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

Annual Report and Accounts

for the year ended 31 March 2024

Annex includes Child Maintenance Service Client Funds Account 2023–24

DEPARTMENT FOR COMMUNITIES

ANNUAL REPORT AND ACCOUNTS 2023-24

For the year ended 31 March 2024

Laid before the Northern Ireland Assembly under section 10(4) of the
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This publication is available at **www.communities-ni.gov.uk**

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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

This section outlines the work the Department is responsible for, our purpose, key risks that we faced in pursuing our objectives and how we have performed during 2023-24.

Structure of the Department

Operating Environment

Whilst the Northern Ireland Assembly was not in session, the Northern Ireland (Interim Arrangements) Act 2023 (NIIAA) which received Royal Assent on 24 May 2023 amended the 2022 Act to extend the period during which departmental functions were exercised by senior officials in the absence of ministers. The Permanent Secretary, as the most senior official in Department for Communities, exercised this responsibility during the period April 2023 to 2 February 2024.

Following the publication of the UK Government Command Paper, Safeguarding the Union, the Northern Ireland Assembly was restored with the successful election of a Speaker, Deputy Speakers and Executive Ministers on 3 February 2024.

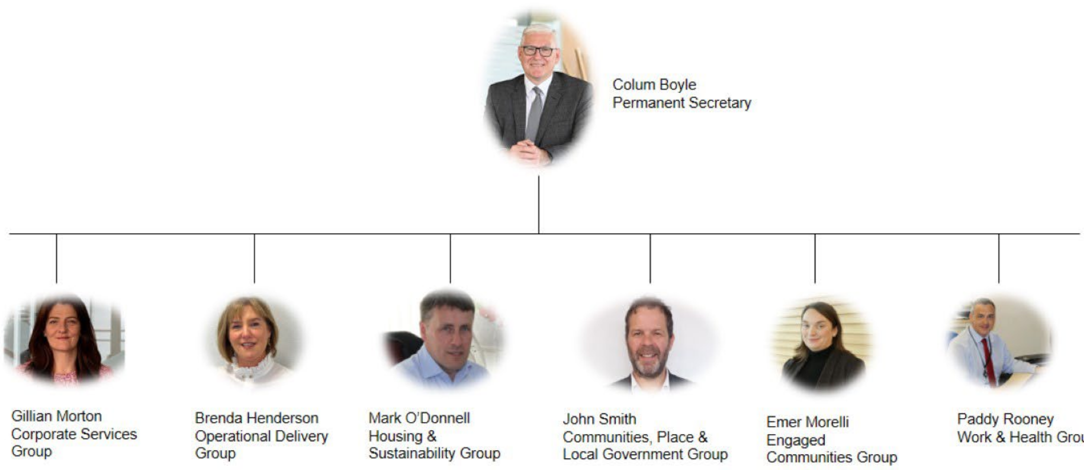
Gordon Lyons, MLA accepted the Ministerial Portfolio for the Department for Communities (DfC), however, the Permanent Secretary remained responsible for decisions taken by senior officers within the Department. The Permanent Secretary ensured there was appropriate guidance and a process in place to govern how, and at which level, functions were exercised by officials.

As the most senior official, the Permanent Secretary had the primary role in ensuring the effective management of the Department's operations under the authority of the legislation and to provide strategic advice to the Minister on departmental policy making and implementation activities. As Principal Accounting Officer, he continued to be responsible for ensuring the regularity and propriety of departmental expenditure and promoting value for money within the Department and for ensuring there were robust systems of corporate governance and financial control within it.

Department Organisational Structure

As Principal Accounting Officer and the Department's most senior policy adviser, the Permanent Secretary, Colum Boyle, is supported by Deputy Secretaries, who each manage business groups within the Department to deliver effective public services to the community and do so in conjunction with relevant stakeholders such as Arm's Length Bodies (ALBs), Local Government, Voluntary and Community Sector and other delivery partners.

At the beginning of this reporting year the Permanent Secretary was supported by five Deputy Secretaries. However mid-year, the Department's senior officials undertook to realign business areas that had common objectives, with a view to allowing closer collaborative working to enable effective service delivery across the Department. John Smith joined the leadership team as Deputy Secretary in July 2023 and Gillian Morton and Emer Morelli followed in August 2023. The new six group structure took effect on 1 January 2024.



The Department's senior officials along with two non-Executive members make up the Departmental Management Board (DMB). DMB is further supported in its role by four Sub-Committees which are addressed in the Corporate Governance Report on page 42.

Arm's Length Bodies

For the 2023-24 period, DfC had responsibility for 14 ALBs (the North South Language Body consists of Foras na Gaeilge and Ulster-Scots Agency), which are consolidated within these Accounts as part of the Review of the Financial Process set out in the Governance Statement at page 46. (NB: From 1 April 2014, following a review by the Office for National Statistics, the budgetary classification of the NIHE changed from solely being a Public Corporation. As a result, from this date, there are separate budgetary control and reporting requirements for Landlord Services and Regional Services. The Regional Services element only is consolidated within these Group accounts.)

DfC's ALBs are:

Detailed information on individual ALBs performance is available in their annual accounts. Website links provided in Note 26.

Statement from the Permanent Secretary

I am pleased to present this report for the financial year to 31 March 2024 which outlines the Department's performance including key successes achieved throughout the past year and provides information across the range of the Department's activities.

On 3 February 2024 I was delighted to welcome Gordon Lyons, MLA to his new role as Minister for Communities. As the largest Department in the NICS, our key role is supporting people, building communities and shaping places and I am looking forward to working with him in delivering for the people of Northern Ireland.

The absence of a functioning Executive at the start of this reporting year impacted on the scale of our ambition regarding taking forward the Welfare Mitigations Review Report (2022), a Housing Supply Strategy and the development and publication of an Irish Language Strategy and an Ulster Scots Language, Heritage and Culture Strategy. However, all the Department's activities remained dependent on adequate budget allocation.

In what has been a very challenging year, including operating within a severely reduced budget, we have developed and introduced a new Departmental structure that better aligns our varied and diverse work. An extensive amount of planning took place to get the new structures correct and our new six group structure will ensure that we are better equipped to deal with the challenges and opportunities that lie ahead.

Our strategy remained agile and adaptable as we worked to reconsider and where necessary, review and amend our objectives to meet these challenges and opportunities. The Department's strategy governed our business plan which monitors objectives, activities and milestones against key Departmental deliverables. The 2023-24 business plan was developed against a backdrop of a cost-of-living crisis, high inflation, no functioning Executive and a significant pressure on budgets which has been extremely challenging for the Department and for our people, both professionally and personally.

Activities and targets are monitored by each Deputy Secretary through their group business plans and by working in partnership with officials in other Departments, our ALBs, other public sector organisations, and the Voluntary and Community Sector.

The Department undertook a public consultation on the Department's 2023-24 budget allocations and published its final Equality Impact Assessment (EQIA) report on 3 October 2023. The Department worked hard to identify mitigations to minimise the impact against the budgetary pressures, including additional funding for Discretionary Support Grants, initiatives around Supporting People, Employability and Homelessness. We continued to assist households with energy efficiency through the Affordable Warmth Scheme, which has been extended for a further two years until March 2026.

The publication of the new affordable housing policy provided another important lever to deliver affordable rental homes to households struggling with the cost of market rentals. Intermediate Rent is one of a range of measures aimed at increasing supply of affordable housing and is a central tenet of the draft Housing Supply Strategy.

The opening of the Portrush public realm recreation grounds highlights how working collaboratively with stakeholders and, most importantly, the community itself on regeneration ensures towns such as Portrush continue to be places where people want to work, visit and live.

The Department continues to support those in crisis through the Discretionary Support Scheme, as well as outreach with the Voluntary and Community Sector and with Neighbourhood Renewal groups to improve opportunities for disadvantaged people through the delivery of job fairs and community activities.

In one of our busiest years, a record number of people responded to the Make the Call campaign. Among those responding, 63% were new customers who have now received advice and support to access benefits and supports to which they are entitled.

Events in the Public Record Office for Northern Ireland (PRONI) to celebrate its centenary achieved widespread media coverage and provided an opportunity to highlight the work of our teams and the wealth of public records held, such as hosting the original UK Government copy of the Good Friday Agreement (GFA) and an original American Declaration of Independence.

I have had the privilege of visiting some Neighbourhood Renewal projects, including the opportunity to see a new health and community hub in Dungannon delivered with investment from the Department. The partnership approach adopted by the Village Catalyst initiative has delivered an innovative heritage project in Ederney which will benefit not only the village but the wider rural network. I was genuinely impressed to see first-hand the positive impact these initiatives have had on local communities - protecting our local heritage and taking steps toward greater economic sustainability and community wellbeing.

As Operational Delivery Profession (ODP) Champion I was delighted to host a celebratory event, in the Long Gallery, Parliament Buildings on 8 February 2024 to recognise the successful completion of the Operational Delivery Apprenticeship Scheme and to mark National Apprenticeship Week. Twenty-six people received certificates for successfully completing their apprenticeships while another four apprentices hope to complete their courses over the subsequent months. Two apprentices have been recognised at both the local and national Operational Delivery Profession (ODP) Awards. I am extremely proud of their achievements and the valuable contribution that ODP Professionals make in delivering our public services.

I am pleased to confirm that DfC is the first Department recognised as a ‘Just a Minute’ (JAM) friendly employer, as 70% of the Department’s staff have completed this training. We are at the forefront of delivering a wide range of critical services including to those who may need ‘Just a Minute’ to access the right support discreetly and confidently. These small things have a big impact on the people who use our services and DfC continues to lead by example when it comes to fostering inclusivity.

After a testing year, I would like to acknowledge and thank all the staff in the Department for their continued hard work and unwavering commitment in supporting and providing key services to the public. I have every confidence that the Department and our people will continue to meet future challenges as we work together to deliver our common purpose of Supporting People, Building Communities, and Shaping Places.

Our Vision, Our Values, Our Purpose, Our Strategic Objectives

The Department aims to make a significant difference to the lives of many people in Northern Ireland. Our work and our programmes focus on supporting the most vulnerable in society as we tackle poverty, disadvantage and inequality ensuring that our citizens benefit from renewed and revitalised communities. Our vision is for a fair and inclusive society.

Our Vision

To deliver the ambition in our vision and the objectives set out in our strategy we rely on a set of values which transform our aims into action. These values guide us through the uncertainty and change that is a feature of daily life.

Our Values

As a Department, we aim to develop our people and create a positive workplace culture that drives high performance and focuses on outcomes. In working together, we achieve our Common Purpose: Supporting people, Building communities, Shaping places.

Our Purpose

DfC Strategy

Our vision and purpose set out the reason for our existence and what we want to achieve. Our strategy outlined the impact the Department aimed to have on society and how this change would be enabled. DfC has responsibility for setting policy, bringing forward legislation and resourcing support to meet the needs of some of the most deprived people, families and communities in Northern Ireland. Full details of our [Strategic Priorities] for 2023-24 are published on the Department's webpage.

Our Strategic Themes and Outcome Statements

As a result of the restoration of the Executive and having Ministers in place across Departments, a new Programme for Government (PfG) is anticipated. Work has already begun to develop the new Executive's priorities. However, in the absence of an Executive for most of 2023-24 there was no approved PfG in place. The Department relied on its strategy and associated business plans to deliver outcome focussed activities, in the spirit of the previous PfG and NICS Outcomes Delivery Plans.

The Department's strategy had four cross-cutting themes and associated outcome statements which captured the essence of what the Department wanted to accomplish in the long-term. These, in turn, were supported by strategic objectives and business plan activities to deliver on those themes.

Each of the four strategic themes (Anti-Poverty; Wellbeing & Inclusion; Sustainability & Inclusive Growth; and Agility & Innovation) sought to target broad areas where society and citizens' outcomes could be enhanced.

Strategic Objectives

While the Department's strategy defined what the Department wanted to do, the 2023-24 business plan set out how it intended to deliver against the strategic objectives and priorities until 31 March 2024.

Throughout the 2023-24 business plan period, progress against both strategic objectives and business plan activities were subject to continuous scrutiny from senior officials, the Policy & Strategy Sub-Committee (PSSC) and DMB.

Strategic Risks

The significant uncertainties facing the Department during 2023-24 related principally to the absence of Ministers and an Executive along with budget constraint, the inflationary challenges and recruitment of talented people.

The Department's interconnected approach to planning, risk management, internal control and assurance is set out in the Governance Statement along with DMB's approach to risk appetite and arrangements for monitoring principal risks. Principal risks actively monitored during 2023-24 are also set out in the Governance Statement and include opportunity risks around Clear Vision and Collaboration, challenges around Climate Change, Commercial Contractual Arrangements, People, the use of evidence in budget allocation and policy decision making and the need for ongoing vigilance in respect of Cyber Threats, the handling of Information and Data and preparedness for Disaster Recovery.

Further detail on the risk profile of the organisation is included on page 56 of the Governance Statement.

Anti-Bribery

The Department communicates its anti-bribery arrangements through the sharing of best practice with Departmental staff and ALBs. Further detail on bribery, fraud and whistleblowing is set out in the Governance Statement at page 62.

Section 2 – Performance Analysis

This section outlines in detail the Department's performance against our strategic objectives by theme in 2023-24. This Performance Analysis section also includes both detailed financial results for the year and non-financial information relating to equality and good relations; and sustainability and climate change action.

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 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.

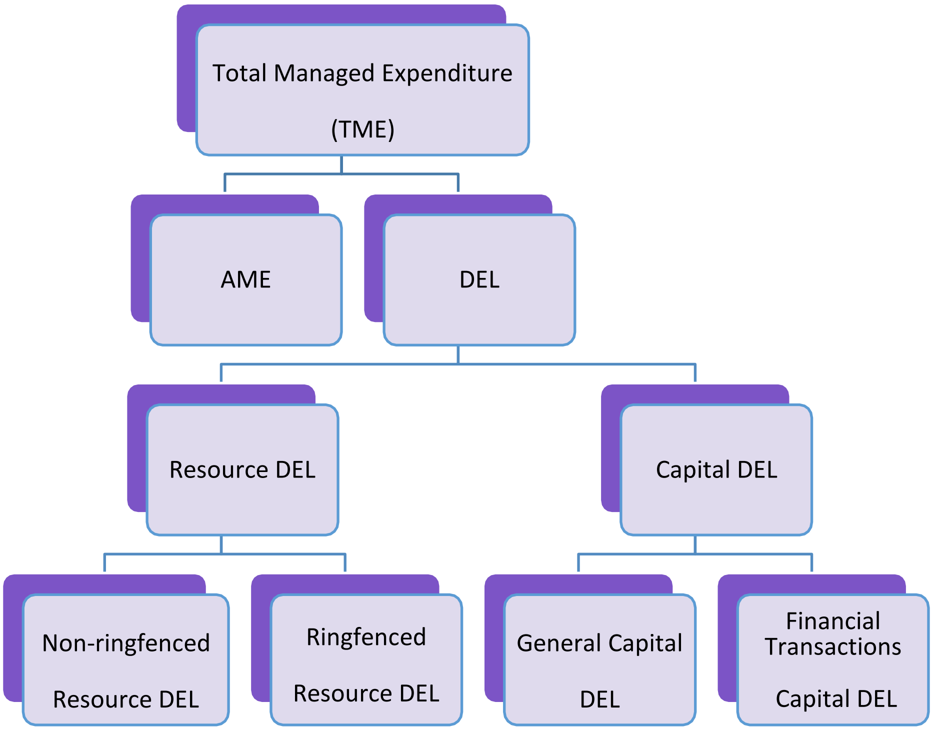
DEL budgets are classified into resource and capital.

- 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 Capital (FTC)' which can only be used for loans or equity investments in private sector organisations; and 'general capital' for spending on the purchase and/or acquisition of assets.

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by Treasury CBG_2023-24_final.pdf (publishing.service.gov.uk).

Previously the information contained within budgetary controls did not read directly to financial information presented in Financial Statements due to a number of misalignments. The Executive's Review of Financial Process (RoFP), which was implemented in 2022-23, has helped to address these differences and improve transparency. 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 2023-24 £'000	Final Budget 2023-24 £'000	Underspend/ (Overspend) £'000
Resource DEL	**891,132**	**889,129**	**(2,003)**
Including:			
Non-ringfenced	869,491	869,937	446
Ringfenced	21,641	19,192	(2,449)
Capital DEL	**226,284**	**226,325**	**41**
Including:			
General Capital	215,801	215,842	41
Financial Transactions Capital (FTC)	10,483	10,483	-
Total DEL	**1,117,416**	**1,115,454**	**(1,962)**
Total AME	**8,690,435**	**8,898,651**	**208,216**
Including:			
AME Resource	8,687,126	8,893,955	206,829
AME Capital	3,309	4,696	1,387
Total Managed Expenditure	**9,807,851**	**10,014,105**	**206,254**

Explanation of Variances

The Resource DEL was **£2.0 million** more than Final Plan mainly due to Impairments. The DfC owned Plaza Building was determined to have significant structural issues. As a result, there was a £4.9 million reduction in the carrying value due to a decrease in the valuation of the Plaza Land & Buildings. This was offset by an impairment underspend of **£2.6 million** relating to the Upper New Lodge Redevelopment Area due to slippage in the vesting of properties.

The AME budget was **£208 million** less than the Final Plan due to the nature of spend on social security benefits, being demand led and volatile.

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 Budget to Estimate

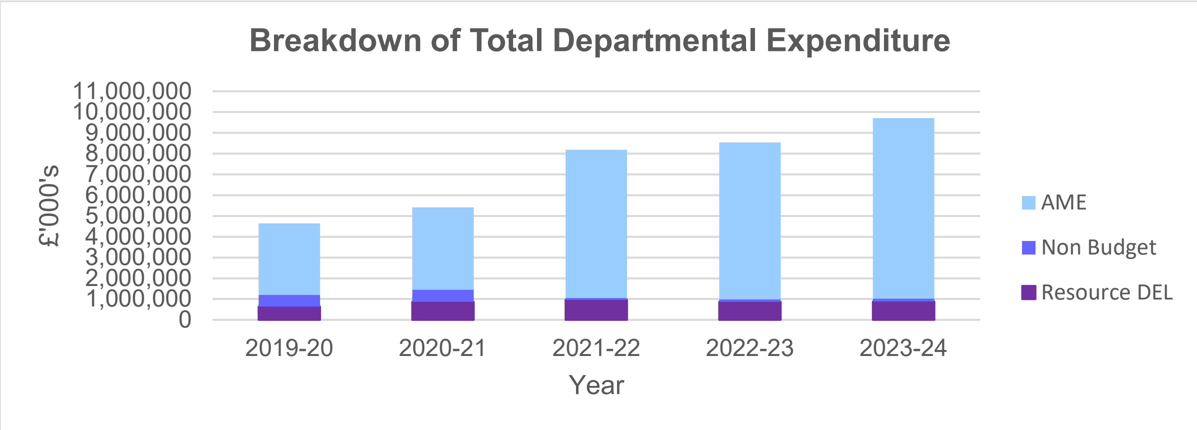
	Outturn 2023-24 £'000	Final Plan 2023-24 £'000	Underspend/ (Overspend) £'000
Total Managed Expenditure	**9,807,851**	**10,014,105**	**206,254**
Non Budget	125,200	137,656	12,456
Headroom built into Estimate	-	10,567	10,567
Total per Statement of Assembly Supply	**9,933,051**	**10,162,328**	**229,277**

Explanation of Variances

The Non Budget spend was **£12.5 million** less than the Estimate due to the winter of 2023-24 being less severe than expected and as a result fewer Cold Weather payments were generated.

Long-term Expenditure Trends

The graphs below show the trends in departmental expenditure for the past five years.



Comparatives for 2021-22 Long term expenditure information have been restated to show the position had Review of Financial Process been in place at that time. The main restatements are a result of the inclusion of NDPBs within the Departmental boundary and the inclusion of Non-Supply Expenditure within the Estimate. It has not been possible to restate the previous year's figures as this information is not available.

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 Assembly reporting accountability.

Contingent liabilities in this context are included in the Note 18 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

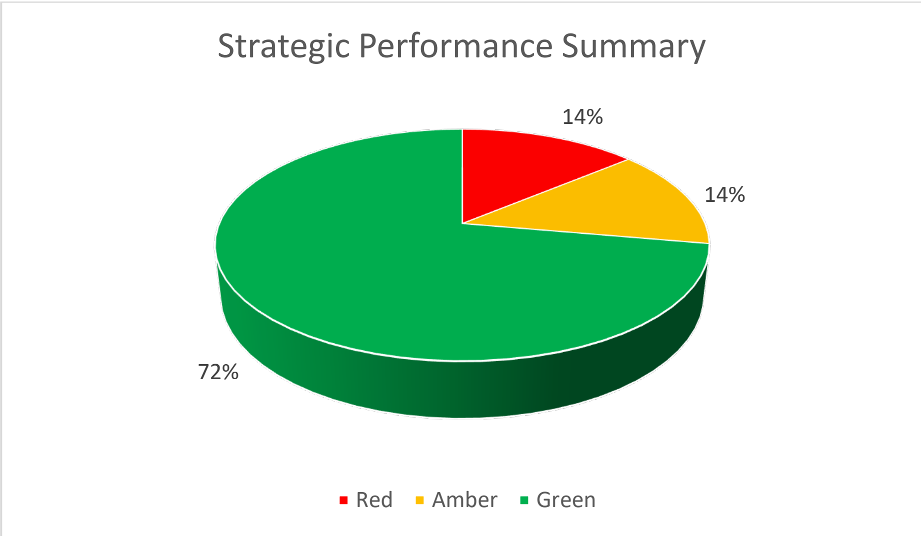
The Department reacted to conditions, both local and further afield, throughout the 2023-24 year, which required agile and innovative policy and legislative responses while the commitment and dedication of its staff continued delivery of services to every citizen and community in Northern Ireland. Continuing to expand digital solutions and using collaborative ways to work with colleagues across government, ALBs, stakeholders and the public over this past year has contributed to effectively managing our limited resources and progressing vital pieces of work.

Delivery of the strategic objectives was dependent on the resources that the Department had available. As at 31 March 2024 the Department employed 9,557 Full Time Equivalent (FTE) staff. This is made up of 6,558 FTE permanent staff and 2,999 FTE agency staff. The Department received a final 2023-24 budget of £1.1 billion to provide support to meet the needs of the most disadvantaged citizens, families, and communities across Northern Ireland. This comprised of £869.9 million

Resource Departmental Expenditure Limit (DEL) budget and net Capital DEL of £226.3 million. In addition, the Department was responsible for managing an Annually Managed Expenditure (AME) budget of approximately £8.9 billion on behalf of HM Treasury.

Strategic objective performance was assessed according to the performance of activities on Departmental and Group plans linked to each objective. On 31 March 2024, 26 (72%) of objectives were achieved, 5 (14%) objectives had progressed though were not achieved as planned and 5 (14%) objectives were not achieved.

Department's Strategic Objective Performance Summary



The Department's key achievements are shown below by each of the four themes which addressed long-term intended outcomes for Northern Ireland society and its citizens.

When considering Departmental performance, it is important to note that the unprecedented demand for our services continued throughout the 2023-24 year with increasing cost-of-living expense pressures, increased temporary accommodation costs and increased claim intake levels for some social security benefits. Long-standing investment deficits along with continued budget restriction served to impact adversely on the fabric of our towns and city high streets, on the quality and availability of social housing, as well as failing to stem the deterioration in some heritage sites. Uncertainty around sources of funding combined with inflationary pressures led to media attention surrounding the Regional Stadia and concern around the readiness of Northern Ireland to co-host UEFA's Euros in 2028.

In most cases where a strategic objective is reporting as red or amber, the underlying cause was due to a lack of progress owing to political uncertainty, either because of the absence of a Minister or an Executive; resourcing issues; or in some cases, significant interdependency on other strands of work which were adversely impacted by a combination of the former causes.

With these uncertainties in mind, 2024-25 business plans were developed from the perspective of what could be delivered in the continuing absence of an Executive. However, with the restoration of the Executive from 3 February 2024 these plans will now be revisited and refreshed, as appropriate, in the context of a challenging budget settlement.

The Department's business plan for 2023-24 can be viewed by following this link.

Key Achievements from 2023-24

Key achievements across the each of the Strategy’s themes are detailed below:

Anti-Poverty

Outcome Statement
We reduce the number of citizens who are living in absolute and relative poverty through a range of cross cutting interventions, ensuring vulnerable people, those facing poverty and communities have access to the support they need, based on our enhanced understanding of the causes of poverty.

The Department has:

- Provided £2 million funding to enhance Social Supermarket models across all 11 local government areas offering access to food and services including debt advice, benefit advice, training, education and volunteering opportunities. This support reached an estimated 2,500 of the most vulnerable households.
- Helped approximately 12,000 people receive over £54.9 million in additional annualised benefits through the Make the Call service. This was an increase of £5.2 million on the previous year with customers better off, on average, by £90.39 per person per week.
- Supported older people by administering over 800,000 Pension Service claims; and those with a disability and long-term health conditions by administering 544,140 individual Disability Benefit claims, representing almost 30% of the overall population. This is an increase of 2.3% overall from the previous year and ensured that older people, those with disabilities and long-term health conditions, carers, bereaved people, and those impacted by welfare reform received the financial support they needed.
- Introduced an Online Customer Portal through The Appeals Service (TAS), enabling 175 people to lodge benefit appeals online, creating a more streamlined and personalised service for customers, while still maintaining high-quality customer support.
- Provided much needed tailored support to approximately 160,000 Universal Credit claimants; and as part of the Move to Universal Credit by March 2025, commenced the process of increasing this support to a further 220,000 claimants.

- Processed over 72,000 Universal Credit claims. On average, 96% of new claims and 99% of existing claims, were paid in full and on time. In addition, over 1.46 million Universal Credit benefit payments were made, totalling £1 billion to claimants.
- Handled 1.5 million Universal Credit messages via the claimant's account and 345,000 inbound calls, 550,000 outbound calls and delivered 240,000 face-to-face appointments.
- Processed approximately 4,000 Adviser Discretion Fund applications which paid out £1.4 million and supported 81% of the applicants into work.
- Introduced urgent legislation to exempt British and Irish nationals and those with valid UK immigration leave, affected by displacement arising from the Israel-Gaza conflict, from the Habitual Residence Test and the Past Presence Test to facilitate entitlement to social security benefits.
- Made 44,816 grant awards totalling £27.1 million (excluding Universal Credit Contingency Fund) and 41,009 loan awards totalling £10.1 million, to help those most in need through the Discretionary Support Service, which continued to experience high levels of demand.
- Made 11,160 awards through the Universal Credit Contingency Fund granting a total £3.5 million in payment to those claiming Universal Credit for the first time.
- Delivered a wide range of benefits from Employment Support Allowance (ESA), Jobseeker's Allowance (JSA), Income Support (IS), Industrial Injuries Disablement Benefit (IIDB) and Maternity Allowance (MA) through its Working Age Service to over 125,000 customers during 2023-24 to a value of over £800 million.
- Continued to respond to the cost-of-living challenges faced by 282 of our Voluntary and Community Sector delivery partners by providing additional payments of £1,500, to assist delivery of their services to improve health and wellbeing outcomes, education and skills employability, reduce crime and fear of crime, enhance community cohesion and build community capacity.
- Partnered with the Housing Executive, who have developed a Financial Inclusion Strategy 2023-28.

Agility & Innovation

AGILITY & INNOVATION	**Outcome Statement** We drive performance with the citizen at the heart of all that we do. We set clear targets, we have in place strong and collaborative delivery structures, maximising technology, maintaining and enhancing skills, energy and commitment throughout the organisation, and exercising strong leadership.

The Department has:

- Delivered key services across a range of working age benefits, child maintenance and retirement services, through close working with colleagues in the Department for Work and Pensions (DWP), employing a staff of over 3,000 and bringing almost £100 million in 2023-24 into Northern Ireland’s economy.
- Worked collaboratively with PSNI and public prosecutors to successfully prosecute individuals for damaging scheduled historic monuments at three different sites. One of the cases set a new legal landmark for Northern Ireland justice in the value of award damages.
- Continued towards establishing a “Commercial Centre of Excellence” by processing 16 under £30,000 procurements and 13 Direct Award Contracts (DACs) totalling £0.5 million; and provided support to 30 programmes and projects at various stages of the programme/project lifecycle.
- Undertaken the lead in implementing an Advanced Customer Support approach - developing consistent processes, escalation points, mechanisms for sharing learning and a programme of ongoing internal communications to support vulnerable people and those with complex needs.
- Delivered effective communications via Facebook, Instagram, Snapchat, LinkedIn, Google, YouTube, and Spotify channels achieving 30 million impressions for digital campaigns to ensure we reach our target audiences.
- Partnered with five Neighbourhood Renewal Partnership Areas and local community groups delivering 42 different co-designed projects, through a working model with Neighbourhood Renewal Partnerships improving outcomes and impact.
- Provided ongoing help and support by Universal Credit Work Coaches to people in HMP Maghaberry, 8 of whom found work on release. A handover

service to the Jobs and Benefits network on release is in place and this service was rolled out in HMP Magilligan, in March 2024.

- Held 347 employer events in Jobs & Benefits Offices, 7 Cross Border Partnership Employment Service virtual job fairs, 7 large job fairs and 62 small job fairs which supported 12,278 people who attended to find work or get closer to work.
- Achieved through the JobStart Scheme, 3,949 JobStart opportunities, offered by 1,433 employers who were universally satisfied with the experience. Among those opportunities, 1,003 young people participated in the scheme. Over half of those participants, 65% were on a Specialist Pathway opportunity including those with disabilities, care-experienced young people, those with experience of the criminal justice system and those who are at risk involvement with paramilitary activity:
- Delivered enhanced leadership capability and capacity to 524 of our staff via the Evolve Leadership programme, across all 4 tiers of the Evolve Leadership Development Programme.
- Supported evidence-based decision making through the provision of statistics, research and analysis:
  - Releasing 45 statistical publications.
  - Progressing 17 research projects through the Department's Economic and Social Research Programme.
  - Providing economic advice on the value for money of expenditure proposals and Post Project Evaluations (PPEs).
- Invested capital of approximately £3.5 million to facilitate the completion of the upgrading of the Libraries NI IT infrastructure and implementation of a new contract to deliver free access to a range of online services, support digital inclusion, providing all library users with fast reliable access to information and learning opportunities.
- Launched a Cladding Safety Scheme to help residents of high-rise residential buildings in Northern Ireland receive funding to remediate cladding assessed as unsafe. 5 buildings have applied to the scheme totalling 918 residential units.

Sustainability & Inclusive Growth

SUSTAINABILITY & INCLUSIVE GROWTH

Outcome Statement

We support citizens and communities by working with them in achieving their maximum potential through a range of economic, cultural and environmental interventions such as increasing work opportunities for citizens and the development of heritage locations as community assets. Provision of an increased supply of affordable and sustainable homes, and improved access to housing solutions that meet the need of citizens.

The Department has:

- Contributed to the Executive’s carbon reduction strategies by reducing the number of offices occupied in Belfast City Centre. The Department withdrew from 4 buildings, maximising the use of premises at Causeway Exchange and Castle Court by reallocating over 1,000 staff.
- Invested £17.5 million in capital funding toward the regeneration of town and city centres through a range of works including:
    - Public realm works in Belfast, Derry~Londonderry, Strabane, Banbridge, Warrenpoint, Larne, Enniskillen, Portrush and Ballymoney.
    - Revitalisation and environmental improvement schemes across towns and cities including Derry~Londonderry, Enniskillen, Ballymena, Carrickfergus, Banbridge, Armagh, Lisburn, Coleraine, Dromore, Downpatrick, Larne and Newry.
    - Further development of strategic sites in Derry~Londonderry at Fort George.
    - Progressed Outline Planning renewal for the site at Grosvenor, Enniskillen and finalisation of affordable housing development plans.
    - Progressed the Development Agreement at Queen’s Parade, Bangor with Bangor Marine to deliver the mixed-use scheme.
    - Completed and opened a new link road in Ballymena and continuing to lead on progression of wider regeneration of the site in partnership with a range of public sector stakeholders.
- Celebrated 50 years of listing under Article 31 of the 1972 Order (now under Section 80 of the Planning Act (NI) 2011) giving statutory powers ‘to compile lists of buildings of special architectural and historic interest’. In 2023-24, 48 buildings were listed, and 332 listing queries answered.
- Collaborated with the Special EU Programmes Body (SEUPB) to progress the delivery of 8 PEACE IV Shared Spaces projects to the value of £65

million and the design of 2 new PEACEPLUS Investment Areas worth £91 million.

- Established a Residential Decarbonisation Coordination Group, with representatives from across Government, Utility Regulator, The Housing Executive and NI Federation for Housing Associations, to ensure an effective cross Government approach to residential decarbonisation. The Group have established key policy principles for all Government support, ensuring alignment across funding streams.
- In partnership with the Libraries NI and facilitated by the Department for Economy secured £2.2 million capital investment to progress projects aimed at improving energy efficiency and reducing the carbon footprint of public library facilities. The projects at Ballymoney, Bessbrook and Killyleagh libraries were designed to meet the Passivhaus Institute EnerPhit standards with a focus on retrofitting existing buildings to achieve a high energy efficiency.

Wellbeing & Inclusion

WELLBEING & INCLUSION

Outcome Statement
We help everyone within our communities live positive, fulfilled lives surrounded by diverse opportunities to work, enjoy themselves and get involved. This supports physical and mental health at an individual and community-level.

The Department has:

- Progressed development of an Ulster-Scots Language, Heritage and Culture Strategy and an Irish Language Strategy through a co-design approach. Involving extensive engagement with sectoral organisations, community focus groups, delivery bodies, and the public sector, work progressed through an Expert Advisory Panel and a Co-Design Group – both of whom were made up of community, voluntary and academic Irish language stakeholders and experts to ensure a broad range of experience contributed to the Strategies and action plans.
- Collected and arranged maintenance payments totalling £28.0 million, benefitting 21,570 children, through the Child Maintenance Service. This is a £2.7 million increase across an additional 6% of supported children benefitting on last year.
- Published Investing in Creative Delivery Report in September 2023 as a result of extensive engagement with the sector by the Culture, Arts and Heritage Strategy Taskforce and is an important foundation for a new Culture Arts and Heritage Strategy which is being developed. The report was received positively by creative practitioners, heritage bodies and arts organisations representing all art forms.
- Launched the 2023-24 Access and Inclusion programme, improving access and increasing participation to arts, cultural and active recreation venues. Delivered through local Councils and NI Museums Council, the programme was jointly funded by DfC, contributing £414,000 and DAERA making available £714,000 across 31 projects.
- Helped Work Coaches by delivering training to 621 staff on supporting customers with Learning Disabilities and 602 staff in supporting customers affected by Domestic Abuse.
- Funded 10 performance football clubs to modernise their facilities, with

awards of up to £30,000 each. This funding encouraged clubs to develop inclusive plans, including climate actions, high standards of disability provision and community benefits, as well as football facilities.

- Worked with Foyle Deaf Association to develop, fund and launch an Interpreter Training programme to boost capacity by 6 British Sign Language (BSL) and 6 Irish Sign Language (ISL) interpreters by the end of 2024 to work throughout Northern Ireland.
- Developed sign language information at State Care Monuments. State Care and Historic Buildings (SCHB) partnered Sign Languages Branch to develop sign language content for Ballycopeland Windmill, Carrickfergus Castle, Dunluce Castle, and Grey Abbey to meet the needs of an estimated 3,500 BSL and 1,500 ISL users. SCHB also ensured that this information is provided online in a way that meets the needs of the deaf community.
- Created a unique opportunity through CollabArchive, which is a digital volunteering project led by the Nerve Centre and the Public Record Office of Northern Ireland (PRONI) and funded by the National Lottery Heritage Fund. Over the 4-month period that the project ran, 58 participants visited PRONI, transcribing documents including a collection relating to the LGBTQ+ community, which are available on the CollabArchive website for groups and individuals to use and engage with, promoting inclusivity and diversity in the archives.
- Partnered with the University of Atypical (UoA), to deliver an event at the Ulster Museum to mark United Nations "International Day of Persons with Disabilities" (IDPWD). The event titled ''Disability, Culture and the Arts - Developing a culture of inclusion'' highlighted the work of deaf, disabled, and neurodiverse artists from across Northern Ireland. On display was a range of artworks from UoA, as well as a ceramic art by Suzii McKenzie commissioned by DfC to celebrate IDPWD.
- Provided training for 103 Mental Health First Aiders (MHFA). These volunteers act to support staff experiencing mental health issues.
- Brought the McCloud Remedy into operation in the Local Government Pension Scheme (Northern Ireland) (LGPS (NI)) for all qualifying members by making "The Local Government Pension Scheme (Amendment No.2)

Regulations (Northern Ireland) 2023", (S.R. 2023 No. 149). These Regulations remove unlawful discrimination found in transitional protection arrangements in public service pension schemes affecting over 30,000 members and extending the underpin to over 7,000 younger members.

- Commenced Sections 1-6 of the Private Tenancies Act (Northern Ireland) 2022 on 1 April 2023 which specifies the information provided to tenants including receipts for cash payments and limits on deposits/increased time to protect deposits. These new requirements represent a significant change to housing law in Northern Ireland and form part of a larger programme of reform affecting the way all landlords and letting agents rent their properties.
- Been the operational lead on the Afghan Resettlement Schemes, managing a consortium of experienced Voluntary and Community Sector partners to ensure that individuals receive support in their resettlement journey towards independence and integration into society, including looking after the health and education interests of the families. By the end of March 2024, 44 families/groups (204 individuals) had arrived and been homed in Northern Ireland through the Schemes.
- Engaged, through our sponsorship of Libraries NI, with 20,000 primary school pupils who participated in Libraries NI summer reading promotion – Ready, Steady, Read. The promotion aimed to encourage primary school pupils to maintain the reading habit during their holidays.

Rural Needs

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, provided a Departmental return to the 2022-23 Rural Needs Annual Monitoring Report to DAERA and will be making a Departmental return to the 2023-24 Annual Monitoring Report during 2024.

Human Rights and Statutory Equality Obligations

We are committed to respecting human rights through compliance with Section 75 statutory equality obligations in the delivery of policy and delivery of services. We aim to ensure that the services we provide and the activities that we undertake have a positive impact on society.

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 done to ensure that the funding is used to benefit all sections of society and on the lives of people experiencing inequalities. Actions taken by the Department in relation to its equality duties will be included within DfC's Annual Progress Report due to be submitted to the Equality Commission by 31 August 2024.

The Department's Equality Scheme includes a commitment to the development of an Equality Action Plan which relates to the Department's specific functions and aims to promote equality of opportunity and good relations by taking actions to address inequalities. The Equality Action Plan sets out the Department's response to our

Audit of Inequalities, conducted in 2022. The Equality Action Plan 2022 - 2025 was published on 9 October 2023. This document will be reviewed and updated annually.

Sustainability and Climate Change Adaption

In response to the requirements of the Climate Change Act (Northern Ireland) 2022, and with lead responsibility for the residential sector, the Department has a key role in the development and implementation of policies and proposals to reduce residential carbon emissions.

Through close working and collaboration with key stakeholders, the Department supported the development of the first three Carbon Budgets for Northern Ireland along with seeking feedback on the views of the Climate Change Committee (who are an independent, statutory body established under the Climate Change Act 2008) in relation to the Residential Buildings sector.

The Department provided ongoing input to the first Climate Action Plan for Northern Ireland included modelling and quantifying expected greenhouse gas emissions and projected savings for the sector. Work will continue to develop policies and proposals focused on addressing challenges identified in decarbonising the sector.

In recognition of the educational and influencing role the Department must play in responding to climate change, the Departmental Climate Change Working group was set up and met quarterly to address the responsibility which cuts across all Departmental business areas. The group collaborates with officials from across the Department to assist in supporting the Department's statutory duties to meet climate change targets, consider climate change adaptation in our policies and projects, and support behavioural change. It provides a forum in which members can share updates on relevant activity and form a collective view on common issues.

The Department's contracts for Dry Recycling Services and Non Hazardous Waste Management Services both include a clause that the contractor shall ensure that all contract waste is transported in accordance with Good Industry Practice and in compliance with all legislation and guidance.

The contractor for non-hazardous waste and dry recycling provides data on a quarterly basis that includes a summary of waste collected. For general and dry mixed recycling waste the data includes the weight of waste collected and how much of that is recycled. Of the remaining waste that is unsuitable for recycling it is treated as ‘recovered waste’ through the contractor’s ‘waste to energy’ facility meaning that 100% of the Department’s waste is diverted from landfill.

For 2023-24 reporting year, the trajectory for recycling of waste materials across DfC and its participating ALBs remained flat due to 100% utilisation. In year, all waste collected was either recycled or recovered so that waste was used to generate energy. Data provided shows month by month fluctuations between recycled and recovered waste, however, no clear trend was identified.

In 2023-24, 372 tonnes of material were processed on behalf of DfC across a range of categories, which is shown in the table below.

Category	Tonnes Recycled	Tonnes Recovered	Total
General Waste	74.16	173.05	247.21
Dry Mixed Recyclables	96.72	0.00	96.72
General - Bulky	2.35	9.41	11.76
Food Waste	4.30	0.00	4.30
Glass	1.40	0.00	1.40
Wood	5.28	0.00	5.28
Metal - Mixed	5.48	0.00	5.48
TOTAL	**189.69**	**182.46**	**372.15**

Whilst there has not been a Departmental wide action developed to address single-use plastics, the Department’s Climate Change Division intends to hold a webinar event to highlight the issue of single-use plastics and to help influence staff raising awareness and discouraging their use. Work has also begun on the development of a 1-year Climate Action plan for the Department to share the actions the Department has taken to mitigate and adapt to climate change and encourage behavioural change and actions it will take over the coming year.

Non-compliance with the Department's duties and obligations under the Climate Change (NI) Act 2022 is a principal risk of the Department and a number of actions and controls have been established to mitigate this risk.

The Department will ensure that, in the transition to Net Zero by 2050, it will adhere to the just transition principle as set out in the 2022 Act. This includes that, in developing strategy and policies, particularly for supporting those most at risk of fuel poverty, inequalities are addressed, and more are not created.

The Department has also been working on the rationalisation of its buildings through its 5-year DfC Workplace Strategy (2022-2027). The strategy was agreed by DMB in January 2023 and its strategic aim is to 'right size' the DfC office estate and to contribute towards the Department's and the Executive's carbon reduction strategies, as well as supporting Green Growth and the wider Climate Change agenda.

Over the past year PRONI has reduced its electrical energy consumption by over 25%. Most of this reduction came from better management of the air handling units in their repositories. PRONI has also invested in an electric vehicle (EV) and embarked on a process of replacing all the lighting in the building with light-emitting diode (LED) bulbs.

Historic Environment Division (HED) have purchased two EVs for use on the internal estate and installed workplace EV chargers at the Moira and Annacloy Conservation Depots. Solar panels have also been installed at the Moira Depot. HED has partnered with other UK heritage organisations to produce broad-scale (5km hex grid) climate change hazard mapping to help custodians of heritage assets identify the risks associated with climate change, for example, to their building, monument or historic gardens.

The Department also complies with procurement policy, and in relation to green initiatives we ensure compliance with Procurement Policy note (PPN) 01/21-Scoring Social Values. This PPN required that all supplies and services, and construction contracts above certain values must include social values initiatives with a 10%

weighting applied to bidder responses at tender evaluation stage. One of the themes in the PPN is delivering zero carbon.

The PPN stipulates required social values commitments undertaken by bidders, although green initiatives are not explicitly mandated. The Department can require green initiatives in our procurement arrangements and have ensured that DfC owned contracts contain such provisions.

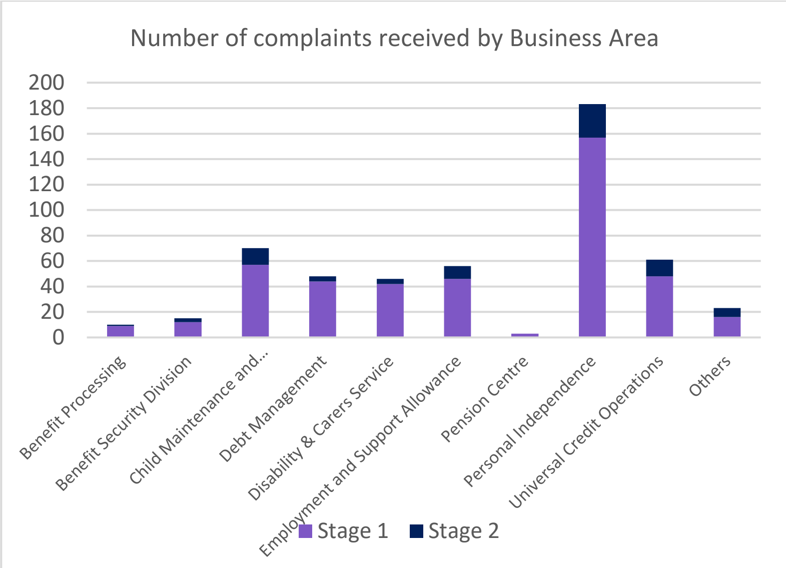
The Department has responsibility for the management of facility and service management contracts such as post, courier, cleaning, recruitment of agency staff, and a Strategic Partner Framework. Some of these contracts are collaborative procured through DoF Construction and Procurement Delivery Division (CPD).

The Department will continue to work with CPD to ensure that appropriate carbon reducing measures are included in the procurement of future collaborative contracts.

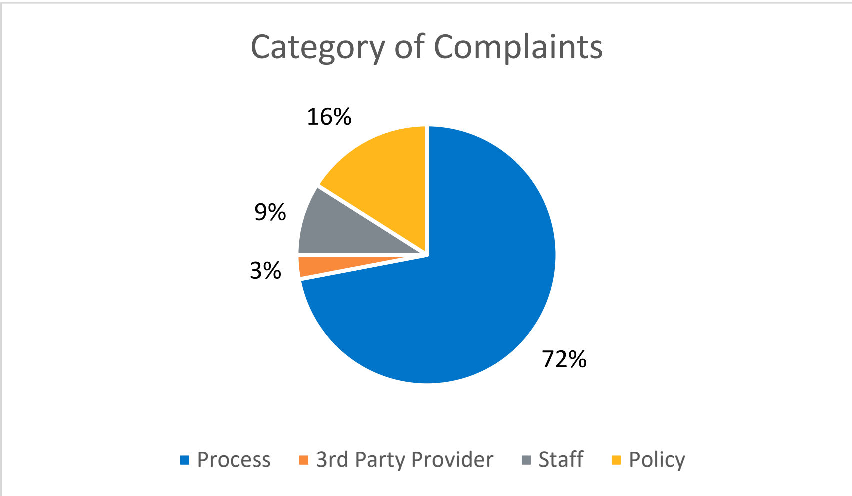
Complaints Handling

During 2023-24, the Department received 515 complaints and responded to 94% of all complaints within the agreed timescale, which is 10 working days (Child Maintenance Service timescale is 15 working days). Most complaints were associated with the administration and awarding of benefits. However, the complaints received represent less than 1% of the entire social security benefit caseload.

Number of complaints received by Business Area



Category of complaints received in 2023-24



Operational business areas monitor complaints closely to identify any lessons learned and to support improvement in service delivery. Where a complaint is upheld, lessons learned are shared across business areas, contributing to improvements in meeting our customer needs. In many cases, where the policy and processes have been followed but the customer is not content with the outcome of their benefit application, the complaint investigation does not uncover any opportunity for learning.

The Department's customer complaints policy can be found at [DfC complaints procedure | Department for Communities (communities-ni.gov.uk)](https://www.communities-ni.gov.uk).

Future Plans – forward look

The Department will continue to provide support to meet the needs of the most disadvantaged people, families and communities across Northern Ireland. It will strive to deliver a diverse range of functions that impact on the lives of everyone in our society. These will range from providing access to the right financial and employment supports, to promoting the availability of safe and sustainable homes, to revitalising towns and cities making them vibrant, welcoming places to enriching the culture, arts and heritage and celebrating our diverse sporting organisations.

At the end of 2023-24, there were 792 declared vacancies. The Department's vacancy level was mainly due to the pause in NICS recruitment during 2023 which did not resume until November 2023. The pause and resumption of recruitment competitions led to a slowdown in new appointments to meet the vacancies that arose. However, like all Departments we are faced with further budget challenges and increased pressures in delivering public services as we move into 2024-25.

DfC has always dealt with the challenges it faces in a fair and transparent way however, our aim is to continue to work across government, our ALBs and with communities to deliver the support and services needed. Difficult decisions will be required to balance the requirements of living within the budget allocation while also seeking to support those most in need. The consequences of having to reduce staffing levels due to another constrained budget may serve to further slowdown the Department's capacity to address need across its services and supports.

With a new Executive, a new Programme for Government (PfG) is anticipated and should be forthcoming in the new 2024-25 business planning year. In February 2024, the Department's Top Leadership Team (TLT) reassessed the current Departmental strategy and its ambition set against the backdrop of limited and uncertain future financial and people resources, coupled with a new Minister's expectations and priorities. It was considered timely to revise the Department's approach to business planning and transition away from the Department's existing strategic model, prioritising business plan targets aligned to available resources. A new Strategic Business Planning Framework will be implemented in the 2024-25 reporting year.

I again welcome Minister Lyons to the Department, and I wish him every success in his new role in addressing the many challenges that people will face, as we move into 2024-25 and beyond.

Whilst we all collectively have a busy year ahead, I have every confidence that we will continue to meet our challenges and help to deliver our common purpose of Supporting People, Building Communities, and Shaping Places.

COLUM BOYLE
ACCOUNTING OFFICER
1 JULY 2024

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 Northern Ireland Civil Service Departments. The current Northern Ireland Assembly was elected on 5 May 2022 however an Executive was not formed in the immediate period following the Election. No Ministers were in post from 28 October 2022 until the Executive reformed on 3 February 2024.

The Permanent Secretary is the Department's most senior official and the Minister's principal adviser.

Under the Northern Ireland (Executive Formation etc) Act 2022 the Secretary of State introduced guidance which set out the principles which must be taken into account by departmental Permanent Secretaries in taking decisions on matters that would ordinarily have been referred to Ministers.

Permanent Secretary and Accounting Officer Colum Boyle was in post throughout the 2023-24 reporting period. He exercised decision making powers under the Northern Ireland (Executive Formation etc) Act 2022 until Minister Gordon Lyons was appointed on 3 February 2024.

Appointment of Permanent Secretary and Members of the Departmental Management Board

Appointment of the Permanent Secretary was by open competition and subject to written approval of the Civil Service Commissioners under the terms of Article 6 of the Civil Service Commissioners (NI) Order 1999.

As at 31 March 2024 Executive Board positions are held by six DfC Deputy Secretaries. Appointments to Deputy Secretary positions are determined in accordance with NICS appointment and promotion procedures.

Non Executive Board Members (NEBMs) are appointed by the Permanent Secretary, following open competition.

Board and Committee Arrangements

The Permanent Secretary chairs the Departmental Management Board which comprises senior officials in charge of each executive business area plus two NEBMs. 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 across the year.

The Board is supported in its role by a Departmental Audit and Risk Assurance Committee (DARAC), chaired by the Lead NEBM who provides assurance reports to the Board.

The Board has also established a number of Sub-Committees and 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.

Information on Sub-Committees is provided below. Terms of Reference for Sub-Committees can be found at: www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-corporate-governance-framework-annexes-2021

Departmental Audit and Risk Assurance Committee (DARAC)

Supports the Board and Accounting Officer on issues of risk, control and governance through reviewing the comprehensiveness, reliability and integrity of the Department's assurance processes.

Meets four times a year with additional Focus Sessions arranged as appropriate. Focus Sessions for 2023-24 were held in respect of Benefit Fraud and Error, the Department's Financial Statements and Risk.

Membership is independent of the Department's executive structure.
Chaired by the Lead NEBM.

The DARAC Chair's report provides assurance to the Board following each meeting, with a separate annual report at the end of each financial year.

Terms of reference are in line with the DoF Audit & Risk Assurance Committee Handbook (NI 2018): www.finance-ni.gov.uk/publications/audit-committees.

Departmental Information Assurance Committee (DIAC)

Assists the Board and Accounting Officer with responsibilities relating to the use, processing, storage, sharing and transmission of information, and associated supporting systems and processes.
Ensures DfC has appropriate policies, management and governance systems to effectively protect the volume of information held in support of DfC aims.

Meets four times a year, with meetings scheduled in advance of each DARAC.

Membership includes the Director and Assistant Director of Digital, Security and Information Services, the Head of Analytical Services, the Departmental Security Officer, the Data Protection Officer, the Departmental Information Manager, the Head of Internal Audit and relevant Senior Information Asset Owners.

Chaired by the DfC Senior Information Risk Owner (SIRO).

Areas of focus during 2023-24 included:
- Identification of themes from issues arising
- Monitoring and advising on the management of DfC information and security risks including cyber and physical environment
- Review of Principal Risks relating to Cyber, Information & Data Management
- Annual review of the Strategic Information Assurance Framework
- Oversight of progress on departmental systems accreditation
- Promoting adherence to UK GDPR principles and monitoring compliance
- Oversight of all departmental information assurance issues
- Ensuring good information, governance principles and policy adherence across the Department
- Oversight of the appointment of further Senior Information Asset Owners as DIAC members for each DfC group.

People and Resources Sub-Committee (PRSC)

Supports the Board and Accounting Officer in the strategic management of the Department's human resources planning and associated funding.

Oversees strategic resource planning in DfC from an HR, capability, staff engagement, office accommodation and Digital perspective. Provides oversight, scrutiny and assurance to the work of the DfC People Strategy, the Diversity & Inclusion Action Plan, the Workplace Strategy and the Digital Strategy.

Meetings occur every 6 weeks.

Membership is comprised of Deputy Secretaries for each of the six DfC Groups and one DMB NEBM. Chaired by the Corporate Services Group (CSG) Deputy Secretary.

Policy & Strategy Sub-Committee (PSSC)

Provides assurance to the Board and Accounting Officer in relation to the delivery of the DfC Strategy. Oversees, scrutinises and monitors policy development, delivery and evaluation across DfC, in line with Programme for Government (PfG), Ministerial commitments and the DfC Strategy, "Building Inclusive Communities".

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.

Meetings occur quarterly in line with business planning timetables.

Membership is comprised of Deputy Secretaries for each of the six DfC Groups and one NEBM. Chaired by the CSG Deputy Secretary during 2023-24 (Engaged Communities Group (ECG) Deputy Secretary from 01-04-2024).

Board and DARAC Record of Attendance for 2023-24

Departmental Management Board (The Board or DMB) Attendance Record 8 Board Meetings held during 2023-24			
Board Members	**Meetings attended**	**NEBMs**	**Meetings attended**
Colum Boyle Permanent Secretary & Accounting Officer	8/8	**Sharon O'Connor** NEBM DARAC member from 01-10-2023 DARAC Chair from 01-01-2024	3/4
Moira Doherty Deputy Secretary to 28-07-2023	3/3	**John West** NEBM DARAC Chair to 31-12-2023 DARAC member from 01-01-2024 to 30-06-2024	7/8
Beverley Wall Deputy Secretary to 28-07-2023	3/3	**Neil Bodger** NEBM / DARAC Deputy Chair to 01-03-2024	4/8
Mark O'Donnell Deputy Secretary	8/8		
Paddy Rooney Acting Deputy Secretary from 17-05-2021	7/8		
Brenda Henderson Acting Deputy Secretary from 10-05-2021	7/8		
Gillian Morton Acting Deputy Secretary from 31-07-2023	4/5		
Emer Morelli Acting Deputy Secretary from 31-07-2023	4/5		
John Smith Deputy Secretary from 03-07-2023	5/5		
A minimum of four members must be present for Board meetings to be quorate. Brenda Henderson & Paddy Rooney confirmed as substantive from 06-05-2024.			

DARAC Attendance Record 4 meetings held during 2023-24			
NEBMs	**Meetings attended**	**Independent Members**	**Meetings attended**
Sharon O'Connor DARAC member from 01-10-2023 DARAC Chair from 01-01-2024	3/3	**Emer Morelli** Senior civil servant in Department of Finance until 30-07-2023 DARAC member until 30-06-2023 Transferred to Department for Communities 31-07-2023	2/2
Neil Bodger NEBM / DARAC Deputy Chair from 01-05-2022 to 01-03-2024	2/3	**Gail Flavell** Senior officer in the Education sector DARAC member from 01-04-2023	2/4
John West DARAC Chair to 31-12-2023 DARAC member from 01-01-2024 to 30-06-2024	4/4	**Trevor Connolly** Senior civil servant in the Department for the Economy (DfE) DARAC member from 01-10-2023	2/2
Dale Ashford was appointed as a new NEBM / DARAC member on 01-04-2024 A minimum of three members must be present for DARAC meetings to be quorate			

Conflicts of Interest

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

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

For 2023-24 no interests were declared by Board members which would conflict with their management responsibilities.

Special Advisers - Conflicts of Interest

The DfC Special Adviser took up post on 15 March 2024. In line with current Declarations of Interests policy for Special Advisers, the Special Adviser has declared any relevant interests or confirmed they do not consider they have any relevant interests. The Permanent Secretary has considered the DfC Special Advisor return and the following relevant interests are set out in public:

Name	Interest
Peter Johnston	Serving Councillor for Mid and East Antrim

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 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).

Departmental NDPBs (Non-Departmental Public Bodies)

Following the implementation of the Review of Financial Process in 2022-23 the Department's accounts are now prepared on a Departmental Group basis.

The bodies included within the 2023-24 Departmental Accounting boundary are detailed in Note 26 to the Accounts.

NDPBs are organised and governed in line with their own separately established governance structures, internal governance arrangements and assurance processes, details of which can be found in the annual reports and accounts published for each NDPB. There are Management Statements and Financial Memorandums (MSFMs) or Partnership Agreements in place with DfC NDPBs and these underpin the sponsorship/partnership arrangements in place. The Department also operates an assurance process through which biannual Assurance Statements are provided by NDPBs.

The Minister for Communities is responsible for appointing Chairs and Board Members of DfC NDPBs with appointments governed by the Commissioner for Public Appointments Northern Ireland Code of Practice. While DfC holds the sponsorship role for the Commissioner for Older People for Northern Ireland (COPNI) and the Northern Ireland Childrens Commissioner (NICCY), these Commissioner appointments are the responsibility of First and Deputy First Ministers. Appointments to the Boards of Foras na Gaelige and the Ulster Scots Agency are made by the North/South Ministerial Council on behalf of the Northern Ireland Executive and the Government of Ireland.

During the year, the absence of Ministers impacted on a number of appointment decisions for DfC NDPBs. However, the Northern Ireland (Executive Formation etc) Act 2022 enabled Permanent Secretaries to make public appointment decisions where it was demonstrated that it was in the public interest to do so. Secondary legislation, passed under this Act, also allowed the Secretary of State for Northern Ireland to make appointment decisions, in the absence of a Minister, where the appointing power rested with a Minister or a Minister of the Crown. Details of appointments made under this Act during 2023-24 are available at: www.communities-ni.gov.uk/dfc-public-appointments

Details of NDPB Boards are set out in the Annual Report and Accounts for each NDPB.

Non-Executive Board Member's Report

The Departmental Management Board oversees business delivery against plans, organisational capability, 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 to assurances from Deputy Secretaries and other sources in order to provide an informed assurance to the Accounting Officer to support his annual Governance Statement.

During the year to April 2024, the Board met on eight occasions. Seven of these meetings took place in the Departmental Boardroom at Causeway Exchange with the February meeting held at the Thomas Clarkes Health and Community Hub in Dungannon. The Board has decided to take more of its meetings in 2024-25 to other locations in the Department for Communities (DfC) estate, to meet colleagues and view first-hand their valuable work on the ground.

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

The work of the Department impacts the lives of almost every citizen in Northern Ireland, and in many ways. During 2023-24 the Board received reports on the Social Housing Development Programme, benefit delivery, and on how the Department is meeting its equality responsibilities. In addition, it was briefed on the provision of Advanced Customer Support to vulnerable people, how we are responding to increasing levels of homelessness in society, and the performance of the Child Maintenance team. In June 2023 the Board was briefed on the launch of People and Place – a strategy for neighbourhood renewal. The Move to Universal Credit and the Personal Independence Payment process were two major programmes of customer-facing work reviewed by Board, and the reporting of customer complaints is a standing item.

Supporting our People

The People & Resources Sub Committee (PRSC) met regularly through the year and updated the Board on the implementation of the Departmental People Plan and on its oversight of staff capacity and capability. PRSC undertook significant engagement with NICS HR in early 2023 and in May 2023 the NICS HR Strategic Director attended the Board to continue a discussion on how to address significant resourcing challenges. PRSC provided assurance to the Board on absence management, succession planning, staff engagement activity and implementation of wellbeing policies. The Board also received reports on Diversity and Inclusion action planning within DfC. All of this took place against a backdrop of a longstanding pay dispute between NICS and Trade Union Side where, thankfully some progress was achieved late in the year. In the context of these significant resourcing and reward challenges, DfC and its people worked as far as possible to maintain core standards of customer service and delivery.

Governance

The Board receives assurance reports from DARAC four times a year, which also incorporate the relevant assurances of the Departmental Information Assurance Committee (DIAC). In addition to formal quarterly risk management reviews, it received focused briefings on how specific key risks are being managed including Climate Change, Business Continuity, and Collaboration. Board members participated in a Cyber security exercise and were briefed on ransomware and cyber-crime sanctions. The Board also received reports on fraud and error in benefit delivery, and on new Raising Concerns guidance.

The Way We Plan, Organise and Work

The Board agenda includes standing items such as operational performance, business planning, and financial stewardship, which provides it with assurance that the Department continues to run efficiently. The Policy & Strategy Sub-Committee (PSSC), on behalf of the Board, provides oversight on the delivery of the Department's five-year strategy and Business Plan, and the ongoing development of the Department's policy-making capability. In addition to reports from PSSC, the Board reviewed the Strategic Investment Board (SIB) Strategic Partnership, the departmental Contract Register, asset management plans, and the workplace strategy. In June, proposals for establishing a Commercial Centre of Excellence were presented. This aims to provide expert support and oversight for significant projects and contracts and aims to absorb the governance previously performed through the Investment, Modernisation and Innovation (IMI) Board. In November 2023 the Board were updated on the DfC workplace and digital strategies and on the review of Board Effectiveness. Presentations were also received on Workforce Planning, proposals to expand Department for Work and Pensions (DWP) work within DfC, and Hybrid Working policy.

Other Significant Topics presented to the Board

- Economic Outlook
- City Deals
- Institute of Directors Business Fund
- PRONI strategic review
- Covid-19 Inquiry update
- Community Planning

Departmental Audit and Risk Assurance Committee

DARAC met four times during the year and also held focus sessions on significant areas of interest including Fraud and Error, Risk and presentation of the Departments Financial Statements. DARAC receives a detailed quarterly Risk and Assurance Report from the Head of Governance as well as updates on the work of Internal Audit and Northern Ireland Audit Office. It also receives detailed and expert assurance from DIAC on information management and cyber security in DfC and a briefing (rotated at each meeting) from each Deputy Secretary on key risks and issues within their respective groups.

The Committee has reported to the Board that, based on the Assurances provided, it is satisfied that risk management, control and governance in the Department have been adequate and effective over the last year.

Conclusion

As Lead Non-Executive Director, I rely heavily of the excellent support I receive from my fellow Non-Executives both on DMB and DARAC. I would like to thank outgoing Audit Committee members Seamus Wade and Emer Morelli, and welcome on board Gail Flavell and Trevor Connolly. Sharon O'Connor joined DMB and DARAC in October 2023 as the incoming lead Non-Executive and DARAC Chair. Sadly Neil Bodger, who resigned as an Independent Board member in March 2024, passed away in April. Neil will be remembered by myself and his Board and DARAC colleagues for the knowledge, experience, and insight which he brought to his role.

The Department and its delivery arms have continued to maintain critical services and support for our citizens, despite a challenging background of strained industrial relations, budgetary constraints, and absence of an Executive. The appointment of a new Minister in February 2024 is welcomed. While this has created a new dynamic and increased pressures in managing Machinery of Government workloads, it will enable the Department to progress critical policy and funding decisions. The outlook remains very challenging with significant pressure on key services, however, plans and governance are robust, and DfC has a strong culture of delivering against adversity.

After over eight years as a non-Executive with DfC, I will be stepping down from June 2024. This has been a very interesting and personally rewarding experience and I am proud to have been associated, if only in a small way, with some of the Department's incredible achievements over this period. Ambitious plans are in place, and I wish the new Non-Executive team and Departmental colleagues every success during 2024-25.

John West
Lead Non-Executive
Department for Communities

Statement of Accounting Officer’s Responsibilities

Under the Government Resources and Accounts Act (NI) 2001 (the GRAANI), the Department of Finance (DoF) has directed the Department for Communities (DfC) to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department and its sponsored non-departmental and other arm’s length public bodies designated by order made under the GRAANI by Statutory Rule 2023 no 53 as amended by Statutory Rule 2024 No 7, (together known as the ‘departmental group’, consisting of the Department and sponsored bodies listed at note 26 to the accounts). 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 the departmental group and of the income and expenditure, Statement of Financial Position, and cash flows of the departmental group for the financial year.

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

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process

- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental [and other arm’s length] public bodies

- 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 Head of the Department as Accounting Officer of DfC.

The Accounting Officer of the Department has also appointed the Chief Executives of its sponsored Non-Departmental [and other arm's length] Public Bodies as Accounting Officers of those bodies. The Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

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 assets of the Department or Non-Departmental Public Body for which the Accounting Officer is responsible, 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 DfCs 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, who 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.

The Department operated without a Minister in place from the beginning of the reporting period until 3 February 2024. Prior to the appointment of a Minister, as the administrative Head of the Department and the Departmental Accounting Officer, I made decisions in accordance with the guidance and principles laid out in The Northern Ireland (Executive Formation etc) Act 2022.

Ministerial Directions

As Accounting Officer, I am required to disclose where formal Ministerial Direction to proceed has been sought, in cases 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. There are no Ministerial Directions to disclose for 2023-24.

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 (PSSC) and the People & Resources Sub-Committee (PRSC). Information on Board and Sub-Committee structures, attendance, and areas of focus for 2023-24, are outlined within the Directors' Report on page 41.

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'.

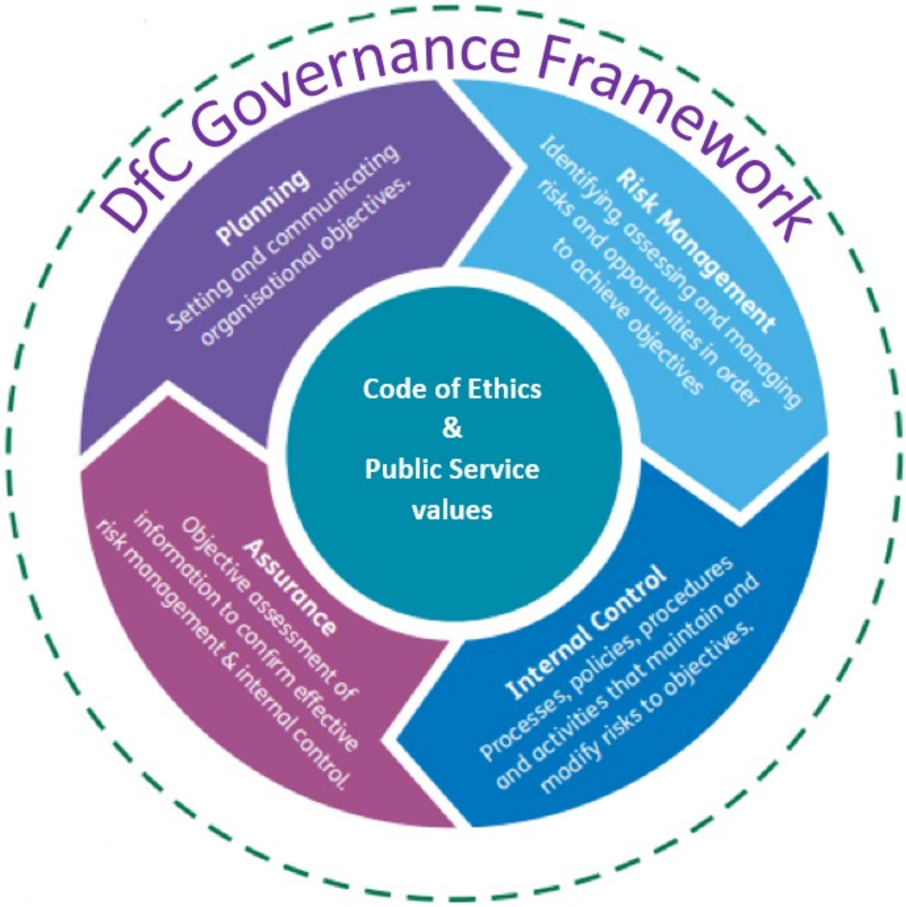
The annual review for 2023-24 confirmed Board effectiveness, compliance with the Board Operating Framework and the mandatory requirements of the HM Government Orange Book: Management of Risk – Principles and Concepts**.**

DARAC Review of Effectiveness

DARAC undertakes an annual review of effectiveness in line with recommended best practice using the NAO Audit and Risk Assurance Committee Effectiveness Tool. DARAC met on 13 June 2024 to consider the Checklist, the impact and effectiveness of the Committee and compliance with good practice. The review allows DARAC to strengthen its approach, confirm best practice and focus on areas of greatest importance for the Department. The review confirmed DARACs effectiveness and identified some areas for enhancement which will be taken forward in 2024-25.

Planning, Risk Management, Internal Control and Assurance

Planning, Risk Management, Internal Control and Assurance are interconnected components of the Department's governance arrangements with Code of Ethics and public service values at the centre of everything the Department does.



DfC Business Plans are approved by the Board in respect of each financial year. www.communities-ni.gov.uk/publications/dfc-business-plan-2023-24 They set out the work which the Department plans to deliver in support of the DfC Strategy: Building Inclusive Communities. Plans remain agile and adaptable as the Department responds to changing demands and challenges throughout the financial year and the Board continually monitors progress.

The Board has determined its risk appetite for a range of risk categories, taking account of the need for a balanced view to managing opportunity and risk, while recognising that Public Sector organisations cannot be successful if they are entirely risk averse.

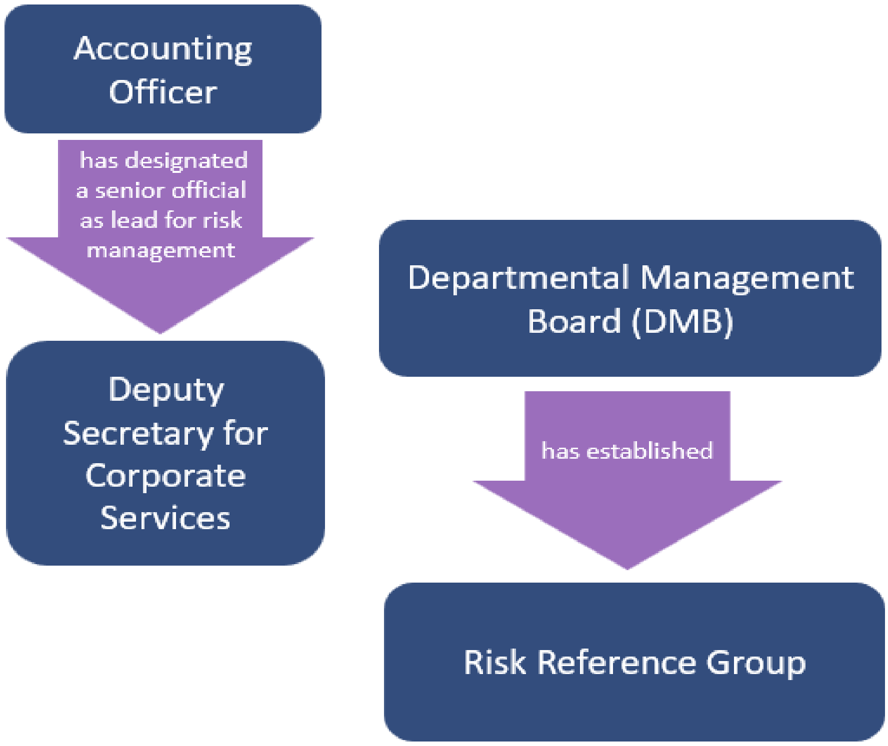
The Department's system of internal control is designed to maintain risk in line with the Board's risk appetite in order to provide reasonable assurance of effectiveness.

Risk management and internal control arrangements are underpinned by a well-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 NDPBs for which they are responsible. Sponsorship arrangements are in place for each of the Department's NDPBs and these arrangements, together with the NDPB biannual Assurance process, inform and support Deputy Secretary Assurance Statements.

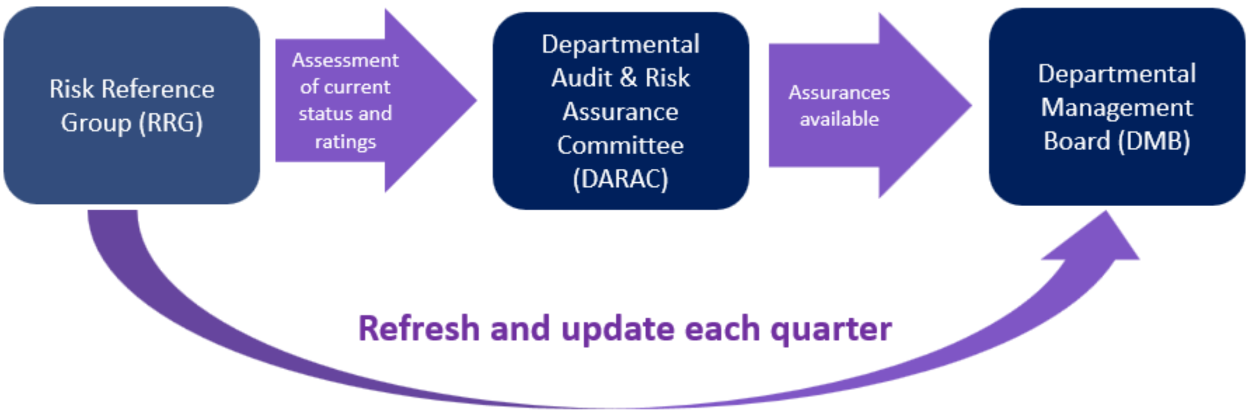
DfC risk management arrangements are in line with the 'HM Government Orange Book: Management of Risk – Principles and Concepts' and the Corporate Governance Code with no departures to disclose. Arrangements have been in place throughout 2023-24 and have operated up to the date of approval of the annual report and accounts.

The senior members of staff who lead the Department's approach to risk management are:

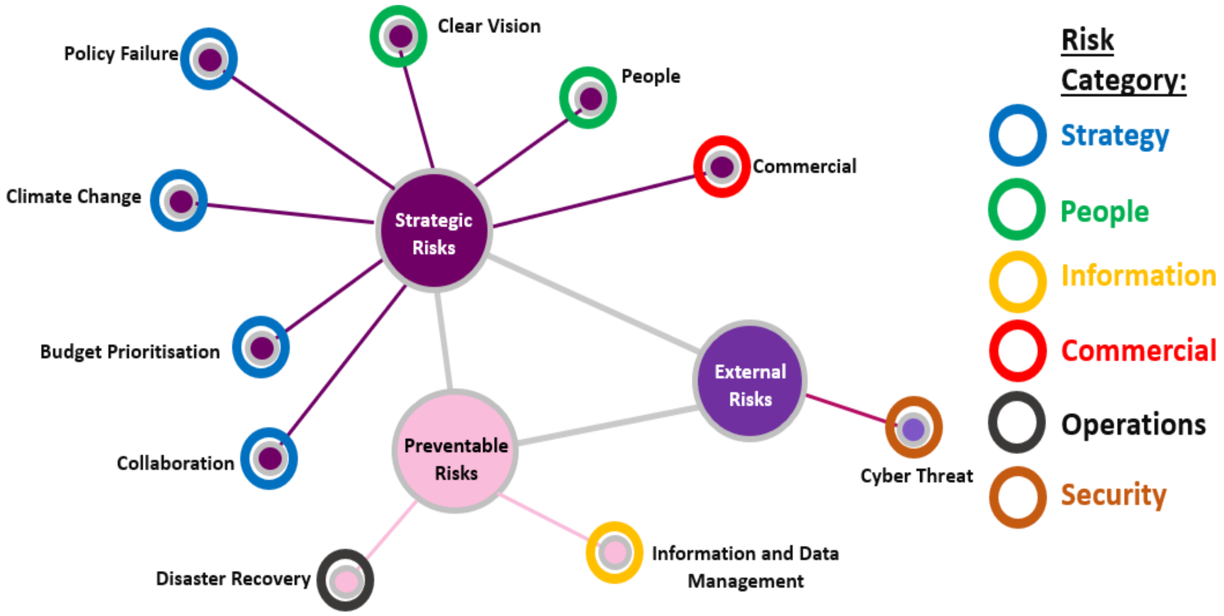


The main role of the Risk Reference Group is to support the identification, evaluation and management of the Principal and emerging risks faced by the Department. Its functions include:

The Board undertakes a quarterly review of Principal risks, supported by the Risk Reference Group with DARAC providing an assessment of the effectiveness of risk management arrangements and the adequacy and effectiveness of control processes for Principal risks.



Principal Risks actively monitored during 2023-24 were as follows:



Further detail on strategic risks and significant uncertainties faced by the Department during 2023-24 are included within the Performance report on page 11.

Head of Internal Audit (HIA) Opinion

The 2023-24 Internal Audit Plan was approved by DARAC in March 2023 and focused on priorities and key assurance requirements. Progress against the Plan was monitored by DARAC over the course of the year. In addition to planned audit assignments Internal Audit have responded to a range of consulting requests, requests for advice and guidance and have attended project boards and provided post-audit support. All of this work informs the Internal Audit opinion.

The HIA's overall opinion is based on internal audit activity carried out during 2023-24 and cumulative assurances derived from internal audit activity during the previous three-year period, with an overall 'Satisfactory' opinion provided for 2023-24.

The HIA also 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 2023-24, the HIA provided an overall ‘Satisfactory’ opinion on the Department’s arrangements.

Detail of Limited Opinion Audit reports is included at page 74.

Other Assurances

In addition to assurances received from my Deputy Secretaries and the HIA, I receive an annual 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, and further note the DoF HIA has confirmed that there are no Internal Audit recommendations directed specifically at DfC. The DoF Permanent Secretary has additionally concluded that the DoF system of internal control in relation to the Shared Services is effective and has operated effectively throughout 2023-24. Furthermore 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 for rates and low income rate relief for owner occupiers. Assurance has been provided for 2023-24 on controls in place to ensure that the administration of housing benefit for rates and low income rate relief for owner occupiers is efficient and effective.

DoF Revenue & Benefits Directorate within Land and Property Services (LPS) have confirmed that procedures to prevent and detect fraud in the award of housing benefit for rates and low income rate relief for owner occupiers were in place throughout the 2023-24 year.

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 DWP Group Chief Internal Auditor's independent assurance, the DWP Accounting Officer has recorded an overall "moderate" assurance on the strength of DWP governance, risk management and control arrangements which include its ICT systems. DfC places reliance on this assessment and on the UK wide arrangements for cyber security operated through the National Cyber Security Centre and the DWP Cyber Resilience Centre. DWP ICT systems are part of the UK Government's Critical National Infrastructure and DWP continues to work closely with Cabinet Office to strengthen cross-government security standards and capabilities in order to support the Department, its arm's length bodies and the other Departments to which it provides services, in meeting minimum government security standards and raising maturity levels across all areas of security. A Concordat is in place between DWP & DfC which enables DfC to place reliance on security measures operated by DWP. Whilst not subject to a formal review schedule, the Concordat may be formally reviewed and amended at any time subject to DWP & DfC agreement of changes in writing.

Fraud and Whistleblowing Arrangements

The Department's Fraud Policy and Response Plan outlines responsibilities in respect of the prevention of fraud, bribery or serious irregularity within the Department and its NDPBs. 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. Separate arrangements are in place for benefit related fraud.

The Department's Raising Concerns (Whistleblowing) guidance and procedures explain how civil servants, other workers and members of the public can raise concerns about potential wrongdoing, illegality or risk in relation to departmental activities. As employers in their own right, the Department's NDPBs are responsible for having their own Raising Concerns (Whistleblowing) arrangements in place. Statistics on the number of Raising Concerns (Whistleblowing) matters raised are reported bi-annually to DARAC. Following the launch by the Head of the Civil Service in January 2023 of the NICS Raising a

Concern Policy Framework, departments were asked to review their guidance for alignment purposes. The Department's refreshed guidance was approved by the Board in October 2023, published on the Department's website and issued to all DfC staff in January 2024. The guidance is designed to support and maintain an ethical culture in line with public sector values where staff, workers and members of the public feel confident that they can speak up without fear of detriment and in the knowledge that concerns will be taken seriously. The guidance covers the NI Civil Service Code of Ethics which applies to NI Civil Servants as well as Raising Concerns (Whistleblowing). During the year, awareness training was delivered to newly promoted Staff Officers and Deputy Principals. Moving forward, awareness will be maintained through regular reminders via internal communications and the team briefing process.

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 NDPBs, 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 following each DARAC meeting outlining their assessment of the reliability and effectiveness of assurances available and highlighting areas for continued scrutiny. In addition, the DARAC Chair provides an annual report to the Board outlining the work undertaken by the Committee during the year and their assessment of assurances available on the effectiveness of risk management, control and governance across DfC. The DARAC Chair's annual report for 2023-24 was presented to the Board in May 2024 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 2023-24 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 been in operation throughout the 2023-24 financial year.

Key Risks and Issues

The most significant issues relating to the Department's business in 2023-24 and the current position on any issues highlighted in the 2022-23 Governance Statement are detailed below:

Northern Ireland Assembly and Budget Authority

The Northern Ireland Budget Act 2023 was passed by Parliament and received Royal Assent on 8 February 2023. This authorised the cash and use of resources for all departments and other bodies for the full 2022-23 year, and also included a Vote on Account for the early months of the 2023-24 financial year.

The Secretary of State announced the final 2023-24 Budget on 27 April 2023 and in order to live within the allocated budget significant funding decisions were required. A DfC Budget Equality Impact Assessment (EQIA) was published on 10 May 2023 to present the decisions required and the potential impact to people in Section 75 categories of those decisions on the services and supports the Department provides. The EQIA consultation was for 12 weeks, and on 03 October 2023 the Department published its EQIA final report on Budget allocations for the 2023-24 financial year: www.communities-ni.gov.uk/publications/dfc-budget-2023-24-equality-impact-assessment-eqia-final-decision-report

The Northern Ireland Budget (No. 2) Act 2023, which received Royal Assent on 18 September 2023, provided the statutory authority for the 2023-24 Northern Ireland Budget which the Secretary of State for Northern Ireland set in his Written Ministerial Statement on 27 April 2023.

Following restoration of the Assembly on 3 February 2024, the Budget Bill received Royal Assent on 14 March 2024, together with the Northern Ireland Spring Supplementary Estimates 2023-24 which were agreed by the Assembly on 9 April 2024. This provided the statutory authority for the Executive's final 2023-24 expenditure plans.

The Budget Act (Northern Ireland) 2024 also provides a Vote on Account to authorise expenditure by departments and other bodies into the early months of the 2024-25 financial year.

On 15 February 2024, the Executive agreed a paper from the Finance Minister setting the approach to Budget 2024-25, with a Budget exercise to be carried out to reflect the views of incoming Ministers. The Finance Minister then held Bilateral meetings with all Ministerial colleagues and on 25 April 2024 the Executive agreed Budget 2024-25. Initial stages of the Budget Bill including the Introduction and Second Stage Debate are anticipated to be completed week commencing 1 July 2024.

Following the Minister for Communities announcement on initial Budget 2024-25 allocations, the Department launched its Budget 2024-25 EQIA on 11 June 2024 which will run for a 12-week period, closing on 3 September 2024. All responses will feed into the decision-making process going forward, and will help to shape the broad range of public services which the Department delivers.

New Ways of Working and Post Pandemic Recovery

As highlighted in the 2022-23 Governance Statement, the Department continues to apply the NICS Hybrid Working Policy. A review of learnings from the implementation of Hybrid working, commissioned in 2023-24 has provided recommendations that will see the Department phasing implementation of a minimum 40% attendance in the office. This will offer opportunities for the Department and our people. An Oversight Group has been established to take forward recommendations and implementation will complete in early autumn 2024.

Work in relation to Assurance and Recovery Arrangements for DfC Covid Support Schemes is ongoing and will continue into 2024-25.

Protective Security

Seven major incidents involving personal data were reported to the Department's Data Protection Officer (DPO) during 2023-24, one of these incidents met the threshold for notification to the Information Commissioner's Office, however in that case the ICO took no further action. Three major incidents were reported in 2022-23, with no incidents meeting the threshold for notification to the ICO.

There were no reported incidents from 2022-23 carrying into 2023-24.

In May 2024, the Department was notified of a Data Breach within the Charity Commission for Northern Ireland that required notification to the ICO.

The DPO has continued to work on awareness and training opportunities for all staff to improve data protection and personal data handling awareness across the Department. Mandatory data protection learning was rolled out across the NICS in 2022-23 and training that covers a range of data protection issues was delivered to the Department's Information Asset Owners in 2023-24.

Fraud and Raising Concerns (Whistleblowing)

Eight incidents of suspected fraud were reported during 2023-24, seven relating to NDPBs and one other relating to a third-party notification. Of the cases investigated and closed during the year, six cases of fraud were confirmed. In one case fraud was attempted but prevented due to the operation of internal controls and for the remaining cases no evidence of fraud was found. Investigations into six cases were ongoing at the end of the year. Separate arrangements are in place for benefit related fraud.

During 2023-24 the Department received eleven concerns through its Raising Concerns (Whistleblowing) arrangements and nineteen cases were notified by DfC NDPBs. Eight of the concerns received by DfC and six notified by NDPBs were ongoing at the year-end.

Welfare Reform

The programme of Welfare Reform changes and specifically the introduction of Universal Credit (UC) 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 Assembly has approved legislation to continue the mitigation payments until at least 31 March 2025 and, there is currently no end date for the Social Sector Size Criteria mitigation scheme. A statutory review of the welfare mitigation schemes is scheduled to be completed in 2024-25.

New Decade, New Approach included a commitment to review 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. The panel produced a report, which included a number of recommendations for a new package of financial support for Northern Ireland. This was published by the Department on 25 October 2022. The recommendations of this report have been presented to the new Minister for Communities for consideration however, implementation of any new mitigation payments would require the allocation of appropriate funding by the Northern Ireland Executive.

All Welfare Reforms are now live in Northern Ireland, including UC which has been successfully rolled out for new claims. The final stage of UC implementation, migration of legacy benefit customers to UC, is known as 'Move to UC'. DWP commenced testing for Move to UC in May 2022 and in March 2023, announced its plans to increase the number of Migration Notices being issued as part of the Move to UC. The Department undertook a similar test and learn Discovery exercise which commenced in April 2023 involving Tax credit only customers from both urban and rural locations. The learnings were impacted against the customer journey and the expansion of Move to UC for tax credit only claimants across Northern Ireland commenced from 16 October 2023. The Department completed a customer and stakeholder insight exercise to supplement the findings of DWP's Discovery exercise for legacy benefit customers in February 2024. The findings of this have been impacted against the customer journey and communication products for the next stage which commenced on 13 May 2024. The Department is committed to continuing to learn as Move to UC progresses, to ensure a smooth transition to UC for those people who remain on legacy benefits and tax credits. It is planned that the migration of people in receipt of Tax Credits and the remaining legacy benefits will continue during 2024-25.

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 Northern Ireland Audit Office (NIAO) highlights as the most significant risk in terms of material misstatement in the Department's financial statements. Overall fraud and error loss is estimated to be 2.9%

of the £8.4 billion annual benefit expenditure. Underpayments of benefit due to fraud and error is estimated to be 1.1% of expenditure.

With fraud and error estimates on the rise it is important that the Department flexibly deploys existing resources to address the highest risks and deliver the greatest impact. A wide range of activities are in place to mitigate against the risk of fraud and error within the benefit systems, with a refreshed 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.

Carers Allowance

Following significant media coverage in respect of the recovery of overpayments of Carers Allowance, stakeholders have expressed concern about the Carers Allowance earnings rules and the risk of accumulating levels of debt where overpayments are not identified early. Whilst there continues to be an onus on customers to report changes in circumstances, the Department is working to find methods of identifying overpayments at the earliest opportunity including through the introduction of the 'Verify Earnings and Pensions system' used by the DWP for Carers Allowance overpayments.

Personal Independence Payments (PIP)

The Northern Ireland Public Service Ombudsman (NIPSO) 'Own Initiative' investigation report into PIP and the value of further evidence was published on 23 June 2021, with a further follow up report published by NIPSO on 31 May 2023. This report acknowledged the considerable action taken by the Department, which remains committed to implementing the recommendations and improving the delivery of Personal Independence Payment, including support for claimants, where it is financially, technically, and commercially possible to do so.

Engagement with the Ombudsman's office remains ongoing and further meetings are anticipated during 2024-25.

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 include individuals resident in Northern Ireland. A specialist team based in the Northern Ireland Pension Centre commenced a correction exercise in January 2021 and work is continuing. To date a total of 11,308 individuals resident in Northern Ireland have been identified as requiring further investigatory work to determine if they have been underpaid State Pension. 8,834 cases have now been reviewed with £10.5 million paid in arrears to affected customers.

Home Responsibilities Protection

The Department is aware that some customers who were unable to work due to caring responsibilities may not have received all of the protection they were entitled to. Home Responsibilities protection was a scheme introduced in 1978 to protect parents' and carers' State Pension. The Department has been working with HMRC and DWP to identify customers potentially impacted in order to take corrective action. HMRC has commenced a contact campaign writing to customers who may have been affected. Around 7000 customers in Northern Ireland are expected to be contacted.

Child Poverty

The NIAO published its report on Child Poverty in Northern Ireland in March 2024. This can be found at: www.niauditoffice.gov.uk/publications/child-poverty-northern-ireland

Departmental officials are to provide evidence to the Public Accounts Committee (PAC) in June 2024 with PAC expected to publish its report in 2024-25.

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

Rates Support Grant (RSG)

As highlighted in previous Governance Statements, the Court of Appeal handed down its judgment in September 2018 in the case of Mid Ulster District Council v DOE in the matter of a judicial review concerning the application of the statutory formula for the distribution of RSG amongst eligible councils. As a result the Department recalculated the distribution of RSG and made Ex-Gratia Payments to several councils. There is one outstanding element in respect of payment of final legal costs which will continue to be progressed in 2024-25.

In March 2023 an application was lodged by Mid Ulster District Council for judicial review of the Department’s decision to set the entirety of the RSG for the 2022-23 financial year at £8.924m. The Court hearing concluded on 11 October 2023, following which the judge has continued to consider all affidavits together with the oral submissions made by both counsels. Written judgment is awaited.

Regional Stadia

In July 2021, the DfI Minister granted Planning Permission for the redevelopment of Casement Park Stadium. A Judicial Review of this decision was upheld in May 2022 and this project milestone enabled further progression on interdependent project activities. In October 2023 the UK and Ireland were announced as joint hosts nations for the EURO 2028 Tournament. DfC is working closely with the Irish Government, DfE, the Department for Culture, Media & Sport (DCMS), the Ulster Council GAA (UCGAA) and the Irish Football Association (IFA) on funding, governance and contractual priorities to progress the redevelopment of Casement Park Stadium.

Sports Sustainability Fund

As highlighted in the 2022-23 Governance Statement, in February 2022, the PAC published its report on the Sports Sustainability Fund which was implemented during Covid. Having previously been delayed in the absence of an Executive, a Memorandum of Reply (MoR) was presented to the NI Assembly in May 2024 and published on the NI assembly website: https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/mor-11th-report-1722.pdf .

Housing Associations

The review of the Regulatory Framework for Registered Housing Associations (RHAs), Special Needs Management Allowance (SNMA) and the Judicial Review of the Statutory Inquiry into the affairs of Woodvale and Shankill Community Housing Association were highlighted within previous Governance Statements.

The review of the Regulatory Framework continued throughout the 2023-24 financial year and a revised Framework document has now been published on the Department's website for application from 01 April 2024. The Department will continue to consider and progress the recommendations from the review during 2024-25.

Following an independent review into SNMA, which concluded in 2022-23, the Department made a decision to restore 100% funding to affected schemes. Policy proposals for a future SNMA delivery mechanism are currently being in train.

The Judicial Review relating to the Statutory Inquiry into the affairs of Woodvale and Shankill Community Housing Association has been withdrawn. The out workings of the Statutory Inquiry remain ongoing, and the Department continues to liaise with the Departmental Solicitor's Office (DSO) to address any outstanding issues.

Statutory Homelessness Duties

For households which meet defined homelessness tests, the Northern Ireland Housing Executive (NIHE) has a statutory duty to ensure that accommodation is available, i.e. to provide temporary accommodation if required until a permanent home can be provided. The overall demand for, and cost of, temporary accommodation has risen substantially in recent years, impacting the NIHE budget requirement.

The NIHE continues to take steps to address overall demand for, and cost of temporary accommodation. The present growth in demand is increasingly unaffordable and is hampering the strategic shift to preventing homelessness.

The Department is working with the NIHE and the Homelessness Sector to explore all possible options to address the challenges.

The Appeals Service (TAS)

As highlighted in the 2022-23 Governance Statement a pilot exercise on interlocutory matters has been in operation since December 2021. This relates to a review of the steps that may be taken by the Department in support of effective case management.

The purpose of the pilot is to assess the effectiveness of a case management review prior to first hearing in order to reduce the adjournment rate. Whilst initially anticipated for a 9-month period, owing to IT delays in assessing reporting information and as a result of operational issues with a major external stakeholder, the pilot is now expected to continue into 2024-25. A review of pilot progress to date indicates positive outcomes including a reduction in live caseload and an evaluation report is due in 2024-25.

The Transfer of Function of The Appeals Service and Rent Assessment Panel (TAS RAP) from DfC to the Department of Justice was previously unable to proceed in the absence of an Executive. The DfC Minister has now written to the Justice Minister to take forward the transfer during the current mandate. The Justice Minister has confirmed that whilst DoJ is not able to commit resources to the project at this point, her Department remains committed to the transfer of TAS RAP to her Department.

Charity Commission for Northern Ireland (The Commission)

As highlighted in the 2022-23 Governance Statement, in February 2020 the Northern Ireland Court of Appeal upheld the May 2019 McBride 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 the Commission to delegate decision-making in relation to its statutory functions to staff.

The former Minister for Communities, Deirdre Hargey MLA, brought forward a Charities Bill to address the impacts of the McBride Judgment, which received Royal Assent in March 2022, becoming the Charities Act (Northern Ireland) 2022 (the 2022 Act).

Following the making of the 2022 Act, the Department conducted a public consultation on a prospective Scheme of Delegation for the Commission. The consultation closed in June 2023 and the Department's response is anticipated in Autumn 2024.

The Department's response to the Independent Review of Charity Regulation commissioned by the former Minister for Communities, was published in November 2022. The Department established a programme to take forward the review recommendations over the next 5 years, with some recommendations requiring either primary or secondary legislation. At the core of the review report was the need for cultural change and a more enabling and proportionate approach by the Regulator, the realisation of which is now the Department's key focus.

The review recommended that all charities in Northern Ireland should continue to be required to register with, and report to, the Commission. Former Minister Hargey rejected this recommendation in her published response and work to develop policy and draft regulations for the introduction of a £20k registration threshold is ongoing. A working group comprising sectoral representatives, officials from the Department and the Commission have been developing consultation materials in respect of the form any registration threshold should take and the resultant regulatory framework. A public consultation was launched on 20 May 2024 and will last 12 weeks.

Scoping work has commenced on a Charities Bill to progress 20 of the 93 review recommendations which cannot be delivered without primary legislation. Additional scoping work has also begun on the introduction of Charitable Incorporated Organisations (CIOs) as a new legal form for charities in Northern Ireland.

The Commission has delivered 10 recommendations and work has commenced within the 2023-24 financial year on a further 27, this work will continue to progress throughout 2024-25.

Limited Opinion Audit Reports

No limited opinion audit reports were issued by the HIA during 2023-24. One Limited opinion in respect of the Affordable Warmth Scheme (AWS) was referenced within the 2022-23 Governance Statement, with further follow up conducted in 2023-24. The HIA has concluded that significant progress has been made in respect of the AWS with the overall opinion raised to satisfactory in June 2024.

Extraordinary Audit, Causeway Coast and Glens Borough Council

As reported in previous Governance Statements, in November 2020 the Minister for Communities directed the Local Government Auditor to undertake 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 report was published in July 2022 with all recommendations accepted by the Council. The Council continues to progress its implementation of recommendations. Three independent reports commissioned by the Council have been concluded with findings presented to the Department by the Independent Assessor. The Department continues to monitor the progress by Council in fully implementing all the recommendations arising from the outworking of the recommendations within the extraordinary audit.

New Decade New Approach (NDNA) Review of NDPBs

Further to Executive agreement that the commitment to review NDPBs set out in NDNA should proceed, reviews have been undertaken in respect of the Commissioner for Older People Northern Ireland (COPNI) and the Northern Ireland Commissioner for Children and Young People (NICCY) and reports provided to the DfC Minister. The NDNA review of the NI Local Government Officers Superannuation Committee (NILGOSC) is currently being finalised.

The approach and timeframe for any further reviews will be considered during 2024-25.

Sponsorship/Partnership Arrangements

Sponsorship arrangements are in place for all DfC NDPBs 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 with DfC NDPBs 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 Arms Length Bodies and further DoF guidance on Partnership Agreements and Proportionate Autonomy. Partnership Agreements have been published for Sport Northern Ireland (Sport NI), the NIHE and the Arts Council of Northern Ireland. Further Agreements with Armagh Observatory and Planetarium (AOP), National Museums Northern Ireland (NMNI), Northern Ireland Museums Council (NIMC), and Libraries Northern Ireland (Libraries NI) also ready for publication.

Issues Relating to DfC NDPBs

Internal Audit work in respect of arrangements in place with DfC NDPBs may be supplemented by Governance reviews or additional audit work where the need for additional information or assurance is identified. As highlighted in the 2022-23 Governance Statement, additional assurance work has been undertaken in respect of COPNI and the Department continues to engage closely with COPNI to progress recommendations. The Department has also identified the need for additional assurance work in respect of NICCY, with an independent review of Finance and Governance underway.

A strategic review of Sport NI was commissioned by the Department at the request of the Sport NI Board, focusing on financial, governance and delivery arrangements. Work is ongoing with a final report anticipated late summer 2024.

The Northern Ireland Comptroller and Auditor General (C&AG) issued a qualified audit opinion in respect of the 2022-23 financial statements of Ulster Supported Employment Limited (USEL). NIAO testing concluded that insufficient audit evidence was available to confirm the regularity of ‘other operating expenditure’ and ‘other pension costs’. The Department will closely monitor corrective actions being led by the USEL Board and Senior Team to address C&AG report recommendations and re-establish full compliance with good governance. Risk of further qualification of USEL’s 2023-24 Accounts has been highlighted to the Department.

North/South Language Body (NSLB)

It was not possible to secure North South Ministerial Council (NSMC) approval of the 2022, 2023 and 2024 Business Plans for the North/South Language Body (NSLB) during the period prior to the restoration of the NI Assembly. However, the 2022, 2023 and 2024 Business Plans were subsequently agreed at the NSMC Sectoral Meeting on 29 May 2024. All approvals are now in place.

It is a legislative requirement under the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 that any grants paid to bodies by a Northern Ireland Sponsor Department must be approved by DoF. Where such an approval is absent, any expenditure is illegal and retrospective consent cannot confer legality. No grant payments were made in the 2022-23 or 2023-24 financial years without DoF approval.

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 during the accounting period. The information provided relates to the Core Department only, unless otherwise stated. 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 and its Non Departmental Public Bodies (NDPBs). The staff report also has details on staff 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 Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for Northern Ireland's 27 April 2023 Written Ministerial Statement (WMS) on the budget, the NI public sector pay policy guidance was published on 31 May 2023 in FD (DoF) 05/23. This was subsequently updated on 12 March 2024 in FD (DoF) 04/24 to reflect the return of Executive Ministers and revised departmental budgets.

Annual NICS pay awards are made in the context of the wider public sector pay policy.   The pay award for NICS non-industrial staff, including SCS, for 2023-24 has been finalised and is due to be paid in June 2024. The 2023-24 pay award for NICS industrial staff has also been finalised and was paid in May 2024.

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 minimum to maximum, allowing progression towards the maximum 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 by exception to merit.

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.

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)**	
	2023-24	2022-23	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23
Gordon Lyons Member of Legislative Assembly (from 4 February 2024)	**6,006 (38,000 full year equivalent)**	-	-	-	**3**	-	**9**	-
Deirdre Hargey Member of Legislative Assembly (from 1 April 2022 to 27 October 2022)	**-**	21,758 (38,000 full year equivalent)	-	-	**-**	8	**-**	30

** 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								
	Salary (£'000)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
Officials	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23
Colum Boyle Permanent Secretary**	**125-130**	120-125	**-**	-	**(21)**	(23)	**105-110**	120-125
Moira Doherty Acting Permanent Secretary (to 24 April 2022) Deputy Secretary (from 25 April 2022 to 28 July 2023)	**35-40** **(100-105 full year equivalent)**	100-105 (120-125 full year equivalent as Permanent Secretary)	-	-	**(8)**	17	**25-30**	115-120
Jackie Kerr Deputy Secretary (to 13 November 2022 – currently on career break)	**-**	35-40 (100-105 full time equivalent)	**-**	-	**-**	6	**-**	40-45
Beverley Wall Deputy Secretary (to 28 July 2023)	**35-40** **(100-105 full year equivalent)**	95-100	-	-	**(9)**	(22)	**25-30**	75-80
Mark O'Donnell Deputy Secretary	**100-105**	95-100	**-**	-	**(10)**	(18)	90-95	80-85
Brenda Henderson Acting Deputy Secretary	**100-105**	95-100	-	-	**(14)**	(12)	**85-90**	80-85
Paddy Rooney Acting Deputy Secretary	**100-105**	95-100	**-**	-	**(25)**	(22)	**75-80**	70-75
John Smith Deputy Secretary (from 3 July 2023)	**75-80** **(105-110 full year equivalent)**	-	**-**	-	**(2)**	-	**75-80**	-
Emer Morelli Acting Deputy Secretary (from 31 July 2023)	**60-65** **(95-100 full year equivalent)**	-	**-**	-	**1**	-	**65-70**	-
Gillian Morton Acting Deputy Secretary (from 31 July 2023)	**60-65** **(95-100 full year equivalent)**	-	**-**	-	**80**	-	**140-145**	-

Single total figure of remuneration								
	Salary (£'000)		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1,000)		Total (£'000)	
Officials	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23	**2023-24**	2022-23
Iain Greenway Acting Deputy Secretary (to 24 April 2022)	**-**	5-10 (95-100 full year equivalent)	**-**	-	**-**	25	**-**	30-35
Duncan McCausland Independent Board Member (to 30 June 2022)	**-**	0-5	**-**	-	**-**	-	**-**	0-5
John West Independent Board Member	**5-10**	5-10	**-**	-	**-**	-	**5-10**	5-10
Neil Bodger Independent Board Member (from 1 May 2022 to 1 March 2023)	**0-5**	5-10	**-**	-	**-**	-	**5-10**	5-10
Sharon O'Connor Independent Board Member (from 1 October 2023)	**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.*

***Colum Boyle transferred to DfC as Permanent Secretary on 1 April 2022. He did not take on the Accounting Officer responsibilities until 25 April 2022.*

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 DfC and thus recorded in these accounts.

The Northern Ireland Assembly was dissolved from 28 March 2022 with an election taking place on 5 May 2022. An Executive was not initially formed following the 5 May 2022 election. Consequently, the former Ministers retained their roles in a caretaker capacity until 28 October 2022. The Executive was subsequently restored on 3 February 2024, on which date new Ministers were appointed. As such, the Department for Communities was under the direction and control of Gordon Lyons from this date. His 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 2023-24 was £125,000 - £130,000 (2022-23: £120,000 - £125,000). The relationship between the mid-point of this band and the remuneration of the department's workforce is disclosed below.

2023-24	25^{th} percentile	Median	75^{th} percentile
Total remuneration (£)	21,951	24,526	27,127
Pay ratio	5.8:1	5.2:1	4.7:1

2022-23	25^{th} percentile	Median	75^{th} percentile
Total remuneration (£)	22,989	26,295	29,307
Pay ratio	5.3:1	4.7:1	4.2:1

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 2023-24, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2023-24 and in 2022-23, no employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £21,052 to £127,500 (2022-23: £19,121 to £122,500).

Increases in the pay ratios in 2023-24, compared to 2022-23, were as a result of the recruitment of permanent staff in the lower grades (in place of agency workers). These staff started at the bottom of their relevant pay scales in 2023-24.

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:	2023-24 v 2022-23	2022-23 v 2021-22
Average employee salary and allowances	(4.4)%	2.7%
Highest paid director's salary and allowances	4.1%	(3.9)%

Pension Benefits – Ministers (Audited Information)

Minister	Accrued Pension at pension age as at 31/3/24 £'000	Real increase in pension at pension age £'000	CETV at 31/3/24 £'000	CETV at 31/3/23 £'000	Real increase in CETV £'000
Gordon Lyons Member of Legislative Assembly (from 4 February 2024)	0-5	0-2.5	15	13	1

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. Following the election in May 2022, full Assembly business did not commence, as no Speaker was elected and therefore progress on the legislation and the appointment of a new Panel was further delayed. This matter will be taken forward by the Assembly Commission as soon as practicable now that full Assembly business has recommenced.

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.

Members of the Legislative Assembly ("MLA" or "Member") 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 agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on MLAs 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 MLAs, 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, taking account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as an MLA 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 an MLA. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLA's 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 the 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 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 Assembly Commission'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 31/3/24 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/24 £'000	CETV at 31/3/23 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Colum Boyle Permanent Secretary	55-60 plus a lump sum of 160-165	0 plus lump sum 0	1,435	1,351	(40)	-
Moira Doherty Deputy Secretary (to 28 July 2023)	30-35 plus a lump sum of 85-90	0 plus lump sum 0	670	657	(12)	-
Beverley Wall Deputy Secretary (to 28 July 2023)	40-45 plus a lump sum 115-120	0 plus lump sum 0	943	907	(13)	-
Mark O'Donnell Deputy Secretary	40-45 plus a lump sum of 110-115	0-2.5 plus lump sum 0	938	880	(24)	-
Brenda Henderson Acting Deputy Secretary	40-45 plus a lump sum of 115-120	0 plus lump sum 0	1,043	979	(29)	-
Paddy Rooney Acting Deputy Secretary	50-55 plus a lump sum of 140-145	0 plus lump sum 0	1,245	1,176	(40)	-
John Smith Deputy Secretary (from 3 July 2023)	35-40	0-2.5	771	737	(10)	-
Emer Morelli Acting Deputy Secretary (from 31 July 2023)	30-35 plus a lump sum of 75-80	0-2.5 plus lump sum 0	641	607	(7)	-
Gillian Morton Acting Deputy Secretary (from 31 July 2023)	35-40 plus a lump sum of 100-105	2.5-5 plus lump sum 5-7.5	810	695	69	-

Note: Any members affected by the Public Service Pensions Remedy may have been reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23, but are reported in the legacy scheme for the same period in 2023-24.

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 initially 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 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. Transitional protection measures introduced alongside these reforms meant any members who on 1 April 2012 were within 10 years of their normal pension age remained in their previous scheme arrangement (full protection) and those who were between 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).

McCloud Judgment

In 2018, the Court of Appeal found that the transitional 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, steps have been taken by the Department of Finance to remedy this discrimination.

The Department has now made regulations which remedy the discrimination by:

- ensuring all active members are treated equally for future service as members of the reformed alpha scheme only from 1 April 2022, and

- providing each eligible member with options to have their pension entitlements for the period when the discrimination existed between 1 April 2015 and 31 March 2022 (the remedy period) retrospectively calculated under either the current (reformed) scheme rules, or the old (pre-reform) legacy rules which existed before 2015.

This means that all active NICS Pension Scheme members are in the same pension scheme, alpha, from 1 April 2022 onwards, regardless of age. This removes the discrimination going forwards in providing equal pension provision for all scheme members.

The Department is now implementing the second part of the remedy, which addresses the discrimination which was incurred by affected members between 1 April 2015 and 31 March 2022.

Eligible members with relevant service between 1 April 2015 and 31 March 2022 (the Remedy Period) will now be entitled to a choice of alternative pension benefits in relation to that period. i.e. calculated under the pre-reformed PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' rules or alternatively calculated under the reformed alpha rules. As part of this 'retrospective' remedy most active members will now receive a choice about their remedy period benefits at the point of retirement. This is known as the Deferred Choice Underpin (DCU). For those members who already have pension benefits in payment in relation to the Remedy Period, they will receive an Immediate Choice which will be issued by 31 March 2025.

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, once published, are available at https://www.finance-ni.gov.uk/publications/dof-resource-accounts.

As part of the remedy involves rolling back all remediable service into the relevant legacy PCSPS(NI) arrangement for the 7-Year Remedy Period, the value of pension benefits may change for affected members and some figures previously reported may change. The 2023-24 pension disclosures above are calculated based on HM Treasury guidance using;

a. Rolled back opening balance
b. Rolled back closing balance
c. CETV calculated by CSP on the rolled back basis
d. No restatement of prior year figures where disclosed.

Alpha

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%.

From 1 April 2015, all new entrants joining the NICS can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

Information on the PCSPS(NI) – Closed Scheme

Staff in post prior to 30 July 2007 were eligible to 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.

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%.

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.

Partnership Pension Account

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 2023 was 6.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2024.

Employee contribution rates for all members for the period covering 1 April 2024 – 31 March 2025 are as follows:

Scheme Year 1 April 2024 to 31 March 2025

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All Members
From	**To**	**From 01 April 2024 to 31 March 2025**
£0	£26,302.49	4.6%
£26,302.50	£59,849.99	5.45%
£59,850.00	£160,964.99	7.35%
£160,965.00 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) Regulations 1996 (as amended) and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may have been due when pension benefits are taken. The Lifetime Allowance will end in April 2024 and will be replaced by the Lump Sum Allowance and The Lump Sum And Death Benefit Allowance.

HM Treasury provides the assumptions for discount rates for calculating CETVs payable from the public service pension schemes. On 27 April 2023, HM Treasury published guidance on the basis for setting the discount rates for calculating cash equivalent transfer values payable by public service pension schemes. In their guidance of 27 April 2023, HM Treasury advised that, with immediate effect, the discount rate adopted for calculating CETVs should be in line with the new SCAPE discount rate of 1.7% above CPI inflation, superseding the previous SCAPE discount rate of 2.4% above CPI inflation. All else being the same, a lower SCAPE discount rate leads to higher CETVs. The HM Treasury Guidance of 27 April 2023 can be found at https://www.gov.uk/government/publications/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes.

Real increase in CETV

This reflects the increase in CETV that is 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 (which therefore disregards the effect of any changes in factors).

Staff Report

Staff Costs (Audited Information)

	2023-24				2022-23
	Permanently Employed Staff*	Others	Ministers	Total	Total
	£'000	£'000	£'000	£'000	£'000
Wages and salaries	281,717	80,097	6	361,820	321,368
Social security costs	26,407	32	1	26,440	24,109
Other pension costs	70,928	65	1	70,994	79,659
Sub Total	379,052	80,194	8	459,254	425,136
Less recoveries in respect of outward secondments	(259)	-	-	(259)	(130)
Total net staff costs**	**378,793**	**80,194**	**8**	**458,995**	425,006
Of which:	Charged to Administration	Charged to Programme	**Total**		
Core Department	54,586	314,474	**369,060**		
NDPBs	-	89,935	**89,935**		
Total net costs	**54,586**	**404,409**	**458,995**		

**The 2023-24 figures include the cost of the Department's Special Adviser who was paid in the pay band £56k-£65k (2022-23: £56k to £65k).*

***Excluded from the total is £434k (2022-23 £1,044k) 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 2020 scheme valuation was completed by GAD in October 2023. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2024 to 31 March 2027.

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. Reforms were made to the CCM which was applied to the 2020 scheme valuations and included the introduction of a reformed-scheme-only cost control mechanism which assesses just the costs relating to reformed schemes (alpha for the NICS) and introduced an economic check. Prior to the cost control mechanism reforms, legacy scheme (PCSPS(NI)) costs associated with active members were also captured in the mechanism. The reformed-scheme-only design and the economic check were applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The 2020 scheme valuation outcome was that the core cost cap cost of the scheme lies within the 3% cost cap corridor. As there is no breach of the cost control mechanism, there is no requirement for the Department of Finance to consult on changes to the scheme. 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.

For 2023-24, employers' contributions of £57 million were payable to the NICS pension arrangements (2022-23: £57 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 £0.073 million (2022-23: £0.074 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% (2022-23: 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% (2022-23: £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 no contributions prepaid at that date.

25 persons (2022-23: 25 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0.095 million (2022-23: £0.151 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 other bodies included within the consolidated Departmental Accounts.

	2023-24					2022-23
Departmental Activity	**Permanently Employed staff**	**Others**	**Ministers**	**Special Advisers**	**Number Total**	Number Total
Staff Employed	8,775	2,766	1	1	11,543	11,056
Staff engaged on capital projects	6	3			9	31
Total*	**8,781**	**2,769**	**1**	**1**	**11,552**	11,087
Of which:						
Core Department	6,681	2,492	1	1	**9,175**	8,746
NDPBs	2,100	277	-	-	**2,377**	2,341

Number of Senior Staff by Payband

The number of SCS (or equivalent) staff by pay band as at 31 March 2024 is as follows:

Pay Band £'000	**Total**
66-75	9
76-85	20
86-95	-
96-105	5
106-115	1
116-125	-
126-135	1
Total	**36**

Employee Gender

At 31 March 2024 there were 7,276 substantive staff (based on staff headcount) employed within the Core 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)	3	-	3
Senior Staff (Grade 5+)	12	10	22
Employees	3,101	4,150	7,251
Total	**3,116**	**4,160**	**7,276**

Sickness Absence Data

The Department had an overall sickness absence rate of 12.4 days lost per employee in 2022-2023. Annual sickness absence figures can be found in the Sickness Absence in the Northern Ireland Civil Service 2022/23 | Northern Ireland Statistics and Research Agency (nisra.gov.uk)

Staff Turnover Percentage

The Departmental Staff Turnover percentage (the total number of people that have left DfC including those who have moved within the NICS) for 2023-24 is 6.6% (2022-23: is 6.8%), and the general turnover percentage (the people who have left DfC and have not gone elsewhere in the NICS) is 4.9% (2022-23: is 4.4%). This has been calculated by NICSHR 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.

Employee Engagement

When launching the 2023 NICS People Survey in April 2023, the Head of the Civil Service issued a message that the frequency of the Survey was changing from yearly to every other year to allow for proper targeting of actions, and so a People Survey is not due to take place in 2024.

The 2023 NICS People Survey is therefore the most recent survey and was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. For DfC there were 7,554 (2021: 8,925) permanent staff invited to complete the survey, of which 2,783 (2021: 4,383) participated, a response rate of 34.2% (2021: 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 50% (2021: 53%), compared to the NICS average of 54% (2021: 57%). 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 a lead partner of Employers for Disability NI (EFDNI) and in 2023 was accredited as a Disability Positive employer.

The NICS delivers an annual programme of communications and training on disability awareness and understanding and has policies in place to support inclusive workplaces. A review of the NICS reasonable adjustment process for in-work support commenced in 2023 and a new reasonable adjustment policy and supporting resources is anticipated to launch during 2024. The NICS Disability Working Group, which includes representatives from the disability sector and colleagues with lived experience is a key stakeholder in the reasonable adjustment policy review.

The NICS is committed to the employment of disabled people and offers work experience for disabled people through the NICS Work Experience Scheme for Disabled People and annual participation in International Job Shadow Day (IJSD).

To encourage job applications from disabled people, positive action advertising and targeted advertising alongside a programme of outreach are used. The NICS operates a Guaranteed Interview Scheme (GIS) which ensures a guaranteed number of disabled applicants, who meet the minimum essential eligibility criteria for the role they have applied for, are offered an interview. Further information can be found on the "Information for disabled applicants" section of the NICS recruitment website.

All selection panel members complete mandatory recruitment and selection training, and appointments to the NICS are made on merit on the basis of fair and open competition, adhering to the Recruitment Code.

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, which is the NICS' centralised human resources operational delivery function, falling under the responsibility of the Department of Finance. Training is delivered using a variety of learning delivery channels (including classroom delivery, on-line, and virtual classrooms), 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 and highlights the importance of the development conversation between managers and staff, with a number of resources available within a talent management toolkit.

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

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. People & Organisational Development 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

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all.

The NICS Diversity Champions Network includes senior colleagues as designated Diversity Champions for each of the nine NICS departments, as well as four thematic leads for gender, race and ethnicity, disability and LGBTQ+. The network alongside the NICS corporate HR function, People and Organisational Development, develops and delivers an annual NICS Diversity Action Plan, which sets out priorities for action by diversity and inclusion theme and cross-cutting priorities.

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 is available 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 Northern Ireland Statistics and Research Agency (NISRA)'s website.

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. Although not a statutory requirement, the NICS also conducts a similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the NICS Workforce Review

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 on its website Department for Communities/DFC-equality.

Consultancy Expenditure

During the 2023-24 year the Departmental group spent £0.81 million on external consultancy (2022-23: £1.1 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 Departmental group also spent £80 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 to cover specific projects and vacant posts across the Department.

Off-Payroll Engagements

The Department and its NDPBs had no off-payroll engagements at an annual cost of over £245 per day lasting longer than six months during 2023-24 (2022-23: nil).

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

Data for the 2022-23 year is shown in brackets.

	Core Department			Departmental Group		
Exit package cost band	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages agreed**
<£10,000	-	- (5)	- (5)	1(1)	1(8)	2(9)
£10,000–£25,000	-	5(3)	5(3)	-	5(3)	5(3)
£25,000–£50,000	-	15(11)	15 (11)	-	15(11)	15(11)
£50,000–£100,000	-	- (3)	- (3)	-	1(3)	1(3)
£100,000–£150,000	-	- (1)	- (1)	-	- (1)	- (1)
£150,000–£200,000	-	-	-	-	-	-
Total number of exit packages	**-**	**20 (23)**	**20(23)**	**1(1)**	**22(26)**	**23(27)**
Total Resource Cost £'000	**-**	**712(839)**	**712 (839)**	**5(6)**	**806(853)**	**811(859)**

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

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 2023-24 and 2022-23. £0.8 million exit costs were paid in 2023-24, the year of departure (2022-23: £0.9 million). Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table. Details of the policies of the NDPBs are available in their own accounts. See page 234 for details of the links for each of the NDPBs.

Application of Business Appointment Rules (BARs)

The NICS Standards of Conduct Policy, (Section 8 and Annexes 4) sets out the rules on the acceptance of outside business appointments, employment or self-employment by Civil Servants after leaving the NI Civil Service, including procedures to make staff aware of these rules and provides that the Permanent Secretary of the Department is responsible for the effective operation of the Business Appointment Rules within their Department. Further detail is available in the NICS Standards of Conduct Policy.

There were no applications made from Senior Civil Service Grade 5 and above, including equivalent grades, and Special Advisers during the year.

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 capital purposes) 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 and corresponding Act of the Assembly, called control limits, its 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 SoAS contain a summary table, detailing performance against the control limits that the Assembly has voted on, cash spent (budgets are complied on an accruals basis and so outturn won’t exactly reconcile to cash spent) and administration.

The Department has incurred an Excess Vote of £2.284 million within the AME Capital control limit. The majority of this is due to an unexpected spike experienced in respect of Universal Credit Advances in the latter part of 2023-24, after the budget and Estimates were set.

UC loan advances are available to all new UC claimants to try and reduce financial hardship due to the five week delay between being accepted on to UC and being paid. Those in receipt of a UC advance have 18 months to pay the amount back.

This expenditure is demand led and volatile and whilst the Department had anticipated an increase in applications for this loan facility and increased the capital AME limit in the Spring Supplementary Estimate this was not sufficient to cover the actual spike in applications which occurred at the end of the year.

The Department will seek Assembly approval by way of an Excess Vote in a Budget Act at the first opportunity.

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.

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 13-17, 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.

The SoAS provides a detailed view of financial performance, in a form that is voted on and recognised by the Assembly. The financial review, in the Performance Report, provides a summarised discussion of outturn against Estimate and functions as an introduction to the SoAS disclosures.

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

Summary Tables - mirror Part I of the Estimates

		2023-24 £'000								2022-23 £'000
		Outturn			Estimate			Outturn vs Estimate, saving/ (excess)		Prior Year Outturn
	SoAS Note	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	Total
Departmental Expenditure Limit										
- Resource	1.1	877,825	13,307	891,132	881,348	13,386	894,734	3,523	3,602	862,485
- Capital	1.2	235,636	(9,352)	226,284	240,378	(9,091)	231,287	4,742	5,003	253,540
Total		**1,113,461**	**3,955**	**1,117,416**	**1,121,726**	**4,295**	**1,126,021**	**8,265**	**8,605**	1,116,025
Annually Managed Expenditure Limit										
- Resource	1.1	5,018,871	3,668,255	8,687,126	5,147,632	3,746,323	8,893,955	128,761	206,829	7,549,046
- Capital	1.2	8,820	(5,511)	3,309	6,536	(1,840)	4,696	(2,284)	1,387	27,994
Total		**5,027,691**	**3,662,744**	**8,690,435**	**5,154,168**	**3,744,483**	**8,898,651**	**126,477**	**208,216**	7,577,040
Total Budget										
- Resource	1.1	5,896,696	3,681,562	9,578,258	6,028,980	3,759,709	9,788,689	132,284	210,431	8,411,531
- Capital	1.2	244,456	(14,863)	229,593	246,914	(10,931)	235,983	2,458	6,390	281,534
Total Budget Expenditure		**6,141,152**	**3,666,699**	**9,807,851**	**6,275,894**	**3,748,778**	**10,024,672**	**134,742**	**216,821**	**8,693,065**
Non-Budget										
- Resource	1.1	125,200	-	125,200	137,656	-	137,656	12,456	12,456	122,000
- Capital	1.2	-	-	-	-	-	-	-	-	-
Total Non-Budget Expenditure		**125,200**	**-**	**125,200**	**137,656**	**-**	**137,656**	**12,456**	**12,456**	**122,000**
Total Budget and Non-Budget Expenditure		**6,266,352**	**3,666,699**	**9,933,051**	**6,413,550**	**3,748,778**	**10,162,328**	**147,198**	**229,277**	**8,815,065**

Figures in the areas outlined in bold are voted totals subject to Assembly control.

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

Net cash requirement 2023-24

		2023-24 £'000			2022-23 £'000
	SoAS Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn
Net Cash Requirement	3	**6,215,776**	6,447,672	**231,896**	**5,561,861**

Figures in the areas outlined in bold are voted totals subject to Assembly control.

Administration Costs 2023-24

		2023-24 £'000			2022-23 £'000
	SoAS Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn
Administration costs	1.1	**68,693**	69,082	**389**	**53,879**

Administration costs are not a separate voted limit and a breach of the administration budget will not result in an excess vote.

Notes to the Statement of Outturn against Assembly Supply 2023-24

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)

SoAS1.1 Analysis of resource outturn by Estimate line

	Resource Outturn							Estimate			Outturn vs Estimate (inc. virements)	Outturn
	Administration			Programme								
Type of spend (Resource)	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	saving/ (excess) £'000	Prior Year Total £'000
Spending in Departmental Expenditure Limit (DEL)												
Voted Expenditure:												
Welfare and Employment	**34,667**	**-**	**34,667**	**457,666**	**(102,315)**	**355,351**	**390,018**	**389,421**	**597**	**390,018**	**-**	**370,412**
Of which:												
Operational delivery	*34,667*	*-*	*34,667*	*406,623*	*(102,315)*	*304,308*	*338,975*	*348,820*	*-*	*348,820*	*9,845*	*308,538*
Discretionary Support Scheme	*-*	*-*	*-*	*27,702*	*-*	*27,702*	*27,702*	*17,000*	*597*	*17,597*	*(10,105)*	*40,283*
Employment Programmes	*-*	*-*	*-*	*20,246*	*-*	*20,246*	*20,246*	*20,407*	*-*	*20,407*	*161*	*20,443*
Ulster Supported Employment Ltd (ALB - Net)	*-*	*-*	*-*	*3,095*	*-*	*3,095*	*3,095*	*3,194*	*-*	*3,194*	*99*	*1,148*
Local Government	**3,130**	**-**	**3,130**	**52,349**	**-**	**52,349**	**55,479**	**55,436**	**43**	**55,479**	**-**	**52,238**
Housing Benefit (Rates Element)	**-**	**-**	**-**	**87,997**	**-**	**87,997**	**87,997**	**89,209**	**-**	**89,209**	**1,212**	**88,065**
Housing and Regeneration	**16,470**	**-**	**16,470**	**186,170**	**(15,775)**	**170,395**	**186,865**	**187,929**	**(43)**	**187,886**	**1,021**	**178,283**
Of which:												
Housing	*8,860*	*-*	*8,860*	*16,778*	*(14,961)*	*1,817*	*10,677*	*10,833*	*(43)*	*10,790*	*113*	*10,012*
Northern Ireland Housing Executive Landlord Services	*-*	*-*	*-*	*5,868*	*-*	*5,868*	*5,868*	*278*	*-*	*278*	*(5,590)*	*356*
Northern Ireland Housing Executive (ALB - Net)	*-*	*-*	*-*	*158,190*	*-*	*158,190*	*158,190*	*164,673*	*-*	*164,673*	*6,483*	*157,215*
Urban Regeneration	*7,610*	*-*	*7,610*	*5,334*	*(814)*	*4,520*	*12,130*	*12,145*	*-*	*12,145*	*15*	*10,700*

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

Type of spend (Resource)	Resource Outturn: Administration Gross £'000	Administration Income £'000	Administration Net £'000	Programme Gross £'000	Programme Income £'000	Programme Net £'000	Total £'000	Estimate: Total £'000	Virements* £'000	Total inc. virements £'000	Outturn vs Estimate (inc. virements) saving/(excess) £'000	Outturn Prior Year Total £'000
Culture, Arts, Heritage and Sport	**6,242**	**-**	**6,242**	**96,638**	**(980)**	**95,658**	**101,900**	**103,523**	**(597)**	**102,926**	**1,026**	**101,962**
Of which:												
Support for Libraries, Museums, Arts, Sport and Heritage sectors	*6,242*	*-*	*6,242*	*14,589*	*(963)*	*13,626*	*19,868*	*22,257*	*(597)*	*21,660*	*1,792*	*22,874*
Public Record Office of Northern Ireland	*-*	*-*	*-*	*6,349*	*(17)*	*6,332*	*6,332*	*6,557*	*-*	*6,557*	*225*	*5,969*
Arts Council of Northern Ireland (ALB - Net)	*-*	*-*	*-*	*11,940*	*-*	*11,940*	*11,940*	*10,287*	*-*	*10,287*	*(1,653)*	*12,482*
Armagh Observatory and Planetarium (ALB - Net)	*-*	*-*	*-*	*2,871*	*-*	*2,871*	*2,871*	*2,840*	*-*	*2,840*	*(31)*	*2,923*
National Museums and Galleries Northern Ireland (ALB - Net)	*-*	*-*	*-*	*21,259*	*-*	*21,259*	*21,259*	*19,624*	*-*	*19,624*	*(1,635)*	*18,965*
Northern Ireland Museums Council (ALB - Net)	*-*	*-*	*-*	*250*	*-*	*250*	*250*	*247*	*-*	*247*	*(3)*	*260*
Northern Ireland Library Authority (ALB - Net)	*-*	*-*	*-*	*31,414*	*-*	*31,414*	*31,414*	*33,893*	*-*	*33,893*	*2,479*	*30,777*
Sports Council for Northern Ireland (ALB - Net)	*-*	*-*	*-*	*7,966*	*-*	*7,966*	*7,966*	*7,818*	*-*	*7,818*	*(148)*	*7,712*
Voluntary and Community Funding	**6,856**	**-**	**6,856**	**40,386**	**-**	**40,386**	**47,242**	**47,360**	**-**	**47,360**	**118**	**50,236**
Of which:												
Community and Voluntary Sector Funding	*6,856*	*-*	*6,856*	*35,207*	*-*	*35,207*	*42,063*	*42,085*	*-*	*42,085*	*22*	*44,998*
Charities Commission NI (ALB - Net)	*-*	*-*	*-*	*2,165*	*-*	*2,165*	*2,165*	*2,138*	*-*	*2,138*	*(27)*	*2,036*

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

Type of spend (Resource)	Resource Outturn							Estimate			Outturn vs Estimate (inc. virements)	Outturn
	Administration			Programme								
	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	saving/ (excess) £'000	Prior Year Total £'000
Commissioner for Older People for Northern Ireland (ALB - Net)	-	-	-	*1,320*	-	*1,320*	*1,320*	*1,444*	-	*1,444*	*124*	*1,452*
Commissioner for Children and Young People for Northern Ireland (ALB - Net)	-	-	-	*1,694*	-	*1,694*	*1,694*	*1,693*	-	*1,693*	*(1)*	*1,750*
Languages	**1,328**	**-**	**1,328**	**6,996**	**-**	**6,996**	**8,324**	**8,470**	**-**	**8,470**	**146**	**8,358**
Of which:												
Support for Languages	*1,328*	-	*1,328*	*1,129*	-	*1,129*	*2,457*	*2,454*	-	*2,454*	*(3)*	*2,437*
North-South Language Implementation Body (ALB - Net)	-	-	-	*5,867*	-	*5,867*	*5,867*	*6,016*	-	*6,016*	*149*	*5,921*
Total Voted DEL:	**68,693**	**-**	**68,693**	**928,202**	**(119,070)**	**809,132**	**877,825**	**881,348**	**-**	**881,348**	**3,523**	**849,554**
Non-Voted Expenditure:												
Welfare and Employment	**-**	**-**	**-**	**13,785**	**(106)**	**13,679**	**13,679**	**13,758**	**-**	**13,758**	**79**	**13,677**
Of which:												
National Insurance Fund	-	-	-	*12,788*	-	*12,788*	*12,788*	*12,787*	-	*12,787*	*(1)*	*12,600*
Expenditure incurred by the Social Fund	-	-	-	*997*	-	*997*	*997*	*971*	-	*971*	*(26)*	*1,068*
Other Non Voted Expenditure	-	-	-	-	*(106)*	*(106)*	*(106)*	-	-	-	*106*	*9*
Local Government	-	-	-	**(1)**	**-**	**(1)**	*(1)*	**-**	**-**	**-**	*1*	**109**
Housing & Regeneration	-	-	-	**-**	**(318)**	**(318)**	*(318)*	**(323)**	**-**	**(323)**	*(5)*	**(536)**
Culture, Arts, Heritage & Sport	-	-	-	**-**	**(53)**	**(53)**	*(53)*	**(49)**	**-**	**(49)**	*4*	**(319)**
Total Non-Voted DEL:	**-**	**-**	**-**	**13,784**	**(477)**	**13,307**	**13,307**	**13,386**	**-**	**13,386**	**79**	**12,931**
Total Spending in DEL	**68,693**	**-**	**68,693**	**941,986**	**(119,547)**	**822,439**	**891,132**	**894,734**	**-**	**894,734**	**3,602**	862,485

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

	Resource Outturn							Estimate			Outturn	Outturn
	Administration			Programme							vs Estimate (inc. virements) saving/ (excess)	Prior Year Total
Type of spend (Resource)	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	£'000	£'000
Spending in Annually Managed Expenditure (AME)												
Voted Expenditure:												
Working Age Benefits	**-**	**-**	**-**	**1,955,427**	**(338)**	**1,955,089**	**1,955,089**	**1,987,268**	**-**	**1,987,268**	**32,179**	**1,653,161**
Of which:												
Universal Credit and Legacy Benefits	-	-	-	*1,856,207*	-	*1,856,207*	*1,856,207*	*1,889,290*	-	*1,889,290*	*33,083*	*1,563,631*
Other Working Age Benefits	-	-	-	*99,220*	*(338)*	*98,882*	*98,882*	*97,978*	-	*97,978*	*(904)*	*89,530*
Disability Benefits	**-**	**-**	**-**	**2,387,604**	**-**	**2,387,604**	**2,387,604**	**2,441,592**	**-**	**2,441,592**	**53,988**	**2,032,247**
Of which:												
PIP/DLA/Carer's Allowance/Attendance Allowance	-	-	-	*2,356,266*	-	*2,356,266*	*2,356,266*	*2,409,445*	-	*2,409,445*	*53,179*	*2,002,997*
Other Disability benefits	-	-	-	*31,338*	-	*31,338*	*31,338*	*32,147*	-	*32,147*	*809*	*29,250*
Pension and Other Related Benefits	**-**	**-**	**-**	**260,607**	**-**	**260,607**	**260,607**	**267,140**	**-**	**267,140**	**6,533**	**237,531**
Of which:												
Pension Credit	-	-	-	*252,369*	-	*252,369*	*252,369*	*258,279*	-	*258,279*	*5,910*	*229,962*
Other Pension related benefits	-	-	-	*8,238*	-	*8,238*	*8,238*	*8,861*	-	*8,861*	*623*	*7,569*
Housing Benefits	**-**	**-**	**-**	**413,794**	**-**	**413,794**	**413,794**	**424,870**	**-**	**424,870**	**11,076**	**413,778**
Provisions, Depreciation, Revaluations, Impairments & Pension Costs	**-**	**-**	**-**	**1,777**	**-**	**1,777**	**1,777**	**26,762**	**-**	**26,762**	**24,985**	**(24,558)**
Of which:												
Departmental Expenditure	-	-	-	*(6,574)*	-	*(6,574)*	*(6,574)*	*739*	-	*739*	*7,313*	*(41,415)*
ALB's Expenditure (Net)	-	-	-	*8,351*	-	*8,351*	*8,351*	*26,023*	-	*26,023*	*17,672*	*16,857*
Total Voted AME:	**-**	**-**	**-**	**5,019,209**	**(338)**	**5,018,871**	**5,018,871**	**5,147,632**	**-**	**5,147,632**	**128,761**	**4,312,159**

SoAS1.1 Analysis of resource outturn by Estimate line (continued)

	Resource Outturn							Estimate			Outturn	Outturn
	Administration			Programme							vs Estimate (inc. virements) saving/ (excess)	Prior Year
Type of spend (Resource)	Gross £'000	Income £'000	Net £'000	Gross £'000	Income £'000	Net £'000	Total £'000	Total £'000	Virements* £'000	Total inc. virements £'000	£'000	Total £'000
Non-Voted Expenditure:												
Working Age Benefits	**-**	**-**	**-**	**522,136**	**-**	**522,136**	**522,136**	**542,598**	**-**	**542,598**	**20,462**	**492,224**
Of which:												
Jobseeker's Allowance (Contributory)	-	-	-	*3,369*	-	*3,369*	*3,369*	*3,243*	-	*3,243*	*(126)*	*2,489*
Employment and Support Allowance (Contributory)	-	-	-	*358,148*	-	*358,148*	*358,148*	*362,463*	-	*362,463*	*4,315*	*335,234*
Other Working Age Benefits	-	-	-	*160,619*	-	*160,619*	*160,619*	*176,892*	-	*176,892*	*16,273*	*154,501*
Pension and Other Related Benefits	-	-	-	**3,146,119**	**-**	**3,146,119**	**3,146,119**	**3,203,725**	**-**	**3,203,725**	**57,606**	**2,744,663**
Total Non-Voted AME:	**-**	**-**	**-**	**3,668,255**	**-**	**3,668,255**	**3,668,255**	**3,746,323**	**-**	**3,746,323**	**78,068**	**3,236,887**
Total spending in AME	**-**	**-**	**-**	**8,687,464**	**(338)**	**8,687,126**	**8,687,126**	**8,893,955**	**-**	**8,893,955**	**206,829**	7,549,046
Non-Budget spending												
Voted Expenditure:												
Cash paid into the Social Fund	**-**	**-**	**-**	**125,200**	**-**	**125,200**	**125,200**	**137,656**	**-**	**137,656**	**12,456**	**122,000**
Total Voted Non-Budget	**-**	**-**	**-**	**125,200**	**-**	**125,200**	**125,200**	**137,656**	**-**	**137,656**	**12,456**	122,000
TOTAL RESOURCE	**68,693**	**-**	**68,693**	**9,754,650**	**(119,885)**	**9,634,765**	**9,703,458**	**9,926,345**	**-**	**9,926,345**	**222,887**	8,533,531

NDPB outturn is recorded net.

SoAS1.2 Analysis of net capital outturn by Estimate line

	Outturn			Estimate			Outturn vs Estimate (inc. virements)	Outturn
Type of spend (Capital)	**Gross £'000**	**Income £'000**	**Net Total £'000**	**Total £'000**	**Virements* £'000**	**Total inc. virements £'000**	**saving/ (excess) £'000**	Prior Year Total £'000
Spending in Departmental Expenditure Limit (DEL)								
Voted Expenditure:								
Welfare and Employment	**15,837**	**(8,990)**	**6,847**	**6,733**	**114**	**6,847**	**-**	**6,538**
Of which:						-		
Operational delivery	*5,755*	*(6)*	*5,749*	*5,143*	*114*	**5,257**	*(492)*	*4,786*
Discretionary Support Scheme	*10,066*	*(8,984)*	*1,082*	*1,572*	*-*	**1,572**	*490*	*1,568*
Ulster Supported Employment Ltd (ALB - Net)	*16*	*-*	*16*	*18*	*-*	**18**	*2*	*184*
Housing and Regeneration	**288,884**	**(82,005)**	**206,879**	**210,131**	**(114)**	**210,017**	**3,138**	**241,762**
Of which:								
Housing	*29,347*	*(55,947)*	*(26,600)*	*(27,964)*	*-*	*(27,964)*	*(1,364)*	*(15,646)*
Northern Ireland Housing Executive Landlord Services	*20,541*	*-*	*20,541*	*24,541*	*-*	*24,541*	*4,000*	*21,844*
Northern Ireland Housing Executive (ALB - Net)	*194,224*	*-*	*194,224*	*194,510*	*-*	*194,510*	*286*	*218,750*
Urban Regeneration	*15,206*	*(927)*	*14,279*	*14,420*	*(114)*	*14,306*	*27*	*15,717*
EU Programme for Peace and Reconciliation	*29,566*	*(25,131)*	*4,435*	*4,624*	*-*	*4,624*	*189*	*1,097*
Culture, Arts, Heritage and Sport	**15,418**	**(651)**	**14,767**	**16,279**	**(38)**	**16,241**	**1,474**	**14,952**
Of which:								
Support for Libraries, Museums, Arts, Sport and Heritage sectors	*3,289*	*(651)*	*2,638*	*3,430*	*(38)*	*3,392*	*754*	*3,078*
Public Record Office of Northern Ireland	*94*	*-*	*94*	*355*	*-*	*355*	*261*	*21*

SoAS1.2 Analysis of net capital outturn by Estimate line (continued)

Type of spend (Capital)	Outturn Gross £'000	Outturn Income £'000	Outturn Net Total £'000	Estimate Total £'000	Estimate Virements* £'000	Estimate Total inc. virements £'000	Outturn vs Estimate (inc. virements) saving/ (excess) £'000	Outturn Prior Year Total £'000
Arts Council of Northern Ireland (ALB - Net)	*1,277*	*-*	*1,277*	*1,200*	*-*	*1,200*	*(77)*	*1,278*
Armagh Observatory and Planetarium (ALB - Net)	*250*	*-*	*250*	*304*	*-*	*304*	*54*	*665*
National Museums and Galleries Northern Ireland (ALB - Net)	*2,021*	*-*	*2,021*	*2,227*	*-*	*2,227*	*206*	*3,060*
Northern Ireland Museums Council (ALB - Net)	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*24*
Northern Ireland Library Authority (ALB - Net)	*7,419*	*-*	*7,419*	*7,671*	*-*	*7,671*	*252*	*5,151*
Sports Council for Northern Ireland (ALB - Net)	*1,068*	*-*	*1,068*	*1,092*	*-*	*1,092*	*24*	*1,675*
Voluntary and Community Funding	**6,563**	**-**	**6,563**	**6,525**	**38**	**6,563**	**-**	**2,506**
Of which:								
Community and Voluntary Sector Funding	*6,432*	*-*	*6,432*	*6,350*	*38*	*6,388*	*(44)*	*2,451*
Charities Commission NI (ALB - Net)	*62*	*-*	*62*	*95*	*-*	*95*	*33*	*40*
Commissioner for Older People for Northern Ireland (ALB - Net)	*63*	*-*	*63*	*80*	*-*	*80*	*17*	*7*
Commissioner for Children and Young People for Northern Ireland (ALB - Net)	*6*	*-*	*6*	*-*	*-*	*-*	*(6)*	*8*
Languages	**580**	**-**	**580**	**710**	**-**	**710**	**130**	**695**
Of which:								
Support for Languages	*580*	*-*	*580*	*710*	*-*	*710*	*130*	*695*
Total Voted DEL:	**327,282**	**(91,646)**	**235,636**	**240,378**	**-**	**240,378**	**4,742**	**266,453**

SoAS1.2 Analysis of net capital outturn by Estimate line (continued)

Type of spend (Capital)	Outturn: Gross £'000	Outturn: Income £'000	Outturn: Net Total £'000	Estimate: Total £'000	Estimate: Virements* £'000	Estimate: Total inc. virements £'000	Outturn vs Estimate (inc. virements) saving/ (excess) £'000	Outturn: Prior Year Total £'000
Non-Voted Expenditure:								
Welfare and Employment	**3,284**	**(180)**	**3,104**	**3,365**	**-**	**3,365**	**261**	**3,091**
Of which:								
Expenditure incurred by the Social Fund	*3,284*	*(180)*	*3,104*	*3,365*	*-*	*3,365*	*261*	*3,091*
Housing & Regeneration	**-**	**(12,456)**	**(12,456)**	**(12,456)**	**-**	**(12,456)**	**-**	**(16,004)**
Total Non-Voted DEL:	**3,284**	**(12,636)**	**(9,352)**	**(9,091)**	**-**	**(9,091)**	**261**	**(12,913)**
Total spending in DEL	**330,566**	**(104,282)**	**226,284**	**231,287**	**-**	**231,287**	**5,003**	**253,540**
Spending in Annually Managed Expenditure (AME)								
Voted Expenditure:								
Working Age Benefits	**13,315**	**(4,495)**	**8,820**	**6,536**	**-**	**6,536**	**(2,284)**	**34,943**
Of which:								
Universal Credit and Legacy Benefits	*10,620*	*(4,125)*	*6,495*	*4,426*	*-*	*4,426*	*(2,069)*	*33,406*
Other Working Age Benefits	*2,695*	*(370)*	*2,325*	*2,110*	*-*	*2,110*	*(215)*	*1,537*
Total Voted AME:	**13,315**	**(4,495)**	**8,820**	**6,536**	**-**	**6,536**	**(2,284)**	**34,943**
Non-Voted Expenditure:								
Working Age Benefits	**27,654**	**(33,165)**	**(5,511)**	**(1,840)**	**-**	**(1,840)**	**3,671**	**(6,949)**
Total Non-Voted AME:	**27,654**	**(33,165)**	**(5,511)**	**(1,840)**	**-**	**(1,840)**	**3,671**	**(6,949)**
Total spending in AME	**40,969**	**(37,660)**	**3,309**	**4,696**	**-**	**4,696**	**1,387**	27,994
TOTAL CAPITAL	**371,535**	**(141,942)**	**229,593**	**235,983**	**-**	**235,983**	**6,390**	281,534

NDPB outturn is recorded net.

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

*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.

Explanation of the variation between Estimate and outturn:

The **Resource DEL** was **£3.6 million (0.4%)** less than Estimate due to minor variations on spend.

The **Resource AME spend** was **£206.8 million (2.3%)** less than the Estimate due to the nature of spend on social security benefits, being demand led and volatile.

The **Non Budget spend** was **£12.5 million (9%)** less than the Estimate due to the winter of 2023-24 being less severe than expected and as a result fewer Cold Weather payments were generated.

The **Capital outturn** was **£6.4 million (2.7%)** less than the Estimate mainly due to additional headroom included in the Estimates to provide cover for the possibility of year end easements being allocated for NIHE Landlord stock maintenance which did not materialise

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

Item	Note	2023-24 Outturn £'000	2022-23 Outturn £'000
Total Resource outturn	SoAS1.1	**9,703,458**	8,533,531
Add:			
Capital Grants		198,536	207,142
Cash Paid to the Social Fund - Voted Non-budget		(125,200)	(122,000)
Miscellaneous		801	(2,692)
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure		**9,777,595**	8,615,981

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 expenditure, linking the SoAS to the financial statements.

Capital grants are budgeted for as Capital DEL, but accounted for as spend on the face of the SoCNE, and therefore function as a reconciling item between Resource and Net Expenditure.

The majority of the miscellaneous balance is as a result of the funding split estimate of the North South Language Body.

SoAS3 Resource to cash reconciliation (Audited Information)

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

		2023-24		
	Note	Outturn £'000	Estimate £'000	Outturn vs Estimate saving/ (excess) £'000
Net Resource Outturn	**SoAS1.1**	9,703,458	9,926,345	222,887
Net Capital Outturn	**SoAS1.2**	229,593	235,983	6,390
Adjustments for ALBs:				
Remove voted resource		(256,382)	(279,890)	(23,508)
Remove voted capital		(206,406)	(207,197)	(791)
Add cash grant-in-aid	4	477,756	521,207	43,451
Adjustments to remove non-cash items:				
Depreciation, impairments and revaluations	3,4	(19,594)	(18,214)	1,380
New provisions and adjustments to previous provisions	4	11,093	9,082	(2,011)
Housing Benefit Owner Occupiers	4	(30,018)	(30,525)	(507)
Adjustments to reflect movements in working balances:				
Changes in working capital other than cash		(13,402)	-	13,402
Increase/(decrease) in inventories	13	(7)	-	7
Increase/(decrease) in receivables	15	30,822	9,536	(21,286)
Increase/(decrease) in payables	16	(57,171)	22,499	79,670
Use of provision	17	12,190	7,624	(4,566)
Total		(51,119)	34,122	85,241
Removal of non-voted budget items:				
Other Social Fund/NIF adjustments		(3,679,106)	(3,748,778)	(69,672)
Income payable to the Consolidated Fund		494	-	(494)
NIHE Loan Repayment		12,456	-	(12,456)
Total		(3,666,156)	(3,748,778)	(82,622)
Net cash requirement		**6,215,776**	**6,447,672**	**231,896**

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.

SoAS4 Analysis of Consolidated Fund Extra Receipts (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 is payable to the Consolidated Fund.

	Forecast Income £'000	2023-24 *Receipts* £'000	Outturn Income £'000	2023-24 *Receipts* £'000
Income in budgets surrendered to the Consolidated Fund (resource)	(372)	*(372)*	**(494)**	***(987)***
Income in budgets surrendered to the Consolidated Fund (capital)	-	-	**-**	**-**
Non-Budget amounts collectable on behalf of the Consolidated Fund (in the SoCNE)	-	-	**-**	**-**
Total amount payable to the Consolidated Fund	**(372)**	**(372)**	**(494)**	**(987)**

Other Assembly Accountability Disclosures (Audited Information)

I. Regularity of Expenditure (Audited Information)

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

II. Losses and Special Payments (Audited Information)

	2023-24		2022-23 (Restated)	
	Core Department	Departmental Group	Core Department	Departmental Group
Losses				
Total number of losses	43,103	45,305	41,842	44,476
Total value of losses (£'000)	**22,707**	**23,804**	23,806	24,945
Fruitless Payments				
Total number of fruitless payments	-	-	2	2
Total value of fruitless payments (£'000)	**-**	**-**	31	31
Special Payments				
Total number of special payments	113	333	58	194
Total value of special payments (£'000)	**176**	**1,000**	44	242

There were no losses or special payments in excess of £300,000.

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	2023-24 Surplus/ Deficit £'000	2022-23 Surplus/ Deficit £'000	Financial Objective	Commentary
Delivery of service on behalf of DWP	100,112	100,112	-	-	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.

V. Reconciliation of contingent liabilities included in the supply estimate to the accounts (Audited Information)

There were no material differences between the quantifiable contingent liabilities included in the supply estimate and the accounts.

COLUM BOYLE
ACCOUNTING OFFICER
1 JULY 2024

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 and of its Departmental Group for the year ended 31 March 2024 under the Government Resources and Accounts Act (Northern Ireland) 2001. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts (Northern Ireland) 2001 (Estimates and Accounts) (Designation of Bodies) Order 2022. The financial statements comprise: the Department's and the Departmental Group's

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year ended; and
- the related notes, including significant accounting policies.

The financial reporting framework that has been applied in their preparation of the Group financial statements 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 and the Departmental Group's affairs as at 31 March 2024 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 there and under.

Qualified opinion on regularity

In my opinion, except for capital annually managed expenditure (AME) of £2,284,000 in excess of the £6,536,000 authorised by the Assembly and incorrect benefit expenditure attributable to fraud and error, 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 2024; 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. Further detail is given in the basis for qualified opinions.

Basis for qualified 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 fraudulent transactions are 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 £8.7 billion, of which £3.0 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 £5.7 billion, as reported in Note 24 to the financial statements:

- fraud and error resulted in estimated overpayments of £240 million; and
- estimated underpayments due to official error and customer fraud of £34.6 million.

In 2023-24 the Department expended more capital AME than the Assembly had authorised resulting in an excess vote. Capital AME outturn was £2,284,000 in excess of the £6,536,000 limit authorised by the Assembly. The excess is primarily due to an unexpected increase in demand led Universal Credit advances.

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 and its Group 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 and its Group'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 Department for Communities or its Group'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 the Department for Communities and its Group 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 certificate, 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 Group and their 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 subject to audit 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;
- ensuring such internal controls as deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ensuring the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the applicable financial reporting framework; and
- assessing the Department for Communities and its Group'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 Department for Communities and its Group 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 and its Group 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) 2024.
- making enquires of management and those charged with governance on the Department for Communities’ and its Group’s compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Department for Communities’ and its Group’s financial statements to material misstatement, including how fraud might occur. This included, but was not

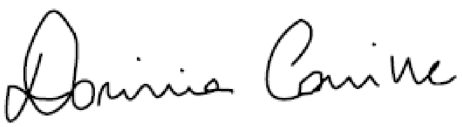
limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: expenditure 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;
- communicating with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate 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. The voted Assembly control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget and Net Cash Requirement. 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 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.



Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST BT7 1EU
3 July 2024

Financial Statements

Consolidated Statement of Comprehensive Net Expenditure for the period ended 31 March 2024

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.

		2023-24		2022-23	
	Note	**Core Department £'000**	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
Revenue from contracts with customers	5.1	(100,112)	(100,112)	(81,217)	(81,217)
Other operating income	5.2	(97,274)	(138,764)	(81,498)	(122,348)
Total Operating Income		**(197,386)**	**(238,876)**	(162,715)	(203,565)
Staff Costs	3,4	369,239	459,254	329,921	425,136
Purchase of goods and services*	3,4	106,291	401,696	97,876	405,876
Depreciation and impairment charges	3,4	17,178	33,005	11,771	25,605
Provision Expense	4	17,357	18,355	(35,824)	(35,895)
Grants and Other Benefit Related Expenditure*	4	9,492,296	9,104,398	8,354,962	7,996,854
Total Operating Expenditure		**10,002,361**	**10,016,708**	8,758,706	8,817,576
Net Operating Expenditure		**9,804,975**	**9,777,832**	8,595,991	8,614,011
Finance Income		(22)	(364)	(63)	(499)
Finance Expense		-	127	-	2,469
Net Expenditure for the year		**9,804,953**	**9,777,595**	8,595,928	8,615,981
Notional Audit Costs	3,4	333	476	311	427
Other Notional Costs	3	32,368	32,368	34,019	34,019
Total Notional Costs		**32,701**	**32,844**	34,330	34,446
Net Expenditure for the year including notional costs		**9,837,654**	**9,810,439**	8,630,258	8,650,427
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	2,803	8,010	7,591	15,478
- Net gain/(loss) on revaluation of Intangible Assets	7	286	387	517	626
- Net gain/(loss) on revaluation of Heritage assets	8	-	1	-	2,380
- Actuarial gain/(loss) on pension scheme liabilities	22	-	26,792	-	106,505
- North South Language Body adjustment to deferred pension funding	22	-	(462)	-	(5,255)
Comprehensive Net Expenditure for the year		**9,834,565**	**9,775,711**	8,622,150	8,530,693

* Housing Benefit Owner Occupiers expenditure has been reclassified from Purchase of goods and services to Grants and other Benefit Related Expenditure, prior year has been restated to reflect this (£30.030 million).

Consolidated Statement of Financial Position as at 31 March 2024

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.

		2023-24		2022-23	
	Note	**Core Department £'000**	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
Non-current assets:					
Property, plant and equipment	6	193,160	427,393	198,494	427,471
Intangible assets	7	12,365	17,068	10,011	12,596
Heritage Assets	8	2,393	32,198	2,156	31,635
Trade and other receivables	15	277,004	297,821	283,865	284,713
Retirement Benefit Obligations	15	-	32,198	-	7,437
Financial Assets	11	195,376	195,376	187,709	187,709
Total non-current assets		680,298	1,002,054	682,235	951,561
Current assets:					
Assets classified as held for sale	12	216	216	790	790
Inventories	13	76	1,159	83	950
Trade and other receivables	15	197,452	232,177	164,395	202,134
Contract Assets	15	19,412	19,412	14,786	14,786
Financial Assets	11	5,395	5,395	5,384	5,384
Cash and cash equivalents	14	8	15,192	8	24,751
Total current assets		222,559	273,551	185,446	248,795
Total assets		**902,857**	**1,275,605**	867,681	1,200,356
Current liabilities:					
Trade and other payables	16	(455,850)	(546,550)	(386,607)	(546,781)
Provisions	17	(34,545)	(38,235)	(32,066)	(32,534)
Total current liabilities		(490,395)	(584,785)	(418,673)	(579,315)
Non current assets plus/less net current assets/ liabilities		412,462	690,820	449,008	621,041
Non-current liabilities:					
Trade and other payables	16	(105,058)	(175,323)	(117,130)	(141,232)
Provisions	17	(125,090)	(125,252)	(122,402)	(124,870)
Total non-current liabilities		(230,148)	(300,575)	(239,532)	(266,102)
Total assets less total liabilities		**182,314**	**390,245**	209,476	354,939
Taxpayers' equity & other reserves:					
General fund		85,897	162,018	108,607	127,533
Revaluation reserve		96,417	228,227	100,869	227,406
Total Equity		**182,314**	**390,245**	209,476	354,939

COLUM BOYLE
ACCOUNTING OFFICER
1 JULY 2024

Consolidated Statement of Cash Flows for the period ended 31 March 2024

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.

		2023-24		2022-23	
	Note	**Core Department £'000**	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
Cash flows from operating activities					
Net operating expenditure	CSoCNE	(9,837,654)	(9,810,439)	(8,630,258)	(8,650,427)
Adjustments to NDPBs Opening Balances		-	(1,313)	-	-
Adjustments for non-cash transactions	3,4	96,783	113,726	40,913	54,740
(Increase)/Decrease in trade and other receivables	15	(30,822)	(72,538)	(3,533)	2,254
*relating to items not passing through the Statement of Comprehensive Net Expenditure**	*15*	9,125	9,125	(7,412)	(7,412)
(Increase)/Decrease in inventories	13	7	(209)	26	(145)
Increase/(Decrease) in trade and other payables	16	60,025	39,152	(15,026)	(95,249)
*less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure**	*16*	(8,633)	(8,633)	8,480	8,480
Use of provisions	17	(12,190)	(12,506)	(11,570)	(11,670)
Actuarial Gain /(Loss)	CSoCNE	-	26,792	-	106,505
North South Language Body adjustment to deferred pension funding	CSoCNE	-	(462)	-	(5,255)
Adjustment to Net Operating Profit		2	280	(13,129)	(19,526)
Net cash (outflow) from operating activities		**(9,723,357)**	**(9,717,026)**	(8,631,509)	(8,617,705)
Cash flows from investing activities					
Purchase of non-financial assets	6,7,8	(8,113)	(21,597)	(11,351)	(23,647)
Proceeds of disposal of non-financial assets		630	662	2,864	3,075
Repayments/(Loans) to other bodies	11	(10,104)	(10,104)	(31,864)	(31,864)
Net cash outflow from investing activities		**(17,587)**	**(31,039)**	(40,351)	(52,436)

Consolidated Statement of Cash Flows for the period ended 31 March 2024 (continued)

	Note	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
Cash flows from financing activities					
From the Consolidated Fund (Supply) - relating to the current year	SoCITE	6,205,084	6,205,084	5,562,816	5,562,816
From the Consolidated Fund (Supply) - relating to the prior year	16.1	(955)	(955)	(10,270)	(10,270)
From the Consolidated Fund (non-supply)	SoCITE	-	-	107	107
Net financing from the National Insurance Fund	SoCITE	3,530,575	3,530,575	3,121,382	3,121,382
Capital element of payments in respect of leases and on-balance sheet (SoFP) PFI contracts		(2,854)	(5,292)	(2,171)	(4,579)
Net financing		**9,731,850**	**9,729,412**	8,671,864	8,669,456
Net increase/(decrease) in cash and cash equivalents in the year before adjustment for receipts and payments to the Consolidated Fund		**(9,094)**	**(18,652)**	4	(685)
Payments of amounts due to the Consolidated Fund		(1,707)	(1,707)	(1,376)	(1,376)
Net increase/(decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund	14	**(10,801)**	**(20,359)**	(1,372)	(2,061)
Cash and cash equivalents at the beginning of the period	14	**(1,645)**	**23,097**	(273)	25,159
Cash and cash equivalents at the end of the period	14	**(12,446)**	**2,738**	(1,645)	23,098

[Inflows = + / Outflows = -]

** Less movements in receivables/payables relating to items not passing through the Statement of Comprehensive Net Expenditure. Movements include: departmental balances with the Consolidated Fund; and receivables/payables linked to financing.*

The adjustment to net profit is as a result of the funding split estimate of the North South Language Body.

Consolidated Statement of Changes in Taxpayers' Equity for the period ended 31 March 2024

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.

		General Fund		Revaluation Reserve		Taxpayers Equity	
	Note	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Balance at 1 April 2022		(3,057)	(67,911)	95,249	215,582	92,192	147,671
Net Assembly Funding - drawn down		5,562,816	5,562,816	-	-	5,562,816	5,562,816
Consolidated Fund Standing Services		107	107	-	-	107	107
Net funding from the National Insurance Fund in year		3,121,382	3,121,382	-	-	3,121,382	3,121,382
Supply (payable)/receivable adjustment	16	(955)	(955)	-	-	(955)	(955)
CFERs Income payable to the Consolidated Fund		(859)	(859)	-	-	(859)	(859)
Comprehensive Net Expenditure for the year	SoCNE	(8,630,258)	(8,650,427)	-	-	(8,630,258)	(8,650,427)
Non-Cash Adjustments:							
Non-cash charges - auditor's remuneration	3,4	311	427	-	-	311	427
Non-cash charges - other	3,4	64,045	64,045	-	-	64,045	64,045
Movement in National Insurance Fund		(7,412)	(7,412)	-	-	(7,412)	(7,412)
Movements in Reserves:							
Transfers between reserves		2,488	6,525	(2,488)	(6,525)	-	-
Movements in Reserves		-	23	8,108	18,485	8,108	18,508
Actuarial Gain/(Loss)		-	106,505	-	-	-	106,505
North South Language Body adjustment to deferred pension funding		-	(5,255)	-	-	-	(5,255)
Other		(1)	(1,478)	-	(136)	(1)	(1,614)
Balance at 31 March 2023		**108,607**	**127,533**	**100,869**	**227,406**	**209,476**	**354,939**

Consolidated Statement of Changes in Taxpayers' Equity for the period ended 31 March 2024 (continued)

		General Fund		Revaluation Reserve		Taxpayers Equity	
		Core Department	Departmental Group	Core Department	Departmental Group	Core Department	Departmental Group
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to NDPBs Opening Balances		-	149	-	3,217	-	3,366
Net Assembly Funding - drawn down		6,205,084	6,205,084	-	-	6,205,084	6,205,084
Net funding from the National Insurance Fund in year		3,530,575	3,530,575	-	-	3,530,575	3,530,575
Supply (payable)/receivable adjustment	15	10,692	10,692	-	-	10,692	10,692
CFER Income payable to the Consolidated Fund	SoAS4	(494)	(494)	-	-	(494)	(494)
Comprehensive Net Expenditure for the year	SoCNE	(9,837,654)	(9,810,439)	-	-	(9,837,654)	(9,810,439)
Non-Cash Adjustments:							
Non-cash charges - auditor's remuneration	3,4	333	476	-	-	333	476
Non-cash charges - other	3,4	62,386	62,386	-	-	62,386	62,386
Inter-Company Fixed Asset Transfers	6	-	-	-	-	-	-
Movement in National Insurance Fund		(1,566)	(1,566)	-	-	(1,566)	(1,566)
Movements in Reserves:							
Transfers between reserves		7,540	10,793	(7,540)	(10,793)	-	-
Movements in Reserves		-	-	3,089	8,398	3,089	8,398
Actuarial Gain/(Loss)		-	26,792	-	-	-	26,792
North South Language Body adjustment to deferred pension funding		-	(462)	-	-	-	(462)
Other		394	499	(1)	(1)	393	498
Balance at 31 March 2024		**85,897**	**162,018**	**96,417**	**228,227**	**182,314**	**390,245**

Notes to the financial statements for the year ended 31 March 2024

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2023-24 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 Group 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 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.

1.2 Basis of Consolidation

These accounts comprise a consolidation of the core Department, its Executive NDPBs and other bodies listed in Note 26, which fall within the departmental boundary as defined in the FReM and make up the 'Departmental Group'. Transactions between entities included in the consolidated accounts are eliminated. The consolidated bodies prepare accounts in accordance with either the FReM, the Companies Act 2006 (for limited companies), Charities SORP (FRS 102) or FRS 102. For those bodies that do not prepare accounts in accordance with the FReM, adjustments are made at consolidation, if necessary, where differences would have a significant effect on the accounts.

North South Language body (Foras na Gailege & Ulster Scots Agency)

As permitted by *IFRS 10 Consolidated Financial Statements*, the results and the financial position of the North South Language body have been consolidated as at 31 December 2023, which is within three months of the Group's year-end.

There have been no material transactions requiring adjustment to the Group accounts between 31 December 2023 and 31 March 2024.

Per DoF guidance the proportion of the Body's Annual Accounts to be consolidated into the department's accounts is determined by the relevant funding ratio. For Foras na Gailege this is 25% and for the Ulster Scots Agency this is 75%.

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.

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 26.

1.3 Property, Plant and Equipment and Intangible Assets

The minimum level of capitalisation for expenditure on property, plant and equipment and intangible assets ranges between £250 and £5,000 across the Group.

Externally and internally developed computer software costing greater than the £5,000 capitalisation 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, by Land and Property Services (LPS), of land and buildings are undertaken every five years.

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 2023-24 financial year were based on indices applicable at 31 December 2023. 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.

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 2023 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 within the Core Department 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 Core 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.

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

The majority of these assets are professionally revalued every five years.

Heritage assets include:

- Lands
- State Care monuments
- Art
- Folk Life & Agriculture
- Human History
- Natural Sciences
- Transport, Industry & Technology
- Book collections
- Other artefacts

Further information on specific Heritage asset policies can be found in the accounts of the Arts Council NI, National Museums NI, Libraries NI and Armagh Observatory and Planetarium.

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

IFRS 16 Leases replaces IAS 17 Leases and is implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022.

IFRS 16 specifies how to recognise, measure, present and disclose leases. The new standard will remove the distinction between operating and finance leases for lessees. The main impact of IFRS 16 for the Department is the recognition of all future lease liabilities (unless the lease term is 12 months or less or the underlying asset has a low value) on the balance sheet. Corresponding right-of-use assets have also been recognised on the balance sheet representing the economic benefits of the Department's right to use the underlying leased assets. The interest element of the 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.

Further details are in shown Note 19.

1.10 Private Finance Initiative (PFI) transactions and other Service Concession

PFI and Service concession 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).

This is only applicable to Libraries NI and further details can be found in their annual report and accounts.

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.

Other inventories consist mostly of houses purchased under the Special Purchase of Evacuated Dwellings (SPED) Scheme and are considered to be current assets as it is anticipated that they will be sold within 12 months of purchase. Shop stock, publications and farm stock are also included in other inventories.

1.12 Cash and Cash Equivalents

Core Department

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.

NDPBs

Cash and cash equivalents comprise cash on hand and deposits and other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.13 Operating income

Operating income is income which relates directly to the operating activities of the Departmental Group. 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 Departmental Group, 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 Pensions

The Department and its' NDPB's belong to a number of different pension schemes:

Northern Ireland Civil Service Pension Schemes

The following belong to the Northern Ireland Civil Service Pension Schemes:

- The Core Department
- Charities Commission for Northern Ireland
- Northern Ireland Commissioner for Children and Young People for Northern Ireland

- Commissioner for Older People for Northern Ireland
- National Museums and Galleries of Northern Ireland

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). This comprises several schemes which are unfunded defined benefit schemes with varying contribution rules and rates. The Department recognises the expected cost of employers' contributions over the period during which it benefits from employees' services by payments to the Schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Schemes and not recognised in these accounts.

Northern Ireland Local Government Officers' Pension Fund (the Fund)

The following belong to the Fund:

- Arts Council of Northern Ireland
- Northern Ireland Library Authority
- Armagh Observatory and Planetarium
- Northern Ireland Housing Executive
- Northern Ireland Local Government Officers' Superannuation Committee
- Sports Council for Northern Ireland
- Local Government Staff Commission for Northern Ireland

The Fund is a funded defined benefit scheme. Benefits earned up to 31 March 2015 are linked to final salary. Benefits earned after 31 March 2015 are based on a Career Average Revalued Earnings scheme.

Further details about this Fund can be found at www.nilgosc.org.uk.

Other Schemes

Ulster Supported Employment Limited (USEL)

USEL staff belong to a dual pension provision with both a Defined Benefit scheme and a Defined Contribution scheme operated by NOW Pensions.

North/South Language body (NSLB)

NSLB operates a defined benefit pension scheme which is funded annually on a "pay as you go" basis from monies available to it. The scheme is administered by an external administrator. Pension costs reflect pension benefits earned by employees in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising from changes in Actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Comprehensive Income for the year in which they occur and a corresponding adjustment is recognised in the amount recoverable from the Department for Communities (DfC) and the Department of Tourism, Culture, Arts, Gaeltacht, Sport & Media (DTCAGSM). Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from DfC and DTCAGSM.

The valuation of pension liabilities is an area of estimate and judgement. The value of the Department's and ALB's defined benefit pension assets and liabilities have been assessed by qualified independent actuaries. In making these assessments, it is necessary for actuarial assumptions to be used which include future rates of inflation, salary growth, discount rates and mortality rates. Differences between those estimates used and the actual outcomes will be reflected in taxpayers' equity in future years.

The accounting for each of the Departmental Group's pension plans is dependent on its nature.

More details of individual schemes are available in the annual accounts of the bodies concerned.

1.16 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.

Details regarding NDPB schemes are available in the annual accounts of the bodies concerned.

1.17 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).

1.18 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 £300,000 (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 £300,000 (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.

1.19 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. HM Treasury issue nominal rates which do not take account of inflation, unlike real rates. Departments, are therefore required to separately inflate their cash flows. The relevant rates are:

Year	Nominal %
1 - 5	4.26%
5 - 10	4.03%
11 – 40	4.72%
41 +	4.40%

Term	Inflation %
Year 1	3.6%
Year 2	1.8%
Into Perpetuity	2.0%

1.20 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.

1.21 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.

The Arts Council administers a bequest on behalf of the Rosemary James Trust. The Rosemary James Trust is managed by an independent financial advisor. The objective of the Trust is to provide funding assistance to individual artists/designers and makers to pursue their careers by developing a new body of work.

1.22 National Insurance Fund (NIF)

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).

1.23 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 and its NDPBs assess, 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 Departmental Group’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 Department continues to monitor performance against overpayment recovery targets.

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 2.05% is also applied to the benefit receivables balance at the end of the accounting period to estimate the present value of cash flows (2022-23: 1.9%).

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 equally administered by Land and Property Services and NIHE.

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. This debt transfer has continued over recent years.

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 continued until May 2022.

The final stage of Universal Credit (UC) implementation, known as Move to UC involves the managed migration of those claimants who remain in receipt of the legacy benefits and tax credits being replaced by Universal Credit.

The scaling of Move to UC commenced 16 October 2023. DfC started to issue Migration Notice letters to people within all postcode and Jobs and Benefit office areas across Northern Ireland in receipt of Working Tax Credits and/or Child Tax Credits and no other benefit.

People in receipt of the following benefits and Tax Credits will be invited to move to UC by the end of 2024-25:

- Working Tax Credits and Child Tax Credits (including people in receipt of Tax Credits and Employment and Support Allowance (Income-Related),

- Job Seekers Allowance (Income-Based),
- Income Support and
- Housing Benefit (Rental).

HMRC are exploring options for the residual Tax Credits debt that will be held by HMRC once UC roll out has been completed.

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 2024, 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.

Provisions:

The estimation technique employed in the calculation of provisions is disclosed in Note 1.19.

NHS Trusts' balance:

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

1.30 Deferred Income

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

In 2010-11 the MoD made an offer to DSD for £3.2 million in exchange for the formal release and legal cancellation of the existing indemnities against the MoD. The Department accepted the offer. 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 Northern Ireland Housing Executive

From 1 April 2014, following a review by the Office for National Statistics, the budgetary classification of the NIHE changed from solely being a Public Corporation. As a result, from this date, there are separate budgetary control and reporting requirements for Landlord Services and Regional Services. The Regional Services element is consolidated within these Group accounts.

1.32 Reserves

Individual NDPBs may have differing types of reserves e.g. pension but as these are not judged to be material to the Departmental Group they have been included under the heading of General Fund within these accounts.

1.33 Lottery Accounts

The Arts Council and Sport NI are also distributing bodies of National Lottery funding and so produce both an exchequer and lottery distribution account. The National Lottery is listed as a ‘reserved matter’ in the Northern Ireland Act 1998, and the Annual Reports and Accounts of the two NI Distributing Bodies are laid in Westminster and not in the Northern Ireland Assembly.

Per DoF and HMT guidance the lottery distribution accounts are not included within the Departmental Group figures.

1.34 Adjustments to NDPBs Opening Balance

As the Departmental Group Accounts are certified and laid prior to the majority of its NDPB accounts being finalised there may be immaterial differences between what is reported in these accounts for the NDPBs and their individual final accounts. These differences are not deemed to be material and are reflected in the current year as opening balance adjustments.

2 Statement of Operating Expenditure by Operating Segment

	Note	2023-24 SP&PSG £'000	2023-24 HURLG £'000	2023-24 ECG £'000	2023-24 WH&SPG £'000	2023-24 NDPBs £'000	2023-24 Total £'000	2022-23 SP&PSG £'000	2022-23 HURLG £'000	2022-23 ECG £'000	2022-23 WH&SPG £'000	2022-23 NDPBs £'000	2022-23 Total £'000
Gross Expenditure		174,846	692,153	72,333	8,581,643	495,860	10,016,835	104,831	653,875	78,877	7,463,565	518,897	8,820,045
Income		(133)	(88,834)	(1,673)	(106,768)	(41,832)	(239,240)	(161)	(74,027)	(1,148)	(87,442)	(41,286)	(204,064)
Net Expenditure	CSoCNE	**174,713**	**603,319**	**70,660**	**8,474,875**	**454,028**	**9,777,595**	104,670	579,848	77,729	7,376,123	477,611	8,615,981
Net Assets		**(134,435)**	**291,578**	**45,319**	**(20,148)**	**207,931**	**390,245**	(134,214)	295,940	38,518	9,232	145,463	354,939

2.1 Reconciliation between Operating Segments and SoCNE

	Note	2023-24 SP&PSG £'000	2023-24 HURLG £'000	2023-24 ECG £'000	2023-24 WH&SPG £'000	2023-24 NDPBs £'000	2023-24 Total £'000	2022-23 SP&PSG £'000	2022-23 HURLG £'000	2022-23 ECG £'000	2022-23 WH&SPG £'000	2022-23 NDPBs £'000	2022-23 Total £'000
Total net expenditure reported for operating segments		174,713	603,319	70,660	8,474,875	454,028	9,777,595	104,670	579,848	77,729	7,376,123	477,611	8,615,981
Notional costs		32,701	-	-	-	143	32,844	34,330	-	-	-	116	34,446
Total net expenditure including notionals per the Consolidated Statement of Comprehensive Net Expenditure		**207,414**	**603,319**	**70,660**	**8,474,875**	**454,171**	**9,810,439**	**139,000**	**579,848**	**77,729**	**7,376,123**	**477,727**	**8,650,427**

2 Statement of Operating Expenditure by Operating Segment (continued)

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.

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.

** Following a restructing exercise to realign business areas that had common objectives, with a view to allowing closer collaborative working to enable effective service delivery across the Department a new six group structure took effect on 1 January 2024. As the previous structure was in place for the majority of the year this note has not been restated.*

2 Statement of Operating Expenditure by Operating Segment (continued)

Non Departmental Public Bodies (NDPBs)

Armagh Observatory & Planetarium
Arts Council Northern Ireland - Exchequer
Charity Commission Northern Ireland
Commissioner for Older People Northern Ireland
Libraries Northern Ireland
Local Government Staff Commission
National Museums Northern Ireland
Northern Ireland Comissioner for Children & Young People
Northern Ireland Housing Executive - Regional Services
Northern Ireland Local Government Officers' Superannuation Committee
Northern Ireland Museums Council
North South Language body
Sport Northern Ireland - Exchequer
Ulster Supported Employment Ltd

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	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
Staff Costs[1]:					
Wages and salaries		40,610	40,610	28,341	28,341
Social security costs		4,489	4,489	3,073	3,073
Other pension costs		9,487	9,487	8,752	8,752
Contracted services		9,417	9,417	9,107	9,107
Accommodation costs		948	948	847	847
Early Departure Costs		57	57	52	52
Travel and subsistence		170	170	155	155
Management consultancy		178	178	353	353
Advertising & publicity		71	71	201	201
Telecom		281	281	242	242
Legal and other professional costs		1,441	1,441	575	575
Computer and office running costs		345	345	321	321
Lease Interest Charges		-	-	40	40
Other expenditure		1,017	1,017	1,394	1,394
Non-cash items:					
Depreciation	6	190	190	538	538
Amortisation	7	2	2	2	2
(Profit)/Loss on disposal of administration property, plant and equipment		(10)	(10)	-	-
Notional costs:					
Accommodation costs		18,018	18,018	19,969	19,969
Other indirect charges and services		14,350	14,350	14,050	14,050
Auditor's remuneration and expenses	3a	333	333	311	311
Total		**101,394**	**101,394**	88,323	88,323

[1] Further analysis of staff costs is located in the Staff Report on page 93.

3a Notional Audit Costs

The non-cash auditors' remuneration for the year represents costs incurred by the Department for the departmental group audit. Details of NDPBs notional audit fees are shown in Note 4c.

	Note	2023-24 £'000	2022-23 £'000
Core Department		333	311
Core Department Notional Audit Costs		**333**	311

4 Programme Expenditure

	Note	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
Staff Costs[1]:					
Wages and salaries		250,885	321,210	225,311	293,027
Social security costs		15,861	21,951	15,768	21,036
Other pension costs		47,907	61,507	48,676	70,907
Grants & other voted expenditure	4a	5,670,316	5,282,418	4,944,885	4,586,777
Non voted benefit expenditure	4b	3,512,667	3,512,667	3,096,764	3,096,764
Social Fund Expenditure		127,158	127,158	129,570	129,570
Statutory maternity, parental, adoption and sick pay		97,600	97,600	89,100	89,100
Supplementary payments		23,446	23,446	21,516	21,516
Discretionary payments		31,091	31,091	43,097	43,097
Contracted services		61,396	67,715	50,589	53,557
Accommodation costs		8,544	15,113	8,987	16,531
Medical adjudication		3,518	3,545	5,039	5,058
Card account		579	579	805	805
Legal and other professional costs		5,221	6,235	4,917	5,692
Postage		2,437	2,466	2,204	2,227
Travel and subsistence		476	1,103	368	896
Computer and office running costs		3,139	10,639	4,145	10,347
Library lending stock		-	2,961	-	2,334
Telecommunications		573	787	541	744
Printing and stationery		600	954	561	955
Management consultancy		1,261	1,356	984	1,175
Managed Services		(46)	4,271	1,339	5,987
Lease Interest Charges		277	467	70	114
PFI and other service concession arrangements charges		-	472	-	393
Auditors' remuneration and expenses		-	268	-	231
Other programme costs		4,391	268,865	3,694	285,249
Non-cash items:					
Depreciation	6	7,644	21,344	6,752	18,590
Amortisation	7	1,898	3,245	1,286	2,527
Impairment/Revaluation of programme property, plant and equipment		5,018	5,798	(1,172)	(417)
Discounting/Impairment on NICHA Financial Transactions Capital Funding		2,890	2,890	4,830	4,830
Discounting/Impairment on loans		(464)	(464)	(465)	(465)
(Profit)/Loss on disposal of administration property, plant and equipment		10	(15)	350	298
Movement in programme provisions	17	17,357	18,355	(35,824)	(35,895)
Housing Benefit Owner Occupiers		30,018	30,018	30,030	30,030
Release from General Fund in respect of GB capital items		-	-	(4)	(4)
Other non-cash costs		-	143	-	116
Total		**9,933,668**	**9,948,158**	8,704,713	8,763,699

[1] Further analysis of staff costs is located in the Staff Report on page 93.

4a Grants & Other Voted Expenditure

	Note	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
Grant in Aid to NDPB's		477,756	-	453,856	-
Other grants		213,755	303,613	184,173	279,951
Housing Benefit Rent Rebate funding		145,928	145,928	144,674	144,674
Housing Benefit Rent Allowance funding		261,954	261,954	262,669	262,669
Housing Benefit Rates (tenants) funding		57,979	57,979	58,035	58,005
Discretionary Housing payment		5,912	5,912	6,436	6,436
Disability Living Allowance		443,595	443,595	403,706	403,706
Employment Support Allowance		463,636	463,636	450,229	450,229
Pension Credit		252,369	252,369	229,962	229,962
Attendance Allowance		266,453	266,453	225,181	225,181
Personal Independence Payment		1,442,320	1,442,320	1,188,193	1,188,193
Carers Allowance		200,600	200,600	182,449	182,449
Income Support		66,237	66,237	67,146	67,146
Jobseeker's Allowance		20,239	20,239	23,007	23,007
Industrial injuries benefits		31,338	31,338	29,250	29,250
Universal Credit		1,289,958	1,289,958	1,032,836	1,032,836
Benefit Fair Value		2,416	2,416	(25,074)	(25,074)
Other		27,871	27,871	28,157	28,157
Total		**5,670,316**	**5,282,418**	4,944,885	4,586,777

4b Non Voted Expenditure

	Note	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
State Pension		3,121,576	3,121,576	2,730,295	2,730,295
Employment and Support Allowance		358,148	358,148	335,234	335,234
Bereavement benefits		11,520	11,520	13,458	13,458
Maternity Allowance		11,397	11,397	11,492	11,492
Jobseekers Allowance		3,369	3,369	2,490	2,490
Other		6,657	6,657	3,795	3,795
Total		**3,512,667**	**3,512,667**	3,096,764	3,096,764

4c Notional Audit Costs

The non-cash auditors' remuneration for the year represents costs incurred by the Department's NDPBs for the audit of their individual accounts as shown in the breakdown below. Further details for NDPBs can be found in their individual accounts.

	Note	2023-24 £'000	2022-23 £'000
Charity Commision for Northern Ireland		40	28
Libraries Northern Ireland		38	33
Local Government Staff Commission for Northern Ireland		-	8
Sport Northern Ireland		65	47
NDPB Notional Audit Costs		**143**	116

Please note that other NDPBs are hard charged for their audit costs, and their costs are included in the departmental group figure for audit costs at Note 4.

5 Income

5.1 Revenue from Contracts with Customers

	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
Recoveries from DWP	100,112	100,112	81,217	81,217
Total	**100,112**	**100,112**	81,217	81,217

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

	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
Interest Reimbursement from NIHE	11,980	11,980	13,120	13,120
NIHE House Sales	26,794	26,794	36,249	36,249
Housing Association Grant recoverable	8,303	8,303	13,064	13,064
Tax Credit debt	4,125	4,125	4,365	4,365
Refugee project	2,457	2,457	2,941	2,941
Consolidated Fund Extra Receipts	472	472	796	796
2012 Child Maintenance Service	1,147	1,147	1,024	1,024
Recreation Income - admission charges	856	2,368	649	877
Recoveries of secondees' costs	179	259	106	130
EU receipts	37,502	37,685	6,678	6,766
Other	3,459	43,174	2,506	43,016
Total	**97,274**	**138,764**	81,498	122,348

6 Property, plant and equipment

2023-24	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 2023	165,161	199,962	67,255	11,233	6,503	27,955	4,596	4,603	487,268
Adjustments to opening balances	1,457	1,048	9	(1,533)	(50)	1,038	(30)	(37)	1,902
Additions	3,730	6,500	473	336	199	806	406	5,180	17,630
Disposals	(365)	(231)	-	(103)	(29)	(5)	(109)	(5)	(847)
Reclassifications*	(7,230)	(1,917)	-	3,307	(48)	24	-	4,654	(1,210)
Impairments/Impairment Reversal	(2,410)	(3,639)	-	-	(1)	-	-	-	(6,050)
Revaluations	(1,317)	3,447	1,346	280	153	724	92	-	4,725
At 31 March 2024	**159,026**	**205,170**	**69,083**	**13,520**	**6,727**	**30,542**	**4,955**	**14,395**	**503,418**
Depreciation									
At 1 April 2023	434	15,132	12,851	5,971	4,673	17,618	3,118	-	59,797
Adjustments to opening balances	(424)	573	(2,088)	(28)	(296)	1,088	(130)	-	(1,305)
Charged in year	2,451	12,479	2,507	1,835	391	1,601	270	-	21,534
Disposals	-	(229)	-	(99)	(27)	(5)	(104)	-	(464)
Reclassifications	-	(2)	-	22	(43)	23	-	-	-
Impairments/Impairment Reversal	-	(405)	-	-	-	-	-	-	(405)
Revaluations	(2,446)	(1,302)	221	106	100	130	59	-	(3,132)
At 31 March 2024	**15**	**26,246**	**13,491**	**7,807**	**4,798**	**20,455**	**3,213**	**-**	**76,025**
Carrying amount at 31 March 2024	**159,011**	**178,924**	**55,592**	**5,713**	**1,929**	**10,087**	**1,742**	**14,395**	**427,393**
Carrying amount at 31 March 2023	164,727	184,830	54,404	5,262	1,830	10,337	1,478	4,603	427,471

*Reclassification of £0.175 million relates to reclassification of land from the NIHE NDPB to the NIHE Public Corporation, the balance relates to reclassification between PPE, Intangible assets and Assets Held for Sale.

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	82,418	159,073	55,592	5,713	1,929	10,075	1,742	14,395	330,937
Leased	76,243	16,326	-	-	-	12	-	-	92,581
On-Balance Sheet PFI contracts and other service concession arrangements	350	3,525	-	-	-	-	-	-	3,875
Carrying amount at 31 March 2024	**159,011**	**178,924**	**55,592**	**5,713**	**1,929**	**10,087**	**1,742**	**14,395**	**427,393**
Of the total:									
Core Department	67,988	62,189	46,236	1,292	445	4,024	325	10,661	193,160
Other Designated Bodies	91,023	116,735	9,356	4,421	1,484	6,063	1,417	3,734	234,233
Carrying amount at 31 March 2024	**159,011**	**178,924**	**55,592**	**5,713**	**1,929**	**10,087**	**1,742**	**14,395**	**427,393**

6 Property, plant and equipment (continued)

2022-23	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 2022	163,402	164,707	63,530	9,288	6,459	26,027	4,390	5,104	442,907
Adjustments to opening balances	11	20,722	(14)	-	-	(4)	-	-	20,715
Additions	7,855	2,039	571	1,331	48	1,694	267	3,954	17,759
Disposals (Restated)	(3,095)	(1,468)	(378)	(529)	(207)	(492)	(289)	(149)	(6,607)
Reclassifications	(2,630)	3,287	-	729	(123)	30	-	(4,306)	(3,013)
Impairments/Impairment Reversal	(1,027)	340	-	33	-	-	-	-	(654)
Revaluations	645	10,335	3,546	381	326	700	228	-	16,161
At 31 March 2023	**165,161**	**199,962**	**67,255**	**11,233**	**6,503**	**27,955**	**4,596**	**4,603**	**487,268**
Depreciation									
At 1 April 2022	276	6,377	8,427	4,903	4,648	16,584	2,829	-	44,044
Adjustments to opening balances	-	-	(8)	-	-	(3)	(3)	-	(14)
Charged in year	158	11,421	4,373	1,318	138	1,265	455	-	19,128
Disposals	-	(1,103)	(378)	(529)	(183)	(490)	(289)	-	(2,972)
Reclassifications	-	-	-	88	(115)	26	-	-	(1)
Impairments/Impairment Reversal	-	24	-	18	-	-	-	-	42
Revaluations	-	(1,587)	437	173	185	236	126	-	(430)
At 31 March 2023	**434**	**15,132**	**12,851**	**5,971**	**4,673**	**17,618**	**3,118**	**-**	**59,797**
Carrying amount at 31 March 2023	**164,727**	**184,830**	**54,404**	**5,262**	**1,830**	**10,337**	**1,478**	**4,603**	**427,471**
Carrying amount at 31 March 2022	163,126	158,330	55,103	4,385	1,811	9,443	1,561	5,104	398,863

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	90,255	164,486	54,404	5,262	1,830	10,337	1,478	4,603	332,655
Leased	74,472	16,429	-	-	-	-	-	-	90,901
On-Balance Sheet PFI contracts and other service concession arrangements	-	3,915	-	-	-	-	-	-	3,915
Carrying amount at 31 March 2023	**164,727**	**184,830**	**54,404**	**5,262**	**1,830**	**10,337**	**1,478**	**4,603**	**427,471**

Of the total:

	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
Core Department	75,029	68,661	46,978	1,551	409	4,432	270	1,164	198,494
Other Designated Bodies	89,698	116,169	7,426	3,711	1,421	5,905	1,208	3,439	228,977
Carrying amount at 31 March 2023	164,727	184,830	54,404	5,262	1,830	10,337	1,478	4,603	427,471

7 Intangible assets

2023-24	Information Technology £'000	Other £'000	Total £'000
Cost or valuation			
At 1 April 2023	19,795	911	20,706
Adjustments to opening balances	1,664	31	1,695
Additions	4,452	46	4,498
Disposals	(325)	(10)	(335)
Reclassifications	1,186	1	1,187
Revaluations	631	4	635
At 31 March 2024	**27,403**	**983**	**28,386**
Amortisation			
At 1 April 2023	7,747	363	8,110
Adjustments to opening balances	45	3	48
Charged in year	3,129	118	3,247
Disposals	(325)	(10)	(335)
Revaluations	247	1	248
At 31 March 2024	**10,843**	**475**	**11,318**
Carrying amount at 31 March 2024	**16,560**	**508**	**17,068**
Carrying amount at 31 March 2023	12,048	548	12,596

Asset Financing:

	Information Technology £'000	Other £'000	Total £'000
Owned	16,475	508	16,983
Leased	85	-	85
Carrying amount at 31 March 2024	**16,560**	**508**	**17,068**

Of the total:

Core Department	12,363	2	12,365
Other Designated Bodies	4,197	506	4,703
Carrying amount at 31 March 2024	16,560	508	17,068

7 Intangible assets (continued)

2022-23	Information Technology £'000	Other £'000	Total £'000
Cost or valuation			
At 1 April 2022	13,663	840	14,503
Adjustments to opening balances	(1)	-	(1)
Additions	4,866	71	4,937
Donations	-	-	-
Disposals	(34)	-	(34)
Reclassifications	226	-	226
Revaluations	1,075	-	1,075
At 31 March 2023	19,795	911	20,706
Amortisation			
At 1 April 2022	4,890	273	5,163
Adjustments to opening balances	-	-	-
Charged in year	2,439	90	2,529
Disposals	(32)	-	(32)
Reclassifications	1	-	1
Impairments/Impairment Reversal	-	-	-
Revaluations	449	-	449
Downward Revaluations			
At 31 March 2023	7,747	363	8,110
Carrying amount at 31 March 2023	**12,048**	**548**	**12,596**
Carrying amount at 31 March 2022	8,773	567	9,340

Asset Financing:

	Information Technology £'000	Other £'000	Total £'000
Owned	12,048	548	12,596
Carrying amount at 31 March 2023	12,048	548	12,596
Of the total:			
Core Department	10,009	2	10,011
Other Designated Bodies	2,039	546	2,585
Carrying amount at 31 March 2023	12,048	548	12,596

8 Heritage Assets

2023-24	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2023	591	38	31,006	31,635
Adjustments to opening balances	-	-	60	60
Additions	-	-	502	502
Revaluations	-	-	1	1
At 31 March 2024	**591**	**38**	**31,569**	**32,198**
Amortisation				
At 1 April 2023	-	-	-	-
Charged in year	-	-	-	-
At 31 March 2024	**-**	**-**	**-**	**-**
Carrying amount at 31 March 2024	**591**	**38**	**31,569**	**32,198**
Carrying amount at 31 March 2023	591	38	31,006	31,635

Asset Financing:				
Owned	591	38	31,569	32,198
Carrying amount at 31 March 2024	**591**	**38**	**31,569**	**32,198**

The majority of Other Heritage Assets relates to sites within NMNI and Fine Books in LNI.

Of the total:				
Core Department	591	38	1,764	2,393
Other Designated Bodies	-	-	29,805	29,805
Carrying amount at 31 March 2024	591	38	31,569	32,198

8 Heritage Assets (continued)

2022-23	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost or valuation				
At 1 April 2022	591	38	27,675	28,304
Additions	-	-	951	951
Revaluations	-	-	2,380	2,380
Downward Revaluations				
At 31 March 2023	591	38	31,006	31,635
Amortisation				
At 1 April 2022	-	-	-	-
Charged in year	-	-	-	-
At 31 March 2023	-	-	-	-
Carrying amount at 31 March 2023	591	38	31,006	31,635
Carrying amount at 31 March 2022	591	38	27,675	28,304
Asset Financing:				
Owned	591	38	31,006	31,635
Carrying amount at 31 March 2023	**591**	**38**	**31,006**	**31,635**
Of the total:				
Core Department	591	38	1,527	2,156
Other Designated Bodies	-	-	29,479	29,479
Carrying amount at 31 March 2023	591	38	31,006	31,635

9 Impairments

	2023-24		2022-23	
	Core Department	**Departmental Group**	Core Department	Departmental Group
	£'000	**£'000**	£'000	£'000
Amount charged to the Statement of Comprehensive Net Expenditure	4,863	5,643	(64)	691
Amount taken through the revaluation reserve	-	2	-	5
Total Impairment charge for the year	**4,863**	**5,645**	**(64)**	**696**

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 2023-24 was 2.05%, (2022-23: 1.9%).

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 His 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 2023-24 was 2.05%, (2022-23: 1.9%).

Financial instruments are carried at amortised cost using the effective interest method, with changes in value between 1 April 2023 and 31 March 2024 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 2023-24 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	11,868	-	11,868
NICHA FTC Funding	5,000	(101)	4,899
Get Britain Building Loans	100	(2)	98
Housing Association Loans	115	-	115
Housing Benefit	2,498	-	2,498
Non-contributory Benefits	26,816	(3,904)	22,912
Discretionary Loans	7,987	(55)	7,932
Contributory Benefits	2,051	(1,583)	468
Salary Overpayments	103	(38)	65
Tax Credit Receivable	9,664	(212)	9,452
Funeral Loans	173	(2,939)	(2,766)
Other Loans	47,693	(831)	46,862
Loans & Receivables (amounts falling due more than one year):			
NIHE Loans	96,724	-	96,724
NICHA FTC Funding	216,500	(41,117)	175,383
Get Britain Building Loans	17,700	(2,360)	15,340
Housing Association Loans	42	-	42
Housing Benefit	14,620	(2,353)	12,267
Non-contributory Benefits	136,905	(53,034)	83,871
Contributory Benefits	15,000	(6,144)	8,856
Tax Credit Receivable	50,889	(11,460)	39,429
Funeral Loans	6,028	(2,869)	3,159
Other Loans	42,695	(9,354)	33,341
Total	**711,171**	**(138,356)**	**572,815**

(i) 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

	Loans £'000	Total £'000
Balance at 1 April 2022	165,595	165,595
Additions	36,250	36,250
Repayments and Redemptions	(4,386)	(4,386)
Revaluations	464	464
Impairments	(4,830)	(4,830)
Balance at 31 March 2023	193,093	193,093
Additions	18,583	18,583
Repayments and Redemptions	(8,479)	(8,479)
Revaluations	507	507
Impairments	(2,933)	(2,933)
Balance at 31 March 2024	**200,771**	**200,771**

Analysis of investments:

The balance of investments comprises:

Core Department	**2024**	**200,771**	**200,771**
NDPBs	**2024**	**-**	**-**
Core Department	2023	193,093	193,093
NDPBs	2023	-	-

Analysis by period:

	£'000
Not later than one year	5,395
Later than one year and not later than five years	40,756
Later than five years	154,620
Balance at 31 March 2024	**200,771**

12 Assets classified as held for sale

	Total £'000
Balance at 1 April 2022	790
Additions	-
Balance at 31 March 2023	790
Disposals	(424)
Reclassifications	(150)
Balance at 31 March 2024	**216**
Asset Financing:	
Owned	216
Balance at 31 March 2024	**216**
Of the total:	
Core Department	216
Other Designated Bodies	-
Balance at 31 March 2024	216

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 2024-25.

13 Inventories

		2023-24		2022-23	
	Note	**Core Department £'000**	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
PRONI		49	49	55	55
Other		27	1,110	28	895
Total		**76**	**1,159**	83	950

14 Cash and cash equivalents

	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
Balance at 1 April	(1,645)	23,097	(273)	25,159
Net change in cash and cash equivalent balances	(10,801)	(20,359)	(1,372)	(2,061)
Balance at 31 March	**(12,446)**	**2,738**	**(1,645)**	**23,098**

The following balances at 31 March are held at:

	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
Northern Ireland Banking Pool	(12,454)	(12,454)	(1,653)	(1,653)
Commercial banks and cash in hand	8	15,192	8	24,751
Balance at 31 March	**(12,446)**	**2,738**	**(1,645)**	**23,098**

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.

As a result of the introduction of IFRS 16 in 2022-23 the Department has recognised a number of lease libilities. Details of these can be seen in Note 19.

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:

	2023-24		2022-23	
	Core Department £'000	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
Benefit overpayments	23,381	23,381	19,435	19,435
Benefit overpayments - Housing Benefit	2,498	2,498	5,849	5,663
Benefit prepayments	30,625	30,625	35,719	35,719
Social Fund loans	19,285	19,285	16,291	16,291
NIHE receivable	11,868	11,868	12,822	12,822
Grant repayable by NICHA	3,924	3,924	4,805	4,805
NIF receivable	2,046	2,046	3,613	3,613
Tax Credit Debts	9,452	9,452	10,475	10,475
UC Advances	22,866	22,866	19,348	19,348
VAT	6,235	7,131	4,904	6,312
EU Receivable	24,918	24,918	4,514	4,514
Current part of imputed finance lease element of PFI contracts and other service concession arrangements	-	90	-	90
Other receivables	17,156	17,200	13,786	14,394
Housing Benefit Rent and Rates Prepayment	7,742	7,742	7,662	7,662
Prepayments and accrued income	4,764	38,459	5,172	40,991
Contract Assets	19,412	19,412	14,786	14,786
Amounts due from the Consolidated Fund in respect of supply	10,692	10,692	-	-
Total amounts falling due within one year	**216,864**	**251,589**	179,181	216,920

15.2 Amounts falling due after more than one year:

	2023-24		2022-23	
	Core Department £'000	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
Benefit overpayments	92,727	92,727	85,047	85,047
Benefit overpayments - Housing Benefit	12,267	12,267	10,213	10,213
Social Fund loans	5,523	5,523	13,012	13,012
NIHE receivable	96,724	96,724	108,277	108,277
Tax Credit Debts	39,429	39,429	40,439	40,439
UC Advances	14,839	14,839	12,370	12,370
Imputed finance lease element of PFI contracts and other service concession arrangements	-	660	-	720
Retirement Benefit Obligations	-	24,121	-	3,311
North South Language Body Deferred Pension Funding Balance	-	8,077	-	4,126
Other receivables	15,495	35,652	14,507	14,635
Total amounts falling due after more than one year	**277,004**	**330,019**	283,865	292,150
Total trade receivables and other current assets	**493,868**	**581,608**	463,046	509,070

16 Trade payables and other current liabilities

16.1 Amounts falling due within one year:

		2023-24		2022-23	
	Note	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Other taxation and social security		3	378	-	575
Bank overdraft	14	12,454	12,454	1,653	1,653
Trade payables:					
- Non-capital		102	2,015	132	2,903
- Capital		-	163	-	219
Benefit accruals		229,657	229,657	177,921	177,921
Cash In Transit		27,443	27,443	60,347	60,347
NIHE payable		11,868	12,096	12,822	12,822
Vested Land Payable		2,142	2,142	2,360	2,360
Current part of imputed lease element of PFI contracts and other service concession arrangements		-	264	-	204
Current part of leases		2,344	5,435	2,162	4,626
Other payables		10,062	9,736	11,102	20,580
Grants accrual		60,582	108,256	36,775	144,499
Housing Benefit accrual		16,460	29,719	14,284	26,378
EU grants accrual		-	-	-	-
Financial Assistance Scheme accrual		7,011	7,011	6,676	6,676
Deferred Grant Income		1,351	1,777	1,351	1,711
Other accruals and deferred income		72,842	96,475	55,325	79,610
Amounts issued from the Consolidated Fund for supply but not spent at year end		-	-	955	955
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:					
- Received		293	293	1,013	1,013
- Receivable		1,236	1,236	1,729	1,729
Total amounts falling due within one year		**455,850**	**546,550**	386,607	546,781

16.2 Amounts falling due after more than one year:

	2023-24		2022-23	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
NIHE payable	96,724	96,724	108,277	108,277
Imputed lease element of PFI contracts and other service concession arrangements	-	2,407	-	1,583
Leases	7,931	10,921	8,666	12,966
Other programme payables	403	65,271	187	18,406
Total amounts falling due after more than one year	**105,058**	**175,323**	117,130	141,232
Total payables and other current liabilities	**560,908**	**721,873**	503,737	688,013

17 Provisions for liabilities and charges

		2023-24						2022-23					
		Core Department			Departmental Group			Core Department			Departmental Group		
	Note	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000
Balance at 1 April		118,888	35,580	154,468	118,888	38,516	157,404	174,127	27,735	201,862	174,127	30,842	204,969
Opening Balance Adjustment		-	-	-	-	234	234	-	-	-	-	-	-
Provided in the year	4	(15,467)	29,229	13,762	(15,467)	30,935	15,468	(50,127)	13,035	(37,092)	(50,127)	13,028	(37,099)
Provisions not required written back	4	-	(345)	(345)	-	(1,053)	(1,053)	-	(159)	(159)	-	(223)	(223)
Provisions utilised in the year		(7,010)	(5,180)	(12,190)	(7,010)	(5,496)	(12,506)	(6,676)	(4,894)	(11,570)	(6,676)	(4,994)	(11,670)
Borrowing Costs (Unwinding of discount)	4	4,098	(158)	3,940	4,098	(158)	3,940	1,564	(137)	1,427	1,564	(137)	1,427
Balance at 31 March		**100,509**	**59,126**	**159,635**	**100,509**	**62,978**	**163,487**	118,888	35,580	154,468	118,888	38,516	157,404

Analysis of expected timing of discounted flows

	2023-24			2023-24			2022-23			2022-23		
	Core Department			Departmental Group			Core Department			Departmental Group		
	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000	Financial Assistance Scheme £'000	Other Programme £'000	Total £'000
Not later than one year	6,270	28,275	34,545	6,270	31,965	38,235	6,396	25,670	32,066	6,396	26,138	32,534
Later than one year and not later than five years	24,311	29,298	53,609	24,311	29,460	53,771	24,820	8,313	33,133	24,820	9,265	34,085
Later than five years	69,928	1,553	71,481	69,928	1,553	71,481	87,672	1,597	89,269	87,672	3,113	90,785
Balance at 31 March	**100,509**	**59,126**	**159,635**	100,509	62,978	163,487	118,888	35,580	154,468	118,888	38,516	157,404

17 Provisions for liabilities and charges (continued)

Financial Assistance Scheme

The Financial Assistance Scheme provides financial assistance to members of certain occupational pension schemes who have lost part or all of their pensions as a consequence of their scheme ending without having enough money to pay full pensions benefits. The Department for Work and Pensions calculate the provision on behalf of the whole of the UK, including Northern Ireland, using statistical models. As some employees were quite young when their pension scheme ended the Department for Work and Pensions model has forecast payments up until 2100. The provision is calculated using a discount rate of -0.02% for short-term, 1.8% for medium-term and 1.99% for long-term provisions. There is a downwards movement this year due to change in HMT discount rates.

Other Programme provisions consist of:

State Pension Underpayment

Throughout the 2023-24 financial year work 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. Correcting these underpayments remains a key priority for the Department. Phase 1 of the exercise was completed in May 2022, with 5,168 cases reviewed and total underpayments of approximately £6.2 million made to customers where arrears were due. Correction activities continue on Phase 2 of the exercise, with £4.3 million paid out in arrears during 2023-24. Phase 2 work will continue throughout the 2024-25 financial year.

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.

17 Provisions for liabilities and charges (continued)

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 was included in the 2021-22 DfC resource accounts relating to this exercise.

Activity to review and correct the PIP underpayment cases continued throughout the 2023-24 financial year and a total of approximately £0.7million was paid to customers where arrears were due. It is anticipated this work will continue over the forthcoming financial years. The provision estimate is based on the best available information at this current time and includes assumptions and calculations as to the number of potential PIP cases impacted and the average underpayment arrears award. The estimate continues to be reviewed and refined as further information becomes available, however the estimate is subject to a high level of uncertainty.

Home Responsibility Protection Provision

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. State Pension eligibility is calculated based on National Insurance records, so this issue has led to underpayments of State Pension.

In the 2022-23 financial year work was undertaken 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 including those customers resident in Northern Ireland.

For the 2023-24 financial year a provision amount of £28.4m is included in the Department’s resource accounts relating to the HRP exercise.

17 Provisions for liabilities and charges (continued)

Home Responsibility Protection Provision (continued)

The value of the provision reflects our current estimate of the amount that will be paid out to correct State Pension underpayments due to missing Home Responsibilities Protection (HRP). The HRP underpayment exercise is complex, requiring first the individuals affected to apply to HMRC for corrections to be made to their National Insurance record. Once HMRC has corrected the National Insurance record the Department will assess and revise the State Pension entitlement where appropriate. This estimate is subject therefore to significant uncertainty and will continue to be reviewed and refined as further information becomes available. The Department is committed to correcting records and paying any arrears as quickly as possible, taking into account the vulnerability of the customers impacted.

18 Contingent liabilities disclosed under IAS 37

The Department has entered into the following contingent liabilities:

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.

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.

Financial Guarantees, Indemnities and Letter of Comfort

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

Statutory Guarantees

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

Statutory Indemnities

Indemnities to cover local museums borrowing objects for exhibitions to the value of £2.25 million at 31 March 2024.

19 Leases including PFI Contracts

IFRS 16 Leases replaces IAS 17 Leases and was implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022.

19.1 Quantitative disclosures around right-of-use assets

Consolidated		2023-24			
		Land £'000	Buildings £'000	Furniture & Fittings £'000	Total £'000
Right-of-use assets					
As at 1 April	2023	74,483	16,576	-	91,059
Adjustment to Opening Balance		2,103	776	12	2,891
Additions		845	3,754	-	4,599
Depreciation Expense		(1,188)	(4,780)	-	(5,968)
As at 31 March	**2024**	**76,243**	**16,326**	**12**	**92,581**

19.2 Quantitative disclosures around lease liabilities

Maturity Analysis	2023-24		2022-23	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group (Restated) £'000
Buildings:				
Not later than one year	2,633	5,800	2,247	4,792
Later than one year and not later than five years	5,961	7,733	6,534	9,533
Later than five years	2,669	2,813	2,367	2,517
Total	11,263	16,346	11,148	16,842
Less interest element	(988)	(1,189)	(327)	(419)
Present Value of obligations	10,275	15,157	10,821	16,423
Other:				
Not later than one year	-	37	5	45
Later than one year and not later than five years	-	163	2	162
Later than five years	-	38,000	-	38,040
Total	-	38,200	7	38,247
Less interest element	-	(37,000)	-	(37,078)
Present Value of obligations	-	1,200	7	1,169
Total Present Value of obligations	**10,275**	**16,357**	**10,828**	**17,592**

Prior Year figures have been restated to correct presentation of PFI.

19 Leases including PFI Contracts (continued)

19.3 Quantitative disclosures around elements in the Statement of Comprehensive Net Expenditure

	2023-24		2022-23	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Variable lease payments not included in lease liabilities	323	323	-	-
Expense related to short-term leases	19	19	15	15
Expense related to low-value asset leases (excluding short-term leases)	15	23	-	8
Total	**357**	**365**	**15**	**23**

19.4 Quantitative disclosures around cash outflow for leases

	2023-24		2022-23	
	Core Department £'000	Departmental Group £'000	Core Department £'000	Departmental Group £'000
Capital Element of lease payment	2,854	5,292	2,171	4,579
Interest Element of lease payment	277	466	110	296
Total Cash Outflow for lease	**3,131**	**5,758**	**2,281**	**4,875**

19 Leases including PFI Contracts (continued)

19.5 Commitments Under PFI Contracts and other service concession arrangement contracts

Libraries NI had one PFI contract in operation during the year, relating to Lisburn City Library, which was on-SoFP under IFRIC 12.

On 1 October 2022 Libraries NI entered into a service concession contract for the supply of a managed ICT service for an initial period of seven years, with option to extend for three years to 30 September 2032.

On 11 November 2021, Libraries NI entered into a contract to become users of the Public Sector Shared Network Contract (PSSN). The PSSN is a contract between DoF NI and BT for the provision of network services to the public sector in Northern Ireland. The contract will provide Libraries NI with network and related services until 30 September 2028.

	2023-24		2022-23	
	Core Department	**Departmental Group**	Core Department	Departmental Group
	£'000	**£'000**	£'000	£'000
Present value of				
Buildings:				
Not later than one year	-	369	-	284
Later than one year and not later than five years	-	1,927	-	1,109
Later than five years	-	886	-	859
Total	-	3,182	-	2,252
Less interest element	-	(334)	-	(226)
Present Value of obligations	-	2,848	-	2,026
Services due within one year	-	309	-	292
Services due later than one year and not later than five years	-	860	-	1,322
Services due later than five years	-	354	-	1,191
Total	-	1,523	-	2,805
Total present value of obligations	**-**	**4,371**	-	4,831

19 Leases including PFI Contracts (continued)

19.6 Charge to the Statement of Comprehensive Net Expenditure and Future Commitments in relation to PFI Contracts and other service concession arrangement contracts

The total amount charged to the Statement of Comprehensive Net Expenditure in respect of the service element of on-SoFP PFI and other service concession arrangements transactions was £5.017 million (2022-23 £4.773 million) and the payments to which Libraries NI is committed were as follows:

	2023-24		2022-23	
	Core Department £'000	**Departmental Group £'000**	Core Department £'000	Departmental Group £'000
Not later than one year	-	5,454	-	4,069
Later than one year and not later than five years	-	24,929	-	18,415
Later than five years	-	7,637	-	10,534
Total present value of Obligations	**-**	**38,020**	**-**	**33,018**

20 Capital and other commitments

20.1 Capital commitments

	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
Contracted capital commitments at 31 March not otherwise included in these financial statements:				
Other	-	11,089	250	3,319
Total	**-**	**11,089**	250	3,319

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:

	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
Not later than one year	45,783	47,443	42,338	43,013
Later than one year and not later than five years	91,419	96,098	1,113	7,782
Later than five years	1,403	1,403	1,590	1,691
Total	**138,605**	**144,944**	45,041	52,486

Included within Other Financial Commitments are:	**Core Department £'000**	**Departmental Group £'000**
Functional Assessment Service	110,967	110,967
Standard Service Business Allocation	10,615	10,615
Personal Independence Payment (PIP) / Capita Contract	8,202	8,202
Medical Support Services (MSS)	5,863	5,863
PRONI Specialist Storage	2,238	2,238
Other	564	6,903
Landlord Registration Database	156	156
	138,605	**144,944**

21 Government grant commitments

	2023-24 Core Department £'000	2023-24 Departmental Group £'000	2022-23 Core Department £'000	2022-23 Departmental Group £'000
Government grant commitments at 31 March for which no provision has been made:				
Implementation of Regional Stadium Development Programme	53,204	53,204	51,173	51,173
Other	18,891	184,770	21,325	178,072
Total	**72,095**	**237,974**	72,498	229,245

22 Retirement Benefit Obligations

This note details the Retirement Benefit Obligations of those bodies within the Departmental Group that do not belong to the Northern Ireland Civil Service Pension Schemes.

Further details about the NICS Schemes can be found at the website www.finance-ni.gov.uk/landing-pages/civil-service-pensions-ni.

The disclosures below relate to the funded liabilities within the following Funds:

Northern Ireland Local Government Officers' Pension Fund (the "Fund")

The following NDPB's belong to the Fund:

- Arts Council (NI)
- Libraries (NI)
- Armagh Observatory and Planetarium
- NIHE
- NILGOSC
- Sport (NI)
- Local Government Staff Commission

Other Schemes

USEL - delivers a dual pension provision with both a Defined Benefit scheme and a Defined Contribution scheme operated by NOW Pensions.

North/South Language body - operates a defined benefit pension scheme which is funded annually on a "pay as you go" basis from monies available to it. The scheme is administered by an external administrator.

More details on the individual NDPB's pensions and actuarial assumptions can be found in their individual annual report and accounts.

22 Retirement Benefit Obligations (continued)

Analysis of total pension liability recognised in the Consolidated Statement of Financial Position

	2023-24 £'000 Total
Opening Defined Benefit Obligation	**(429,064)**
Current Service Cost	(8,607)
Members Contributions	(2,525)
Unfunded Benefits Paid	326
Benefits Paid from Plan	16,619
Interest Expense	(2,814)
Finance Expense	(17,034)
Actuarial Movement	8,783
North South Language Body other movement	(110)
Other	(106)
Closing Defined Benefit Obligation	**(434,531)**
Opening Fair Value of Employer Assets	**436,501**
Reversal of Prior Year North South Language Body Deferred Pension Funding Balance	(8,298)
Employer Contributions	8,264
Members Contributions	2,525
Unfunded Benefits Paid	(326)
Benefits Paid from Plan	(16,378)
Other Operating Income and Interest Income of Assets	2,405
Other Finance Income	17,249
Actuarial Movement	21,650
North South Language Body Deferred Pension Funding Balance	8,077
Closing Fair Value of Employer Assets	**471,669**
Impact of asset ceiling	(4,940)
Net Asset	**32,198**

22 Retirement Benefit Obligations (continued)

	2022-23 £'000 Total
Opening Defined Benefit Obligation	**(578,936)**
Current Service Cost	(17,112)
Members Contributions	(2,467)
Unfunded Benefits Paid	537
Benefits Paid from Plan	14,903
Past Service Cost	(19)
Interest Expense	(2,362)
Finance Expense	(13,246)
Actuarial movement	170,186
North South Language Body other movement	(549)
Closing Defined Benefit Obligation	**(429,064)**
Opening Fair Value of Employer Assets	**496,640**
Employer Contributions	8,071
Members Contributions	2,467
Unfunded Benefits Paid	(537)
Benefits Paid from Plan	(14,706)
Other Operating Income	1,457
Other Finance Income	10,917
Actuarial movement	(63,682)
North South Language Body Deferred Pension Funding Balance	(4,126)
Closing Fair Value of Employer Assets	**436,501**
Net Asset	**7,437**

Analysis of total pension cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

	2023-24 £'000 Total
Operating Cost Expense/(Income)	485
Finance Expense/(Income)	(215)
Actuarial (Gain)/Loss	(30,433)
Adjustment loss/(gain) due to restriction of surplus	3,641
North South Language Body adjustment to deferred pension funding	462
Pension expense recognised in CSoCNE	**(26,060)**

	2022-23 £'000 Total
Operating Cost Expense/(Income)	9,188
Finance Expense/(Income)	2,329
Actuarial (Gain)/Loss	(106,505)
North South Language Body adjustment to deferred pension funding	5,255
Pension expense recognised in CSoCNE	(89,733)

23 Related-party transactions

The Department for Communities sponsors those bodies listed in Note 26. 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.

24 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 2023 the Department continued 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 2023 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% certain 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 central 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.

While central estimates can be summed across each individual benefit to produce a "total" central estimate, the same cannot be done with confidence intervals. Due to the statistical methodology used, the upper and lower confidence limits presented in the tables in this report will not sum to the confidence limits around the "total" estimates.

Estimating Unreviewed Benefits

During 2023, the Department measured fraud and error within the following benefits:

- Universal Credit
- Housing Benefit – Tenants (NIHE)
- Housing Benefit – Owner Occupier (LPS)
- Carers Allowance
- Employment Support Allowance
- State Pension Credit
- State Pension
- Personal Independence Payments

For other benefits which are no longer measured, estimates have been calculated using the results of historical exercises.

For benefits which have never been measured, proxy measures are assigned using current or historical estimates for other benefits.

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 benefits.

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	Financial Accuracy Period/Proxy	Benefit Review Period/Proxy
Attendance Allowance	Jan 14 - Dec 14	DLA (2008) Proxy
Widow's Benefit	Jan 12 - Dec 12	JSA (2019) Proxy
Bereavement Benefit	Jan 14 - Dec 14	JSA (2019) Proxy
Maternity Allowance	Jan 14 - Dec 14	ESA (2023) Proxy
Industrial Injuries Disablement Benefit	Jan 14 - Dec 14	DLA (2008) Proxy
Christmas Bonus (Contributory)	Overall Results[1]	Overall Results[1]

Table 2: Other Expenditure Elements and Their Proxy Measures

Other Expenditure Item	Financial Accuracy Proxy	Benefit Review Proxy
Christmas Bonus (Non-contributory)	Overall Results[1]	Overall Results[1]
Retirement Pension (Non-contributory)	State Pension (2023)	State Pension (2023)
Job Grant	JSA (2019)	JSA (2019)
Severe Disablement Allowance	ESA (2023)	ESA (2023)
Winter Fuel Payments	State Pension (2023)	State Pension (2023)
Cold Weather Payments	JSA (2019)	JSA (2019)
Child Funeral Fund	Overall Results[1]	Overall Results[1]

[1]The "overall" proxy measure is based on a combination of all benefits, excluding Housing Benefit and Social Fund.

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 23 – Dec 23
Unemployed	JSA	Jan 19 – Dec 19
Disabled	DLA	Jan 08 – Dec 08
Lone Parent	IS	Jan 12 – Dec 12
Others	Overall Results [1]	Jan 23 – Dec 23

Social Security Benefits

Official Error: The official error estimates for Employment Support Allowance, State Pension Credit, State Pension, Carer's Allowance, Personal Independence Payments, and Universal Credit in 2023 are based on the results of the Department's Financial Accuracy Exercises completed in 2023. These are the same benefits reviewed for Official Error in 2022.

Estimates for unreviewed benefits are derived from proxy exercises as detailed in the tables above.

Customer Error and Customer Fraud: Customer Fraud and Customer Error are measured by a Benefit Review Exercise. In 2023, Benefit Reviews were carried out on Employment Support Allowance, State Pension Credit, State Pension, Carer's Allowance, Personal Independence Payments, and Universal Credit. These are the same benefits subject to Benefit Review as in 2022 with the addition of Personal Independence Payments, measured for the first time since 2019.

Estimates for benefits not subject to Benefit Review in 2023 are derived from proxy exercise as detailed in the tables above.

Benefit Expenditure: In summary the expenditure stated for 2023 includes expenditure on 18 benefits, a total of £7,725million, plus an amount of £138.1million on other benefit expenditure in year. Total annual expenditure is £7,863million.

Within the overall benefit expenditure totals in the tables below other benefit expenditure for the calendar year 2023 includes Retirement Pension £6.1million, Severe Disablement Allowance £3.3million, Winter Fuel Payments £125.1million, Christmas Bonus (Non-contributory) £2.0million, Cold Weather Payments £1.1million, and Child Funeral Fund £0.5million.

Accounting Adjustments: The expenditure for Incapacity Benefit is £0, but separate accounting adjustments related to the benefit 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 figures (reporting year 2019 onwards) to ensure the estimates are as accurate as possible with the removal of uncertainty.

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 2023 benefit expenditure on Housing Benefit for tenants was £468.7million.

It is estimated there was a total amount of approximately £20.8million overpaid through fraud and error in Housing Benefit for tenants for the year 2023. This represents approximately 4.4% of the related expenditure for the calendar year, of which £14.8million (3.2%) is Customer Fraud, £2.2million (0.5%) is Customer Error and £3.8million (0.8%) is Official Error. The overall percentage has increased from 2.5% in 2022 to 4.4% in 2023.

2023 Official Error estimates for Housing Benefit for tenants are based on the results of Financial Accuracy Exercise in 2023. Customer Error and Customer Fraud estimates for Housing Benefit for tenants are based on the results of Benefit Review in 2023.

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 Northern Ireland Housing Executive. Housing Benefit for owner occupiers has been included in the Resource Accounts of the Department from 2006-07. The 2023 benefit expenditure on Housing Benefit for owner occupiers was £30.2million.

It is estimated there was a total amount of approximately £3.5million overpaid through fraud and error in Housing Benefit for owner occupiers for the year 2023. This represents approximately 11.5% of the related expenditure for the financial year, of which £2.2million (7.3%) is Customer Fraud, £0.8million (2.7%) is Customer Error and £0.4million (1.4%) is Official Error. The overall percentage remains static at 11.5% between 2022 and 2023.

2023 Official Error estimates for Housing Benefit for owner occupiers are based on the results of Financial Accuracy Exercise in 2023. Customer Error and Customer Fraud estimates for Housing Benefit for owner occupiers are based on the results of Benefit Review in 2023.

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

Total Departmental benefit expenditure has increased from £7,473 million in 2022, to £8,362 million in 2023.

A: Overpayments

Benefit Overpayments

The table below shows the Department's total estimates of benefit overpayments for the last 2 years, 2023 and 2022 (all social security benefits including Housing Benefit).

Estimates of benefit overpayments for 2023 and 2022

2023	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	8,361,761,300	26,288,400	18,518,844	36,329,189	0.3%	0.2%	0.4%
Customer Error	8,361,761,300	50,824,402	39,550,197	64,839,909	0.6%	0.5%	0.8%
Customer Fraud	8,361,761,300	163,175,316	134,257,844	194,286,053	2.0%	1.6%	2.3%
Total Overpayments[1]	**8,361,761,300**	**240,288,118**	**208,292,902**	**275,856,782**	**2.9%**	**2.5%**	**3.3%**

2022	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	7,472,637,596	24,662,027	18,175,144	32,619,293	0.3%	0.2%	0.4%
Customer Error	7,472,637,596	29,958,815	24,122,251	36,772,889	0.4%	0.3%	0.5%
Customer Fraud	7,472,637,596	119,430,029	97,532,395	143,422,761	1.6%	1.3%	1.9%
Total Overpayments[1]	**7,472,637,596**	**174,050,870**	**150,478,609**	**200,231,033**	**2.3%**	**2.0%**	**2.7%**

[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 does not 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 £240.3million overpaid through fraud and error in social security benefits (including Housing Benefit) for 2023. This represents approximately 2.9% of the total benefit expenditure, including housing benefit, for 2023, of which £163.2million (2.0%) is Customer Fraud, £50.8million (0.6%) is Customer Error and £26.3million (0.3%) is Official Error.

The comparative estimate for 2022 is approximately £174.1million overpaid through fraud and error in social security benefits (including Housing Benefit) for 2022. This represents approximately 2.3% of the total benefit expenditure, including housing benefit, for 2022, of which £119.4million (1.6%) is Customer Fraud, £30.0million (0.4%) is Customer Error and £24.7million (0.3%) is Official Error.

Social Security Benefits (Excluding Housing Benefit): From the total £240.3million overpayments, the 2023 estimate for overpayment through fraud and error which is attributable to social security benefits (excluding Housing Benefit) is £216.0million. This represents approximately 2.7% of the total social security benefit expenditure for 2023, of which £146.2million (1.9%) is Customer Fraud, £47.8million (0.6%) is Customer Error and £22.0million (0.3%) is Official Error. In summary, loss in 2023 increased from 2.3% of expenditure to 2.7%.

A detailed breakdown of the total overpayment amount for 2023 of £240.3million, 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 2023.

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 2023.

Estimates of official error overpayments across all benefits in 2023

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	431,964,712	565,165	-	2,428,738	0.1%	0.0%	0.6%
Employment and Support Allowance	813,777,269	2,902,935	688,017	5,819,795	0.4%	0.1%	0.7%
Income Support	67,051,658	406,603	-	1,180,818	0.6%	0.0%	1.8%
Jobseeker's Allowance	23,618,449	242,240	-	604,421	1.0%	0.0%	2.6%
State Pension	3,013,688,544	304,759	1,157	915,354	0.0%	0.0%	0.0%
Pension Credit	246,233,979	1,686,750	441,299	3,279,976	0.7%	0.2%	1.3%
Attendance Allowance	254,315,244	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	11,838,470	36,648	-	166,014	0.3%	0.0%	1.4%
Carer's Allowance	195,921,297	414,657	-	1,247,437	0.2%	0.0%	0.6%
Industrial Injuries Disablement Benefit	30,691,908	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,390,369	-	-	-	0.0%	0.0%	0.0%
Social Fund	33,682,408	220,024	16,973	481,786	0.7%	0.1%	1.4%
Widow's Benefit	504,777	1,287	-	4,072	0.3%	0.0%	0.8%
Personal Independence Payments	1,374,206,252	1,352,618	-	4,133,185	0.1%	0.0%	0.3%
Universal Credit	1,212,216,733	13,830,252	7,533,694	21,604,424	1.1%	0.6%	1.8%
Other Expenditure (Non-NIF)	138,124,483	43,139	6,285	104,352	0.0%	0.0%	0.1%
Christmas Bonus (Contributory Only)	3,647,348	10,316	6,964	14,608	0.3%	0.2%	0.4%
Incapacity Benefit	40,875	-	-	-	0.0%	0.0%	0.0%
Social Security Benefits	**7,862,914,775**	**22,017,394**	**-**	**-**	**0.3%**	**-**	**-**
Housing Benefit Tenants (NIHE)	468,694,919	3,835,494	628,926	7,841,007	0.8%	0.1%	1.7%
Housing Benefit Owner Occupier (LPS)	30,151,605	435,513	111,955	881,252	1.4%	0.4%	2.9%
Total [1]	**8,361,761,300**	**26,288,400**	**18,518,844**	**36,329,189**	**0.3%**	**0.2%**	**0.4%**

[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 2023.

Estimates of customer error overpayments across all benefits in 2023

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	431,964,712	-	-	-	0.0%	0.0%	0.0%
Employment and Support Allowance	813,777,269	9,643,788	5,734,084	14,091,295	1.2%	0.7%	1.7%
Income Support	67,051,658	294,099	-	718,864	0.4%	0.0%	1.1%
Jobseeker's Allowance	23,618,449	21,581	-	87,621	0.1%	0.0%	0.4%
State Pension	3,013,688,544	-	-	-	0.0%	0.0%	0.0%
Pension Credit	246,233,979	10,940,585	7,905,970	14,437,653	4.4%	3.2%	5.9%
Attendance Allowance	254,315,244	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	11,838,470	10,817	-	60,470	0.1%	0.0%	0.5%
Carer's Allowance	195,921,297	4,231,182	1,697,339	7,172,310	2.2%	0.9%	3.7%
Industrial Injuries Disablement Benefit	30,691,908	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,390,369	134,983	25,536	259,486	1.2%	0.2%	2.3%
Social Fund	33,682,408	194,373	-	674,838	0.6%	0.0%	2.0%
Widow's Benefit	504,777	461	-	2,578	0.1%	0.0%	0.5%
Personal Independence Payments	1,374,206,252	8,885,108	1,437,256	18,898,002	0.6%	0.1%	1.4%
Universal Credit	1,212,216,733	13,369,576	7,193,308	20,501,672	1.1%	0.6%	1.7%
Other Expenditure (Non-NIF)	138,124,483	55,966	23,736	92,780	0.0%	0.0%	0.1%
Christmas Bonus (Contributory Only)	3,647,348	22,552	17,255	29,126	0.6%	0.5%	0.8%
Incapacity Benefit	40,875	407	-	1,201	1.0%	0.0%	2.9%
Social Security Benefits	**7,862,914,775**	**47,805,479**	**-**	**-**	**0.6%**	**-**	**-**

Housing Benefit Tenants (NIHE)	468,694,919	2,194,959	712,676	4,186,692	0.5%	0.2%	0.9%
Housing Benefit Owner Occupier (LPS)	30,151,605	823,964	389,481	1,321,514	2.7%	1.3%	4.4%
Total [1]	**8,361,761,300**	**50,824,402**	**39,550,197**	**64,839,909**	**0.6%**	**0.5%**	**0.8%**

[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 2023.

Estimates of customer fraud overpayments across all benefits in 2023

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	431,964,712	-	-	-	0.0%	0.0%	0.0%
Employment and Support Allowance	813,777,269	8,186,061	3,710,418	13,487,444	1.0%	0.5%	1.7%
Income Support	67,051,658	488,423	-	1,211,693	0.7%	0.0%	1.8%
Jobseeker's Allowance	23,618,449	1,083,730	259,750	2,032,198	4.6%	1.1%	8.6%
State Pension	3,013,688,544	-	-	-	0.0%	0.0%	0.0%
Pension Credit	246,233,979	10,506,747	6,578,279	15,286,956	4.3%	2.7%	6.2%
Attendance Allowance	254,315,244	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	11,838,470	543,207	-	1,256,320	4.6%	0.0%	10.6%
Carer's Allowance	195,921,297	4,036,851	1,919,909	6,744,948	2.1%	1.0%	3.4%
Industrial Injuries Disablement Benefit	30,691,908	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,390,369	114,580	-	262,986	1.0%	0.0%	2.3%
Social Fund	33,682,408	687,610	130,227	1,331,377	2.0%	0.4%	4.0%
Widow's Benefit	504,777	23,162	-	53,568	4.6%	0.0%	10.6%
Personal Independence Payments	1,374,206,252	-	-	-	0.0%	0.0%	0.0%
Universal Credit	1,212,216,733	120,325,498	92,800,546	149,643,984	9.9%	7.7%	12.3%
Other Expenditure (Non-NIF)	138,124,483	129,754	62,852	207,375	0.1%	0.0%	0.2%
Christmas Bonus (Contributory Only)	3,647,348	68,943	55,531	83,332	1.9%	1.5%	2.3%
Incapacity Benefit	40,875	885	-	2,201	2.2%	0.0%	5.4%
Social Security Benefits	**7,862,914,775**	**146,195,450**	**-**	**-**	**1.9%**	**-**	**-**

Housing Benefit Tenants (NIHE)	468,694,919	14,772,703	8,742,402	21,627,587	3.2%	1.9%	4.6%
Housing Benefit Owner Occupier (LPS)	30,151,605	2,207,162	1,472,659	3,014,139	7.3%	4.9%	10.0%
Total [1]	**8,361,761,300**	**163,175,316**	**134,257,844**	**194,286,053**	**2.0%**	**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 almost £8.4billion 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. The Benefit Fraud, Error, and Debt Strategy 2024–2027 outlines at a high level the work undertaken to achieve this. The Strategy recognises what we currently do well whilst remaining aware of areas in which we need to respond in a rapidly changing environment.

The biggest influence for this Strategy is the continuing move from legacy benefits to Universal Credit which is influenced by a number of factors including customer behaviour. 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 strategic 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 the 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.

Official Error Activities

For 2023, overall financial accuracy was 99.3%. The Department's Error Reduction Teams located in the regions and central benefits are 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 2023-24, this amounted to over 23,000 actions, leading to the adjustment of benefit in 4,447 cases, with a total monetary value of almost £24.5million.

Benefit Security Division's Standards Assurance Unit (SAU) measures and reports 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

The Department's Benefit Security Division is responsible for counter fraud & error activities; 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 2023-24, 1,523 fraud investigations were completed leading to 51 penalties, formal cautions, or convictions. In 2023-24 the monetary value of adjustments arising from the discovery of fraud was estimated to be £6.3million.

Customer Compliance: Interviews have continued to generate very positive outcomes in the correction and prevention of customer error. During 2023-24, Customer Compliance Officers within Benefit Security Division carried out 3,506 Compliance Interviews resulting in changes in 28% of cases and led to £7.3million 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 remove error from the benefits system by carrying out checks on Universal Credit and Employment Support Allowance cases, using HMRC real time earnings feeds and high-risk scans.

Case Intervention activity in 2023-24 led to monetary value of adjustments totalling £17million, examining almost 38,000 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, Benefit Security Division's Financial Investigation Unit (FIU) use powers granted under the Proceeds of Crime Act 2002 to recover monies. The table below presents the results of the FIU for 1 April 2023 to 31 March 2024.

	2023-24 £'000's
Value of Confiscation Orders granted	98
Voluntary Payments received	91
* Payments received in respect of Confiscation Orders	113

* These payments relate to all outstanding Confiscation Orders.

Real Time Information

The Department directs resources towards the Real Time Information matching systems that utilise HM Revenue & Customs information in respect of earnings and non-state pension income. Verify Earnings and Pensions is 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 now well embedded and is a vital tool to prevent fraud and error.

Future Benefit Security Division Initiatives

Guided by the Strategic Objectives, the Department continues to explore new initiatives to strengthen counter fraud and error activities and maintain readiness for future risks. These include:

- **Intervention Activity** – A Universal Credit Intervention team is in place to carry out high volumes of case reviews. The team carries out 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 HM 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.

- **Universal Credit –** Universal Credit represents the highest risk of customer fraud and reflects the long-term challenge of managing customer behaviour in a digital benefit with an expanding and diverse customer base. Benefit Security Division is working collaboratively with Universal Credit Operational staff to strengthen existing controls and work towards a more robust system, balancing this with protecting customers in genuine need of assistance.

- **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 move between systems is handled smoothly and disruption is minimised.

- **Optimum Use of Resources** – Align resources to risk with a greater shift to early claim interventions and prevent activity. This will allow Fraud Investigators to focus on high-risk, high-value cases.

- **Data Analytics** – Work with Departmental statisticians to examine our own data and analyse customer behaviour to assess and understand fraud risks, identify patterns and trends, and ultimately guide policy decisions and operational priorities.

C: Underpayments

Benefit Underpayments

The table below shows the Department's total estimates of benefit underpayments for the last two years, 2023 and 2022 (all social security benefits including Housing Benefit).

Overall, the figure for estimated amounts of underpayments is £92.1million, or 1.1% of expenditure in 2023 compared to £54.1million (0.7%) in 2022.

A case of customer fraud underpayment was found in the Universal Credit sample and the results have been included in the summary tables but are not shown in a separate table. Fraud underpayments can be recorded on Living Together cases, where the claimant commits Fraud because they do not declare that their partner has moved in with them. Although this causes an underpayment for the individual, the circumstances of the partner (for example, their income) can cause overpayments for the claim as a whole, and therefore a loss to the Department.

Estimates of underpayments across all benefits for 2023 and 2022

2023	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	8,361,761,300	29,433,771	18,923,224	43,624,489	0.4%	0.2%	0.5%
Customer Error	8,361,761,300	57,486,351	40,545,222	76,735,691	0.7%	0.5%	0.9%
Customer Fraud	8,361,761,300	5,188,075	-	15,999,331	0.1%	0.0%	0.2%
Total Underpayments[1]	**8,361,761,300**	**92,108,197**	**71,507,479**	**118,353,136**	**1.1%**	**0.9%**	**1.4%**

2022	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	7,472,637,596	29,965,539	22,220,181	39,856,909	0.4%	0.3%	0.5%
Customer Error	7,472,637,596	23,434,870	15,891,103	34,427,012	0.3%	0.2%	0.5%
Customer Fraud	7,472,637,596	681,022	-	2,090,927	0.0%	0.0%	0.0%
Total Underpayments[1]	**7,472,637,596**	**54,081,430**	**43,248,020**	**68,935,865**	**0.7%**	**0.6%**	**0.9%**

[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 2023.

Estimates of official error underpayments across all benefits in 2023

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	431,964,712	175,987	-	895,246	0.0%	0.0%	0.2%
Employment and Support Allowance	813,777,269	4,445,086	2,076,627	7,111,706	0.5%	0.3%	0.9%
Income Support	67,051,658	144,306	-	552,135	0.2%	0.0%	0.8%
Jobseeker's Allowance	23,618,449	274,275	-	700,140	1.2%	0.0%	3.0%
State Pension	3,013,688,544	8,293,611	2,893,651	15,618,423	0.3%	0.1%	0.5%
Pension Credit	246,233,979	729,140	36,013	1,764,992	0.3%	0.0%	0.7%
Attendance Allowance	254,315,244	502,848	-	2,591,171	0.2%	0.0%	1.0%
Bereavement Benefit	11,838,470	40,263	-	170,867	0.3%	0.0%	1.4%
Carer's Allowance	195,921,297	-	-	-	0.0%	0.0%	0.0%
Industrial Injuries Disablement Benefit	30,691,908	64,053	-	350,890	0.2%	0.0%	1.1%
Maternity Allowance	11,390,369	21,924	-	90,201	0.2%	0.0%	0.8%
Social Fund	33,682,408	75,319	-	356,082	0.2%	0.0%	1.1%
Widow's Benefit	504,777	9,128	-	30,772	1.8%	0.0%	6.1%
Personal Independence Payments	1,374,206,252	10,843,528	2,511,073	22,113,586	0.8%	0.2%	1.6%
Universal Credit	1,212,216,733	3,062,503	1,027,364	5,605,370	0.3%	0.1%	0.5%
Other Expenditure (Non-NIF)	138,124,483	400,969	-	1,011,081	0.3%	0.0%	0.7%
Christmas Bonus (Contributory Only)	3,647,348	13,573	8,593	20,293	0.4%	0.2%	0.6%
Incapacity Benefit	40,875	194	-	434	0.5%	0.0%	1.1%
Social Security Benefits	**7,862,914,775**	**29,096,707**	**-**	**-**	**0.4%**	**-**	**-**
Housing Benefit Tenants (NIHE)	468,694,919	299,124	-	823,211	0.1%	0.0%	0.2%
Housing Benefit Owner Occupier (LPS)	30,151,605	37,940	1,568	92,705	0.1%	0.0%	0.3%
Total [1]	**8,361,761,300**	**29,433,771**	**18,923,224**	**43,624,489**	**0.4%**	**0.2%**	**0.5%**

[1] See Note 1

Customer Error - Underpayments

The table below sets out the estimate of benefit underpayments due to Customer Error in 2023.

Estimates of customer error underpayments across all benefits in 2023

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	431,964,712	-	-	-	0.0%	0.0%	0.0%
Employment and Support Allowance	813,777,269	9,332,311	5,455,812	13,742,933	1.1%	0.7%	1.7%
Income Support	67,051,658	48,021	-	247,540	0.1%	0.0%	0.4%
Jobseeker's Allowance	23,618,449	97,203	-	344,967	0.4%	0.0%	1.5%
State Pension	3,013,688,544	-	-	-	0.0%	0.0%	0.0%
Pension Credit	246,233,979	2,845,754	1,226,408	4,821,972	1.2%	0.5%	2.0%
Attendance Allowance	254,315,244	-	-	-	0.0%	0.0%	0.0%
Bereavement Benefit	11,838,470	48,722	-	235,005	0.4%	0.0%	2.0%
Carer's Allowance	195,921,297	-	-	-	0.0%	0.0%	0.0%
Industrial Injuries Disablement Benefit	30,691,908	-	-	-	0.0%	0.0%	0.0%
Maternity Allowance	11,390,369	130,624	22,106	254,094	1.1%	0.2%	2.2%
Social Fund	33,682,408	152,925	103,508	476,263	0.5%	0.3%	1.4%
Widow's Benefit	504,777	2,077	-	10,020	0.4%	0.0%	2.0%
Personal Independence Payments	1,374,206,252	36,519,252	20,539,212	54,569,631	2.7%	1.5%	4.0%
Universal Credit	1,212,216,733	6,906,982	3,232,127	11,435,739	0.6%	0.3%	0.9%
Other Expenditure (Non-NIF)	138,124,483	60,842	26,847	100,904	0.0%	0.0%	0.1%
Christmas Bonus (Contributory Only)	3,647,348	26,537	18,505	35,661	0.7%	0.5%	1.0%
Incapacity Benefit*	40,875	-	-	-	0.0%	0.0%	0.0%
Social Security Benefits	**7,862,914,775**	**56,171,249**	**-**	**-**	**0.7%**	**-**	**-**
Housing Benefit Tenants (NIHE)	468,694,919	1,292,268	647,359	2,062,840	0.3%	0.1%	0.4%
Housing Benefit Owner Occupier (LPS)	30,151,605	22,834	4,252	54,711	0.1%	0.0%	0.2%
Total [1]	**8,361,761,300**	**57,486,351**	**40,545,222**	**76,735,691**	**0.7%**	**0.5%**	**0.9%**

[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 2023, the 2023 estimate for DLA 'change in customer circumstances' overpayments is estimated by applying the 2008 percentage. The 2023 estimate is £24.5million, 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 2023, the 2023 estimate for DLA 'change in customers' circumstances' underpayments is estimated by applying the 2008 percentage. The 2023 estimate is £12.5million, 2.9% of expenditure. These figures are not included in the total figures in the respective tables above.

E: Personal Independence Payments (PIP) - 'Change in Customers' Circumstances' cases

A decision on the award of PIP made on the ground of a change of circumstances takes effect on the date on which the relevant change of circumstances occurs or is expected to occur. This does not apply, however where a customer could not reasonably be expected to know at which point their entitlement to PIP might have changed. These cases do not result in a recoverable overpayment as the Department cannot quantify or define when the customer's change occurred.

Under the specific terms of benefit legislation (to establish a recoverable overpayment) it is necessary for the Department to prove that entitlement to PIP is incorrect. Cases in this sub-category are therefore technically and legally correct but are reassessed after review activity. This is in line with the DWP approach and similar to the methodology previously used for DLA. Note that due to differences in legislation, a “gradual change in customer circumstances” underpayment can exist for Disability Living Allowance but cannot exist for Personal Independence Payment.

For further clarification on this issue see The Universal Credit, Personal Independence Payment, Jobseeker's Allowance and Employment and Support Allowance (Decisions and Appeals) Regulations (Northern Ireland) 2016 (S.R. No 221) Schedule 1, Part 2.

The 2023 estimate is calculated by applying 2019 percentage leading to a result of £33.3million, 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 overpayments in these cases.

25 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 2024 was £53.5 million.

26 Entities within the departmental boundary

The entities within the boundary during 2023-24 were as follows:

Non-Departmental Public Bodies

Organisation	Acronym	Website
Armagh Observatory & Planetarium	AOP	www.armagh.space
Arts Council Northern Ireland – Exchequer	ACNI	www.artscouncil-ni.org
Charity Commission Northern Ireland	CCNI	www.charitycommissionni.org.uk
Commissioner for Older People Northern Ireland	COPNI	www.copni.org
Libraries Northern Ireland	LNI	www.librariesni.org.uk
Local Government Staff Commission	LGSC	www.lgsc.org.uk
National Museums Northern Ireland	NMNI	www.nationalmuseumsni.org
Northern Ireland Commissioner for Children & Young People	NICCY	www.niccy.org
Northern Ireland Housing Executive - Regional Services	NIHE	MyHousingExecutive (nihe.gov.uk)
Northern Ireland Local Government Officers’ Superannuation Committee	NILGOSC	www.nilgosc.org.uk
Northern Ireland Museums Council	NIMC	www.nimc.co.uk
North South Language body	NS Language Body	www.northsouthministerialcouncil.org
Sport Northern Ireland – Exchequer	SNI	www.sportni.net
Ulster Supported Employment Ltd	USEL	www.usel.co.uk

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

Rent Assessment Panel

27 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 3 July 2024.

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 gross expenditure included in the 2023-24 financial statements for the Department is £10 billion, of which approximately £8.6 billion is spent on benefits.

2. This Report reviews the results of my 2023-24 audit of the Department's accounts and sets out the reasons and context for my qualified regularity audit opinions in relation to:
    - the material level of estimated fraud and error in benefit expenditure; and
    - the breach of a NI Assembly voted control limit.

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

3. **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.

4. 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 and on the regularity of expenditure. That is, whether in all material respects, the expenditure has been applied to the purposes intended by the Northern Ireland Assembly (the Assembly) and the financial transactions conform to the authorities which govern them.

5. 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 does not conform to the Assembly's intention and is irregular.

6. 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

7. Benefit payments are susceptible to intentional error by claimants (customer fraud) and, also to unintended error by claimants (customer error) and the Department (official error). The Department is reliant on claimants' accurate and timely notification of changes of circumstances which together with the complexity of benefits can cause confusion and genuine error, especially for those with means-tested entitlements.

8. 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 24 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 is not material. We have reviewed and tested the Department's methodology for estimating fraud and error.

9. 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.

10. Note 24 to the Accounts sets out which benefits were measured for financial accuracy and subject to benefit review 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.

11. In previous years I have noted that a number of pensioners had contacted the Department for Work and Pensions (DWP) in January 2020 to confirm the accuracy of their State Pension. In August 2020, DWP confirmed there was a significant issue and estimated that it had underpaid 134,000 pensioners. 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 8,900 cases have been reviewed and £10.5 million in arrears has been paid out to NI claimants.

The estimated level of fraud and error in benefit expenditure

12. **Table 1** shows the overpayment and underpayment rates as a percentage of calendar year benefit expenditure since 2019. These are the total overpayment and underpayment rates which are included in note 24. They include State Pension benefit over and underpayments and customer error underpayments, which C&AG has excluded from her qualified opinion. The overpayment rate had been going up fairly steadily from 2019 (2 per cent) to 3 per cent in 2021. Last year (2022) saw a welcome slight decrease to 2.3 per cent. It is disappointing to note that decrease has largely been reversed in the 2023 year and it is back more or less to what it was in 2021.

Table 1: Trends in over and underpayments due to estimated fraud and error as a percentage of relevant benefit expenditure for the last 5 years

	2019	2020	2021	2022	2023
Overpayments due to:	**£m**	**£m**	**£m**	**£m**	**£m**
Calendar year spend	**6,354.5**	**6,819.0**	**7,133.5**	**7,472.6**	**8,361.8**
Customer Fraud	65.2	99.5	138.4	119.4	163.2
Customer Error	23.1	32.3	36.0	30.0	50.8
Official Error	36.1	36.0	37.1	24.7	26.3
Total overpayments	**124.4**	**167.8**	**211.5**	**174.1**	**240.3**
	%	**%**	**%**	**%**	**%**
Overpayments as a percentage of the benefit expenditure	2.0	2.5	3.0	2.3	2.9
Underpayments due to:	**£m**	**£m**	**£m**	**£m**	**£m**
Customer Fraud	nil	nil	nil	0.7	5.2
Customer Error	21.4	23.2	25.8	23.4	57.5
Official Error	35.3	34.2	27.1	30.0	29.4
Total Underpayments	56.7	57.4	52.9	54.1	92.1
	%	**%**	**%**	**%**	**%**
Underpayments as a percentage of the benefit expenditure	0.9	0.8	0.7	0.7	1.1

Source: Department for Communities Resource Accounts 2019-20 – 2023-24

NB: the figures above include state pension benefit expenditure (amounting to £3.0 billion in 2023) which has been excluded from the qualified audit opinion because estimated fraud and error levels, at less than 0.1 per cent of expenditure are not judged to be material.

13. The level of fraud and error in 2023 in overpayments is estimated by the Department to be 2.9 per cent or £240.3million compared to 2.3 per cent or £174.1million in 2022 an increase of £66.2million. This is largely due to increases in both customer fraud and error:

- £20.9 million is due to an increase in customer error (0.25 per cent of 2023 benefit expenditure).
- £43.8 million is due to an increase in customer fraud (0.5 per cent of 2023 benefit expenditure).

14. This increase in the overpayments as a result of fraud is primarily due to:

- Universal Credit (UC) customer fraud increasing from 8.7 per cent to 9.9 per cent or £34.2 million.
- Housing Benefit customer fraud increasing from 2.0 per cent to 3.2 percent or £5.3 million.

15. The increase in overpayments as a result of error is primarily due to:

- UC customer error overpayments increasing from 0.8 per cent to 1.1 per cent or £5.8million.
- Personal Independence Payments (PIP) customer error increasing from 0 per cent to 0.6 per cent or £8.9 million.

16. The Department told me the rise in the error rate, compounded by the significant increase in expenditure this year, has impacted on the monetary loss. The Department also told me it remains committed to minimising fraud and error within benefits and continues to enhance its understanding of the root causes of fraud and error within the benefit system. The Benefit Fraud, Error, and Debt Strategy 2024-2027 outlines the Department's approach to minimising loss to the public purse, by preventing fraud and error at the outset or detecting it as early as possible during the lifespan of the claim. The Department's Benefit Security Division takes the lead in driving activity to minimise fraud and error and it undertakes a range of counter fraud activities including criminal investigations for the most serious frauds. This work complements the risk-based activity carried out by individual benefit branches.

17. With continued budget pressures the Department said it will continue to maximise the impact and efficiency of its resource and continually test the value of its interventions.

18. In terms of underpayments in Table 1, they had been fairly static over the years but have seen an increase from 0.7 per cent to 1.1 per cent in 2023. The Department told me this was largely due to PIP claimants not bringing a deterioration in their condition to the attention of the Department. The Department said it has a robust checking regime in place to identify incorrectness in benefit claims and continually strives to encourage individuals to declare their full circumstances to ensure benefit entitlement is correct.

19. As a digital benefit, 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 fraudulent activity. Ongoing system development and enhanced checking activity of UC claims will be some of the additional measures adopted to reduce fraud and error. Close engagement with DWP continues to ensure the Department is fully sighted on the longer-term strategy for Universal Credit fraud & error. The Department told me it is important to highlight that its ability to keep pace with DWP's investment plans to tackle fraud and error and to reduce incorrectness by investing in the scaling up of Universal Credit Reviews has been impacted by budget restrictions. Initial indications for 2024-25 budget allocation suggest this position will remain unchanged in this financial year.

20. I had hoped that last year's movement downward in the rates of fraud and error would have continued. That said, I welcome the focus by the Department in continuing to develop new ways of making the customer journey easier so errors do not occur and using new sources of data and technologies to help uncover fraud at the earliest opportunity and I would encourage the Department to continue to pursue all available methods to curb the rise in benefit fraud and error. I will continue to keep the matter under consideration as the levels are still considerably higher than a few years ago.

Qualification of the Comptroller and Auditor General's audit opinion on the breach of an Assembly supply limit by DfC.

21. In 2023-24, the Department for Communities expended more annually managed capital expenditure than the Northern Ireland Assembly (the Assembly) had authorised. By so doing, the Department breached the Assembly's control over its capital expenditure and incurred what is termed an 'excess' for which further Assembly approval is required. I have qualified my regularity opinion on the Department for Communities 2023-24 Annual Report and Accounts in this regard.

22. The purpose of this report is to explain the reasons for this qualification and to provide information on the extent and nature of the breach to inform the Assembly's further consideration.

My responsibilities regarding the breach of regularity

23. As part of my audit of the Department for Communities Annual Report and Accounts 2023-24, I am required to satisfy myself that, in all material respects, the expenditure and income shown in the Annual Report and Accounts have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them; that is, they are 'regular'. In doing so, I have had regard to the Supply limits set on expenditure by the Assembly.

Background to the Excess

24. The Assembly authorises and sets limits on expenditure on the following bases – 'resource', 'capital', 'non-budget' and 'cash'. Such amounts are set out in the Supply Estimates for which approval and authority is given in the annual Budget Acts Northern Ireland. Total Managed Expenditure (TME) includes resource and capital Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). The expenditure on any legislatively voted control limit must not exceed the amount granted by the Assembly.

25. In the case of the Department for Communities Annual Report and Accounts, capital AME is provided for advances of Universal Credit and Support for Mortgage Interest Relief loans.

Breach of Capital AME limit

26. The capital limit for AME was set out in the Northern Ireland Spring Supplementary Estimates 2023-24. The limit on the capital AME was set at £6.536 million for 2023-24. This limit was authorised in the Budget Act (Northern Ireland) 2024 which was agreed by the Assembly in April 2024. These allocations had previously been announced by the Finance Minister in her Written Ministerial Statement on 15th February 2024. The breach reported below is against this limit.

27. The Statement of Assembly Supply for the Department for Communities 2023-24 Annual Report and Accounts shows that capital AME outturn was £8.820 million which is £2.284 million or 35 per cent in excess of the estimate authorised. It is proposed to ask the Assembly to authorise a further grant of supply from the Consolidated Fund by way of an Excess Vote.

Details and Causes

28. The Department told me that this overspend was due to two issues:

a. The movement in long term loans relating to Universal Credit (UC) advances being larger than anticipated. This was due to an unexpected spike in the demand led loan facility late in the financial year. Of the total £2.284m overspend, £2.069m or 91% is in this area.

b. Movement in the Support for Mortgage Interest Relief loans. This accounts for the remaining £0.215m of the overspend or 9%. The Department told me this happened because demand unexpectedly increased in the latter part of the year.

29. UC loan advances are available to all new UC claimants and they are to try and reduce financial hardship due to the five week delay between being accepted on to

UC and being paid. Those in receipt of a UC advance have 18 months to pay the amount back.

30. With regards to the UC advances, the Department had anticipated there would be an increase in applications for this loan facility as there had been an increase in UC applicants due to the continuing roll out of the benefit. The Department had sought an increase in the capital AME limit for UC advances of £1.926m which had been approved in the Supplementary Estimates. Unfortunately, this proved to be insufficient for the actual spike in applications which occurred at the end of the year.

31. A statement of excesses will be brought to the Assembly to seek authority for the total excess expenditure of £2,284,000 to be funded by new supply.

Action to be taken by the Department to help prevent a recurrence

32. The Department told me whilst it has sound processes in place to monitor AME expenditure, to identify any potential AME Capital overspends, it will incorporate new monthly actual data into their forecasts which will more accurately reflect seasonality and trends. Going forward, as new prior data becomes available, this will aid improved forecasting. Consideration will also be given to the inclusion of a larger margin to guard against an excess vote when setting the Spring Supplementary Estimates. The Department further advised that, given the highly volatile and demand led nature of AME, it is difficult to forecast AME expenditure with certainty and inclusion of a higher margin to guard against the risk of demand led overspend could result in significant levels of underspend.

Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

3 July 2024

ANNEX A
Child Maintenance Service (CMS) Client Funds Account 2023–24

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 (PP) and paying these funds to the receiving parent (RP). 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.

Within the 2012 statutory scheme, the CMS operate two service types: Direct Pay and Collect and Pay.

For the Direct Pay service, the CMS calculates the amount of child maintenance that a PP must pay, and the case is managed on the CMS system, but parents must agree between themselves how the money will be paid: the CMS provides the calculation, and no further use of the service is required. CMS review the maintenance calculation every year to ensure the amount of maintenance assessed is correct. Direct Pay can be chosen by either parent with the other's agreement. Per the Direct Pay service parents organise payments between themselves based upon a CMS calculation and this can be a step towards a more collaborative relationship.

For the Collect and Pay service, the CMS calculates the amount of child maintenance, then collects the payment from the PP and pays it to the RP. Clients must pay fees for using the Collect and Pay Service. The PP must pay 20% on top of the maintenance amount due, whilst the RP has 4% deducted off the maintenance amount. 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.

Receipts and Payments reported in these accounts relate to CMS 2012 Collect and Pay cases and Legacy arrears only cases. Direct Pay Cases are not included as parents arrange payments themselves.

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), implemented the NI Compliance and Arrears Strategy.

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.

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 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. 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 and additional collection powers were introduced to maximise the chances of collection on the CMS 2012 Scheme.

The NI Compliance and Arrears Strategy regulations were passed by the NI Assembly on 01 June 2020.

Although the Legacy schemes are now closed and the systems decommissioned, cases are administered according to the scheme rules under which the case was originally assessed.

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 work was completed in the 2022-23 year with the ChADS finance system going live in the Summer 2022.

Performance during 2023-24

Performance for the 2023-24 year is 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.

The total caseload as at 31 March 2024, including Direct Pay, Collect and Pay and Legacy transitioned cases was 17,509 (2022-23: 16,631). At 31 March 2024 93.7% of case groups[1] were contributing towards their current liability (31 March 2023: 93.0%).

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 £27.952 million (2022-23: £25.279m) was paid between parents:

- £22.921 million through Direct Pay
- £5.031 million through Collect and Pay.

[1] All cases will have a PP and a RP, both of whom may have multiple cases. The collection of multiple cases belonging to a single PP is called a case group.

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 2024, two out of three parents using the 2012 statutory scheme are already using this service and thus avoiding charges completely.

As at 31 March 2024, 66% (31 March 2023: 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 2023-24, approximately 73.4k (2022-23: 70.3k) individual receipts were recorded. Total monies received (including collection charges) were £5.853 million (2022-23: £5.398 million) with 99% of receipts by volume received electronically.

1.1.3 Payments of child maintenance

During 2023-24, approximately 72.4k (2022-23: 68.9k) individual payments were made to receiving parents with a total value of £4.634 million (2022-23: £4.260 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 £12.978 million at 31 March 2024 (31 March 2023: £12.519 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. 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.

Since 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 Department’s Case Monitoring Team reviewed a sample of the CMS 2012 fully automated transactions and these cases were found to be fully accurate.

The MVE result for 2023-24 is 0.6% (2022-23: 0.3%).

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
1 JULY 2024

Governance Statement

Introduction

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 for the Department for Communities is Colum Boyle. He is also the Accounting Officer for the Child Maintenance Service Client Funds. The Permanent Secretary is the Department's most senior official and the Minister's principal advisor.

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 Board assists the Permanent Secretary, as Accounting Officer, in meeting the governance requirements for the Department.

The governance arrangements set out in the Departmental Resource Account for the year ended 31 March 2024 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.

Internal Audit Opinion

During 2023-24, Internal Audit reviews were carried out on Arrears, Enforcement, Mandatory Reconsiderations and Appeals within NI CMS. This report was Satisfactory.

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 issues have led to repeated audit qualifications from the Comptroller and Auditor General.

These incorrect assessments continue to have an impact on the accuracy of the current amounts collected and paid relating to the Legacy schemes, though the receipts and payments are now all facilitated through the CMS 2012 system.

The Comptroller and Auditor General (C&AG) considers the overall level of irregularity in Legacy receipts (Legacy receipts 2023-24: £0.309 million) and payments (Legacy payments 2023-24: £0.304 million) continues to be material and has qualified the regularity audit opinion again this year.

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 2023-24 was 0.6% (2022-23: 0.3%). This is an estimated monetary amount of error for the CMS 2012 scheme of approximately £28k (2022-23: £12k).

The level of estimated error in the CMS 2012 receipts (CMS 2012 receipts 2023-24: £4.398 million) and payments (CMS 2012 payments 2023-24: £4.330 million) of £28k is not considered to be materially irregular.

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 was limited or unavailable. There was significant uncertainty over the accuracy and completeness of the Legacy arrears amounts and this resulted in repeated qualified audit opinions from the C&AG.

Over the last five 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 2023-24 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 2024 are currently £13 million, made up of £10.2 million from cases operating under the CMS 2012 scheme and £2.8 million transferred from the Legacy schemes. The level of legacy arrears has been steadily decreasing over the last seven years and is currently just under 21.6% of the total arrears balance.

For the 2023-24 year the Comptroller and Auditor General has only qualified her opinion on the financial statements in relation to the element of the arrears balance arising from the legacy schemes of £2.8 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 £0.003 million in 2023-24 (2022-23: £0.003 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
1 JULY 2024

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 2024 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 on 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 2024; 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 £2.8 million. The Department for Communities 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 for Communities is required to calculate maintenance assessments for Child Maintenance Service Client Funds in accordance with the relevant legislation. A valid statistical sample cannot be generated from the legacy receipts and payments to test their accuracy. However, my examination of maintenance assessments for legacy schemes prior to them joining the 2012 scheme system, identified cases that had 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 however, to quantify the overall irregularity in £309,000 of receipts and £304,000 of payments. I consider the irregularity for receipts and payments in the legacy scheme 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 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 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 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 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 certificate.

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 Annual Report which are in accordance with the applicable Financial Reporting Framework and for being satisfied that they properly present the receipts and payments during the year;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and

- assessing the Child Maintenance Service Client Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Child Maintenance Service Client Funds will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Child Maintenance Service Client Funds through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001, the Child Support (Northern Ireland) Order 1991 and The Child Support (Maintenance Assessments and Special Cases) Regulations (Northern Ireland) 1992;
- making 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 if a paying parents attempted to conceal the income upon which assessments were made.
- 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 for Communities in the Child Maintenance Service Client Funds 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;
    - 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.

Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST BT7 1EU
3 July 2024

Financial Statements

CHILD MAINTENANCE SERVICE (CMS) CLIENT FUNDS ACCOUNT

Receipts and Payments Account for the year ended 31 March 2024

	Notes	2023-24 £'000	2022-23 £'000
Receipts			
2012 Scheme	2	4,398	3,990
Legacy Arrears receipts	2	309	349
Other receipts	2	1,146	1,059
Total Receipts		**5,853**	5,398
Less Payments to:			
2012 Scheme Receiving Parents	2	4,330	3,916
Legacy Arrears Receiving Parents	2	304	344
the Department (including fees)	2	1,138	1,139
Department for Work and Pensions (DWP)	2	-	10
Paying Parents	2	120	191
Total Payments		**5,892**	5,600
Net (Payments)/Receipts		**(39)**	(202)
Balance as at 1 April		130	332
Balance as at 31 March 2024	3	**91**	130

Statement of Balances as at 31 March 2024

	Notes	2023-24 £'000	2022-23 £'000
Funds awaiting clearance	3	43	41
Cleared funds awaiting distribution	3	48	89
Balance on bank account		**91**	130

The notes on pages 277 to 286 form part of these accounts.

COLUM BOYLE

ACCOUNTING OFFICER

1 JULY 2024

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 (Note 5) has been prepared on an accruals basis.

2. Receipts and Payments

Receipts

2.1 Receipts from clients relate to child maintenance collected from Paying Parents, 2023-24 £4.707 million (2022-23: £4.339 million). This comprises of 2023-24 CMS 2012 receipts £4.398 million (2022-23: £3.990 million) and 2023-24 Legacy receipts of £0.309 million (2022-23: £0.349 million).
Receipts of collection and enforcement charges, 2023-24 £1.134 million (2022-23: £1.022 million). Receipts also include drawdowns and receipts from the Department for the 2023-24 financial year, these were £0.010 million (2022-23: £0.027 million), as well as other receipts of £0.002 million in 2023-24 (2022-23: £0.010 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 Total payments to Receiving Parents per the CMS 2012 Scheme totalled £4.634 million in 2023-24 (2022-23: £4.260 million). This comprises of 2023-24 CMS 2012 payments £4.330 million (2022-23: £3.916 million) and 2023-24 Legacy payments of £0.304 million (2022-23: £0.344 million).

2.4 The payments to the Department of £1.138 million (2022-23: £1.139 million), include £1.122 million of collection and enforcement charges received from parents using the 2012 Collect and Pay Scheme (2022-23: £1.110million).

Also included are payments of £0.004 million (2022-23: £0.004 million) that have been made in respect of funds received in 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 include a sundry amount of £25 for DNA fees (2022-23: £382) and £0.012 million for other costs (2022-23 £0.025 million). The amount of Consolidated Fund Excess Receipts (CFERs) in the year was minimal, £667 (2022-23: £181).

2.5 There are no payments to the Department for Work and Pensions (DWP) in the 2023-24 financial year. Payments to DWP in the 2022-23 financial year of £0.010 million relate to non-child maintenance transactions.

2.6 Refunds are made to Paying Parents under a number of different circumstances. In the year £0.120 million (2022-23: £0.191 million) relates to refunds on cases held on the 2012 Scheme.

3. Statement of Balances

3.1 The balances relating to funds awaiting clearance, 2023-24 £0.043 million (2022-23: £0.041 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, 2023-24 £0.048 million (2022-23: £0.089 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 2024

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 Note 5 includes the detail for the outstanding arrears balances relating to the CMS 2012 Collect and Pay Scheme.

4.3 As part of the NI Compliance and Arrears Strategy appropriate arrears only cases relating to the Legacy 1993 and 2003 schemes were transferred to the CMS 2012 system. The outstanding child maintenance arrears balances relating to these transitioned Legacy arrears cases are also reported in Note 5 to the accounts.

Collectability of Outstanding Maintenance Arrears

4.4 In line with the Accounts Direction, CMS have estimated the collectability of outstanding maintenance arrears for 2023-24 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 2023-24 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 amount is disclosed below, and this is included within the Outstanding Maintenance Arrears (OMA) in Note 5 to the accounts.

4.10 Also included within the OMA note are the business-as-usual write-off amounts actioned under the pre-existing write-off arrangements. Comparative data for the previous financial year is also included.

4.11 In total £0.632 million has been restated or written off for the 2023-24 financial year and details of this are included below:

Restatement & Write-off Amounts 2023-24

	Restatement Amount £'000	Write-off Amount £'000	Total £'000
Legacy Arrears on 2012	279	26	305
CMS 2012	-	327	327
Total	**279**	**353**	**632**

Restatement & Write-off Amounts 2022-23

	Restatement Amount £'000	Write-off Amount £'000	Total £'000
Legacy Arrears on 2012	239	56	295
CMS 2012	-	289	289
Total	**239**	**345**	**584**

5. Outstanding Maintenance Arrears

5.1 Outstanding Maintenance Arrears at 31 March 2024

	Legacy Arrears hosted on 2012 Scheme £'000	2012 Scheme £'000	Total £'000
Opening balances as at 1 April 2023	**3,424**	**9,095**	**12,519**
Write Off *(5.3iii)*	(26)	(327)	(353)
Restatement *(5.3iii)*	(279)	-	(279)
Maintenance Charged in Year *(5.3i)*	-	6,855	6,855
Maintenance Adjustments *(5.3ii)*	(9)	(724)	(733)
Maintenance Received in Year *(5.3iv)*	(307)	(4,724)	(5,031)
Closing balances as at 31 March 2024	**2,803**	**10,175**	**12,978**

Collectability analysis			
Likely to be collected	2,803	10,175	**12,978**
Possibly uncollectable	-	-	**-**
Probably uncollectable	-	-	**-**
	2,803	**10,175**	**12,978**

5.2 Outstanding Maintenance Arrears as at 31 March 2023

	Legacy Arrears hosted on 2012 Scheme £'000	2012 Scheme £'000	Total £'000
Opening balances as at 1 April 2022	**4,135**	**7,806**	**11,941**
Write Off *(5.3iii)*	(56)	(289)	(345)
Restatement *(5.3iii)*	(239)	-	(239)
Maintenance Charged in Year *(5.3i)*	-	6,215	6,215
Maintenance Adjustments *(5.3ii)*	(67)	(493)	(560)
Maintenance Received in Year *(5.3iv)*	(349)	(4,144)	(4,493)
Closing balances as at 31 March 2023	**3,424**	**9,095**	**12,519**

Collectability analysis			
Likely to be collected	3,424	9,095	**12,519**
Possibly uncollectable	-	-	**-**
Probably uncollectable	-	-	**-**
	3,424	**9,095**	**12,519**

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 2023-24 was £6.855 million (2022-23: £6.215 million). The increase in Maintenance Charged for the 2012 Scheme reflects the increase in 2012 Collect & Pay case volumes.

ii. Maintenance adjustments comprise 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 2023-24 totalled £0.733 million (2022-23: £0.560 million). The increase in this year's adjustment figure is reflective of the movement in arrears transferred between the NI and GB jurisdictions.

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 2023-24 is £0.632 million (2022-23: £0.584 million). The Business-as-Usual write-offs have increased slightly in the year due to a rise in case volumes on the 2012 Scheme. The majority of this increase is offset by the decrease in the write off activity on the transitioned legacy cases. The Restatement value on transitioned Legacy cases has increased although the volume of restated cases has decreased compared to 2022-23.

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 2023-24 was £5.031 million (2022-23: £4.493 million). Additionally, the Receipts and Payments Account includes payments of non-child maintenance not reported in Note 5. The receipt amounts in Note 5 include 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 3 July 2024.

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) is responsible for administering statutory child maintenance schemes in Northern Ireland and the management of client funds relating to these schemes.

2. This Report reviews the results of my 2023-24 audit of the Child Maintenance Service Client Funds Account.

Statutory Child Maintenance Schemes

3. 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.

Receipts and payments

4. The CMS 2012 scheme is supported by a Department for Work and Pensions' IT system and obtains information on income directly from His Majesty's Revenue and Customs' records and the Department's social security systems to carry out assessment calculations.

5. 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.

6. The IT systems supporting the earlier legacy schemes were unable to generate the information needed to prepare the Account or to accurately calculate maintenance

assessments. The level of complexity in carrying out maintenance assessments under the legacy schemes, together with inadequate computer systems, led to significant levels of error in historic child maintenance assessment calculations. These errors continue to impact on the 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 this year, in the legacy scheme, are £309,000 (2022-23: £349,000) and associated payments are £304,000 (2022-23: £344,000).

7. I consider that the level of irregularity in receipts and payments under the legacy scheme to be material and I have qualified my regularity audit opinion on this.

8. CMS 2012 scheme receipts for 2023-24 are approximately £4,398,000 (2022-23: £3,990,000) and associated payments are approximately £4,330,000 (2022-23: £3,916,000).

9. The IT system underpinning the CMS 2012 scheme automatically determines the maintenance decision in 72 per cent (2022-23: 73 per cent) of cases. Where the decision is more complex, Department staff need to manually intervene. The Department's Case Monitoring Team (CMT) tested a statistically valid sample of both fully automated decisions and those requiring manual intervention. It estimated an error rate of 1.9 per cent (2022-23: 1.0 per cent) for decisions needing manual intervention, while fully automated cases were found to be 100 per cent accurate. This year the combined value of the estimated error is 0.60 per cent (2022-23: 0.30 per cent) of receipts under the CMS 2012 scheme which produces an estimated monetary value of error of approximately £28,000 (2022-23: £12,000). I am satisfied that this is a reasonable measure of the level of error in CMS 2012 receipts.

10. I do not consider the level of irregularity in receipts and payments under the CMS 2012 schemes to be material and I have not qualified my regularity audit opinion on this.

Level of maintenance arrears

11. 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 a debt.

12. Where the Department has made incorrect maintenance assessments, any arrears accruing will also be at an incorrect rate and have led to misstatements in individual arrears supporting the outstanding legacy arrears balance.

13. The total arrears at 31 March 2024 represents the cumulative amount of arrears since child support arrangements were established in 1993. In line with legislation, the Department can only write-off arrears in very limited circumstances. The 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. The total amount of unpaid maintenance assessments of £13.0 million (2022-23:£12.5 million) at 31 March 2024 is shown in note 5.1 to the accounts. This figure comprises legacy arrears of £2.8 million (2022-23: £3.4 million) and arrears from the CMS 2012 scheme of £10.2 million (2022-23: £9.1 million).

14. 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. It is also unable to estimate the value of misstatements in legacy arrears 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 £2.8 million.

Dorinnia Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast BT7 1EU

3 July 2024

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