



Labour Relations Agency

Annual Report and Accounts

2013-2014

Labour Relations Agency Annual Report and Accounts for the Year Ended 31 March 2014

Laid before the Northern Ireland Assembly
under Paragraph 15(5) and
Paragraph 16 (1) of Schedule 4 to the
Industrial Relations (Northern Ireland) Order 1992
by the Department for Employment and Learning
31 March 2014

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26 June 2014

Mr Derek Baker
Permanent Secretary
Department for Employment & Learning
Adelaide House
39-49 Adelaide Street
BELFAST BT1 8FD

Dear Mr Baker,

Annual Report and Accounts of the Labour Relations Agency 2013-2014

In accordance with Article 16(1) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992, I have pleasure in submitting the Annual Report and Accounts of the Labour Relations Agency on its activities during the twelve month period ending 31 March 2014.

Yours sincerely,

A handwritten signature in black ink that reads 'Jim McCusker'.

JIM McCUSKER
Chairman

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Chapter 1

Mission Statement,
Equality Statement,
Core Values

MISSION STATEMENT, EQUALITY STATEMENT, CORE VALUES

Mission Statement

- To improve employment relations, promote best employment practice and resolve workplace disputes through the delivery of quality, impartial and independent services.

Equality Statement

- The Labour Relations Agency, in line with our Equality Scheme as approved by the Equality Commission in May 2012, is fully committed to supporting the elimination of all forms of discrimination in employment and to using its services to help secure the objectives of fair employment, equal opportunity and good relations. The Agency is committed to ensuring equality of opportunity, recognising diversity, treating everyone fairly and without discrimination. As a provider of services the Agency includes equality of treatment as a fundamental principle of good employment relations and best employment practice. As an employer the Agency seeks to ensure that its employment policies, procedures and practices conform to good practice as outlined in relevant Codes of Practice. The Agency by July of each year ensures that all its commitments set out in the Equality Scheme have been adequately addressed and that all necessary equality monitoring returns have been completed and issued. The Agency's Equality Scheme is available on the Agency's website (www.lra.org.uk).

Core Values

- In delivering services the Agency will:
 - be accessible;
 - respond to customer needs;
 - be open and accountable;
 - act promptly;
 - be professional;
 - behave with integrity;
 - maintain confidentiality;
 - respect diversity and opinions;
 - value, consult and involve staff;
 - demonstrate value for money.

Background Information

The Labour Relations Agency is an executive Non-Departmental Public Body sponsored by the Department for Employment and Learning. It was established in 1976 under the Industrial Relations (Northern Ireland) Order 1976 and continued by the Industrial Relations Order (Northern Ireland) 1992.

Principal Activities

The Agency's principal activities are to assist employers, employees and their representatives to improve the conduct of their employment relations.

The Labour Relations Agency provides effective, impartial and confidential services to those engaged in industry, commerce and the public services in Northern Ireland, those services including:

- advice and assistance on all aspects of employment relations and employment practices
- comprehensive conciliation, mediation and arbitration facilities for resolving both individual and collective matters.

This service is available to employers, employers' associations, individual employees, trade unions and other organisations or to individuals who require assistance with any question relating to employment relations or employment matters.

The Headquarters of the Agency are located at 2-16 Gordon Street, Belfast, BT1 2LG. The Agency also has a Regional Office located at 1-3 Guildhall Street, Londonderry, BT48 6BB. Both offices are equipped to provide the full range of advisory and dispute resolution services to employers and employees throughout the whole of the Province.



Chapter 2

The LRA Board

Full details of Board Member profiles are provided in the Agency's website at www.lra.org.uk

1. Mr Jim McCusker (Chairman)

Mr McCusker was appointed Chairman of the LRA with effect from 1 March 2008. He was formerly General Secretary of NIPSA (the Northern Ireland Public Service Alliance) and was a member of the Executive Council and the NI Committee of the Irish Congress of Trade Unions (NIC-ICTU). He is a former Member of the European Economic and Social Committee and of the Council for Healthcare Regulatory Excellence, Economic Development Forum and Concordia.



2. Mr Lyn Fawcett

Mr Fawcett is a Senior Lecturer and Director of Masters programmes in Hotel and Tourism Management in the Ulster Business School at the University of Ulster. He is a past Member of the University Council and past Chairman of the University and Colleges Union in Northern Ireland and past president at University of Ulster. He is a current Member of the Board of the Health & Safety Executive and a former Board Member of the Northern Ireland Tourist Board.



3. Mrs Sally McKee (Vice Chair)

Mrs McKee is currently Honorary Secretary of the Disability Committee of NIC-ICTU, is on the Board of Governors of Lakewood Special School and is Chairperson of Glenlola Collegiate School. She is a Board Member of the General Teaching Council NI (GTCNI) and was its Chairperson from 2006 to 2010. She is a past President of the Ulster Teachers' Union and a former Board Member of the South Eastern Education and Library Board.



4. Mr Gary McMichael

Mr McMichael has been the Director and Chief Officer of the Northern Ireland charity ASCERT (Action on Substances through Community Education and Related Training) since 2001. He served on Lisburn City Council for 12 years, has been a Trustee of the NI Fund for Reconciliation, and was a member of the NI Civic Forum.



5. Mrs Alison Millar

Mrs Millar is the Deputy General Secretary of the Northern Ireland Public Service Alliance (NIPSA). She has overall responsibility for the Public Officers' Group and for major policy issues including the Review of Public Administration and matters relevant to the Health Service and Housing. Mrs Millar has held previous appointments as NIPSA's Assistant Secretary with negotiating responsibility for the Education and Library Boards, Further Education Colleges and District Councils.



6. Mr Albert Mills

Mr Mills is a trade unionist. From 2006, he was Chairman of the Amalgamated Transport and General Workers Union (ATGWU) Officers Negotiating Committee for Great Britain and Ireland, and played a major role during merger talks between ATGWU and Amicus to create Unite the Union. He was a board member with the Civil Service Appeal Board from 1996 to 2010, and with the NI Local Government Superannuation Committee from 2000 to 2010.



7. Dr Trevor Morrow

Dr Morrow is Programme Director of the MSc International Business, and subject co-ordinator for HRM at the Ulster Business Schools Department of International Business. He is co-author of Strategic Human Resource Management: Contemporary Issues (Financial Times/Pearson) and has published widely in business and human resource journals. He has served as an employee representative with the Association of University Teachers and is currently a director of Cancer Focus (formerly Ulster Cancer Foundation).



8. Mr Gordon Parkes

Mr Parkes is HR Director of Northern Ireland Electricity Limited, a member of the Employment and Skills Committee CBI (NI) and a member of the Careers, Education, Information, Advice and Guidance Steering group. Previously he held the position of Director or Head of Human Resources in a number of companies in the pharmaceutical, textile and engineering sectors and prior to his current role was General Manager Group Human Resources of the Viridian Group Ltd.



9. Ms Pauline Shepherd

Pauline is currently a self-employed HR/OD consultant and interim executive. She was interim CEO with Extern, a large all-Ireland charity providing services to children and families with challenging and complex needs. From 2005 to 2011 she was the HR Director in NI Water developing and implementing the company HR strategy. Her previous employment includes over 30 years work in the public sector. She is currently a member of the Probation Board NI and an employer member of the Industrial Court.



10. Mr Neal Willis

Mr Willis is a member of the NI Industrial Court. He has recently retired as Director of Corporate Services at Newtownabbey Borough Council. Prior to this he worked as a Senior Consultant, advising employers on employment law and fair recruitment practices, was Regional Manpower Services Manager with the NI Housing Executive and a Conciliation Officer with the LRA. He now works as an independent consultant in the areas of HR and strategic and business planning.





Chapter 3

Chairman's Foreword

Chairman's Foreword

Influencing the future employment landscape was a priority for the Agency, because it fulfilled our general statutory duty of improving industrial relations. We set out to achieve this aim in two principal ways: first by contributing to the Review of Employment Law initiated by the Department for Employment and Learning (DEL) and secondly by facilitating the Northern Ireland Roundtable of trade unions and employers on employment relations.

In November 2013 the Agency submitted a comprehensive response to the DEL Employment Law Review. We also endorsed the idea of re-routing individual rights cases directly to the Agency in the first instance and we favoured a scheme for voluntary neutral assessment as part of a menu of options for alternative dispute resolution. On the more contentious issues of the qualifying period for unfair dismissal rights, the consultative period for collective redundancies and 'protected conversations', the Agency took the view that any changes should be based on evidence of the impact on growth in employment, the level of inward investment and the volumes of tribunal claims.

The frequency of meetings of the Roundtable was stepped up so that it could input more effectively into the Review of Employment Law, including the link between 'protected conversations', retirement and workplace planning. Considerable progress was made on drafting a Joint Declaration of employer organisations and trade unions on a harmonious and inclusive working environment and on complementary guidance on policy in each workplace.

Through a series of public events we sought the engagement of the main stakeholders in employment relations in Northern Ireland. Chief among these events was an international conference with experts from Great Britain, the Republic of Ireland, the United States, Canada, Australia, New Zealand and South Africa. The conference was held in conjunction with the annual meeting of employment relations agencies in these countries. The meeting was hosted jointly by the Labour Relations Commission in Dublin and the Agency in Belfast.

As detailed in the body of this report the Agency succeeded in achieving most of its targets and continued to receive very positive feedback from its stakeholders. These achievements reflect the standard of our staff, who performed to a very high level despite severe restraints on the Agency's funding. Concerns about the cut in the Agency's budget were registered with our sponsoring Department, with whom we enjoy excellent relations.

During the year we finalised, in consultation with DEL, an updated Management Statement and Financial Memorandum on the basis that a Memorandum of Understanding would be drawn up to clarify the relations between DEL and the Agency in the context of the Agency's independence in the exercise of its statutory obligations.

The Agency derived considerable benefit from close working relations with our counterparts in Great Britain and in the Republic of Ireland, the Certification Officer, the Equality Commission, the Industrial Court and Eurofound.

In the coming year as the economy continues to emerge from recession the Agency will have a crucial role in shaping the employment relations landscape so as to raise our international competitiveness.



Chapter 4

Chief Executive's Overview

Chief Executive's Overview

The 2013-14 financial year has been a year of solid performance for the Agency. Members of staff are to be congratulated for maintaining effective operational services against a backdrop of limited resources.

From a strategic perspective the Agency has continued to provide support for the Northern Ireland (NI) Employment Relations Roundtable. The Agency submitted proposals to the Department for Employment and Learning (DEL) for a neutral assessment service and for a scheme for the re-routing, in the first instance, of claims from the Office of Industrial Tribunal and Fair Employment Tribunals (OITFET) to the Agency. We examined the role of ombudsperson at organisational level with a view to widening the scope of alternative dispute resolution in NI. The Agency hosted an international conference in August 2013 and held two very well attended seminars.

Internally we have focused on developing our leadership and management capability coupled with undertaking a stress risk assessment. The continued improvement of internal communications remains a priority. In addition, a number of organisational activities have been initiated with a view to attaining lIP silver standard by 2015.

It has been a year of formal self-assessment by the JNCC and by the Agency Board. The Board self-assessment has contributed to the continual improvement of corporate governance with governance policies being subject to review along with staffing policies and procedures.

A Corporate Plan 2014-17 and Business Plan 2014-15 were developed and submitted to DEL. The strategic direction of the Agency is more balanced in the new Corporate Plan with advisory services work becoming more prominent. This is significant for the contribution of the Agency given that the NI economy is coming out of recession albeit slowly. It is strategically important for the Agency to be providing services to the Small Medium Enterprises (SME) sector and in particular to employers who do not have Human Resource support.

A new Information Services contract was put in place and progress was made in revising our information strategy action plan. A business case for a new Individual Case Management System (ICMS) was approved by DEL in October 2013. Intense work is now proceeding with ICMS procurement and with preparation for the introduction of the new system during 2015. The implementation of ICMS will be a considerable enhancement to the administration of cases and to our analytical capability.

The Agency continues to examine its value for money. A Social Return on Investment (SROI) report was submitted to the Board and DEL in June 2013. Our economic and social outcomes are very positive. We will continue to refine our measurement of value for money.

At year end we came in on budget but not without severely limiting normal spend. Our training budget, PR and publication activities and premises upkeep were all cut. Our international conference was sponsored by DEL, the renewal of the lift in Gordon Street was funded by DEL and the purchase of ICMS will also be funded by DEL. The Agency is structurally underfunded with our discretionary spend, going into 2014-15, becoming critical. Funding will remain a considerable challenge.



Chapter 5

Management Commentary

Senior Management Team



Mr William Patterson
Chief Executive/
Accounting Officer



Ms Penny Holloway
Director
(Conciliation & Arbitration)

- Individual Conciliation
- Collective Conciliation
- Arbitration
- Independent Appeal Hearings
- Mediation
- Regional Office



Mr David McGrath
Director
(Advisory Services)

- Advisory Assistance
- Advisory Workshops
- Helpline
- Good Employment Practice
- Good Practice Seminars
- Research
- Agency Website



Dr Gerry O'Neill
Director
(Corporate Services)

- Human Resources
- Certification Office
- Finance & Corporate Compliance
- Business Support & Premises
- Information & Communication
- Technology

MANAGEMENT COMMENTARY

5.1 CORPORATE OBJECTIVES

1. **By 31 March 2014 to have contributed to improving employment relations by influencing the future employment landscape of Northern Ireland.**

The Agency supported the Northern Ireland (NI) Employment Relations (ER) Roundtable throughout the year on the Department for Education and Learning (DEL) Review of Employment Law, Tribunal Reform, the re-routing of claims to the Labour Relations Agency (LRA), LRA neutral assessment, a Joint Declaration of Protection and Protected Conversations. An ER Roundtable away day was held on 7 November 2013. The Roundtable met with the DEL Minister on 10 December 2013. The Chair and CEO met with a wide range of stakeholders as part of the Agency corporate planning process. The Agency responded to the DEL 'Sharing Parental Rights' consultation in August 2013.

2. **By 31 January 2014 to have in place arrangements that will support the launch of a neutral assessment process for disputes referred to the Agency.**

Neutral Assessment proposals were submitted to the Board on 7 March 2013 and to DEL on 26 March 2013. The proposals at 31 March 2014 were being considered by DEL as part of the DEL Review of Employment Law.

3. **By 31 March 2014 to be operationally prepared to manage the direct receipt of claims to the Agency.** Re-routing proposals were submitted to the Board on 28 February 2013 and to DEL on 27 March 2013.

The proposals at 31 March 2014 were being considered by DEL as part of the DEL Review of Employment Law. The Agency responded to the DEL consultation on the Review of NI Employment Law on 5 November 2013. Preparatory work was undertaken in anticipation of changes to Agency operational work deriving from the DEL Review of Employment Law.

4. **By 31 March 2014 to have determined the Agency's approach to the role of ombudsperson.**

An Ombudsperson paper was submitted to the Board in November 2013. Consideration is to be given to promoting the role of organisational ombudspersons as part of the Agency's Alternative Dispute Resolution (ADR) agenda.

5. **By 31 March 2014 to have contributed to raising the public profile of employment relations in Northern Ireland.**

The Agency was represented at the International Agencies meeting held in Dublin on 29 – 31 July 2013. An international conference was held in Belfast on 2 August 2013. The Advisory, Conciliation and Arbitration Service (ACAS) CEO Anne Sharp delivered an update on the ACAS approach to the re-routing of individual employment rights claims at an Agency seminar held on 5 September 2013. The annual LRA Lecture on Employment Law and Employment Relations was delivered by Professor Linda Dickens on 19 November 2013.

6. **To have developed and implemented a framework for leadership and management (L&M) development by 28 February 2014.**

An L&M framework was approved by the Board in November 2013. The Agency has been successful in having one Employment Relations Manager (ERM) included in the 2014-15 Women's Leadership Programme. Budget constraints limited organisational development however, management did commit to focus on the development of leadership at management levels between April and September 2014.

5.1 CORPORATE OBJECTIVES (cont'd)

7. To have introduced a structured programme designed to maintain good internal employment relations and enabled effective employee voice by 31 March 2014.

Health and Safety Executive (NI) (HSENI) facilitated an organisational stress risk assessment. As at 31 March 2014 a Stress Risk Report was being compiled. A staff suggestion scheme is to be introduced. The Joint Negotiating and Consultative Committee (JNCC) undertook a self-assessment in March 2014.

8. To have introduced enhanced mechanisms for internal communications facilitated by effective information systems by 31 March 2014.

A Communications Strategy Scoping Study was undertaken. An Internal Communications Strategy is targeted for testing by 31 July 2014. A draft Staff Recognition Policy and Procedure is with Management for consideration. A prototype intranet was developed.

9. Develop Agency corporate governance capability by 31 March 2014.

The Annual Report format was revised. The Agency Board continued with its self-assessment processes. The application and implementation of the Bribery Act was agreed by the Board in December 2013. Key policies e.g. Leadership, Communication, Absence, Flexible Working, Recognition and Reward continue to be reviewed. Final draft Corporate 2014-17 and Business 2014-15 plans were submitted to the Board and DEL in February 2014.

10. Demonstrate Agency value for money by 31 March 2014.

A Social Return on Investment study was submitted to the Board in June 2013. A draft Unit Costing and Benchmarking Report for 2012-2013 was prepared for the Senior Management Team (SMT). In March 2014 the CEO instigated an Audit Report on value for money.

11. Enhance Agency performance and efficiency through the achievements in milestones in the IS strategy by 31 March 2014.

A new IS Managed Services (ISMS) contract became effective on 2 September 2013. Work was progressed on a revised IS Strategy Action Plan. By 31 March 2014 a business case had been approved for a new Individual Conciliation Management System (ICMS) and procurement was in process.

5.2 ADVISORY SERVICES

The work of Advisory Services, either working on our own or in partnership with other organisations, is concerned with promoting good employment practice and developing employment relations skills among both employers and employees in Northern Ireland. Emphasis on customer service and focus on outcomes are part of Advisory Services DNA and it is very encouraging that all of our performance indicators confirm the value placed on the work of Advisory Services by our many customers.

Demand for information and advice from our Helpline has remained relatively constant with 23,287 calls handled this year despite a reduction in the number of advisors dedicated to this frontline service of the Agency. We have striven to improve our service to customers and it is encouraging to record that both the average time before callers to the Helpline are answered and also our “lost call” rate are reducing. The continuing trend in demand for on-line knowledge is reflected in the number of visits to the Agency’s website and validates the constant effort made in updating and adding to the range of information provided on our website. The Agency also consulted on a revision to the Agency’s Code on Disciplinary and Grievance Procedures with the revised Code presently with the Department for Employment and Learning for approval.

Developing the capacity, competence and confidence of employers, line managers and employees to resolve employment relations issues quickly and as close to source as possible continues to be a focus of advisory work. In addition to the planned programme of events we also responded to numerous requests from a variety of organisations to provide tailored training in employment relations skills. Our recently introduced one hour briefing sessions on topical employment relations issues seem to be meeting the demand for knowledge and skills delivered in a condensed timeframe. Advisory workshops continue to provide participants with the skills and knowledge to develop and maintain basic employment relations documentation.

Demand for reviewing employment documentation remains a feature of the Agency’s work with organisations asking the Agency to review and comment on their policies and procedures. As in previous years we have placed emphasis on customer service and on completing this work within 3 months from the date of receipt which, in the majority of cases, we have managed to do. Good practice employment projects during the year were predominantly within the public sector with a focus on longer term collaborative based facilitations relating to industrial relations structures, machinery, protocols and policies. This year has also seen the continuance of our work with Invest Northern Ireland in the reviewing of some 100 guides in the employment and skills section of www.nibusinessinfo.co.uk.

As part of our drive to increase awareness of the Agency and its services we have been represented at numerous conferences, seminars, business hubs, advice clinics and exhibitions throughout the province. The outcome of this work is reflected in the large percentage of customers new to our services thereby spreading good employment practice to ever more workplaces.

5.2.1 PERFORMANCE INDICATORS

Performance Indicators 2013-14		Performance at 31 March 2014
1	The average Helpline waiting time is to be less than 1 minute 10 seconds for 2013-14.	The average waiting time for answering a Helpline call was 40 seconds.
2	The Helpline lost call rate is to be less than 11% for 2013-14.	The lost call rate was 5.9%.
3	The level of Helpline customer satisfaction is to be no less than 75%.	Customer satisfaction was 90.3%.
4	At least 70% of callers are to indicate that they took clear action following a call to the Helpline.	94.6% of callers indicated that they took action following a call.
5	At least 1% of Helpline calls are referred for Pre-Claim Conciliation (PCC).	0.8% of Helpline calls referred for PCC.
6	At least 75% of Advisory cases received are to be completed within 3 months of receipt.	86.7% cases received were completed within 3 months of receipt.
7	The level of customer satisfaction with the Agency's vetting service is to be no less than 75%.	100% were satisfied with the vetting of their documents.
8	At least 60% of users of the Advisory vetting service report that they amended documentation following Agency assistance.	100% amended documentation; 68% amended fully all suggestions made and 32% amended some of the suggestions.
9	The level of customer satisfaction for good practice seminars is to be no less than 90%.	97.9% customer satisfaction in good practice seminars.
10	At least 90% of delegates at good practice seminars are to report that their learning requirements had been met.	99% of delegates reported their learning requirements had been met.
11	At least 75% of delegates at good practice seminars report that attendance resulted in them gaining the knowledge to review or change a policy, procedure or practice.	90.9% indicated a review or change in policy or procedure.
12	At least 25% of delegates to good practice seminars are to be from organisations who have not previously attended an Agency good practice seminar.	37% of delegates had not previously attended a seminar.
13	The level of customer satisfaction for Advisory workshops is to be no less than 85%.	97.8% satisfaction.
14	At least 70% of attendees report that attendance at Advisory workshops resulted in employment documents being introduced or amended.	97.1% customers agreed they will introduce/amend documentation following Agency assistance.
15	A two percentage points rise in the utilisation of Agency Advisory Services.	Participants at good employment practice seminars increased by 36.6% and calls handled by the Helpline increased by 0.3%.
16	A two percentage points growth in our Advisory Services customer base Performance Target.	39.3% of new customers at Seminars/Workshops and users of vetting services.

5.2.2 FACTS AND FIGURES

Table 1: General Enquiries

	2013-14	2012-13
Telephone Calls Handled	23,241	23,175
Callers	46	39
TOTAL	23,287	23,214

Table 2: General Enquiries by Type

	2013-14	2012-13
Dismissal	4,542	4,578
Discipline/Grievance	7,575	7,660
Bullying/Harassment	1,066	1,003
Wages	3,767	3,911
Holidays	3,489	4,188
Other Contractual Rights	6,392	6,126
Discrimination	3,349	3,330
Redundancy	3,008	4,188
Family Friendly	1,755	1,748
Other Statutory Rights	5,599	6,540
Statutory Sick Pay	971	949
Absence	2,022	2,066
Pre Claim Conciliation	1,902	n/a
Stress at Work	456	n/a
Social Media	53	n/a
Agency Workers	246	n/a
Other Agency Services	4,010	5,027
Other	2,846	4,390
Recruitment & Selection	972	1,023
TOTAL	54,020	56,727

Table 3: Advisory Cases Received

	2013-14	2012-13
Micro Business (0-9 employees)	101	110
Small Business (10-49 employees)	90	74
Small/Med Enterprises (50-249 employees)	31	17
Large Enterprises (250+ employees)	6	5
TOTAL	228	206

Table 4: No. of Good Practice Seminars on Employment Law & Practice Held

	2013-14	2012-13
Belfast	37	36
Regional Office	18	14
In-Company	149	106
Joint	31	16
Total to Date	235	172
Number of Attendees	3910	2592

Table 5: Advisory Workshops on Employment Documentation

	2013-14	2012-13
Number of workshops held	10	12
Total Number of Organisations Represented	46	50

Table 6: Web Trends

	2013-14	2012-13
Page Views	568,640	606,494
Downloads	36,696	44,009

Table 7: Top 10 Downloads

Top 10 Downloads (account for 41% of all downloads)		2013-14	2012-13
1	Code of Practice – Disciplinary and grievance procedures (2011)	11.5%	11.9%
2	Sample Letters – Discipline and grievance	6.1%	9.0%
3	Self Help Guide – Sample written statement	6.0%	3.0%
4	Advisory Guide - Advice on handling redundancy	3.6%	3.8%
5	Information Note 3 - Holidays and holiday pay	2.8%	n/a
6	Advisory Guide – Managing sickness & absence	2.7%	n/a
7	Joint LRA/ECNI Guide – Harassment and Bullying in the Workplace	2.6%	2.8%
8	Advisory guide – Advice on agreeing and changing contracts of employment	2.1%	2.1%
9	Advisory Guide – Advice on handling discipline & grievance at work	2.0%	3.1%
10	Statutory Redundancy Payments Table	2.0%	3.1%

5.3 CONCILIATION AND ARBITRATION

The Agency's Conciliation and Arbitration Section offers effective and confidential services that can help resolve workplace disputes. **Conciliation** deals with both individual rights claims and collective disputes whilst **Mediation** focuses on interpersonal workplace issues between individuals or groups. **Arbitration** involves an independent person being appointed by the Agency to make a decision on a dispute.

The year 2013-14 has been very busy for the section. All performance indicators have been met and in some cases exceeded.

During the reporting year demand for the Agency's individual conciliation service decreased slightly largely due to a drop in the number of redundancies. However the percentage of cases settled following our involvement increased compared to last year. During this third year of our enhanced pre-claim conciliation service, referrals for pre-claim conciliation through our Helpline have again increased. It was encouraging to note that more parties engaged in this service with almost half of those reaching an agreement and avoiding having to proceed to tribunal with their complaint. Cases received for collective conciliation assistance increased significantly this year. A number of the disputes referred to the Agency involved complex issues which, if they had not been resolved, could have escalated to industrial action.

Requests for Mediation again increased during the reporting year. The settlement rate for those engaging in the process remained high at 84%.

Cases received for arbitration/independent appeal decreased slightly from 36 in 2012-13 to 32 in 2013-14 with no significant changes in the source of referrals, or the type of dispute.

From September 2012 the Agency has been able to offer an enhanced Statutory Arbitration Scheme. Prior to September the scheme was limited to claims relating to unfair dismissal or flexible working but has now been extended to cover the majority of employment jurisdictions. The scheme offers an alternative to having a case heard by a tribunal. Agreements under the scheme remain encouraging with seven arbitration agreements received and five hearings concluded during this reporting year. One arbitration agreement was rejected on the grounds that there was an unresolved jurisdictional issue and therefore the case could not proceed to an arbitration hearing.

During 2013 the section conducted two customer surveys – one for pre-claim conciliation and one for mediation. The results of these surveys were very encouraging with respondents reporting high levels of satisfaction with both services. The surveys focused on outputs as well as satisfaction levels.

Improved working relationships and an improved working atmosphere featured strongly as outcomes following resolution of disputes via mediation. High proportions of responses to the pre-claim conciliation survey felt that there was real benefit in using the service with 90% of employers indicating that they would use the service again and 91% of employees stating that they would recommend the service to a friend or relative. Over 80% of participants in the survey indicated that Agency involvement was a factor in them reaching a settlement of their dispute. The section will continue to monitor and report on the impact of its services in the coming year.

5.3.1 PERFORMANCE INDICATORS ¹

Performance Indicators 2013-2014	Performance at 31 March 2014
1. Days saved deriving from no more than 20% of individual rights claims, excluding strike outs/insolvency ¹ , being heard at Tribunal	5% of cases dealt with during the year (excluding strike out and insolvency cases) were determined by the Tribunal. With strike out and insolvency cases included the percentage is 16%.
2. No less than 60% of pre-claim referrals from the Helpline agree to conciliation within 3 months of receipt	71% of pre-claim conciliation referrals from the Helpline agreed to participate in conciliation.
3. Involvement of Agency in 70% of reported collective disputes	The Agency has made contact with the parties in all known disputes.
4. Promotion of a settlement in 70% of disputes in which the Agency is involved	Promotion of a settlement was achieved in 80% of cases concluded during the reporting year.
5. Promotion of a settlement in 70% of mediation referrals to the Agency and where mediation takes place	Promotion of a settlement was achieved in 84% of the referrals where mediation took place.
6. 80% of Arbitrations/Independent Appeal hearings undertaken within agreed timescales agreed in operational guidelines	Parties have been contacted within the timescales outlined in operational guidelines. Under the Statutory Arbitration Scheme 100% of cases referred have had hearings arranged within the two month target period.

¹ These cases are excluded as the Agency is not able to influence the outcome via conciliation.

5.3.2 FACTS AND FIGURES

Table 8: Individual Conciliation Claims Received and Dealt With Other than Fair Employment ²

Jurisdiction	Claims Received		Claims Dealt With	
	2013-14	2012-13	2013-14	2012-13
Unfair Dismissal	1,803	2,973	1,897	2,909
Wages Order	453	591	616	636
Breach of Contract	829	1,084	919	1,002
Other Employment Rights	1,341	1,693	1,180	1,387
Equal Pay	310	453	342	494
Age Discrimination	80	199	106	158
Sex Discrimination	507	734	556	736
Disability Discrimination	205	219	215	219
Race Discrimination	96	113	117	127
Sexual Orientation Discrimination	18	27	22	33
Flexible Working	19	16	18	12
TOTAL	5,661	8,102	5,988	7,713

² Note: Figures for previous year have been amended in line with practice following revision by ICMS

Table 9: Individual Conciliation Claims Dealt with and their Outcome other than Fair Employment ³

Jurisdiction	Settled by Conciliation		Withdrawn During Conciliation		Referred to a Tribunal		Total Claims Dealt With	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Unfair Dismissal	1,397	2,349	291	363	209	197	1,897	2,909
Wages Order	181	221	354	242	81	173	616	636
Breach of Contract	382	362	234	249	303	391	919	1,002
Other Employment Rights	390	315	357	523	433	549	1,180	1,387
Equal Pay	267	387	60	73	15	34	342	494
Age Discrimination	33	48	54	95	19	15	106	158
Sex Discrimination	372	493	133	185	51	58	556	736
Disability Discrimination	112	81	79	94	24	44	215	219
Race Discrimination	42	57	45	48	30	22	117	127
Sexual Orientation Discrimination	2	15	14	14	6	4	22	33
Flexible Working	15	5	3	6	0	1	18	12
Total	3,193	4,333	1,624	1,892	1,171	1,488	5,988	7,713

³ Note: Figures for previous year have been amended in line with practice following revision by ICMS

Table 10: Fair Employment Claims Received and Dealt With

	2013-14	2012-13
Received for Conciliation	101	143
Dealt With	126	170

Table 11: Analysis of Fair Employment Claims Dealt With

Category	Carried Over	Claims Received 2013-14	Claims Dealt With 2013-14	Carried Over to 2014-15
Employment Claims	4,713	4,426	4,612	4,520
Equality Claims	1,879	1,336	1,502	1,715

Table 12: All Individual Rights and Fair Employment Claims Received and Dealt With

	2013-14	2012-13
Withdrawn	64	86
To Tribunal	23	21
Settled by Conciliation	39	63
Total Dealt With	126	170

Table 13: Pre-Claim Conciliation (PCC) Referrals

	2013-14	2012-13
1. Total number of PCC referrals from the Helpline	182	150
2. Total converted to IC cases	106	93
3. Un-progressed – employee unwilling	7	2
4. Un-progressed – employer unwilling	35	35
5. Un-progressed – Resolved in initial discussions, referral inappropriate for conciliation or parties un-contactable	27	13
6. Conciliation discussions on-going at year end	7	7

Table 14: Independent Appeals/Arbitration Cases Received and Dealt With

	2013-14	2012-13
Cases brought forward from previous year	18	19
Cases received in year	32	36
Total cases in hand	50	55
Cases dealt with	25	20
Cases withdrawn	9	17
Cases carried forward into next year	16	18

Note: of the cases dealt with 1 was dealt with through conciliation and 1 was closed for other reasons

Table 15: Source of Requests for Independent Appeals/Arbitration

	No. Received 2013-14
Teaching Sector of Education Service	8
Non-Teaching Sector of Education Service	9
Board Officers of Education Service	10
Procedures agreed within local Government	1
Further Education Sector	2
Public Bodies/Voluntary	2
PSNI	0
Total	32

Table 16: Subject of Requests for Independent Appeals/Arbitration

	No. Received 2013-14
Grievance	5
Grading/Job Evaluation	0
Harassment	12
Interpretation of Agreement	0
Redundancy	2
Discipline/Dismissal	13
RPA	0
Total	32

Table 17: Cases received under the Statutory Arbitration Scheme

	2013-14	2012-13 (scheme implemented 27/9/12)
Cases brought forward from previous year	2	-
Arbitration Agreements received	7	5
Arbitration Agreements accepted	6	5
Number of Arbitration hearings held	5	3
Number of Arbitration Awards issued	4	3
Cases settled without a hearing	1	0
Carried forward to following year	2	2

Table 18: Mediation Cases

	2013-14	2012-13
Brought forward from previous year	9	7
Received in period	91	85
Total	100	92
Broken down as follows:		
Mediations Completed in period	66	59
Of these:		
• Issues resolved	55	46
• Issues unresolved	11	13
• Pre-Claim Conciliation Settlements	6	2
Referrals Withdrawn in period	21	22
Carried forward to following period	7	9

Table 19: Collective Conciliation Cases Received and Dealt With

	2013-14	2012-13
Brought forward from previous year	3	5
Received for conciliation	28	13
Total	31	18
Dealt with during the year	(28)	(15)
Carried forward to following year	3	3

Table 20: Sources of Requests for Collective Conciliation

	2013-14	2012-13
Trade Union Approach	11	6
Employer Approach	15	2
Joint Approach	0	2
LRA	2	3
Industrial Court	0	0
Total	28	13

Table 21: Collective Conciliation Cases Received by Industry Classification

Type of Industry	2013-14	2012-13
Retail	3	0
Transport	4	3
Education	1	1
Miscellaneous Manufacturing	13	6
Other	7	3
Total	28	13

Table 22: Nature of Disputes

	2013-14	2012-13
Conditions of Employment	9	2
General Pay Claim	4	3
Other	3	6
Trade Union Recognition	12	2
Total	28	13

5.4 CORPORATE MANAGEMENT

In the 2013-14 financial year, the key issue impacting on corporate management was the on-going constraint on funding requiring very tight cost management policies which never the less delivered a series of new facilities, services and procedures. This risk requires on-going attention with the focus firmly on economy.

In 2013-14:

Finance and Governance: From the Statement of Cash Flows, the organisation received £3,611,000 grant-in-aid. However, its cash outflows (from operating and investing activities) were £3,568,810 resulting in a net increase in cash and cash equivalents of £42,190. This led to an increased bank balance at the end of the year of £56,814.

Payments to suppliers in 10 days were 63%, (2012-13: 62%) and in 30 days, 96% (2012-13: 93%).

An up-to-date Register of Board Members' Interests is maintained by the Chief Executive and is available from the Agency's Headquarters. Chairman's salary and other Board members' fees amounted to £70,071 excluding social security and pension costs. Current ordinary Board member salary rates are £5,150 per annum; this rate followed a pay increase of 1% from 1st August 2013.

Premises and Facilities: The lift was replaced at Headquarters costing circa £40,000.

Technology: A project to replace the corporate client management system reached the procurement stage. A new Information Systems Managed Services contract for systems support was implemented and the ISO27001 Information Security Management Standard was re-assessed and retained. In addition, a prototype intranet application was developed and a range of enhancements to the Agency's data and voice services was introduced.

Personnel: The revised Human Resources Strategy was progressed allowing Board approval of a Leadership and Management Framework. A range of Health and Wellbeing initiatives were identified and content and direction were provided for the intranet application. Sickness absence was 10.2 days per member of staff (2012-13: 15.6 days). Long term absence accounted for 3 days (2012-13: 7 days). Remedial action now places strong emphasis on procedural development/application and wellbeing initiatives.

Employee Involvement: Formal arrangements exist for trade union consultation. Section briefings and staff surveys are carried out on a regular basis.

Equality: The Agency is committed to equality of opportunity and generates continuous improvement through an Equality Scheme. Equality action plans are established on a risk basis through the Audit Committee, progress is reported to the Board bi-monthly and annually to the Equality Commission.

Compliance: Key items delivered in the period were a formal review of Health and Safety risk and policies/procedures and the undertaking of a stress risk assessment.

Public Relations: In summer 2013, the Agency hosted a major international conference entitled 'International Perspectives on Employment Relations'. The Agency promoted its services through having stands at 17 events. It advertised in five local papers/periodicals and placed articles on its website. By arrangement with Translink, it distributed advertising at a main station in Belfast. It also utilised its client database to distribute promotional information.

Sustainability: A Corporate Social Responsibility Policy was approved by the Board. Staff initiatives raised £821 for charity. The Agency recycled 6,446 Kg (40%) of waste during 2013-14 compared with 6,834 Kg (45%) in 2012-13.

5.4.1 PERFORMANCE INDICATORS

Performance Indicators 2013-2014	Performance at 31 March 2014
1. At least “satisfactory” ratings in internal and external audit assurances.	The overall internal audit assurance was “satisfactory” and external audit opinion cleared the 2012-13 accounts.
2. Full compliance recorded in stewardship statements (e.g. Permanent Secretary).	The CEO provided positive assurances to the DEL Permanent Secretary twice in the accounting period.
3. Full compliance with standards/targets in IS Managed Services (ISMS) contract.	In 2013, a new IS Managed Services contract was introduced and bedded in. However, no steady state performance data is as yet available.
4. No reportable accidents arise for inclusion in the Health and Safety Accident Book per annum.	No reportable accidents occurred i.e. accidents resulting in death, major injuries or injuries lasting over seven days.

5.4.2 FACTS AND FIGURES

Table 23: Consumables and Resources

Item	2013-14	2012-13
Office Consumables	£15,509	£18,467
Water	£1,081	£1,267
Heat/Light	£44,387	£40,831
Totals	£60,977	£60,565



Chapter 6

Remuneration Report

REMUNERATION REPORT FOR YEAR ENDED 31 MARCH 2014

Remuneration Policy

As an NDPB, members of staff of the Labour Relations Agency are not civil servants. However, staff of the Agency, whether on permanent or temporary contract, are subject to levels of remuneration and terms and conditions of service (including superannuation) within the general NICS pay structure as approved by the Department and DFP.

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The commitment to a Pay and Grading review for SCS was the second phase of the equal pay settlement approved by the Executive.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

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

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

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the most senior officials of the Agency.

Remuneration (including salary) and pension entitlements (Audited information)

Board members	2013-14			2012-13		
	Salary £000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1,000)	Salary £000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1,000)
Mr J McCusker	20-25	Nil	9	20-25	Nil	10
Mr T Morrow	5-10	Nil	Nil	5-10	Nil	Nil
Mr S L Fawcett	5-10	Nil	Nil	5-10	Nil	Nil
Mr N Willis	5-10	Nil	Nil	5-10	Nil	Nil
Mr G Parkes	5-10	Nil	Nil	5-10	Nil	Nil
Mrs S McKee	5-10	Nil	Nil	5-10	Nil	Nil
Mrs A Millar	5-10	Nil	Nil	5-10	Nil	Nil
Mr G McMichael	5-10	Nil	Nil	5-10	Nil	Nil
Mr A Mills	5-10	Nil	Nil	0-5	Nil	Nil
Ms P Shepherd	5-10	Nil	Nil	0-5	Nil	Nil
Management						
W Patterson Chief Executive & highest paid employee	80-85	Nil	(2)	80-85	Nil	26
P Holloway	50-55	Nil	4	50-55	Nil	11
D McGrath	50-55	Nil	3	50-55	Nil	4
G O'Neill (part-time from 01/01/13)	40-45	Nil	(234)	45-50	Nil	4

Salary

'Salary' includes gross salary; performance pay and overtime and any other allowance to the extent that it is subject to UK taxation and any gratia payments. The Agency makes no other payments to Board members or staff other than expenses, travel and subsistence.

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.

There were no benefits in kind paid to any member of staff or to members of the Board of the Agency.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. No bonuses were paid in 2013-14 or 2012-13.

Pension Benefits (Audited information)

Chairman/Officials	J Mc Cusker £	W Patterson £	P Holloway £	D McGrath £	G O'Neill * £
Value of pension benefits for single total figure of remuneration in 2012-13 (£)	9,596	26,085	11,166	4,489	4,166
Value of pension benefits for single total figure of remuneration in 2013-14 (£)	8,911	(2,365)	4,558	2,754	(233,840)
Real increase in pension (£) in 31/03/13 – 31/03/14	0-2,500	0-2,500	0-2,500	0-2,500	(10-12,500)
Real increase in lump sum (£) in 31/03/13 – 31/03/14	0	0-2,500	0-2,500	0-2,500	(30-32,500)
Accrued pension at 31/03/14 or date of leaving	0-5,000	30-35,000	20-25,000	25-30,000	5-10,000
Accrued lump sum at 31/03/14 or date of leaving	0	100-105,000	70-75,000	75-80,000	25-30,000
CETV @ 31/03/13 or at date of leaving (nearest £k)	47	780	549	530	428
CETV @ 31/03/14 or at date of leaving (nearest £k)	55	783	551	528	210
Employee Contributions and transfers-in (£)	1,780	5,286	2,819	2,819	2,255
Real increase in CETV as funded by employer (nearest £k)	8	(3)	3	2	(218)

*Dr. Gerry O'Neill partially retired commencing 1 January 2013 drawing a partial pension of £10,159 and a partial lump sum of £30,477. The real increase in pension figure includes drawing a partial pension and the real increase in lump sum figure includes drawing a partial lump sum.

Northern Ireland Civil Service Pension Arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011, pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos 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 rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI. For 2014 the public service pensions will be increased by 2.7% for pensions which began before 8 April 2013. Pensions which began after 8 April 2013 will be increased proportionately.

Employee Contributions are determined by the level of pensionable earnings. The employee contribution rates for the 2014-15 year as follows

Members of classic:

Annual pensionable earnings (full-time equivalent basis)	2014 contribution rate before tax relief
Up to £15,000	1.5%
£15,000-£21,000	3.00%
£21,001-£30,000	4.48%
£30,001-£50,000	5.27%
£50,001-£60,000	6.06%
Over £60,000	6.85%

Members of premium, nuvos and classic plus:

Annual pensionable earnings (full-time equivalent basis)	2014 contribution rate before tax relief
Up to £15,000	3.5%
£15,000-£21,000	5.00%
£21,001-£30,000	6.48%
£30,001-£50,000	7.27%
£50,001-£60,000	8.06%
Over £60,000	8.85%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (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 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. Further details about the CSP arrangements can be found at the website www.civilservice-pensions.gov.uk.

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 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 CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Ill-health retirement

There were no staff retiring due to ill-health in the 2013-14 year.

Exit Packages

No exit packages were provided to staff in the 2013-14 year.

Compensation for loss of office

No members of staff leaving the Agency in 2013-14 received compensation for loss of office.

Pay Multiples

	2013-14			2012-13		
	Salary (exc non-consol perf pay) £'000	Non-Con- solidated Performance Pay £'000	Benefits in Kind £100	Salary (exc non-consol perf pay) £'000	Non-Con- solidated Performance Pay £'000	Benefits in Kind £100
Chief Executive	80-85	Nil	Nil	80-85	Nil	Nil
Band of Highest Paid Director's Total Remuneration	80-85	Nil	Nil	80-85	Nil	Nil
Median Total Remuneration	28.76	Nil	Nil	27.84	Nil	Nil
Ratio	2.87			2.96		

Reporting Bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce. To calculate the median salary all salaries (other than that of the highest paid "director") were listed in order of value and the median between the highest and lowest was taken.

In 2013-14, one employee, the Chief Executive was the highest-paid director with remuneration of £80-85k. In 2012-13, the Chief Executive was also the highest-paid director with remuneration of £80-85k.

Therefore, the banded remuneration of the highest-paid director in the Labour Relations Agency

in the financial year 2013-14 was £80-85k. This was 2.87 times the median remuneration of the workforce, which was £28,763. In 2012-13, the equivalent ratio was 2.96. The ratio for 2012-13 is higher as salary increases and staff movements in the 2013-14 year had the effect of raising the median salary for 2013-14. Consequently the ratio for the 2013-14 year will reduce accordingly. The Chief Executive's salary in this period was in the range £80-85k. This divided by £28,763 provided a ratio of 2.87.

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.



William Patterson
Chief Executive / Accounting Officer

26 June 2013

Date



Financial Statements
of
The Labour Relations Agency
and
The Certification Officer
for Northern Ireland
31st March 2014

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STATEMENT OF THE AGENCY'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Background information

The Labour Relations Agency is an executive Non-Departmental Public Body sponsored by the Department for Employment and Learning established in 1976 under the Industrial Relations (Northern Ireland) Order 1976 and continued by the Industrial Relations Order (Northern Ireland) 1992.

Under paragraph 15(2) of Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992 the Agency is required to prepare a statement of accounts in the form and on the basis determined by the Department for Employment and Learning, with the approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, statement of change in reserves and cash flows for the financial year.

In preparing the accounts the Agency is required to:

- observe the accounts direction issued by the Department for Employment and Learning, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable IFRS accounting standards have been followed and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Labour Relations Agency will continue in operation.

The Accounting Officer of the Department for Employment and Learning has designated the Chief Executive of the Agency as the Accounting Officer. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the non-departmental public bodies Accounting Officer's Memorandum (Chapter 3 – Managing Public Money Northern Ireland), issued by the Department of Finance and Personnel.

LRA GOVERNANCE STATEMENT

2013-14

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of governance and internal control that supports the achievement of the LRA's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money (NI)*. In delivering this role I am supported by the LRA's Senior Management Team and the Audit Committee which regularly monitors LRA risk management activities.

2. The Purpose of the System of Internal Control

This Governance Statement, for which I, as Accounting Officer, take responsibility, is designed to give a clear understanding of how the duties detailed above have been carried out during 2013-14.

The LRA is a non-departmental public body, governed by a Board. The Board is responsible for determining the LRA's strategic direction, policies and priorities, and ensuring its statutory duties are carried out effectively. The Board is supported by two sub-committees, namely the Audit Committee and the Finance & Personnel Committee. Day-to-day operations are managed by a Senior Management Team (SMT) comprising the Chief Executive (Chair) and three section heads namely Director (Conciliation and Arbitration), Director (Advisory Services) and Director (Corporate Services).

The LRA is sponsored by the Department for Employment and Learning (DEL), with whom it has regular meetings. In addition it provides DEL with a Strategic Risk Register, audit papers / reports, and regular financial management information. The respective roles of the LRA and the Permanent Secretary for DEL are set out in the DEL LRA Management Statement.

3. The LRA's Governance Structure

The governance structure is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the LRA's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of governance has been in place throughout the year ended 31 March 2014 and up to the date of approval of the Annual Report and Accounts 2013-14, and accords with the Code of Good Practice (NI) 2013. While the 2013 Code is written for departments, it concentrates throughout on key principles. As such Non Departmental Public Bodies are encouraged to consider and adopt the practices set out in the Code wherever it is relevant and practical and suits their business needs. A review of the Code has indicated that the Agency is in full compliance in this context.

The LRA's governance structure provides clarity and accountability in managing the delivery of its objectives. It ensures that the LRA has the capacity to make decisions, monitor performance and assess and manage resources and risk.

LRA GOVERNANCE STATEMENT

2013-14 (cont'd)

The LRA Board

The LRA Board sets the LRA strategic direction, policies and priorities, and ensures that the LRA meets its agreed strategic objectives and targets. The Board also strives to observe the highest standards of corporate governance, in line with the provisions of the Code of Good Practice (NI). The LRA Board Code of Good Practice & Standing Orders coupled with the LRA Board Code of Conduct sets out the general responsibilities of Members of the Board.

The Board consists of the Chair and nine members from employer, employee and independent backgrounds, appointed by the Minister of the Department for Employment and Learning. All ten members of the Board are independent. The Board considers itself to be effective in:

- establishing the LRA's overall strategic direction within the policy framework set out in statute and the resources framework agreed with the Permanent Secretary for DEL;
- overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets;
- ensuring that the Board operates within the limits of its statutory authority, within the limits of the Board's financial authority agreed with DEL and in accordance with any other conditions relating to the use of public funds. Members of the Board have a duty to ensure that public funds are properly safeguarded and that the LRA conducts its operations as economically, efficiently and effectively as possible, with full regard to relevant statutory provisions;
- formulating a strategy for implementing the Freedom of Information Act, including prompt response to public requests for information;
- ensuring that the service operates sound environmental policies and practices in accordance with relevant Government guidance; and
- ensuring that high standards of corporate governance are observed at all times.

The Board's quorum is five. The Board and Members' attendance at Board meetings for 2013-14 was as follows:

- Jim McCusker (Chair) - 10/10
- Sally McKee - 9/10
- Albert Mills - 9/10
- Trevor Morrow - 7/10
- Gordon Parkes - 9/10
- Alison Millar - 9/10
- Neal Willis - 9/10
- Lyn Fawcett - 6/10
- Gary McMichael - 6/10
- Pauline Shepherd - 7/10

LRA GOVERNANCE STATEMENT

2013-14 (cont'd)

The Audit Committee

The Audit Committee is a sub-committee of the LRA Board and supports the Chief Executive in his responsibilities for issues of risk, control and governance, finance and associated assurance. The Audit Committee is an advisory body with no executive powers. The Committee's membership is constituted by members of the Board with members of the SMT, Internal and External Audit, and its sponsor team in DEL in attendance. In their 2012-13 report on Corporate Governance, Internal Audit found that the LRA had developed clear governance structures, comprising a Board, Sub-Committees of the Board and a Senior Management Team.

The specific duties of the Audit Committee are to:

- review corporate governance assurances including the LRA's systems for the assessment and management of risk, the Governance Statement and monitoring arrangements for maintaining standards of business conduct and probity;
- review the accounting policies and accounts including the process for review of the accounts prior to submission for audit, levels of error identified and management's letter of representation to the external auditors;
- consider the planned activity and results of both internal and external audit work;
- consider the adequacy of management's response to issues identified by audit activity, including external audit's Management Letter; and
- consider assurances relating to the corporate governance requirements for the LRA.

The Audit Committee's quorum is three. Because of a rescheduling of the March 2014 meeting to better match the completion of internal audit work, the Audit Committee met twice in 2013-14. Audit Committee members, and their attendance at the meetings held in 2013-14 were:

- Gordon Parkes (Chair) - 2/2
- Alison Millar - 2/2
- Neal Willis - 1/2
- Lyn Fawcett - 2/2
- Gary McMichael - 2/2
- Pauline Shepherd - 1/2

The Finance & Personnel (F&P) Committee

The purpose of the F&P sub-committee of the Board is, on behalf of the Board, to:

- receive current information on the strategic challenges that the organisation faces and to satisfy itself that the Financial systems and processes, IS/IT and HR Strategies and accompanying in-year action plans are aligned with the needs of the business. In debating these issues, Board members of the sub-committee are encouraged to bring to bear their particular expertise in helping the organisation deal with some of those challenges;

LRA GOVERNANCE STATEMENT

2013-14 (cont'd)

- review the performance appraisal of the Chief Executive as carried out by the Board Chair; and
- assure the Board that the organisation continues to make progress towards its commitments under Equality and Diversity.

The F&P Committee's quorum is three. The F&P Committee met twice in 2013-14. The F&P Committee's membership, and members' attendance at the two meetings held in 2013-14, was as follows:

- Jim McCusker (Chair) - 2/2
- Sally McKee - 2/2
- Albert Mills - 2/2
- Trevor Morrow - 1/2

The Senior Management Team (SMT)

Membership of the Senior Management Team consists of the Chief Executive and the three section heads / Directors. The SMT is responsible for the day-to-day management of the LRA. All major policies are implemented and significant operational are considered and made by the SMT. Meetings are held weekly with formal minuted meetings being held on a bi-monthly basis, i.e. 6 times per year and published on the LRA's website.

The terms of reference for the SMT set out the specific objectives that support the delivery of the Board's priorities. These objectives are as follows:

- protect and enhance the LRA's reputation of improving employment relations and working life;
- develop and draft the LRA's Corporate and Business Plans;
- monitor, improve and report on the LRA's performance against objectives set out in annual Business Plans;
- ensure the delivery of the LRA's statutory duties, powers and strategic objectives making certain that appropriate processes and reasonable controls are maintained;
- ensure that all public funds made available to the LRA, including any approved income or other receipts, are used in accordance with the statutory duties, and that these, together with the LRA's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that the LRA maintains effective change management systems, enabling the organisation to continuously improve the delivery of its mission and services; and
- ensure that the LRA meets its statutory duties under the Section 75 of the Northern Ireland Act (1998), in respect of external service delivery and internal policies and procedures.

LRA GOVERNANCE STATEMENT

2013-14 (cont'd)

Assessment of Effectiveness

According to best corporate governance practice, all Boards and sub-committees should carry out an annual assessment of their effectiveness.

The Board Chairman is appraised by the Department annually. The Board Chairman undertakes Board member appraisals on an annual basis. The Board self-assessed itself for performance in the year 2013/14. It did this via a questionnaire sent electronically to individual members (which had a 70% response) followed up by a formal Board discussion and report. The report concluded that the full Board endorsed the weightings in the questionnaire and detailed areas for future consideration including liaison mechanisms with DEL, the need for a memorandum of understanding to support the Management Statement, the need for an intranet with Board access and development of the Board agenda to leave more room for innovative matters.

The Audit Committee self-assesses itself on a cyclical basis using a tailored version of National Audit Office checklists specifically designed for audit committees. Arising from this in 2013-14:

- it has proposed a name change to “Audit and Risk Assurance Committee”;
- it indicated that it is appropriate and sufficient for the Chair of the Audit Committee to be consulted on Audit Committee membership; and
- it indicated that it should be supported by independent sources of guidance for updating on its role, responsibilities and the training needs of members.

The Board has commented favorably on the quality of management reporting to the Board and has since generally affirmed the general acceptability of information received by the Board. Information received by the Board during the 2013-14 financial year has adequately allowed the Board to exercise its overall functions of (1) keeping in touch with current employment relations issues and stakeholders (2) determining the policy, strategy and business agenda of the Agency and (3) ensuring the effective performance of the Agency through acceptable general governance and management arrangements as delivered by the Chief Executive/Accounting Officer and the Senior Management Team. The effectiveness of the information provided is reviewed (1) through the monthly responses of Board members to the papers and information submitted (2) as part of the LRA Internal Audit Plan as and when Corporate Governance arrangements are audited and (3) through the appraisal processes for the Chairman by the Department and of the Chief Executive by the Chairman.

4. The Risk and Internal Control Framework

It is the Board / Audit Committee on the advice of the Chief Executive which decides on the risk appetite of the Agency. In policy terms, the position of the Agency is as follows:

a) For matters of statutory and legal compliance and for matters linked with public sector values such as fairness and openness, the Agency is risk averse. This means that it will maximise its controls in this area and avoid significant levels of residual risk wherever possible. Where not avoidable, the Agency will protect itself, for example through the provision of contingencies and insurance.

b) For matters which are in the realm of developing good employment relations within the province and which have the potential to directly or indirectly stimulate the economy, the Agency will be willing to accept a degree of risk which is commensurate with that in the province's economic and business environment. However, in that context, the formality of its risk assessment and the management arrangements and controls put in place to mitigate risk will be scrutinised firstly by the Senior Management Team and thereafter by the Board through its Audit Committee.

LRA GOVERNANCE STATEMENT

2013-14 (cont'd)

The LRA Board retains overall responsibility for the management of risk in the organisation. At least annually, the Board will review and challenge the whole Strategic Risk Register including the appetite for risk. At each Audit Committee meeting, the risks are reviewed to ensure that risk management processes are in place and working. The Chair of the Audit Committee reports back to the Board after each meeting.

The SMT meets regularly to consider the plans and strategic direction of the LRA and assesses and monitors key strategic risks within the business planning cycle. The risk management policy defines how risk is managed and is explicit on the roles and responsibilities of all relevant staff.

The identification and assessment of risk is embedded within the LRA business planning cycle. The LRA Business Plan and programme/project plans are considered as part of the development and review of the risk register. All projects contain an explicit assessment of risk. The Agency's (Section 75) Equality Scheme is highly influenced by an "Audit of Inequalities", the output of which is a statement of Equality Risk which is incorporated in the Risk Register.

The level of risk is determined by assessing the impact and time weighted likelihood of particular scenarios arising. The LRA currently recognises eight high level risks arising from the specific challenges facing the organisation in the employment relations field including the political and economic environment we work in. In summary terms, the most significant risks are as follows:

1. the Agency suffers reputational damage because it fails to respond effectively to significant changes in the employment relations environment arising from factors such as the economic climate;
2. the ongoing funding cuts reduce the Agency's capability to develop its staff resulting in lower staff morale and poorer provision of services;
3. the ongoing funding cuts reduce the Agency's capability to meet its corporate and business objectives;
4. older computer systems which have remained in operation will not meet emerging business need and may be undependable;
5. a replacement core computer system currently being procured may not be adequate because of poor design or project management;
6. the Agency's computer systems may be vulnerable to security breaches or poor performance through defective support contracts;
7. the Agency is unable to evidence that it provides value for money; and
8. the Agency fails to ensure that obligations associated with its Equality Scheme are adequately met.

There were two risks realised in the course of 2013-14 (and discussed at length by the Agency Audit Committee).

1. The increasing organisational pressures stemming from our budget cap – now moving into a fourth year 2014-15 at £3.54m. This has been addressed through a range of tactical decisions to improve economy within the Agency. This has not been without consequences, for example, arising from cutbacks to staff learning and development and in a slow deterioration in the business premises.

LRA GOVERNANCE STATEMENT

2013-14 (cont'd)

2. The risk of slippage with regard to the business case and specification for a replacement case management system. This slippage having been identified has resulted in the risk rating being raised. Closer management is being maintained through a formal Project Steering Committee which oversees the work of a Project Management Team. The Project Steering Committee comprises members of the SMT which meets weekly. Matters arising are therefore raised and can be discussed and addressed from week to week.

5. Review of Effectiveness

As Accounting Officer, I have responsibility for conducting an annual review of the effectiveness of the system of the organisation's governance, risk management and internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the executive managers within the LRA who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the SMT and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place. This Governance Statement represents the end product of the review of the effectiveness of the governance framework, risk management and internal control.

A number of specific factors have been deployed to keep the system of control under review.

- The SMT meets regularly to consider the strategic direction, plans and operational performance of the LRA.
- The LRA's Audit Committee gives full consideration of internal and external audit reports.
- Reports by Internal Audit are to standards defined in the Public Sector Internal Audit Standards, which include the Head of Internal Audit's opinion on the adequacy and effectiveness of the LRA's system of internal control together with recommendations for improvement.
- A value for money review was included in the 2013-14 internal audit programme.
- The Chair of the Audit Committee reports to Board after each Audit Committee meeting.
- The SMT discusses progress made in implementing outstanding Internal Audit recommendations.
- Overall, Internal Audit gave an overall "Satisfactory" opinion on the control and governance framework. Some control weaknesses were identified by Internal Audit during their reviews in the year. Appropriate action has been agreed and new procedures introduced to counter these weaknesses.
- One area, the Certification Office had a "limited" assurance; this was associated with some of the recommendations falling outside of the Agency's span of control.
- In all other respects the recommendations associated with the audit opinion have been accepted fully by management and are being implemented.
- An organisation-wide LRA Strategic Risk Register is maintained.
- Bi-monthly performance reports to the Board are provided which detail progress against business plan objectives and the extent of achievement of key performance indicators. These reports allow the Board and the SMT to make detailed decisions in relation to priorities and resources.

LRA GOVERNANCE STATEMENT

2013-14 (cont'd)

- Data security procedures are regularly reviewed and, where necessary, strengthened to ensure that personal information is safeguarded. There were no reported losses or breaches of data security during the year. The Labour Relations Agency is certified against ISO Standard ISO27001 – Information Security Management System: 2005. This certification was awarded 27th November 2012. The LRA has successfully passed the required 12 month subsidiary ISO 27001 Surveillance Audit with the confirmation report received on the 24th June 2013.

During this financial year, the LRA has continued to strive to achieve the optimum use of its resources in light of reducing budgets. Significant progress has been made. The impact of the in-year budget cuts has seen a substantial reduction in the learning and development received by staff and in opportunities for Board Members to attend conferences etc. This has impacted morale and may lead to poorer performance in the longer term.

The LRA has been able to identify cost savings. The Comprehensive Spending Review represented a challenging reduction in funding, particularly on administration budgets. In this respect, the Agency is finding it much more difficult to plan and resource emerging employment relations initiatives such as the introduction of early conciliation (which will reduce pressure on the Employment Tribunals).

There have been no other significant control issues during the course of this financial year.

I have considered the evidence provided with regard to the production of the Governance Statement. My conclusion is that governance and control structures have been appropriate for the LRA and have been working satisfactorily throughout 2013-14.



William Patterson
Chief Executive / Accounting Officer

26 June 2013

Date

LRA GOVERNANCE STATEMENT

2013-14 (cont'd)

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

I certify that I have audited the financial statements of the Labour Relations Agency for the year ended 31 March 2014 under the Industrial Relations Order (Northern Ireland) 1992. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Industrial Relations Order (Northern Ireland) 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Labour Relations Agency's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Labour Relations Agency, and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion. In all material respects 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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Labour Relations Agency's affairs as at 31 March 2014 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended: and
- the financial statements have been properly prepared in accordance with the Industrial Relations Order (Northern Ireland) 1992 and Department for Employment and Learning directions issued thereunder.

Opinion on other matter;

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department for Employment and Learning directions made under the Industrial Relations Order (Northern Ireland) 1992; and
- the information given in the Management Commentary within the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

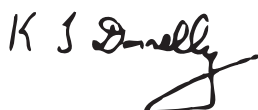
Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

Statement of Comprehensive Net Expenditure for the year ended 31 March 2014

	Notes	Agency £	Certification Officer £	2013-14 Total £	2012-13 Total £
Expenditure					
Staff costs	3	2,417,389	160,020	2,577,409	2,602,521
Depreciation	4	82,582	694	83,276	98,618
Other expenditure	4	<u>852,393</u>	<u>37,289</u>	<u>889,682</u>	<u>909,256</u>
Totals		<u>3,352,364</u>	<u>198,003</u>	<u>3,550,367</u>	<u>3,610,395</u>
Net Expenditure		<u>3,352,36</u>	<u>198,003</u>	<u>3,550,367</u>	<u>3,610,395</u>

Other Comprehensive Net Expenditure

	Notes	2013-14 £	2012-13 £
Items that will not be reclassified to net Operating cost:			
Net gain/(loss) on revaluation of Property, Plant and Equipment	5	-	7,747
Net gain/(loss) on revaluation of Intangibles	6	-	5,222
Items that may be reclassified to net operating costs			
Net gain/(loss) on revaluation of available for sale financial assets		-	-
Total Comprehensive Net Expenditure for the year ended 31 March 2014		<u>3,550,367</u>	<u>3,623,364</u>

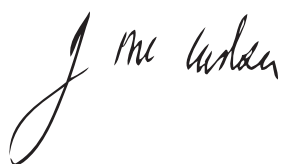
All amounts above relate to continuing activities.

The notes on pages 63 to 79 form part of these financial statements

Statement of Financial Position as at 31st March 2014

	Notes	2013-14 £	2012-13 £
Non-current assets:			
Property, plant and equipment	5	328,666	348,956
Intangible assets	6	<u>55,492</u>	<u>35,122</u>
Total non-current assets		384,158	384,078
Current assets:			
Trade and other receivables	7	57,206	69,234
Cash and cash equivalents	8	<u>56,814</u>	<u>14,624</u>
Total current assets		<u>114,020</u>	<u>83,858</u>
Total assets		498,178	467,936
Current Liabilities			
Trade and other payables	9	<u>(141,362)</u>	<u>(171,753)</u>
Total assets less liabilities		<u>356,816</u>	<u>296,183</u>
Taxpayers' equity			
Revaluation reserve		43,247	44,985
General reserve		<u>313,569</u>	<u>251,198</u>
Total taxpayers' equity		<u>356,816</u>	<u>296,183</u>

The financial statements on pages 59 to 79 were approved by the Board on 26th June 2014 and were signed on its behalf by:



J Mc Cusker,
Chairman



William Patterson,
Chief Executive and Accounting Officer

The notes on pages 63 to 79 form part of these financial statements

Statement of Cash Flows for the year ended 31st March 2014

	Notes	2013-14 £	2012-13 £
Cash flows from operating activities			
Net operating cost		(3,550,367)	(3,610,395)
Adjustments for non-cash transactions	4	117,929	98,618
Adjustment		-	-
(Increase)/Decrease in trade and other receivables	7	12,028	(10,229)
Increase/(Decrease) in trade payables exc. capital creditors		<u>(63,920)</u>	<u>35,729</u>
Net cash outflow from operating activities		<u>(3,484,330)</u>	<u>(3,486,277)</u>
Cash flows from investing activities			
Purchase of plant, property and equipment		(58,522)	(86,787)
Purchase of intangible assets		<u>(25,958)</u>	<u>(4,419)</u>
Net cash outflow from investing activities		(84,480)	(91,206)
Cash flows from financing activities			
Financing – grant drawn down from Department for Employment & Learning			
- Agency		3,408,000	3,350,000
- Certification Officer		<u>203,000</u>	<u>195,000</u>
Net financing	14	<u>3,611,000</u>	<u>3,545,000</u>
Net increase/(decrease) in cash and cash equivalents in the period	8	42,190	(32,483)
Cash and cash equivalents at the beginning of the period	8	<u>14,624</u>	<u>47,107</u>
Cash and cash equivalents at the end of the period	8	<u>56,814</u>	<u>14,624</u>

Notes:

The grant drawn down is intended to finance both revenue and capital expenditure, details of which are summarised in the Statement of Comprehensive Net Expenditure and Notes 3,4,5 & 6 to the accounts respectively.

Statement of Changes in Taxpayers' Equity for the year ended 31st March 2014

	Capital Reserve £	Revaluation Reserve £	SoCNE Reserve £	Total Reserves £
Balance at 31st March 2012	10,909,144	80,252	(10,640,787)	348,609
Changes in Taxpayers' Equity 2012-13				
Grant from Department for Employment & Learning – drawn down	3,545,000	-	-	3,545,000
Transfers between reserves	-	(48,236)	48,236	-
Comprehensive Expenditure for the year	-	-	(3,610,395)	(3,610,395)
Movements in Reserves				
Net gain (loss) on revaluation of property, plant & equipment	-	51,656	-	51,656
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost	-	(38,687)	-	(38,687)
Balance at 31st March 2013	<u>14,454,144</u>	<u>44,985</u>	<u>(14,202,946)</u>	<u>296,183</u>
Changes in Taxpayers' Equity 2013-14				
Grant from Department for Employment & Learning-drawn down	3,611,000	-	-	3,611,000
Transfers between reserves	-	(1,738)	1,738	-
Comprehensive expenditure for the year	-	-	(3,550,367)	(3,550,367)
Movements in Reserves Adjustment	-	-	-	-
Net gain/(loss) on revaluation of property, plant & equipment (Notes 5&6)	-	-	-	-
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost (Notes 5&6)	-	-	-	-
Balance as at 31st March 2014	<u>18,065,144</u>	<u>43,247</u>	<u>(17,751,575)</u>	<u>356,816</u>

The general fund serves as the chief operating fund. The general fund is to be used to account for all financial resources except those required to be accounted for in another fund.

The revaluation reserve records the unrealised gain or loss on the revaluation of assets.

Notes to the Financial Statements for the year ended 31st March 2014

1. Accounting Policies

Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2013-14 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Labour Relations Agency and The Certification Officer for Northern Ireland for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Labour Relations Agency and the Certification Officer for Northern Ireland are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

The Agency has the responsibility under Article 69 of the Industrial Relations (Northern Ireland) Order 1992 to provide the Certification Officer for Northern Ireland with the requisite accommodation, equipment, facilities, remuneration, travelling and other expenses, together with such sums as she may require for the carrying out of her duties. The Agency also has the responsibility under paragraph 15(2) of Schedule 4 to the 1992 Order to show separately sums disbursed to or on behalf of the Certification Officer.

The financial statements incorporate the results for The Certification Officer for Northern Ireland, and have been prepared in accordance with the historical cost convention, modified by the revaluation of certain fixed assets, and with the Industrial Relations (Northern Ireland) Order 1992. These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

1.2 Recognition of Income

The approved resource allocations from the Department for Employment & Learning are credited direct to the General Fund reserve on a cash draw-down basis. The annual recurrent allocations from the Department for Employment & Learning are intended to meet recurrent costs. Income from services rendered is included to the extent of the completion of the contract or service concerned.

1.3 Property, plant and equipment

The cost of property, plant and equipment comprises the purchase price and any installation charge.

A capitalisation threshold of £250 (excluding VAT) for IT assets and Building Adaptations and £1,000 (excluding VAT) for all other assets (2013: £250) is applied. On initial recognition assets are measured at cost including any costs such as installation directly attributable to bringing them into working condition.

Notes to the Financial Statements for the year ended 31st March 2014

For all assets depreciation is calculated to write off their cost or valuation over their estimated useful lives. Additions in the year bear a due proportion of the annual charge.

The methods adopted and estimated useful lives used are:

- Adaptations to short leasehold buildings - 10 years straight line
- Office equipment, furniture and fittings - 5 & 7 years straight line
- Computer equipment - 3 years straight line

Property, plant and equipment are revalued by reference to appropriate "Price Index Numbers for Current Cost Accounting" produced by Office for National Statistics. Surpluses on revaluation of assets are credited to revaluation reserve pending their realisation.

To the extent that depreciation based on the revalued amount exceeds the corresponding depreciation on historical cost, the excess represents realisation of the surplus and is transferred annually from the revaluation reserve to the general fund.

1.4 Intangible assets

Intangible assets comprise capitalised operational software licenses and the costs involved in implementing the software. The cost of licences and implementation costs are amortised over their expected useful lives of three years. The minimum level for capitalisation of an intangible asset is £250 (excluding VAT) (2013: £250). These assets have been restated using valuation techniques produced by the Office for National Statistics.

1.5 Treatment of pension liabilities

During the year the Agency participated in the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)) and bears the cost of pension provision for its staff by payment of an Accruing Superannuation Liability Charge (ASLC). The Agency meets the cost of pension cover provided for staff they employ by payment of charges calculated on an accruing basis.

1.6 Value Added Tax

The Agency does not have any income which is subject to output VAT. Accordingly, the Agency cannot recover any input VAT.

1.7 Operating Leases

The total cost of operating leases is expensed in equal instalments over the life of the lease.

1.8 Operating Income

Operating income principally relates to bank interest receivable which is accounted for on an accruals basis.

Notes to the Financial Statements for the year ended 31st March 2014

1.9 Impending application of newly issued accounting standards not yet effective

The Agency has not yet applied a new accounting standard and known or reasonably estimable information relevant to assessing the possible impact that initial application of the new standard will have on the Agency's financial statements.

1.10 Financial Instruments

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

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

The Agency has financial instruments in the form of trade receivables, trade payables and cash at the bank.

Cash and other receivables are classified as they are initially measured at fair value and are subsequently measured at amortised cost, if appropriate, using the effective interest method less any impairment.

Financial liabilities are initially measured at fair value, net of transaction costs, if applicable. They are subsequently measured at amortised cost using the effective interest method.

1.11 Staff Costs

Under IAS 19 Employee Benefits legislation, all 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 as at the year end. The cost of untaken leave has been determined using the Agency's annual leave records.

Notes to the Financial Statements for the year ended 31st March 2014

2. Statement of Operating Costs by Operating Segment

The two main segments operating in the Labour Relations Agency are Labour Relations and the Certification Office. The principal activities of the Labour Relations Agency are to assist employers, employees and their representatives to improve the conduct of their employment relations. The Agency provides a range of services to those engaged in industry, commerce and the public services. These services include advice and assistance on all aspects of employment relations and employment practices and also comprehensive conciliation and arbitration services for resolving both individual and collective matters. The Certification Office is responsible for ensuring that Trade Unions and Employer's Associations comply with statutory provisions relating to the regulation of Trade Unions and Employer's Associations. The non-current assets of the Labour Relations Agency are all located in Northern Ireland.

	2013-14		2012-13	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Gross Expenditure	3,352,364	198,003	3,409,258	201,137
Income	-	-	-	-
Net Expenditure	<u>3,352,364</u>	<u>198,003</u>	<u>3,409,258</u>	<u>201,137</u>

Note 2.1 Reconciliation between Operating Segments and SoCNE /SoFP

	2013-14		2012-13	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Total net expenditure reported for operating segments	3,352,364	198,003	3,409,258	201,137
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	<u>3,352,364</u>	<u>198,003</u>	<u>3,409,258</u>	<u>201,137</u>

Notes to the Financial Statements for the year ended 31st March 2014

3. Staff numbers and related costs

(a) Staff costs comprise:-	2013-14	2012-13
	£	£
Agency (excluding Certification Office):-		
Permanently employed staff:		
Wages and salaries	1,895,531	1,847,430
Social security costs	134,506	138,926
Other pension costs – superannuation	<u>360,882</u>	<u>369,717</u>
	2,390,919	2,356,073
Others:		
Employment Agency Staff (includes childcare vouchers)	<u>26,470</u>	<u>88,755</u>
Total (excluding Certification Office)	<u>2,417,389</u>	<u>2,444,828</u>
Certification Office:		
The Certification Officer and assistants		
Wages and salaries	<u>160,020</u>	<u>157,693</u>
	<u>160,020</u>	<u>157,693</u>
TOTAL STAFF COSTS	<u>2,577,409</u>	<u>2,602,521</u>

Notes to the Financial Statements for the year ended 31st March 2014

3. Staff numbers and related costs (cont'd)

The above staff costs are analysed as follows:	2013-14	2012-13
	£	£
Board members		
Chairman's salary and other Board members fees	70,071	69,548
Social security costs	2,231	2,242
Other pension costs – superannuation re Chairman	<u>5,610</u>	<u>5,573</u>
	<u>77,912</u>	<u>77,363</u>
Staff: Chief Executive and other management		
Salary	228,630	239,641
Social security costs	22,583	27,107
Other pension costs – superannuation	<u>53,728</u>	<u>60,762</u>
	<u>304,941</u>	<u>327,510</u>
Operational: Salaries	1,215,973	1,181,904
Social security costs	86,180	84,892
Other pension costs – superannuation	<u>232,822</u>	<u>248,381</u>
	<u>1,534,975</u>	<u>1,515,177</u>
Support: Salaries	380,857	356,337
Social security costs	23,512	24,685
Other pension costs – superannuation	68,722	55,001
Employment agency staff (includes childcare vouchers)	<u>26,470</u>	<u>88,755</u>
	<u>499,561</u>	<u>524,778</u>
Total staff costs (excluding Certification Officer)	<u>2,417,389</u>	<u>2,444,828</u>
Certification Officer: Salary	20,441	18,210
Social security costs	<u>1,788</u>	<u>2,980</u>
	<u>22,229</u>	<u>21,190</u>
Certification Office Support: Salaries	<u>137,791</u>	<u>136,503</u>
Total Certification Office staff costs	<u>160,020</u>	<u>157,693</u>
TOTAL STAFF COSTS	<u>2,577,409</u>	<u>2,602,521</u>

Notes to the Financial Statements for the year ended 31st March 2014

3. Staff numbers and related costs (cont'd)

Pension Costs

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] is an unfunded multi-employer defined benefit scheme but the Labour Relations Agency is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2010. The pension scheme liability reported in the DFP Superannuation and Other Allowance Resource Accounts last year was as at 31 March 2010, however, work is on-going to provide a report on an updated valuation as at 31 March 2012 for the basis of the actuarial valuation rolled forward to the reporting date of the DFP Superannuation and Other Resource Accounts for 2014.

For 2013-14, employers' contributions of £360,882 were payable to the PCSPS(NI) (2012-13, £369,717) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2014-15, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employees of the Agency have opted to do this. Accordingly, these financial statements do not reflect any costs in this regard.

There were no prepaid pension costs at 31 March 2014.

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

The number of Board members serving at any one time during the year was:	2013-14 No	2012-13 No
Board Members (including Chairman)	<u>10</u>	<u>10</u>
The average number (full time equivalent) of:-		
Management (including Chief Executive)	4	4
Operational	43	44
Support	15	15
The Certification Officer (part-time)	1	1
Certification Office Support Staff	<u>4</u>	<u>4</u>
	67	68
Employment Agency staff	<u>1</u>	<u>3</u>
Total (including The Certification Officer)	<u>78</u>	<u>81</u>

Notes to the Financial Statements for the year ended 31st March 2014

4. Other Expenditure

	Agency £	Certific. Officer £	2013-14 Total £	Agency £	Certific. Officer £	2012-13 Total £
Cash items						
Premises Costs:						
Rent, under operating leases, including car parks	205,488	13,872	219,360	205,792	18,058	223,850
Rates, including car parks	92,361	4,185	96,546	91,749	-	91,749
Service charges maintenance, cleaning, security heating, lighting and insurance *	151,010	3,514	154,524	90,715	4,130	94,845
Other Office Running Costs:						
Staff training	19,111	2,100	21,211	46,622	2,604	49,226
IT Managed Services, Maintenance and licenses	76,898	3,000	79,898	76,611	3,000	79,611
IT Development and implementation	-	852	852	-	-	-
Postage and telephones	52,797	324	53,121	51,523	712	52,235
Library services	37,724	466	38,190	38,834	3,069	41,903
Office, supplies, photocopying, printing and stationery	44,859	59	44,918	36,990	1,160	38,150
Publications and advertising	5,215	725	5,940	20,073	1,157	21,230
Conference & Seminars	18,146	-	18,146	2,575	682	3,257
Travel and subsistence	24,881	262	25,143	32,344	560	32,904
Hospitality	5,954	371	6,325	5,227	142	5,369
Miscellaneous expenditure interpreter fees and venue hire	14,755	5,950	20,705	9,578	6,327	15,905
Professional subscriptions	8,426	-	8,426	8,177	-	8,177
Advertising (staff vacancies)	1,627	-	1,627	5,637	-	5,637
Bank charges	695	167	862	428	144	572

Notes to the Financial Statements for the year ended 31st March 2014

4. Other Expenditure (cont'd)

	Agency £	Certific. Officer £	2013-14 Total £	Agency £	Certific. Officer £	2012-13 Total £
Fees and Expenses:						
Other professional fees *	20,879	334	21,213	92,253	-	92,253
Advisors' fees and expenses	-	-	-	9,468	-	9,468
Arbitration fees and expenses	20,101	-	20,101	24,610	-	24,610
Legal fees	654	-	654	3,001	-	3,001
Internal auditors' remuneration	9,240	529	9,769	8,304	-	8,304
External auditors' remuneration	<u>7,049</u>	<u>449</u>	<u>7,498</u>	<u>6,064</u>	<u>936</u>	<u>7,000</u>
Total cash expenditure	<u>817,870</u>	<u>37,159</u>	<u>855,029</u>	<u>866,575</u>	<u>42,681</u>	<u>909,256</u>
Non-cash items						
Depreciation						
Depreciation of property, plant and equipment	63,150	694	63,844	80,320	763	81,083
Amortisation of non-current assets	19,432	-	19,432	17,535	-	17,535
Sub Total Depreciation	82,582	694	83,276	97,855	763	98,618
Impairment	34,523	130	34,653	-	-	-
Total net non-cash expenses	<u>117,105</u>	<u>824</u>	<u>117,929</u>	<u>97,855</u>	<u>763</u>	<u>98,618</u>
Total	<u>934,975</u>	<u>37,983</u>	<u>972,958</u>	<u>964,430</u>	<u>43,444</u>	<u>1,007,874</u>

Note * – Security costs of £40k were included in the Professional Cost category in 2013 and in Premises Costs in 2014.

Notes to the Financial Statements for the year ended 31st March 2014

5. Property, plant and equipment

2013-2014

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certific. Officer Office Furniture Fittings £	Certific. Officer Computer Equipment £	Total £
Cost or valuation						
At 1 April 2013	588,697	258,807	229,187	6,741	5,396	1,088,828
Additions	38,074	-	38,209	-	-	76,283
Disposals	-	-	-	-	-	-
Impairment/ Adjustment arising on revaluation	(58,674)	(22,185)	(12,745)	(450)	(300)	(94,354)
At 31 March 2014	568,097	236,622	254,651	6,291	5,096	1,070,757
Depreciation						
At 1 April 2013	310,919	206,512	211,728	5,317	5,396	739,872
Provision for year	29,932	17,183	16,035	694	-	63,844
Disposal	-	-	-	-	-	-
Impairment/ Adjustment arising on revaluation	(30,991)	(18,240)	(11,774)	(320)	(300)	(61,625)
At 31 March 2014	309,860	205,455	215,989	5,691	5,096	742,091
Carrying amount at 31 March 2013	277,778	52,295	17,459	1,424	-	348,956
Carrying amount at 31 March 2014	258,237	31,167	38,662	600	-	328,666

All Assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using September 2013 statistics.

NB: The depreciation charge per note 4 of £63,844 (2013: £81,083) for the year reflects the depreciations provision for Property, plant and equipment. A net revaluation downwards adjustment of £32,729 (2013: £7,747 upwards adjustment) has been posted to impairment in the SoCNE

Leased assets

The adaptations to Agency buildings on short leasehold land carried at a Net Book Value at 31 March 2014 of £258,237 and represent the Agency's only leased assets.

Notes to the Financial Statements for the year ended 31st March 2014

5. Property, plant and equipment (cont'd)

2012-2013

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certific. Officer Office Furniture Fittings £	Certific. Officer Computer Equipment £	Total £
Cost or valuation						
At 1 April 2012	498,204	469,216	282,041	29,682	14,096	1,293,239
<i>Written off in year</i>	(7,951)	(222,383)	(79,524)	(23,074)	(9,290)	(342,222)
Additions	92,219	7,750	1,818	-	-	101,787
Disposals	-	-	-	-	-	-
Adjustment arising on revaluation	<u>6,225</u>	<u>4,224</u>	<u>24,852</u>	<u>133</u>	<u>590</u>	<u>36,024</u>
At 31 March 2013	<u>588,697</u>	<u>258,807</u>	<u>229,187</u>	<u>6,741</u>	<u>5,396</u>	<u>1,088,828</u>
Depreciation						
At 1 April 2012	272,184	405,382	253,540	27,532	14,096	972,734
<i>Written off in year</i>	(7,951)	(222,383)	(79,524)	(23,074)	(9,290)	(342,222)
Provision for year	43,379	20,583	16,358	763	-	81,083
Disposal	-	-	-	-	-	-
Adjustment arising on revaluation	<u>3,307</u>	<u>2,930</u>	<u>21,354</u>	<u>96</u>	<u>590</u>	<u>28,277</u>
At 31 March 2013	<u>310,919</u>	<u>206,512</u>	<u>211,728</u>	<u>5,317</u>	<u>5,396</u>	<u>739,872</u>
Carrying value at 31 March 2012	<u>226,020</u>	<u>63,834</u>	<u>28,501</u>	<u>2,150</u>	<u>-</u>	<u>320,505</u>
Carrying value at 31 March 2013	<u>277,778</u>	<u>52,295</u>	<u>17,459</u>	<u>1,424</u>	<u>-</u>	<u>348,956</u>

Notes to the Financial Statements for the year ended 31st March 2014

6. Intangible Assets

Intangible assets comprise computer software, development costs and licences.

2013-2014

Cost or Valuation	Agency £	Cert' Office £	Total £
At 1st April 2013	138,272	9,617	147,889
Additions	41,726	-	41,726
Impairment / Adjustment arising on revaluation	(7,664)	(535)	(8,199)
At 31st March 2014	172,334	9,082	181,416
Amortisation			
At 1st April 2013	103,150	9,617	112,767
Charged in year	19,432	-	19,432
Impairment/Adjustment arising on revaluation	(5,740)	(535)	(6,275)
At 31st March 2014	116,842	9,082	125,924
Carrying value at 31st March 2013	35,122	-	35,122
Carrying value at 31st March 2014	55,492	-	55,492

All Assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were re-valued using September 2013 statistics.

NB: The depreciation charge per note 4 of £19,432 (2013: £17,535) for the year reflects the depreciation provision for intangible assets. A net revaluation downwards adjustment of £1,924 (2013: £5,222 upwards) has been posted to impairment in the SoCNE.

Notes to the Financial Statements for the year ended 31st March 2014

6. Intangible Assets (cont'd)

Intangible assets comprise computer software, development costs and licences.

2012-2013

Cost or Valuation	Agency £	Cert' Office £	Total £
At 1st April 2012	147,507	9,847	157,354
Written off in year	(28,235)	(1,281)	(29,516)
Additions	4,419	-	4,419
Adjustment arising on revaluation	14,581	1,051	15,632
At 31st March 2013	138,272	9,617	147,889
Amortisation			
At 1st April 2012	104,491	9,847	114,338
Written off in year	(28,235)	(1,281)	(29,516)
Charged in year	17,535	-	17,535
Adjustment arising on revaluation	9,359	1,051	10,410
At 31st March 2013	103,150	9,617	112,767
Carrying value at 31st March 2012	43,016	-	43,016
Carrying value at 31st March 2013	35,122	-	35,122

Notes to the Financial Statements for the year ended 31st March 2014

7. Trade receivables and other current assets

	2013-14	2012-13
	£	£
Amounts falling due within one year:		
Other receivables	1,117	1,187
Prepayments	56,089	67,381
Other taxation and social security	-	666
	<u>57,206</u>	<u>69,234</u>

7.1 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013-14	2012-13	2013-14	2012-13
	£	£	£	£
Balances with other central government bodies	-	-	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Bodies	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: intra-government balances	-	-	-	-
Balances with bodies external to government	<u>57,206</u>	<u>69,234</u>	-	-
Total receivables at 31 March	<u>57,206</u>	<u>69,234</u>	-	-

Notes to the Financial Statements for the year ended 31st March 2014

8. Cash and cash equivalents

	Agency £	Certification Officer £	2013-14 Total £	2012-13 Total £
Balance at 1 April	12,843	1,781	14,624	47,107
Net change in cash and cash equivalent balances	<u>40,576</u>	<u>1,614</u>	<u>42,190</u>	<u>(32,483)</u>
Balance at 31 March	<u>53,419</u>	<u>3,395</u>	<u>56,814</u>	<u>14,624</u>
The following balances at 31 March were held at:				
Commercial banks and cash in hand	<u>53,419</u>	<u>3,395</u>	<u>56,814</u>	<u>14,624</u>
Balance at 31 March	<u>53,419</u>	<u>3,395</u>	<u>56,814</u>	<u>14,624</u>

9. Trade payables and other current liabilities

	2013-14 £	2012-13 £
Amounts falling due within one year:		
Trade payables	13,180	12,081
Accruals	128,182	108,045
Payroll creditors	<u>-</u>	<u>51,627</u>
Total	<u>141,362</u>	<u>171,753</u>

Notes to the Financial Statements for the year ended 31st March 2014

9.1 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013-14 £	2012-13 £	2013-14 £	2012-13 £
Balances with other central government bodies	7,000	58,627	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Bodies	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: intra-government balances	7,000	58,627	-	-
Balances with bodies external to government	134,362	113,126	-	-
Total receivables at 31 March	141,362	171,753	-	-

10. Capital Commitments

There are no capital commitments at the year-end 31 March 2014.

11. Contingent Liabilities disclosed under IAS 37

There are no contingent liabilities at the year-end 31 March 2014.

12. Commitments under leases

Operating Leases:

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

Buildings:	2013-14 £	2012-13 £
Not later than one year	215,400	215,400
Later than one year and not later than five years	861,600	861,600
Later than five years	-	215,400
	<u>1,077,000</u>	<u>1,292,400</u>

12. Commitments under leases (cont'd)

In November 2009 the Agency leased additional adjacent premises in Belfast and at the same time negotiated a new longer lease for the expanded building.

No payments were made under finance leases.

13. Other Financial Commitments

The Labour Relations Agency has no other Financial Commitments and has not entered into non-cancellable contracts.

14. Related Party Transactions

The Labour Relations Agency is a Non-Departmental Public Body sponsored by the Department for Employment and Learning. The Department for Employment and Learning is regarded as a related party. During the year the only transactions which the Agency has had with the Department is the receipt of £3,611,000 grant, as disclosed in the statement of cash flows. None of the Board members, members of the key management staff or other related parties has undertaken any material transactions with the Agency during the year, other than the reimbursement of expenses necessarily incurred by staff in the course of their employment.

15. Financial Instruments

As the cash requirements of the Labour Relations Agency and the Certification Officer of Northern Ireland are met through Grant-In Aid provided by the Department for Employment and Learning, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Labour Relations Agency's expected purchase and usage requirements and the Labour Relations Agency is therefore exposed to little credit, liquidity or market risk.

16. Impairments

The total impairment charge for the year is £34,653. All categories of assets were subject to a downward revaluation and the full amount was charged directly to the Statement of Comprehensive Net Expenditure. No amount was taken through the general reserve.

17. Events after the reporting period

There are no events after the reporting period which need to be disclosed.

These accounts are authorised for issue on the same day that the Comptroller and Auditor General signs his audit report.

Date of authorisation for issue

The Accounting Officer authorised these financial statements on 1st July 2014.



26 June 2014

William Patterson
Chief Executive / Accounting Officer

Date

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