlighted below, arose as a result of the limitations in the systems underpinning the 1993 and 2003 statutory Legacy schemes. These issues have led to repeated qualified audit opinions by the Comptroller and Auditor General. A key part of the strategic solution to the Legacy system issues was the full implementation of the 2012 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.

This work completed under the Compliance and Arrears Strategy allowed the 1993 and 2003 statutory schemes to close in March 2020 and the IT systems were decommissioned in November 2020. Ongoing representation work under the Strategy in 2021-22, has resulted in a total amount of 97 cases selected throughout the year (2020-21: 162 cases selected) and a total amount restated of £0.432 million (2020-21: £0.473 million).

The NI Compliance and Arrears Strategy also seeks to minimise arrears accruing on the 2012 Statutory Child Maintenance Scheme.

Internal Audit Opinion

During 2021-22, no Internal Audit reviews were carried out on NI CMS.

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.

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 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 2021-22 was 0.5% (2020-21: 0.7%). This is an estimated monetary amount of error for the CMS 2012 scheme of approximately £21,000 (2020-21: 27,500).

The Comptroller and Auditor General (C&AG) considers the overall level of irregularity in receipts and payments continues to be material and has qualified the regularity audit opinion again this year.

Outstanding Maintenance Arrears Balances

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 Legacy maintenance arrears balances is limited or unavailable. There is therefore significant uncertainty over the accuracy and completeness of the Legacy arrears amounts.

Over the last three financial years the Department completed considerable work on the CMS 2012 debt balances to help substantiate the balance of maintenance arrears on a case-by-case basis. For the 2021-22 financial year the Department has provided the necessary supporting documentation for the arrears arising under the CMS 2012 scheme.

The total outstanding maintenance arrears at March 2022 are currently £11.9 million, made up of £7.8 million from cases operating under the CMS 2012 scheme and £4.1 million transferred from the Legacy schemes. The level of legacy arrears has been steadily decreasing over the last five years and is currently just over a third of the total arrears balance.

For the 2021-22 year the disclaimer audit opinion on the Outstanding Maintenance Arrears note in the accounts is removed and the Comptroller and Auditor General has qualified his opinion on the financial statements only in relation to the element of the arrears balance arising from legacy schemes of £4.1 million.

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 Department Resource Account. These payments totalled £0.005 million in 2021-22 (2020-21: £0.012 million).

Conclusion

The Department will continue to work with the DWP in GB on the continued development of the 2012 Child Maintenance system.

I am satisfied that the CMS 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.

COLUM BOYLE
ACCOUNTING OFFICER
6 JULY 2022

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

Qualified 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 2022 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Receipts and Payments Account, Statement of Balances, Note 5 ‘Outstanding Maintenance Arrears’ and the related notes receipts and payments, outstanding maintenance balances and other related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion, except for the possible effects of the matters described in the Basis for qualified opinions section of my certificate, the financial statements:

- properly present the receipts and payments of the Child Maintenance Services Client Funds for the year then ended and the balances and maintenance arrears as held at 31 March 2022; 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 possible effects of the matters described in the Basis for qualified opinions section of my certificate, 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 qualified opinions

I have qualified my opinion on the financial statements in respect of the legacy scheme element of the maintenance arrears, being £4.1 million. The Department does not maintain adequate accounting records for the Child Maintenance Service Client Funds to support the level of outstanding legacy scheme maintenance arrears. I have therefore not received all the information and explanations I require for my audit. I was also not able to confirm the accuracy and completeness of the legacy scheme maintenance assessments, which form the basis of the legacy maintenance arrears balance.

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. In relation to maintenance assessments calculated under the legacy schemes it is not possible to quantify the overall irregularity in £469,000 of receipts and £464,000 of payments as a valid statistical sample cannot be generated to test their accuracy. For maintenance assessments calculated under the CMS 2012 scheme the estimated level of irregularity is approximately £21,000 in £3.8 million of receipts and £3.7 million of payments. Overall I consider the 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 and Regularity of Public Sector Bodies 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 (the Department) in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council’s Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified 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 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 Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for 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 is 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 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 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 and for being satisfied that they properly present the receipts and payments during the year;
- 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 enquires 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 the 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 reperforming a sample of decisions tested by the Department 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

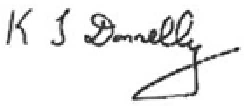
potential bias; and

- 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
7 July 2022

Financial Statements

CHILD MAINTENANCE SERVICE (CMS) CLIENT FUNDS ACCOUNT

Receipts and Payments Account for the year ended 31 March 2022

	Notes	2021-22 £'000	2020-21 £'000
Receipts	2	5,324	5,110
Total Receipts		**5,324**	5,110
Less Payments to:			
Receiving Parents	2	4,220	4,002
the Department (including fees)	2	989	910
Department for Work and Pensions (DWP)	2	5	64
Paying Parents	2	90	97
Total Payments		**5,304**	5,073
Net (Payments)/Receipts		**20**	37
Balance as at 1 April		312	275
Balance as at 31 March	3	**332**	312

Statement of Balances as at 31 March 2022

	Notes	2021-22 £'000	2020-21 £'000
Funds awaiting clearance	3	149	145
Cleared funds awaiting distribution	3	183	167
Balance on bank account		**332**	312

The notes on pages 297 to 306 form part of these accounts.

COLUM BOYLE
ACCOUNTING OFFICER
6 JULY 2022

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 Fund's 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 accrual's basis.

2. Receipts and Payments

Receipts

2.1 Receipts from clients relate to child maintenance collected from Paying Parents, 2021-22 £4.326 million (2020-21: £4.167 million); and the receipt of collection and enforcement charges, 2021-22 £0.977 million (2020-21: £0.892 million). Receipts also include drawdowns and receipts from the Department; for the 2021-22 financial year these were £0.021 million (2020-21: £0.051 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 per the CMS 2012 Scheme totaled £4.220 million in 2021-22 (2020-21: £4.002 million).

2.4 The payments to the Department of £0.989 million (2020-21: £0.910 million), include £0.982 million of collection and enforcement charges received from parents using the 2012 Collect and Pay Scheme (2020-21: £0.878 million).

Also included are payments of £0.005 million (2020-21: £0.007 million (restated)) 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 £645 for DNA fees (2020-21: £250) and £1,760 for other costs (2020-21 £3,700). The amount of Consolidated Fund Excess Receipts (CFERs) in the year was minimal, £345, (2020-21: £0.022 million).

2.5 Payments to the Department for Work and Pensions (DWP) of £0.005 million (2020-21: £0.064 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 £0.090 million (2020-21: £0.097 million) relates to refunds on cases held on the 2012 Scheme.

3. Statement of Balances

3.1 The balances relating to funds awaiting clearance, 2021-22 £0.149 million (2020-21: £0.145 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, 2021-22 £0.183 million (2020-21: £0.167 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 2022

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 Collect and Pay Scheme.

Collectability of Outstanding Maintenance Arrears

4.4 In line with the Accounts Direction, CMS have estimated the collectability of outstanding maintenance arrears for 2021-22 and this information is included in Note 5.

4.5 The outstanding arrears for 2012 Scheme Collect and Pay cases are considered to be potentially collectable. This is based on an assessment of management information and data on the arrears, providing age of debt, payment analysis etc. 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. There have been no changes in the recovery processes for the transitioned Legacy cases in the 2021-22 financial year. Based on a review of the recovery performance and data for these arrears cases the arrears are considered to be potentially collectable.

4.7 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.

4.8 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.

4.9 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.

4.10 In total £0.819 million has been restated or written off for the 2021-22 financial year and details of this are included below:

Restatement & Write-off Amounts 2021-22

	Restatement Amount £’000	Write-off Amount £’000	Total £’000
Legacy Arrears on 2012	432	89	521
CMS 2012	-	298	298
Total	**432**	**387**	**819**

Restatement & Write-off Amounts 2020-21

	Restatement Amount £’000	Write-off Amount £’000	Total £’000
Legacy Arrears on 2012	473	134	607
CMS 2012	-	172	172
Total	**473**	**306**	**779**

5. Outstanding Maintenance Arrears

5.1 Outstanding Maintenance Arrears at 31 March 2022

	Legacy Arrears hosted on 2012 Scheme £'000	2012 Scheme £'000	Total £'000
Opening balances as at 1 April 2021	**5,249**	**6,761**	**12,010**
Write Off *(5.3iii)*	(89)	(298)	(387)
Restatement *(5.3iii)*	(432)	-	(432)
Maintenance Charged in Year *(5.3i)*	-	6,024	6,024
Maintenance Adjustments *(Note a) (5.3ii)*	(126)	(561)	(687)
Maintenance Received in Year *(5.3iv)*	(467)	(4,120)	(4,587)
Closing balances as at 31 March 2022	**4,135**	**7,806**	**11,941**
Collectability analysis			
Likely to be collected	4,135	7,806	**11,941**
Possibly uncollectable	-	-	**-**
Probably uncollectable	-	-	**-**
	4,135	**7,806**	**11,941**

Note a

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.

5.2 Outstanding Maintenance Arrears as at 31 March 2021

	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**
Write Off *(5.3iii)*	(134)	(172)	(306)
Restatement *(5.3iii)*	(473)	-	(473)
Maintenance Charged in Year *(5.3i)*	-	5,278	5,278
Maintenance Adjustments *(Note a) (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

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 2021-22 was £6.024 million (2020-21: £5.278 million).
The increase in Maintenance Charged for the 2012 Scheme reflects the increase in 2012 Collect & Pay activity in 2021-22.

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 2021-22 totalled £0.687 million (2020-21: £0.632 million). This year's adjustment figure is broadly in line with the comparative.

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 2012 scheme in 2021-22 is £0.819 million (2020-21: £0.779 million). The increase in Business As Usual write-offs is due to a rise in write-off activity on the 2012 Scheme cases.

iv) Maintenance received during the year comprises amounts received from Paying Parents. When a receipt is subsequently allocated to a case by the child support computer system, 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 2021-22 was £4.587 million (2020-21: £4.338 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 7 July 2022.

Report of the Comptroller and Auditor General

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

Introduction

1. The Department for Communities (the Department)'s Child Maintenance Service (CMS)[1] is responsible for administering statutory child maintenance schemes in Northern Ireland and the management of client funds relating to these schemes. Client funds are based on either the 2012 child maintenance scheme (CMS 2012 scheme) or the 1993 and 2003 legacy schemes, operated by the previous Child Support Agency[2].

2. Under the Government Resources and Accounts Act (NI) 2001, the Department of Finance (DoF) has directed the Department to prepare a Statement of Client Funds Account. This is a receipts and payments account that shows receipts of child maintenance from paying parents and payments[3] to receiving parents, with responsibility for the children concerned.

3. 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.

4. 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.

5. This Report reviews the results of my 2021-22 audit of the Child Maintenance Service Client Funds Account.

[1] 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 Northern Ireland Child Support Agency was the government body responsible for the calculation, enforcement and collection of Child Maintenance in Northern Ireland. It was established in 1993 and became an integral part of the Department in April 2008

[3] 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

6. CMS 2012 scheme receipts for 2021-22 are approximately £3,857,000 (2020-21: £3,566,000) and associated payments are approximately £3,756,000 (2020-21: £3,435,000). For 2021-22 the Department estimated the overall rate of error in receipts and payments for these cases to be 0.52 per cent (2020-21: 0.73 per cent), a monetary impact of approximately £21,000 (2020-21: £27,500).

7. In relation to legacy schemes, receipts this year are £469,000 (2020-21: £601,000) and associated payments are £464,000 (2020-21: £567,000). 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.

8. Therefore I consider that the level of irregularity in receipts and payments continues to be material and I have qualified my regularity audit opinion again this year.

9. Outstanding maintenance arrears are currently £11.9 million (2020-21: £12 million), made up of £7.8 million (2020-21: £6.8 million) from cases operating under the CMS 2012 scheme which can be substantiated and £4.1 million (2020-21: £5.2 million) transferred from the legacy schemes, for which I was unable to obtain satisfactory evidence. Arrears relating to the legacy schemes are continuing to reduce and are now 34 per cent (2020-21: 43 per cent) of the overall arrears' balance of £11.9 million. Consequently, I have qualified my audit opinion on the financial statements in respect of this part of the arrears balance.

Statutory Child Maintenance Schemes

10. 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.

11. The CMS 2012 scheme is supported by a Department for Work and

Pensions' 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.

12. 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 legacy scheme 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 in April 1993, I have qualified my audit opinion on this Account in respect of these receipts and payments.

Receipts and payments

13. 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. 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.

14. The IT system underpinning the CMS 2012 scheme automatically determines the maintenance decision in 74 per cent (2020-21: 78 per cent) of cases. Where the decision is more complex Department staff have to intervene manually. The Department's Case Monitoring Team (CMT) estimates the level of error in maintenance assessments by calculating the monetary value of error[4] for CMS 2012 decisions which provides an estimate of the level of child maintenance that has been paid incorrectly.

[4] This is a percentage of the financial value of errors identified divided by the overall value of assessments and is used by the Department when calculating the level of estimated fraud and error in social security benefits. It assesses the accuracy of the last financial decision taken on the maintenance assessment.

15. For 2021-22 CMT tested a statistically valid sample[5] of both fully automated decisions and those requiring manual intervention, estimating an error rate of 1.8 per cent (2020-21: 2.9 per cent) for decisions needing manual intervention while fully automated cases were found to be 100 per cent accurate.

16. This year the combined value of the estimated error is 0.52 per cent (2019-20: 0.73 per cent) of receipts under the CMS 2012 scheme (**see Figure 1**) which produces an estimated monetary value of error of approximately £21,000 (2020-21: £27,500). I am satisfied that this is a reasonable measure of the level of error in CMS 2012 receipts.

Figure 1: Breakdown of Receipts for 2020-21 and 2021-22

	2021-22	2020-21
Receipts	£	£
Legacy schemes	469,000	601,000
CMS 2012 schemes	3,857,000	3,566,000
Total NRP Receipts	**4,326,000**	4,167,000
Other[6]	998,000	943,000
Total Receipts	**5,324,000**	5,110,000
Payments		
Legacy schemes	464,000	567,000
CMS 2012 schemes	3,756,000	3,435,000
Total PWC Payments	**4,220,000**	4,002,000
Other[7]	**1,084,000**	1,071,000
Total Payments	**5,304,000**	5,073,000

Source: Department for Communities and notes to the CMS 2021-22 and CMS 2020-21 accounts

[5] The Professional Services Unit, part of the Northern Ireland Statistics and Research Agency selects the sample size to be checked.
[6] This mainly consists of collection and enforcement charges of £977,000 (2020-21:£892,000).
[7] This mainly consists of collection and enforcement charges of £982,000 (2020-21:£878,000).

17. Due to the fact that it is not possible for the Department to generate a statistically valid sample to test the accuracy of these assessments I am 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 approximately £21,000 (2020-21: 27,500). Therefore the overall 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

18. 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.

19. 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. **Figure 2** sets out the split between the arrears relating to legacy schemes and those relating to the 2012 scheme for the last two years.

Figure 2: Split between legacy and CMS 2012 arrears in 2021-22 and 2020-21

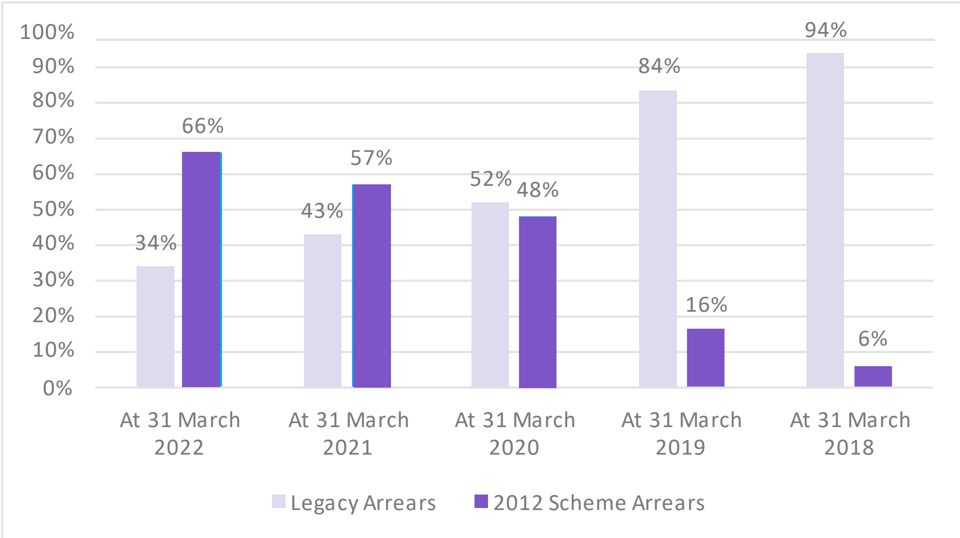
	At March 2022	At March 2021
	£'million	
Legacy Arrears (hosted on 2012 Scheme)	4.1	5.2
2012 Scheme	7.8	6.8
Total	**11.9**	**12.0**

Source: CMS Accounts 2021-22

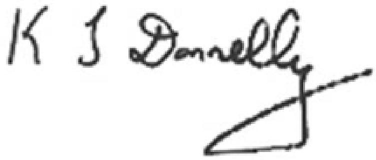
20. The total arrears at 31 March 2022 represent the cumulative amount of arrears since child support arrangements were established in 1993. In line with legislation, the Department can only write-off arrears in very limited circumstances. The total amount of unpaid maintenance assessments of £11.9 million (2020-21: £12 million) at 31 March 2022 is shown in note 5.1 to the accounts. This figure comprises legacy arrears of £4.1 million (2020-21: £5.2 million) and arrears recorded on the system underpinning the CMS 2012 scheme of £7.8 million (2020-21: £6.8 million).

21. The Department has told me that the level of legacy arrears is unlikely to reduce significantly in the short- term as some legacy recoveries are very low value. **Figure 3** shows that the percentage of legacy arrears has been steadily decreasing over the last five years and is currently just over a third of the total arrears balance. While the Department is able to provide me with the necessary supporting documentation for the arrears arising under the CMS 2012 scheme it is unable to do so for those arising from legacy schemes nor is it able to estimate the value of misstatements as a result of inaccurate assessments. I have therefore qualified my opinion on the financial statements in relation to the element of the arrears balance arising from legacy schemes of £4.1 million.

Figure 3: Trend in breakdown of arrears relating to legacy schemes and the CMS 2012 scheme



Source: CMS Accounts 2017-18 - 2021-22



KJ Donnelly

Comptroller and Auditor General

Northern Ireland Audit Office

1 Bradford Court

Galwally

Belfast

BT8 6RB

7 July 2022

Available in alternative formats.

Department for Communities | An Roinn Pobal | Depairtment fur Commonities
www.communities-ni.gov.uk

9 781911 705192