DEPARTMENT FOR THE ECONOMY

ANNUAL REPORT AND ACCOUNTS 2022-23
For the year ended 31 March 2023

Laid before the Northern Ireland Assembly under section 10(4) of the Government Resources and Accounts Act (Northern Ireland) 2001
by the Department of Finance
on 22 March 2024

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PERFORMANCE REPORT - OVERVIEW

Purpose of the Overview Section
The purpose of the overview section is to provide information on the Department for the Economy (DfE), its purpose, the key risks to the achievement of its objectives and to show how the Department has performed throughout the year.

Permanent Secretary's Overview
I am pleased to present the DfE Annual Report for 2022-23. The Report provides information about the range of activities in which the Department has been engaged over the past year and its performance against its key objectives and targets.

2022-23 has been another demanding period for the Department as we responded to a number of challenges such as: the ongoing impacts of the pandemic and cost of living crisis; the lack of a functioning Executive for most of the year; and budget uncertainties. Despite these challenges, the Department has continued to deliver on a range of key priorities throughout the year whilst being at the forefront of promoting economic recovery and growth.

Some of our key achievements during the year include: making important progress towards the implementation of our Skills Strategy Action Plan which will help people develop the skills required to meet the changing demands of the labour market; and the Energy Strategy Action Plan which reinforces Northern Ireland's commitment to addressing climate change.

We have also made progress towards achieving our ambitious economic vision for a 10x economy. This vision embraces innovation to deliver a better economy that will benefit all of our people. In order to realise this vision, we need to focus on delivering on innovation, inclusive growth and sustainability. Overall, we will see a positive impact on our economic, societal and environmental wellbeing and I am pleased to report that our 10x Research Programme has already been published with a Delivery Plan to follow early in 2023-24.

2022-23 also saw the continued roll out of our Organisational Development and Transformation (ODT) Programme which aims to ensure that the Department and all our people are empowered and equipped to work effectively and collaboratively in support of the shared vision for the NI Economy. Collaboration is at the heart of the Programme, with people at all levels being actively involved in the design and delivery of interventions embed the leadership, culture, processes, and structure required to support achievement of 10x.

Significant work has been undertaken so far including the delivery of the 'Developing One DfE' Leadership Programme to senior managers, the successful completion of a bespoke recruitment campaign (Civil Service Skills Academy) for the Department and The Executive Office, the completion of a Departmental Learning and Skills Audit, and the launch of a Departmental Culture Charter and supporting implementation plan to embed change.

Despite difficult challenges during the year, the Department has continued in its commitment to deliver for all of Northern Ireland. I thank our people for their support and dedication throughout the year particularly as we implemented our transition to hybrid working, and I look forward to continuing in our endeavours to progress our economic vision for the future.

Ian Snowden
Permanent Secretary

Purpose and Activities

Introduction
The Department for the Economy was established in May 2016 as one of the nine central government Departments in Northern Ireland.

Vision, Mission and Strategic Objectives
The vision, mission and strategic objectives of the Department are set out below.

Our Vision
Our vision is for Northern Ireland prospering through a decade of innovation which will deliver a better economy with benefits for all our people.

Our Mission
Our mission is to develop and implement agile policies and programmes which promote a competitive, sustainable and inclusive economy through investment in:

- skills;
- economic infrastructure;
- research and innovation; and
- business development.

Strategic Objectives

1. Accelerate innovation and research;
2. Enhance education, skills and employability;
3. Drive inclusive, sustainable growth;
4. Succeed in global markets;
5. Build the best economic infrastructure;
6. Deliver a regulatory environment that optimises economic opportunities for business and commerce, while also protecting consumers and workers; and
7. Ensure the Department has effective governance, including programme and project management arrangements, and manages its resources, both financial and people.

In order to deliver its Vision, Mission and Objectives the Department's Business Plan for 2022-23 focused on the following 7 key Strategic Priorities:

Strategic Priorities

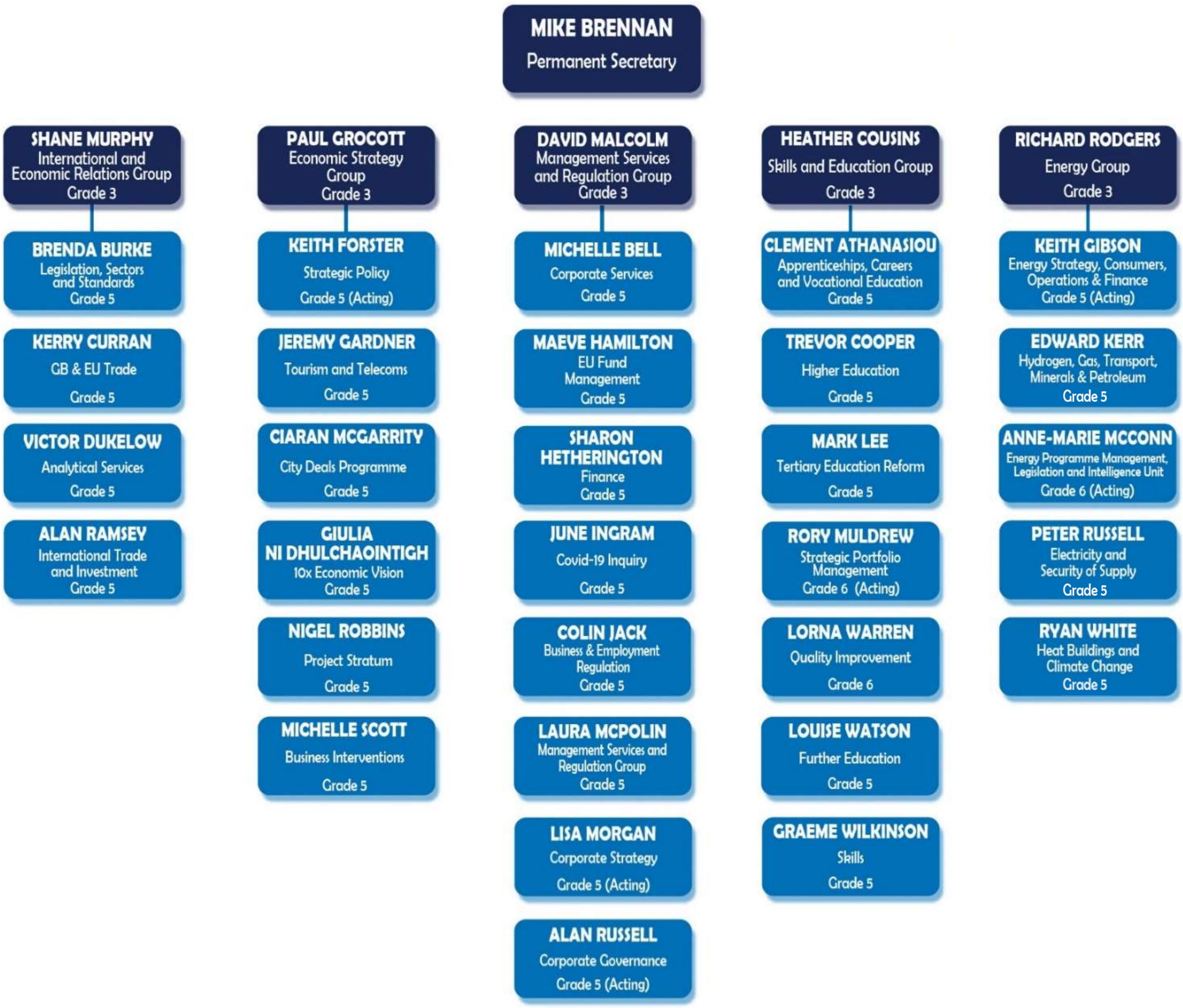
1. Enabling 10x;
2. Skills Agenda;
3. Energy Strategy;
4. City Deals;
5. Broadband Investment;
6. Protecting Workers' Rights; and
7. Organisational Development & Transformation Programme.

Organisational Structure

The core Department was structured into five main business areas (Groups) during 2022-23 as follows:

- International and Economic Relations Group;
- Economic Strategy Group;
- Management Services and Regulation Group;
- Skills and Education Group; and
- Energy Group.

Operating under each of these Groups were a number of functionally independent Divisions, as outlined below[1]:



[1] As normal run of business, there were a number of changes at senior levels during the year due to retirement, transfers etc. The chart reflects the position at March 2023. Following Mike Brennan's retirement in December 2023, Ian Snowden was appointed as Interim Permanent Secretary/Departmental Accounting Officer.

Partner Organisations

The Department's services are delivered in partnership with a range of other bodies and during 2022-23 we continued to work with our delivery partners to develop the partnership working approach and ensure alignment of Partner Organisation strategies with the overall Departmental strategy. Our main Partner Organisations and a brief synopsis of what they do is outlined below.

Partnership Organisations	**Role of the Organisation**
Executive Non-Departmental Public Bodies	
Invest Northern Ireland (Invest NI)	Grow the local economy by helping new and existing businesses to compete internationally, and by attracting new investment to Northern Ireland.
Northern Ireland Screen (NIS)	Accelerate the development of a dynamic and sustainable screen industry and culture in Northern Ireland.
Construction Industry Training Board– Northern Ireland (CITB-NI)	Encourages the training of those employed or intending to be employed in the construction industry and to improve the skills and productivity of the industry in Northern Ireland.
Northern Ireland Tourist Board - trading as Tourism Northern Ireland (Tourism NI)	Responsible for the development of tourism and the marketing of Northern Ireland as a tourist destination to domestic tourists, from within Northern Ireland, and to visitors from the Republic of Ireland.
Health and Safety Executive for Northern Ireland (HSENI)	Promotes and enforces health and safety at work standards in Northern Ireland.
Consumer Council for Northern Ireland (CCNI)	Provides free, independent support and advice for all consumers in Northern Ireland. They also have powers to investigate complaints about energy, water, transport and postal services and undertake research to understand local consumer issues.
Labour Relations Agency (LRA)	Promote the improvement of employment relations in Northern Ireland.
Stranmillis University College	Identify, educate and place highly qualified education professionals in schools and related professional settings. It also offers pre-service and in-service courses, undergraduate and postgraduate.
Further Education (FE) colleges: - Belfast Metropolitan College (BMC); - Northern Regional College (NRC); - Southern Regional College (SRC); - South West College (SWC); - South Eastern Regional College (SERC); - North West Regional College (NWRC).	The FE colleges are the main providers of vocational and technical education and training in Northern Ireland and play a central role in raising levels of literacy and numeracy and in up-skilling and re-skilling through a broad range of courses. The colleges offer programmes which include foundation degrees, higher national diplomas, skills qualifications and level 3 diploma and certificates in a wide range of areas. They take a partnership approach in linking with employers and stakeholders. The six individual colleges develop their own links in their geographical area right across Northern Ireland.

Autonomous Higher Education Institutions	
Ulster University	A university with a national and international reputation for excellence, innovation and regional engagement, making a major contribution to the economic, social and cultural development of Northern Ireland. Their core business activities are teaching and learning, widening access to education, research and innovation and technology and knowledge transfer.
Queen's University Belfast	It is one of the leading universities in the UK and Ireland with a distinguished heritage and history. It conducts leading edge education and research focused on the needs of society. They are globally connected and networked with strategic partnerships across the world.
St Mary's University College	Provides degree programmes in teacher education – with the option to learn through Irish as well as English – and in Liberal Arts.
The Open University	Creates higher educational opportunities with no barriers to entry. Provides flexible, innovative teaching and understands the needs of part-time students. Their innovative, award-winning distance teaching credentials have seen over 2 million students receive an education, otherwise denied to them at campus-based universities.
North/South Bodies	
InterTradeIreland	Helps small businesses in the island of Ireland and Northern Ireland explore new cross-border markets, develop new products, processes and services and become investor ready.
Tourism Ireland	Responsible for marketing the island of Ireland overseas as a holiday and business tourism destination.
Other Bodies	
Office of Industrial Tribunal and Fair Employment Tribunal (OITFET)	Industrial Tribunals and the Fair Employment Tribunal are independent judicial bodies in Northern Ireland. The Industrial Tribunals, hear and determine claims to do with employment matters. The Fair Employment Tribunal hears and determines complaints of discrimination on the grounds of religious belief or political opinion.

Further information on Partner Organisations can be found in the Governance Statement, while more detail on the performance of Partner Organisations during 2022-23 can be found in the separate Annual Report and Accounts for each organisation.

Details of those Partner Organisations included in the DfE group consolidated accounts are outlined in note 1.2 on pages 118-119.

ECONOMIC CONTEXT

In the last year, the Northern Ireland (NI) economy has grappled with severe economic headwinds deriving from acute inflationary pressure.

Recovery in demand following the Pandemic, combined with global supply chain bottlenecks, increased the cost of consumer goods. These price rises were exacerbated by the Russian invasion of Ukraine which placed upward price pressure on energy and food particularly.

UK electricity and gas prices increased by 67% and 129% respectively over the year to March 2023.[2] The impact on households continues to be severe, with the Office for Budget Responsibility (OBR) forecasting that real household disposable income (RHDI) per person will fall by a cumulative 5.7% over the two financial years 2022-23 and 2023-24 - the largest two-year fall since records began in 1956-57.[3]

This inflationary pressure, amongst other economic headwinds, resulted in the local economy entering a technical recession in the middle of 2022.

However, there are signs of optimism as we begin 2023. Local economic output, as measured by the Northern Ireland Composite Economic Index (NICEI), returned to growth in the final quarter of 2022[4] while the rate of inflation is expected to fall sharply in 2023 as supply bottlenecks ease and wholesale energy prices decline. It is recognised that much uncertainty remains in respect of inflation and in particular the speed at which it may reduce during 2023.

The local labour market remained resilient, with employee numbers at a record high in March 2023 whilst the unemployment rate was below its pre-pandemic position and approaching a record low. Meanwhile, the economic inactivity rate declined by 1.4 percentage points (pps) over the year to the three months ending March 2023, falling to 26.1%.[5] However, recruitment difficulties remain a persistent thorn in the side of local businesses.

Danske Bank forecast that the local economy will have expanded by around 3.7% in 2022. However, the bank expects the economy to contract by around 0.3% in 2023, an upward revision to their previous 2023 forecast of a 1.0% contraction.[6] That increased optimism is also reflected in Ulster University Economic Policy Centre's (UUEPC) Spring Economic Outlook with the local economy forecasted to grow by 0.1% in 2023, an upward revision from their Winter forecast of a 1.2% contraction.[7]

Global/European/UK Economy

With inflation reducing real living standards in the UK, rising prices will lead to a decline in consumption, restricting growth. Growth in real UK GDP is now forecasted by the OBR at -0.2% for 2023, rebounding to 1.8% for 2024.[8] The real GDP of the Euro Area is projected by the European Central Bank to grow by 1.0% in 2023 and 1.6% in 2024.[9]

[2] Report on Rising Cost of Living in the UK (parliament.uk)
[3] Office for Budget Responsibility: Economic and Fiscal Outlook (obr.uk)
[4] Northern Ireland Composite Economic Index (nisra.gov.uk)
[5] Labour Market Overview Report (nisra.gov.uk)
[6] Danske Bank Quarterly Sectoral Forecasts (danskebank.co.uk)
[7] Ulster University Economic Policy Centre Spring 2023 Outlook (ulster.ac.uk)
[8] Office for Budget Responsibility: Economic and Fiscal Outlook (obr.uk)
[9] European Central Bank Projections Overview (www.ecb.europa.eu)

In April 2023, the International Monetary Fund (IMF) projected that global economic growth would fall back to 2.8% in 2023 (from 3.4% in 2022) and settle at 3% in 2024. The IMF expected advanced economies to experience an especially pronounced growth slowdown, from 2.7% in 2022 to 1.3% in 2023. In a plausible alternative scenario with further financial sector stress, the IMF estimate that global growth declines to about 2.5% in 2023 with advanced economy growth falling below 1%.[10]

Northern Ireland Economic Performance

Strong growth in the final quarter of 2022 pushed local economic output to an all-time high. NICEI is estimated to have increased (in real terms) by 1.4% over the quarter to a level 5.6% higher than pre-pandemic Q4 2019.[11]

The Northern Ireland Economic Trade Statistics (NIETS) estimated that NI companies sold an estimated £77.1 billion in 2021, an increase of 13.6% over the year. 32.4% of total sales were made to customers outside of NI, equating to £24.9 billion and representing an increase of 14.5% over the year. Sales to GB represented 51% of total external sales in 2021 with international exports accounting for the remaining 49%.[12]

Results from the latest Labour Force Survey (covering the three months ending March 2023) outlined a number of improvements, with the number of payrolled employees increasing 2.3% over the year to March, whilst the unemployment rate fell to a level 0.1pps below its pre-Pandemic position. Measures of total employment (e.g., employment rate and hours worked), and economic inactivity had not yet returned to their pre-pandemic position but continued to show improvement.[13]

An estimated 36,100 people (3.7% of the workforce) were recorded on the NI claimant count in March 2023, representing a decrease of around 1,200 (-3.3%) over the year and an increase of around 6,300 (21.0%) since March 2020.[14]

Total Research and Development (R&D) expenditure in NI was £1,126.2 million in 2021, an increase of 10.1% in real terms from 2020. This overall increase was driven by an increase of £105.5 million in business spend in R&D (BERD) which accounted for 78.2% of the total R&D expenditure in 2021. Since 2018, BERD had increased by 15.1% in real terms.[15]

In March 2023, NI private sector activity accelerated at its fastest pace in a year according to the latest Ulster Bank Purchasing Managers' Index, with business sentiment in NI remaining positive and each of the four broad sectors recording an optimistic outlook for the year ahead.[16] The Danske Bank NI Consumer Confidence Index (CCI) increased modestly in the final quarter of 2022, as the current inflationary pressure continued to weigh on sentiment.[17]

[10] International Monetary Fund Economic Outlook (www.imf.org)
[11] NISRA NI Composite Economic Index (nisra.gov.uk)
[12] NISRA Broad Economy Sales & Exports Statistics (nisra.gov.uk)
[13] NISRA Labour Market Overview (nisra.gov.uk)
[14] NISRA Labour Market Overview (nisra.gov.uk)
[15] NISRA Research & Development Bulletin (nisra.gov.uk)
[16] Ulster Bank Purchasing Manager's Index (ulstereconomix.com)
[17] Danske Bank Consumer Confidence Index (danskebank.co.uk)

Specific Issues Impacting the Department

Operating without Ministers

A significant issue to impact the Department during the year has been the absence of a functioning Executive. The NI Executive dissolved on 4 February 2022, though departmental ministers remained in post until 28 October 2022.

The lack of a functioning Executive has been a challenge faced by all NICS departments and has had significant impacts on policy development and decision-making. The introduction of the Northern Ireland (Executive Formation etc) Act 2022 has offered some additional powers to officials to take decisions in the ongoing absence of Ministers, but with considerable limitations.

Budget

All departments continue to operate without an agreed Programme for Government and without a multi-year budget. This has been exacerbated by a very tight budgetary environment which has continued into 2023-24. When comparing the Secretary of State's budget to the Draft Budget 2022-25, DfE must deliver its services with £100 million less and, in addition, fund pressures of £30 million identified for 2023-24.

UK's Withdrawal from the EU

The UK's withdrawal from the EU continued to have a considerable impact on the Department during 2022-23. Much of the associated work has been integrated into the activities of the Department and was considered when setting departmental priorities. However, two significant new issues have emerged;

1. The Retained EU Law (REUL) Bill and associated activity brings additional challenges to the Department. Work is ongoing to identify and review legislation within scope of the REUL Bill sunsetting provisions and identification of actions required including preservation.

2. The Windsor Framework introduces changes to the NI Protocol with requirements for associated UK legislation unclear at present. Work is ongoing to understand implications of the Framework which has the potential to create further resource demands.

A budget for delivery and preparation of EU related activities across the Department is resourced by the UK Government. This funding does not currently extend to supporting work within many impacted policy branches.

The future financial requirements in this area are unclear but the draft REUL Bill has seen Employment policy raise a business case for recruitment of senior counsel to provide specialist advice. It is unclear if other areas may require similar funding and where this would be sourced.

Covid-19 Inquiry

Another significant issue impacting the Department during the year has been the UK Covid-19 Inquiry which was established in 2022 to examine the UK's response to and the impact of the Covid-19 pandemic and to learn lessons for the future. Whilst some work has been ongoing within the Department throughout 2022-23 to prepare for and respond to the Inquiry, it is anticipated that the Department will have increasing levels of engagement with the Inquiry as it progresses during the year ahead and where it considers matters of particular relevance to DfE.

Covid-19 Government Support Schemes

Of the Covid-19 Support Schemes available to Government during 2022-23, DfE has one disclosure to report on of funding received by one of its Partner Organisations. The Construction Industry Training Board (CITB NI) received Covid Recovery Employment and Skills Initiative for Heritage (Northern Ireland) funding of £49,627 in September 2022. This was the first payment towards the cost of the recruitment and salary of a Heritage Project Manager for three years from September 2022 until September 2025. £49,627 represents 50% of the total amount of funding awarded (£99,254), with the final payment expected to be received in October 2025 on completion of the project. The Heritage Project aims to raise awareness and knowledge of traditional skills and materials by providing training, upskilling opportunities and engagement with schools to promote careers in heritage construction.

Our People in the Department

At the beginning of the COVID-19 crisis in March 2020, the Department took the decision to close all buildings and move, as far as possible, to a remote working model. Although the vast majority of people were IT enabled with Secure Remote Access to facilitate working from home, a small number continued to use IT equipment in the office due to the nature of their roles. In June 2022, the Department re-opened all its buildings so that people could return to office-based working under the NICS Hybrid Working Policy.

Taking into account the NICS Hybrid Working Policy, the Department took the decision during 2022-23 to close its premises at Netherleigh, near Stormont, and to relocate all those based there to Adelaide House in Belfast City Centre. This will ensure better, more efficient use of our estate. We will continue to review the footprint of the Department during 2023-24 to ensure we are providing the most effective modern working environment for our people.

During 2022-23 the Department worked collaboratively with The Executive Office and NICS HR delivering four pilot Civil Service Skills Academies to address significant vacancies at SO and DP levels. The programme provided candidates with specific civil service training over several weeks, on either a full time or part time basis, with the guarantee of a job interview at the end. The Department successfully filled 36 vacancies as a result.

The Department has worked closely with NICS HR during 2022-23 to inform both current and future recruitment planning. This has included Departmental input into a number of resourcing exercises to review and confirm all approved and funded vacancies. At end of March 2022, there were 150 approved vacant posts declared to NICSHR with this figure reducing to 104 at the end of March 2023.

In March 2023 the Department met with NICS HR Resourcing to review DfE’s vacancy position and prioritisation of declared vacancies to enable the development of a fully costed and affordable recruitment plan for 2023-24 which will be presented to NICS Board for consideration and approval. Work is ongoing in relation to progressing the prioritised recruitment activities and filling DfE vacancies in line with the priority agreed by the NICS Board.

Key Strategies

During 2022-23, the Department continued to work towards developing and progressing a number of key strategies including, the Energy Strategy and the Skills Agenda, as well as enabling the Department’s 10x economic vision.

The Department’s economic vision for the next 10 years - "10x Economy - an economic vision for a decade of innovation" was launched in May 2021. The Performance Management Framework for achieving this including our objectives was published in October 2022. The vision and our objectives provide the strategic framework for the Department’s activities over the next decade. The aim is for economic growth to mean something to all people and places in Northern Ireland, with a positive impact on wider societal and environmental wellbeing.

Departmental strategies to deliver in key areas such energy, skills and tourism will contribute towards building a globally based economy attracting high profile events to include sporting competitions, economic conferences and create a 10x future generation of workers.

The Skills Strategy for Northern Ireland - "Skills for a 10x Economy" is designed around three major policy objectives: addressing skills imbalances; creating a culture of lifelong learning; and enhancing digital education and inclusion across society. Investment in skills helps to ensure that existing Northern Ireland businesses can rebuild and grow their markets, protect and strengthen their supply chains and maximise new opportunities.

The new Energy Strategy – The Path to Net Zero Energy was published in December 2021, with the overall objective to deliver self-sufficiency in affordable renewable energy. The Energy Strategy outlines a roadmap to 2030 aiming to deliver a 56% reduction in our energy-related emissions, on the pathway to deliver the 2050 vision of net zero carbon and affordable energy.

The Energy Strategy and its associated Action Plan will make a significant contribution to our 10x vision, delivering substantial economic benefits, attracting investment to Northern Ireland and positioning our companies to compete for the global investment being made in low and zero carbon energy technologies.

Progress on these strategies and other work streams is outlined in more detail in the Performance Analysis section. As stated, progress in some areas has been delayed, mainly due to budget uncertainties and the need to re-focus some resources on other pressures and priorities.

Key Corporate Issues and Risks

The Department's corporate risks are regularly reviewed by the Audit and Risk Assurance Committee, Delivery Committee and Departmental Board. During the year, the Department identified and managed a number of key corporate risks to achieving its objectives, with several being escalated or de-escalated throughout the year as necessary. Examples included risks relating to:

- Managing the non-domestic Renewable Heat Incentive (RHI) Scheme;
- Managing City/Growth Deals;
- Trade Policy;
- Free Trade Agreements;
- Covid-19 Economic Impact;
- Departmental Governance Arrangements;
- Cyber Security;
- Workforce Management;
- Compliance with legislative requirements;
- Managing the financial sustainability of Ulster University; and
- Ensuring relevant education and skills provision.

During the year, the Department continued to embed its web based risk management database to help improve our risk management processes and behaviours through a central database housing all the Department's risks in one central online location. The system facilitates risk management at all levels i.e. corporate, divisional and branch as well as programme and project level. It provides a live online platform for the management of all departmental risks at all levels through visual dashboards, an improved audit trail and better quality information being presented to the Board.

The Departmental Board conducted a review of the Departmental Risk Management Framework in October 2022. The Framework was updated to reflect the adoption of the web based risk management database and the associated process changes this has brought for risk owners and system users at all levels.

The Board also carried out its annual review of the Corporate Risk Appetite which defines the risk appetite agreed for each of the broad categories of risk identified in the Orange Book, ranging from a scale of 'averse' to 'hungry'. The new Corporate Risk Appetite was cascaded throughout the department to inform risk management behaviours in individual business areas.

During December 2022 and January 2023, Corporate Governance Division facilitated focused risk management sessions with relevant members of each Departmental Group. These sessions proved to be very beneficial as they enabled a more comprehensive review of corporate risks with each Group.

The highest rated risks managed during the year continued to be those relating to the non-domestic Renewable Heat Incentive Scheme and City/Growth Deals projects.

Looking ahead, it is planned to conduct further focused risk management sessions at Group level during 2023-24, as well as carrying out deep dive reviews of corporate risks which will be presented to the Audit and Risk Assurance Committee for consideration.

Further information on the Department's risk management process is contained in the Corporate Governance Report.

PERFORMANCE REPORT - PERFORMANCE ANALYSIS

Purpose of the Performance Analysis

The purpose of the performance analysis is to provide a detailed summary of how the Department measured its performance during 2022-23. This will include an overview of performance against the key strategic priorities in the Department's 2022-23 Business Plan.

Business Plan Performance

The 2022-23 DfE Business Plan contained 7 Strategic Priorities such as preparing for implementation of our 10x vision, and progressing the skills agenda, energy strategy and broadband investment as well as City Deals.

Our Strategic Priorities were each underpinned by a number of key work activities identified to assist with measurement of progress in achieving departmental objectives. A summary of the reported RAG (Red, Amber or Green) statuses of the Plan's 20 activities as at the end of March 2023 is outlined below:

	Key Activities
Green	11
Amber	5
Red	4
Total	20

The tables below provide a more detailed end-year position for each of our work activities, i.e. the position as at 31 March 2023. A RAG status has been provided to indicate where activities have been achieved, partially achieved or not achieved. Where these were not fully achieved, explanations are provided.

Strategic Priority 1 – Enabling 10x

ACTIVITIES	TARGET DATE	RAG STAUS	EXPLANATION OF AMBER/RED RAG STATUS
Publish a 10x Implementation Paper providing more detail on the 10x priorities for the Department and how we're going to deliver the policy programme through 2022-23.	31 October 2022		
Develop a 10x Action Plan with interventions, budget prioritisation and reporting structures.	31 March 2023		Work is ongoing but delays around budget have delayed this process. Work has been reframed to provide a delivery plan, without information on budget.
Develop a 10x Research Programme to support the development, delivery and monitoring of 10x.	31 October 2022		

Strategic Priority 2 – Skills Agenda

ACTIVITIES	TARGET DATE	RAG STAUS	EXPLANATION OF AMBER/RED RAG STATUS
Implement Year 1 of the Skills Strategy Action Plan.	31 March 2023		
Implement Year 1 of the 14-19 Action Plan.	31 March 2023		The 14-19 Implementation Programme Board had its first meeting in December 2022 and agreed to implement the Framework on a hybrid approach. Identification of resources to deliver the programme is underway as part of the detailed implementation plan, this includes linking in with ongoing work such as Fair Start and Independent review of education. Work is ongoing to develop the Programme management/delivery infrastructure and whilst progress has been made across a number of areas, some Year 1 actions are behind schedule. Both Departments (DFE/DE) are currently carrying out a Budget review exercise, and once the 23/24 budget position is known a revised implementation plan may need to be considered moving into 23/24.
Review student support and funding.	31 March 2023		
Complete Stage 1 of the Review of Further Education Delivery Model.	31 March 2023		

Strategic Priority 3 – Energy Strategy

ACTIVITIES	TARGET DATE	RAG STAUS	EXPLANATION OF AMBER/RED RAG STATUS
Deliver the Actions in the 2022 Energy Strategy Action Plan.	31 December 2022		
Gain commitment to deliver the multi-year Energy Efficiency Scheme.	31 March 2023		With some key components of the Strategic Outline Case (SOC) missing with regards to the targeted outcomes of the work, it was agreed that this work should be re-directed towards a public consultation on policy options on sustainable funding mechanisms and delivery structures to enable this scheme to progress. The Climate Change Act (NI) 2022 has DfC as Residential Sector lead for NI. It is clear the level of ambition across government must be lifted beyond what our current policy will deliver. We are now working in a much more collaborative way across government to ensure the resource commitment, roles and responsibilities are clear and we are seeking to consult on sustainable multi-year funding mechanisms which are not currently evident.

Strategic Priority 4 – City Deals

ACTIVITIES	TARGET DATE	RAG STAUS	EXPLANATION OF AMBER/RED RAG STATUS
Complete agreement with Belfast Region City Deal for template Letters of Offer for approved projects in the Belfast Deal.	30 September 2022		
Complete consideration of submitted Strategic Outline Cases for Causeway Coast and Glens and Mid South West Deals.	31 December 2022		Strategic Outline Case for one Project within Mid South West Deal received in February 2023. Remaining Business Cases for both Deals are expected in first half of 2023-24 with delays attributed to reassessment of capital costs due to construction inflation and market conditions. Department for the Economy along with Tourism NI and Invest NI are providing support to the Deals to progress their proposals. Invest NI (supported by Makers Alliance) are providing additional support to Mid South West to identify potential innovation projects.
Commence Outline Business Case approval process for Derry City and Strabane Deal.	31 March 2023		

Strategic Priority 5 – Broadband Investment

ACTIVITIES	TARGET DATE	RAG STAUS	EXPLANATION OF AMBER/RED RAG STATUS
Complete Open Market Review for Project Gigabit.	30 September 2022		Due to a delay in receiving Department of Finance (DoF) approval for the Strategic Outline Case (SOC) while further questions were answered, the Open Market Review could not be launched in September 2022. With DoF approval for the SOC obtained, the Department launched the Open Market Review on 9 December 2022 and completed on 27 January 2023. DfE plan to publish the subsequent maps showing the proposed Intervention Areas, following the close of the assessment and evaluation period.
Complete public consultation for Project Gigabit.	31 January 2023		A one-month Public Review was launched 5 June 2023. Date for completion had to be extended into the 2023-24 financial year given the delay to the Open Market Review phase outlined above.
Prepare Outline Business Case in advance of launch of Invitation to Tender for Project Gigabit.	31 March 2023		Technical and financial expertise has been acquired, but date for completion has had to be extended into the 2023-24 financial year given the delay to the Open Market Review phase outlined above and knock on effects.

Strategic Priority 6 – Protecting Workers' Rights

ACTIVITIES	TARGET DATE	RAG STAUS	EXPLANATION OF AMBER/RED RAG STATUS
Develop policy to support the introduction of domestic abuse safe leave.	31 March 2023		Work to address the complexities of the new policy will continue into the next business planning year so that policy options can be provided to Ministers, when in post.
Develop and launch consultation on options for introducing miscarriage leave and pay.	31 March 2023		
Engage on options for modernising the employment relations framework to support a 10x economy.	31 March 2023		Project management structures have been established and benchmarking of employment law developments in other regions has been undertaken. Work to develop policy options is ongoing, however officials have had to divert resource to assess the implications of the Retained EU Law Bill on the employment law framework as this work is timebound and time critical

Strategic Priority 7 – Organisational Development & Transformation Programme

ACTIVITIES	TARGET DATE	RAG STAUS	EXPLANATION OF AMBER/RED RAG STATUS
Complete Tranche 1 Programme deliverables, including: final recommendations for improved arrangements with partner organisations; final recommendations for improvements to policy development; design of Senior Civil Service Development Programme; and development and launch of a Departmental Culture Charter.	30 September 2022		
Complete Tranche 2 Programme deliverables, including: Departmental Learning and Development Strategy and Action Plan; Strategic Workforce Management Framework; delivery of a bespoke recruitment competition; and a review of the Department's Operating model, including priority business processes.	31 March 2023		

Key Performance Measures

The following indicators are measures of Northern Ireland's economic performance against our Strategic Priorities as outlined in the DfE Business Plan 2022-23. While data for the 2022-23 period is not yet available for many of these indicators, the most recent performance data available is presented in the tables below.

Strategic Priority 1 – Enabling 10x

Indicator	Description	Performance
Economic growth	Annual growth of economic output, as measured by the NI Composite Economic Index (NICEI).	From Q4 2021 to Q4 2022, economic activity increased by 1.3% on an annual basis, and by 3.0% on an annualised basis.
Innovation activity rate	The proportion of NI businesses engaging in innovation activity. 10x Contributing Objective for 2030: 55%	From 2018-2020, 38% of businesses engaged in innovation activity, a 6 percentage point (pps) increase from the 2016-2018 period.
Regional innovation ranking	Proportion of businesses engaging in innovation activity in NI compared with the 11 other UK regions.	As in the 2016-2018 period, NI remained 12th out of the 12 UK regions in 2018-2020.
Innovation accreditation	The number and proportion of NI businesses granted Innovation Recognition by Innovate NI. 10x Contributing Objective for 2030: Proportion of 10%	From the programme start (Q4 2019) to 23 March 2023, there were 1,277 Innovation Recognitions issued to unique businesses. This equates to around 1.6%* of total VAT/PAYE registered businesses in 2022. **This may represent an over-estimate of the proportion of the extant business population with innovation recognition, as some recognised firms may have ceased operations prior to 2022.*
Employment rate	The proportion of people aged 16-64 in NI who are employed.	In Q1 2023, the employment rate was 72%, representing an increase of 1.4pps over the year.
Labour productivity growth	Annual growth in output per hour.	In 2020, output per hour increased by 1.2%.
Research & Development (R&D) - performing companies	The number of companies performing research & development in NI 10x Contributing Objective for 2030: +450 from 2020 baseline	In 2021, there were 1,709 R&D performing companies in NI, an increase of 25 (1.5%) from 2020.

Indicator	Description	Performance
R&D expenditure	Total expenditure on research and development. 10x Objective for 2030: +55% from 2020 baseline	Total expenditure on R&D in NI in cash terms was £1,126.2 million in 2021, an increase 10.3% from 2020 (10.1% in real terms). In cash terms, Business R&D spend increased by 13.6%, Higher Education R&D spend increased by 1.0% and Government R&D spend decreased by 8.3%.
Business births and deaths	The number of newly registered (and de-registered) businesses.	Over the year to December 2021, there were 6,655 business births in NI, an increase of 17.4% on the previous year. This gives a 'business birth rate' of 10.3%, an increase of 1.2pps from the previous year and the highest rate since 2017. Over the same period, there were 5,200 business deaths, an increase of 24.6% on the previous year. This gives a 'business death rate' of 8.0%, an increase of 1.3pps over the year and 1.1pps below the series high in 2012.
High Growth Firms	The number of NI business experiencing an annualised 20% or more growth in either employment or turnover over a 3-year period compared to a baseline year.	In the 2019-22 period, the number of High Growth businesses employing 10 or more people was 925, an increase of around 21% from the 2018-19 period. The number of High Growth microbusinesses (employing less than 10 people) was 13,060, an increase of around 19% from the 2018-19 period.
Exports	The value of sales by NI businesses to countries outside of the UK.	Exports of goods and services were estimated to be worth £12.1 billion in 2021, representing an increase of 16% over the year.
Gross Disposable Household Income (GDHI) per head	GDHI per head of NI population. 10x Objective: GDHI above the Small Advanced Economy (SAE)* average **16 countries/regions were selected for analysis based on the comparability of their economies to that of NI.*	In 2020, GDHI per head was £17,301, a decrease of 0.5% from the previous year. This was around 15% below the SAE average.

Indicator	Description	Performance
Gini Coefficient	A measure of income inequality ranging from 0 to 1, where 0 equals complete equality and 1 equals complete inequality. 10x Objective: Maintain NI Gini Coefficient among top performing SAEs.	The NI Gini Coefficient was 0.28 in 2020. In 2018, NI had a Gini Coefficient of 0.26 in comparison to the SAE average of 0.29, ranking 4th best (most equal) out of the 17 SAEs.
Disability employment gap	The difference in employment rate between people (aged 16 to 64) with and without disabilities in NI. 10x Contributing Objective: 0 percentage points.	In 2020, the employment rate for people with disabilities was 38.1%, while the rate for people without disabilities was 80.3% - a gap of 42.2pps. Between 2014 and 2020, the gap has ranged between 41.3pps and 45.5pps. Since 2014, NI has had the highest disability employment gap of the 4 UK nations (27.9pps in the UK overall in 2020).
Gender employment gap	The difference in employment rate between men and women (aged 16 to 64). 10x Contributing Objective: 0 percentage points.	In Q1 2023, the female employment rate was 68.5%, in comparison to 75.6% for males – a gap of 7.1pps. This represents a decrease in the gap from Q1 2022 (7.5pps).
Deprivation employment gap	The difference in employment rate (aged 16 to 64) between the most and least deprived quintile (20%) of the population. 10x Contributing Objective: 0 percentage points.	In 2021, the most deprived quintile had an employment rate of 56.1%, compared to a rate of 77.6% in the least deprived quintile – a gap of 21.5pps.
Career progression opportunities gap	The difference in proportions of NI employees reporting opportunities for career progression between sexes and age groups.	In the year to June 2022, 61.6% of male employees reported career progression opportunities, compared to 54.1% of female employees – a gap of 7.5pps, down from 9.4pps in the previous year. 63.8% of employees aged 18-39 reported career progression opportunities, compared to 52.2% of those aged 40 and above – a gap of 11.5pps, down from 16.2 pps in the previous year.

Strategic Priority 2 – The Skills Agenda

Indicator	Description	Performance
Working age population qualified to and above Level 3	Proportion of the population aged 16 to 64 qualified to Level 3 (>1 A-level). Strategic Goal 3 (Skills Strategy) and 10x Contributing Objective for 2029/30: 70-75%	57.2% of the working age population in 2020 were qualified to Level 3 and above, a 1.6 percentage point (pps) increase from 2019. This change was driven by an increase in those with Level 6+ qualifications (first or higher degrees), which was 30.7% of working age population in 2020 (+2.2pps from 2019).
Working age population qualified to and above Level 2	Proportion of the population aged 16 to 64 qualified to and above Level 2 (≥5 GCSEs grade A*-C). Strategic Goal 2 (Skills Strategy) for 2029/30: 85-90%	77.3% of the working age population in 2020 were qualified to Level 2 and above, a 1.4pps increase from 2019. As with the above indicator, this change was driven by the increase in those qualified to Level 6+.
Working age population qualified below Level 2	Proportion of the population aged 16 to 64 with qualifications below Level 2 (<5 GCSEs grade A*-C).	9.7% of the working age population in 2020 had highest qualifications below Level 2, a decrease of 0.3pps from 2019.
Working age population with no qualifications	Proportion of the population aged 16 to 64 with no qualifications.	13.0% of the working age population in 2020 had no qualifications, a decrease of 1.1pps from 2019.
Lifelong learning rate	The proportion of the population aged 25 to 64 participating in education or training.	The NI lifelong learning rate was 18.2% in 2020, a decrease of 2.1pps from 2019. The NI rate has consistently been below that of the UK, which was 25.3% in 2020.
Not in Education Employment or Training (NEET)	The estimated number and proportion of young people (16- to 24-year-olds) not in education, employment or training.	The estimated number of young people NEET in Q4 2022 was 18,000, representing an annual decrease of 4,000. The NEET rate was 9.0% in Q4 2022, representing an annual decrease of 2.2pps.
Students enrolled on regulated courses at Level 2 or above by Further Education (FE) colleges	The proportion of regulated enrolments at Further Education colleges at Level 2 or above (≥5 GCSEs grade A*-C).	In Annual Year (AY) 2018/19, 78.6% of regulated enrolments were at Level 2 or above, an increase of 0.3pps from 2014/15.
Students enrolled on Higher Education (HE) courses by FE colleges	The number of Higher Education enrolments at Further Education colleges.	There were 10,704 HE enrolments at FE colleges in AY 2018/2019, a decrease of 9.7% from 2017/18.

Indicator	Description	Performance
Success rate at FE colleges	The proportion of students at Further Education colleges staying on their course and achieving a qualification.	The success rate was 77.3% in AY 2018/19, a decrease of 2.1pps from 2014/15.
ApprenticeshipsNI participant starts	The number of ApprenticeshipsNI participants starting at all levels and the proportions of participants by Level.	In AY 2021-22, 6,729 participants joined the programme, an increase of around 17% on the previous year*. The proportion of participants entering at Level 3 was 38%, the lowest on record. The proportion entering at entering at Level 2 was 57%, the highest on record. **Covid-19 may have affected the number of starts, with fewer potential participants having the opportunity to join a programme. Other participants may have joined an ApprenticeshipsNI programme later than they had originally anticipated.*
ApprenticeshipsNI participant achievement rate	The proportion of Level 2, Level 2/3 and Level 3 ApprenticeshipsNI participants achieving the respective Frameworks. ApprenticeshipsNI 2017 KPI Target for Financial Year (FY) 2018/19 – 2021-22: 55%	In FY 2021-22, 73% of Level 2 participants achieved Level 2 Framework, an increase of 8pps from the previous year. In FY 2021-22, 67% of Level 2/3 and Level 3 participants achieved Level 3 Framework, an increase of 8pps from the previous year.
Higher Level Apprenticeships (HLA) participant starts	The number of Higher Level Apprenticeship participants starting a course.	In AY 2021-22, there were 609 starts on HLA programmes, an increase of 47.5% on the previous year*. **This follows a decrease in AY 2020/21 which may be attributable to the effect of Covid-19.*
HLA participant success rate	The proportion of final-year-completed Higher Level Apprenticeships participants who achieve a qualification.	In AY 2021-22, there was an 89.8% achievement rate, a decrease of 1.3pps from the previous year.
NI-domiciled UK Higher Education Institutions (HEI) enrolments	The number of NI domiciled students enrolled at UK Higher Education Institutions and the proportion enrolled in NI.	In AY 2021-22, 66,100 NI students were enrolled at UK HEIs, a net increase of 1% on the previous year. 75% of NI domiciled students were enrolled at NI HEIs.
NI HEI enrolments	The number of students enrolled in NI HEIs.	In AY 2021-22, 69,595 students were enrolled at NI HEIs, a net increase of 5% from the previous year.

Indicator	Description	Performance
Narrow Science, Technology, Engineering & Mathematics (STEM) enrolments at NI HEIs	The proportion of students enrolled at NI HEIs studying Narrow STEM subjects.	In AY 2021-22, 23% of students enrolled in NI HEIs were studying Narrow STEM subjects, a decrease of 2pps from the previous year.
Graduates qualifying from NI HEIs with an economically relevant STEM qualification	The number and proportion of students graduating from NI Higher Education Institutions with Narrow STEM qualifications. Strategic Goal 1 (Skills Strategy) and 10x Contributing Objective for 2029/30: Proportion of 27%	4,775 students in AY 2020-21 graduated with Narrow STEM qualifications, an increase of 28% relative to the previous year. This accounted for 23% of total qualifiers in 2020/21, the same proportion as the previous year.

Strategic Priority 3 – The Energy Strategy

Indicator	Description	Performance
Employment in the low carbon and renewable energy economy (LCREE)	Full time equivalent (FTE) employment in the NI low carbon and renewable energy economy.	In 2021, FTE employment in the LCREE was estimated to be between 2,500 and 11,000, with a central estimate of 6,700. Based on Confidence Intervals, there has been no statistically significant change in FTE employment between 2015 and 2021.
Turnover in the low carbon and renewable energy economy (LCREE)	Business turnover in the NI low carbon and renewable energy economy. Energy Strategy Target and 10x Contributing Objective for 2030: Double the size of our low carbon and renewable energy economy to more than £2bn turnover.	In 2021, turnover in the LCREE was estimated to be between £1.0 billion and £2.1 billion, with a central estimate of £1.5 billion. Based on Confidence Intervals, there has been no statistically significant change in turnover between 2015 and 2021.
Proportion of electricity consumed from renewable sources	Percentage of electricity consumption generated from renewable sources. Climate Change Act (Northern Ireland) 2022, Section 15: The Department for the Economy must ensure that at least 80% of electricity consumption is from renewable sources by 2030.	In the year to March 2023, 48.5% of total electricity consumption in NI was generated from renewable sources located in NI. This represents an increase of 4.6pps on the previous 12 month period (April 2021 to March 2022).
Greenhouse gas emissions from energy-related sectors	Greenhouse gas emissions (measured in million tonnes of carbon dioxide and equivalent [MtCO2e]) from energy-related sectors for NI.	In the calendar year 2020, energy related greenhouse gas emissions equalled 12.2 $MtCO_2e$. Greenhouse gas emission reduced by 7% on the previous year's estimates and 30% since 1990.

Indicator	Description	Performance
Household energy expenditure relative to all expenditure	NI average weekly household energy expenditure as a proportion of all average weekly household expenditure, transfers and savings.	Average weekly household energy expenditure as a proportion of all weekly household expenditure, transfers and savings equalled 11% in the Financial Years Ending (FYE) 2019/20 and 2020/21. Based on Confidence Intervals, there has been no statistically significant change in the average weekly household energy expenditure as a proportion of all weekly household expenditure, transfers and savings between FYE 2012/13 to 2020/21.
Business energy purchases relative to turnover	Business energy purchases as a proportion of business turnover in NI.	In the calendar years 2019, 2020 and 2021, business energy purchases relative to turnover was 3% compared to 2% in the years 2016 to 2018.
Households in fuel poverty	Households are defined as being in fuel poverty if it is required to spend in excess of 10% of its household income on all fuel use. Fuel poverty estimates for 2019 modelled using 2016 NI House Condition Survey data.	The estimated number of fuel poor households in 2019 was 179,000 (24%), an increase of 2 percentage points since 2016.
Relative electricity & gas prices	Energy prices from retail energy market in NI.	In Semester 2 2022 (July - December) energy prices (p/kWh) for consumers in NI *; Domestic Electricity – 26.60 (+38%) Gas - 10.10 (+120%) Industrial & Commercial Electricity Very Small – 35.30 (+53%) Small – 31.20 (+51%) Small/Medium – 28.40 (+52%) Medium – 25.20 (+58%) Large/Very Large – 22.40 (+39%) **Price change from previous semester 2 (July – December 2021) and noted in brackets*

Strategic Priority 4 – City Deals

Strategic Priority 4 (City Deals) is omitted as relevant indicators are reflected in Strategic Priority 1 (Enabling 10x).

Strategic Priority 5 – Broadband Investment

Indicator	Description	Performance
Proportion of premises with access to superfast broadband	Proportion of premises in NI with access to broadband services at speeds at or above 30 Mbps	94% of premises had access to superfast broadband in 2022, an increase of 3pps from the previous year and joint-lowest of the four UK nations.

Strategic Priority 6 – Protecting Workers' Rights

There are no available economic indicators directly relevant to Strategic Priority 6.

Strategic Priority 7 – Organisational Development & Transformation Programme

There are no economic indicators directly relevant to Strategic Priority 7 as ODT is an internal DfE programme.

Link between Performance Indicators, Risk and Uncertainty

The above performance indicators are 'population level' indicators, relating to the population of Northern Ireland, and it must be acknowledged that the work of the Department is not the only influencing factor on their movements. A wide range of organisations – including other Departments, the Department's Partner Organisations, local Councils, and Voluntary and Community organisations – undertake important work to drive improvements in these areas.

These indicators can also be heavily influenced by wider external developments, risks and uncertainties, many of which lie largely outside of the Department's control, such as the continuing effects of the public health crisis and the cost of living crisis. Factors such as these will inevitably have a significant impact on a large number of these indicators when more up-to-date data is available. Significant risks to performance against these indicators are identified and, where possible, managed as part of the Department's risk management processes.

Information on Social Matters, Anti-Corruption and Anti-Bribery

Rural Needs

The Rural Needs (NI) Act 2016 introduced a new statutory duty on Northern Ireland departments, district councils and other specified public bodies to have due regard to rural needs when developing, adopting, implementing or revising policies, strategies and plans and when designing and delivering public services.

The Act became operational for government Departments and district councils from 1 June 2017 and covers two main duties. The first is a duty to have due regard to rural needs (referred to as the 'due regard duty') and the second relates to monitoring and reporting on how the due regard duty has been exercised. The latter duty requires that public authorities publish this information in their annual reports and provide a copy of this information to the Department of Agriculture, Environment and Rural Affairs (DAERA) on an annual basis.

The Department has due regard to rural needs when undertaking new or revised policies/ activities by subjecting them to rural needs impact assessments, in accordance with guidance issued by DAERA. Between 1 April 2022 and 31 March 2023, the following policies were subject to a rural needs impact assessment (RNIA).

Description of the activity undertaken by the public authority which is subject to section 1(1) of the Rural Needs Act (NI) 2016	The Rural policy area(s) which the activity relates to	Describe how the public authority has had due regard to rural needs when developing, adopting, implementing or reviewing the policy, strategy or plan or when designing or delivering the public service
Higher Education – Period Products (Free Provision) Act (Northern Ireland) 2022 – DfE Public Service Bodies Regulations	Education or Training in Rural Areas Poverty in Rural Areas	This policy will provide access to period products in the premises of specified public service bodies, regardless of where these premises are located. This policy will impact on the target audience (i.e. women and girls who menstruate) in rural areas to the same extent as it will impact on their non-rural counterparts.
Higher Education - Amendments to existing legislation through The Education (Student Support, etc.) (Amendment) (No.3) Regulations (Northern Ireland) 2022 to amend The Education (Student Support) (No.2) Regulations (Northern Ireland) 2009 (the Student Support Regulations) and the Student Fees (Amounts) Regulations (NI) 2005	Education or Training in Rural Areas	This impact assessment considered the amendments to the higher education student support package which will apply to all prospective eligible students undertaking eligible courses across NI, irrespective of location. In light of this it was not considered that individuals residing in rural areas would be more affected / impacted than those who reside in non-rural areas.
Strategic Policy Division - Draft Circular Economy Strategy (CES) for Northern Ireland	Rural Businesses Rural Tourism Jobs or Employment in Rural Areas Education or Training in Rural Areas Rural Housing Transport in Rural Areas Rural development	A public consultation was carried out over a period of 10 weeks on the draft CES. The draft CES is underpinned by robust evidence base. We undertook an extensive evidence programme over a period of two years working with a Circular Economy Coalition of stakeholders from industry/business groups, academia, central and local government, and the community and voluntary sector. We are also engaging with our Partner Organisations including Invest NI, Tourism NI and the Consumer Council. At this stage of developing the strategy, which is setting the high-level strategic direction, work has not been carried out to identify the social and economic needs of people in rural areas for specific policy areas. Rural needs will be assessed in full as part of individual policy/programme/project work as it develops as part of next steps delivery workstreams.
10x Economy: An Economic Vision for a Decade of Innovation	Rural Businesses Rural Tourism Jobs or Employment in Rural Areas Education or Training in Rural Areas	The 10x Performance Management Framework will provide a framework for lower-level policy making in the Department. Specific lower-level policy proposals are yet to be developed but it is intended that the ultimate outcome of the 10x Economic Vision will be to provide better economic, social and environmental outcomes to all individuals regardless of whether they are located in urban or rural areas. Policies and actions arising from the framework will be subject to Rural Impact Assessments.

Description of the activity undertaken by the public authority which is subject to section 1(1) of the Rural Needs Act (NI) 2016	The Rural policy area(s) which the activity relates to	Describe how the public authority has had due regard to rural needs when developing, adopting, implementing or reviewing the policy, strategy or plan or when designing or delivering the public service
Vocational Qualification Reform	Education or Training in Rural Areas	The review aims to streamline the vocational qualification suite/landscape for all potential students and businesses which are accessible in all mainstream and educational settings. In addition, the Further Education Colleges in Northern Ireland provide the majority of Vocational Qualifications and the different campuses cover the rural areas in Northern Ireland. There are no issues regarding the social and economic needs of people in rural areas being affected as a result of Vocational Qualification Reform. Mainstream Education, local training organisations and Further Education Colleges cover the rural aspects of people living in these areas. Learners have access to the more rural/local college campuses therefore negating the issue of rural impact, and it is not considered that individuals residing in rural areas will be more affected / impacted than those who reside in non-rural areas.
Review of Level 4 & 5 Provision and Higher Education (HE) in Further Education (FE)	Education or Training in Rural Areas	HE in FE provides students with more choice of study and helps to widen participation in higher education by providing local opportunities for those unable to travel to a university campus. HE in FE is also more likely to offer part-time, or courses suitable for those in employment and on day release, or with childcare responsibilities. Rural populations access can be adversely affected by their remoteness, lack of access to regular and frequent public transport services and costs of travel to complete a HE course. Northern Ireland's six colleges currently have relatively even distribution throughout the province with smaller additional campuses through their catchment area making them more regionally accessible, particularly for rural populations. Northern Ireland had less university provision per population density than elsewhere in the UK and therefore HE in FE clearly benefits the needs of the wider Northern Ireland population who do not live close to a university, including rural populations. This provision is important for those in rural areas, and the Review of Level 4 & 5 Provision and HE in FE is ultimately about seeking to bolster and reinforce HE in FE, ensuring it remains viable by addressing the causes for the decline in enrolments. A continued fall could render parts of HE in FE financially unsustainable if no action is taken which could lead to withdrawal of provision. The Department is undertaking this review to ensure HE in FE provision is sustainable long into the future and ensure that the growth and opportunities we create from 10x Economy Vision are fairly distributed throughout the urban and rural population. Ensuring that HE in FE remains viable will support rural populations and the skills obtained will address the shortage in level 4 & 5 as outlined by the skills barometer. It would be anticipated that rural access to HE will lead to more employment which would also benefit rural areas.

Description of the activity undertaken by the public authority which is subject to section 1(1) of the Rural Needs Act (NI) 2016	The Rural policy area(s) which the activity relates to	Describe how the public authority has had due regard to rural needs when developing, adopting, implementing or reviewing the policy, strategy or plan or when designing or delivering the public service
Amendment to the Further Education (Student Support) (Eligibility) Regulations (Northern Ireland) 2012 (the 2012 Regulations)	Education or Training in Rural Areas	The 2012 Regulations apply to Northern Ireland domiciled students and other qualifying persons undertaking designated further education courses. The Further Education (Student Support) (Amendment) Regulations (Northern Ireland) 2022 (the 2022 Regulations) amend the 2012 Regulations to include the introduction of new eligibility categories for those persons relocated to NI under: (i) the Afghan Relocations and Assistance Policy (ARAP) and the Afghan Citizens Resettlement (ACRS) Schemes; (ii) British nationals who relocated from Afghanistan under Operation Pitting; and (iii) under the Ukraine Family Scheme, Home for Ukraine Resettlement Scheme and the Ukraine Extension Scheme. The 2022 Regulations also make eligibility changes for Joining Family members and Late Applicants to the European Union Settlement Scheme (EUSS). The Rural Needs Impact Assessment (RNIA) did not identify any negative impact for those from rural communities.
Tourism NI - Prospective new Rural Tourism Capital Fund	Rural Tourism	Collaboration with DAERA to scope a new multi-million pound Rural Tourism Capital Fund and support on pre-development and market testing activity and to support objectives as part of the Rural Policy Framework.
Tourism Ireland - Tourism Ireland's new global campaign – 'Fill your heart with Ireland'	Rural Tourism Jobs or Employment in Rural Areas	Tourism Ireland was set up under the Belfast Agreement (1998) and is responsible for helping Northern Ireland to achieve its tourism potential. Tourism Ireland's new global campaign – 'Fill your heart with Ireland' – went live in key markets around the world in March 2023. Tourism Ireland's strategy to rebuild revenue from overseas holidaymakers to pre-pandemic levels includes targeting 'value-adding tourists' i.e. visitors who stay longer and spend more in our regions. Its promotional activity is focused on driving more business to the regions, ensuring the benefits of overseas tourism are distributed right around Northern Ireland. The new campaign is demonstrating how Northern Ireland and the island of Ireland fill the heart of celebrities, influencers and real-life holidaymakers to win share amongst a more affluent holidaymaker audience. While the key objective is revenue generation, regional messaging is also built in. One of the first ads features places like the Mussenden Temple, Dunluce Castle and the Giant's Causeway. The RNIA did not identify any negative impacts upon rural communities.
Tourism Ireland - Series of further Tourism Campaigns to focus on encouraging value-adding	Rural tourism	In addition to the main 'Fill your heart with Ireland' campaign, a series of supporting campaigns will have particular focus on encouraging value-adding tourism and will include regional messaging. These include campaigns around The Open at Royal

Description of the activity undertaken by the public authority which is subject to section 1(1) of the Rural Needs Act (NI) 2016	The Rural policy area(s) which the activity relates to	Describe how the public authority has had due regard to rural needs when developing, adopting, implementing or reviewing the policy, strategy or plan or when designing or delivering the public service
tourism and including regional messaging.	Jobs or Employment in Rural Areas	Portrush, Derry-Londonderry Halloween, luxury travel, as well as outdoor activities. This further supports Tourism Ireland's strategy to rebuild revenue from overseas holidaymakers to pre-pandemic levels includes targeting 'value-adding tourists'. The RNIA did not identify any negative impacts upon rural communities.
Tourism Ireland - Twinning Initiative involving overseas markets 'twinning' with specific regions or areas of Northern Ireland.	Rural tourism Jobs or Employment in Rural Areas	Tourism Ireland is continuing its 'twinning' initiative this year, which involves overseas markets 'twinning' with a specific region or area – placing a special focus on that area and helping to drive more business to our regions. Armagh and the Mournes are twinned with France; the Causeway Coastal Route is twinned with the United States; Derry-Londonderry is twinned with GB; and Fermanagh is twinned with Germany. This further supports Tourism Ireland's strategy to rebuild revenue from overseas holidaymakers to pre-pandemic levels includes targeting 'value-adding tourists'. The RNIA did not identify any negative impacts upon rural communities.
Tourism Ireland - International Programming Fund.	Rural tourism Jobs or Employment in Rural Areas	Tourism Ireland's International Programming Fund is supporting broadcasters to create long-form, engaging content. The fund will enable Tourism Ireland to dial up key messages about our regions; for example, images of the Mournes and the Glens of Antrim were beamed into millions of homes across Great Britain in summer 2022, when the latest series of Mountain Vets aired on BBC Two. The six-part series was supported by Tourism Ireland and followed teams based in four veterinary practices – Castle Vets in Castlewellan, Gleno Vets in the Glens of Antrim, Tullyraine Equine Clinic in Banbridge and the USPCA (Ulster Society for the Prevention of Cruelty to Animals). This further supports Tourism Ireland's strategy to rebuild revenue from overseas holidaymakers to pre-pandemic levels includes targeting 'value-adding tourists.' The RNIA did not identify any negative impacts upon rural communities.
Tourism Ireland - Programme of familiarisation visits for overseas media and travel trade.	Rural tourism Jobs or Employment in Rural Areas	Tourism Ireland's programme of familiarisation visits for overseas media and travel trade – undertaken in close partnership with Tourism NI – includes a major focus on our regions. The RNIA did not identify any negative impacts upon rural communities.
Tourism Ireland - Supporting Northern Ireland industry partners.	Rural tourism Jobs or Employment in Rural Areas	Tourism Ireland encourages and supports Northern Ireland industry partners – from right across Northern Ireland – to participate in our overseas marketing platforms, to grow their business from overseas. This further supports Tourism Ireland's strategy to rebuild revenue from overseas holidaymakers to pre-pandemic levels includes targeting 'value-adding tourists'. The RNIA did not identify any negative impacts upon rural communities.

Description of the activity undertaken by the public authority which is subject to section 1(1) of the Rural Needs Act (NI) 2016	The Rural policy area(s) which the activity relates to	Describe how the public authority has had due regard to rural needs when developing, adopting, implementing or reviewing the policy, strategy or plan or when designing or delivering the public service
Tourism Ireland - Digital and digital outdoor campaign with Lastminute.com.	Rural tourism Jobs or Employment in Rural Areas	Tourism Ireland's digital and digital outdoor campaign with Lastminute.com ran in Milan around St Patrick's Day 2023 – encouraging Milanese cyclists to come and discover our cycling routes in Northern Ireland, along the Causeway Coastal Route and in Co Down. The ads featured eye-catching images of the Giant's Causeway, Dark Hedges and Co Down. This further supports Tourism Ireland's strategy to rebuild revenue from overseas holidaymakers to pre-pandemic levels includes targeting 'value-adding tourists'. The RNIA did not identify any negative impacts upon rural communities.
Draft Offshore Renewable Energy Action Plan.	Rural Businesses Jobs or Employment in Rural Areas	The action plan sets out the steps for delivery of offshore wind in Northern Ireland which includes putting into place the relevant processes and policies to enable the deployment of offshore wind. At this stage in development the action plan is not likely to have any impacts on people. However, once progress has been made on the development of any subsequent policy, the Department for the Economy will work to identify the social and economic needs of people in rural areas.
Revocation of EU Guarantees of Origin (GoOs)	Energy in Rural Areas Jobs and Employment in Rural Areas	The Renewable Energy Guarantees of Origin (REGO) scheme provides transparency to consumers about the proportion of electricity that supplier's source from renewable generation. As of 1 January 2021, the EU no longer recognises UK Renewable Energy Guarantees of Origin (REGOs), however EU Guarantees of Origin (EU GoOs) continue to be tradeable within the UK. A consultation was undertaken to seek the views of stakeholders on how they envisage the revocation of EU GoOs and Combined Heat & Power GoOs will affect Northern Ireland. It is not envisaged that the revocation of EU GoOs will have an effect on the social needs of rural people in relation to local facilities; funding programmes; transport; education; mobile services; or accessing of services. The economic impact, if there is one, would be difficult to quantify. The industry has given EU GoOs a financial value and if the certificate price rises this may affect the cost of electricity to consumers. Stakeholders are being asked within the consultation on the potential effect on consumers.
Consultation on Design Considerations for the Renewable Electricity Support Scheme for Northern Ireland.	Energy in Rural Areas Jobs and Employment in Rural Areas	No support scheme design has been determined yet. As such it is not possible at this stage to fully predict how this policy will impact the needs of people in rural areas. Once responses to the consultation on design considerations for a renewable electricity support scheme have been received and analysed, and progress has been made on the development of

Description of the activity undertaken by the public authority which is subject to section 1(1) of the Rural Needs Act (NI) 2016	The Rural policy area(s) which the activity relates to	Describe how the public authority has had due regard to rural needs when developing, adopting, implementing or reviewing the policy, strategy or plan or when designing or delivering the public service
		this policy, the Department for the Economy will work to identify the social and economic needs of people in rural areas.
Consultation on the proposal to amend the Parental Bereavement (Leave and Pay) Regulations to include Miscarriage Leave and Pay Entitlement.	Jobs or Employment in Rural Areas	The proposal to amend the entitlement to statutory leave and pay under the Parental Bereavement (Leave and Pay) Regulations will impact equally upon those in rural and non-rural areas. The impact will not be adverse in nature but provide a minimum level of statutory rights and safeguards.
Energy One Stop Shop (OSS) Implementation – Consultation on Policy Options.	Rural businesses, rural housing, transport services or infrastructure in rural areas and poverty in rural areas	People in rural areas are more reliant on home heating oil, do not have access to natural gas, are more likely to be fuel poor, have less access to public transport and have poorer broadband connectivity. The social and economic needs relevant to the services that we propose the Energy OSS will provide the following: • Greater level of financial support; and, • Access to non-digital communication and engagement channels. Policy options for the Energy One Stop Shop have been developed to ensure the needs of consumers and businesses living and operating in rural areas are met. We have included below some of the draft Energy OSS objectives, guiding principles and scope that demonstrate our rural needs approach. In particular, we are proposing that the Energy OSS: • Provides tailored services - the One Stop Shop will meet the needs of individual consumer groups to ensure all consumers – domestic and non-domestic, rural, low income, etc, have access to the adequate type and level of information, advice and support that they need; • Delivers service in partnership with other bodies and organisations - The One Stop Shop will create partnerships with other organisations to ensure a presence across Northern Ireland, in particular rural areas, and to maximise the benefits to consumers of the information, advice and support network in Northern Ireland. • Domestic consumers with vulnerable characteristics, including rural consumers, are listed as one of the four groups that the Energy OSS will inform, advice and support; and, • The Energy One Stop Shop will have special regard to the needs of vulnerable consumers, in particular in terms of the communication channels offered and the type and level of support provided. The OSS will adopt a multi-channel consumer engagement and communication approach.

Description of the activity undertaken by the public authority which is subject to section 1(1) of the Rural Needs Act (NI) 2016	The Rural policy area(s) which the activity relates to	Describe how the public authority has had due regard to rural needs when developing, adopting, implementing or reviewing the policy, strategy or plan or when designing or delivering the public service
The Gas (Designation of Pipe-lines) Order (NI) 2022.	Energy in Rural Areas Jobs and Employment in Rural Areas	The Gas (Designation of Pipe-lines) Order (NI) 2022 legislation brought the Designation of a new 3km section of gas pipe-line connecting Kilroot Power Station, Carrickfergus ('EP Kilroot') to the existing natural gas network in NI for the purposes of the regulated common transmission tariff which is paid by all gas consumers in NI. Gas Policy considered how Postalisation policy supports the economic and efficient development of the natural gas industry in NI by adding the cost of constructing/maintaining gas transmission pipelines to a postalised pot which is recovered from all gas consumers in NI (both business and domestic) over an extended period through a regulated common transmission tariff within gas bills. A Rural Needs Assessment deemed that plans to designate the new gas transmission pipe-line at EP Kilroot for the purposes of the common tariff would not impact upon the needs of people in rural areas. This was because most gas consumers reside in urban areas where there are sufficient gas loads to make the provision of gas networks economically viable, and also the new pipe-line was not envisaged to lead to an increase in respect of the regulated common transmission tariff in gas bills.

Anti-corruption and Anti-bribery

The Department adheres to and promotes good practice guidance on anti-corruption and anti-bribery matters through a range of measures, many of which are covered in more detail in the Fraud and Error Analysis section below.

The Department's Gifts and Hospitality guidance is also a key control in place to mitigate against corruption and bribery. This guidance outlines the types of instances in which it is, and is not, appropriate for people to accept or offer gifts and hospitality as part of their official duties. All Divisions are required to maintain registers of gifts and hospitality which are regularly monitored.

The Department has guidance on Conflicts of Interest which requires people to declare any personal or business interests which may influence their judgement, or be perceived to, when performing their duties. The Department has an established procedure for identifying, declaring, managing, recording and publishing conflicts of interest. These arrangements act as a key control against the risk of corruption/bribery, perceived or real.

Human Rights and Statutory Equality Obligations

The Department is committed to respecting human rights primarily through compliance with Section 75 statutory equality obligations in the delivery of policy/programmes and the delivery of services. Our aim continues to be to ensure that the services we provide and the activities that we undertake have a positive impact on society. Our annual progress report for 2022-23 was sent to the Equality Commission at the start of September 2023.

Fraud and Error Analysis

During 2022-23, the Department's Fraud & Raising Concerns Branch was responsible for the co-ordination and management of all cases referred during the year. The Branch provides a professional advice and guidance function, maintaining accurate and secure records of all allegations and investigations and guiding or assisting with investigations where possible. The Departments policies and procedures for Fraud & Raising Concerns were updated in March 2023 to reflect current best practice. This has significantly improved the Department's oversight and control of all reported cases.

Fraud

The Department takes a zero tolerance approach to fraud. The Department's Fraud Policy and Fraud Response Plan detail the responsibilities and procedures for dealing with all reported cases of actual or suspected fraud. The documents are regularly reviewed and were last updated in March 2023. They are available to the public on the Department's website and internally on a dedicated section of the Department's intranet. Each reported case is assessed, referred to another authority if appropriate, thoroughly investigated and reported to the police as necessary. Appropriate action is taken to recover monies lost as a result of fraud perpetrated against the Department. All cases, progress and outcomes are reported quarterly to the Departmental Audit & Risk Assurance Committee.

At 01 April 2022, thirty-one ongoing fraud cases were brought forward from previous years.

During 2022-23, there were twenty-three cases of suspected fraud reported to the Department, ten of which were COVID-19 grant related, referred by a number of business areas. Of the remaining thirteen referrals: five were received from Invest NI; four from Further Education Colleges; two from Higher Education Colleges; two from other Partner Organisations (InterTradeIreland and the Labour Relations Agency). Appropriate actions have been taken on all cases reported.

A total of thirty-five cases were closed during 2022-23. Any recommendations made are being implemented and policies and procedures updated where necessary. In line with appropriate guidance, all cases of fraud during the year have been reported to DoF and NIAO. Nineteen cases were ongoing at 31 March 2023.

Raising Concerns

The Department's 'Raising Concerns Guidance' details the responsibilities and procedures for dealing with all reported concerns. During 2022-23, the Northern Ireland Civil Service Raising Concerns Policy Framework was published and the Department's documents were reviewed to incorporate any additional requirements. The documents are available to the public on the Department's website and internally on a dedicated section of the Department's intranet. The Department has a Speak-Up Champion, an important step in promoting a culture in which all our people and members of the public have the confidence to raise concerns openly, where all concerns are listened to and taken seriously, and those who speak up are protected. The annual People Survey includes questions on whether staff know where to find information, how to use it and raise concerns where needed. Wider departmental communication on the importance of reporting matters of concern takes place throughout each year to remind staff of key information.

Each reported case is assessed, referred to another authority if appropriate, and thoroughly investigated. Cases are reported to the police as necessary and all relevant action is taken. All cases, progress and outcomes are reported quarterly to the Departmental Audit & Risk Assurance Committee. The effectiveness of internal processes was continually monitored by the Department.

At 01 April 2022, there were eight open Raising Concerns cases, brought forward from previous years.

During 2022-23, the Department received thirteen raising concerns allegations. In total, eleven cases were actioned and closed during the year. Any recommendations made are being implemented and policies and procedures updated where necessary. Investigations into ten raising concerns allegations were ongoing at 31 March 2023.

Sustainability Reporting / Environmental Matters

Corporate Social Responsibility

DfE supports and promotes Employer Supported Volunteering (ESV) by engaging in Corporate Social Responsibility programmes, which enable people to volunteer for the benefit of the community, charities and the environment. Volunteering is undertaken freely and without concern for financial gain. It plays an important role in building strong and shared community, brings benefits to individuals and communities and contributes economically and socially to a more cohesive society. It also impacts on the delivery of many Government initiatives across a wide range of policy areas.

All practical volunteering was put on hold throughout 2020-21 and 2021-22. However, it was able to resume during the latter half of 2022-23 and two events were held. Those involved assisted with maintenance at a residential care home and provided help with a children’s charity’s Christmas gift appeal. Mobile volunteering through Volunteer Now has also resumed and the first event was held in Adelaide House on Tuesday 14 March 2023, which provided assistance with the preparation of goods to sell in Oxfam charity shops.

Energy Management

A part of the premises management role is to encourage conservation of energy when there are opportunities to do so. Energy audits are regularly conducted in main DfE buildings and any opportunities to upgrade systems and equipment with more energy efficient versions are explored.

The Department has taken steps to reduce energy use by installing Voltage Regulation equipment, motion sensing lighting, replacing external halogen and sodium external lighting with LED. Timer controls have also been installed and steps taken to remove supplementary electrical appliances such as heaters and desk lamps.

Recycling

The Department is a party to the NICS contracts for recycling office and domestic waste. This covers a range of plastics, paper, cans and batteries. We have taken steps to reduce non-recycled waste and encourage recycling such as the removal of individual bins.

The Department has been using 100% recycled paper for some twelve years. The Department has also been involved in the Single-use Plastic Reduction Plan for the Government Estate. This is a cross Departmental task force looking at procurement strategies, changing cultures and processes to reduce or remove single use plastics from all of our operations.

Reduction of emissions to mitigate climate change

The Department is working to reduce its building footprint by targeting older and less efficient buildings for disposal. Having already closed one major building in 2022-23, it intends to close two further locations in 2023-24 combining them into one more modern and sustainable building, with consequent reduction in emissions and environmental impacts.

Low / zero emission fleet

The Department uses a very small number of official vehicles. It recently replaced its official car with a petrol/hybrid vehicle. When the remaining vehicles reach the end of their service life the Department plans to replace with zero emission alternatives if available.

Water use reduction

All water services in place across the Department have been fitted with economising systems.

Sustainability in procurement

Departmental facilities are, in the main, provided through central NICS contracts which are closely monitored by Central Procurement Directorate to comply with all policies and guidance on sustainability, carbon reduction, plastic reduction, environmental issues, minimising waste and social responsibility.

BUDGETING FRAMEWORK

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

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

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

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

As DEL budgets are understood and controllable, Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive departments. In the event that no Executive is in place, then the Secretary of State for Northern Ireland may act to set the budget for the Northern Ireland departments.

DEL budgets are classified into Resource DEL and Capital DEL.

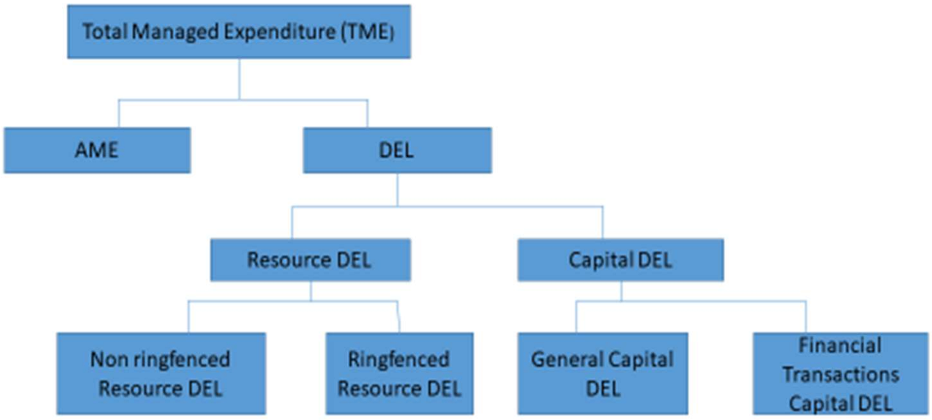
- Resource budgets are further split into non-ringfenced Resource DEL that pays for programme delivery and departmental running costs, and separately ringfenced Resource DEL that covers non-cash charges for depreciation and impairment of assets.
- Capital DEL is split into ‘financial transactions’ for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

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

Consolidated budgeting guidance 2022 to 2023 - GOV.UK (www.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 RoFP can be found on the Northern Ireland Assembly website.

BUDGET STRUCTURE



Outturn against Final Plan

	Final Plan 2022-23 £000	Final Outturn* 2022-23 £000	Underspend/ (Overspend) 2022-23 £000
Resource DEL	**1,396,351**	**863,486**	**532,865**
Including			
Non-ringfenced	782,304	780,939	1,365
Ringfenced D/I	614,047	82,547	531,500
Capital DEL	**244,571**	**223,686**	**20,885**
Including			
General Capital	242,760	221,879	20,881
FTC	1,811	1,807	4
Total DEL	**1,640,922**	**1,087,172**	**553,750**
AME	**129,650**	**(53,198)**	**182,848**
Including			
AME Resource	(206,037)	(348,182)	142,145
AME Capital	335,687	294,984	40,703
Total Managed Expenditure	**1,770,572**	**1,033,974**	**736,598**

**excludes non-voted Consolidated Fund Excess Receipts*

Explanations of the variances are as follows:

Resource DEL (£532.9 million)

Non-Ringfenced Resource (£1.3 million)
The £1.3 million Non-Ringfenced Resource DfE underspend mainly relates to the following specific ring-fenced areas:
- £0.5 million in the Northern Ireland Office's New Deal Overseas Trade and Investment initiative;
- £0.5 million in Invest NI Loan provision due to an additional repayment; and,
- £0.3 million underspend in funding for the NI Protocol due to vacancies.

Ringfenced Resource D/I (£531.5 million)
The £531.5 million underspend is mainly due to a £530.5 million underspend in the Notional Student Loan Subsidy. The amount of budget available to Northern Ireland for the Student Loan Subsidy is calculated through a Barnett consequential which given the considerably higher costs of student loans in England is often more than required.

Calculating student loan valuations, for either year end accounting purposes (Note 11) or to support the Estimates claim, is inherently difficult and different to commercial loan portfolios. Unlike commercial mortgage books (similar in duration) the student loan portfolios do not have stable monthly contract repayments allowing for easily modelled repayment profiles. Instead, student loan repayments are sensitive to economic conditions such as employment levels, RPI and salary growth; all of which drive expected repayments through the PAYE system. None of the year end valuation inputs are known to the Department to support either Estimates process (Mains or Supplementary).

In addition, the very large size of the student loan portfolio (£4.7 billion face value, Note11.1a) also presents challenges. Whilst the Department recognises student loans at fair value, annual costs such as impairment or capitalised interest are based on the face value balances. So even if the percentage movement in a valuation input is minimal, the size of the portfolio's face value means that the overall budgeting Estimate or accounting value can be very large, with the ability to drive large variances of Estimates to outturn. See Note 11.1b for more explanation on valuation model input sensitivities; and Note 11 records the annual movement in fair value. Consequently, the Department is prudent when it prepares its Supplementary Estimates claim for spending cover for student loan balances across all budget categories. Hence large year end Estimate to outturn variances are typically a product of over prudence and do not indicate a lack of control over the accounting values.

Capital DEL (£20.9 million)

The £20.9 million underspend in Capital DEL was mainly due to a delay in the implementation of a new energy programme. The £20 million underspend was not utilised by DfE as it was required to meet a wider Northern Ireland Civil Service Capital DEL pressure. As it was too late to reflect the change in the Spring Supplementary Estimate (SSE) position, an underspend was reflected in the DfE position and overspends reflected in other departments outturn.

AME (£182.9 million)

The AME variance includes:
- £129.3 million underspend in Student Loans following updates to RPI, and final outturn from the Student Loans Company;
- £23 million movements in provisions in Invest NI;
- £19.3 million in the Renewable Heat Incentive (RHI) Scheme. The NI funding allocation for the RHI Scheme is calculated on a population based share of the budget for the parallel GB RHI Scheme,

offset by a VAT abatement factor. RHI is demand led and the outturn for both schemes in 2022-23 amounted to £14.2 million from an allocation of £33.5 million. Due to ongoing legal challenges, it had been necessary to retain the full budget allocation until year end to minimise any risk to the NI block grant;

- £10.7 million movement in Invest NI Investments due to releases of a £3.2 million investment provision and a £7.5 million charge against investment and financial asset values;
- £2.5 million upward movement in pension scheme;
- £2 million Invest NI impairment and revaluations; and,
- £1.1 million in other immaterial movements.

Statement of Outturn against Assembly Supply (SOAS)

Estimates framework

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

Estimates performance

The Estimates for the year to 31 March 2023 are contained in the *Budget (No 2) Act (Northern Ireland) 2021* and the *Budget Act (Northern Ireland) 2022*. The related Bills and Department of Finance (DoF) publications containing detailed supporting information are available from The Stationery Office Limited – www.tso.co.uk. The Accounts for the year ending 31 March 2023 report against the Main Estimates and will be laid in the Assembly.

The table below summaries the Outturn and Estimates position for 2022-23:

Category of Expenditure		Estimate 2022-23	
Resource DEL	863,486	1,396,351	532,865
Capital DEL	223,686	244,571	20,885
Total DEL	**1,087,172**	**1,640,922**	**553,750**
Resource AME	(348,182)	(206,037)	142,145
Capital AME	294,984	335,687	40,703
Total AME	**(53,198)**	**129,650**	**182,848**
Total Non-Budget Expenditure	2,048	2,079	31
Total Voted Managed Expenditure	**1,036,022**	**1,772,651**	**736,629**

**excludes non-voted Consolidated Fund Excess Receipts*

In summary, the main reasons for the variances between Outturn and the Estimates are:

Departmental Expenditure Limit (DEL) – Resource DEL savings relate mainly to the Student Loan Subsidy underspend which is ring-fenced and cannot be utilised within the Northern Ireland Civil Service (NICS). The amount of budget available to Northern Ireland for the Student Loan Subsidy is calculated through a Barnett consequential which given the considerably higher costs of student loans in England is often more than required.

Annually Managed Expenditure (AME) – the most significant variance relates to Student Loans fair value adjustments reflecting unused budget cover set aside for the volatility of the student loan book impairment (which is still applied for budgetary purposes but not for accounting). The movement in impairment is dependent on the year end student loan carrying value, which itself is dependent upon the Office for Budget Responsibility's (OBR's) macroeconomic forecasts, including earnings, RPI and the Bank of England base rate. All these year end valuation inputs are published after the Main Estimates are finalised.

Accounts framework

The Annual Report and Accounts ('the Accounts') provides a comprehensive view of the Department's financial position and performance. The requirement for all NICS departments to produce Accounts is set out in Legislation (Government Resources and Accounts Act (Northern Ireland) 2001), and every year departments must prepare a set of Accounts, audited by the Northern Ireland Audit Office (NIAO) and laid in the Assembly. The Accounts are prepared in accordance with the Government Financial Reporting Manual (FReM) and in line with International Financial Reporting Standards.

Net Resource Outturn

SOAS 1 reflects the analysis of Net Resource Outturn by function. This shows outturn by budget category within the DEL, AME and Non-Budget. Resource and Capital Outturn for 2022-23 was £1,031 million including CFERs against an allocation of £1,773 million in the Main Estimates (ME).

The difference of £742 million arose mainly in respect of:

- Student Loan fair value adjustments - the ring-fenced non-cash outturn of £660.4 million (£531 million DEL and £129.4 million AME) lower than the Estimate. The movement in impairment is dependent on the year end student loan carrying value, which itself is dependent upon the OBR's macroeconomic forecasts, including earnings, RPI and the Bank of England base rate. All of these year-end valuation inputs are published after Supplementary Estimates are finalised therefore the Department is prudent when setting the budget;
- Energy Capital DEL spend was underspent by £20.4 million due a delay in the implementation of a new energy capital programme, this underspend was not utilised as it was used to meet capital pressures in the wider Northern Ireland Civil Service. As it was too late to reflect the change in the Spring Supplementary Estimate (SSE) position, an underspend was reflected in the DfE position and overspends reflected in other departments outturn;
- £33.2 million movements in provision, investments and revaluations; and
- £19.3 million in RHI.

Year on Year Resource Outturn

The trend analysis shown on pages 43 to 46 provides an overview of the expenditure between 2018-19 and 2022-23 with detail included at Annex A.

Total Outturn including non-voted spend for 2022-23 was £1,031 million, compared to £1,118 million in 2021-22, which represents a decrease of £87 million or 7.8%. This can be summarised as in the following page:

	Outturn 2022-23 £000	Outturn 2021-22 £000	Movement £000	Movement %
DEL	1,082,126	1,078,880	3,246	0.3
AME	(53,198)	28,420	(81,618)	(287.2)
Non-Budget	2,048	10,826	(8,778)	(81.1)
Total	**1,030,976**	**1,118,126**	**(87,150)**	**(7.8)**

As this is the first year accounts have been prepared under RoFP, Outturn 2021-22 has been updated to reflect the new format. The movement in DEL is comparable, AME movement is due to movement in Student Loans and Non-Budget movement is due to Notional in prior year being included in Non-budget however in the current year this is excluded. The variance analysis for the budget above provides a more meaningful description of in year movements.

Reconciliation of Net Resource Outturn to Net Operating Expenditure

SOAS 2 shows the reconciliation of Net Resource Outturn to Net Operating Expenditure. Reconciling items include Capital Grants of £190.2 million. Within the Net Operating Expenditure are Capital Consolidated Fund Extra Receipts £4 million, £0.2 million for Foreign Exchange (unrealised) movements, a result of the translation of year end balances, and Non-Supply expenditure £5.9 million relating to Redundancy funds.

Statement of Financial Position

Student Loans increased by £512 million to £3,912 million. Student Loan movements this year have included the continued growth in the size of the student loan book, with a further £345 million loans issued during the year offset against repayments (£169 million) and fair value adjustments.

Property Plant and Equipment rose by £166.5 million to £941.3 million as at 31 March 2023 due to £40 million of additions, the remainder of the increase is due to the implementation of IFRS16 Leases.

Financial Asset Investments increased by £9.6 million to £52.3 million reflecting a repayment made by Presbyterian Mutual Society offset against interest charged and increases in investments in ordinary shares.

Receivables decreased by £29.6 million to £120.4 million. Amounts receivable from the EU fell as spend in 2022-23 tapered off as the EU programmes draw to a close, the remainder is timing difference in receipt of payments.

Payables decreased by £99.0 million to £236.4 million at 31 March 2023. Payables fell due the to the timing of payments at the year end.

Pension liability decreased by £129.6 million to £24.5 million due the actuarial valuation increasing because of the higher interest rates.

Significant Accounting Judgements

Student loans

The Statement of Financial Position is dominated by the value of the student loan book. The carrying value of the loan book is based on anticipated future repayments measured at today's rates.

Student loans are held at fair value through the profit and loss account (FVPL). This involves the value of the loans issued being discounted to net present value using the effective interest rate method. The effective interest rate for student loans is based on the HM Treasury (HMT) discount rate. In 2022-23, the discount rate used was RPI plus -1.3% (previously RPI plus -1.1%) in line with the Government's long term cost of borrowing.

The face value of the loan book has increased since last year mainly following the issue of £345 million of new loans in 2022-23. However, the valuation is impacted by a number of macroeconomic assumptions used in our modelling that are reviewed annually. The major risk to student loan repayments arises when there is an economic downturn and a reduction in growth. Where there is a negative impact on earnings growth, the risk is that graduate earnings may not reach the levels predicted when student loans were issued. This can lengthen the time period before borrowers trigger repayment criteria and extend the length of time it can take to repay loans, both of which impact on the carrying value of the loans in the accounts. It can also lead to an increase in future credit losses as it increases the likelihood that some graduates may not repay their loans in full by the end of the loan period.

The risk of the Government not recovering the real value of student loans issued is further exacerbated when the Bank of England base rate is low and the rate of inflation is comparatively high, because the base rate cap comes into operation. The cap arises because students are charged interest equivalent to the rate of inflation, or the Bank of England base rate plus 1%, whichever is the lower. As such, when the base rate cap is in operation, interest on loans is charged at a lower rate than inflation. Details of the fair value of the loan book in this financial year are set out in Note 11 to the Accounts.

In 2022-23, the conditions arising as a result of the COVID-19 pandemic and global events have continued to increase the above-mentioned risks in terms of economic conditions, negative impact on earnings and the movements in the Bank of England interest rate. Note 11 to these accounts sets out sensitivity analysis in terms of the potential impact of such conditions on the carrying value of the loan book.

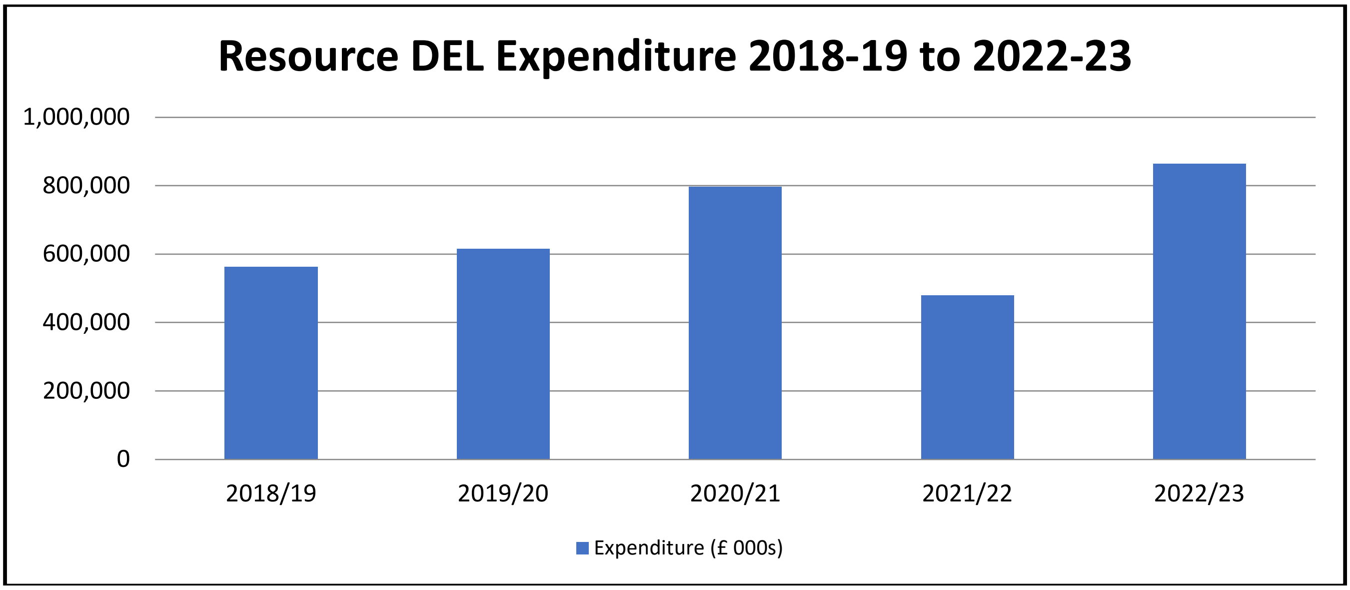
Nationally, Government is continuing to assess how best to manage its holding of current and future loans, including the potential to realise value for the taxpayer from sales of its portfolio. These accounts present the student loans portfolio valued on the basis that they will continue to be held by the Department until such time as a decision to sell the assets has been made. This is consistent with prior years and reflects the requirements of the Government Financial Reporting Manual. The Department has opted out of previous loan sales and would have the option of doing so again.

Long Term Expenditure Trends

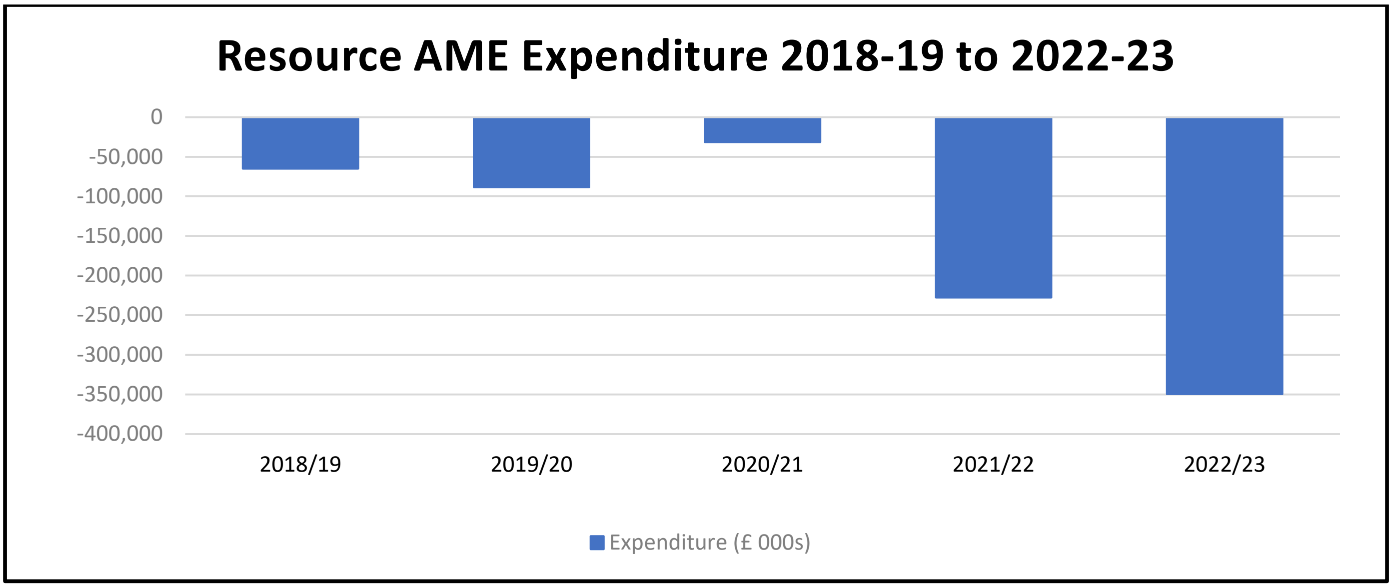
As this is the first year of RoFP, the historic figures set out in the trend analysis exclude ALBs, whereas the current year figures include the ALBs, therefore both sets of figures are not directly comparable. It has not been possible to reconstruct the historic figures in the same format to have a direct comparison for both years. Next year both sets of figures will be stated on the same basis and therefore will be comparable.

Total Departmental Spend

Total Departmental spend comprises Resource DEL and Resource AME allocations, together with Capital DEL and Capital AME allocations. The following charts show the expenditure trends arising over the last four years. The underlying data can be found in Table 1 and 2 in Annex A.

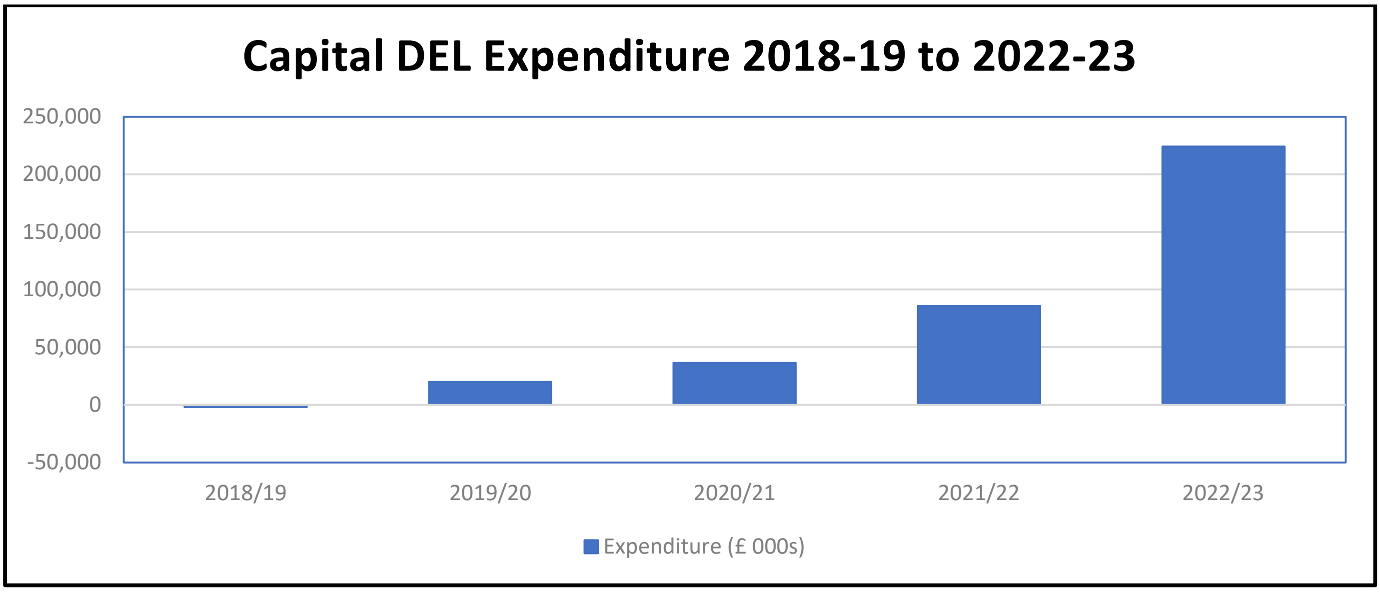


The most significant variation in Resource DEL in recent years has arisen in respect of variations in non-cash student loan book related impairments. The movement in impairments is dependent on the OBR's macroeconomic forecasts, including earnings, RPI and the Bank of England base rate. 2022-23 reflects the change in the HMT discount rate from RPI plus -1.1% to RPI plus -1.3%. In 2020-21, there had been an increase due to COVID-19 Schemes and initiatives to kick start the economy, 2021-22 includes the Economic Recovery Action Plan initiatives, the most significant of which was the High Street Stimulus Scheme. In 2022-23 the increase is due to under RoFP, ALB's spend is now included in Resource DEL.

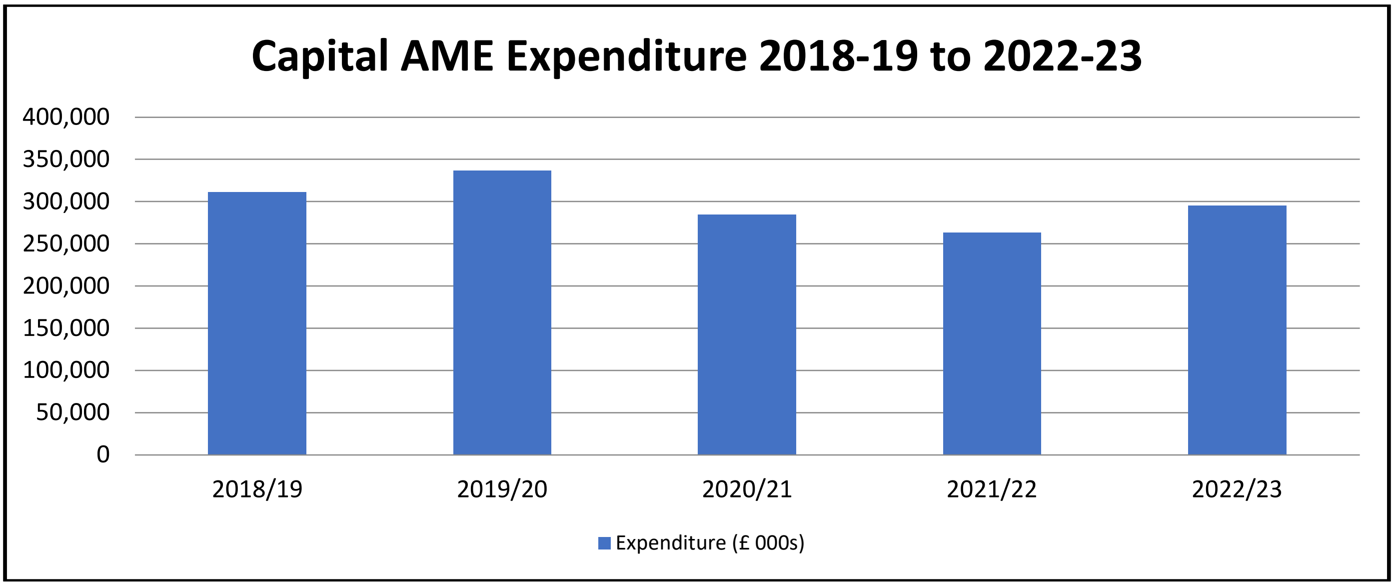


Over the period, Resource AME was impacted by movements in:

- Fair Value adjustments on student loans, directly related to the movements in RPI – in 2022-23 this was significantly impacted by the change in the HMT discount rate which accounts for the majority of the movement on last year;
- Provision for liabilities in respect of Harland & Wolff, based on actuarial advice; and,
- Tariffs/cost structures applicable to the RHI scheme.



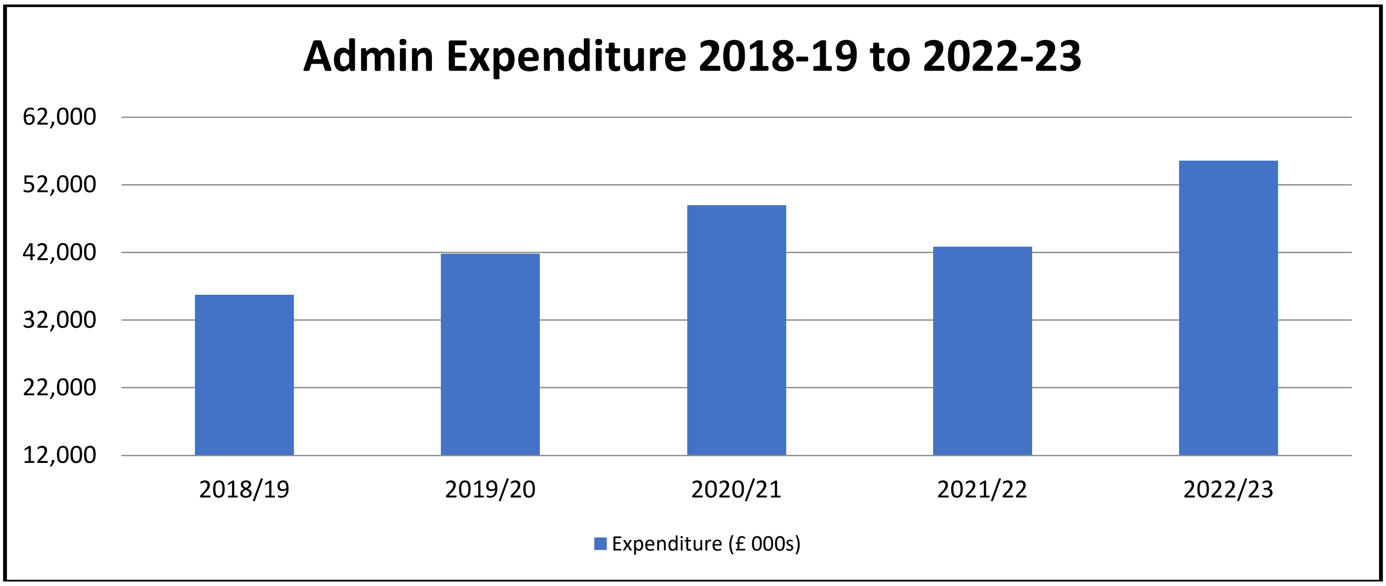
Capital DEL spend mainly comprises capital grants to the Higher Education sector, which includes the Greater Belfast project in 2020-21, repayments in respect of the loan to Presbyterian Mutual Society, and capital grant funding, Project Stratum and (2021-22 only) includes the cost of securing the position of HMS Caroline. In 2022-23 the Consolidated Capital DEL spend rose as a result of implementation of ESA10 allowing Research & Development costs to be capitalised, the spend also includes capital grants to the Further Education sector and Project Stratum.



Capital AME reflects issues and repayments in respect of student loans together with interest capitalised/ added to the loan book by the Student Loans Company. 2019-20 included effectively two years capitalised interest added to the loan book due to a data project in association with HMT (Note 11). New loans issued are proportionately greater than repayments received, reflecting the ongoing increasing value of the loan book.

Departmental Administration Spend

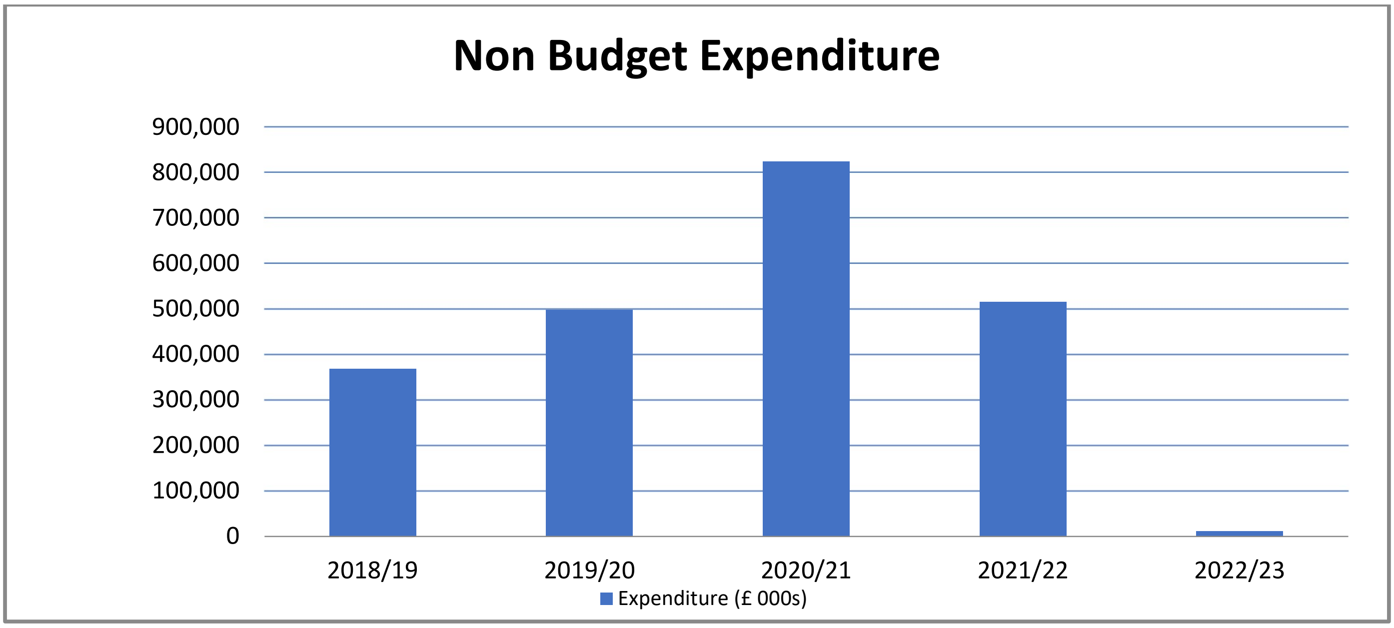
The following table shows the trend in Departmental Administration spend arising over the last four years. The underlying data can be found in Table 3 in Annex A.



Administration spend had increased as a result of the outworking of leaving the EU, economic recovery and increases in employer pension contribution costs.

Non-Budget Spend

The following chart shows the Non-Budget expenditure trends arising over the last four years. The underlying data can be found in Table 4 in Annex A.



From 2018-19 to 2021-22 Non-Budget Spend mainly reflected movements in respect of Grant in Aid to Non-Departmental Public Bodies (NDPBs) and varied according to their cash requirements. However, in 2022-23 under RoFP teachers' premature retirement is the only item included in Non-Budget spend.

Future Developments

Looking ahead, DfE will continue to work towards its new economic vision 10x Economy, a new Economic Vision for a Decade of Innovation.

The economic vision sets out the path for economic growth over the next decade. The long-term ambition is for Northern Ireland to transform our economy to bring benefits and opportunities to all our people. The aim will be for economic growth to mean something to all people and places in Northern Ireland, with a positive impact on wider societal and environmental wellbeing.

Policies and interventions will be focused on delivering an economy which is innovative, inclusive and sustainable. These three pillars form the basis of the 10x Delivery Plan.

Whilst delivery of each of these 10x pillars are led by workstreams within DfE, it is important to note that each requires collaborative working across the whole of the Department and its Partner Organisations.

Along with our Partner Organisations, the Department will also continue to carry out a wide range of crucial business as usual work. Some examples of the Department's normal recurring business activities which will be progressed during the year ahead include:

- Leading on economic policy and strategy, working with delivery partners such as Invest NI on the programmes and projects that support business development and investment and job creation;
- Continuing to support Further Education Colleges in taking a pivotal role in generating a strong and vibrant economy through the development of world class professional and technical skills, increasingly at higher levels and by helping employers to innovate and by providing those with low or no qualifications, or who have other barriers to learning, with the skills and qualifications needed to find employment and become economically active;
- Supporting higher education institutions in their provision of higher level skills, effecting a positive contribution to the labour market to contribute to economic recovery and improved social well-being;
- Supporting higher education institutions to fulfil their key missions of research and knowledge exchange, to maximise their achievement of excellent research and its translation into economic and societal impact;
- Delivering Apprenticeship programmes supporting youth employment and improving the NI skills base, by expanding provision, widening access and improving the economic relevance through working with employers to develop pathways, qualifications & curriculum;
- Continuing to deliver and introduce reformed vocational education programmes, Youth Training and Youth Inclusion programmes providing access to vocational education training and employability skills aimed at reducing the number of young people not in employment, education or training;
- Championing economic, social and personal development by providing relevant high quality learning, research and skills;
- Continuing to support the tourism sector in NI working with delivery partners Tourism NI and Tourism Ireland to maximise visitor numbers and associated revenue spend for the benefit of the NI economy and to support job creation;
- Supporting cross-border and all island trade and innovation through the activities of InterTradeIreland;
- Continuing to support NI Screen to maximise screen industry expenditure in NI, and build the skills capacity and reputation of the local screen industry internationally;
- Setting the strategic direction for how the energy sector can contribute towards addressing climate change and supporting a green economic recovery;
- Providing regulatory services, including Health and Safety Executive NI, Trading Standards, Consumer Council and Insolvency Service as well as labour market services including Labour Relations Agency, tribunals, employment law and redundancy payments;
- Continuing to deliver careers guidance and advice in line with strategic commitments; and,

- Maintaining and enhancing Northern Ireland’s domestic and international air connectivity.

To help ensure delivery and performance, the Department is committed to progressing its Organisational Development and Transformation Programme. The programme is designed to enable the Department to become the agile, refocused, cohesive organisation that will be needed to support the Northern Ireland economy over the next decade and beyond. The aim of this major change programme is to deliver longer-term benefits for DfE, its people and its stakeholders, which will ensure that the Department has the capacity and capability to deliver on Executive commitments and its economic vision in the future. Work is underway to ensure that the changes introduced by the Programme are embedded and sustained to deliver long-term benefits.

Despite all these efforts to enhance our performance and delivery there are, however, significant ongoing challenges ahead for the Department as a result of the continued lack of a functioning Executive and departmental ministers. While the Northern Ireland (Executive Formation etc) Act 2022 offers some mitigation, it can never fully replace the democratic deficit that exists.

Added to the political uncertainty, are the considerable difficulties that the budget presents as we progress through the next financial year. When comparing the Secretary of State’s budget to the Draft Budget 2022-25, DfE must deliver its services with £100 million less and, in addition, fund pressures of £30 million identified for 2023-24. Therefore, the Department’s overall Resource DEL spending power is reduced by £130 million, or 16%.

Managing a shortfall of this magnitude will undoubtedly impact the Department’s ability to deliver public services in 2023-24, including funding of further education and higher education, skills measures, and the activities of our Partner Organisations which deliver services and support for areas including economic development, tourism, creative and screen industries, consumer protection, workplace safety and resolving disputes at work.

To live within the funding available, difficult decisions have been made which may potentially have longer term implications.

Ian Snowden

Ian Snowden
Accounting Officer
20 March 2024

ACCOUNTABILITY REPORT – OVERVIEW

The Accountability section of the Annual Report outlines how the Department meets its key accountability requirements to the Assembly and ensures best practice with corporate governance norms and codes. The three sub-sections within the Accountability Report are outlined below.

i. Corporate Governance Report

The purpose of this section is to explain the Department's governance structures and internal control systems. It also discloses information about Directors who have oversight of the Department.

The Corporate Governance Report includes:

- Statement of Accounting Officer's responsibilities;
- Non-Executive Board Members' Report;
- Directors' Report; and,
- Governance Statement.

ii. Remuneration and Staff Report

This section sets out the Department's remuneration policy for Directors, reports on how that policy has been implemented and sets out the amounts awarded to Directors as salary and pension entitlements. In addition, the report provides details on staff numbers, costs and staff-related policies.

iii. Assembly Accountability and Audit Report

This section brings together the key Assembly accountability documents within the Annual Report and Accounts. It comprises:

- Statement of Outturn against Assembly Supply and supporting notes;
- Assembly accountability disclosures; and,
- Certificate and Report of the Comptroller and Auditor General to the Assembly.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts (Northern Ireland) Act 2001 (GRAANI). The Department of Finance (DoF) has directed the Department for the Economy 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 Instrument 2022 no 256 (together known as the 'Departmental Group', consisting of the Department and sponsored bodies listed at note 1.2 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 Department of Finance, 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; and,
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

DoF has designated the Permanent Secretary of the Department for the Economy, Ian Snowden , as Accounting Officer. The Departmental Accounting Officer has also designated the Chief Executives or equivalents 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 designation, 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 or other arm's length public body for which the Accounting Officer is responsible, are set out in Managing Public Money Northern Ireland published by the Department of Finance.

Accounting Officers confirmation

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 Department's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Ian Snowden
Permanent Secretary and Accounting Officer

NON-EXECUTIVE BOARD MEMBERS' REPORT

During 2022-23 the Department continued to focus on supporting the economy amidst the cost-of-living crisis, the lack of a functioning Executive, budget uncertainties and the ongoing impacts of the pandemic and the war in Ukraine.

Work has continued to progress on our economic vision, called "10x Economy - an economic vision for a decade of innovation"[18] which embraces innovation, inclusivity, and sustainability to support the growth of the Northern Ireland (NI) economy over the next decade.

The Energy Strategy Action Plan 2023[19] was published in March 2023 which will continue to drive short-term progress towards the ultimate goal of a decarbonised energy system for all our heat, power and transport needs. The overall objective is to become self-sufficient in affordable renewable energy.

Progress has also been made on the Skills Strategy Action Plan[20] which will help people develop the skills required to meet the changing demands of the labour market and will provide equality of opportunity in our education and skills systems.

Work has also continued with the Organisational Development & Transformation Programme (ODT) which aims to radically transform the Department to become the agile, refocused, cohesive organisation that is needed to support the NI economy over the next decade and beyond. Deliverables during the year include a review of the Department's arrangements for working with Partner Organisations, with a range of recommendations made for improvement; a report on the Department's approach to policy development and areas for improvement; the design and approval of a bespoke Civil Service Skills Academy recruitment competition; launch of the 'Developing One Department for the Economy' leadership programme; and launch of the Culture Charter aimed at embedding the right values within the Department.

Work has progressed on the development of a Circular Economy Strategy[21] which sets out the Department's vision to create an innovative, inclusive, and competitive economy, with responsible production and consumption at its core. The Strategy sets a target of halving our material footprint by 2050 by rethinking our use of resources and also plays an essential part of tackling climate change and achieving net zero.

Development of a Tourism Strategy is also underway which seeks to create a framework to help ensure the tourism sector can maximise its contribution to growing the NI economy and contribute to delivering the 10x Economic Vision. This vision sees positioning NI amongst the most competitive small, advanced economies in the world.

The Departmental Board focused on the Business Plan to guide the work of the Department throughout the reporting period, receiving regular progress updates on the Plan and corresponding Corporate Risk Register. The Board held wide ranging discussions on subjects of key importance to the economy and closely monitored the budget and resource allocations, while ensuring that appropriate governance arrangements are in place across the Department. Some Board meetings were also combined with on-site visits to the Department's Partner Organisations, allowing Board members to acquire a deeper understanding of the important role played by those partners in delivering on Departmental objectives. Throughout the year the Department has faced ongoing resourcing challenges. The Executive identified priority vacancies in areas of strategic importance and worked closely with NICS HR to accelerate the filling

[18] 10x Economy - an economic vision for a decade of innovation | Department for the Economy (economy-ni.gov.uk)
[19] Energy Strategy - Path to Net Zero Energy. Action Plan 2023. (economy-ni.gov.uk)
[20] Skills for a 10x Economy - 1st Annual Monitoring Report | Department for the Economy (economy-ni.gov.uk)
[21] Draft Circular Economy Strategy for Northern Ireland (economy-ni.gov.uk)

of priority vacancies as well as developing and progressing the bespoke Civil Service Skills Academy recruitment process as an additional vehicle for filling vacancies.

The Department's governance structure has remained largely the same during the reporting year, and the committees have worked well, with input from Non-Executive and Executive Members alike. The effective operation of the Department's governance structure over the course of this year has been strongly supported by the Permanent Secretary, Mike Brennan.

The Audit and Risk Assurance Committee (ARAC) focused on a number of issues of significance during the year including the ongoing political, financial and management implications of the Executive not making a decision on the closure of RHI, and Judicial Reviews of the Scheme. Other key discussions focused on the Managing Fraud and Error in the Covid Grant Schemes Project, the Review of Invest NI and the impact of cost inflation on the City Deals Projects. The ARAC continued to review the Department's overall approach to risk management and financial control and was satisfied with the high-level controls in place.

The ARAC Chair and Non-Executive Board Member Colm McKenna resigned from his role with effect from 24 February 2023 and Michael McKavanagh was appointed as ARAC Chair. We would like to take this opportunity to thank Colm McKenna for his valuable contribution during his long tenure as ARAC Chair and as a Non-Executive Board Member.

Looking ahead, we remain committed to providing the external support, assurance, and constructive challenge to Departmental officials as Non-Executive Board Members and to ensure the Department's governance arrangements are effective and strengthened where appropriate.

Finally, we would like to acknowledge the commitment and dedication of Departmental staff during the year and their drive to deliver better economic outcomes for all our citizens. We wish to thank them for the support they have shown us during a challenging and uncertain year.

Michael McKavanagh and Fiona Keenan
Non-Executive Board Members

DIRECTORS' REPORT

The Minister

An Executive was not formed, following Assembly elections in May 2022, however, Minister Lyons remained in post in a caretaker capacity until 28 October 2022.

The Northern Ireland (Executive Formation etc.) Act 2022 ('the 2022 Act') received Royal Assent on 6 December 2022. This legislation allowed for senior officers in Northern Ireland departments limited authority in the absence of Ministers to take decisions and exercise functions to uphold governance and protect the public interest. Officials were not permitted to make any major policy decisions, such as the initiation of a new policy, programme, or scheme, including new major public expenditure commitments, or a major change of an existing policy, programme, or scheme, which would normally be left for a Minister to decide or agree.

The Northern Ireland (Interim Arrangements) Act 2023 (NIIAA) received Royal Assent on 24 May 2023. The NIIAA amended the 2022 Act to extend the period during which departmental functions may be exercised by senior officers to when an Executive is next formed. NIIAA also introduced certain other provisions, such as giving the Secretary of State the power to direct departments to provide advice and information, and carry out consultation, on options for raising more public revenue or otherwise improving the sustainability of public finances in Northern Ireland.

During the period without a functioning Executive, the Permanent Secretary was responsible for decisions that were 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.

Conor Murphy MLA was appointed Economy Minister on 3 February 2024, following the restoration of the NI Executive.

The Permanent Secretary

The Permanent Secretary is the most senior civil servant in DfE and is also the Departmental Accounting Officer. Mike Brennan was the Permanent Secretary for the Department for the Economy between 4 November 2019 and 8 February 2024. Ian Snowden joined the Department and took up the role as Interim Permanent Secretary on 8 December 2023, to initially cover a period of leave.

Departmental Board

The Departmental Board comprises both senior Departmental officials (Executive Board Members) and independent members (Non-Executive Board Members (NEBMs)) and is chaired by the Permanent Secretary. The Board provides leadership to the Department's business, concentrating on strategic, governance and operational issues affecting the Department's performance, as well as scrutinising and challenging governance arrangements and performance, with a view to the long-term success of the Department. The Board meets monthly, other than in July, to consider progress on strategic issues. It also monitors performance against the Business Plan on a quarterly basis. The Board is supported by a number of committees.

All Board members for the Department are listed in the table of DfE Board membership and attendance set out in the Governance Statement. Total fees and expenses of £26,899.58 were paid in respect of the Department's NEBMs during 2022-23.

Process for identifying and managing conflicts of interest

The Department has guidance on conflicts of interest which requires Board members and staff to declare any personal or business interests which may influence their judgement, or be perceived to, when performing their duties. The Department has an established procedure for identifying, declaring, managing, recording and publishing conflicts of interest in accordance with DAO (DoF 07/21). The DfE Conflicts of Interest Policy is available to all staff on the DfE intranet. In addition to this, at the commencement of each Board meeting and ARAC meeting, members are required to declare any interests that they may have. During 2022-23, no declared interests were deemed to conflict with the overall conduct of Departmental business.

Register of interests

A register of interests for Senior Civil Servant staff, Ministers, Special Advisers and Departmental Board members has been published on DfE's website.

Related party transactions which occurred during 2022-23 are detailed in the Notes to the Accounts.

Application of Business Appointment Rules

The Business Appointment Rules apply to civil servants who intend to take up an appointment or employment after leaving the Civil Service. It is important that, when a former civil servant takes up an outside appointment or employment, there should be no cause for justified public concern, criticism or misinterpretation.

For members of the Senior Civil Service (SCS) and equivalents, the Rules continue to apply for two years after the last day of paid civil service employment. For those below the SCS and equivalent, the Rules continue to apply for one year after leaving the Civil Service, unless, exceptionally, the role has been designated as one where a longer period of up to two years will apply.

In compliance with Business Appointment Rules, the Department is transparent in the advice given to individual applications for SCS, including special advisers. Advice regarding specific business appointments has been published on the Department's website. Information on Business Appointment Rules is also available to all staff on the DfE intranet pages.

Further information on compliance with Business Appointment Rules is outlined in the Remuneration and Staff Report.

Data management

During the year, the Department ensured the continued commitment to managing and protecting information, and utilising it as required for the public good. This was achieved through:

- Contributing to the development of NICS-wide information management policies and training materials, updating Departmental records management and data protection guidance and communicating changes to all staff;
- Providing guidance on suitable protective markings and assurance on vetting and ongoing personnel security management;

- Having appropriate physical security measures in place for offices;
- Providing security equipment and advice where appropriate, ensuring a safe and secure home-working environment;
- Ensuring that personal data was protected through GDPR compliant contracts and data sharing agreements, and by completing relevant Data Protection Impact Assessments and Privacy Notices;
- Facilitating Data Protection Essentials (e-learning) and Freedom of Information and Environmental Information Regulations Essentials (e-learning) for all staff;
- Providing all new entrants with information management policies and procedures and requiring confirmation that these had been read and understood;
- Providing information sessions on the use of the Department's records management system; and,
- Requiring Information Asset Owners to provide assurance statements regarding their information assets.

All breaches of personal data which are likely to result in a risk to the rights and freedoms of an individual must be reported to the Information Commissioner's Office (ICO) within 72 hours. In 2022-23, there were no breaches of personal data which had to be reported to the ICO.

Reporting of complaints

The Department is committed to providing a high-quality service to the public and welcomes all feedback, both positive and negative. It offers a resolution process for formal complaints set out in the Departmental Complaints Procedure (available on the Department's website[22]), maintains a register of formal complaints, ensures that these are investigated and responded to in line with procedure, and takes forward lessons learned. The Department took forward 25 formal customer service complaints during 2022-23. This decrease from 2021-22 was mainly due to a reduction in the number of complaints relating to COVID-19 schemes. Where a complaint is upheld, lessons learned are shared across business areas, contributing to improvements in meeting customer needs. All complaints during 2022-23 have been completed and there are no outstanding complaints.

	2022 23	2021 22
Number of complaints	**25**	**56**

Raising Concerns

Details of the Department's responsibilities and procedures around Raising Concerns can be found in the Fraud and Error Analysis section of the Performance Report.

[22] DfE complaints procedure | Department for the Economy (economy-ni.gov.uk)

GOVERNANCE STATEMENT

1. Introduction

The Governance Statement sets out the governance structure, risk management and internal control arrangements for the Department in accordance with guidance issued by the DoF. It applies for the financial year 1 April 2022 to 31 March 2023 and up to the date of approval of the Annual Report and Accounts.

2. Scope of responsibility

The Department operates under the direction and control of the Minister for the Economy who is responsible and answerable to the Assembly for the exercise of powers on which the administration of the Department depends. The Minister has a duty to the Assembly to account and to be held to account for all the policies, decisions and actions of the Department, including its public bodies.

The Permanent Secretary, as the Departmental Accounting Officer, is responsible for the overall organisation, management and staffing of the Department and for ensuring that there is a high standard of financial management in the Department as a whole. He is accountable to the Minister and the Assembly. The Permanent Secretary also has responsibility for maintaining robust governance and risk management structures and a sound system of internal control that supports the achievement of Departmental policies and objectives, whilst safeguarding the public funds and Departmental assets for which he is responsible, in accordance with Managing Public Money Northern Ireland.

3. The Department's governance arrangements

All entities need clear accountability frameworks and processes for governance, risk management and internal control. Internal control supports a public sector entity, such as DfE, in achieving its objectives by managing its risks while complying with governance guidance and regulations.

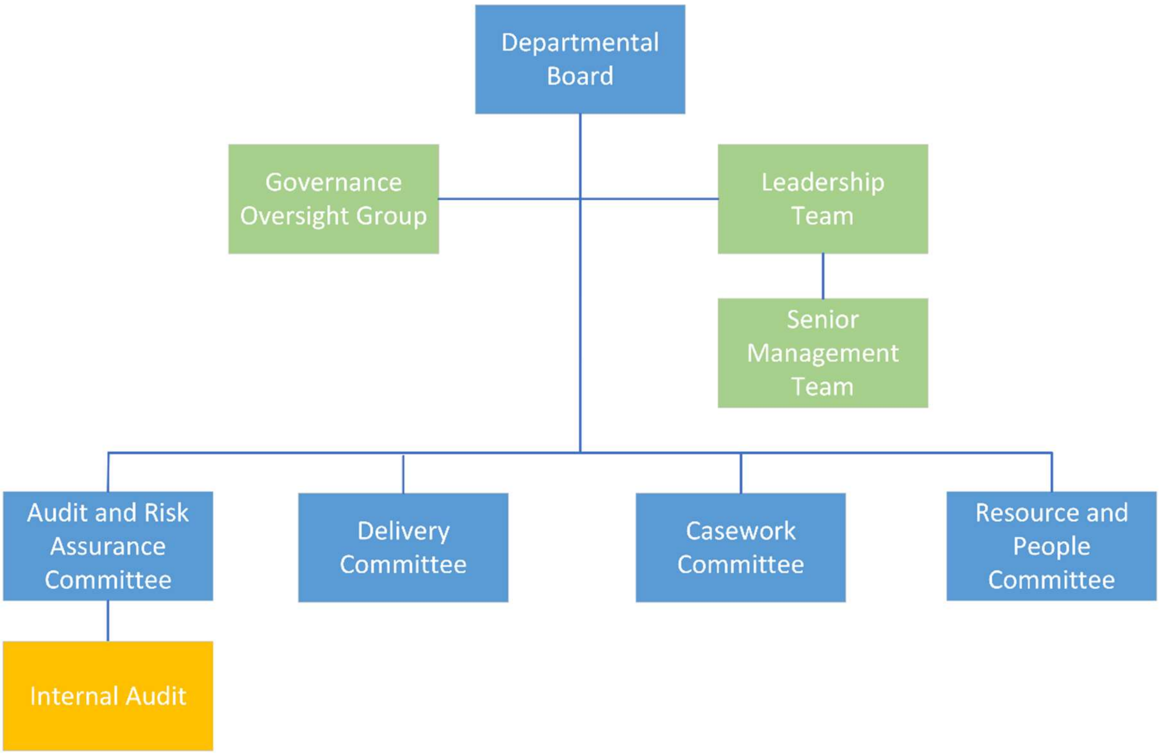
A sound governance framework has been established across the Department which includes:

- governing board and committees;
- governance arrangements with its public bodies;
- monitoring of governance arrangements and internal controls;
- risk management;
- independent reviews by Internal Audit; and,
- up-to-date organisational policies and procedures.

Within DfE, governance arrangements not only encompass policies and procedures that provide strategic direction, monitor objectives and manage risks, but also place emphasis on the importance of leadership to ensure that sound governance practices are instilled throughout the Department in employees' day-to-day work, focusing on performance and compliance:

- Performance: how the Department uses governance arrangements to contribute to its overall performance and the delivery of services and programmes; and,
- Compliance: how the Department uses governance arrangements to ensure it meets the requirements of the law, regulations, published standards and stakeholder expectations of probity, accountability and openness.

4. The Department's governance structure



Key

Board Reporting Committees

Non-Board Reporting Groups

Other independent functions

5. Departmental Board

The Departmental Board assists the Permanent Secretary in meeting his responsibilities as Accounting Officer for establishing and overseeing the corporate governance arrangements of the Department. The Board, which is comprised of senior Departmental officials (Executive Board Members) and independent members Non-Executive Board Members (NEBMs)), provides corporate leadership to the organisation as a whole. It monitors performance against business plans, budgets and targets, and oversees the governance and risk management arrangements of the Department.

The Board met on 11 occasions during the 2022-23 financial year. DfE Board minutes are published on the DfE website. The Board Operating Framework further details the role of the Departmental Board and its operating procedures, which is available on the DfE website.

The Board is chaired by the Permanent Secretary who, as Accounting Officer, is responsible for the appointment of all NEBMs. Membership of the Board during 2022-23 is shown in the following table, along with each member's attendance:

DfE Board Membership and Attendance Table 2022-23

Board Member	Role/ Title	Meetings Attended
Mike Brennan	Permanent Secretary	**7 / 11**
Heather Cousins	Deputy Secretary of Skills and Education	**10 / 11**
Richard Rodgers	Deputy Secretary of Energy	**8 / 11**
David Malcolm	Deputy Secretary of Management Services and Regulation	**11 / 11**
Paul Grocott	Deputy Secretary of Economic Strategy	**8 / 11**
Shane Murphy	Deputy Secretary of International and Economic Relations	**10 / 11**
Alan Russell (acting)	Corporate Governance Director	**11 / 11**
Sharon Hetherington	Finance Director	**10 / 11**
Chris McConkey (acting)	Central Services Director (01/11/22 – 18/02/23)	**3 / 11**
Michelle Bell	Central Services Director (except 01/11/22 – 18/02/23)	**5 / 11**
Marlene McIntyre	NICS HR Business Partner	**10 / 11**
Colm McKenna	NEBM (to 24/02/23)	**9 / 11**
Fiona Keenan	NEBM	**9 / 11**
Michael McKavanagh	NEBM	**9 / 11**

Other Directors are invited to attend where significant items pertaining to their business areas are to be discussed by the Board. A minimum of three members of the Board must be present for the meeting to be deemed quorate. All Board meetings during the 2022-23 financial year were quorate.

Key work of the Departmental Board during the year included:

- providing leadership to the Department's business, concentrating on strategic, governance and operational issues affecting the Department's performance;
- scrutinising and challenging Departmental polices and performance;
- risk management through the use of the Departmental Risk Framework and Register;
- overseeing the implementation of the Department's Organisational Development & Transformation Programme (ODT); and,
- overseeing the management of all resources available to the Department to achieve the action points set out above, including financial and staff through collaborative working with finance and HR partners within DoF.

The diagram below highlights the key topics considered by the Board during the year.

Key DfE Board Topics in 2022-23

6. Quality of data used by the Departmental Board

The Board uses information based on a number of data sources. Data relating to financial information and performance is derived from NICS-wide systems such as Account NI and HR Connect. The Departmental Board takes assurance on the quality of this data from the internal controls in place and the scrutiny of the Account NI and HR Connect systems by DoF's Internal Audit Service (IAS).

The Board and its committees receive management information covering a variety of disciplines to enable them to monitor the performance of the Department. This includes financial and workforce data, indicators of progress against the Department's priorities and information on risk. Senior Management, with challenge from Board members, continually monitor the quality of the information supplied to ensure that it is of the right quality to enable decisions to be based on evidence.

Information provided to the Board during the year was timely, succinct, well presented (both verbally and in writing) and evidence based. This enabled the Board to manage its busy agenda very well, given the time constraints, and allowed all members to contribute to discussions and decision making. To ensure that the NEBMs were kept fully appraised, regular update video-calls were also held with the three NEBMs and the Permanent Secretary. Challenge and discussion at meetings were encouraged. DfE's governance team provided a comprehensive secretariat service to the Board and committees to ensure the effective and efficient administration of the Board and its activities.

7. Board Performance and Effectiveness

An external assessment of Board performance and effectiveness was carried out with a final report presented to the Board on 27 January 2022. Overall, it concluded that the DfE Departmental Board is performing well. Many of its practices are in line with good governance principles and, overall, it is governing the organisation effectively. However, several key areas were identified upon which the Board could focus to further enhance its performance going forward.

Actions to meet these recommendations have been set out in a plan and have been implemented. Members have since completed a self-assessment questionnaire, the results of which have been discussed by the Board.

8. Audit and Risk Assurance Committee

The DfE ARAC acts in an advisory capacity and reports regularly to the Accounting Officer and Board. ARAC was integral to the scrutiny and challenge process in 2022-23 and provided advice to the Accounting Officer and Board on matters of financial accountability, risk management, internal controls, assurance and governance.

The ARAC is chaired by an NEBM. Colm McKenna resigned from his role as DfE ARAC Chair with effect from 24 February 2023. Michael McKavanagh was appointed as ARAC Chair with effect from 4 March 2023.

During 2022-23, membership largely consisted of four members, accounting for two departures and one new entry. External Senior Civil Servant members on ARAC are not remunerated for their attendance. ARAC met five times (May 2022, August 2022, September 2022, November 2022 and February 2023). Membership of the ARAC during 2022-23 is shown in the following table, along with each member's attendance:

DfE ARAC Membership and Attendance Table 2022-23

ARAC Members	Appointment	Role/ Title	Meetings Attended
Colm McKenna	14 September 2020 to 24 February 2023	NEBM and Chair	**5/5**
Michael McKavanagh	4 January 2022 – present (Chair from 4 March 2023)	NEBM and Chair	**5/5**
Fiona Keenan	16 March 2020 to present	NEBM	**5/5**
Brian Doherty	1 September 2021 to 1 August 2022	External Senior Civil Servant	**0/5**
Dominic McCullough	1 September 2021 to present	External Senior Civil Servant	**5/5**
Peter Jakobsen	1 December 2022 to present	External Senior Civil Servant	**1/5**

ARAC meetings are also attended by the Permanent Secretary, relevant Deputy Secretaries as required, the Finance Director, the Corporate Governance Director, and other representatives from DfE, a representative from the Northern Ireland Audit Office (NIAO) and the Head of Internal Audit.

During 2022-23, ARAC worked to:

- examine and challenge the overall control environment, including the risk and governance arrangements, to support the Accounting Officer in his stewardship of Departmental resources;
- oversee the preparation of and financial reporting in the annual report and accounts and consider and discuss the changes required as a result of new accounting requirements;
- oversee the work of internal audit and consider the implications of the planned activity of external audit and the results of its work;
- consider anti-fraud policies and practices;
- discuss governance and performance issues arising within the Department and its Partner Organisations, including consideration of assurance statements;

- monitor the long-term strategy developed for renewable heat and the options for the RHI scheme presented to the Executive for its decision;
- discuss and monitor the increasing and varied risks inherent with the absence of the NI Executive and the inability to progress areas of work;
- consider Post Project Evaluations (PPEs) and Economic Appraisals; and,
- monitor and review the Department's online risk management framework.

9. Casework Committee

The Departmental Casework Committee is responsible for the scrutiny (but not approval) of business cases where expenditure exceeds a threshold of £5 million. Its aim is to deliver better value for the taxpayer by challenging expenditure proposals on the grounds of deliverability, affordability and value for money, and to review the quality of business cases being submitted to DoF.

By drawing on the experience of its members, the Casework Committee seeks to assess:
- The identification of options and alternative ways of delivering project objectives and outcomes;
- The cost effectiveness of proposals; and,
- The management and mitigation of risk.

Experience shows that projects progress more smoothly through the approval process when there is early engagement between all parties as the casework papers are being developed, and that subjecting projects to scrutiny by the Casework Committee leads to a more streamlined process for securing formal approval by DoF and/or the Minister/Permanent Secretary.

In total, 14 projects were presented to the Committee in 2022-23. Of the 14 cases heard, the Casework Committee recommended 11 for approval, all of which were also approved by the Minister or Permanent Secretary. There are still three cases pending approval.

To further improve the casework process, the Department will soon begin an outreach programme and an online commissioning process to ensure that best practice in preparation for caseworks is observed across the organisation.

10. Resourcing and People Committee

The Resourcing and People Committee provides a strategic view of how the NICS Human Resource policies and procedures can best be applied to ensure that they contribute effectively to the delivery of the Department's business needs in line with priorities set out in the DfE Corporate and annual Business Plans. It is responsible for making decisions and recommendations on the implementation of corporate NICS-wide people-related policies in DfE and the effective use of resources across the Department.

During the 2022-23 financial year, the Resourcing and People Committee was able to move from meeting virtually to in person and met on four occasions. Key areas of discussion during the year include HR and finance updates, business cases, People Plan, ODT – Workforce Management, and the Civil Service Skills Academy.

Membership of the Committee during 2022-23 is shown in the following table, along with each member's attendance:

Member	Role/ Title	Meetings Attended
David Malcolm	Chair	**4/4**
Sharon Hetherington	Finance Director	**4/4**
Johanna Park	Deputy Finance Director	**2/4**
Michelle Bell	Central Services Director	**4/4**
Marlene McIntyre	NICS HR Business Partner	**4/4**

11. Delivery Committee

The Departmental Business Plan and Corporate Risk Register are the primary tools by which the Accounting Officer and Board manages the business of the Department. The main function of the Delivery Committee is to assist the Board in clearly demonstrating that it is monitoring and challenging the delivery of initiatives and targets outlined in Business Plans and regularly questioning the adequacy of associated risk management arrangements. The Committee also reviews and scrutinises updates on Post-Project Evaluations on a quarterly basis resulting in various recommendations for improvement. The majority of Delivery Committee business was handled via correspondence during the year.

12. Other Organisational Structures

Other internal structures that contribute to sound corporate governance in the Department are Leadership Team meetings, meetings with the Minister, monthly Senior Management meetings, and the Governance Oversight Group.

Leadership Team
The DfE Leadership Team comprises of the Permanent Secretary, Deputy Secretaries, Director of Corporate Governance, and the Director of Central Services. In addition, meetings are attended by a representative from the Private Office to provide information on the Minister's work, a representative from the Press Office to provide information on recent and upcoming press and communications events, and the Departmental Assembly Liaison Officer to provide information on Executive and Assembly Business, when required. The Leadership Team meets once per week, where possible, and these meetings provide the opportunity for high-level updates and a discussion of key issues generally.

Senior Management Team
The Senior Management Team (SMT) meetings are chaired by the Permanent Secretary and membership comprises of the five Deputy Secretaries and all Directors and Deputy Directors. The SMT met seven times in the 2022-23 financial year.

SMT meetings provide an opportunity for senior officials within DfE to discuss and brief attendees on a range of ongoing operational issues. This provides the opportunity to share knowledge and learning, collaborate on issues and provide support across the Divisions. Attendees provide feedback to their business areas, as appropriate.

Governance Oversight Group
The Governance Oversight Group (GOG) examines current and emerging governance issues, usually focussing on specific work areas. The GOG is chaired by the Permanent Secretary and membership consists of the Deputy Secretary of Management Services and Regulation Group, Director of Corporate Governance, and the Head of Internal Audit. For project specific GOG meetings, Directors from individual work areas are required to attend.

The purpose of the GOG is to aid the oversight and challenge on topical governance issues. The meetings are relatively informal and are part of the regular stocktake for Departmental Board Assurance. GOG meetings are organised as required.

13. Governance of the Department's public bodies

The Department has a large, diverse range of public bodies which span numerous sectors. In 2022-23, the Department worked with 20 Partner Organisations with a wide span of policy and operational responsibilities. These organisations assist DfE in implementing its policies and public services and achieving its aims and objectives.

These Partner Organisations include 14 Non-Departmental Public Bodies, two North/South bodies and four Independent Autonomous Bodies as listed in the Performance Report.

Most of the DfE's Partner Organisations are governed by their own independent boards with their own separate governance and internal assurance structures. Details of these can be found in their individual annual report and accounts.

In 2022-23, DfE received assurance on risk and delivery within Partner Organisations through:

- The reporting on internal controls in operation within Partner Organisations during the year;
- Advice and challenge from the ARAC on assurance processes;
- Partner Organisations' governance statements and internal audit reports;
- Delivery of work in line with a partnership / sponsorship manual;
- Dedicated DfE teams liaison with Partner Organisations; and,
- Ongoing review and updates to management agreements.

Partner Organisations appraise the performance of their Boards in line with DoF guidance. The requirement to have an assessment for annual board performance is included within the management agreements for each organisation.

The Department continues to review and develop its approach to Partner Organisations to ensure it has the appropriate lines of sight and maintains productive relationships. Management agreements are being updated to reflect partnership working principles introduced by DoF.

14. Compliance with the Corporate Governance Code

Within Northern Ireland, Departments are required to operate under the *'Corporate Governance in Central Government Departments: Code of Good Practice NI 2013'*. The Code outlines a model Board Operating Framework that can be used to document a Departmental Board's roles and responsibilities. Departments are required to comply with the Code or explain any significant departures from it.

During 2022-23, the Department complied with the principles and supporting provisions set out in this Code.

15. Risk management

Risk management is an integral part of the Department's corporate governance framework and is closely linked to the Department's Business Planning process. The Department's risk management framework has been developed in accordance with the HM Treasury's Orange Book and requires all business units (branches and divisions) to formally manage risks on a periodic basis through the maintenance of risk registers.

The Department's key risks are managed at corporate level and are regularly reviewed by the Delivery Committee, Departmental Board and ARAC, who provide leadership and direction in managing the risk environment in which the Department operates. The Corporate Risk Register was monitored and managed by the Delivery Committee, Departmental Board and ARAC on a quarterly basis during 2022-23.

The Department has continued to embed its web-based risk management database to help improve risk management processes by housing all Departmental risks in one central online location. The system facilitates risk management at all levels i.e. corporate, divisional and branch as well as programme and project level.

During the year, the Department reviewed and updated its Risk Management Framework to reflect the adoption of the web-based risk management database and the associated process changes that this has brought for risk owners and system users at all levels.

The Board also carried out its annual review of the Corporate Risk Appetite which defines the risk appetite agreed for each of the broad categories of risk identified in the Orange Book, ranging from a scale of 'averse' to 'hungry'. The Corporate Risk Appetite was cascaded throughout the Department to inform risk management behaviours in individual business areas.

Further information on risk management is outlined in the Performance Report.

16. Budget position and authority

The Northern Ireland Budget (No. 2) Act 2023, which received Royal Assent on 18 September 2023, provides 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.

17. Key control issues

The following areas have been identified as being key control issues facing the Department during the reporting period.

i. Invest NI Review

In January 2022, former Minister for the Economy, Gordon Lyons MLA, commissioned an Independent Review of Invest NI.

An Independent Panel, led by Sir Michael Lyons, was established to conduct the Review. The Independent Panel found that profound change is required within Invest NI and made a suite of recommendations across 17 broad areas.

The Department recognises that fundamental change was required to ensure that Invest NI is strategically aligned with DfE's 10x policy objectives, and that the organisation was operationally equipped to deliver outcomes and interventions which will help to transform the economy.

It is also acknowledged that the Review presents challenges for the Department, and the Department is determined to act quickly on these. The Department has therefore accepted, in principle, all recommendations emanating from the Independent Review of Invest NI.

Work was undertaken between the Department and Invest NI to develop and implement solutions which comprehensively addressed each recommendation within the report.

The Department's immediate priority was to develop a comprehensive and solution-orientated Action Plan which clearly defines the problems identified by the Independent Review, outlines the solutions which will be implemented to effect change and confirms the metrics through which success will be measured. The development and implementation of the Action Plan was a collective endeavour between the Department, Invest NI and other key stakeholders and partners.

Fourteen task and finish groups have been formed to take forward this important work, overseen by a joint DfE/Invest NI Steering Group comprised of senior DfE and Invest NI officials as well as representatives from the Invest NI Board. Subsequently, the Independent Review of Invest NI Action Plan was published in October 2023.

ii. Tourism NI Quality Grading Scheme

Tourism NI (TNI) operate a Quality Grading Scheme which provides star ratings to hotels, guesthouses, self-catering premises and visitor attractions and assesses the quality of facilities. TNI charge a fee for this service. It has come to light that there are no regulations in place that set out the prescribed fees, and TNI does not have the authority to charge such fees. The Scheme has been paused whilst a way forward is agreed. In the interim, TNI will be carrying out a review of the fees with a view to putting regulations in place to enable charging to resume. Furthermore, it has now been confirmed that TNI had no vires to extend this service to visitor attractions. This aspect of the Scheme has now been closed and TNI is considering whether a replacement scheme can be put in place. From the period 1 April 2012 to 31 March 2023, the Quality Grading Scheme income was £553,404 and expenditure was £1,116,573 (£45,685 income and £72,839 expenditure relating to 2022-23). The cumulative deficit on the Quality Grading Scheme was £563,169 (£27,154 of which relates to 2022-23). All of the cumulative income and cumulative expenditure figures noted above are deemed to be irregular as the scheme operated without the required regulations to set prescribed fees as required by Article 20 (2) of the 1992 Order. The Department made The Grading Inspection of Certified Tourist Establishments (Fees) Regulations (Northern Ireland) 2023 on 18 July 2023 to prescribe fees for the Quality Grading Scheme. The regulation came into operation on 15 August 2023 and the Scheme was subsequently allowed to resume.

iii. Tourism NI Certification Scheme

TNI is required by Article 20 of the 1992 Order to charge fees for carrying out certification of tourist accommodation. Statutory Inspection of Tourist Establishments (Fees) Regulations (Northern Ireland) 2011 sets the fees to be charged. Since 2011, a total of £1,110,575 has been generated from certification inspections against a total cost of £1,410,029. As a result of the Covid-19 pandemic, DfE and TNI chose to waive the collection of fees associated with TNI's Certification Scheme for statutory re-inspections of existing accommodation establishments to support the industry's survival and recovery through the pandemic. Since TNI had a statutory responsibility to collect the fees and no legal power to waive it, the waiving was considered unlawful. Costs incurred in this period from 1 April 2020 to 31 March 2022 total £127,731.

TNI has subsequently restarted the charging of fees from 1st April 2022 but has advised that this is not at full cost recovery. Income generated from certification inspections from 1 April 2022 – 31 March 2023 totals £172,011 and incurred costs of £228,173 resulting in irregular expenditure of £56,162 in this period.

TNI is currently undertaking a review of the costs incurred and potential fees to be charged to achieve the objective of full cost recovery as outlined in Managing Public Money NI and DoF guidance and therefore regularise expenditure.

iv. Tourism NI Co-operative Marketing Fund

TNI developed a Co-operative Marketing Fund to encourage NI tourism providers to market in Ireland. The scheme was delivered on behalf of Tourism NI by the NI Hotel Federation due to their ability to secure buy-in from the sector and to engage with businesses. The total investment of the fund covering the period 2016/17 to 2023/24 was £6,021,760 (£920,754 relating to 2022/23). Following concerns raised by Internal Audit, legal advice was sought to seek confirmation as to whether TNI had the legal powers under the Tourism (Northern Ireland) Order 1992 to delegate the delivery of the scheme to a third party. This legal advice confirmed that the Order did not allow TNI to delegate the authority to deliver the fund. Therefore, the delivery mechanism of the scheme was determined to be ultra vires and Tourism NI halted the scheme immediately.

Consequently, the TNI Board is in the process of appointing a suitably qualified and experienced adviser to review all other income and expenditure to determine that these are in line with the Order.

v. Further Education System Technology & Services Project

The Department has identified irregular spend in relation to Further Education (FE) Division’s System Technology & Services (STS) project in the FE sector. A Direct Award Contract (DAC) was initially put in place for the STS project for an initially approved period (June 2018 until June 2020 with an option to extend until November 2020). However, a further DAC was subsequently put in place to extend the contract until May 2022. This further extension of the project was undertaken without a business case in place and without seeking DoF re-approval. During that period without approvals, additional expenditure of £725.07k was committed and incurred £19.57k of which was considered irregular in 2022-23 and the remainder was in relation to prior years. The expenditure was met from within the FE Colleges’ existing delegated budgets which were approved each year by the Permanent Secretary and the Minister and were not an additional cost to the Department.

The Department notified DoF on 15 May 2023 of the irregular expenditure identified, and confirmed to them that various steps are being taken within the Department to ensure there is no recurrence, particularly in relation to DAC award processes for FE Colleges.

vi. Presbyterian Mutual Society

Following the collapse of the Presbyterian Mutual Society (PMS), the Department of Enterprise, Trade and Investment (DETI) — now DfE — were designated in March 2011 to manage a bridging loan of £175 million with a ten-year repayment agreement under the Financial Assistance Act (Northern Ireland) 2009. Under a Court-appointed scheme, the PMS is administered by KPMG and Arthur Boyd as Joint Supervisors.

A Departmental PMS Steering Group is responsible for overseeing the strategic direction of the PMS project, as well as maintaining appropriate monitoring and control procedures to ensure sufficient oversight of the management of the scheme. The Steering Group is also responsible for assessing and providing

advice to the DfE Permanent Secretary and Minister on key events and managing the risks associated with the repayment of the PMS loan.

Throughout the Scheme, the Department, in conjunction with its external professional advisors, has carefully monitored the strategy in relation to the timing of property disposals and repayments available in respect of the £175 million loan by holding regular meetings (at least quarterly). As a result of the UK lockdowns, the Joint Supervisors were unable to execute the previously agreed sales strategy, therefore, an extension of the loan facility for a further two years was approved by the Department and was noted by the DfE and DoF Ministers at that time.

In November 2022 it was agreed by the Steering Group that a further period of six months be granted to allow for final realisations and closure steps to be taken by the Joint Supervisors. This was executed by way of a Standstill Agreement, effectively holding the Department's legal position to call in the loan at any point.

In June 2023 a demand letter was issued by the Department to the PMS Joint Supervisors calling in the outstanding balance of the loan. This was followed by statutory demand being served in July 2023. A winding up petition was then lodged with the court and PMS was placed into liquidation in October 2023. The PMS Joint Supervisors have left office, and the liquidation process managed by the appointed Joint Liquidators has now commenced.

Under IFRS 9 the Department revised the Expected Credit Loss of £18.5 million originally posted in the 2020-21 accounts by £4.4 million in 2021-22, and again by £1.3 million in 2022-23, reflecting the current shortfall of £12.8 million in the 2022-23 accounts.

vii. Harland and Wolff (H&W)

H&W plc is wholly owned by DfE. Its operations are managed by the company's Board which consists of five DfE officials with the Department's Financial Governance Branch providing a company secretarial function. The H&W plc Board is chaired by the Department's Finance Director and meets on a regular basis throughout the year. The company has its own risk register which is considered at every Board meeting.

H&W retains an inherent risk due to the assessment of the company's future liabilities and funding requirements. To reduce this risk, the Directors rely on actuarial valuations every three years, with the most recent undertaken in the current 2022-23 year. Other data, relating to claims against the company, is provided by the company's professional advisors. The Directors are satisfied with the quality of data provided during the year.

viii. North/South Bodies

Tourism Ireland

It has not been possible to secure North South Ministerial Council (NSMC) approval of the 2022 and 2023 Business Plans for Tourism Ireland. While arrangements have been made with DoF to ensure legality of payments in 2022 and 2023, in the absence of NSMC approved Business Plans, expenditure will be irregular until NSMC approval is obtained. Therefore, core funding issued from April 2022 to December 2022 of £8.768 million will be irregular until NSMC approves each of these Business Plans.

InterTradeIreland

It has not been possible to secure North South Ministerial Council (NSMC) approval of the 2022 and 2023 Business Plans for InterTradeIreland. While arrangements have been made with DoF to ensure legality of payments in 2022 and 2023, in the absence of NSMC approved Business Plans, expenditure will be irregular until NSMC approves each of these Business Plans. Therefore, core funding issued from April 2022 to March 2023 of £6.062 million will be irregular until NSMC approves each of these Business Plans.

ix. EU Exit

During 2022-23, the operation of post-EU Exit arrangements continued to be an area of ongoing uncertainty. A range of issues regarding the new trade agreement were under active negotiation between the UK and the EU throughout the year. Significant improvements in the pace and ambition of negotiations in the latter half of the year resulted in the production of the Windsor Framework (WF) in February 2023.

The Department remains actively involved in working with colleagues across the NICS, other Devolved Administrations, and UK Government Departments to ensure that the detailed implementation of the WF successfully builds on the opportunities presented for Northern Ireland (NI) businesses, while ensuring subsequent changes to the UK trading environment show consideration to Northern Ireland’s place in the UK internal market.

The Windsor Framework offers potential for continued growth in EU export trade and cooperation, which will be central to achieving the Department’s 10x agenda. There is also potential to strengthen UK supply chains, with GB-based retailers previously absent from the NI market acknowledging the benefits of the new arrangements for their own supply security and market expansion.

The details of how the new trading arrangements will be implemented is yet to be fully worked through by the UK Government and the EU at this early stage. The Department and its partnership bodies have responded by providing advice, support, and signposting to business as clarity develops. Work continues with colleagues in the Executive Office to ensure that the systems for regulatory monitoring are effective.

Department officials work closely with UK Government departments via a range of I to keep NI issues central as they develop new policies and processes. Constructive engagement continues with the Office of the Internal Market to ensure a measured approach and valuable output from their work.

The Department is planning increased engagement with EU-based policy, regulatory and business-based discussions to foster improved relations and opportunity development for NI.

x. RHI

During 2022-23, the Department has focused on a number of strategic areas in the Non-Domestic Scheme, namely:

- ongoing defence of legal challenges taken against the Department in relation to the Scheme and substantive decisions made by the Department to address non-compliance with the Regulations;
- ongoing performance management of Ofgem in delivery of the Scheme; and,
- consideration of options for the future of the Scheme following a public consultation exercise and Court of Appeal judgment.

Both the Domestic and Non-Domestic RHI schemes remain suspended to new applications.

The key risk faced during the reporting period continued to be the potential failure to manage the RHI schemes in a manner fulfilling the Department's obligations to participants whilst delivering value for money, resulting in public criticism, significant budget pressures and further reputational damage. The RHI team managed this risk through the continued adherence to agreed governance arrangements, in line with project management best practice. The RHI Board continued to support robust, evidence-based decision making whilst retaining the crucial independent challenge and scrutiny provided to date.

The RHI Board meets on a regular basis and is chaired by the Head of Energy Group. To promote effective governance the team continued to operate a risk register and issues log, escalating issues to the Board and/ or ARAC on a timely basis, and are supported by the Energy Group Programme Management Office (PMO).

Ongoing legal cases were managed through close liaison with Departmental Solicitor's Office (DSO). Appeals in respect of two previous judicial review outcomes relating to the 2017 Regulations and the 2019 Act were heard by the Court of Appeal over three days commencing 30 May 2022. Judgment was delivered on 21 February 2023, with the Court of Appeal dismissing both appeals. Further appeal, to the Supreme Court, is being sought in relation to both challenges.

The Court of Appeal judgment stated: "We trust that as clarity has now been provided on the legal issues, renewed focus will now be applied to settling a proper permanent solution for boiler owners who acted in good faith. To our mind this should be over the next number of months rather than years". It also highlighted the potential for further litigation should there be delay. The Department is considering next steps taking account of legal advice.

Following completion of the Non-Domestic Scheme programme of inspections, compliance actions pertaining to the programme remain ongoing for a small number of cases subject to statutory review. The NI RHI Scheme regulations, as drafted, necessitate a high threshold for taking enforcement action. While potential non-compliances were identified on almost all sites, the majority were able to be resolved following remedial action being taken by participants. In 13% of cases formal enforcement action was taken. The most common non-compliances resulting in enforcement action included: generating heat for the predominant purpose of increasing support payments; the overproduction of heat; and failure to supply information required for effective administration of the Scheme. The compliance process identified potential recoupments in relation to 111 sites with the Department taking appropriate steps to recover any amounts owed.

In 2022-23, the biggest risks emanate from the ongoing legal challenges in respect of the 2019 Act of Parliament and the 2017 Regulations, as well as any potential further challenges which may emerge. In seeking to resolve the future of the Non-Domestic Scheme, the Department will continue to be guided by legal advice, aiming to mitigate the various legal risks, while delivering an outcome that is affordable, represents value for money and is fair to legitimate participants of the Scheme as well as taxpayers who fund it.

In relation to the Domestic Scheme, following a temporary suspension due to COVID-19 restrictions, the inspections programme resumed in July 2021 and concluded before year end. As a seven-year scheme, processing of final payments commenced in December 2021 with final application for payments made by February 2023. Administration of all activities under closure will take a few months to complete. An Internal Audit of the closure of the Scheme concluded that administration was effective, and no recommendations were necessary.

During the year the Department also continued to carry out significant work and report progress on the implementation of an action plan in response to the findings of the RHI public Inquiry.

xi. Partner Organisation Board Appointment Issues

A number of Partner Organisations reported significant issues in relation to their respective boards during 2022-23, resulting from a lack of a functioning Executive and no Minister in place to approve board appointments or extensions. This affected board appointments in relation to Tourism Northern Ireland (TNI), Labour Relations Agency (LRA) and Consumer Council Northern Ireland (CCNI).

Board appointments for these organisations are Ministerial appointments. In the absence of a Minister during 2022-23, the Northern Ireland (Executive Formation) Act 2022 allowed for the appointment function of a Northern Ireland Minister in relation to specified offices to be exercised by the relevant Minister of the Crown. This allowed for the Secretary of State (SoS) to decide whether to make appointments or extensions of tenures in the absence of a Minister during 2022-23.

The CCNI Board has been inquorate from 1 April 2023. A request was submitted to the SoS to launch two competitions to appoint a Chair, Deputy Chair and seven Board members. Both CCNI competitions are active, with appointments to be made for a Chair, Deputy Chair and eight members effective from 1st May 2024. In the interim, the Department continues to work in close partnership with CCNI to identify any emergent risk and to take any necessary action to mitigate risk until the Board is fully restored.

The TNI Board was inquorate from 31 May 2023. The SoS subsequently appointed five new Board members effective from 8 August 2023. The SoS also selected a further three suitable candidates from the reserve list effective from 27 November 2023 to replace members who could not be re-appointed in the absence of a Minister. This brought the Board up to its full membership.

The terms of four of the LRA Board members ended on 31 March 2023, leaving the Board cohort under the statutory requirement of ten, but still quorate. The SoS appointed four new Board members effective from 1 September 2023, bringing the Board up to its full membership.

The Department continues to work with each organisation to induct and train the new members as quickly as possible, and to provide support as the Boards come up to full capacity.

Conor Murphy MLA was appointed Economy Minister on 3 February 2024, following the restoration of the NI Executive and therefore will be able to make future Board appointments, as appropriate.

xii. Trainee and Apprentice Management System (TAMS)

A replacement application for the delivery of the Department's Youth Training and Apprenticeship programmes was deployed in August 2022. This new application is the Trainee and Apprentice Management System (TAMS).

Soon after release, it became apparent that there were issues with the quality and amount of data that had been migrated from the original system to TAMS.

These issues were broadly:

- Information on timesheets, participation records and course information for individuals that had left a programme for over a year was not transferred. This resulted in an inability for external training providers to claim final payments for completion of training through TAMS.
- Payment values for a small number of courses and milestones were inaccurate.
- Some trainees were not linked to the correct courses.

- Attendance and sickness records were inaccurate resulting in errors in the Education Maintenance Allowance payments from the training providers to trainees. This did not impact on payments from the Department to the training providers as they are paid based on timesheets input, but the payments the training providers were manually paying trainees may have been incorrect.

Following the release of TAMS, errors in the system were analysed and corrected at pace to resolve the technical issues in relation to incorrect codes and payment values.

During this time the vouching and verification of claims, which is undertaken prior to payment, was enhanced with additional scrutiny to reduce the risk of inaccurate payments.

A manual claims submission process for training organisations was also implemented for those claims that could not be made within TAMS due to missing or incomplete data. As part of the ongoing development of TAMS, functionality is being built to allow upload of all offline payments into the system.

A full reconciliation exercise of all payments made prior to and following the deployment of TAMS has been initiated which will identify any discrepancies between what has been claimed by the training providers and what should have been claimed.

Any discrepancies will then be corrected via reduction in future claim values or issuing of additional discretionary payments through the procedures already incorporated into the contracts.

xiii. Budget

When comparing the Secretary of State’s budget to the Draft Budget 2022-25, the Department must deliver its services with £100 million less and, in addition, fund pressures of £30 million identified for 2023-24. Therefore, the Department’s overall Resource spending power is reduced by £130 million, or 16%. Budget allocations will be revisited where possible during the financial year. Funding may be reallocated to other priority areas depending on relative spend levels in each Departmental business area.

xiv. Preparation of 2022-23 DfE Group Accounts

The preparation of the first ever set of Consolidated Accounts has proven to be a challenging process for the Department, it’s Partner Organisations and the NIAO. Whilst there had been a number of “Dry Run” attempts in prior years, the fact that these were disrupted by Covid events, staff movements and conducted outside of the normal faster closing timetable period, meant that benefits that would have been expected to be obtained from completing these exercises were not maximised or transferable into this “Go – Live” year. The Comptroller & Auditor General has commented on the issues faced in her report.

The Department recognises the significance of the issues outlined, and has already taken a number of actions to make substantial improvements going forward. These include increasing the capacity and capability of the team responsible for preparing the Group Accounts, providing support for DfE Partner Organisations and developing an IT solution to automate significant elements of the existing processes used to produce the DfE Group Accounts to produce the financial statements in significantly less time.

In addition to the actions already implemented, the Department will engage with NIAO and Partner Organisations in developing an approach to better manage the coordination of the audits for 2023-24 financial year, across all Partner Organisations. The Department is also reviewing and will amend its processes with Partner Organisations to deal with issues impacting the Group Accounts as the year progresses rather than at a year-end. It is anticipated that these actions, together with the experience gained by all stakeholders in preparing the 2022-23 Group Accounts, will deliver a demonstrable improvement for 2023-24.

18. Public Accounts Committee reports

The NI Assembly was dissolved on 28 March 2022 and, therefore, there has been no PAC Reports issued during 2022-23.

19. NI Audit Office (NIAO) reports

During the 2022-23 financial year, the NIAO published a number of reports in which the work of the Department for the Economy is implicated. These reports are listed below:

- On 19 July 2022, the Comptroller & Auditor General (C&AG) published a report on the "National Fraud Initiatives (NFI): Northern Ireland 2022". The report included details on how NFI data matching identified duplicate payments to two grant recipients which the Department did not already know about. The report is available at the link below:

  The National Fraud Initiative: Northern Ireland 22 | Northern Ireland Audit Office (niauditoffice.gov.uk)

- On 10 October 2022, the C&AG published a report on the qualification of the Department's Resource Accounts for 2021-22. The report is available at the link below:

  Department for the Economy – Report of the Comptroller and Auditor General to the Northern Ireland Assembly 2021 – 2022 | Northern Ireland Audit Office (niauditoffice.gov.uk)

- On 11 October 2022, the C&AG published a report on the qualification of Invest NI's 2021-22 accounts. The report is available at the link below:

  Invest Northern Ireland – Report of the Comptroller and Auditor General to the Northern Ireland Assembly 2021 – 2022 | Northern Ireland Audit Office (niauditoffice.gov.uk)

20. Ministerial Directions

Ministerial Directions are formal, technical instructions from the Minister which allow the Department to proceed with a spending proposal in a situation where the Accounting Officer has raised an objection.

The Accounting Officer is accountable to the NI Executive for ensuring that all expenditure meets the standards under Managing Public Money NI. The Accounting Officer has a duty to seek a Direction if they consider one of the four Accounting Officer standards (regularity, propriety, value for money and feasibility) cannot be met.

There were no Ministerial Directions given during the 2022-23 financial year.

21. Head of Internal Audit Opinion

The Head of Internal Audit (HIA) provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Department's framework of governance, risk management and control.

Based on the audit work performed, it is the opinion of the HIA that the Department has established and maintained “satisfactory” risk management, control and governance processes during 2022-23. In forming

this opinion, HIA has given due regard to the audit work completed in 2022-23 including the reviews carried over from the previous financial year. All the reviews completed to final or draft report have “satisfactory” audit opinions. In addition, the HIA has provided annual audit opinions of “satisfactory” assurance for Invest NI, Tourism NI, Consumer Council NI and NI Screen, as appointed auditors for these Partner Organisations specifically.

While no new limited Internal Audit opinions were issued in 2022-23, there remained limited audit opinions in respect of Educational Maintenance Allowance (EMA), the Disability Support Programme and Non-Domestic RHI. Internal Audit completed a follow-up review of the Disability Support Programme and as result are content that the level of assurance over the new contract can be raised to Satisfactory. IAS has scheduled further reviews of EMA and Non-Domestic RHI as part of the 2023-24 audit programme.

In forming an overall opinion, the HIA has considered the issues raised in the recently published Independent Review of Invest NI and the 17 recommendations contained in the review’s report, some of which relate to Risk and Control. The Review highlights a number of significant issues and challenges for Invest NI, which will further strengthen the Risk, Control and Governance Environment. One of the main issues highlighted in the Risk and Control section of the review related to the oversight and control of support provided to companies by Invest NI, where the value was below £50k. It should be noted that in March 2023 Internal Audit commenced a review of grants below £50k issued by Invest NI at the request of the Department for the Economy. This review was completed in August 2023 with an overall Satisfactory Audit opinion.

22. Accounting Officer statement on assurance

The Department has an established and robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity.

In addition, independent assurance is provided by the Department’s Internal Audit service, operating to Public Sector Internal Audit Standards. Internal Audit delivers an agreed prioritised programme of systems-based audits covering all Departmental systems over time. The Head of Internal Audit provides me with an Annual Report and Opinion on the level of assurance that can be provided based on the work done.

The Department has maintained a framework of control to ensure that there are sufficient control processes in place to provide assurance over financial and operational risks. I am therefore satisfied that I have effective governance arrangements and the necessary policies and procedures in place to provide a sound system of internal control to support DfE in delivering its statutory duties and to meet its aims and objectives, while safeguarding the public funds and assets for which I am personally responsible.

Ian Snowden
Permanent Secretary and Accounting Officer

REMUNERATION AND STAFF REPORT

Remuneration policy

The pay remit for the NICS, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for Northern Ireland's 24th November 2022 Written Ministerial Statement (WMS) on the Budget and the NI (Executive Formation) Act receiving Royal Assent on the 6th December 2022, the NI public sector pay policy guidance was published on 8th December 2022.

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 2022-23 was paid in June 2023. The pay award for NICS industrial staff for 2022-23 was paid in June 2023.

The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing several 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 otherwise.

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

Further information about the work of the Civil Service Commissioners for Northern Ireland can be found at www.nicscommissioners.org.

Remuneration (including salary) 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 – Minister (audited information)

Single total figure of remuneration

Minister	**2022-23 Salary**	***Pension Benefits (to nearest £1,000)**	**Total (to nearest £1,000)**	**2021-22 Salary**	***Pension Benefits (to nearest £1,000)**	**Total (to nearest £1,000)**
	£	**£**	**£**	**£**	**£**	**£**
Gordon Lyons MLA *01/04/2022 – 28/10/2022* *06/07/2021 – 31/03/2022*	21,758 (38,217 Full year equivalent)	7,000	29,000	27,989 (38,208 Full year equivalent)	9,000	37,000
Paul Frew MLA *14/06/2021 – 06/07/2021*	-	-	-	2,407 (38,208 Full year equivalent)	1,000	3,000
Diane Dodds MLA *01/04/2021 – 14/06/2021* *01/04/2020 – 31/03/2021*	-	-	-	7,811 (38,208 Full year equivalent)	3,000	11,000

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

Remuneration and pension entitlements – Officials (audited information)

Single total figure of remuneration

Officials	**2022-23 Salary (£'000)**	***Pension Benefits (to nearest £1,000)**	**Total (to nearest £1,000)**	**2021-22 Salary (£'000)**	***Pension Benefits (to nearest £1,000)**	**Total (to nearest £1,000)**
	£	**£**	**£**	**£**	**£**	**£**
Mike Brennan *Permanent Secretary*	**125-130**	**(45,000)**	**80-85**	125-130	76,000	200-205
Heather Cousins *Deputy Secretary*	**105-110**	**(23,000)**	**80-85**	105-110	34,000	140-145
Richard Rodgers** *Deputy Secretary*	**105-110**	**-**	**105-110**	105-110	-	105-110
Paul Grocott *Deputy Secretary*	**95-100**	**39,000**	**135-140**	95-100	38,000	135-140
David Malcolm *Deputy Secretary*	**100-105**	**(7,000)**	**90-95**	95-100	120,000	215-220
Shane Murphy *Deputy Secretary* 19/04/2021-31/03/2022 *Acting Deputy Secretary* *01/04/2021-19/04/2021*	**95-100**	**(7,000)**	**90-95**	95-100	99,000	195-200

Remuneration and pension entitlements – Officials (audited information) (continued)

Single total figure of remuneration

	2022-23			2021-22		
Officials	**Salary (£'000)**	***Pension Benefits (to nearest £1,000)**	**Total (to nearest £1,000)**	**Salary (£'000)**	***Pension Benefits (to nearest £1,000)**	**Total (to nearest £1,000)**
	£	**£**	**£**	**£**	**£**	**£**
Colin Woods *Assistant Secretary* *01/04/2021-27/01/2022*	**-**	**-**	**-**	60-65 (75-80 full year equivalent)	31,000	95-100
Alan Russell *Acting Assistant Secretary* 01/04/2022-31/03/2023 07/02/2022-31/03/2022	**70-75**	**30,000**	**100-105**	5-10 (70-75 full year equivalent	3,000	10-15
Sharon Hetherington *Assistant Secretary*	**75-80**	**21,000**	**95-100**	75-80	33,000	105-110
Michelle Bell Assistant Secretary 02/08/2021 – 31/03/2022 *Acting Assistant Secretary* *01/04/2021 – 02/08/2021*	**70-75**	**(13,000)**	**60-65**	75-80	101,000	175-180
Christopher McConkey *Acting Assistant Secretary* *01/11/2022 – 19/02/2023*	**20-25 (75-80 full year equivalent)**	**52,000**	**75-80**	-	-	-
Colm McKenna *Non-Executive Board Member* *01/04/2022 – 24/02/2023*	**5-10**	**-**	**5-10**	10-15	-	10-15
Fiona Keenan *Non-Executive Board Member*	**5-10**	**-**	**5-10**	5-10	-	5-10
Michael McKavanagh *Non-Executive Board Member* *01/04/2022-31/03/2023* *04/01/2022-31/03/2022*	**5-10**	**-**	**5-10**	0-5	-	0-5
Marlene McIntyre*** *Non-Executive Board Member* *01/04/2022-31/03/2023* *04/09/2021-31/03/2022*	-	-	-	-	-	-

**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.*

***The Department does not pay a pension to this Board Member.*

****This Non-Executive Board Member is employed by Department of Finance and, as such, is paid by that Department.*

Non-Executive Board Members are remunerated on a per diem basis. None of the above received benefits in kind in 2022-23 or 2021-22.

Salary

Salary includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments. This report is based on accrued payments made by the Department and thus recorded in these accounts.

The Northern Ireland Assembly was dissolved on 3 February 2022 with an election taking place on 5 May 2022, on which date Ministers ceased to hold office. An Executive was not formed following the 5 May 2022 election. Consequently, the former Ministers retained their roles in a caretaker capacity until 28 October 2022. As such, the Department for the Economy was under the direction and control of Gordon Lyons during part of the financial year. 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. No benefits in kind were awarded to senior officials in respect of 2022-23 and 2021-22.

Pay Ratios (Audited Information)

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 2022-23 was £125,000-130,000 (2021-22: £125,000-130,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

			2022-23
	25th percentile	Median	75th percentile
Total remuneration (£)	27,546	32,328	41,675
Pay ratio	4.63	3.94	3.06

			2021-22
	25th percentile	Median	75th percentile
Total remuneration (£)	27,546	32,893	42,639
Pay ratio	4.63	3.88	2.99

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 2022-23, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2022-23, two employees (2021-22: two) received remuneration in excess of the highest-paid director.

Remuneration ranged from £19,815 to £127,213 (2021-22: £19,815 to £127,213) based on pay scales as at 31 March 2023.

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 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:	2022-23 v 2021-22	2021-22 v 2020-21
Average employee salary and allowances	-0.91%	1.81%
Highest paid director's salary and allowances	-%	8.51%
Average employee performance pay and bonuses	0%[1]	-100%[1]
Highest paid director's performance pay and bonuses	N/a[2]	N/a[2]

[1] *The Northern Ireland Civil Service special bonus scheme was withdrawn with effect from 31 March 2021.*

[2] *No performance pay or bonuses were payable to the highest paid director in these years.*

Pension Benefits – Ministers (audited information)

	Accrued pension at pension age as at 31/03/2023	Real increase in pension at pension age	CETV at 31/03/2023	CETV at 31/03/2022	Real increase in CETV
	£000	£000	£000	£000	£000
Gordon Lyons MLA 01/04/2022 – 28/10/2022 *06/07/2021 – 31/03/2022*	0-2.5	0-2.5	12	8	2

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS). In 2011, the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011 establishing a panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. The tenure of the first Panel ended in July 2016. As a consequence of the Assembly Commission's desire to consider a reform of the Panel and the political situation between March 2017 and January 2020, a new Panel was not appointed. Legislation to reform the Panel, although started, was not completed before the dissolution of the Assembly on 28 March 2022, therefore, the legislation and appointment of the Panel will be taken forward during the next mandate.

In April 2016 the Independent Financial Review Panel (IFRP) issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016 which introduced a Career Average Revalued Earnings scheme for new and existing members. The scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016.

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 judgment found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible members across the main public sector schemes. This judgment 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 judgment 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 because 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)

	Accrued pension at pension age as at 31/03/2023 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/2023	CETV at 31/03/2022	Real increase in CETV	Employer contribution to partnership pension account Nearest
	£000	£000	£000	£000	£000	£100
Mike Brennan *Permanent Secretary*	60-65 Plus lump sum of 140-145	nil Plus lump sum of nil	1,300	1,212	-65	-
Heather Cousins *Deputy Secretary*	30-35 Plus lump sum of 90-95	nil Plus lump sum of nil	765	737	-35	-
Richard Rodgers* *Deputy Secretary*	-	-	-	-	-	-
Paul Grocott *Deputy Secretary*	15-20 Plus lump sum of nil	0-2.5 Plus lump sum of nil	151	125	13	-
David Malcolm *Deputy Secretary*	50-55 Plus lump sum of 105-110	0-2.5 Plus lump sum of nil	922	839	-18	-
Shane Murphy *Deputy Secretary* 19/04/2021–- 31/03/2022 *Acting Deputy Secretary* *01/04/2021 – 18/04/2021*	35-40 Plus lump sum of 65-70	0-2.5 Plus lump sum of nil	617	568	-19	-
Christopher McConkey *Acting Assistant Secretary* *01/11/2022–- 19/02/2023*	30-35 Plus lump sum of 65-70	0-2.5 Plus lump sum of 5-7.5	642	561	49	-
Alan Russell *Acting Assistant Secretary* *01/04/2022–- 31/03/2023* *07/02/2022 – 31/03/2022*	10-15 Plus lump sum of nil	0-2.5 Plus lump sum of nil	94	77	8	-
Sharon Hetherington *Assistant Secretary*	15-20 Plus lump sum of 10-15	0-2.5 Plus lump sum of nil	285	250	9	-

**The Department does not pay a pension to this Board Member.*

	Accrued pension at pension age as at 31/03/2023 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/2023	CETV at 31/03/2022	Real increase in CETV	Employer contribution to partnership pension account Nearest
	£000	£000	£000	£000	£000	£000
Michelle Bell Assistant Secretary 02/08/2021–- 31/03/2022 *Acting Assistant Secretary* *01/04/2021 – 01/08/2021*	25-30 Plus lump sum of 50-55	nil Plus lump sum of nil	535	500	-23	-

Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the NICS 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. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to Alpha (full protection) and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to Alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

McCloud Judgment

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps are being taken by DoF to remedy those 2015 reforms, making the pension scheme provisions fair to all members. Some active members will have seen changes from April 2022.

The remedy is made up of two parts. The first part was completed last year with all active members now being members of Alpha from 1 April 2022, this provides equal treatment for all active pension scheme members.

The second part is to put right, or remedy, the discrimination that has happened between 2015 and 2022. We are currently working on new scheme regulations and processes in readiness for this.

It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative schemes e.g., legacy PCSPS(NI) ‘Classic’, ‘Premium’ or ‘Nuvos’ (legacy scheme) or Alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to Alpha from 1 April 2022. This completed Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PSCPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and Alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which, once published, are available at https://www.finance-ni.gov.uk/publications/dof-resource-accounts.

Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

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).

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

Staff in post prior to 30 July 2007 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.

Benefits in Classic accrue at the rate of 1/8^{0t}h 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 1/6^{0t}h 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.

<u>Partnership Pension Account</u>
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 2022 was 10.1% and HMT has announced that public service pensions will be increased accordingly from April 2023.

Employee contribution rates for all members for the period covering 1 April 2023 – 31 March 2024 are as follows:

Scheme Year 1 April 2023 to 31 March 2024

Annualised Rate of Pensionable Earnings (Salary Bands)		**Contribution rates** – All members
From	**To**	**From 1 April 2023 to 31 March 2024**
£0	£25,049.99	4.6%
£25,050.00	£56,999.99	5.45%
£57,000.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member because 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 be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HMT published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures."

Real Increase in CETV

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

Compensation for Loss of Office (Audited Information)

There was no compensation for loss of office payments in respect of officials during 2022-23 or 2021-22.

Staff Report

Consolidated Staff Costs (Audited Information)

	Permanently employed staff*	Others	Minister	2022-23 £000 Total	2021-22 £000 Total
Wages and salaries	252,830	10,008	22	262,860	259,744
Social security costs	23,045	231	3	23,279	19,387
Other pension costs	69,655	711	4	70,370	56,462
Total Gross Costs	**345,530**	**10,950**	**29**	**356,509**	**335,593**
Less recoveries in respect of outward secondments	(576)	-	-	(576)	(539)
Less charged to EU Programmes as Technical Assistance	(993)	-	-	(993)	(1,085)
Total net costs**	**343,961**	**10,950**	**29**	**354,940**	**333,969**

Of which:	Charged to Administration	Charged to Programme	Sub-total Charged to SoCNE	Charged to Capital Projects	2022-23 Total
	Note 3a	Note 3b	Note 3a&3b		
Core Department	36,335	31,519	67,854	-	67,854
NDPBs	7,373	279,713	287,086	-	287,086
Total net costs	**43,708**	**311,232**	**354,940**	**-**	**354,940**

** Permanently employed staff includes the cost of the Department's Special Adviser who was paid in the pay band £56,105 - £71,406 (2021-22: £56,105 - £71,406).*
*** Of the total, no staff costs have been charged to capital in 2022-23 (2021-22: £nil).*

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes, but DfE is unable to identify its share of the underlying assets and liabilities.

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

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

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

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

For 2022-23, employers’ contributions of £14,366k were payable to the NICS pension arrangements (2021-22: £13,688k) at one of three rates in the range 28.7% to 34.2% (2021-22: 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. Employer’s contributions of £4,174.97 (2021-22: £5,030.05) 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% (2021-22: 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 £141.57, 0.5% (2021-22: £188.04, 0.3%) 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. Contributions due to the Partnership Pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

Three persons retired early on ill-health grounds (2021-22: three persons); the total additional accrued pension liabilities in the year amounted to £17,326 (2021-22: £19,976).

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 Core Department as well as its other bodies included within the consolidated Departmental resource account (including senior management, ministers, special advisers, staff on secondment or loan into the Department and agency/temporary staff but excluding staff on secondment to other organisations).

Activity	Permanent Staff	Others	Minister	Special Advisers	2022-23 Number Total	2021-22 Number Total
Staff	6,024	465	1	1	6,491	5,814
Staff engaged on capital projects	-	-	-	-	-	-
Total	**6,024**	**465**	**1**	**1**	**6,491**	**5,814**
Of which:						
Core department	1,175	70	1	1	1,247	1,326
NDPBs*	4,849	395	-	-	5,244	4,488
Total	**6,024**	**465**	**1**	**1**	**6,491**	**5,814**

**Includes 112 Permanent Staff in respect of Health and Safety Executive for Northern Ireland (HSENI) (2021-22: 101).*

Office of Industrial and Fair Employment Tribunals Service

Judicial Office Holders are covered by the provisions of the Judicial Pensions Scheme (JPS). The terms of the pension arrangements are set out in the provisions of Acts of Parliament, the Judicial Pensions Act 1981, the Judicial Pensions & Retirement Act 1993 (JuPRA) and the Public Service Pensions and Judicial Offices Bill (2022). The cost of benefits accruing for each year of service is shared between the Appointing Bodies and the Judicial Office Holders.

Following the Hutton Review and the reform of public sector pensions, two new pension schemes, Judicial Pension Scheme (JPS) 2015 and Northern Ireland Judicial Pension Scheme (NIJPS) 2015, were introduced from 1 April 2015. These mirror each other and other public sector career average pension schemes. From 1 April 2015 the Department has paid contributions in relation to salaried excepted and devolved salaried Judicial Office Holders and excepted fee paid Judicial Office Holders. A subsequent revaluation of the Judicial Pension Schemes resulted in a contribution rate for Appointing Bodies of 51.35% which includes an element of 0.25% as a contribution towards the administrative costs of the schemes.

From 1 April 2022, the JPS 2022 is the only judicial pension scheme in which eligible fee-paid and salaried Judicial Office Holders are able to accrue benefits for future service, except where terms and conditions are specifically non-pensionable. From 31 March 2022, all previous judicial pension schemes closed to future accrual, however, any benefits already accrued in predecessor schemes will be protected. Membership of JPS 2022 will not affect any remedy to which eligible fee-paid and salaried Judicial Office Holders may be entitled in relation to historical or ongoing service, for example, as a result of the McCloud or O'Brien/Miller litigation.

The JPS 2022 is unregistered for tax purposes which means that pension benefits accrued in it will not count towards the Lifetime and Annual Allowances. Several of its features flow from this tax status, including the uniform contribution rate of 4.26%. The main features of JPS 2022 are a pension scheme design based on career average earnings with unreduced benefits payable from the State Pension Age and no service cap.

A Scheme Guide has been produced that sets out the details of the JPS 2022. It can be accessed at https://www.mypension.com/moj/documents/

Provisions have been recognised in these accounts for the liability to fee paid Judicial Office Holders in respect of the Judicial Service Award, as DfE will still be liable to fund any service awards payable on retirement which relate to service in the previous schemes i.e. JUPRA or the FPJPS. As these schemes have now closed to future accrual, the provisions will only be for any eligible service up to 31 March 2022.

In respect of service under the new JPS 2022, the scheme itself will pay and fund service awards relating only to service in the JPS 2022, therefore DfE will not have any service award liability under the new scheme.

A number of claims by Judicial Office Holders have been made against DfE under the Part Time Workers (Prevention of Less Favourable Treatment) Regulations (Northern Ireland) 2000. These claims continue.

Sickness Absence

The Department had an overall sickness absence rate of 9.5 days lost per employee in 2022-23 (2021-22: 8.8 days). Annual sickness absence figures can be found in the "Sickness Absence in the Northern Ireland Civil Service 2022-23" report at Sickness Absence in the Northern Ireland Civil Service 2022/23 | Northern Ireland Statistics and Research Agency (nisra.gov.uk).

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

			2022-23	2021-22
Exit package cost band	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Total number of exit packages by cost band**
< £10,000	-	-	2	-
£10,000 - £25,000	-	-	-	-
Total number of exit packages	**-**	**-**	**2**	**-**
Of which:				
Core Department	**-**	**-**	**-**	**-**
NDPBs	**-**	**-**	**2**	**-**
Total	**-**	**-**	**2**	**-**
Value	**£000**	**£000**	**£000**	**£000**
Total resource cost	**-**	**-**	**5**	**-**
Of which:				
Core Department	**-**	**-**	**-**	**-**
NDPBs	**-**	**-**	**5**	**-**
Total resource cost/£000	**-**	**-**	**5**	**-**

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 2022-23 and 2021-22. No exit costs were paid in 2022-23, the year of departure (2021-22: nil). 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. In 2022-23, two hourly paid members of SERC's staff received an exit package for non-renewal of contracts in accordance with the Standard Statutory Procedure.

Staff Composition

The table below provides a breakdown of the number of persons employed by the Department as at 31 March 2023, by gender for each of the following groups:

- Directors (interpreted to be the Permanent Secretary, Deputy Secretaries and Departmental Board Members);
- Senior Managers (staff at SCS level that are not included in the Directors Group); and
- All other employees.

			2022-23			2021-22
	Male	Female	Total	Male	Female	Total
	Number	Number	Number	Number	Number	Number
Directors	6	3	9	6	3	9
Senior Managers	14	13	27	19	13	32
Employees	554	717	1,271	570	761	1,331
Total*	**574**	**733**	**1,307**	**595**	**777**	**1,372**

**Includes 57 Male, 59 Female, 116 Total, in respect of Health and Safety Executive NI (HSENI) (2021-22: 58 Male, 63 Female, 121 Total).*
Note–- the above table includes staff temporarily promoted to Senior Civil Servant grades.

Staff Turnover

DfE’s staff turnover percentage (the total number of people that have left the Department including those who have moved within the NICS) for 2022-23 is 8% (2021-22: 6.9%), and the general turnover percentage (the people who have left the Department and have not gone elsewhere in the NICS) is 5.8% (2021-22: 3.6%). This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

Staff Engagement

The 2023 NICS People Survey ran from 17 April 2023 to 17 May 2023. The results of the survey were issued by the Head of the Northern Ireland Civil Service to all staff on 20 September 2023 and can be viewed on the Department of Finance’s website by clicking on the following link: NICS People Survey results.

Staff Redeployment

No staff were redeployed during 2022-23 or 2021-22.

Off-Payroll Engagements

The Department had the following 'off-payroll' engagements during the financial year as per the criteria set by the Department of Finance. None of the Departmental Board Members are paid 'off payroll'.

Temporary off-payroll worker engagements as at 31 March 2023:

Table 1: Off- Payroll Engagements	Core Department Number	NDPBs Number	Departmental Group Number
Number of off-payroll engagements at 1 April	34	8	42
Number of new off-payroll engagements:			
Those caught by IR35	-	11	11
Those not caught by IR35	47	-	47
Number of engagements which have come onto the payroll	-	-	-
Number of engagements which have come to an end	(51)	(19)	(70)
Number of off-payroll engagements at 31 March	**30**	**-**	**30**

The Department had two 'off-payroll' engagement at a cost of over £245 per day in place as at 31 March 2023 lasting for less than six months (31 March 2022: two).

Table 2: For any off-payroll engagements of board members, and/ or, senior officials with significant financial responsibility	Core Department Number	NDPBs Number	Departmental Group Number
Number of off-payroll engagements of board members, and/ or senior officials with significant financial responsibility during the year.	-	-	-
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/ or, senior officials with significant responsibility", during the financial year.	12	73	85

Consultancy and Temporary Staff

During the year to 31 March 2023, the Departmental group spent £638,963 on external consultancy (31 March 2022: £677,443), and £1,649,897 on temporary staff (31 March 2022: £1,965,498).

Number of SCS (or equivalent) staff by band – Core Department Only

The following table summarises the number of SCS in post by pay range as at 31 March 2023. Salary ranges represent full-time equivalent rates.

Pay range	Number of SCS staff within ranges as at 31 March 2023	Number of SCS staff within ranges as at 31 March 2022
£125,000 - £130,000	1	1
£120,000 - £125,000	-	-
£115,000 - £120,000	-	-
£105,000 - £110,000	2	2
£100,000 - £105,000	1	-
£95,000 - £100,000	2	3
£90,000 - £95,000	-	-
£80,000 - £85,000	8	9
£75,000 - £80,000	9	9
£70,000 - £75,000	10	6
Total	**33**	**30**

Note–- The above table includes staff temporarily promoted to Senior Civil Servant grades.

Employment, training and advancement of disabled persons

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all. The NICS Diversity Champions Network was established in 2015 and continues to drive diversity and inclusion across the service.

The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the service.

The NICS applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Panel members must complete mandatory recruitment and selection training prior to participating on any selection panel. This training includes specific learning on equality and diversity, relevant legislation and reasonable adjustments for disabled candidates. Unconscious bias training is available to all staff.

The NICS continues to be a lead partner of Employers for Disability NI (EFDNI) and is committed to the employment and career advancement of disabled people. A range of activities to encourage and promote Civil Service career opportunities to the disability sector were delivered during 2022-23; including positive action advertising, targeted advertising and outreach information sessions for large volume recruitment competitions. The NICS continues to have a permanent presence on EFDNI's Jobs Bulletin Board which is an online career opportunities service circulated to disability organisations.

The NICS operates a Guaranteed Interview Scheme (GIS) which applies to all external NICS recruitment competitions (at any grade and any discipline) where appropriate. This 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. For more information refer to the "Information for disabled applicants" section of the NICS recruit website.

Due to the ongoing Covid-19 restrictions, the NICS Work Experience Scheme for Disabled People remained closed to applications until November 2022. The NICS continued its' participation in International Job Shadow Day (IJSD) by facilitating 13 work placements in 2022. This initiative provides work experience for disabled people of all ages.

During this year the nine-month placement work placement opportunities under the Job Start Scheme pilot within the Department for Communities (DfC) for 15 young disabled people (aged 16-24) concluded. As a result of an amendment to Recruitment Code merit principle approved by the Civil Service Commissioners, nine of the successful participants were made permanent offers of appointment in the NICS. Another three placement workers successfully obtained employment with other employers.

In June 2022, the Northern Ireland Executive, in partnership with the Harkin Institute, hosted the Harkin International Summit 2022. The event brought together leaders and activists across Business, Government, Philanthropy, the Third and Voluntary Sector, and Academia to highlight and address disability employment issues, showcase best practice and success, build relationships and challenge for change. The NICS as an employer participated, attended and supported the summit to promote its commitment to disability inclusion.

To maintain and promote a disability inclusive workplace, the NICS has policies in place to support reasonable adjustments to working practices or the work environment as required by disabled persons. During the year a programme of awareness training was available to all staff.

Equality, Diversity and Inclusion

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

Our 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+.

We deliver an ambitious diversity and inclusion programme of work through the implementation of an annual NICS Diversity Action Plan, which sets out our 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 on the NICS' commitment to equality of opportunity 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 NICS Human Resources Statistics section of the Northern Ireland Statistics and Research Agency (NISRA)'s website

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

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. 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 Reviews

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

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the Department's Equality Scheme is available on its website Department for the Economy

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 [23]. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework. Talent management is a key theme of the NICS People Strategy and highlights the importance of the development conversation between managers and staff, with several resources already available within the existing 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.

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 NICS, 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.

Summary information in respect of applications from Senior Civil Service Grade 5 and above, including equivalent grades, and Special Advisers can be found at Department for the Economy.

	SCS	G6-AA	Total
Number of exits from the Civil Service			73
Number of BARs applications assessed by the Department over the year (by grade)	1	0	1
Number of BARs applications where conditions were set (by grade)	0	0	0
Number of applications that were found to be unsuitable for the applicant to take up (grade)	0	0	0
Number of breaches of the Rules in the preceding year	0	0	0

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. People & Organisational Development[24] 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.

[23] NICSHR is the NICS' centralised human resources operational delivery function, falling under the responsibility of the Department of Finance

[24] HR policy and Industrial Relations policy for the NICS is centralised within People & OD, in the Department of Finance

STATEMENT OF OUTTURN AGAINST ASSEMBLY SUPPLY (SOAS) (AUDITED INFORMATION)

In addition to the primary statements prepared under IFRS, the FReM requires DfE 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 (C&AG) to the Northern Ireland Assembly.

The SOAS is a key accountability statement that shows, in detail, how an entity has spent against its 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, 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 compiled on an accruals basis and so outturn won’t exactly reconcile to cash spent) and administration.

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (SOAS 1); a reconciliation of outturn to net expenditure in the SOCNE, to tie the SOAS to the financial statements (SOAS 2); a reconciliation of net resource outturn to net cash requirement (SOAS 3) and an analysis of income payable to the Consolidated Fund (note 4).

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on pages 35-38 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 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.

Summary tables – mirror Part I of the Estimates

Summary table 2022-23–- all figures presented in £000

Type of spend	Note	Outturn			Estimate			Outturn vs Estimate saving/ (excess)		Prior Year Outturn Total 2021-22
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted	Total	Total
		£000	£000	£000	£000	£000	£000	£000	£000	£000
Departmental Expenditure Limit										
Resource	SOAS 1.1	863,486	(1,011)	862,475	1,396,351	(1,057)	1,395,294	532,865	532,819	966,975
Capital	SOAS 1.2	223,686	(4,035)	219,651	244,571	-	244,571	20,885	24,920	111,905
Total		**1,087,172**	**(5,046)**	**1,082,126**	**1,640,922**	**(1,057)**	**1,639,865**	**553,750**	**557,739**	**1,078,880**
Annual Managed Expenditure										
Resource	SOAS 1.1	(348,182)	-	(348,182)	(206,037)	-	(206,037)	142,145	142,145	(234,480)
Capital	SOAS 1.2	294,984	-	294,984	335,687	-	335,687	40,703	40,703	262,900
Total		**(53,198)**	**-**	**(53,198)**	**129,650**	**-**	**129,650**	**182,848**	**182,848**	**28,420**
Total Budget										
Resource	SOAS 1.1	515,304	(1,011)	514,293	1,190,314	(1,057)	1,189,257	675,010	674,964	732,495
Capital	SOAS 1.2	518,670	(4,035)	514,635	580,258	-	580,258	61,588	65,623	374,805
Total Budget Expenditure		**1,033,974**	**(5,046)**	**1,028,928**	**1,770,572**	**(1,057)**	**1,769,515**	**736,598**	**740,587**	**1,107,300**
Non-Budget										
Resource	SOAS 1.1	2,048	-	2,048	2,079	-	2,079	31	31	10,826
Capital	SOAS 1.2		-		-	-	-			-
Total Non-Budget Expenditure		**2,048**	**-**	**2,048**	**2,079**	**-**	**2,079**	**31**	**31**	**10,826**
Total Budget and Non-Budget		**1,036,022**	**(5,046)**	**1,030,976**	**1,772,651**	**(1,057)**	**1,771,594**	**736,629**	**740,618**	**1,118,126**

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

Commentary on the estimates can be found on page 39.

Net Cash Requirement 2022-23 – all figures presented in £000

Item	Note	Outturn	Estimate	Outturn vs Estimate saving/(excess)	Prior Year Outturn Total 2021-22
		Total	Total	Total	Total
		£000	£000	£000	£000
Net Cash Requirement	SOAS 3	1,237,668	1,490,428	252,760	1,534,344

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

Administration costs 2022-23 – all figures presented in £000

Item	Note	Outturn	Estimate	Outturn vs Estimate saving/(excess)	Prior Year Outturn Total 2021-22
		Total	Total	Total	Total
		£000	£000	£000	£000
Administration costs	SOAS 1.1	55,515	58,284	2,769	54,104

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 2022-23 – all figures presented in £000

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

SOAS 1 Outturn detail by Estimate line
SOAS 1.1 Analysis of resource outturn by Estimate line – all figures presented in £000

Type of spend (Resource)	Resource Outturn							Estimate			Outturn Vs Estimate (inc virements), saving/(excess)	Prior Year Outturn Total, - 2021-22
	Administration			Programme			Total	Total	Virements *	Total inc. virements		
	Gross	Income	Net	Gross	Income	Net						
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Spending in Departmental Expenditure limits (DEL)												
Voted Expenditure												
Economic and Business Development	17,741	-	17,741	111,975	(6,351)	105,624	123,365	124,991	(634)	124,357	992	327,097
Tourism	3,569	(1)	3,568	39,287	-	39,287	42,855	47,042	(3,984)	43,058	203	40,162
Employment and Skills	27,481	-	27,481	376,530	(30,452)	346,078	373,559	371,976	1,583	373,559	-	369,699
Student Support and Higher Education	2,843	-	2,843	283,824	(345)	283,479	286,322	819,720	(1,785)	817,935	531,613	180,064
Tourism Ireland Ltd	1,219	-	1,219	4,035	-	4,035	5,254	467	4,787	5,254	-	22,700
IntertradeIreland	-	-	-	5,099	-	5,099	5,099	5,054	45	5,099	-	6,995
Representation and Regulatory Services	2,663	-	2,663	27,372	(3,003)	24,369	27,032	27,101	(12)	27,089	57	26,454
Total Voted DEL	**55,516**	**(1)**	**55,515**	**848,122**	**(40,151)**	**807,971**	**863,486**	**1,396,351**	**-**	**1,396,351**	**532,865**	**973,171**
Non-voted Expenditure												
Consolidated Fund Extra Receipts (CFERs)	-	-	-	-	(1,011)	(1,011)	(1,011)	(1,057)	-	(1,057)	(46)	(6,196)
Total non-voted DEL	**-**	**-**	**-**	**-**	**(1,011)**	**(1,011)**	**(1,011)**	**(1,057)**	**-**	**(1,057)**	**(46)**	**(6,196)**
Total spending in DEL	**55,516**	**(1)**	**55,515**	**848,122**	**(41,162)**	**806,960**	**862,475**	**1,395,294**	**-**	**1,395,294**	**532,819**	**966,975**

SOAS 1.1 Analysis of resource outturn by Estimate line – all figures presented in £000 – continued

Type of spend (Resource)	Resource Outturn							Estimate			Outturn Vs Estimate (inc virements), saving/(excess)	Prior Year Outturn Total, - 2021-22
	Administration			Programme								
	Gross	Income	Net	Gross	Income	Net	Total	Total	Virements *	Total inc. virements		
Spending in Annually Managed Expenditure (AME)												
Voted Expenditure												
Provisions and Revaluations – Departmental Expenditure	-	-	-	5,143	-	5,143	5,143	(3,823)	8,966	5,143	-	(3,214)
NI Renewable Heat Incentive Scheme	-	-	-	(292)	-	(292)	(292)	33,470	(11,462)	22,008	22,300	5,816
Student Support	-	-	-	(259,166)	(118,902)	(378,068)	(378,068)	(289,367)	-	(289,367)	88,701	(237,707)
Invest Northern Ireland (ALB–- Net)	-	-	-	2,556	-	2,556	2,556	33,700	-	33,700	31,144	(20,642)
Further Education Colleges (ALB – Net)	-	-	-	18,554	-	18,554	18,554	16,564	1,990	18,554	-	18,535
Other ALBs (Net)	-	-	-	3,925	-	3,925	3,925	3,419	506	3,925	-	2,771
Total Voted AME	**-**	**-**	**-**	**(229,280)**	**(118,902)**	**(348,182)**	**(348,182)**	**(206,037)**	**-**	**(206,037)**	**142,145**	**(234,441)**
Non-voted Expenditure												
Consolidated Fund Extra Receipts (CFERs)	-	-	-	-	-	-	-	-	-	-	-	(39)
Total non-voted AME	-	-	-	-	**-**	**-**	**-**	-	-	-	**-**	(39)
Total spending in AME	-	-	-	**(229,280)**	**(118,902)**	**(348,182)**	**(348,182)**	**(206,037)**	**-**	**(206,037)**	**142,145**	
Total Non-Budget	**-**	**-**	**-**	**2,048**	**-**	**2,048**	**2,048**	**2,079**	**-**	**2,079**	**31**	
Total resource	**55,516**	**(1)**	**55,515**	**620,890**	**(160,064)**	**460,826**	**516,341**	**1,191,336**	**-**	**1,191,336**	**674,995**	
Non-Voted Expenditure	**-**	**-**	**-**	**-**	**(1,011)**	**(1,011)**	**(1,011)**	**(1,057)**	**-**	**(1,057)**	**(46)**	
Voted Expenditure	**55,516**	**(1)**	**55,515**	**620,890**	**(159,053)**	**461,837**	**517,352**	**1,192,393**	**-**	**1,192,393**	**675,041**	

SOAS 1.2 Analysis of capital outturn by Estimate line – all figures presented in £000

Type of spend (Capital)	Outturn			Estimate			Outturn Vs Estimate (inc virements), saving/(excess)	Prior Year Outturn Total, - 2021-22
	Gross	Income	Net total	Total	Virements*	Total Inc. virements		
Spending in Departmental Expenditure Limits (DEL)								
Voted Expenditure								
Economic and Business Development	94,302	(16,175)	78,127	99,419	(1,088)	98,331	20,204	41,378
Tourism	3,737	-	3,737	3,761	-	3,761	24	14,374
Employment and Skills	41,287	-	41,287	40,922	365	41,287	-	23,850
Student Support and Higher Education	106,320	(7,122)	99,198	99,597	258	99,855	657	31,658
Tourism Ireland Ltd	238	-	238	238	-	238	-	500
IntertradeIreland	132	-	132	132	-	132	-	7
Representation and Regulatory Services	1,367	(400)	967	502	465	967	-	138
Total Voted DEL	**247,383**	**(23,697)**	**223,686**	**244,571**	**-**	**244,571**	**20,885**	**111,905**
Non-voted Expenditure								
Consolidated Fund Extra Receipts (CFERs)	-	(4,035)	(4,035)	-	-	-	4,035	-
Total non-voted DEL	**-**	**(4,035)**	**(4,035)**	**-**	**-**	**-**	**4,035**	**-**
Total spending in DEL	**247,383**							**111,905**

SOAS 1.2 Analysis of capital outturn by Estimate line – all figures presented in £000–- continued

Type of spend (Capital)	Outturn			Estimate			Outturn Vs Estimate (inc virements), saving/(excess)	Prior Year Outturn Total, - 2021-22
	Gross	Income	Net total	Total	Virements*	Total Inc. virements		
Spending in Annually Managed Expenditure (AME)								
Voted Expenditure								
Provisions and Revaluations – Departmental Expenditure	-	-	-	-	-	-	-	-
NI Renewable Heat Incentive Scheme	-	-	-	-	-	-	-	(2)
Student Support	463,721	(168,737)	294,984	335,687	-	335,687	40,703	264,584
Invest Northern Ireland (ALB–-Net)	-	-	-	-	-	-	-	-
Further Education Colleges (ALB – Net)	-	-	-	-	-	-	-	-
Other ALBs (Net)	-	-	-	-	-	-	-	-
Total Voted AME	**463,721**	**(168,737)**	**294,984**	**335,687**	**-**	**335,687**	**40,703**	**264,582**
Non-voted Expenditure								
Consolidated Fund Extra Receipts (CFERs)	-	-	-	-	-	-	-	(1,682)
Total non-voted AME	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,682)**
								262,900
								-
								374,805
								(1,682)
								376,487

**Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail and delegates to DoF). Further information on virements are provided in the Supply Estimates in Northern Ireland Guidance Manual, available on the DoF website.*
The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made, is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

SOAS 2 Reconciliation of outturn to net expenditure

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.

			Prior Year
		Outturn Total	**Outturn Total**
		2022-23	**2021-22**
Total Resource Outturn in Statement of Assembly Supply	**Note**	**£000**	**£000**
Budget	SOAS 1.1	514,293	738,730
Non-Budget	SOAS 1.1	2,048	10,826
Add: Capital grants		190,194	115,650
Foreign exchange		238	(131)
Total		706,773	865,075
Less: Income payable to the Consolidated Fund	SOAS 1.2	(4,035)	4,216
HMRC Capital database		-	(250)
Other		(1,522)	4,057
Redundancy Fund		5,872	4,092
Total		315	12,115
Net operating expenditure After Tax		**707,088**	**877,190**

Capital grants / Research and Development (R&D) 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. £190.2 million of capital grants / R&D were issued by DfE in 2022/23 (£115.7 million in 2021/22).

Foreign exchange relates to unrealised gains and losses on retranslation of year end balances.

Income payable to the Consolidated Fund as Extra receipt have occurred due to capital income being received in 2022/23.

Redundancy Fund is administered on behalf of HMRC, it is excluded from the voted Estimate in Northern Ireland as separate standing legislative authority already exists in the UK, however it is in SOCNE to give a true and fair view of the spend that goes through DfE accounts. In 2021/22 HRMC agreed to fund a capital database which is expensed in the SoCNE for £250k.

Other is immaterial movements between the Estimates and Accounts.

SOAS 3 Reconciliation of Net Resource Outturn to Net Cash Requirement

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

Item	Note	Outturn Total £000	Estimate £000	Outturn vs Estimate, Saving/(excess) £000
Total Resource outturn	SOAS 1.1	516,341	1,191,336	674,995
Total Capital outturn	SOAS 1.2	514,635	580,258	65,623
Adjustments for ALBs:				
Remove voted resource and capital		(516,533)	(539,811)	(23,278)
Add cash grant in aid		477,528	502,515	24,987
Adjustments for Non-Cash:				
Depreciation, impairments and revaluations		(462)	(399,239)	(398,777)
New provisions and adjustments to previous provisions		(10,187)	912	11,099
Prior period adjustments		-	-	-
Other non-cash items		216,463	-	(216,463)
Adjustments to reflect movements in working balances				
Increase/(decrease) in Financial Investment		1,308	-	(1,308)
Increase/(decrease) in receivables		(4,992)	60,000	64,992
(Increase)/decrease in payables		34,040	89,000	54,960
Use of provisions		4,481	4,400	(81)
Total		**1,232,622**	**1,489,371**	**256,749**
Removal of non-voted budget items				
Other Adjustments	SOAS 4.1	5,046	1,057	(3,989)
Total		5,046	1,057	(3,989)
Net Cash Requirement		**1,237,668**	**1,490,428**	**252,760**

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.

Included in Non-Cash items relates to Student Loan movements, interest payments and Notional Costs.

SOAS 4 Amounts of Income to the Consolidated Fund

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

SOAS 4.1 Analysis of income payable to the Consolidated Fund

In addition to income retained by the department, the following income is payable to the Consolidated Fund (cash receipts being shown in italics)

Item	Note	Outturn total 2022-23 £000		Prior Year 2021-22 £000	
		Accruals	Cash basis	Accruals	Cash basis
Income outside the ambit of the Estimate (resource)		(1,011)	(261)	(2,019)	(1,882)
Income outside the ambit of the Estimate (capital)		(4,035)	-	(1,683)	-
(Excess) cash surrenderable to the Consolidated Fund		-	-	(4,216)	(1,118)
Total amount payable to the Consolidated Fund		**(5,046)**	**(261)**	**(7,918)**	**(3,000)**

Other Assembly Accountability Disclosures

Regularity of Expenditure

The following sections are subject to audit.

Losses and special payments

Losses Statement

	Note	2022-23 Core Department	2022-23 Departmental Group	2021-22 Core Department	2021-22 Departmental Group
Total number of losses		337	**536**	345	**483**
Total value of losses (£000)		303	**1,893**	240	**18,530**
Claims abandoned		1	**1**	343	**343**

Special Payments

Special payments are also considered to be losses and therefore are included in the total losses above.

	Note	2022-23 Core Department	2022-23 Departmental Group	2021-22 Core Department	2021-22 Departmental Group
Total number of special payments		4	**7**	2	**3**
Total value of special payments (£000)		47	**58**	8	**14**

There were no cases over £250,000 in 2022-23 or 2021-22

Fees and Charges

	Note			2022-23 £000			2021-22 £000
		Income	Full Cost	(Surplus) /Deficit	Income	Full Cost	(Surplus) /Deficit
Insolvency Account		(2,394)	4,221	1,827	(2,063)	4,240	2,177
Tourism Northern Ireland		(218)	301	83	(56)	109	53
Construction Industry Training board		(81)	85	4	(69)	72	3

Fees and charges relate to the administration and realisation of assets in Insolvency cases. Tourism NI have fees and charges in relation to the certification of tourist accommodation.

Insolvency and Tourism NI are committed to achieving full cost recovery for the services provided.

Remote Contingent Liabilities

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37 Provisions, Contingent Liabilities and Contingent Assets, the Department also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability.

The Department has no remote contingent liabilities to report.

Within the Departmental Group; Northern Ireland Screen received a legal challenge regarding an employment related claim. This is deemed as a remote contingent liability as a reasonable estimate cannot be quantified and the likelihood of probable outflow cannot be reliability measured (2021-22: £Nil).

Ian Snowden
Accounting Officer
20 March 2024

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 Department for the Economy and of its Departmental Group for the year ended 31 March 2023 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 Core Department's and the Departmental Group's:

- Statement of Financial Position as at 31 March 2023
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023; and
- the related notes including the 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, except for the effects of the matters described in the basis for qualified opinions section below, 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 2023 and of their net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Emphasis of Matter

I draw attention to the disclosures made in notes 1.16.1, 1.30, and 11 to the financial statements concerning the uncertainties inherent in the valuation of student loans. My opinion is not modified in respect of this matter.

Opinion on regularity

In my opinion, except for the effects of the matters described in the basis for qualified opinions section below, 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 2023 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for qualified opinions

Disagreement over the accounting treatment of Covid-19 business support grants administered by the Department for the Economy

I have qualified my true and fair opinion on the Core Department accounts because I disagree with the accounting treatment of Covid-19 business support grants administered by the Department for the Economy. These have been accounted for as if the expenditure was controlled by Invest Northern Ireland, however in my opinion it was operated, administered and controlled by the Department for the Economy itself and should have been accounted for as such to provide a true and fair view. In my opinion, the substance of these transactions was that the Department for the Economy itself was responsible for this expenditure, not Invest Northern Ireland. I reached this view because the Department for the Economy designed and delivered the scheme and incurred the expenditure, while instructing Invest Northern Ireland to include the expenditure in its accounts on the basis that it had the correct legal powers. However, neither International Accounting Standards nor the Government Financial Reporting Manual (FReM) allow for legal vires as a basis for recognition.

This has resulted in misstatements in the corresponding figures for 2021-22 of income and expenditure relating to the Core Department of:

- £16.8 million of an overstatement to Grant-in-Aid expenditure;
- £13.4 million of understated Grant expenditure;
- £1.5 million of overstated charge for expected credit losses against grant clawback debtors for these schemes;
- £3.1 million of understated income relating to grant clawback;

It has also resulted in misstatements in the corresponding figures for related balances at 31 March 2022 and 1 April 2021 as follows:

- overstated debtors of £0.5 million at 31 March 2022 and £nil at 1 April 2021;
- understated accruals of £nil at 31 March 2022 and £4.5 million at 1 April 2021; and
- understated general fund balance of £0.5 million at 31 March 2022 and overstated balance of £4.5 million at 1 April 2021.

My opinion on the Departmental Group's financial statements is not affected by this issue.

Regularity opinion

I have qualified my regularity opinion due to Grant in Aid payments made to Tourism Ireland and InterTradeIreland without the North South Ministerial Council approval of the related business plans, as required by their respective Financial Memorandum and Management Statements.

The impact of this has led me to qualify my regularity audit opinion, on £14.9 million of payments made to these bodies within the Core Department financial statements, and on the related £23.1 million of expenditure within the Departmental Group financial statements in respect of these bodies' activities.

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 the Economy 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 qualified opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department for the Economy 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 the Economy 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 the Economy and its Group is adopted in consideration of the requirements set out in the Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Except in respect of the accounting treatment matter set out in my Basis for qualified opinions section, I have nothing to report in respect of the following matter which I report to you if, in my opinion:

- adequate accounting records have not been kept.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- 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 the Economy 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 the Department for the Economy 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 the Economy and its Group 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, Industrial Development Act (Northern Ireland) 2002 and the Employment & Training Act (Northern Ireland) 1950;

- making enquires of management and those charged with governance on Department for the Economy 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 the Economy 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: revenue recognition, expenditure on grant schemes and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- communicating with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the Group financial statements;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
    - performing analytical procedures to identify unusual or unexpected relationships or movements;
    - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
    - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
    - investigating significant or unusual transactions made outside of the normal course of business; and
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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 Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

My detailed observations are included in my report attached to the financial statements at pages 196 to 202.

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

22 March 2024

FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Net Expenditure

For the year ended 31 March 2023

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

	Note	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group
Revenue from Contracts with Customers	**4.1**	(7,305)	**(36,011)**	(2,867)	**(23,206)**
Other operating Income	**4.2**	(44,990)	**(103,764)**	(49,463)	**(108,576)**
Total operating Income		**(52,295)**	**(139,775)**	**(52,330)**	**(131,782)**
Staff costs	**3**	67,854	**354,940**	66,244	**333,969**
Purchase of goods and services	**3**	18,542	**208,334**	19,629	**172,593**
Depreciation and impairment charges	**3**	462	**40,940**	337	**31,968**
Provision expense	**3**	7,479	**6,861**	257	**(10,600)**
Other operating expenditure	**3**	673,219	**218,442**	807,544	**466,075**
Total operating expenditure		**767,556**	**829,517**	**894,011**	**994,005**
Net operating expenditure		**715,261**	**689,742**	**841,681**	**862,223**
Finance income	**4.3**	(470)	**(2,101)**	(1,035)	**(2,461)**
Finance expense	**3**	-	**8,283**	-	**8,231**
Net expenditure for the year		**714,791**	**695,924**	**840,646**	**867,993**
Notional audit costs	**3**	190	**326**	120	**235**
Other notional costs	**3**	9,405	**9,641**	8,676	**8,813**
Total notional costs		**9,595**	**9,967**	**8,796**	**9,048**
Net expenditure for the year including notionals		**724,386**	**705,891**	**849,442**	**877,041**
Taxation	**5**	-	**1,197**	-	**149**
Net expenditure for the year after tax		**724,386**	**707,088**	**849,442**	**877,190**
Other comprehensive net expenditure					
Items that will not be reclassified to net operating expenditure					
-net (gain)/loss on revaluation of property, plant and equipment		(66)	**(151,371)**	(76)	**(16,696)**
-net (gain)/loss on revaluation of intangible assets		(70)	**(417)**	(55)	**(220)**
-actuarial (gain)/loss on pension scheme		-	**(147,237)**	-	**(76,172)**
Comprehensive net expenditure for the year		**724,250**	**408,063**	**849,311**	**784,102**

The notes on pages 118 to 192 form part of these Accounts

Consolidated Statement of Financial Position

As at 31 March 2023

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

	Note	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Non-current assets							
Property, plant and equipment	**6**	3,551	**941,298**	2,657	**774,772**	2,452	**775,479**
Intangible assets	**7**	6,027	**27,356**	3,000	**30,437**	845	**29,179**
Investment properties	**8**	-	**3,040**	-	**3,040**	-	**3,040**
Investments in subsidiaries	**9**	-	**200**	-	**200**	-	**200**
Investments in associates	**10**	-	**69,823**	-	**65,300**	-	**53,002**
Trade and other receivables	**16**	-	**3,290**	-	**4,838**	-	**3,447**
Financial assets – Student loans	**11.1**	3,911,868	**3,911,868**	3,400,297	**3,400,297**	2,784,242	**2,784,242**
Financial assets – Other	**14**	6,770	**52,338**	7,064	**42,680**	18,764	**64,360**
Total non-current assets		**3,928,216**	**5,009,213**	**3,413,018**	**4,321,564**	**2,806,303**	**3,712,949**
Current assets							
Assets classified as held for resale	**13**	-	**5,676**	-	-	-	**150**
Trade and other receivables	**16**	73,530	**120,411**	104,817	**150,008**	48,634	**104,410**
Financial assets	**14**	127	**127**	14,548	**14,548**	13,879	**13,909**
Cash and cash equivalents	**15**	877	**69,470**	833	**80,438**	760	**81,527**
Total current assets		**74,534**	**195,684**	**120,198**	**244,994**	**63,273**	**199,996**
Total assets		**4,002,750**	**5,204,897**	**3,533,216**	**4,566,558**	**2,869,576**	**3,912,945**
Current liabilities							
Trade and other payables	**17**	(121,830)	**(236,413)**	(182,518)	**(335,463)**	(209,324)	**(376,864)**
Provisions	**18**	(16,910)	**(37,975)**	(3,810)	**(25,220)**	(4,900)	**(36,993)**
Total current liabilities		**(138,740)**	**(274,388)**	**(186,328)**	**(360,683)**	**(214,224)**	**(413,857)**
Total assets less current liabilities		**3,864,010**	**4,930,509**	**3,346,888**	**4,205,875**	**2,655,352**	**3,499,088**
Non-current liabilities							
Provisions	**18**	(17,352)	**(18,099)**	(25,260)	**(26,002)**	(27,564)	**(28,417)**
Pension liabilities	**18.2**	-	**(24,529)**	-	**(154,194)**	-	**(204,584)**
Other payables	**17**	(398)	**(109,639)**	-	**(131,430)**	-	**(136,307)**
Financial liabilities	**11.2**	(2,800)	**(2,800)**	(2,008)	**(2,008)**	(225)	**(225)**
Total non-current liabilities		**(20,550)**	**(155,067)**	**(27,268)**	**(313,634)**	**(27,789)**	**(369,533)**

The notes on pages 118 to 192 form part of these Accounts

Total assets less total liabilities	**3,843,460**	**4,775,442**	**3,319,620**	**3,892,241**	**2,627,563**	**3,129,555**
Taxpayers' equity and other reserves						
General fund	3,841,695	**4,268,647**	3,317,920	**3,511,484**	2,625,943	**2,765,663**
Revaluation reserve	1,765	**506,795**	1,700	**380,757**	1,620	**363,892**
Total equity	**3,843,460**	**4,775,442**	**3,319,620**	**3,892,241**	**2,627,563**	**3,129,555**

Signed

Ian Snowden
Accounting Officer
20 March 2024

The notes on pages 118 to 192 form part of these Accounts

Consolidated Statement of Cash Flows For the year ended 31 March 2023

The Statement of Cash Flows shows the changes in cash and cash equivalents of the department during the reporting period. The statement shows how the department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the department's future public service delivery.

	Note	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group
Cash flows from operating activities					
Net operating expenditure		(724,386)	**(707,088)**	(849,442)	**(877,190)**
Adjustment for non-cash transactions		(316,534)	**(280,600)**	(393,394)	**(341,198)**
(Increase) in trade and other receivables	**16**	31,287	**31,145**	(56,183)	**(46,989)**
Movement in receivables relating to items not passing through the SoCNE		(22,556)	**(22,556)**	25,659	**24,242**
(Decrease) in trade and other payables	**17**	(35,835)	**(92,207)**	(47,178)	**(67,137)**
Movement in payables relating to items not passing through the SoCNE		1,946	**22,674**	23,329	**26,264**
Increase/(decrease) in pension liability		-	**19,765**	-	**25,229**
Use of provisions		(4,481)	**(4,481)**	(5,586)	**(28,481)**
Net cash outflow from operating activities		**(1,070,559)**	**(1,033,348)**	**(1,302,795)**	**(1,285,260)**
Cash flows from investing activities					
Purchase of non-financial assets		(4,254)	**(45,791)**	(2,280)	**(30,506)**
Proceeds from disposal of non-financial assets		2	**4,074**	-	**11,460**
Investment in companies		-	**(8,889)**	-	**(1,850)**
Repayment of loans – principal		15,882	**15,882**	15,216	**15,216**
Repayment of loans – interest		649	**649**	1,022	**1,022**
Corporation tax paid		-	**563**	-	**(337)**
Student Loan funding		(346,986)	**(346,986)**	(360,695)	**(360,695)**
Student Loan repayments		165,799	**165,799**	142,991	**142,991**
Net cash outflow from investing activities		**(168,908)**	**(214,699)**	**(203,746)**	**(222,699)**
Cash flows from financing activities					
From the Consolidated Fund (Supply) – current year		1,228,685	**1,228,685**	1,497,120	**1,497,120**
From the Consolidated Fund (Supply) – prior year		37,224	**37,224**	15,904	**15,904**
Net financing from the National Insurance Fund		4,943	**4,942**	3,963	**3,962**
Capital element of payments in respect of leases and on-balance sheet (SoFP) PFI contracts		-	**1,747**	-	**(230)**
Net financing		**1,270,852**	**1,272,598**	**1,516,987**	**1,516,756**
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		**31,385**	**24,551**	**10,446**	**8,797**
Payments of amounts due to the Consolidated Fund		**(6,885)**	**(6,885)**	**(30,745)**	**(30,745)**
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		**24,500**	**17,666**	**(20,299)**	**(21,948)**
Cash and cash equivalents at the beginning of the period	**15**	**(32,344)**	**43,083**	**(12,045)**	**65,031**
Cash and cash equivalents at the end of the period	**15**	**(7,844)**	**60,749**	**(32,344)**	**43,083**

The notes on pages 118 to 192 form part of these Accounts

Consolidated Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2023

This statement shows the movement in the year on the different reserves held by the Departmental Group, 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 the Departmental Group, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund	Revaluation Reserve	Tax Payers' Equity
		£000	£000	£000
Balance at 31 March 2020		**2,876,996**	**336,852**	**3,213,848**
Net Assembly Funding		1,553,960	-	1,553,960
National Insurance Fund		3,666	-	3,666
Supply receivable adjustment	16	15,904	-	15,904
CFERs payable to the Consolidated Fund		(26,273)	-	(26,273)
Comprehensive Net Expenditure for the year		(1,551,785)	25,082	(1,526,703)
Notional costs		8,393	-	8,393
Auditor's remuneration		(5,835)	-	(5,835)
Other reserves movements including transfers		(90,528)	1,958	(88,570)
Balance at 31 March 2021		**2,784,498**	**363,892**	**3,148,390**
Prior period adjustment		(18,835)	-	(18,835)
Balance at 1 April 2021		**2,765,663**	**363,892**	**3,129,555**
Net Assembly Funding		1,497,120	-	1,497,120
National Insurance Fund		4,092	-	4,092
Prior year stat signing adjustment		(4,052)	-	(4,052)
Supply receivable adjustment	16	37,224	-	37,224
CFERs payable to the Consolidated Fund		(5,865)	-	(5,865)
Comprehensive Net Expenditure for the year	SOAS2	(801,018)	16,916	(784,102)
Notional costs	**3a**	8,813	-	8,813
Auditor's remuneration	**3a**	235	-	235
Other reserves movements including transfers		9,272	(51)	9,221
Balance at 31 March 2022		**3,511,484**	**380,757**	**3,892,241**
Prior period adjustment		(429)	(6,487)	(6,916)
Balance at 1 April 2022		**3,511,055**	**374,270**	**3,885,325**
Net Assembly Funding		1,228,685	-	1,228,685
Prior year stat signing adjustment		1,993		1,993
National Insurance Fund		5,781	-	5,781
Supply receivable adjustment	**16**	8,984	-	8,984
CFERs payable to the Consolidated Fund		(5,046)	-	(5,046)
Comprehensive Net Expenditure for the year	**SOAS2**	(559,851)	151,788	(408,063)
Notional costs	**3a**	9,641	-	9,641
Auditor's remuneration	**3a**	326	-	326
Other reserves movements including transfers		67,079	(19,263)	47,816
Balance at 31 March 2023		**4,268,647**	**506,795**	**4,775,442**

The notes on pages 118 to 192 form part of these Accounts

Department for the Economy Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2023

This statement shows the movement in the year on the different reserves held by the Department, 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 the Department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation Reserve £000	Tax Payers' Equity £000
Balance at 31 March 2020		**2,731,727**	**1,604**	**2,733,331**
Net Assembly Funding		1,553,960	-	1,553,960
National Insurance Fund		3,666	-	3,666
Supply receivable adjustment	16	15,904	-	15,904
CFERs payable to the Consolidated Fund		(26,273)	-	(26,273)
Comprehensive Net Expenditure for the year		(1,643,684)	62	(1,643,622)
Notional costs	**3a**	8,393	-	8,393
Auditor's remuneration	**3a**	110	-	110
Other reserves movements including transfers		46	(46)	-
Balance at 31 March 2021		**2,643,849**	**1,620**	**2,645,469**
Prior period adjustment	1.33	(17,906)	-	(17,906)
Balance at 1 April 2021		**2,625,943**	**1,620**	**2,627,563**
Net Assembly Funding		1,497,120	-	1,497,120
National Insurance Fund		4,093	-	4,093
Supply receivable adjustment	16	37,224	-	37,224
CFERs payable to the Consolidated Fund		(5,865)	-	(5,865)
Comprehensive Net Expenditure for the year		(849,442)	131	(849,311)
Notional costs	**3a**	8,676	-	8,676
Auditor's remuneration	**3a**	120	-	120
Other reserves movements including transfers		51	(51)	-
Balance at 31 March 2022		**3,317,920**	**1,700**	**3,319,620**
Net Assembly Funding		1,228,685	-	1,228,685
National Insurance Fund		5,874	-	5,874
Supply receivable adjustment	16	8,982	-	8,982
CFERs payable to the Consolidated Fund		(5,046)	-	(5,046)
Comprehensive Net Expenditure for the year		(724,386)	136	(724,250)
Notional costs	**3a**	9,405	-	9,405
Auditor's remuneration	**3a**	190	-	190
Other reserves movements including transfers		71	(71)	-
Balance at 31 March 2023		**3,841,695**	**1,765**	**3,843,460**

The notes on pages 118 to 192 form part of these Accounts

Notes to the Accounts

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM) issued by the DoF. 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 is judged to be most appropriate to the particular circumstances of the DfE Group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Group are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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 and certain financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

1.2 Basis of consolidation

These accounts comprise a consolidation of DfE, and other bodies listed in Note 25, 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 or the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2019, and in accordance with Financial Reporting Standards (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.

As permitted by IFRS 10 Consolidated Financial Statements, the results and the financial position of the following NDPBs have been consolidated using additional financial information prepared to 31 March 2023 as their financial year end differs from that of the Department by more than three months:

- Belfast Metropolitan College;
- North West Regional College;
- Northern Regional College;
- South West College;
- South Eastern Regional College;

- Southern Regional College;
- Stranmillis University College; and,
- Construction Industry Training Board (CITB).

Additional financial information has also been used to consolidate the results of the following NDPBs whose year-end is 31 December:

- Tourism Ireland; and,
- IntertradeIreland.

IntertradeIreland is an immaterial component of the DfE Group and has been consolidated using Provisional Outturn data with the exception of the Pension Liability which has been consolidated on the basis of the Agreed Funding Ratio (1/3). Tourism Ireland is a material component and therefore has been consolidated into the group accounts using a hybrid approach of applying the Provisional Outturn data for the Statement of Comprehensive Net Expenditure and the Agreed Funding Ratio of 1/3 to the Statement of Financial Position.

A list of all other entities within the departmental boundary are detailed in Note 25 Entities within the Departmental Boundary.

1.3 Review of financial processes

Review of Financial Process (RoFP) was initiated to simplify financial reporting to better align Budgets, Estimates and Accounts. The legislation necessary for RoFP (The Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2022) received Royal Assent in March 2022. The Department is applying this accounting policy change for the first time for the financial year ended 31 March 2023 and, in accordance with IAS 1, as adapted by the FReM, has restated prior year comparatives to ensure comparability and consistency of financial information against the current reporting period.

The most significant changes to the Annual Report and Accounts because of RoFP are:

- The Departmental boundary (incorporating both Estimates and Accounts boundaries) has been extended to incorporate Executive NDPBs. These bodies were not previously consolidated within the Departmental Accounts and were financed by Grant-in-Aid. Therefore, the Departmental Group now includes the Core Department, NDPBs and North/South bodies;
- The primary statements (including the Statement of Outturn against Assembly Supply (SOAS) and the Notes to the Accounts (including Net Outturn; Reconciliation of Outturn to Net Operating Expenditure; Reconciliation of Net Cash Requirement; and Income payable to the Consolidated Fund) have been revised to incorporate the alignment requirements; and,
- The Assembly control totals have been revised to reflect the alignment of the Estimates and Budgeting boundaries.

1.4 Property, plant, equipment

Property, plant and equipment comprises land, buildings, vehicles, plant and machinery, information technology, and assets under construction.

DfE occupies a number of properties within the Northern Ireland Executive Estate. These are managed by DoF. DoF recovers the costs of occupancy of such properties on a notional basis from DfE.

The property, plant and equipment note requires the amalgamation of asset categories under the transport equipment heading. The asset categories represented by this heading include:

- motor vehicles; and,
- plant and machinery.

Further amalgamation of asset categories is contained under the office equipment heading. The asset categories represented by this heading include:

- office machinery and equipment;
- computer hardware;
- furniture and fittings; and,
- paintings.

1.4.1 Valuation of property, plant and equipment

Within the Departmental Group the capitalisation threshold ranges from £500 to £3,000 on expenditure on property, plant and equipment.

On initial recognition property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as 'under construction' are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

All property, plant and equipment are carried at fair value. Professional valuations of land and buildings are carried out independently by Land and Property Services (LPS) within DoF. Land and buildings are restated to current value using professional valuations, in accordance with IAS 16, every five years and in the intervening years using indices provided by LPS, specific to the Northern Ireland property sector. With the exception of land and buildings and items under construction, fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS).

1.5 Intangible assets

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Departmental Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired and the fair value of any non-controlling interest in the acquisition.

Expenditure on intangible assets lasting more than one year and costing more that £1,000, is capitalised, with the exception of Further Education Colleges where expenditure on intangible assets costing more than £3,000 is capitalised. Intangible assets are amortised over the shorter of the term of the licence and the useful economic life.

All intangible assets are carried at fair value. Fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS).

1.6 Depreciation and amortisation

All property, plant and equipment and intangible assets are depreciated/amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation is charged in the month of acquisition; none is charged in the month of disposal. The base useful lives of assets are as follows:

Asset category	Useful Life
Buildings	10 - 50 years
Plant and Machinery	3 - 20 years
Transport equipment	3 - 10 years
Office Equipment	3 – 10 years
Intangibles (Software and Databases)	2 - 30 years

1.7 Impairments

At each reporting period end, the Departmental Group checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset, and thereafter to the Statement of Comprehensive Net Expenditure (SoCNE). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to the SoCNE to the extent of the decrease previously charged there, and thereafter to the revaluation reserve in line with IAS 36 Impairment of Assets.

On disposal of an asset that has been previously revalued, the gain or loss recorded in Net Expenditure is based on the carrying amount rather than historical cost. Any previously revalued amounts are realised and transferred to the General Reserve account as a reserve movement.

All non-current assets are reviewed for impairment if circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.8 Assets in the Course of Construction

Assets in the Course of Construction are valued at cost based on the value of architects' certificates and other direct costs less impairment. They are not depreciated until the asset comes into use but are assessed for impairment annually.

1.9 Non-current assets held for resale

Non-current assets classified as held for sale are measured at expected net selling price.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition.

Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.10 Investment property

Property that is held for long term rental yield, for capital appreciation or both, and that is not occupied by Departmental Group bodies, is classified as an investment property. Investment property is measured initially at its cost, including transaction costs.

After initial recognition, investment properties are carried at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases considering current market conditions. Changes in fair value are recorded in Net Expenditure.

1.11 Investments

Financial interests in bodies that are outside the Departmental Group's boundary are treated as non-current asset investments since they are held for the long term.

1.12 Investment in subsidiaries

Investment in subsidiaries are valued at cost less impairment and are eliminated on consolidation.

1.13 Investment in associates

An associate is an entity over which the Departmental Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies. Investments in associates are carried at the Departmental Group's share of the net assets of the associate.

1.14 Leased assets

IFRS 16 Leases has been implemented from 1 April 2022. It largely removes the distinction between operating and finance leases and introduces a single lease accounting model for lessees. A lessee is required to recognise ('right-of-use') assets and liabilities for all leases (apart from the exemptions listed below). This replaces the previous standard, IAS 17 Leases, representing a change in accounting policy applied in accordance with IAS 1 and IAS 8 as adapted by the FReM.

Implementation and Assumptions
The Department has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 Leases. The cumulative effect of adopting IFRS 16 is included as an adjustment to equity at the beginning of the current period. IAS 17 operating leases are included within the Statement of Financial Position (SoFP) as a lease liability and right of use asset for the first time with changes made through the General Fund as a cumulative catch-up adjustment where necessary. The Department has expanded the definition of a lease to include arrangements with nil consideration, for example peppercorn leases, defined as lease payments significantly below market value. These assets are measured at current value in use or fair value on initial recognition. On transition, any differences between the discounted lease liability and the right of use asset are included through cumulative catch. Any differences between the lease liability and right of use asset for new leases after implementation of IFRS 16 are recorded in income in the SoCNE. The Department has elected not to recognise right of use assets and lease liabilities for the following leases:

- low value assets, with an assessment performed on the underlying asset when new (these are determined to be in line with capitalisation thresholds); and,
- leases with a lease term of 12 months or less.

Previous treatment
In the comparative period, as a lessee the Department classified leases that transferred substantially all the risks and rewards of ownership as finance leases. The leased assets were measured at an amount equal to lower of the fair value and the present value of minimum lease payments. Leases other than finance leases were classified as operating leases. Assets previously held as operating leases were not recognised in the Department's SoFP. Payments were recognised in the SoCNE on a straight-line basis over the term of the lease. Lease incentives were recognised as an integral part of the total lease expense, over the term of the lease.

Policy applicable from 1 April 2022

At inception of a contract, the Department assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time. To assess whether a contract conveys the right to control the use of an identified asset, the Department assesses whether:

- the contract involves the use of an identified asset;
- the Department has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and,
- the Department has the right to direct how and for what purpose the asset is used for.

The policy is applied to contracts entered into, or changed, on or after 1 April 2022.

Departmental Group as a lessee

Right of use assets

The Department recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease. The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets.

The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- a longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and;
- the fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property, plant and equipment assets.

The Department applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (0.95% for leases recognised in 2022, 3.51% for those in 2023). The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Department's estimates of the amount expected to be payable under a residual value guarantee, or if the Department changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Department is reasonably certain to exercise; and,

• penalties for early termination of a lease unless the Department is reasonably certain not to terminate early. At the commencement of a lease (or on the date of transition to IFRS 16, if later), the Department recognises a right of use asset and a lease liability.

Departmental Group as lessor
Where the Department acts as a lessor, the arrangement will be assessed to determine whether it constitutes a finance lease, this being where the risks and rewards incidental to ownership of an underlying asset are substantially transferred to the lessee. For these leases the asset is derecognised, and a receivable is recognised, with accrued interest being treated as income over its life. All other leases are treated as operating leases and rental income is recognised in the SoCNE on a straight-line basis.

Impact on financial statements
On transition to IFRS 16, the Departmental Group recognised an additional £11.8 million of right of use assets (Notes 6 and 20) at 1 April 2022.

1.15 Public Private Partnership (PPP)/Public Finance Initiatives (PFI) transactions

Where the balance of risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating cost. The asset is recognised when it comes into use, unless it bears significant construction risk, in this case the property is recognised as it is constructed.

Where the balance of risks and rewards of ownership of the PFI property is borne by the Departmental Group, the property is recognised as a fixed asset and the liability to pay for it is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge to reduce the financial liability to nil over the life of the arrangement. Subsequently the asset is depreciated over its useful economic life.

1.16 Financial instruments

The Departmental Group applies IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IFRS 9. Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument.

1.16.1 Financial assets

Financial assets include cash and cash equivalents, trade and other receivables and loans. The Group determines the classification of its financial assets at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at Fair Value through Profit or Loss (FVTPL), directly attributable costs.

The subsequent measurement of financial assets depends on their classification into IFRS 9's three categories: amortised cost; FVTPL; and Fair Value through Other Comprehensive Income.

Amortised cost
Financial assets classified as amortised cost include:

Trade and other receivables which have fixed or determinable payments that are not quoted on an active market. They do not carry any interest.
Cash and cash equivalents are comprised entirely of cash on hand and current balances with banks and other financial institutions which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Other financial assets such as Loans to Catalyst Inc and Presbyterian Mutual Society.

Fair value through profit or loss
Financial assets at FVTPL include:

Student loans have been classified to FVTPL because management considers the loans to fail the solely payments of principal and interest test due to the loans' terms and conditions.

Student loans suffer an immediate fair value loss due to the difference between the initial fair value of new loans and their transaction price at issue. Such fair value losses are deferred to SoFP since student loans are classified as Level 3 per IFRS 13's hierarchy. Deferred balances are then expensed as part of the loans' first year end fair value re-assessment. More information about the measurement techniques used to determine the fair value of student loans is provided in Note 11.

Derivative financial instruments The group enters into derivative financial instruments to manage its exposure to interest rate risk using interest rate swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each financial year end. The resulting gain or loss is recognised in Net Expenditure immediately unless the derivative is designated and effective as a hedging instrument.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The group's derivative financial instrument is valued under level 2 in the fair value hierarchy. The fair value of the group's derivative financial instruments is obtained from counterparty valuation and is based on observable market data.

1.16.2 Financial liabilities

The measurement of financial liabilities depends on their classification, as follows:

Trade and other payables, excluding non-contractual accruals, are generally not interest bearing and are stated at their face value on initial recognition. Subsequently, they are measured at amortised cost.

Loan liabilities, the Group holds both interest bearing and non-interest bearing loans. The Group states such loans at their face value on initial recognition. Subsequently, the Group measures interest bearing loans at amortised cost, which includes all direct costs associated with the loans.

Financial guarantees, are initially recognised at fair value on the date that the guarantee was given in accordance with IFRS 9. Subsequent measurement is at the higher of:

– the amount of the equivalent IFRS 9 expected credit loss allowance

– the amount initially recognised less cumulative effect of income recognised.

1.17 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. This cost has been estimated using data held on the payroll system.

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

1.18 Pensions

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

Unfunded defined benefit pension schemes

For the Department and its consolidated bodies (excluding Tourism NI, NI Screen, CITB, North/South Bodies, the Further Education Colleges, and Stranmillis) past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)). The defined benefit scheme is unfunded and is non-contributory except in respect of dependents' benefits. The expected cost of these elements is recognised on a systematic and rationale basis over the year during which it benefits from employees' services by payment to the PCSPS (NI) or amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of defined contribution schemes the contributions payable for the year are recognised.

Tourism NI, NI Screen, FE Colleges, Stranmillis & CITB
In respect of the above NDPBs, past and present employees in Northern Ireland are covered by the provisions of the Northern Ireland Local Government Officers Superannuation Scheme (NILGOSC). NILGOSC is a defined benefit scheme which is externally funded and contracted out of the second state Pension Scheme.

FE Colleges and Stranmillis
The Northern Ireland Teachers' Pension Scheme (NITPS) an unfunded contributory, voluntary membership scheme administered by the Department of Education. The current regulations under which the scheme operates are the Teachers' Superannuation Regulations (NI) 1998 (as amended). The NITPS is a multi-employer scheme and the FE Colleges and Stranmillis is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The NITPS is therefore treated as defined contribution scheme and the contributions recognised as they are paid each year.

Funded defined-benefit pension schemes

North/South Bodies
In respect of the North/South Bodies, their pension scheme was established by the North/South Implementation Bodies and Tourism Ireland Company Limited by Guarantee (CLG) with effect from 29 April 2005. It is a defined benefit pension scheme which is funded annually on a pay as you go basis.

The scheme is administered by an external administrator. Funding from the Irish Government/Exchequer is provided by the Department of Enterprise, Trade and Employment and the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media (formerly the Department of Transport, Tourism and Sport) to IntertradeIreland and Tourism Ireland, who then funds the administrator.

Pension costs reflect pension benefits earned by employees during the period.

Defined contribution pension schemes

More information about the Group's pension schemes can be found in the accounts of the consolidated entities and Note 18.2.

1.19 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, 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 Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

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 Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.20 Third Party Assets

Third party assets are assets for which the Departmental Group act as custodians or trustees but in which neither the Department, nor the consolidated bodies, nor Government more generally, has a direct beneficial interest. Third Party assets are not public assets and hence are not recorded in the primary financial statements.

This currently applies in respect of the Departmental Group.

Insolvency Account
The Department's Insolvency Account holds money received in respect of company liquidations, bankruptcies, and estates of deceased insolvents, pending authorised appropriation. This is not a Departmental asset and is not included in the accounts, since neither the Department nor Government more generally has a direct beneficial interest in it.

Northern Ireland National Insurance Fund
The Department acts as agent for the Northern Ireland National Insurance Fund in relation to various aspects of the Employment Rights (Northern Ireland) Order 1996. The transactions and balances arising are reflected in the accounts of the Northern Ireland National Insurance Fund and are not included in these financial statements.

1.21 Administration and programme expenditure

The SoCNE is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in FReM by DoF.

Administration costs reflect the costs of running the Departments and its consolidated bodies. These include both administrative costs and associated operating income. Programme costs reflect non-administrative costs, including delivery of frontline services, payments of grants and other disbursements by the Departmental Group.

1.22 Income recognition

In line with IFRS 15 Revenue from Contracts with Customers, the Departmental Group recognises its income as either Revenue from Contracts with Customers or Other Operating Income.

(a) Revenue from Contracts with Customers includes income that relates directly to operating activities of the Departmental Group and comprises fees and charges, to be recovered for services provided to external customers, and interest receivable. It includes not only the Departmental Group's accruing resources, but also any income payable to the Consolidated Fund.

(b) Other Operating Income includes income received from the European Union and other miscellaneous grants in support of Departmental Group activities, interest receivable and income payable to the Consolidated Fund.

Where material, these are shown separately at Note 4. Income is stated net of Value Added Tax (VAT) unless the NDPB is not registered for VAT.

1.23 Notional charges

Notional charges are non-cash transactions. Notional charges, in respect of services received from other Government departments and audit costs, are included in the Consolidated SoCNE to reflect the full economic cost of services.

1.24 Value Added Tax

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT.

When a consolidated body is not registered for VAT, the amounts are stated gross of VAT.

The FE Colleges and Stranmillis University College are exempt from levying VAT on most of the services they provide to students. For this reason, they are partially exempt in respect of VAT, so that they can only recover a minor element of VAT charged on inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of the tangible fixed assets as appropriate, where the inputs themselves are tangible assets by nature.

1.25 Income/Corporation Tax

The Department is exempt from income and corporation tax by way of its Crown exemption. The FE Colleges, Stranmillis and CITB have charitable status meaning they are exempt from corporation tax on income they receive from tuition fees, interest, and rents.

The remaining consolidated bodies are liable to corporation tax on certain sources of income earned in any year.

1.26 Grants payable

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Recognition of entitlement varies according to the details of individual schemes and the terms of the offers made.

In line with FReM, Grant-in-Aid paid to Non-Departmental Public Bodies by the Department is accounted for on a cash basis.

1.27 Provisions

The Departmental Group makes provisions for liabilities and charges where, at the year-end, a legal or constructive obligation exists (that is a present obligation from past events exists), where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation. Where the time value of money is material and it is possible to predict the timing of future cash flows with reasonable accuracy, the Departmental Group discounts the provision to its present value using a standard Government discount rate.

1.28 Foreign exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. At the end of the reporting period monetary items are translated at the closing rate applicable at the reporting date. Translation differences are charged directly to the SoCNE.

Tourism Ireland prepares its accounts in Euro with summary amounts in Sterling, the Departmental Group accounts are prepared using the Sterling amounts.

1.29 Early retirement costs

The Departmental Group is required to meet the additional cost of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retire early and for compensation payments payable to employees who take early severance. The Departmental Group provides in full for this cost when the early retirement programme has been announced.

1.30 Critical accounting estimates and key judgements

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required to prepare these financial statements in conformity with FReM, management has used judgements based on the latest available, reliable information. Management continually reviews estimates to take account of any changes in the circumstances on which the estimate was based or because of new information or more experience.

Student Loans
The most significant area involving accounting estimates and key judgements is the carrying value of student loans. Information on these estimates and judgements are shown at Note 11.

Presbyterian Mutual Society
Property market conditions and the option to extend the realisation date of the investment portfolio are important estimation considerations for the loan to Presbyterian Mutual Society.

Harland & Wolff
As regards provision in respect of Harland & Wolff plc, estimation techniques included percentage apportionment between expected settlement values and legal costs to estimate total claim costs of existing claims, projected number of future claims and estimated recoveries from third parties.

Grant Provision
The grant provision by Invest NI is a critical accounting estimate. Grants are paid by Invest NI to client companies under the terms and conditions of financial assistance agreements. These agreements last for several years and assistance is only payable when eligible activities have been satisfactorily undertaken.

The grant provision is an estimation of the amount of grant earned by client companies that has not yet been claimed at the year-end. The diverse range of grants offered requires a variety of methodologies to be used to calculate the provision amounts.

Whilst it is recognised that this involves an element of estimation of the liability owed to third parties, an annual review is carried out to assess the amount of the provision that is subsequently claimed by client companies and therefore utilised. Any element of the previous year provision that is not subsequently claimed will be released or re-provided for in the following financial year.

Derivative Financial Instruments
The fair value valuation of the Departmental Group's derivative financial instrument is also a critical accounting estimate. The fair value has been obtained from counterparty valuation and is based on observable market data (Level 2). The valuation provided is reviewed by management.

Goodwill
The Departmental Group tests annually whether goodwill has suffered any impairment, in accordance with the Departmental Group's accounting policies. The recoverable amounts of cash-generating units have been determined based on value in use. These calculations require the use of estimates as detailed in Note 7.

1.31 Impending application of newly issued accounting standards not yet effective

The Department has considered those new Standards, interpretations and amendments to existing Standards which have been published and are mandatory for the Department's accounting periods beginning on or after 1 April 2023 or later periods, but which the Department has not adopted early. Other than as outlined below, the Department considers that these Standards are not relevant or material to its operations.

Standard	IFRS 17 Insurance Contracts
Effective date	1 January 2023
FReM application	2025-26
Description of revision	The standard makes changes to how insurance contracts are accounted for and may in certain circumstances widen the scope of which financial positions are judged to be in-scope for the standard than those caught by IFRS 4 Insurance Contracts (IFRS 4).
Comments	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.

1.32 Prior Period Restatement and Reclassification

Review of Financial Process (RoFP) was initiated to simplify financial reporting to better align Budgets, Estimates and Accounts. The legislation necessary for RoFP (The Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2022) received Royal Assent in March 2022. The Department is applying this accounting policy change for the first time for the financial year ended 31 March 2023 and, in accordance with IAS 1, as adapted by the FReM, has restated prior year comparatives to ensure comparability and consistency of financial information against the current reporting period.

Notional costs

Costs associated with the provision of shared services, or services provided by one department or agency to another, are notionally charged. Under RoFP, this would result in a misalignment due to notional costs

being recorded in Accounts and Estimates but not in Budgets. DoF has therefore issued guidance for departments and agencies to adapt the presentation of notional costs on the Statement of Comprehensive Net Expenditure. Notional costs will now be shown below ‘Net expenditure for the year’, followed by a new total of ‘Net expenditure for the year including notionals’. Prior year comparatives have been reclassified accordingly.

Prior period restatement

During the year ended 31 March 2022 a review was undertaken with regard to the forecasting model which underpins the calculation of the carrying value of student loans for Northern Ireland. It was established that the opening fair value adjustments for the loans had been understated due to adjustments required to the model. A prior period adjustment of £17.9 million was included in the accounts in order to bring the opening carrying value of the loans to £2,784 million. 2020-21 has been restated accordingly, the adjustment was not deemed to be so significant as to require an adjustment to 2019-20. This adjustment impacts the carrying value of the Student Loan book, and the General Fund.

The overall impact of the above changes on comparative disclosures for prior years is shown below:

Consolidated Statement of Financial Position As at 1 April 2021

	Note	Core Department Audited Accounts £000	Prior Period Adjustment £000	RoFP (restated) £000	Core Department (restated) £000	RoFP adjustments for NDPB £000	Departmental Group £000
Non-current assets							
Property, plant and equipment	**6**	2,452	**-**	-	2,452	773,027	**775,479**
Intangible assets	**7**	845	-	-	845	28,334	**29,179**
Investment properties	**8**	-	-	-	-	3,040	**3,040**
Investments in subsidiaries	**9**	-	-	-	-	200	**200**
Investments in associates	**10**	-	-	-	-	53,002	**53,002**
Trade and other receivables	**16**	-	-	-	-	3,447	**3,447**
Financial assets – Student loans	**11.1**	2,802,148	**(17,906)**	-	2,784,242	-	**2,784,242**
Financial assets – Other	**14**	18,764	-	-	18,764	45,596	**64,360**
Total non-current assets		**2,824,209**	**(17,906)**	**-**	**2,806,303**	**906,646**	**3,712,949**
Current assets							
Assets classified as held for resale	**13**	-	-	-	-	150	**150**
Trade and other receivables	**16**	48,634	-	-	48,634	55,776	**104,410**
Financial assets	**14**	13,879	-	-	13,879	30	**13,909**
Current tax asset	**5**	-	-	-	-	-	**-**
Cash and cash equivalents	**15**	760	-	-	760	80,767	**81,527**
Total current assets		**63,273**	**-**	**-**	**63,273**	**136,723**	**199,996**
Total assets		**2,887,482**	**(17,906)**	**-**	**2,869,576**	**1,043,369**	**3,912,945**
Current liabilities							
Trade and other payables	**17**	(209,324)	-	-	(209,324)	(167,540)	**(376,864)**
Provisions	**18**	(4,900)	-	-	(4,900)	(32,093)	**(36,993)**
Total current liabilities		**(214,224)**	**-**	**-**	**(214,224)**	**(199,633)**	**(413,857)**
Total assets less current liabilities		**2,673,258**	**(17,906)**	**-**	**2,655,352**	**843,736**	**3,499,088**
Non-current liabilities							
Provisions	**18**	(27,564)	-	-	(27,564)	(853)	**(28,417)**
Pension liabilities	**18.2**	-	-	-	-	(204,584)	**(204,584)**
Other payables	**17**	-	-	-	-	(136,307)	**(136,307)**
Financial liabilities	**11.2**	(225)	-	-	(225)	-	**(225)**
Total non-current liabilities		**(27,789)**	**-**	**-**	**(27,789)**	**(341,744)**	**(369,533)**
Total assets less total liabilities		**2,645,469**	**(17,906)**	-	**2,627,563**	**501,992**	**3,129,555**
Taxpayers' equity and other reserves							
General fund		2,643,849	**(17,906)**	-	2,625,943	139,720	**2,765,663**
Revaluation reserve		1,620	-	-	1,620	362,272	**363,892**
Total equity		**2,645,469**	**(17,906)**	**-**	**2,627,563**	**501,992**	**3,129,555**

Consolidated Statement of Financial Position As at 31 March 2022

	Note	£000 Core Department Audited Accounts	£000 Prior Period Adjustment	£000 RoFP (restated)	£000 Core Department (restated)	£000 RoFP adjustments for NDPB	£000 Departmental Group
Non-current assets							
Property, plant and equipment	**6**	2,657	-	-	2,657	772,115	**774,772**
Intangible assets	**7**	3,000	-	-	3,000	27,437	**30,437**
Investment properties	**8**	-	-	-	-	3,040	**3,040**
Investments in subsidiaries	**9**	-	-	-	-	200	**200**
Investments in associates	**10**	-	-	-	-	65,300	**65,300**
Trade and other receivables	**16**	-	-	-	-	4,838	**4,838**
Financial assets – Student loans	**11.1**	3,400,297	-	-	3,400,297	-	**3,400,297**
Financial assets – Other	**14**	7,064	-	-	7,064	35,616	**42,680**
Total non-current assets		**3,413,018**	**-**	**-**	**3,413,018**	**908,546**	**4,321,564**
Current assets							
Assets classified as held for resale	**13**	-	-	-	-	-	-
Trade and other receivables	**16**	104,817	-	-	104,817	45,191	**150,008**
Financial assets	**14**	14,548	-	-	14,548	-	**14,548**
Cash and cash equivalents	**15**	833	-	-	833	79,605	**80,438**
Total current assets		**120,198**	**-**	**-**	**120,198**	**124,796**	**244,994**
Total assets		**3,533,216**	**-**	**-**	**3,533,216**	**1,033,342**	**4,566,558**
Current liabilities							
Trade and other payables	**17**	(182,518)	-	-	(182,518)	(152,945)	**(335,463)**
Provisions	**18**	(3,810)	-	-	(3,810)	(21,410)	**(25,220)**
Total current liabilities		**(186,328)**	**-**	**-**	**(186,328)**	**(174,355)**	**(360,683)**
Total assets less current liabilities		**3,346,888**	**-**	**-**	**3,346,888**	**858,987**	**4,205,875**
Non-current liabilities							
Provisions	**18**	(25,260)	-	-	(25,260)	(742)	**(26,002)**
Pension liabilities	**18.2**	-	-	-	-	(154,194)	**(154,194)**
Other payables	**17**	-	-	-	-	(131,430)	**(131,430)**
Financial liabilities	**11.2**	(2,008)	-	-	(2,008)	-	**(2,008)**
Total non-current liabilities		**(27,268)**	-	-	**(27,268)**	**(286,366)**	**(313,634)**
Total assets less total liabilities		**3,319,620**	**-**	-	**3,319,620**	**572,621**	**3,892,241**
Taxpayers' equity and other reserves							
General fund		3,317,920	**-**	-	3,317,920	193,564	**3,511,484**
Revaluation reserve		1,700	-	-	1,700	379,057	**380,757**
Total equity		**3,319,620**	**-**	**-**	**3,319,620**	**572,621**	**3,892,241**

Consolidated Statement of Comprehensive Net Expenditure For the year ended 31 March 2022

	Note	2021-22 £000 Core Department	RoFP Reclassification	2021-22 £000 Core Department (restated)	2021-22 £000 RoFP adjustments for NDPB	2021-22 £000 Departmental Group
Revenue from Contracts with Customers	**4.1**	(2,867)	-	(2,867)	(20,339)	**(23,206)**
Other operating Income	**4.2**	(49,463)	-	(49,463)	(59,113)	**(108,576)**
Total operating Income		**(52,330)**	-	**(52,330)**	**(79,452)**	**(131,782)**
Staff costs	**3**	66,244	-	66,244	267,725	**333,969**
Purchase of goods and services	**3**	19,629	-	19,629	152,964	**172,593**
Depreciation and impairment charges	**3**	337	-	337	31,631	**31,968**
Provision expense	**3**	257	-	257	(10,857)	**(10,600)**
Other operating expenditure	**3**	816,340	(8,796)	807,544	(341,469)	**466,075**
Total operating expenditure		**902,807**	**(8,796)**	**894,011**	**99,994**	**994,005**
Net operating expenditure		**850,477**	**(8,796)**	**841,681**	**20,542**	**862,223**
Finance income	**4.3**	(1,035)	-	(1,035)	(1,426)	**(2,461)**
Finance expense	**3**	-	-	-	8,231	**8,231**
Net expenditure for the year		**849,442**	**(8,796)**	**840,646**	**27,347**	**867,993**
Notional audit costs	**3**	-	120	120	115	**235**
Other notional costs	**3**	-	8,676	8,676	137	**8,813**
Total notional costs		**-**	**8,796**	**8,796**	**252**	**9,048**
Net expenditure for the year including notionals		**849,442**	**-**	**849,442**	**27,599**	**877,041**
Taxation	**5**	-	-	-	149	**149**
Net expenditure for the year after tax		**849,442**	**-**	**849,442**	**27,748**	**877,190**

Other comprehensive net expenditure					
Items that will not be reclassified to net operating expenditure					
-net (gain)/loss on revaluation of property, plant and equipment	(76)	-	(76)	(16,620)	**(16,696)**
-net (gain)/loss on revaluation of intangible assets	(55)	-	(55)	(165)	**(220)**
-actuarial (gain)/loss on pension scheme	-	-	-	(76,172)	**(76,172)**
Comprehensive net expenditure for the year	**849,311**	**-**	**849,311**	**(65,209)**	**784,102**

Average number of persons employed for the year ended 31 March 2022 (Audited Information)

The average number of whole-time equivalent persons employed during the year was as follows:

	Core Department	RoFP Reclassification	Core Department (restated)	RoFP adjustments for NDPBs	2021-22 Departmental Group
Activity				**Total**	**Total**
RFR A	1,326	-	1,326	4,324	5,650
Staff engaged on capital projects	-	-	-	164	164
Total	**1,326**	**-**	**1,326**	**4,488**	**5,814**
Of which:					
Core department	1,225	-	1,225	-	-
HSENI	101	-	101	-	-
Total	**1,326**	**-**	**1,326**	**4,488**	**5,814**

2 Statement of Operating Expenditure by Operating Segment

The Department's operating segments have been identified by the structure of activities, the division of responsibilities and the basis of reporting to the Accounting Officer. The reportable segments have therefore been identified as the units of service within the Department, with the exception of Finance, HR and Top Management. Net assets are not reported in this way.

The main activities of the Operating Segments comprise:

1. **Economic Development & Infrastructure** - economic infrastructure in support of economic development including energy and minerals; sustainable energy; renewable heat incentive scheme; telecommunications; innovation and R&D policy; policy evaluation and research.

2. **Tourism** - driving the development of Northern Ireland tourism and delivery of the Department's policies and strategies in relation to business support in Northern Ireland. These include encouraging investment (foreign and indigenous); stimulating entrepreneurial activity; increasing exports and trade; promoting R&D/innovation; and providing development support.

3. **Employment & Skills** - Further and adult education, youth and adult skills training, management and enterprise training**.**

4. **Student Support & Higher Education** - Funding and support to students, including student loans, Education and Maintenance Allowances and other matters relating to tertiary education and funding and support of higher education, including universities and colleges of education.

5. **Tourism Ireland Ltd** - Tourism Ireland's role is to grow overseas tourism revenue and visitor numbers to Northern Ireland, and to help Northern Ireland to realise its tourism potential.

6. **InterTradeIreland** - to support SMEs across Northern Ireland and to develop North/South trade and business development opportunities for the mutual benefit of both economies.

7. **Representation & Regulatory Services** - business regulation, including company law, Insolvency Service, Trading Standards and Consumer Affairs Services, Registry of Credit Unions and Industrial and Provident Societies, the provision of a debt advice service, Health & Safety Executive (NI); and, labour market services, including tribunals and labour relations, employment law and redundancy payments.

Analysis of the significant movements since 2022-23 is shown in the Performance Analysis section (page 35-38). The figures shown below include all budget categories, DEL, AME and Non-Budget, together with Non-Supply income and expenditure (SOAS1).

2 Statement of Operating Expenditure by Operating Segment (continued)

	Economic Development & Infrastructure	Tourism	Employment & Skills	Student Support & Higher Education	Tourism Ireland Ltd	InterTradeIreland	Representation and Regulatory Services	2022-23 £000
Gross expenditure	132,810	44,255	400,687	28,521	5,560	5,253	29,886	646,972
Income	(6,351)	(1)	(30,452)	(119,247)	-	-	(3,003)	(159,054)
Net expenditure	126,459	44,254	370,235	(90,726)	5,560	5,253	26,883	487,918

	Economic Development & Infrastructure	Tourism	Employment & Skills	Student Support & Higher Education	Tourism Ireland Ltd	InterTradeIreland	Representation and Regulatory Services	2021-22 £000
Gross expenditure	322,599	42,935	409,951	(9,788)	22,700	6,995	29,082	824,474
Income	(10,328)	(2)	(36,338)	(47,855)	-	-	(2,628)	(97,151)
Net expenditure	312,271	42,933	373,613	(57,643)	22,700	6,995	26,454	727,323

2.1 Reconciliation between Operating Segments and Consolidated Statement of Comprehensive Net Expenditure

	Economic Development & Infrastructure	Tourism	Employment & Skills	Student Support & Higher Education	Tourism Ireland Ltd	InterTradeIreland	Representation and Regulatory Services	2022-23 £000
Total net expenditure reported for Operating Segments	126,459	44,254	370,235	(90,726)	5,560	5,253	26,883	487,918
Reconciling items – CFER and Redundancy	(4,867)	-	-	(7)	-	-	5,700	826
Total net expenditure per Statement of Comprehensive Net Expenditure	121,592	44,254	370,235	(90,733)	5,560	5,253	32,583	488,744
Reconciling items								
Capital Grants								190,194
Central Services								27,387
Other								763
Total net expenditure per Statement of Comprehensive Net Expenditure								707,088

	Economic Development & Infrastructure	Tourism	Employment & Skills	Student Support & Higher Education	Tourism Ireland Ltd	InterTradeIreland	Representation and Regulatory Services	2021-22 £000
Total net expenditure reported for Operating Segments	312,271	42,933	373,613	(57,643)	22,700	6,995	26,454	727,323
Reconciling items	(339)	-	(57)	(1,525)	-	-	3,994	2,073
Total net expenditure per Statement of Comprehensive Net Expenditure	311,932	42,933	373,556	(59,168)	22,700	6,995	30,448	729,396
Reconciling items								
Capital Grants								115,650
Central Services								20,203
Other								11,941
Total net expenditure per Statement of Comprehensive Net Expenditure								877,190

2.2 Reconciliation between Operating Segment and Consolidated Statement of Financial Position

Total Assets are only required to be disclosed in reporting segments where total assets for segments are regularly reported to the Chief Operating Decision maker. As total assets for segments are not regularly reported to the Chief Operating Decision Maker, the Department has adopted this option. This does not have a material impact on the Department's financial statements.

3a Other administration expenditure

		2022-23		2021-22
		£000		£000
	Core Department	Departmental Group	Core Department	Departmental Group
Staff costs [1]				
Wages and salaries	25,752	**30,265**	25,386	**28,923**
Social security costs	2,770	**2,996**	2,579	**2,723**
Other Pension costs	7,813	**10,447**	7,470	**9,952**
Good and services	8,736	**40,746**	7,400	**9,562**
Auditors' remuneration and expenses (hard charge audit fees and non-audit services)	-	**141**	-	**133**
Non-cash items				
Notional accommodation costs (DoF)	4,176	**4,176**	3,794	**3,794**
Other notional costs	5,229	**5,465**	4,882	**5,019**
Auditor's remuneration and expenses	190	**326**	120	**235**
Total administration expenditure	**54,666**	**94,562**	**51,631**	**60,341**

[1] *Further analysis of staff costs is located in the Remuneration and Staff Report on page 85.*

During the year, the Department purchased the following non-audit services from its auditor, the Northern Ireland Audit Office:

- National Fraud Initiative Exercise £1,319 (2021-22: £nil)

3b Programme expenditure

	Note	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group
Staff costs [1]					
Wages and salaries		23,036	**231,026**	22,101	**229,197**
Social security costs		2,142	**20,283**	2,163	**16,664**
Other Pension costs		6,341	**59,923**	6,545	**46,510**
Grants					
Grant in aid		478,751	**27,910**	486,987	**214,462**
Capital grants and subsidies		169,903	**169,903**	86,799	**69,518**
Other current grants and subsidies		330,499	**330,969**	598,573	**542,547**
EU grants		21,806	**21,806**	32,841	**32,841**
Goods and services		9,806	**164,084**	12,229	**174,094**
Auditors' remuneration and expenses (hard charge audit fees and non-audit services)		-	**320**	-	**189**
Finance cost		-	**9,752**	-	**9,996**
Non-voted expenditure		5,872	**5,872**	4,092	**4,092**
Non-cash items					
Student loans fair value adjustment	**11.1**	(335,486)	**(335,486)**	(401,166)	**(401,166)**
Financial instrument gain on revaluation		-	**(4,210)**	-	**4,413**
Depreciation and amortisation	**6,7**	462	**43,301**	337	**34,334**
Impairment charges					
Asset impairment		-	**(2,361)**	-	**(2,366)**
Financial liability impairment	**11.2**	2,986	**2,986**	3,718	**3,718**
Borrowing costs	**11.2,18**	278	**(1,469)**	157	**(1,765)**
Expected credit loss – Presbyterian Mutual Society	**14.1**	(1,308)	**(1,308)**	(4,350)	**(4,350)**
Foreign exchange unrealised	**SOAS 2**	238	**238**	(131)	**(133)**
Investment revaluation	**14.1**	(49)	**-**	180	**-**
Provision/(release) provided for in year	**18**	7,201	**6,861**	100	**(10,600)**
Share of results of associates	**10.1**	-	**4,366**	-	**(10,448)**
Loss on disposal of property, plant and equipment		7	**(1,561)**	-	**(804)**
Total programme expenditure		**722,485**	**753,205**	**851,175**	**950,943**

[1] *Further analysis of staff costs is located in the Remuneration and Staff Report on page 85.*

EU Grants includes staff costs of £1 million (2021-22: £1.1 million) which have been charged to EU Programmes as Technical Assistance. Financial Instruments gain on revaluation relate to Invest NI.

Renewable Heat Incentive Scheme (RHI)

The Financial Statements include the following amounts in respect of the Renewable Heat Incentive Scheme (RHI), both Domestic and Non-Domestic:

- Grant expenditure (above) includes RHI expenditure of £14.2 million (2021-22: £6.4 million), all of which was included in the Statement of Outturn against Assembly Supply (pages 39 to 48) as Annually Managed Expenditure (AME);
- Goods and services (admin and programme) includes RHI expenditure of £1 million (2021-22: £1.1 million);
- Trade payables at Note 17 includes £7.5 million for RHI (2021-22: £14 million);
- Provisions for liabilities and charges at Note 18 includes a provision in relation to the RHI Non-domestic scheme of £14.5 million (2021-22: £nil); and,
- Financial Commitments at Note 22.2 includes £70m for RHI (2021-22: £70 million).

3c Notional Audit Costs

The non-cash auditors' remuneration for the year includes costs incurred by the Department for the Departmental Group audit, and by NDPBs for the audit of their individual accounts as shown below. Further details for NDPBs can be found in their individual accounts.

	2022-23	2021-22
	£000	£000
Core Department Audit Costs	190	**120**
NPDB Audit Costs	136	**115**
Departmental Group Notional Audit Costs	**326**	**235**

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 3a.

4 Income

4.1 Revenue from contracts with customers

		2022-23		2021-22
		£000		£000
	Core Department	Departmental Group	Core Department	Departmental Group
Income from customers	7,305	**36,011**	2,867	**23,206**
Total	**7,305**	**36,011**	**2,867**	**23,206**

Income from contracts includes amounts that will be due to the Consolidated Fund. The Departmental Group is predominantly attributable to the FE Colleges (£21.8 million) and Stranmillis University College (£7.4 million), with the remainder attributable to NI Screen (£1.3 million), Invest NI (£0.4 million) and CITB (£0.1 million).

4.2 Other operating income

	2022-23		2021-22	
	£000		£000	
	Core Department	Departmental Group	Core Department	Departmental Group
Miscellaneous grant and disbursement	10,789	**30,365**	6,816	**35,491**
Rents	-	**1,322**	-	**2,093**
Other	1	**1**	3	**3**
EU	34,200	**72,076**	42,644	**70,989**
Total	**44,990**	**103,764**	**49,463**	**108,576**

Miscellaneous grant and disbursement is predominantly attributable to the Tourism Ireland (£26.1 million) and FE Colleges (£9.9 million), with the remainder attributable to NI Screen (£6.8 million), CITB (£3.8 million), GCCNI (£2.2 million) Invest NI (£0.9 million), Tourism NI (£0.5 million) and HSENI (£0.1 million).

Other income includes the miscellaneous amounts that will be due to the Consolidated Fund.

4.3 Finance income

	2022-23		2021-22	
	£000		£000	
	Core Department	Departmental Group	Core Department	Departmental Group
Interest receivable	470	**2,101**	1,035	**2,461**
Total	**470**	**2,101**	**1,035**	**2,461**

Finance income includes amounts that will be due to the Consolidated Fund.

5 Taxation

5.1 Tax charge in year

	2022-23		2021-22	
	£000		£000	
	Core Department	Departmental Group	Core Department	Departmental Group
Current tax				
UK corporation tax on taxable income for the current year	-	**587**	-	-
Adjustments to tax charge in respect of previous periods	-	**63**	-	**(590)**
Total current tax	-	**650**		**(590)**
Deferred tax				
Origination and reversal of temporary differences	-	**505**	-	**483**
Impact of Rate	-	**42**	-	**256**
Total deferred tax	-	**547**	-	**739**
Total tax charge	-	**1,197**	-	**149**

5.2 Factors affecting tax charge

	2022-23		2021-22	
	£000		£000	
	Core Department	Departmental Group	Core Department	Departmental Group
Net taxable expenditure before taxation	-	**(90,105)**	-	**(143,300)**
Net expenditure before taxation multiplied by the standard rate of Corporation Tax in the UK of 19% (2022: 19%)	-	**(17,120)**	-	**(27,218)**
Tax effects of:	-		-	
Add: Expenditure not deductible for tax purposes	-	**24,520**	-	**33,640**
Origination & reversal of temporary difference	-	**505**	-	**483**
Capital Allowance	-	**63**	-	**59**
Impact of rate changes	-	**42**	-	**256**
Adjustments in respect of previous periods	-	**62**	-	**(590)**
Less: Income not subject to tax	-	**(6,481)**	-	**(5,502)**
Group relief	-	**-**	-	**(638)**
Exempt amounts	-	**(394)**	-	**(341)**
Total tax charge	-	**1,197**	-	**149**

Invest NI does not have Crown exemption in relation to Corporation Tax and, therefore, is subject to Corporation Tax in relation to:

- property transactions;
- interest receivable; and,
- profits derived from certain activities such as the provision of scientific services.

5.3 Deferred tax

Invest NI

Invest NI has not recognised deferred tax assets of £325k (2021-22: £902k) in relation to brought forward tax losses at 1 April 2023 of £1,300k (1 April 2022: £3,606k), as deferred tax assets are recognised for tax loss carry-forwards only to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Departmental Group

The movement on the Departmental Group deferred tax account is as follows:

					£000
	Revaluation of financial assets	Capitalised interest	Accelerated tax depreciation	Revaluation of building	Total
At 1 April 2021 – asset/(liability)	960	(104)	(1,055)	(610)	**(809)**
Credited/(charged) to CSoCNE	(145)	(33)	(369)	(193)	**(740)**
Charged to other comprehensive income	-	-	-	-	**-**
At 31 March 2022	**815**	**(137)**	**(1,424)**	**(803)**	**(1,549)**
At 1 April 2022 – asset/(liability)	815	(137)	(1,424)	(803)	**(1,549)**
Credited/(charged) to CSoCNE	(518)	-	(29)	-	**(547)**
Charged to other comprehensive income	-	-	-	-	**-**
At 31 March 2023	**297**	**(137)**	**(1,453)**	**(803)**	**(2,096)**

The tax charge relating to components of other comprehensive income is as follows:

			£000
	2022-23	2021-22	2020-21
Fair value gains on property, plant and equipment			
Before tax	1,814	2,804	1,304
Tax credit/(charge)	-	(17)	(2)
After tax	**1,814**	**2,787**	**1,302**

6 Property, plant and equipment

Consolidated

	Land	Buildings	PFI	Transport Equipment	Office Equipment	Assets under Construction	2022-23 £000 Departmental Group
Cost or valuation							
At 31 March 2022	**120,986**	**414,553**	**273,027**	**48,653**	**54,891**	**14,918**	**927,028**
Adjustment	46,890	11,889	(35,957)	219	362	-	23,403
At 1 April 2022	**167,876**	**426,442**	**237,070**	**48,872**	**55,253**	**14,918**	**950,431**
Additions	885	4,358	388	4,380	7,023	23,024	40,058
Disposals	(5,015)	(6,585)	-	(1,455)	(2,138)	-	(15,193)
Revaluations	4,601	81,536	36,917	4	671	-	123,729
Reclassification	(4,050)	(5,674)	(713)	-	(26)	(1,130)	(11,593)
At 31 March 2023	**164,297**	**500,077**	**273,662**	**51,801**	**60,783**	**36,812**	**1,087,432**
Depreciation							
At 31 March 2022	**11,730**	**54,938**	**14,007**	**32,193**	**39,388**	**-**	**152,256**
Adjustment	-	1,558	-	3,242	566	-	5,366
At 1 April 2022	**11,730**	**56,496**	**14,007**	**35,435**	**39,954**	**-**	**157,622**
Charged in year	-	15,620	8,063	4,282	6,179	-	34,144
Disposals	-	(9,113)	-	(1,454)	(2,119)	-	(12,686)
Revaluations	(560)	(13,705)	(13,714)	2	335	-	(27,642)
Reclassification	-	(4,574)	(713)	-	(17)	-	(5,304)
At 31 March 2023	**11,170**	**44,724**	**7,643**	**38,265**	**44,332**	**-**	**146,134**
Carrying amount at 31 March 2023	**153,127**	**455,353**	**266,019**	**13,536**	**16,451**	**36,812**	**941,298**
Carrying amount at 31 March 2022	**109,256**	**359,615**	**259,020**	**16,460**	**15,503**	**14,918**	**774,772**
Asset financing							
Owned	117,169	451,163	66,068	13,536	16,451	36,812	701,199
Finance leased	35,958	4,190	-	-	-	-	40,148
PFI contracts	-	-	199,951	-	-	-	199,951
Carrying amount at 31 March 2023	**153,127**	**455,353**	**266,019**	**13,536**	**16,451**	**36,812**	**941,298**
Of the total:							
Core Department	1,075	1,391	-	48	1,037	-	3,551
NDPBs	152,052	453,962	266,019	13,488	15,414	36,812	937,747
Carrying amount at 31 March 2023	**153,127**	**455,353**	**266,019**	**13,536**	**16,451**	**36,812**	**941,298**

Land and buildings have been professionally revalued by LPS as per Note 1.4.1

Accordingly, and for the avoidance of doubt, LPS considers that it's valuations are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Included in the above are fully depreciated Departmental assets with a valuation of £755,225 (2021-22: £833,956) and Group assets of with a valuation of £37.2 million (2021-22: £26 million) which are still in use.

The opening adjustment is due to the adoption of IFRS16 Leases during 2022-23 which required lessees to recognise both assets and liabilities for all leases. This replaced the previous standard IAS 17. Further details are disclosed in Note 20.

6 Property, plant and equipment (continued)

Consolidated

	Land	Buildings	PFI	Transport Equipment	Office Equipment	Assets under Construction	2021-22 £000 Departmental Group
Cost or valuation							
At 1 April 2021	**122,028**	**393,715**	**257,251**	**41,562**	**49,829**	**37,399**	**901,784**
Additions	492	3,011	2,016	7,372	5,902	7,050	25,843
Disposals	(6,057)	(7,922)	-	(283)	(1,036)	-	(15,298)
Revaluations	3,634	(972)	13,760	2	196	-	16,620
Reclassification	889	26,721	-	-	-	(29,531)	(1,921)
At 31 March 2022	**120,986**	**414,553**	**273,027**	**48,653**	**54,891**	**14,918**	**927,028**
Depreciation							
At 1 April 2021	**11,730**	**45,161**	**6,479**	**28,432**	**34,503**	**-**	**126,305**
Charged in year	-	13,506	7,307	4,043	5,833	-	30,689
Disposals	-	(3,344)	-	(283)	(1,035)	-	(4,662)
Revaluations	-	(385)	221	1	87	-	(76)
Reclassification	-	-	-	-	-	-	-
At 31 March 2022	**11,730**	**54,938**	**14,007**	**32,193**	**39,388**	**-**	**152,256**
Carrying amount at 31 March 2022	**109,256**	**359,615**	**259,020**	**16,460**	**15,503**	**14,918**	**774,772**
Carrying amount at 31 March 2021	**110,298**	**348,554**	**250,772**	**13,130**	**15,326**	**37,399**	**775,479**
Asset financing							
Owned	109,256	359,615	79,505	16,460	15,503	14,918	595,257
PFI contracts	-	-	179,515	-	-	-	179,515
Carrying amount at 31 March 2022	**109,256**	**359,615**	**259,020**	**16,460**	**15,503**	**14,918**	**774,772**
Of the total:							
Core Department	1,075	1,000	-	24	558	-	2,657
NDPBs	108,181	358,615	259,020	16,436	14,945	14,918	772,115
Carrying amount at 31 March 2022	**109,256**	**359,615**	**259,020**	**16,460**	**15,503**	**14,918**	**774,772**

7 Intangible assets

Consolidated

	Software Licence	Externally Developed Software	Assets under construction	Goodwill	Departmental Group 2022-23 £000
Cost or valuation					
At 31 March 2022	**8,968**	**8,984**	**3,159**	**20,031**	**41,142**
Adjustment	-	425	(425)	-	-
At 1 April 2022	**8,968**	**9,409**	**2,734**	**20,031**	**41,142**
Additions	1,923	959	2,853	-	5,735
Disposals	(1,820)	(477)	-	-	(2,297)
Revaluations	340	665	-	-	1,005
Reclassification	-	94	(67)	-	27
At 31 March 2023	**9,411**	**10,650**	**5,520**	**20,031**	**45,612**
Depreciation					
At 31 March 2022	**6,117**	**4,324**	**167**	**97**	**10,705**
Adjustment	(11)	93	-	-	82
At 1 April 2022	**6,106**	**4,417**	**167**	**97**	**10,787**
Charged in year	2,345	1,661	274	4,877	9,157
Disposals	(1,819)	(472)	-	-	(2,291)
Revaluations	219	369	-	-	588
Reclassification	-	15	-	-	15
At 31 March 2023	**6,851**	**5,990**	**441**	**4,974**	**18,256**
Carrying amount at 31 March 2023	**2,560**	**4,660**	**5,079**	**15,057**	**27,356**
Carrying amount at 31 March 2022	**2,851**	**4,660**	**2,992**	**19,934**	**30,437**
Asset financing					
Owned	2,560	4,660	5,079	15,057	27,356
PFI contracts	-	-	-	-	-
Carrying amount at 31 March 2023	**2,560**	**4,660**	**5,079**	**15,057**	**27,356**
Of the total:					
Core Department	1,125	-	4,902	-	6,027
NDPBs	1,435	4,660	177	15,057	21,329
Carrying amount at 31 March 2023	**2,560**	**4,660**	**5,079**	**15,057**	**27,356**

Assets under construction comprise initial stage payments towards the upgrade of the Insolvency Service Case Management and Financial Management System and the development of the Apprenticeships, Careers & Vocational Education Line of Business Application and Digital Careers Platform, in additional within the group CITB have software under construction.

7 Intangible assets (continued)

Consolidated

2021-22

£000

	Software Licence	Externally Developed Software	Assets under construction	Goodwill	Departmental Group
Cost or valuation					
At 1 April 2021	**7,325**	**6,812**	**2,452**	**20,031**	**36,620**
Additions	1,686	1,154	2,107	-	4,947
Disposals	(537)	(101)	(20)	-	(658)
Revaluations	58	254	-	-	312
Reclassification	436	865	(1,380)	-	(79)
At 31 March 2022	**8,968**	**8,984**	**3,159**	**20,031**	**41,142**
Depreciation					
At 1 April 2021	**4,232**	**3,112**	**-**	**97**	**7,441**
Charged in year	2,406	1,239	19	-	3,664
Disposals	(537)	(101)	-	-	(638)
Revaluations	16	76	-	-	92
Reclassification	-	(2)	148	-	146
At 31 March 2022	**6,117**	**4,324**	**167**	**97**	**10,705**
Carrying amount at 31 March 2022	**2,851**	**4,660**	**2,992**	**19,934**	**30,437**
Carrying amount at 31 March 2021	**3,093**	**3,700**	**2,452**	**19,934**	**29,179**
Asset financing					
Owned	2,851	4,660	2,992	19,934	30,437
PFI contracts	-	-	-	-	-
Carrying amount at 31 March 2022	**2,851**	**4,660**	**2,992**	**19,934**	**30,437**
Of the total:					
Core Department	-	859	2,141	-	3,000
NDPBs	2,851	3,801	851	19,934	27,437
Carrying amount at 31 March 2022	**2,851**	**4,660**	**2,992**	**19,934**	**30,437**

The results for the Departmental Group include Invest NI's 100% ownership of the shares of Bedford Street Developments Limited (BSDL) and MRDE Limited. Goodwill has been allocated between these cash generating units (CGU) as follows:

	2022-23 £000	2021-22 £000	2020-21 £000
Bedford Street Developments Limited	2,639	4,325	4,325
MRDE Limited	12,418	15,609	15,609
Total	**15,057**	**19,934**	**19,934**

The carrying amount of the BSDL CGU has been reduced to its recoverable amount through recognition of an impairment charge against goodwill. This charge is included in depreciation and impairment charges in the Consolidated Statement of Comprehensive Net Expenditure. The recoverable amount of the CGUs has been determined using value in use. This calculation uses a pre-tax cash flow based on financial projections covering the remaining useful economic life of the properties. Management developed the projections based on past performance and based on current market factors. The key assumptions used for value in use are as follows:

		2022-23	2021-22	2020-21
Cash generating unit				
MRDE Limited	Gross margins	63%	63%	63%
BSDL & MRDE Limited	Future rentals (per sq. ft)	£24	£22	£22
BSDL & MRDE Limited	Discount rate	7.25%	4.3%	4.05%

Future rentals are based on information supplied at 31 March 2023.

Interest rates have moved considerably over the 2022-23 year, with the Bank of England base rate increasing to 4.25% by 31 March 2023 (2022: 0.75%), pushing up commercial borrowing rates and the discount rate applied to measuring value in use of the CGU. This has resulted in an in year impairment of goodwill in the group of £4,877,000.

8 Investment properties – Group only

	2022-23	2021-22	2020-21
	£000	£000	£000
At 1 April	3,040	3,040	3,040
Gain arising on fair value adjustment	-	-	-
At 31 March	**3,040**	**3,040**	**3,040**

The investment property is Linum Chambers on Bedford Street, it was revalued at 31 March 2023 on an open market value basis by LPS. This property is not depreciated. The depreciation which would have otherwise been charged would have been based upon the property's estimated useful economic life of 50 years.

9 Investment in Subsidiaries – Group only

	2022-23	2021-22	2020-21
	£000	£000	£000
At 1 April	200	200	200
Movement	-	-	-
At 31 March	**200**	**200**	**200**

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid.

Interests in Group undertakings

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held by the Group
Northern Ireland Co-Operation Overseas (NI-CO) Limited	UK	Marketing Services	100%

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held do not differ from the proportion of the ordinary shares held. Copies of subsidiary financial statements can be obtained from Companies House: www.companieshouse.gov.uk.

10 Investments in associates

10.1 Share of results in associates

	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmenta l Group
Share of net assets of associates						
At 1 April	-	65,300	-	53,002	-	55,241
At 31 March	-	69,823	-	65,300	-	53,002
Increase/(decrease)	-	4,523	-	12,298	-	(2,239)
Distributions from associates	-	3,492	-	14,687	-	10,293
Less additional capital paid in during year	-	(12,381)	-	(16,537)	-	(10,364)
Share of results recorded in Net Expenditure	-	(4,366)	-	10,448	-	(2,310)

10.2 Summarised financial information on a combined basis

	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Non-current assets	-	102,741	-	94,655	-	83,096
Current assets	-	11,693	-	18,975	-	17,245
Current liabilities	-	(311)	-	(1,161)	-	(2,110)
Net assets	-	114,123	-	112,469	-	98,231
Revenue	-	3,776	-	5,214	-	3,662
Profit	-	709	-	4,446	-	1,687
Total comprehensive income	-	709	-	4,446	-	1,687
Distributions from associates	-	3,492	-	14,687	-	10,293

All the information in the table above is based on figures prepared in accordance with FRS102.

10.3 Net investment in associates

	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
NITECH Growth Fund Limited Partnership (NITECH)	-	138	-	215	-	563
Crescent Capital II	-	-	-	-	-	3,129
NI Growth Loan Fund	-	1,640	-	4,709	-	7,986
NI Small Business Loan Fund	-	87	-	245	-	579
Crescent Capital III LP	-	-	-	-	-	1,173
Kernel Capital Growth Fund (NI)	-	6,765	-	7,746	-	3,806
Techstart NI SME Equity Limited Partnership (Techstart)	-	12,477	-	14,365	-	11,976
QUB Equity Limited Partnership	-	489	-	536	-	431
Ulster Equity Limited Partnership	-	911	-	665	-	554
NI Growth Loan Fund II	-	21,011	-	17,940	-	12,315
NI Small Business Loan Fund II	-	2,674	-	2,907	-	3,119
Growth Finance Fund	-	6,287	-	5,005	-	3,386
Techstart Ventures II LP	-	17,344	-	10,967	-	3,985
Net investment in associates	-	69,823	-	65,300	-	53,002

Invest NI, when applying the equity method, has determined using the distribution of income as the best estimate of the share of net assets. The share of net assets of each associate is determined using the latest available financial information at the time of approval of these financial statements. Each of the associates are investment entities with large portfolios of loan and equity investments.

NITECH

Invest NI is the limited partner of the NITECH Growth Fund, which terminated on 21 January 2013. The remaining portfolio of three active investments continues to be monitored by Clarendon Fund Managers, who originally managed NITECH and currently manages a co-investment fund on Invest NI's behalf. There is no fee payable for this ongoing monitoring. It was decided the Fund will be terminated when deemed appropriate but will continue to be included in the financial statements until the process is complete.

Crescent Capital II

Invest NI is a limited partner of Crescent Capital II LP. The Fund, managed by Crescent Capital NI and operating in the UK, was established in April 2004 and was extended until April 2022 to allow for divestment of the remaining portfolio. Invest NI has received its £7.5 million capital commitments and does not expect any further distributions.

NI Growth Loan Fund

Invest NI is a limited partner of the NI Growth Loan Fund, a partnership established in May 2012 and operating in the UK. The Fund is managed by WhiteRock Capital Partners LLP. The Growth Loan Fund provides loans, primarily unsecured in nature, typically between £50,000 and £500,000 to businesses that can demonstrate sales and profitability growth or growth potential. The Fund targets businesses with export potential which are mainly in the manufacturing, engineering or tradable services sectors. The fund has now reached the end of the investment period and will continue to collect payment on outstanding loans. The partnership has a term of 10 years. The fund life has been extended by two years to facilitate maximisation of collections from borrowers and will now conclude in May 2024.

NI Small Business Loan Fund

Invest NI is the limited partner of the NI Small Business Loan Fund LP, a partnership established in January 2013 and operating in the UK. This is a limited partnership registered in Northern Ireland and is managed by Ulster Community Investment plc. The Fund typically provided unsecured loans, between £1,000 and £50,000, to individuals, private companies and social enterprises in the SME and micro enterprise size range, in the start-up and growth phases of development. The Fund has reached the end of the investment period and will continue to collect payment on outstanding loans. The partnership originally had a term of 10 years ending in February 2023, however the term was extended by a year to February 2024, to provide additional time to collect outstanding loans.

Crescent Capital III LP (ERDF *)

Invest NI is a limited partner of the Crescent Capital III LP Development Fund, a partnership established in July 2013 and operating in the UK. The Fund is managed by Crescent Capital NI. The Fund is targeted with making equity investments in high growth potential companies with total investment of up to £3 million over a series of investment rounds available to each investee company. The fund has reached the end of the investment period and there will be no investments made in any new companies. The fund can make follow on investments in existing portfolio companies. The partnership has a term of 10 years.

Kernel Capital Growth Fund (NI) (ERDF *)

Invest NI is a limited partner in the Kernel Capital Growth Fund, a partnership established in October 2013 and operating in the UK. The Fund is managed by Kernel Capital. The Fund is targeted with making equity investments in high growth potential companies with total investment of up to £3 million over a series of investment rounds available to each investee company. The Fund has reached the end of the investment period and there will be no investments made in any new companies. The Fund can make follow on investments in existing portfolio companies. The partnership has a term of 10 years.

Techstart NI SME Equity Limited Partnership (ERDF *)
Invest NI is the limited partner of Techstart which was established in July 2014 and operates in the UK. This is a limited partnership registered in Northern Ireland and is managed by Techstart Ventures LLP and operating in the UK. The purpose of the partnership is to invest in seed and early stage SMEs engaged in or investing in the technology sector. The partnership has a term of 10 years.

Queen's University of Belfast Equity Limited Partnership (ERDF *)
Invest NI is a limited partner of the Queen's University Belfast Equity Limited Partnership which was established in July 2014 and operates in the UK. This is a limited partnership registered in Northern Ireland and is managed by Techstart Ventures LLP. It was formed for the purpose of making equity and equity-related investments in connection with providing seed capital for the development of post-research post-proof-of-concept spin-out/spin-in companies from Queen's University Belfast including from the technology sectors related to the Queen's University Belfast research base. The partnership has a term of 10 years.

Ulster Equity Limited Partnership (ERDF *)
Invest NI is a limited partner of the Ulster Equity Limited Partnership which was established in July 2014 and operates in the UK. This is a limited partnership registered in Northern Ireland and is managed by Techstart Ventures LLP. It was formed for the purpose of making equity and equity-related investments in connection with providing seed capital for the development of post-research post-proof-of-concept spin-out/spin-in companies from Ulster University including from the technology sectors related to the Ulster University research base. The partnership has a term of 10 years.

NI Growth Loan Fund II (ERDF*)
Invest NI is a Limited Partner of the NI Growth Loan Fund II, a partnership established in October 2018 and operating in the UK. This is a £30 million revolving loan fund with £22 million capital contribution provided solely by Invest NI. The Fund is managed by WhiteRock Capital Partners LLP. Loans are typically between £100,000 and £500,000 and provided to export focused NI SMEs demonstrating strong growth or growth potential.

NI Small Business Loan Fund II
Invest NI is the limited partner of the NISBLF II LP, a partnership established in August 2018 and operating in the UK. The partnership has a term of 10 years. The Fund is managed by Ulster Community Finance on behalf of Invest Northern Ireland and delivered in partnership with Enterprise Northern Ireland. Ulster Community Finance is a subsidiary of the social finance organisation Ulster Community Investment Trust. The Fund typically provides unsecured loans between £10,000 and £100,000 to individuals, private companies and social enterprises in the SME and micro enterprise size range, in the start-up and growth phases of development.

Growth Finance Fund
The Growth Finance Fund, established 30 November 2018 with a 10 year term, is a three-way partnership between Invest NI, British Business Bank and NILGOSC. The partners have consented to extending the fund by £7.5 million and one further year of investment. This is therefore now a £37.5 million Fund lasting 11 years managed by WhiteRock Capital Partners LLP and operating in the UK. Loans are typically between £500,000 and £2,000,000 and provided to export focused NI SMEs demonstrating strong growth or growth potential.

Techstart Ventures II Limited Partnership (ERDF*)
Invest NI is a limited partner of the Techstart Ventures II Limited Partnership which was established in September 2019 and operates in the UK. The fund is managed by Techstart Ventures LLP. The purpose of the partnership is to invest in start-up and early stage technology companies in NI. The fund has an initial investment range of £50,000 - £750,000, with potential of up to £2 million total investment in follow on rounds. The partnership has a term of 10 years.

** These funds are funded from the European Union Investment for Growth and Jobs Programme 2014-2020.*

11 Financial instruments

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

The Department measures and presents financial instruments in accordance with IAS 32, IFRS 7 and IFRS 9 as interpreted by the FReM. IFRS 7 (Financial Instruments: Disclosure) requires disclosure of information about the significance of financial instruments held by the entity over the year and the nature and extent of risks arising from those financial instruments.

In addition to transactions reflected in these accounts, during the year, the Department has historically transferred budget allocation to The Executive Office to facilitate the provision of capital funding financing to the Universities under the Financial Transactions Capital Scheme (FTC). FTC takes the form of a repayable loan and is administered by Strategic Investment Board Limited (SIB) on behalf of The Executive Office. In the financial year 2022-23 the Department and SIB did not approve any FTC loans. (In 2021-22: £21 million of FTC loans were approved to the Ulster University in respect of its Greater Belfast Development project.)

Financial Assets at Carrying Value

Student loans are included as loans and receivables and are measured at fair value (FVTPL). Loans to Catalyst Inc. and Presbyterian Mutual Society (PMS), together with trade receivables, cash and cash equivalents are included as loans and receivables and are measured at fair value initially and subsequently at amortised cost.

	2022-23	2022-23	2021-22	2021-22	2020-21	2020-21
	£000	£'000	£000	£'000	£000	£'000
	Core Department	Departmental Group	Core Department	Departmental Group	Core Department	Departmental Group
Fair value through profit or loss						
Student loans	3,911,868	3,911,868	3,400,297	3,400,297	2,784,242	2,784,242
Investment in ordinary shares	-	39,313	-	27,921	-	25,309
Investment in preference shares	-	365	-	377	-	457
Convertible loan notes	-	2,884	-	3,151	-	5,493
Total	**3,911,868**	**3,954,430**	**3,400,297**	**3,431,746**	**2,784,242**	**2,815,501**
Amortised costs						
Financial assets – Loans	6,896	9,903	21,612	25,779	32,643	47,010
Trade receivables	19,802	15,404	11,399	12,917	10,058	16,128
Cash and cash equivalents	(7,844)	60,749	(32,344)	43,083	(12,045)	65,031
Total	**18,854**	**86,056**	**667**	**81,779**	**30,656**	**128,169**

Financial Liabilities at Carrying Value

Trade payables and financial liabilities (debt sale) are measured at fair value initially and subsequently at amortised cost.

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts are considered to be the same as their fair values, due to their short term nature.

Fair Values of Financial Instruments

The fair value of the financial instruments above is equivalent to the carrying value disclosed in the financial statements. Financial assets and financial liabilities have not been offset nor presented net in these accounts.

Student Loans

The student loan asset is a significant part of the Department's Statement of Financial Position. The valuation is based on a complex set of assumptions, including borrowers' earnings on graduation and their likely earnings growth over the life of the loan (25 years). Any changes to these assumptions could have a significant impact on the value of the loan book included in the accounts. The sensitivity analysis below provides more detail of potential impact of changes.

At a national level, the Government is continuing to seek to realise value for the taxpayer from a sale of its portfolio. While the Department is part of the project taking this forward, led by the Department for Education England (DfE England) and involving all devolved administrations, it has been decided not to take part in the current loan sale as there was no evidence of value for money for Northern Ireland.

These accounts present the student loans portfolio valued on the basis that they will continue to be held by the Department until such time as a decision to sell the assets has been made. The Department has analysed the contractual terms of student loans, including interest rates, repayment and cancellation policies. The valuation basis of income contingent loans reflects the requirements of IFRS 9 to hold the loans at fair value (FVTPL).

In the absence of an active market for the income contingent loans or any similar arm's length transactions, the discounted cash flow analysis used to value the loans below is the most reliable method to derive fair value. In deriving this figure, the Department has used the HMT long-term discount rate of RPI plus -1.3% (2021-22:RPI plus -1.1%). If an active market existed for student loans, the discount rate applied by potential buyers may be different from the HMT RPI plus -1.3% (2021-22:RPI plus -1.1%). If the discount rate applied was greater than RPI plus -1.3% (2021-22:RPI plus -1.1%), the fair value of the student loans may be lower than the values calculated on the basis applied here.

Credit Risk

The Department has a statutory obligation to issue student 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 the risk that some student loans will not be repaid, although this is partly mitigated by the fact that most repayments are collected by His Majesty's Revenue & Customs as part of the tax collection process.

The Department estimates the value of future write-offs when loans are issued based on a model which holds data on the demographic and behavioural characteristics of students in order to predict their borrowing behaviour.

The Department works together with the Student Loans Company Limited (SLC) and HMRC to manage the collection of student loan repayments and manage the associated credit risks.

There is a Memorandum of Understanding in place between DfE England and the devolved administrations, including the Department who account for the loan book, the SLC who administers the loan book, and HMRC who collects repayments via the tax system. This sets out the responsibilities of all the parties and contains performance targets and indicators, which are revised annually. The Accounting Officers of HMRC and the SLC report quarterly to DfE England's Accounting Officer on progress towards the agreed targets and performance indicators.

Interest Rate Risk

Income contingent loans are repayable at the same interest rate as the RPI as at March each year, with the proviso that the interest rate can never be more than 1% above the Bank of England base rate nor can it be less than 0%. The amount of student loan interest repayable is therefore subject to the fluctuations in the market interest rate. This can lead to a risk in forecasting the amount of interest payable. Furthermore, if the UK continues to experience interest rates that are lower than RPI and, therefore, the interest rate cap reoccurs with frequency, the future cash flows will be impaired as the modelling assumes, in the long term, that interest is added in line with RPI. The model incorporates OBR forecasts in respect of interest rates.

Financial modelling uses short and long-term forecasts as published by the OBR. Any change to these assumptions has the potential to lead to an adjustment to the Department's calculations as highlighted in Note 11.1

During 2022-23, increases to the Bank of England base rate have resulted in a significant increase in interest applied during the year.

Liquidity Risk

The Department's net revenue resource requirements (as well as its capital expenditure) are financed by resources voted annually by NI Assembly. The Department is not therefore exposed to significant liquidity risks in the same way that a private sector organisation would be.

Foreign Currency Risk

The Department's main exposure to foreign currency risk is in relation to the impact of movements in the Euro on claims made to the European Union, and on advances received from the European Union that are included within payables. The Department does not enter into forward currency contracts and the risk is managed within voted funding provision. Apart from this, the Department's exposure to foreign currency risk is not significant.

At 31 March 2023, with a 10% weakening or strengthening of Sterling against the Euro,
the outturn for the year would have increased by £3.18 million or decreased by £3.18 million respectively. This movement is attributable to the foreign exchange gains or losses on translation of Euro denominated payables.

Classification and measurement	Note	Measurement Category (IFRS 9)
Non-current financial assets		
Student Loans		FV through SOCNE
Investments in ordinary shares	1	FV through SOCNE
Investments in preference shares	2	FV through SOCNE
Fixed rate loans	3	Amortised cost
Convertible loan notes	1	FV through SOCNE
Variable rate loans	3	Amortised cost
Receivables	3	Amortised cost
Current financial assets		
Receivables	3	Amortised cost
Cash and cash equivalents	4	Amortised cost
Current financial liabilities		
Borrowings	3	Amortised cost
Payables	5	Amortised cost
Non-current financial liabilities		
Borrowings	3	Amortised cost
Derivatives	6	FV through SOCNE

Note 1
The available-for-sale category no longer exists under IFRS 9. All equity investments are now held at fair value.

Note 2
Preference shares do not meet the IFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest. They are therefore measured at fair value.

Note 3
Fixed rate loans (including PMS and Catalyst Inc), variable rate loans, receivables and borrowings are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest and are therefore measured at amortised cost.

Note 4
Cash and cash equivalents are initially measured at fair value then subsequently at amortised cost.

Note 5
Trade Payables and financial liabilities (debt sale) are initially measured at fair value then subsequently at amortised cost.

Note 6
The fair value of the Group's derivative financial instrument is recognised as a financial liability under non-current liabilities on the Statement of Financial Position with fair value movements being reported in the Statement of Comprehensive Net Expenditure under net finance costs.

11.1 Student loans – Core and Group

	2022-23 £000	2021-22 £000	2020-21 (restated) £000
Total value of loans at 1 April	**3,400,297**	**2,784,242**	**2,707,303**
Adjustment to opening balance	3	(1)	3
Additional loan funding	344,819	359,472	357,118
Repayments	(168,737)	(144,582)	(118,577)
Effective interest	-	-	-
New impairments	-	-	-
Fair value adjustment	335,486	401,166	(143,699)
Prior period adjustment	-	-	(17,906)
Total value of loans at 31 March	**3,911,868**	**3,400,297**	**2,784,242**

The SLC issues loans on behalf of the Department for the Economy Northern Ireland, the Department for Education in England, the Welsh government and the Scottish Executive. The split of total loans is provided by the SLC.

Student loans are held at fair value (FVTPL). This involves the value of the loans issued being discounted to net present value using the effective interest rate method. The effective interest rate for student loans is RPI plus -1.3% (2021-22: RPI plus -1.1%), which is the HMT discount rate. In 2022-23, the effective interest was 11.14% (2021-22: 7.9%).

During the year ended 31 March 2022 a review was undertaken with regard to the forecasting model which underpins the calculation of the carrying value of student loans for Northern Ireland. It was established that the opening fair value adjustments for the loans had been understated due to adjustments required to the model. A prior period adjustment of £17.9 million was included in the accounts in the year ended 31 March 2022 to bring the opening carrying value of the loans to £2,784 million.

As outlined on the Statement of Cash Flows, student loan cash advances for the period were £347 million (2021-22: £360.7 million) and repayments were £165.8 million (2021-22: £143 million).

Student Loans issued during the year comprise Tuition Fee Loans paid directly to the Higher Education Institutions and Maintenance Loans paid directly to students. The total of both loans is repayable by the students. Loans issued can be summarised as follows:

	2022-23	2021-22	2020-21
	£000	£000	£000
Tuition fee loans payable to Institutions	224,626	219,701	217,537
Maintenance loans payable to students	120,193	139,771	139,581
Total value of loans at 31 March	**344,819**	**359,472**	**357,118**

11.1a Face value

The face value of the loan book (gross amount owed by students) is made up of the opening face value, plus additions and capitalised interest, less write offs and repayments. The face value of the loan book at 31 March 2023 was £4,714 million (31 March 2022: £4,420 million).

	2022-23	2021-22	2020-21
	£000	£000	£000
Opening face value of loan book at 1 April	**4,419,848**	**4,157,943**	**3,874,894**
Less: opening balance adjustment	-	(1)	3
	4,419,848	**4,157,942**	**3,874,897**
Additional loan funding	344,819	359,472	357,118
Repayments	(168,737)	(144,582)	(118,577)
Capitalised interest	118,902	48,012	45,478
Policy write offs	(1,078)	(996)	(973)
Closing face value of loan book at 31 March	**4,713,754**	**4,419,848**	**4,157,943**
Closing fair value adjustments at 31 March	(801,886)	(1,019,551)	(1,355,795)
Prior Period Adjustment	-	-	(17,906)
Carrying value at 31 March	**3,911,868**	**3,400,297**	**2,784,242**

11.1b Forecasting model

The estimates underpinning the fair value adjustments are based on a forecasting model (the Stochastic Earnings Path model, which holds Northern Ireland borrower data on the demographic and behavioural characteristics of students to predict their borrowing behaviour and estimates the likely repayments of student loans. The valuation is based on a set of simulated borrower profiles, derived from a complex set of assumptions, including earnings on graduation and their likely earnings growth over the life of the loan (which could be 25 years). Any changes to these assumptions could have an impact on the value of the loan book included in these accounts.

In addition, student loans are subsidised as students are only charged interest equivalent to the rate of inflation, or Bank of England base rate plus 1%, whichever is the lower. The Department meets the costs resulting from the difference between the forecast future interest paid by students and the costs of capital on loans, which is known as the interest subsidy. This reflects the cost to the Government of issuing and holding the loan. The Department increases the subsidy based on a percentage of loans issued in year.

The assumptions used are formally reviewed by the Department each year and the amounts provided reflect the Department's current estimate as at 31 March 2023.

Impact of macroeconomic outlook uncertainty on the carrying value of Student Loans

Due to the ongoing impact of the Russian invasion of Ukraine and the continued recovery from the Covid-19 pandemic, there are high levels of uncertainty in the short and medium term as to the impact that these events will have on the macroeconomic data used to calculate the carrying value of the student loan book in these accounts. The Department has incorporated the macroeconomic forecast data published by the OBR in line with existing policies and procedures. The OBR will continue to review the short, medium and long-term determinants, aiming to reflect any implications of the unfolding situation, applying necessary assumptions as required.

Assurance over the Carrying Value

Each year the carrying value of the student loan book in the accounts is compared with the latest outputs from the student loan repayment model, which is re-run using current assumptions. If there is a significant difference, a review is undertaken to determine the reasons for the variance. The carrying value would only be adjusted if there was sufficient evidence to suggest that the divergence constituted a permanent reduction in the carrying value.

Changes in Assumptions and Modelling

The model continues to be updated annually to improve the accuracy of the forecasts it produces, updated forecasts by the OBR and Office for National Statistics (ONS) were also applied.

Key Assumptions used to calculate the Student Loan balance at 31 March 2023

The key assumptions that impact on the value of the loan book are the discount rate used, and assumptions made about graduate earnings. In December 2022, HMT announced a decrease in the discount rate to be used, from -1.1% to -1.3%, this has been reflected in the valuation as at 31 March 2023.

It should be noted that many of the assumptions are independent of each other and could change at the same time. However, changes in earnings, unemployment and other macroeconomic factors would only have a significant impact on the value of the loan book if they were long term.

Discount Rate

To value the future cash flows, the Department has used the real financial instrument discount rate with reference to RPI (-1.3% until February 2030 and -0.2% thereafter). This reference rate, added to the RPI inflation rate, is used to discount future cash flows. If an active market existed for student loans, the discount rate applied by potential buyers may be different from this rate - reflecting the buyers' cost of capital and assessment of risk.

Graduate Earnings and Employment

The Stochastic Earnings Path model (adapted for Northern Ireland) assumes future real earnings growth (net of RPI inflation) to be 1.83 percentage points (pps), as this is OBR's long-term forecast. The Stochastic Earnings Path model assumes average nominal earnings growth will be in line with long-term OBR forecasts.

Graduate Income Distribution

The model assumes future graduate income distributions will be similar to those of past graduates and are based on historical data for the Labour Force Survey, the British Household Panel and administrative data held by the SLC.

Base Rates

The model assumes that Bank of England base rates will be in line with long-term OBR forecasts.

Sensitivity Analysis

The tables below indicate the sensitivity of the valuation of future cash flows to key assumptions that affect the value of the student loan book. They show the changes required in RPI, earnings growth and the Bank of England base rate to create an increase/decrease in the carrying value of the loan book of 1%.

A 1% shift in the carrying value is a relevant deviation to consider as it is larger than the magnitude of the inherent random variation present in the forecasting model. The assumptions could change by a larger amount, causing the carrying value to change by more than 1%. There are no earnings growth forecasts specifically for graduates, so the assumptions include both graduates and non-graduates.

RPI Inflation

The RPI inflation rate is used to determine the increase in loan repayment thresholds, the interest rate charged on student loans (when lower than the base rate +1pps) and in discounting repayments.

ONS estimated the 12-month change in RPI to be 13.5% in March 2023. The OBR forecast RPI inflation to decrease to 2.68% in 2023-24 and to 2.00% over the long term. The table below shows the relative percentage changes in RPI that would cause a 1% shift in the carrying value of the loan book.

Impact on carrying value*	**Change in RPI Inflation Rate (%)**
Increase by 1% (+£37.9 million)	-3.588
Decrease by 1% (-£38.2 million)	3.448

Earnings Growth

Earnings growth increases repayments by pushing borrower income above the repayments threshold and by increasing the amount repaid.

The OBR forecast for 2022-23 average earnings growth was 5.77%, falling to 4.11% in 2023-24 and to 3.83% in the long term. The table below shows the relative percentage changes in earnings growth that would cause a 1% shift in the carrying value of the loan book.

Impact on carrying value*	Change in Earnings Growth (%)
Increase by 1% (+£38.1 million)	3.062
Decrease by 1%(-£38.1 million)	-2.998

Bank of England Base Rate

The base rate (+1pps) is used to determine the interest charged on student loans when lower than RPI inflation.

The Bank of England base rate increased from 0.75% to 4.25% during 2022-23, with OBR forecasting a rate of 3.47% in the long term on average (between 2028-29 and 2071-72). The table below shows the relative percentage changes in the Bank of England base rate that would cause a 1% shift in the carrying value of the loan book.

Impact on carrying value*	Change in Base Rate (%)
Increase by 1% (+£38.1 million)	17.591
Decrease by 1% (-£38.0 million)	-14.308

Historical data over the last five years shows the extent of change in earnings growth, RPI rates and base rates compared to current levels:

- The ONS outturn figures for the financial year average of earnings growth have varied between 2.37% and 6.59% between 2016-17 and 2021-22. The OBR forecast for 2022-23 average earnings growth was 5.77%.
- The ONS outturn figures for March RPI have varied between 1.5% and 9.0% between 2016-17 and 2021-22. In March 2023, 12-month RPI inflation was 13.5%.
- The base rate has varied between 0.10% and 0.75% between 2016-17 and 2021-22. By the end of March 2023, the base rate was 4.25%.

**Note: Due to the iterative nature of the sensitivity analysis, the change in the CV may be modelled slightly above or below 1%, leading to relatively small differences in the value of the approximate 1% impact between each assumption analysed.*

11.2 Financial liabilities – Core & Group – Student Loan Debt Sale

	2022-23	2021-22	2020-21
	£000	£000	£000
Opening balance at 1 April	**2,008**	**225**	**1,140**
New impairment	2,986	3,718	491
Borrowing costs	282	98	11
Receipts/(payments)	(2,476)	(2,033)	(1,417)
Closing balance at 31 March	**2,800**	**2,008**	**225**

Student Loan Debt Sale Costs

The student loan debt sale subsidy is classified within other financial liabilities and is measured at amortised cost in accordance with IFRS 9.

The student debt sale subsidy is the additional cost to the Department arising from the Government subsidising the purchaser of the debts beyond the cost that the Government would have incurred had the debts remained in the public sector. This liability arose from loan sales in 1998 and 1999 and represents the proportion of the national sale applicable to Northern Ireland. The subsidy will continue until all the loans are extinguished which is expected to be no earlier than 2025, which is the 25 year duration of the first debt sale agreement.

The annual debt sale subsidy payments are calculated according to a formula set out in the debt sale contracts signed in 1998 and 1999. Historically LIBOR (London Inter-Bank Offered Rate) has been used as the basis for calculating the interest subsidy, however LIBOR has been phased out and replaced by SONIA (Sterling Overnight Index Average), during 2022-23 an agreement with the third-party debt owners was reached to replace LIBOR with SONIA in the interest subsidy calculations. The subsidy consists of two elements. The interest subsidy element of the payment is calculated as LIBOR/SONIA plus margin less RPI. Margin is calculated as a percentage of the portfolio with different rates for each contract. The key risk is therefore that the gap between LIBOR/SONIA and RPI increases. The other key element relates to compensation payable for loan repayments which are deferred or written off, under the terms of the original loan contracts with borrowers.

During the year, the Department has reviewed the liability and impaired accordingly.

12 Investments and loans in other public sector bodies

The Group holds one share, with a nominal value of fifty pence, in the SLC. The other shares are held by the Government in England and the Devolved Administrations in Scotland and Wales.

13 Assets held for sale

	2022-23	2022-23	2021-22	2021-22	2020-21	2020-21
	£000	£000	£000	£000	£000	£000
	Core Department	Departmental Group	Core Department	Departmental Group	Core Department	Departmental Group
Land	-	**4,576**	-	-	-	-
Buildings	-	**1,100**	-	-	-	**150**
Total	**-**	**5,676**	**-**	**-**	**-**	**150**

Included within assets held for sale at 31 March 2023 were four pieces of land and one building. The sales of these assets have been agreed post year end.

14 Financial asset investments

The Departmental Group holds the following financial assets:

	Note	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Gross amount							
Fixed rate loans		6,897	**9,903**	21,612	**25,779**	32,643	**47,010**
Variable rate loans		-	**-**	-	**-**	-	**-**
Financial assets at fair value		-	**-**	-	**-**	-	**-**
Investments in ordinary shares		4,600	**43,913**	4,600	**32,521**	4,600	**29,909**
Investments in preference shares		-	**365**	-	**377**	-	**457**
Convertible loan notes		-	**2,884**	-	**3,151**	-	**5,493**
Balance at 31 March		**11,497**	**57,065**	**26,212**	**61,828**	**37,243**	**82,869**
Provision							
Opening provision at 1 April		(4,600)	**(4,600)**	(4,600)	**(4,600)**	(29,600)	**(29,600)**
Provided/(released) in year		-	**-**	-	**-**	25,000	**25,000**
Balance at 31 March		(4,600)	**(4,600)**	(4,600)	**(4,600)**	(4,600)	**(4,600)**
Net balance at 31 March	**14.1**	**6,897**	**52,465**	**21,612**	**57,228**	**32,643**	**78,269**

Analysis of expected timing of cash flows

	Note	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Not later than one year		127	**127**	14,548	**14,548**	13,879	**13,909**
Later than one year		6,770	**52,338**	7,064	**42,680**	18,764	**64,360**
	14.1	**6,897**	**52,465**	**21,612**	**57,228**	**32,643**	**78,269**

14.1 Financial asset investments held by the Department

	Note	Presbyterian Mutual Society	Share Capital H&W plc	Catalyst Inc. (formerly Northern Ireland Science Park	Total
					2022-23
		£000	£000	£000	£000
Gross amount					
Balance at 1 April 2022		**14,548**	**4,600**	**7,064**	**26,212**
Revaluation		49	-	-	49
Additions		-	-	-	-
Interest charged		281	-	178	459
Loan repayment – principal		(15,658)	-	(224)	(15,882)
Loan repayment – interest		(401)	-	(248)	(649)
Reduction to expected credit loss		1,308	-	-	1,308
Balance at 31 March 2023		**127**	**4,600**	**6,770**	**11,497**
Provision					
Opening provision at 1 April 2022		-	(4,600)	-	(4,600)
Provided in year		-	-	-	-
Balance at 31 March 2023		**-**	**(4,600)**	**-**	**(4,600)**
Net balance at 31 March 2023		**127**	**-**	**6,770**	**6,897**

Analysis of expected timing of cash flows

	Note	Presbyterian Mutual Society	Share Capital H&W plc	Catalyst Inc. (formerly Northern Ireland Science Park	Total
					2022-23
		£000	£000	£000	£000
Not later than one year		127	-	-	127
Later than one year		-	-	6,770	6,770
Balance at 31 March 2023		**127**	**-**	**6,770**	**6,897**

Analysis of expected timing of cash flows

2021-22

	Note	Presbyterian Mutual Society £000	Share Capital H&W plc £000	Catalyst Inc. (formerly Northern Ireland Science Park £000	Total £000
Gross amount					
Balance at 1 April 2021		**25,293**	**4,600**	**7,351**	**37,244**
Revaluation		(180)	-	-	(180)
Additions		-	-	-	-
Interest charged		850	-	186	1,036
Loan repayment – principal		(15,000)	-	(216)	(15,216)
Loan repayment – interest		(765)	-	(257)	(1,022)
Reduction to expected credit loss		4,350	-	-	4,350
Balance at 31 March 2022		**14,548**	**4,600**	**7,064**	**26,212**
Provision					
Opening provision at 1 April 2021		-	(4,600)	-	(4,600)
Provided in year		-	-	-	-
Balance at 31 March 2022		**-**	**(4,600)**	**-**	**(4,600)**
Net balance at 31 March 2022		**14,548**	**-**	**7,064**	**21,612**

Analysis of expected timing of cash flows

2021-22

	Note	Presbyterian Mutual Society £000	Share Capital H&W plc £000	Catalyst Inc. (formerly Northern Ireland Science Park £000	Total £000
Not later than one year		14,548	-	-	14,548
Later than one year		-	-	7,064	7,064
Balance at 31 March 2022		**14,548**	**-**	**7,064**	**21,612**

2020-21

	Note	Presbyterian Mutual Society £000	Share Capital H&W plc £000	Catalyst Inc. (formerly Northern Ireland Science Park £000	Total £000
Gross amount					
Balance at 1 April 2020		**102,816**	**4,600**	**7,225**	**114,641**
Reclassification		(25,000)	-	-	(25,000)
Additions		-	-	-	-
Interest charged		1,085	-	126	1,211
Loan repayment – principal		(33,750)	-	-	(33,750)
Loan repayment – interest		(1,358)	-	-	(1,358)
Expected credit loss		(18,500)	-	-	(18,500)
Balance at 31 March 2021		**25,293**	**4,600**	**7,351**	**37,244**

Provision					
Opening provision at 1 April 2020		(25,000)	(4,600)	-	(29,600)
Reclassification		25,000	-	-	25,000
Balance at 31 March 2021		**-**	**(4,600)**	**-**	**(4,600)**
Net balance at 31 March 2021		**25,293**	**-**	**7,351**	**32,644**

Analysis of expected timing of cash flows

					2020-21
		Presbyterian Mutual Society	**Share Capital H&W plc**	**Catalyst Inc. (formerly Northern Ireland Science Park)**	**Total**
	Note	**£000**	**£000**	**£000**	**£000**
Not later than one year		13,879	-	-	13,879
Later than one year		11,414	-	7,351	18,765
Balance at 31 March 2021		**25,293**	**-**	**7,351**	**32,644**

The Group holds these financial assets in order to collect the contractual cash flows of principal and interest. As a result, in line with IFRS 9, the loans are recorded at amortised cost.

Presbyterian Mutual Society

On 1 August 2011, a 10 year fixed rate loan of £175 million at a rate of 2.02% and an interest free loan of £25 million were issued to the Presbyterian Mutual Society (PMS) Limited (in administration). The £175 million loan may be recoverable in part, depending on property market valuations and conditions. As a result of the order of distribution out of PMS' assets agreed by the NI Executive, the interest free loan of £25 million will not be recovered and has been accounted for in prior years.

As per IFRS 9, the £175 million loan has been recorded at amortised cost at an effective interest rate of 1.916%. In November 2013, the Joint Supervisors of the PMS Limited (in administration) produced financial projections on the timing and quantum of cash flows in respect of repayment of the 10 year fixed term loan. Under the 2016 Amending and Restatement agreement between the Department and the Joint Supervisors an adjustment to the timing and quantum of cash flows in certain years was agreed. In keeping with this, the Department annually records an adjustment to the fair value of the fixed term loan. In the 2022-23 year the value of the adjustment was (£49)k.

Harland & Wolff plc

The Department holds all 10,996,082 shares of H&W plc which were purchased in September 1989 at a cost of £4.6 million. The amount has been fully provided for to reflect the fact that due to the level of the company's liabilities the share capital is deemed to have no value.

Catalyst Inc.

In 2016-17, a loan of £3.67 million was provided to Catalyst Inc. (formerly Northern Ireland Science Park) under the Financial Transactions Capital Loan Scheme for the development of Concourse III. As per IFRS 9, the loan has been recorded at amortised cost at an effective interest rate of 2.596%. A £2.75 million loan was advanced in prior years for the same project. This loan has been recorded at amortised cost at an effective interest rate of 2.429%.

The cash advanced to Catalyst Inc. in 2015-16 and 2016-17 totalled £6.42 million. An initial repayment free period was granted as part of the terms of the loan agreement. Cash repayments commenced in 2021-22 with the loan due to be repaid in twenty equal annual instalments.

Financial assets at amortised cost – group figures

			2022-23
	Fixed rate loans	Variable rate loans	Total
	£000	£000	£000
Gross amount			
Balance at 1 April 2022	28,161	111	**28,272**
Revaluations	49	-	**49**
Additions	198	-	**198**
Conversions	-	-	**-**
Repayments	(18,734)	-	**(18,734)**
Interest received	(195)	-	**(195)**
Expected Credit Loss	1,308	-	**1,308**
Accrued interest	(48)	-	**(48)**
Interest charged on financial assets at amortised cost	618	-	**618**
Amount written off	(312)	-	**(312)**
Balance at 31 March 2023	11,045	111	**11,156**
Loss Allowance			
Opening Loss allowance at 1 April 2022	2,382	111	**2,493**
Adoption of IFRS 9	**-**	-	**-**
ECL allowance	(208)	-	**(208)**
Amount written off	(312)	-	**(312)**
Balance at 31 March 2023	1,862	111	**1,973**
Net balance at 31 March 2023	**9,183**	-	**9,183**

Financial assets at fair value through Statement of Comprehensive Net Expenditure

The Departmental Group holds the following financial assets

				2022-23
	£000	£000	£000	£000
	Investments in Ordinary shares	Investments in preference shares	Investments in convertible loan notes	Total
Fair Value at 1 April 2022	**27,918**	**377**	**3,151**	**31,446**
Additions	4,462	-	564	5,026
Conversions	863	-	(863)	-
Repayments and disposals	(287)	(15)	-	(302)
Dividend income	-	(43)	-	(43)
Fair value adjustment	6,354	46	32	6,432
Fair value at 31 March 2023	**39,310**	**365**	**2,884**	**42,559**

				2021-22
	£000	£000	£000	£000
	Investments in Ordinary shares*	Investments in preference shares**	Investments in convertible loan notes	Total
Fair Value at 1 April 2021	**25,310**	**457**	**5,493**	**31,260**
Additions	4,471	-	293	4,764
Conversions	1,334	-	(1,334)	-
Repayments and disposals	(875)	(45)	(760)	(1,680)
Dividend income	-	(56)	-	(56)
Fair value adjustment	(2,325)	21	(541)	(2,845)
Fair value at 31 March 2022	**27,915**	**377**	**3,151**	**31,443**

** Investments in ordinary shares and convertible loans notes were held in the available-for-sale category in the previous year. This category no longer exists.*
*** Investments in preference shares were included in the amortised cost category in the previous year. See table above.*

Amounts Recognised in Net Expenditure

The following table explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is included in Note 1.

Details about the fair value hierarchy as at 31 March 2023 are as follows:

				2022-23
	£000	£000	£000	£000
	Level 1	Level 2	Level 3	Fair value
Fixed rate loans	-	-	9,183	9,183
Variable rate loans	-	-	-	-
Investments in ordinary shares	1,104	37,609	597	39,310
Investments in preference shares	-	-	365	365
Convertible loan notes	-	2,884	-	2,884
	1,104	**40,493**	**10,145**	**51,742**

There were no transfers between levels during the year.

Specific valuation techniques used to value financial instruments include:
- The use of quoted market prices;
- The use of recent market prices for instruments that are not traded in an active market;
- Discounted cash flow analysis; and,
- Adjusted net asset value.

Collateral

Invest NI takes collateral in support of its lending activities when deemed appropriate. In some instances, depending on the individual client circumstances, Invest NI may lend unsecured. The main types of collateral for loans to clients are fixed and floating charges over property and other assets.

Co-Fund NI

Included within investments in ordinary shares and investments in convertible loan notes, Invest NI participates in Co-Fund NI (ERDF*) and Co-Fund NI II (ERDF*).

Co-Fund NI (ERDF*) was a £28 million fund that co-invested in SMEs based in Northern Ireland. Clarendon Fund Managers Limited managed the fund under a six year Management Services Agreement (June 2011-May 2017) and invested in deals which were led by business angels and private investors. The deals ranged from £150,000 to £1 million and Invest NI provided £13.3 million of funding on the same terms as the private investors. The overall fund ratio of private to public funding was at a minimum 55:45, with no more than a 50:50 split in any one round.

Co-Fund NI II (ERDF*) is a £50 million fund, also managed by Clarendon Fund Managers Limited under a six year Management Services Agreement (June 2017-May 2023). The fund invests in the same way as Co-Fund NI but the overall fund ratio of private to public funding will be at a minimum 65:35, with no more than a 50:50 split in any one round. The deals range from £150,000 to £1.25 million and to date Invest NI has provided £0.8 million.

Investments in ordinary shares includes shares in Northern Ireland Central Fund for Charity Shares.
*Co-Fund NI and Co-Fund NI II are funded from the European Union Investment for Growth and Jobs Programme 2014-2020.

15 Cash and cash equivalents

	Note	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Balance at 1 April		(32,344)	**43,083**	(12,045)	**65,031**	(3,726)	**46,070**
Net change in cash and cash equivalent balances		24,500	**17,666**	(20,299)	**(21,948)**	(8,319)	**18,961**
Balance at 31 March		**(7,844)**	**60,749**	**(32,344)**	**43,083**	**(12,045)**	**65,031**
The following balances at 31 March were held at:							
Minerals and Petroleum bank account		877	**877**	833	**833**	760	**760**
Commercial banks and cash in hand		-	**65,593**	-	**75,603**	-	**79,768**
Short term investments		-	**3,000**	-	**4,002**	-	**999**
Overdraft	**17**	(8,721)	(8,721)	(33,177)	**(37,355)**	(12,805)	**(16,496)**
Balance at 31 March		**(7,844)**	**60,749**	**(32,344)**	**43,083**	**(12,045)**	**65,031**

Mineral and Petroleum Account

Under the authority of the Minerals (Miscellaneous Provisions) Act (Northern Ireland) 1959 and the Mineral Development Act (Northern Ireland) 1969, all minerals, with certain minor exceptions, are vested in the Department. The transactions arising are reflected in the accounts of the Mineral Account and are not included in these financial statements.

Under the authority of the Petroleum (Production) Act (Northern Ireland) 1964, petroleum rights are vested in the Department. The transactions arising are reflected in the accounts of the Petroleum Account and are not included in these financial statements.

Both of these receipts and payments accounts are audited separately by the Comptroller and Auditor General.

16 Trade receivables, financial and other assets

	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Amounts falling due within one year						
Trade receivables	19,802	**15,404**	11,399	**12,917**	10,058	**16,128**
Deposits and advances	-	**15**	-	**93**	-	**37**
Other receivables	-	**18,984**	-	**18,695**	-	**18,829**
EU receivables	35,890	**60,124**	49,431	**65,866**	19,262	**42,785**
Due from National Insurance Fund	2,497	**2,497**	1,678	**1,678**	1,703	**1,703**
VAT	604	**-**	656	**-**	447	**-**
Prepayments	3,756	**11,481**	1,943	**7,960**	1,015	**7,102**
Accrued Income	1,999	**2,924**	2,486	**5,575**	245	**1,922**
Amounts due from the Consolidated Fund in respect of supply	8,982	**8,982**	37,224	**37,224**	15,904	**15,904**
	73,530	**120,411**	**104,817**	**150,008**	**48,634**	**104,410**
Amounts falling due after more than one year						
EU receivables	-	**2,387**	-	**2,387**	-	**2,387**
Other receivables	-	**903**	-	**2,451**	-	**1,060**
	-	**3,290**	-	**4,838**	-	**3,447**
Total	**73,530**	**123,701**	**104,817**	**154,846**	**48,634**	**107,857**

Trade receivables include the following amounts due to the Consolidated Fund once the debts are collected:

- Trade receivables £4 million (2021-22: £nil)
- Accrued income £1.8 million (2021-22: £2.2 million) (Group £0.4 million 2021-22: £0.6 million)
- Other receivables £nil (2021-22: £1.7 million)

17 Trade payables, financial and other liabilities

	Note	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Amounts falling due within one year							
VAT		-	**965**	-	**713**	-	**808**
Trade payables		8,476	**30,465**	7,941	**31,985**	39,404	**60,118**
Accruals and deferred income		94,336	**149,559**	119,821	**221,897**	112,021	**239,546**
Other payables		-	**5,511**	-	**11,991**	-	**4,629**
Bank overdraft		8,721	**8,721**	33,177	**37,355**	12,805	**16,496**
EU Programme Advances		3,944	**22,986**	13,324	**13,324**	13,860	**13,860**
Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund:							
Received		260	260	4,044	4,044	501	501
Receivable		5,819	5,818	2,151	2,151	230	230
Amounts due to the Consolidated Fund in respect of excess Accounts Receivable:							
Received		-	**-**	-	**-**	2,594	**2,594**
Receivable		-	**-**	1,722	**1,722**	27,422	**27,422**
Amounts due to National Insurance Fund		228	**228**	338	**338**	487	**487**
Current part of PFI Costs			**10,084**	-	**9,943**	**-**	**10,173**
Current part of lease liabilities		46	**1,816**	-	-	-	-
		121,830	**236,413**	**182,518**	**335,463**	**209,324**	**376,864**
Amounts falling due after more than one year							
Other payables, accruals and deferred income		-	**17,802**	-	**21,259**	-	**21,612**
Leases	**20**	398	**5,522**	-	**-**	-	**-**
Capital and interest elements of PFI contracts and other service concession arrangements	**21**	-	**86,315**	-	**110,171**	-	**114,695**
		398	**109,639**	**-**	**131,430**	**-**	**136,307**
Total		**122,228**	**346,052**	**182,518**	**466,893**	**209,324**	**513,171**

18 Provisions for liabilities and charges

	Note	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Balance at 1 April		**29,070**	**51,222**	**32,464**	**65,410**	**36,386**	**36,608**
Provided in the year		7,201	**7,438**	100	**14,059**	-	**32,725**
Provisions not required written back		-	**(577)**	-	**(1,953)**	-	
Provisions utilised in the year		(2,005)	**(2,005)**	(3,553)	**(26,353)**	(4,000)	**(4,000)**
Provisions released		-	**-**	-	**-**	-	**-**
Borrowing costs (unwinding of discounts)		(4)	**(4)**	59	**59**	78	**77**
Balance at 31 March		**34,262**	**56,074**	**29,070**	**51,222**	**32,464**	**65,410**

18.1 Analysis of expected timing of discounted flows

	Note	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Not later than one year		16,910	**37,975**	3,810	**25,220**	4,900	**36,993**
Later than one year and not later than five years		9,355	**10,102**	16,731	**17,473**	16,604	**17,457**
Later than five years		7,997	**7,997**	8,529	**8,529**	10,960	**10,960**
Balance at 31 March		**34,262**	**56,074**	**29,070**	**51,222**	**32,464**	**65,410**

Provisions by type

	£000 Harland & Wolff	£000 Non-Domestic RHI	£000 Grants	£000 Other	2022-23 £000 Total
Balance at 1 April	27,014	-	20,429	3,779	**51,222**
Provided in the year	(7,299)	14,500	(799)	1,036	**7,438**
Provision not required/written back	-	-	(357)	(220)	**(577)**
Provisions utilised in	(2,000)	-	-	(5)	**(2,005)**
Borrowing costs	(4)	-	-	-	**(4)**
Balance at 31 March 2023	**17,711**	**14,500**	**19,273**	**4,590**	**56,074**

Of which:					
Core department and agencies	17,711	14,500	-	2,051	**34,262**
NDPBs	-	-	19,273	2,539	**21,812**
Balance at 31 March 2023	**17,711**	**14,500**	**19,273**	**4,590**	**56,074**
Not later than one year	2,000	14,500	18,526	2,949	**37,975**
Later than one year and not later than five years	9,355	-	747	-	**10,102**
Later than five years	6,356	-	-	1,641	**7,997**
Balance at 31 March 2023	**17,711**	**14,500**	**19,273**	**4,590**	**56,074**

Harland & Wolff plc

The provision in respect of Harland & Wolff plc activities is based on assumptions as to future liabilities and revenues. The outcome of these matters cannot be certain. The provision reflects the approximate amount that the Department may be required to contribute to enable Harland & Wolff plc to fulfil its obligations as they fall due.

The provision reflects the Department's potential liability to meet claims against Harland & Wolff plc in respect of employers' and public liability arising from the collapse of the company's insurer, Chester Street Insurance Holdings Ltd, which went into liquidation on 10 January 2001. This provision is based on actuarial advice and includes known claims, largely in relation to asbestos related illnesses of former employees of Harland & Wolff plc, together with unreported claims which may be expected to crystallise over a significant number of years. The amount £17.7 million, as at 31 March 2023 (2021-22: £27 million), represents the total estimated liability discounted back to today's prices. The accuracy of the provision is subject to a considerable number of uncertainties including future mortality rates, emergence of new diseases, improvements in medical treatments, and the outcome of future legal cases.

An updated actuarial review outlining projected future cash flows was completed during 2022-23, which resulted in a decrease in the overall discounted liability. This was primarily due to a reduction in real terms of legal cases being brought over the past number of years as the pool of claimants by its nature decreases over time. The overall undiscounted liability in relation to the employers' and public liability claims referred to above, based on actuarial advice, amounts to £23.7 million (2021-22: £27.6 million).

Long Service Award

Provision has been made for a long service award for members of the Judicial Pension Scheme within the Office of the Industrial and Fair Employment Tribunals. The purpose of the long service award is that, subject to any future changes in legislation, the award will compensate for any tax or national insurance charges on lump sums payable from the deregistered judicial pension schemes on retirement, whatever the personal circumstances of the judge or his/her other pension benefits.

Legal Claims

This represents public liability, employer liability, contract and compensation claims and dilapidations as advised by the business areas within the Department.

Public liability claims include personal injury claims. Employer liability claims include legal costs that will have to be borne by the Department and relate to accidents or injury caused due to faults in the fabric of a departmental building and other damages including fair employment and industrial tribunal cases.

Contract claims are associated with claims made by contractors for unforeseen delays in the completion of projects or cost over-runs, which are outside of their control. The provisions details are based on evaluations made by qualified professional and technical personnel employed by the Department for the Economy.

Other Legal Issues

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can extend as far back as 1998. However, the PSNI appealed the CoA judgment to the Supreme Court. The hearing was held in December 2022 and the judgment was delivered on 4 October 2023. The 2022-23 Holiday Pay provision has been estimated by HR and covers the period from November 1998 to 31 March 2020. There are still some significant elements of uncertainty around this estimate for a number of reasons:

- Outstanding legal advice now required following the Supreme Court judgment;
- Lack of accessible data for years previous to 2011; and
- Ongoing negotiations with Trade Unions.

Renewable Heat Incentive Scheme

The 2019 Act has been subject to judicial review challenge, as have the 2017 Regulations. In its judgment, delivered on 21 February 2023, the Court of Appeal cited that the Department is required to find a consensual solution to revised tariffs and the future of the Non-Domestic Renewable Heat Incentive Scheme (NDRHI) and that this should be over the next number of months rather than years.

Tariff reviews are a DoF approval condition of the 2019 Business Case. Calculations show that previous periods will require a backdated element of AME support (to reflect fuel price movements). A review carried out by Cornwall in 2020 also recommended at that stage the medium biomass tariff be increased.

Therefore, a provision is required for the tariff review obligation that has arisen for the three years commencing Financial Year 2020-21. Based on fuel price differentials, actual and estimated heat usage for participants this is provision calculated to be £14.5 million.

Grants

The majority of grant provisions are due to be paid within one year, hence the effect of discounting is considered to be immaterial. A grant provision is made where companies can demonstrate meeting the defined terms of their financial assistance agreement. It is however acknowledged that the Covid-19 pandemic gave rise to a continued challenging set of conditions for clients which may lead to a risk of postponement or abandonment of current and future initiatives. Invest NI Client Executives maintain regular contact with clients to closely monitor current and proposed grants.

18.2 Pension schemes

Local Government Pension Scheme

NDPBs within the Group operate three different pension schemes; full details are available in the accounts of the bodies concerned.

Under IAS 19, the departmental Group is required to account for their share of assets and liabilities in the schemes. Added years' discretionary benefits awarded to former employees who retired early are also accounted for as a defined benefit scheme, as in accordance with IAS 19. This liability represents the actuarial liability of future costs to Local Government Pension Scheme (LGPS) in respect of past employees who retired early. Given projected lifespans this liability will be payable over a number of years.

All pension fund's actuaries have rolled forward and updated the values calculated at the latest valuation (March 2023) with the exception of the North South Bodies (Tourism Ireland and IntertradeIreland) who have commissioned a report from their actuaries assessing movement in market conditions between 31 December 22 and 31 March 2023, to determine any potential material impact. The fund's actuaries had to make a number of assumptions about events and circumstances in the future meaning that the results of actuarial calculations are subject to uncertainties within a range of possible values.

The Table below highlights the different Pension Schemes operated by the NDPBs,

Pension Scheme	NDPBs included in the pension scheme
NILGOSC (NI Local Government Officer's Superannuation Committee) NILGOSC is a defined benefit scheme which is externally funded and contracted out of the state Pension Scheme	• BMC • NWRC • NRC • SERC • SRC • SWC • Stranmillis University College • CITB • Northern Ireland Screen • Tourism Northern Ireland
NITPS (NI Teacher Pension Scheme) It is not possible to separately identify the Assets and Liabilities belonging to individual NDPBs therefore they are not included in the pension deficit	• BMC • NWRC • NRC • SERC • SRC • SWC • Stranmillis University College
North/South Pension Scheme A defined benefit pension scheme funded annually on a pay as you go basis from monies provided by the UK and Irish Exchequers. The scheme is administered by an external administrator.	• Tourism Ireland • IntertradeIreland

For the group NDPBs except for North/South Bodies

Actuarial assumptions

Each pension scheme operated by our NDPB's have received different financial data and assumptions based on their specific circumstances. Full details are available in the accounts of the bodies concerned.

Reconciliation of net pension liabilities/(assets)

Pension schemes are made up of both funded and unfunded schemes.

Analysis of movement in scheme liability	2022-23 £000	2021-22 £000	2020-21 £000
Opening balance at 1 April	**577,387**	**590,844**	**459,804**
Benefits paid	(7,885)	(8,883)	(8,647)
Interest cost	15,281	11,951	9,777
Present value of defined benefit Obligation at 1 April	577,387	590,844	459,804
Interest cost	15,281	11,951	9,777
Current service cost	28,438	32,552	21,869
Past service cost	364	-	80
Expenses	273	267	-
Benefits paid	(7,885)	(8,883)	(8,647)
Actuarial gain/loss	(182,382)	(55,988)	101,394
Employee contributions	4,192	3,743	3,479
Opening balance adjustment re 31st March actuarial valuation	(1,877)	2,032	(1,147)
Present value of defined benefit Obligation at 31 March	**433,791**	**576,518**	**586,609**
Fair value of assets at 1 April	423,873	387,738	318,323
Expected return on plan assets	11,422	8,153	6,977
Employer contributions	12,805	11,387	10,849
Benefits paid	(7,885)	(8,883)	(8,647)
Actuarial gain/loss	(35,145)	20,186	51,044
Employee contributions	4,192	3,743	3,479
Transfers in	-	-	-
Fair value of assets at 31 March	**409,262**	**422,324**	**382,025**
Net liability at 31 March	**24,529**	**154,194**	**204,584**

Expenses to be recognised in the Statement of Comprehensive Net Expenditure	2022-23 £000	2021-22 £000	2020-21 £000
Service cost	28,438	32,552	21,869
Past service cost	364	-	80
Expenses	273	267	-
Opening balance foreign exchange adjustment	(1,202)	2,032	(1,147)
Employer contributions	(12,805)	(11,387)	(10,849)
Total Expense	**15,068**	**23,464**	**9,953**

Actuarial (gain)/loss to be recognised in the Statement of Comprehensive Net Expenditure	2022-23 £000	2021-22 £000	2020-21 £000
Changes in financial assumptions	(182,382)	(55,988)	101,394
Experience (gains)/loss	35,145	(20,187)	(51,044)
Total Expense	**(147,237)**	**(76,175)**	**50,350**

History of experience (gains)/losses	2022-23 £000	2021-22 £000	2020-21 £000
Experience (gain)/loss arising on scheme liabilities			
Amount	(147,237)	76,175	(50,350)
Present value of defined benefit obligations	433,791	576,518	586,609
Percentage of scheme liabilities at the end of the year	**(33.94%)**	**13.21%**	**(8.58%)**

Scheme Membership

					2022-23
	Number	Number	Number	Number	Number
	Group 1	Group 2	Group 3	Group 4	Group 5
Active members	2,231	163	-	144	27
Deferred members	1,452	125	-	94	41
Pensioners/dependents in payment members	919	95	-	108	47

					2021-22
	Number	Number	Number	Number	Number
	Group 1	Group 2	Group 3	Group 4	Group 5
Active members	2,052	144	-	133	27
Deferred members	1,227	124	-	87	41
Pensioners/dependents in payment members	834	78	-	105	47

					2020-21
	Number	Number	Number	Number	Number
	Group 1	Group 2	Group 3	Group 4	Group 5
Active members	2,052	144	-	133	27
Deferred members	1,227	124	-	87	41
Pensioners/dependents in payment members	834	78	-	105	47

The pension assumptions of information have been grouped together due to the number of NDPBs as follows:

Group 1: Belfast Metropolitan College, Northern Regional College, North West Regional College, South Eastern Regional College, Southern Regional College and South West Regional College
Group 2: Northern Ireland Tourist Board, Northern Ireland Screen
Group 3: IntertradeIreland, Tourism Ireland
Group 4: Stranmillis
Group 5: Construction Industry Training Board

Financial Assumptions

					2022-23
	%	%	%	%	%
	Group 1	Group 2	Group 3	Group 4	Group 5
Salaries increase rate	4.4	4.2	4.1	4.2	4.4
Pensions increase rate	2.9	2.7	2.6	2.7	2.9
Discount rate	4.7	4.7	4.5	4.7	4.2
Future increase in Consumer Prices Index (CPI)	2.9	2.7	2.66	2.7	2.9

					2021-22
	%	%	%	%	%
	Group 1	Group 2	Group 3	Group 4	Group 5
Salaries increase rate	4.4	4.5	4.3	4.5	4.2
Pensions increase rate	2.9	3	2.8	3	2.7
Discount rate	2.7	2.7	2.7	2.7	1.7
Future increase in Consumer Prices Index (CPI)	2.9	3	2.7	3	2.7

					2020-21
	%	%	%	%	%
	Group 1	Group 2	Group 3	Group 4	Group 5
Salaries increase rate	4.2	4.2	2.2	3.8	3.9
Pensions increase rate	2.7	2.7	2.2	2.3	2.4
Discount rate	2.1	2.1	1.35	1.4	1.6
Future increase in Consumer Prices Index (CPI)	2.7	2.7	2.2	2.3	2.4

North South Bodies 'Group 3' have been included in the table as the information was provided in the relevant pension reports.

Mortality

					2022-23
	Years	Years	Years	Years	Years
	Group 1	Group 2	Group 3	Group 4	Group 5
Male pensioners currently aged 65	21.8	22.2	-	22.2	21.8
Expected age at death of current Male 65	-	-	87.3	-	-
Male pensioners currently aged 45	22.5/22.8	23.2	-	23.2	23.2
Expected age at death of current Male 45	-	-	88.6	-	-
Female pensioners currently aged 65	24.6	25	-	25	25
Expected age at death of current Female 65	-	-	89.4	-	-
Female pensioners currently aged 45	25.4/25.7	26	-	26	26.4
Expected age at death of current Female 45	-	-	90.9	-	-

					2021-22
	Years	Years	Years	Years	Years
	Group 1	Group 2	Group 3	Group 4	Group 5
Male pensioners currently aged 65	21.8	21.8	21.8	22.1	21.9
Male pensioners currently aged 45	23.2	23.2	23.2	23.1	23.3
Female pensioners currently aged 65	25	25	25	24.9	25.1
Female pensioners currently aged 45	26.4	26.4	26.4	26	26.5

					2020-21
	Years	Years	Years	Years	Years
	Group 1	Group 2	Group 3	Group 4	Group 5
Male pensioners currently aged 65	21.9	21.9	22.3	21.8	21.8
Male pensioners currently aged 45	23.3	23.3	23.6	23.2	23.2
Female pensioners currently aged 65	25.1	25.1	24.6	25	25
Female pensioners currently aged 45	26.5	26.5	26	26.4	26.4

Sensitivity analysis

The sensitivity analysis is intended to provide an indication of the impact on the value of the Scheme's liabilities from the risks. Each pension scheme operated by our NDPB's have varying sensitivities based on their specific circumstances. These sensitivities show the change in assumptions in isolation. In practice such assumptions rarely change in isolation given the interdependencies between the assumptions. Full details are available in the accounts of the bodies concerned.

Impact on liability

	£000	2022-23 £000
	TI	ITI
Plus 0.5% increase in discount rate	(6,075)	(1,380)
Plus 0.5% increase in inflation rate	7,021	1,610
Plus 1 year increase in mortality rate	2,026	389

	£000	£000	£000	£000	£000	£000	2022-23 £000
	BMC	NRC	NWRC	SERC	SRC	SWC	Stranmillis
Plus 0.25% increase in discount rate	83,556	42,507	36,054	56,728	51,882	34,541	24,455
Plus 0.25% increase in inflation rate	91,556	46,607	39,654	62,728	57,082	38,341	24,903
Plus 1 year increase in mortality rate	89,556	43,407	36,954	61,048	55,582	35,491	25,524

	£000	£000	2022-23 £000
	CITB	TNI	NI Screen
Plus 0.1% increase in discount rate	12,276	34,238	3,895
Plus 0.1% increase in inflation rate	12,539	34,971	4,035
Plus 1 year increase in mortality rate	12,851	35,843	4,123

	£000	2021-22 £000
	TI	ITI
Plus 0.5% increase in discount rate	(10,900)	(3,000)
Plus 0.5% increase in inflation rate	12,700	3,500
Plus 1 year increase in mortality rate	(3,500)	(900)

	£000	£000	£000	£000	£000	£000	2021-22 £000
	BMC	NRC	NWRC	SERC	SRC	SWC	Stranmillis
Plus 0.1% increase in discount rate	112,669	59,541	49,933	79,001	73,584	50,061	36,733
Plus 0.1% increase in salary increase rate	115,696	61,063	51,417	81,432	75,770	51,602	37,443
Plus 1 year increase in mortality rate	119,267	63,072	52,952	83,863	78,032	53,142	38,788

	£000	£000	2021-22 £000
	CITB	TNI	NI Screen
Plus 0.1% increase in discount rate	18,919	49,211	5,206
Plus 0.1% increase in salary increase rate	19,324	50,416	5,399
Plus 1 year increase in mortality rate	19,998	51,973	5,549

The 2022 comparatives vary slightly to 2023 due to a change in Actuaries.

The sensitivity analysis above shows what the new liability will be and does not represent the actual swing of a 0.25% or a 0.1% change.

Summary of approximate asset split at 31 March

	£000 BMC	£000 NRC	£000 NWRC	£000 SERC	£000 SRC	£000 SWC	£000 Stranmillis	£000 CITB	£000 TNI	£000 NI Screen	2022-23 £000 Group
Equities	34,804	17,736	15,001	23,599	21,545	14,405	10,208	5,451	14,230	1,592	158,571
Property	9,736	4,962	4,197	6,602	6,027	4,030	2,858	1,526	3,985	446	44,369
Gilts (Gov Liability)	17,908	9,126	7,719	12,143	11,086	7,412	5,257	2,807	7,329	820	81,607
Corporate Bonds	2,657	1,354	1,145	1,801	1,644	1,099	766	409	1,067	119	12,061
Multi asset credit	11,572	5,897	4,988	7,846	7,163	4,789	3,394	1,813	4,732	529	52,723
Cash and other	10,427	5,313	4,494	7,070	6,454	4,315	3,037	1,622	4,234	474	47,440
Total value of Assets	**87,104**	**44,388**	**37,544**	**59,061**	**53,919**	**36,050**	**25,520**	**13,628**	**35,577**	**3,980**	**396,771**

	£000 BMC	£000 NRC	£000 NWRC	£000 SERC	£000 SRC	£000 SWC	£000 Stranmillis	£000 CITB	£000 TNI	£000 NI Screen	2021-22 £000 Group
Equities	39,994	20,369	16,737	26,205	24,872	16,465	11,862	6,571	17,135	1,632	181,842
Property	9,323	4,748	3,902	6,108	5,798	3,838	2,765	1,532	3,994	381	42,389
Gilts (Gov Liability)	23,027	11,728	9,637	15,088	14,320	9,480	6,830	3,783	9,865	940	104,698
Corporate Bonds	2,051	1,045	858	1,344	1,275	844	608	337	879	84	9,325
Multi asset credit	12,213	6,220	5,111	8,002	7,595	5,028	3,622	2,006	5,232	498	55,527
Cash and other	6,619	3,371	2,770	4,337	4,116	2,725	1,962	1,087	2,836	270	30,093
Total value of Assets	**93,227**	**47,481**	**39,015**	**61,084**	**57,976**	**38,380**	**27,649**	**15,316**	**39,941**	**3,805**	**423,874**

19 Contingent liabilities

The Department has the following quantifiable contingent liabilities:

a. Litigation Cases

There are 121 outstanding cases as at 31 March 2023. The estimated total potential liability is £0.7 million.

b. Renewable Heat Incentive Scheme

The two main legal challenges in respect of the Non-Domestic Renewable Heat Incentive (RHI) Scheme relate to the introduction of the Northern Ireland (Regional Rates and Energy) Act 2019 and earlier 2017 Regulations. Following successful defence of these judicial reviews, appeal hearings in relation to both were heard together over three days commencing 30 May 2022. The Court of Appeal delivered judgment on 21 February 2023, dismissing both appeals. Applications for further appeal, to the Supreme Court, have been submitted (refused April 2023). The ultimate outcome is difficult to predict and likely will not be known for some time, however if challenges were to be successful then there could be a significant impact. In January 2020, the New Decade, New Approach (NDNA) document included a specific commitment to closure of RHI and replacement with a scheme which effectively cuts carbon emissions. The Department launched a public consultation in February 2021 which sought views on options for the future of the Non-Domestic RHI Scheme. The final decision on the future of the Scheme will be taken by the Executive collectively, informed by the outcome of the consultation and legal advice.

c. Public Sector Pensions – Injury to Feelings Claims

DoF is a named Respondent in a class action affecting employers across the public sector and is managing claims on behalf of the NICS Departments. This is an extremely complex case and may have significant implications for the NICS and wider public sector. However, the cases are at a very early stage of proceedings and until there is further clarity on potential scope and impact, a reliable estimate of liability cannot be provided.

19.1. Financial guarantees, indemnities and letter of comfort

Other than those noted below, the Department did not enter into any other quantifiable guarantees, indemnities or did not provide any letters of comfort in 2022-23 or 2021-22. There is, therefore, no 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 IFRS 9.

Construction and Industry Training Board Northern Ireland (CITB-NI) Pension Scheme

The Department has entered into a Guarantee Agreement with the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) in respect of Construction and Industry Training Board– Northern Ireland (CITB-NI), an NDPB sponsored by this Department. In the event of the organisation being wound up, the Industrial Training (NI) Order 1984, Section 19 provides for the making of a revocation order in the event of the winding up of an industrial training board (such as CITB-NI).

Section 19 (2) states:
"A revocation order may provide -

> (a) for the imposition of a levy on employers in the industry, other than such, if any, as may be exempted by the order, for the purpose of raising the whole or part of any amount by which the assets of the individual training board may be insufficient to meet the liabilities of the board and the expenses of the winding up."

The Department anticipates that in the event of CITB-NI being wound up, it would be prepared to consider issuing a revocation order in respect of any agreed remaining liabilities. In the event that such a levy was insufficient to extinguish an agreed remaining pension liability, the Department would ultimately be prepared to assume the liability on behalf of CITB.

Tourism Northern Ireland Pension Scheme

The Department has entered into a Guarantee Agreement with the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) in respect of the Tourism Northern Ireland. The Department has guaranteed any and all obligations in respect of pension liabilities if the NDPB ceases to exist or is otherwise unable to discharge its liabilities under the Local Government Pension Scheme Regulations (Northern Ireland) 2002.

There are no associated costs to be disclosed to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

20 Leases

20.1 Quantitative disclosures around right-of-use assets
Consolidated – Departmental Group

						2022-23
						£000
	Buildings	Infrastructure Assets (PFI)	Plant & Machinery	Furniture & Fittings	Computer Hardware	Departmental Group
Right-of-use assets						
As at 1 April 2022	**6,122**	**4,573**	**1,038**	**86**	**22**	**11,841**
Additions	2,707	-	4	80	34	2,825
Disposals	-	-	(12)	(46)	(4)	(62)
Depreciation expense	(2,309)	(4,409)	(1,026)	20	(19)	(7,743)
At 31 March 2023	**6,520**	**164**	**4**	**140**	**33**	**6,861**

20.2 Quantitative disclosures around lease liabilities

Maturity analysis

	2022-23	2022-23
	£000	£000
	Core Department	Departmental Group
Buildings		
Not later than one year	46	**1,557**
Later than one year and not later than five years	185	**4,286**
Later than five years	219	**773**
Less interest element	(6)	**(169)**
Present value of obligations	**444**	**6,447**
Other		
Not later than one year	-	**157**

Later than one year and not later than five years	-	**257**
Later than five years	-	**-**
Less interest element	-	**-**
Present value of obligations	**-**	**414**
Total Present value of obligations	**444**	**6,861**
Current portion	46	**1,714**
Non-current portion	398	**5,147**

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

	2022-23 £000 Core Department	2022-23 £000 Departmental Group
Variable lease payments not included in lease liabilities	-	**-**
Sub-leasing income	-	**40**
Expense related to short-term leases	-	**-**
Expense related to low-value asset leases (excluding short-term leases)	-	**-**

20.4 Quantitative disclosures around cash outflow for leases

	2022-23 £000 Core Department	2022-23 £000 Departmental Group
Total cash outflow for lease	12	**52,036**

IFRS 16 Leases replaces IAS 17 Leases and is implemented and adapted for the public sector, with effect from 1 April 2022. The modified retrospective approach was applied on transition and therefore comparative information is not restated

21 Commitments under PFI and other service concession arrangements

21.1 On-balance sheet (SoFP)

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on-balance sheet PFI or other service concession transactions was £13.9 million (2021-22: £19.0 million). Total future obligations under on-balance sheet PFI and other service concession arrangements are given in the table below for each of the following periods:

	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Capital elements due in future periods:						
Due within one year	-	10,084	-	9,943	-	10,173
Due later than one year and not later than five years	-	45,732	-	55,211	-	52,536
Due later than five years	-	72,954	-	91,721	-	103,200
Total	-	128,770	-	156,875	-	165,909
Less interest element	-	(32,371)	-	(36,761)	-	(41,041)
Present value	-	96,399	-	120,114	-	124,868
Service elements due in future periods:						
Due within one year	-	11,768	-	10,430	-	10,691
Due later than one year and not later than five years	-	51,782	-	42,429	-	40,649
Due later than five years	-	136,214	-	107,279	-	114,399
Total service elements due in future periods	-	199,764	-	160,138	-	165,739
Total Commitments	-	296,163	-	280,252	-	290,607

22 Capital and other commitments

22.1 Capital commitments

The Group has capital commitments.

	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Not later than one year	-	**26,251**	-	**3,681**	-	**9,532**
Later than one year and not later than five years	-	**27,031**	-	**-**	-	**16,289**
Later than five years	-	**-**	-	**-**	-	**-**
Total	**-**	**53,282**	**-**	**3,681**	**-**	**25,821**

22.2 Other financial commitments

The Group has entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements). Fulfilling the terms of letters-of-offer is included in this definition. The payments to which the Group is committed are as follows:

	2022-23 £000 Core Department	2022-23 £000 Departmental Group	2021-22 £000 Core Department	2021-22 £000 Departmental Group	2020-21 £000 Core Department	2020-21 £000 Departmental Group
Not later than one year	645,295	**759,588**	629,705	**834,458**	676,277	**896,521**
Later than one year and not later than five years	182,438	**185,840**	97,563	**270,730**	266,346	**271,932**
Later than five years	74,160	**85,110**	45,359	**61,370**	47,171	**60,212**
Total	**901,893**	**1,030,538**	**772,627**	**1,166,558**	**989,794**	**1,228,665**

Renewable Heat Incentive Scheme
Included in the commitments figure is an amount of £70 million (2021-22: £70 million) relating to the Renewable Heat Incentive Scheme, both Domestic and Non-Domestic. New regulations for the Renewable Heat Incentive Scheme were introduced from 1 April 2019.

Training Programmes
The Department has awarded contracts to training providers for the delivery of training programmes comprising ApprenticeshipsNI and Skills for Life and Work, to include the associated Disability Support service. Contract commencement dates for both the Apprenticeships and Skills for Life and Work programmes was 1 August 2021. The Apprenticeships contract is for two years with the option of two one year extensions. The Skills for Life and Work contract is for one year, with the option to extend for a further year, plus one year. A new Disability Support contract commenced on 1 February 2022, valid for a period of 18 months, with the option to extend for one year, up to 31 July 2024.

The Return Retain Result scheme and the New Apprentice Recruitment Incentive do not operate with Letters of Offer, contracts or partnerships, but rather funding is issued to employers upon receipt of a completed application and required evidence demonstrating eligibility criteria has been met.

The overall cost of the delivery will be dependent on demand. Subject to Business case approval, the Department will look to implement subsequent programmes after completion of the current contracts.

Invest NI Claims
It is not possible to determine the date of future claims by client companies in relation to obligations for unclaimed grants under financial assistance offers/agreement therefore it is included in the accounts as financial commitments.

23 Related Party Transactions

The Department sponsors the Non-Departmental Public Bodies (NDPBs), Independent Autonomous Bodies (IABs) and North/South Bodies listed in Note 25. In addition, Harland & Wolff Plc, a limited company which is wholly owned by the Department, is also regarded as being outside the accounting boundary. These bodies are regarded as related parties with which the Department has had various material transactions during the year.

In addition, the Department, its NDPBs, IABs and North/South Bodies have undertaken a number of material transactions with other Government Departments and other central Government bodies. Most of these transactions have been with the Department of Education, the former Social Security Agency (now Department for Communities); and the Department of Finance.

Transactions that the Department, has undertaken with Members of the Departmental Board and Departmental Audit Committee or companies/bodies in which they have an interest were as follows. All transactions are conducted at arm’s length and in accordance with departmental financial procedures.

The Minister has not undertaken any material transactions with the Department during the year.

Compensation for key management personnel has been disclosed via the Remuneration Report on Page 75 to 93.

Harland & Wolff plc

A company wholly owned by the Department received £2 million (2021-22: £3.4 million) to enable it to meet its liabilities. The directors of Harland & Wolff plc are appointed ex-officio. During 2022-23, the directors were Sharon Hetherington, Clare McCullagh, David Bell, Susan Butler and Laura McPolin (appointed November 2022), all of whom were departmental employees.

Sharon Hetherington

Sharon Hetherington was Director of Finance for DfE during 2022-23. During the year, a close family member was on the Governing Body of the South Eastern Regional College (SERC) and Director of the Ulster University Economic Policy Centre. SERC is a Non-Departmental body of the Department as outlined above, and also received funding for the delivery of other programmes. During 2022-23, the

Department provided total funding of £56,427,876 (2021-22: £50,658,235). At 31 March 2023, the outstanding amount payable was £4,615,781. Ulster University is an Independent Autonomous Body as outlined above, the Department provided total funding of £119,062,329 (2021-22: £103,836,605), the outstanding amount payable was £7,066,420.

24 Third-party assets

The assets held at the reporting period date to which it was practical to ascribe monetary values comprised. They are set out in the table below:

	31 March 2021 £000	Gross inflows £000	Gross outflows £000	31 March 2022 £000
Insolvency account	**21,147**	9,335	(9,148)	**21,334**
Northern Ireland National Insurance Fund	**47,177**	4,117	(1,506)	**49,788**

	31 March 2022 £000	Gross inflows £000	Gross outflows £000	31 March 2023 £000
Insolvency account	**21,334**	6,625	(9,337)	**18,622**
Northern Ireland National Insurance Fund	**49,788**	5,073	(1,698)	**53,163**

These are not departmental assets and are not included in these financial statements. Further information is contained in the published Insolvency Account and the accounts of the Northern Ireland National Insurance Fund.

Insolvency Account

Under Article 358 (1) of the Insolvency (Northern Ireland) Order 1989, trustees in bankruptcy and liquidators of companies must pay the money received in respect of Company Liquidations, Bankruptcies and Estates of Deceased Insolvents, including Arrangements under the control of the Court up to 30 September 1991, into the Insolvency Account pending authorised appropriation.

Northern Ireland National Insurance Fund

The Department acts as agent for the Northern Ireland National Insurance Fund in relation to various aspects of the Employment Rights (Northern Ireland) Order 1996. The transactions and balances arising are reflected in the accounts of the Northern Ireland National Insurance Fund and are not included in these financial statements.

25 Entities within the departmental boundary

The entities within the boundary during 2022-23 comprise those entities listed in the Designation and Amendment Orders presented to the Assembly.

These accounts comprise a consolidation of DfE, and other bodies listed below, which fall within the departmental boundary as defined in the FReM and make up the ‘Departmental Group’. They are:

Non-Departmental Public Bodies:

- Invest Northern Ireland (Invest NI);
- Northern Ireland Screen (NIS);
- Construction and Industry Training Board–Northern Ireland (CITB-NI);
- Tourism Northern Ireland (Tourism NI);
- Health and Safety Executive for Northern Ireland (HSENI);
- General Consumer Council for Northern Ireland (GCCNI);
- Labour Relations Agency (LRA);
- Stranmillis University College;
- InterTradeIreland;
- Tourism Ireland; and,
- the six Further Education (FE) Colleges.

IntertradeIreland is an immaterial component of the DfE Group and has been consolidated using Provisional Outturn data with the exception of the Pension Liability which has been consolidated on the basis of the Agreed Funding Ratio (1/3). Tourism Ireland is a material component and therefore has been consolidated into the group accounts using a hybrid approach of applying the Provisional Outturn data for the Statement of Comprehensive Net Expenditure and the Agreed Funding Ratio of 1/3 to the Statement of Financial Position. Bodies not consolidated in these accounts but for which the Department is responsible for their sponsorship and oversight of are:

Independent Autonomous Bodies:

- Ulster University;
- Queens University Belfast;
- St Mary's University College; and,
- the Open University.

In addition, Harland & Wolff Plc, a limited company which is wholly owned by the Department, is also regarded as being outside the accounting boundary.

Financial information about each of the above entities may be obtained from their separate published annual reports and accounts.

26 Harland & Wolff plc

Harland & Wolff plc is wholly-owned by the Department.

The Department holds all 10,996,082 shares of H&W plc which were purchased in September 1989 at a cost of £4.6 million (fully provided, see Note 14). Details of the group's trading are contained in its accounts, which are prepared under UK GAAP. Key figures extracted from these accounts are:

Statement of income and retained earnings for the year ended 31 March 2023

	2022-23 £000	2021-22 £000
Turnover	-	-
Administration expenses	-	-
Operating profit	**-**	**-**
Interest receivable and similar income	-	-
Reduction in government grant receivable following actuarial revaluation of the Public and Employer's liability insurance provision	(6,547)	-
Adjustment to the Public and Employer's liability insurance provision following actuarial review	6,547	-
Profit on ordinary activities before taxation	-	-
Tax on ordinary activities	-	-
Profit for the financial year	**-**	**-**

Statement of Financial Position as at 31 March 2023

	2022-23 £000	2021-22 £000
Current Assets		
Debtors	17,811	26,277
Cash at bank and in hand	1,842	2,205
	19,653	**28,482**
Creditors: amounts falling due within one year	(13)	(12)
Net current assets	**19,640**	**28,470**
Provisions for liabilities	(19,640)	(28,470)
Net assets	-	-
Capital and reserves		
Called up share capital	10,996	10,996
Profit and loss account	(10,996)	(10,996)
Total shareholders' funds	-	-

27 Material irregular expenditure

The Accounts Direction given by the Department of Finance for 2022-23 requires departments to disclose any material expenditure or income that has not been applied for the purposes intended by the relevant legislature or material transactions that have not confirmed to the authorities which govern them.

It has not been possible to secure North South Ministerial Council (NSMC) approval of the 2022 and 2023 Business Plans for Tourism Ireland (the 2021 BP has been approved by NSMC). While arrangements have been made with DoF to ensure legality of payments in 2022 and 2023, in the absence of an NSMC approved Business Plan, expenditure will be irregular until NSMC approval is obtained.

In 2022-23 expenditure (Grant in Aid) shown within these accounts of £5.6m (2021:22 £22.7m) was provided to Tourism Ireland.

28 Events after the reporting period date

In April 2023 NI-CO a subsidiary of Invest NI (Note 9) commenced a strategic review of its operations and markets. The context to this review was NI-CO's ineligibility to bid for contracts under the 2021-27 EU Multi-Finance Framework Programme due to the changes in the trading relationship between the EU and the UK (EU projects having made up a significant percentage of NI-CO's annual revenue). As a result of the review, the NI-CO Board met on 26th June 2023 and concluded that NI-CO could no longer be considered a going concern. The NI-CO Chair wrote to the Invest NI Accounting Officer on 28th June 2023 to inform him of the decision and to present NI-CO's proposed closure plan which includes the decision to dispose of the NI-CO building, Landmark House.

NI-CO is outside the accounting boundary for DfE group accounts as it is a public corporation, therefore no adjustment has been made included in the group accounts.

In October 2023 it was announced that the Blade Runner 2099 would no longer be filmed in Northern Ireland. NI Screen had agreed to provide funding of £4.1 million to the project with £1.6 million being provided in 2022-23 to fund pre-production costs, this money will be recouped in full during 2023-24.

Date of Authorisation for Issue

The Accounting Officer authorised the issue of these financial statements on 22 March 2024.

Annex A – Financial Data

The table below shows an analysis of Resource Departmental Expenditure Limit (DEL) and Resource Annual Managed Expenditure (AME) categories.

Table 1: Resource Expenditure	2018-19 Final Outturn £000	2019-20 Final Outturn £000	2020-21 Final Outturn £000	2021-22 Final Outturn £000	2022-23 Final Outturn £000
Resource DEL					
Economic Development & Infrastructure	17,025	16,626	56,463	165,195	-
Economic Development & Business Development	-	-	-	-	123,365
Economic Development & Infrastructure – Repayment of Assistance PMS	(2,144)	(1,886)	17,415	(5,199)	-
Invest NI & Tourism	(329)	1,160	1,511	720	-
Tourism	-	-	-	-	42,855
Employment & Skills	92,860	100,241	147,466	118,306	373,559
Student Support & Higher Education	431,383	475,726	542,412	170,708	286,322
Tourism Ireland Ltd	144	222	277	111	5,254
IntertradeIreland	118	156	159	129	5,099
Representation & Regulatory Services	13,221	15,632	15,978	17,923	27,032
EU Structural Funds – ERDF Support	270	321	194	260	-
EU Programmes	8,914	4,176	13,884	8,709	-
EU Community Initiative	777	1,164	783	1,211	-
EU Peace	871	1,121	1,046	863	-
Total Resource DEL	**563,110**	**614,659**	**797,588**	**478,936**	**863,486**
of which:					
Salaries	48,310	55,939	64,151	60,140	281,786
Consultancy	523	970	1,050	406	1,331
Depreciation	110	153	99	124	37,060
Support to Higher Education	198,888	197,730	224,504	222,088	152,302
Support to Students	113,762	112,448	145,133	109,410	66,651
Notional Student Loan Subsidy/Fair Value Adjustment	115,932	163,025	201,448	(163,388)	42,865
Training Programmes	52,218	58,545	89,272	64,377	59,200
Support to Further Education	14,855	13,474	15,400	11,510	12,753
Renewable Heat Incentive Scheme	824	815	325	929	834
European Programmes	10,763	6,458	34,425	10,819	10,887
PMS	-	-	17,415	(5,199)	(1,589)
Other	6,925	5,102	4,366	167,720	199,406
Resource AME					
Economic Development & Infrastructure	23,997	(5,492)	7,299	6,155	-
Economic Development & Business Development	-	-	-	-	17,601
Tourism	-	-	-	-	1,391
Employment & Skills	-	410	-	-	9,568
Student Support & Higher Education	(88,968)	(83,337)	(39,101)	(233,924)	(377,048)
Tourism Ireland Ltd	-	-	-	-	306
IntertradeIreland	-	-	-	-	154
Representation & Regulatory Services	-	-	-	-	(154)
Total Resource AME	**(64,971)**	**(88,419)**	**(31,802)**	**(227,769)**	**(348,182)**
of which:					
Harland & Wolff Provision	246	(12,239)	77	59	(9,303)
Renewable Heat Incentive Scheme	23,798	6,680	7,222	5,815	14,208
Holiday Pay	-	410	-	-	-
Take up/Revaluation of Debt Sale	(329)	(50)	502	3,815	282
Student Loan Effective Interest/Fair Value Adjustment	(88,639)	(83,287)	(27,332)	(237,739)	(378,068)
Invest NI Provisions/Corp Tax	-	-	-	-	1,916
Pensions/NILGOSC	-	-	-	-	25,855
Other	(47)	67	(12,271)	281	(3,072)
Total Resource Budget	**498,139**	**526,240**	**765,786**	**251,167**	**515,304**

The table below shows an analysis of Capital Departmental Expenditure Limit (DEL) and Capital Annual Managed Expenditure (AME) categories.

Table 2: Capital Expenditure	2018-19 Final Outturn £000	2019-20 Final Outturn £000	2020-21 Final Outturn £000	2021-22 Final Outturn £000	2022-23 Final Outturn £000
Capital DEL					
Economic Development & Infrastructure	2,063	32,569	25,260	57,890	
Economic Development & Business Development	-	-	-	-	78,127
Economic Development & Infrastructure – Repayment of Assistance PMS	(13,500)	(20,500)	(33,750)	(15,000)	-
Invest NI & Tourism	-	-	-	10,000	-
Tourism	-	-	-	-	3,737
Employment & Skills	(3)	98	824	2,248	41,287
Student Support & Higher Education	9,331	7,537	43,854	30,617	99,198
Tourism Ireland	-	-	-	-	238
IntertradeIreland	-	-	-	-	132
Representation & Regulatory Services	169	78	231	46	967
EU Programmes	(51)	-	-	-	-
Business and Employment Regulation	-	-	-	2	-
Total Capital DEL	**(1,991)**	**19,782**	**36,419**	**85,803**	**223,686**
of which:					
Broadband Stimulation	-	-	-	7,500	10,250
Presbyterian Mutual Society	(13,500)	(20,500)	(33,750)	(15,000)	(15,657)
Learning and Teaching for HE Sector	6,259	4,269	39,844	22,180	10,051
University Funding	3,310	2,968	5,114	7,503	74,749
Catalyst Inc.	185	190	124	(186)	(473)
BIS Receipt	(1,307)	(1,330)	(2,974)	(1,330)	(7,122)
Student Loans Company	1,069	1,605	1,849	1,991	1,790
Capitalised Salaries	411	407	443	414	1,115
Research & Development	1,442	1,999	2,686	2,772	20,485
Project Stratum	-	-	21,100	42,300	52,150
Energy Infrastructure	-	-	785	5,065	207
Apprenticeship Capital Grants	-	-	826	90	50
Gas to the West	-	30,000	-	-	-
HMS Caroline	-	-	-	10,000	-
LOB Application Replacement	-	-	-	1,999	2,597
FE Colleges	-	-	-	-	38,531
Invest NI	-	-	-	-	21,508
Tourism	-	-	-	-	3,975
Innovation – City Deals	-	-	-	-	2,769
Higher Education	-	-	-	-	1,672
NI Screen	-	-	-	-	1,162
Other	140	174	372	505	3,877
Capital AME					
Economic Development & Infrastructure	(26)	-	-	(2)	-
Student Support & Higher Education	311,221	336,355	284,018	262,902	294,984
Total Capital AME	**311,195**	**336,355**	**284,018**	**262,900**	**294,984**
of which:					
Renewable Heat Incentive Scheme	(26)	-	-	(2)	-
Student Loan Issued	354,434	350,191	357,117	359,472	344,819
Student Loan Receipts	(92,752)	(106,836)	(118,577)	(144,582)	(168,737)
Student Loan Capitalised Interest	49,539	93,000	45,478	48,012	118,902
Total Capital Budget	**309,204**	**356,137**	**320,437**	**348,703**	**518,670**
Total Departmental Spending	**807,343**	**882,377**	**1,086,223**	**599,870**	**1,028,295**
of which:					
Total DEL	561,119	634,441	834,007	564,739	**1,087,172**
Total AME	246,224	247,936	252,216	35,131	**(58,877)**

Table 3: Admin Expenditure

	2018-19 Final Outturn £000	2019-20 Final Outturn £000	2020-21 Final Outturn £000	2021-22 Final Outturn £000	2022-23 Final Outturn £000
SOAS 1 Analysis of NET Resource Outturn by Function					
Economic Development & Infrastructure	10,326	14,255	18,857	11,543	17,741
Invest NI & Tourism	536	660	783	350	3,569
Employment and Skills	21,136	22,464	24,279	26,506	27,481
Student Support & Higher Education	2,209	2,430	2,968	2,586	2,843
Tourism Ireland Ltd	144	222	277	111	1,219
IntertradeIreland	118	156	159	129	-
Representation & Regulatory Services	1,277	1,568	1,655	1,609	2,663
Total Admin	35,746	41,755	48,978	42,834	55,516
of which:					
Salaries	29,561	35,286	42,148	35,435	41,257
Consultancy	505	944	997	382	1,305
Other	5,680	5,525	5,833	7,017	12,954

Table 4: Non-Budget

	2018-19 Final Outturn £000	2019-20 Final Outturn £000	2020-21 Final Outturn £000	2021-22 Final Outturn £000	2022-23 Final Outturn £000
Non-Budget					
Grant in aid	359,288	488,236	815,434	506,922	-
Teacher's Premature Retirement	-	-	-	-	2,048
Notionals	8,871	9,200	8,503	8,796	-
Total Non-Budget	**368,159**	**497,436**	**823,937**	**515,718**	**2,048**
of which:					
Invest NI	96,000	175,751	508,140	157,446	-
Tourism NI	23,819	23,601	30,400	38,500	-
Tourism Ireland	13,503	12,287	12,794	22,303	-
FE Colleges	193,705	247,246	227,953	234,449	-
NI Screen	14,582	14,859	15,844	15,746	-
Other	26,550	23,692	28,806	47,274	2,048

The table below shows the reconciliation between the table above and the SOAS 1

	2018-19 Final Outturn £000	2019-20 Final Outturn £000	2020-21 Final Outturn £000	2021-22 Final Outturn £000	2022-23 Final Outturn £000
SOAS 1 Analysis of NET Resource Outturn by Function					
Request for Resources A	574,241	654,658	867,329	577,708	1,087,172
Annual Managed Expenditure	(64,998)	(88,419)	(31,802)	(227,771)	(53,198)
Non-Budget	368,159	497,436	823,937	515,719	2,048
	877,402	**1,063,675**	**1,659,464**	**865,656**	**1,036,022**
of which:					
Resource DEL	563,110	614,659	797,588	478,936	863,486
Capital DEL	(1,991)	19,782	36,419	85,803	223,686
Resource AME	(64,971)	(88,419)	(31,802)	(227,769)	(348,182)
Capital AME	311,195	336,355	284,018	262,900	294,984
Non-Budget	368,159	497,436	823,937	515,718	2,048
	1,175,502	**1,379,813**	**1,910,160**	**1,115,588**	**1,036,022**
Reconciling items	**298,100**	**316,138**	**250,696**	**249,932**	-

As this is the first year of RoFP, the prior year figures set out in the trend analysis exclude ALBs, whereas the current year figures include the ALBs, therefore both sets of figures are not directly comparable. It has not been possible to reconstruct the prior year figures in the same format to have a direct comparison for both years. Next year both sets of figures will be stated on the same basis and therefore will be comparable.

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

Introduction

1. This report highlights significant matters arising from my audit of the 2022-23 financial statements of Department for the Economy (the Department), including qualifications I have made to my audit opinions. Completion of my audit of these financial statements was significantly delayed due to a number of matters which I have outlined in this report.

2. The Department's financial statements are produced in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. The Financial Reporting (Departments and Public Bodies) Act (Northern Ireland) 2022 amended these arrangements for 2022-23 and proceedings years. The financial statements now include financial information relating to:

   - the Department itself (subsequently referred to as the Core Department); and
   - the Departmental Group, which incorporates other designated bodies that are controlled or dependent on the Department, including its Arms' Length bodies (ALBs) and North South Bodies that it sponsors.

3. Since the 2022-23 financial statements for the first time incorporate financial statements for the Departmental Group, in line with International Accounting Standard 1 – Presentation of Financial Statements, they include corresponding figures for balances at both 31 March 2022 and 1 April 2021.

Purpose of the report

4. Under the Government Resources and Accounts Act (Northern Ireland) 2001 I am required to examine, certify and report upon the financial statements prepared by the Department for the Economy (the Department). This report explains the background to my qualifications on the Department's Resource Accounts for the year ended 31 March 2023.

5. I have qualified my audit opinions on these financial statements due to:
   - corresponding figures in the Core Department's financial statements relating to COVID-19 business support grant expenditure of £13.4 million in 2021-22, together with related transactions and balances at 31 March 2022 and 1 April 2021, which, in my view, was incorrectly recorded in Invest NI's financial statements instead (see paragraphs 7-19 below for further details); and
   - funding of £14.9 million paid out to two North/South bodies without North South Ministerial Council approval of their respective Business Plans for the relevant periods, as required by their Management Statement and Financial Memoranda, which is therefore irregular in both the Core Department and Departmental Group financial statements (see paragraphs 20-23 below for further details).

6. In addition, my report provides information on a number of other issues identified during the course of my audit, including the complexities and difficulties encountered which prevented me from completing my work within normal timescales.

Qualified audit opinion on corresponding figures relating to COVID-19 business support grants administered by the Department for the Economy

7. In 2020-21, the Department for the Economy was tasked by the Executive to urgently implement a series of business support schemes designed to ease the difficulties and disruption being faced by businesses arising from the COVID-19 pandemic.

8. Given the political and economic concerns at the time, these schemes were delivered at extreme pace and in a challenging environment. The situation was made worse by the imposition of home working at a time when it was not normal practice, together with a lack of appropriate resources. Given the urgency and speed with which these schemes were designed and delivered, the accounting treatment, and consequently the audit activity, was complex and at times, a challenge.

9. The Department sponsors Invest Northern Ireland (Invest NI), an ALB which is not part of the Department. Whilst its financial information is now contained within the Departmental Group financial statements, its transactions and balances are not contained with the Core Department's financial statements. The Department instructed this body to include expenditure on a number of emergency COVID-19 business support grants in its financial statements using its powers under the Industrial Development (Northern Ireland) Order 1982.

10. The Invest NI financial statements for 2022-23 include corresponding figures for expenditure on a number of COVID-19 emergency business support grants totalling £13.4 million in 2021-22, which were administered and paid by the Department. The opening balance of net assets at 1 April 2021 was also affected by transactions related to these schemes. However, it is my opinion that these schemes were in reality administered and controlled by the Department itself, meaning that the Department should have included the related transactions and balances within the Core Department's financial statements rather than including them within Invest NI's financial statements.

11. This unusual accounting arrangement was used because the Department did not in fact have the legal authority to make the grant payments itself and determined it would take too long to obtain such powers under the Financial Assistance Act (Northern Ireland) 2009. The aim of this arrangement was to reflect scheme expenditure in the entity with the appropriate legal authority to make the payments. Invest NI has the relevant authority under the Industrial Development (NI) Order 1982. So essentially the Department designed and delivered these schemes, incurred the expenditure and assumed responsibility for any losses arising from their administration, while instructing Invest NI to include the expenditure in its accounts on the basis that it had the correct legal powers. The Invest NI Accounting Officer had no opportunity to govern those schemes or influence the expenditure. However, neither International Accounting Standards nor the Government Financial Reporting Manual (FReM) allow for legal vires as a basis for recognition.

12. Whilst the Department obtained legal advice on this novel accounting treatment, this was not based on the application of relevant accounting standards. This is a matter of 'substance over form', an accounting concept which means that, in order to present a true and fair view, financial statements should reflect the economic substance of transactions or events, not their legal form. The Department also consulted with the Department of Finance on the accounting treatment, however I am required to form an independent audit opinion on whether the financial statements provide a true and fair view. Since the Department controlled and administered the schemes and made the payments to recipients, without any meaningful involvement of Invest NI, it is my opinion that this money was spent by the Department.

13. The Department is required to provide financial statements which show a true and fair view of its financial transactions and its financial position. Therefore, instructing Invest NI to account for this expenditure rather than accounting for it itself, led to misstatements within the Core Department's financial statements in 2022-23, due to corresponding figures for 2021-22 and opening balances of net assets at 1 April 2021. The Core Department reflected the expenditure on a cash basis and described it as Grant-in-Aid to Invest NI, rather than Grant expenditure that it had paid directly to recipients.

14. Figure 1 reflects the misstatements arising from this issue which I have taken into account in determining my audit opinion.

Figure 1: Misstatements resulting from the accounting treatment for Department for the Economy administered COVID-19 business support schemes in the Core Department's financial statements

Account area	Misstatement in 2021-22 £ million	Misstatement at 1 April 2021 £ million
Grant-in-Aid – i.e. payments to grant recipients made from the Department's bank account	(16.8)	N/A
Grant expenditure on DfE administered schemes - per Invest NI accounts	13.4	N/A
Charge for expected credit loss (ECL) on grant clawback debtors	1.5	N/A
Income from clawback of grants for these schemes	(3.1)	N/A
Accruals	-	(4.5)
Debtor – grant clawback still owed net of ECL	0.5	-
General Fund	(0.5)	4.5

15. The Department had an opportunity to reconsider its accounting treatment and make adjustments to its 2020-21, 2021-22 and 2022-23 financial statements to rectify the issue. However, after consideration, it decided not to do so.

16. The COVID-19 business support grant schemes administered by the Department of £13.4 million for 2021-22 and the associated transactions noted in Figure 2 above have been included in Invest NI's 2022-23 financial statements. Since in my view these transactions should have been reflected in the Core Department's financial statements rather than in Invest NI's financial statements, I have qualified my true and fair audit opinion. The Departmental Group financial statements are not impacted by this issue. I had previously qualified my audit opinions on the Department's 2020-21 and 2021-22 financial statements on the same basis.

Qualified audit opinion on irregular income and expenditure

17. In addition to forming an opinion on whether the financial statements show a true and fair view, I am required to give an opinion on the regularity of transactions, by considering if the income and expenditure has been applied for the purposes intended by the Assembly and whether the transactions comply with the authorities which govern them.

18. As part of my work to provide an opinion on the regularity of transactions, I must gather independent audit evidence to assess whether funding paid by the Core Department and its ALBs to North/South bodies had the correct approvals in place. The Department for the Economy funds Tourism Ireland Limited and IntertradeIreland.

My work considers whether the conditions within the respective Management Statement and Financial Memoranda for these bodies have been complied with, one of which is that their respective business plans should be approved by the North South Ministerial Council (NSMC). In 2022-23 the Department provided funding of £8.8 million to Tourism Ireland Limited and £6.1 million to InterTradeIreland, which required this approval to be in place. On the basis that this approval was not in place, I consider this expenditure totalling £14.9 million to be irregular.

19. Under the new requirements to produce group financial statements in 2022-23, the Departmental Group reflects a proportion of the total income and expenditure of these two North/South bodies based on the proportion funded by the Department. This means that I also consider £23.1 million of expenditure with the Departmental Group financial statements to be irregular.

20. Whilst the Financial Memoranda require NSMC approval for these business plans, no NSMC meetings have taken place that would facilitate this. I acknowledge, therefore, that this matter is beyond the control of the Department and the North/South bodies. However, in line with my responsibilities, I have qualified my regularity opinion on both the Core Department and Departmental Group financial statements due to this irregular income and expenditure.

Other issues identified which did not lead to audit qualification

Challenges in producing group accounts and delay in completing the audit

21. The new requirement for departments to produce group financial statements for 2022-23 and subsequent years has proved a challenge for a number of organisations, including the Department for the Economy.

22. The Departmental group is complex, comprising 16 component bodies along with the Core Department itself. The components include the six Further Education Colleges (FECs), Invest NI, Stranmillis College and two North/South bodies. The Accounts Direction given by the Department of Finance now requires the Department to produce group financial statements showing balances at 31 March each year and transactions for the year then ended.

23. Most Core Departments and their ALBs share the same financial year end. However, for the Department for Economy, 10 of the 16 component organisations that the Department needs financial information from to produce the group financial statements do not share the same year end. This meant significant additional work both for these 10 bodies and for the Department itself. A significant increased amount of audit work was also required, since the audit assurances required for the group financial statements could not be obtained solely from the audit of statutory Annual Reports and Accounts of bodies with a different year end.

24. Shadow group financial statements were produced for 2021-22 and 2020-21. These were designed to ensure that effective procedures were developed to produce complete and accurate consolidated group figures and to ensure that prior-year corresponding figures were available on a timely basis for inclusion in the 2022-23 group financial statements. I commenced my audit of this information in early 2023 and a substantial amount of additional audit work was required, including on the financial information for the 10 component with different financial year ends. However, delays in obtaining the necessary information and explanations from the Department and its components to conclude the audit work on these shadow accounts meant that misstatements relating to prior years were not identified nor corrected before production of the group's 2022-23 financial statements. This resulted in additional audit work having to be completed during the final audit of the 2022-23 group financial statements. In addition, there was limited opportunity to learn lessons from the shadow financial statements production and audit process.

25. The Department is required to submit draft financial statements for audit no later than 31 July each year under the Government Resources and Accounts Act (Northern Ireland) 2001. Whilst the Department met this submission deadline, the quality of the financial information submitted was much lower than would normally be the case and my audit identified a substantial number of errors and omissions. A significant factor was the poor quality of some of the information submitted to the Department by the component organisations whose information had to be collated and consolidated with the core Departmental information into Group Financial Statements. To allow time for the Department to collate the information in the component audit packs, eliminate balances and transactions and produce the draft financial statements, it required the components to submit consolidation packs of their 2022-23 financial information by 28 April 2023. This was a much tighter timeline than had been given for previous shadow exercises. This proved challenging for many of the components and may have contributed to some of the poor quality information identified by my staff.

26. In particular there were several issues with the quality of information in the consolidation pack submitted by Northern Regional College. It contained a considerable number of errors, some of which were of such significance that the impact was material at a group level. Whilst these misstatements have subsequently been addressed, over the course of my audit of this College's financial information, I identified issues such as a £21 million adjustment to financial liabilities and a £14 million balancing error. Audit queries were generally not addressed by the College on a timely basis, with some taking several weeks, and in some cases, months to be properly addressed. This inevitably caused delays, meaning that the audit of this College's 2022-23 consolidation pack could only be completed in January 2024, creating a knock-on effect on the ability to complete the audit of the Departmental Group financial statements. Whilst I understand that the College had resourcing pressures within its Finance Team, it is unacceptable that there was such a delay in the College fulfilling its accountability requirements.

27. I note that the Department has co-operated extremely well with my team to resolve the range of issues in the final group financial statements. In total, there were over 100 errors noted over three accounting periods requiring a considerable number of adjustments to be made to arrive at the final audited financial statements, along with considerable changes to other disclosures throughout the document. The amount of audit work involved was unprecedented and the delays encountered prevented me from completing my audit by 31 October 2023 as required under the Government Resources and Accounts Act (Northern Ireland) 2001. The audit was completed at a much higher cost than originally planned and well in excess of what is reasonable for an organisation of this size.

28. It is clear that the Department and its components had underestimated the amount of work and time required to produce group financial statements of an acceptable standard. I understand that the Department has already considered what improvements can be made to the consolidation process and the quality of financial information produced, and I welcome this development.

29. The Department told me "DfE recognises the significance of the issues outlined, and has already taken a number of actions to make substantial improvements going forward. These include:

- increasing the capacity and capability of the team responsible for preparing the Group Accounts, including to provide support for DfE Partner Organisations;
- developing an IT solution to automate significant elements of the existing processes used to produce the DfE Group Accounts to produce the financial statements in significantly less time; and
- maintaining a lessons learned log and taking action to make improvements on an ongoing basis.

In addition to the actions already implemented, DfE will engage with NIAO and DfE Partner Organisations to develop an approach to better manage the coordination of the audits for 2023/24 across all Partner Organisations. DfE is also reviewing and will amend its processes with Partner Organisations to deal with issues impacting the Group Accounts as the year progresses rather than at a year-end. It is anticipated that these actions, together with the experience gained by all stakeholders in preparing the 2022-23 Group Accounts, will deliver a demonstrable improvement for 2023-24."

30. I will consider the effectiveness of these improvements during my audit of the 2023-24 group financial statements. I would underline the importance of the Department reinforcing to all components the need to comply with audit requests in a timely and effective manner to ensure future audited group financial statements can be produced in line with statutory timelines.

Board members

31. The Governance Statement provides information on how certain Arms' Length Bodies (ALBs) sponsored by the Department were impacted by not having a Minister in place when they needed to make appointments to the respective boards of these organisations. This issue affected the Northern Ireland Tourist Board (NITB), the Labour Relations Agency (LRA) and the General Consumer Council for Northern Ireland (GCCNI).

32. In the case of the NITB and GCCNI, this led to both bodies being inquorate, as the minimum number of Board members for the boards to function had not been reached. Whilst LRA for a time was without its full complement of Board members it did not have the same issue. In the NITB's case, this issue was rectified after three months when the Secretary of State for Northern Ireland appointed new Board members. The appointments were made from a public appointments competition that had been run seeking NITB board members. No such competition had been undertaken for the GCCNI until one was launched in January 2024. As a result, GCCNI became inquorate from 1 April 2023 and remains so. A competition for GCCNI Board members is currently in progress and appointments are planned for May 2024. By that stage GCCNI will have been inquorate for 13 months.

33. The Department had more in-depth oversight and discussions with GCCNI to help mitigate the impact of the absence of a Board on governance of the organisation. However, I am concerned that this situation has continued for so long and that a competition for Board members had not been instigated before the body became inquorate. The absence of a functioning Board has created a fundamental weaknesses in the organisations' corporate governance arrangements.

Non-Domestic Renewable Heat Incentive (RHI) Scheme

34. In six years from 2015-16 to 2020-21, I reported on aspects of the RHI scheme including its total cost, progress of site inspections, judicial reviews following amendments to reduced tariffs payable under the scheme, and the future of the scheme. The Department continues to make payments on these schemes, with the 2022-23 financial statements showing costs of £14.2 million (for both domestic and non-domestic RHI schemes), and a provision for estimated obligations of £14.5 million for the tariff review.

35. Legal actions relating to the scheme continue, with a judicial review and subsequent appeals against the change in tariffs brought about by the Northern Ireland (Regional Rates and Energy) Act 2019 and earlier 2017 Regulations brought in October 2021, dismissed by the courts. An application was subsequently made to the European Court of Human Rights (ECHR) in November 2023, although it is not yet clear whether the ECHR will hear this case.

36. The Department launched a consultation on the future of the scheme in February 2021, with its preferred option to close the scheme with compensation paid to legitimate current participants. The final decision on the future of the Scheme will be taken by the Executive collectively. I will continue to monitor future developments in this area.

37. I published a report in March 2022 on the progress made in implementing recommendations made by the RHI public inquiry. This report considered developments in governance arrangements across the Northern Ireland Civil Service, and specifically within the Department since issues around RHI emerged and progress made to action recommendations made by the independent public inquiry into the Non-Domestic RHI Scheme. It noted that progress in some areas had been disappointing, but welcomed improvements in governance structures at the Department and noted the Organisational Development Programme the Department had set up. However, my report noted that it was critical that this is supported by an appropriate corporate culture within the Department, grounded in the Nolan Principles to ensure the highest standards in public life, underpinned by transparency. I intend to publish a further report, noting what subsequent progress has been made.

Presbyterian Mutual Society

38. At the height of the financial crisis in 2008 the Presbyterian Mutual Society (PMS) went into administration. Loans of £225 million were made by the former Department of Enterprise to PMS. Of this balance, £50 million is at the bottom of the creditors' priorities and is considered unrecoverable. The remaining £175 million was repayable by instalments and was due to be settled in full by November 2020. The Joint Supervisors of the PMS requested an extension to this repayment period due to the pandemic limiting its ability to sell assets to fund the repayments. Following professional advice on the matter, the Department extended the repayment period to November 2022 and then again to May 2023. In July 2023 a statutory demand was served, leading to PMS being placed in liquidation in October 2023.

39. At 31 March 2023, the total amount owed to the Department was £13.0 million of which, £12.8 million has been included as an Expected Credit Loss provision. The actual loss which materialises will crystalise once the Joint Liquidators have completed the liquidation process. This represents a significant loss of money.

Conclusion

40. I acknowledge the challenge the Department has faced in producing Departmental Group financial statements and the efforts it has made to resolve the issues and make improvements to the process. I welcome the plans to address these issues going forward and I will review progress and the effectiveness of any improvements during my audit of the 2023-24 group financial statements.

Dorinnia Carville
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22 March 2024

Annex C – ACRONYMS

ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
AMPS	Assembly Member's Pension Scheme
ARAC	Audit and Risk Committee
BMC	Belfast Metropolitan College
BSDL	Bedford Street Developments Limited
C&AG	Comptroller and Auditor General
CARE	Career Average Revalued Earnings
CCM	Cost Cap Mechanism
CCNI	Consumer Council for Northern Ireland
CETV	Cash Equivalent Transfer Value
CFER	Consolidated Fund Extra Receipt
CGU	Cash Generating Unit
CITB	Construction Industry Training Board
CLG	Company Limited by Guarantee
CoA	Court of Appeal
CPI	Consumer Prices Index
CSP	Civil Service Pensions
DAERA	Department of Agriculture, Environment and Rural Affairs
DEL	Departmental Expenditure Limit
DfC	Department for Communities
DfE	Department for the Economy
DoF	Department of Finance
ECNI	Equality Commission for NI
EFDNI	Employers for Disability Northern Ireland
ERDF	European Regional Development Fund
EU	European Union
FE	Further Education
FPJPS	Fee-Paid Judicial Pension Scheme
FReM	Financial Reporting Manual
FTC	Financial Transactions Capital Scheme
FVPL	Fair Value through the Profit & Loss account
GAD	Government Actuary's Department
GCCNI	General Consumer Council for Northern Ireland
GIS	Guaranteed Interview Scheme
H&W	Harland & Wolff plc
HE	Higher Education
HMS	His Majesty's Ship
HMT	His Majesty's Treasury
HSENI	Health & Safety Executive Northern Ireland
IAB	Independent Autonomous Bodies
IAS	International Accounting Standards
IFRP	Independent Financial Review Panel

Annex C – ACRONYMS (continued)

IFRS	International Financial Reporting Standards
IJSD	International Job Shadow Day
JPS	Judicial Pensions Scheme
JuPRA	Judicial Pensions & Retirement Act 1993
LCM	Legislative Consent Motion
LIBOR	London Inter-Bank Offered Rate
LRA	Labour Relations Agency
ME	Main Estimates
MLA	Members of the Legislative Assembly
NDPBs	Non-Departmental Public Bodies
NDRHI	Non-Domestic Renewable Heat Incentive Scheme
NI	Northern Ireland
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
NICSHR	Northern Ireland Civil Service Human Resource
NIJPS	Northern Ireland Judicial Pension Scheme
NILGOSC	Northern Ireland Local Government Officers Superannuation Scheme
NIS	Northern Ireland Screen
NISBLF	NI Small Business Loan Fund
NISRA	Northern Ireland Statistics and Research Agency
NITPS	Northern Ireland Teachers' Pension Scheme
NRC	Northern Regional College
NWRC	North West Regional College
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
PAYE	Pay As You Earn
PCSPS(NI)	Principal Civil Service Pension Scheme (Northern Ireland)
PFI	Private Finance Initiative
PMS	Presbyterian Mutual Society
PSNI	Police Service of Northern Ireland
PSP&JO	Public Service Pensions and Judicial Offices Bill
RHI	Renewable Heat Incentive Scheme
RoFP	Review of Financial Process
RPI	Retail Price Index
SCS	Senior Civil Servant
SERC	South Eastern Regional College
SIB	Strategic Investment Board Limited
SLC	Student Loans Company Limited
SME	Small to Medium-sized Enterprise
SOAS	Statement of Outturn Against Assembly Supply
SoCNE	Statement of Comprehensive Net Expenditure
SONIA	Sterling Overnight Index Average
SRC	Southern Regional College

Annex C – ACRONYMS (continued)

SWC	South West College
TNI	Tourism NI
VAT	Value Added Tax
WMS	Written Ministerial Statement