

Labour Relations agency

improving employment relations

Annual Report & Accounts

2018-19



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Labour Relations Agency Annual Report and Accounts for the Year Ended 31 March 2019

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Foreword

The publication of the Agency's Annual Report and Accounts provides an important opportunity to reflect on the very positive achievements of our staff working in partnership with key delivery partners and stakeholders. It is with great pride and satisfaction that I am able to report that the Agency has substantially delivered on its strategic vision:

'To be widely recognised as Northern Ireland's leading authority in promoting productive working relationships for the benefit of individuals and organisations and to support the creation of a thriving and inclusive economy.'

Against a background of ongoing political uncertainty, the absence of an agreed Programme for Government and perennial funding pressures, the Agency has continued to meet the needs of individual employers and employees through the delivery of high quality and responsive advisory and dispute resolution services.

This reporting period has been particularly pressurised because of the need to reduce staffing levels when demand for all of our services remained at a high level. Flexibility and the ability to respond quickly to changing circumstances are a requirement for all public sector organisations. The Agency has been on a journey of significant organisational change, having restructured in the previous reporting year with a single Director now responsible for all advisory and dispute resolution services. This has allowed us to respond more flexibly to the needs of service users and the wider labour market. Transformation is not just about implementing structural change; the Agency has also been exploring more innovative ways to promote and deliver our services. We have launched our new website which has been designed specifically around customer expectations. The Agency has been working with Invest NI and a number of councils to support the development needs of local companies. As part of this project, we developed a new training course in 'Effective Line Management', which has been very well received.

This has been another very successful year, and, on behalf of my Board, I want to thank our staff for their commitment and endeavours; they have worked tirelessly to ensure that we have delivered on all of our key service delivery targets. We are also grateful to our sponsor, the Department for the Economy (DfE), for the support provided during the reporting period. We look forward to continuing to work with our DfE colleagues on a range of development projects; preparations for the introduction of an Early Conciliation Service in January 2020 will be a key priority going forward.

I also want to take this opportunity to thank our many stakeholders and delivery partners for their invaluable contribution. The Agency continues to facilitate the work of the Northern Ireland Employment Relations Roundtable, which is representative of all of the main employer organisations and trade union bodies. In the past year, the Roundtable has considered the issues explored in the Matthew Taylor 'Good Work' report as well as engaging with senior civil servants on the current Skills Strategy consultation and matters relating to the UK's exit from the European Union.

Finally, I would like to express my sincere gratitude to the Agency's Board and Senior Management Team for their support and commitment and look forward to a very positive and successful 2019-20.



Chapter 1

Performance Report

Overview

The Year in Perspective

This annual report covers the second operational year of our 2017-21 Corporate Plan.¹

We embarked on a journey of major organisational change in 2017-18, which involved not just structural change, but also the development of new approaches to the delivery of some of our services. Change is always a difficult process but I am pleased to be able to report that the programme was successfully concluded in 2018-19. And I want to pay tribute to our staff and trade union colleagues for their support in ensuring that the transformation process was managed effectively and delivered such a positive outcome.

A major part of the change process has been the merger of our dispute resolution and advisory services into a single Employment Relations Services Directorate. This complex process was ably overseen by my former colleague, David McGrath, until his retirement in March 2019 after over 40 years of service to the Agency.

With these changes, and technological developments, I am confident that the Agency is well placed to deliver on all of our corporate plan commitments; a key priority for next year will be the preparation for the introduction of the new Early Conciliation service, which is mandated by the Employment Act (Northern Ireland) 2016.² We anticipate this new service being implemented from January 2020.

I thank all our staff for their commitment to the work of the Agency. Delivery of most of the outcomes set out in our Business Plan for 2018-19 is testament to their expertise, dedication and resilience. I am particularly pleased that all our key employment relations service targets were achieved as these matter most to our customers and stakeholders. That these outcomes were achieved against a background of transformation and with fewer staff following last year's Voluntary Exit Scheme is even more remarkable.

Demand for the Agency's services remains high. Bulk claims arising from case law relating to Working Time Regulations/Working Time Directive and Equal Pay are stretching resources still further. While some employers are choosing to use our services to seek a resolution of a range of collective disputes, there are a very significant number of Tribunal claims – affecting around 5,000 claimants – awaiting judgment.

The Agency is responding to these pressures by finding new ways of working. In April 2018 we broadened the membership of our Senior Management Team, to include managers of all of our services. This has helped ensure speedier and more effective decision-making regarding service delivery and resourcing. Operational staff are also learning new roles so that we can more readily divert resources as demand for services fluctuate. Furthermore, technological investment is beginning to bear fruit. We have automated the processing of bulk Tribunal claims and bookings for workshops. A new web portal will go live in 2019-20, which will support the secure and efficient electronic exchange of documents between the Office of the Industrial Tribunals and Fair Employment Tribunal (OITFET) and the Agency, and with client organisations. It will also be

the primary channel for processing requests for Early Conciliation when this new service comes on stream in 2020.

In summary, this has been an excellent performance in a difficult operating environment. I want to thank the Board for their leadership and direction; and our stakeholders and delivery partners for their positive contributions and support. Above all, I pay tribute to the tireless work of our staff.

A handwritten signature in black ink, appearing to read 'Tom Evans', with a stylized flourish above the name.

Tom Evans
Chief Executive

The Purpose and Activities of the Labour Relations Agency

Purpose

The Labour Relations Agency is a non-departmental public body established under the Industrial Relations (Northern Ireland) Order 1976,³ and continued by the Industrial Relations Order (Northern Ireland) 1992.⁴ The Agency is independent of Government, but accountable to and funded by the Department for the Economy (DfE).

The Agency's purpose is to improve employment relations, promote best employment practice and resolve workplace disputes through the delivery of quality, impartial and independent services.

The Agency operates out of its Head Office in Belfast and a Regional Office in Derry/Londonderry.

Vision and Values

The Agency's **vision** is:

To be widely recognised as Northern Ireland's leading authority in promoting productive working relationships for the benefit of individuals and organisations and to support the creation of a thriving and inclusive economy.

To achieve our vision and purpose, our **values** are to be:

Progressive – forward thinking, outward looking, and creative in seeking better ways to support the economy;

Ethical – always acting with integrity, impartiality and utmost professionalism, and demonstrating openness and accountability;

Exemplary – challenging ourselves to be the best we can be and a role model in how we conduct employment relations; and,

Responsive – listening to our customers and our staff, adapting to ensure our services meet their needs.

Services

The Agency provides a range of **advisory services** to promote good employment practice and advise employers and employees on their rights and responsibilities. These services include:

- **Workplace Information Service (WIS)** – this is a confidential information and advice line for employers and individuals, and their representatives;
- **Briefings, seminars, and workshops** – these are aimed at disseminating information and good practice on a range of employment issues and enhancing the employment relations skills of line managers; and,
- **Document reviews** – these provide commentary on an individual employer's employment documentation, including statements of written particulars and contracts of employment, to ensure legislative compliance and promote good practice.

The Agency also provides a range of confidential **dispute resolution services** designed to deal with problems that arise in the workplace. These include:

- **Conciliation** – this service seeks to find a mutually agreeable solution to a problem or disagreement where an individual has made, or could make, a claim to an employment Tribunal;
- **Arbitration** – where a solution to a problem or disagreement to an individual dispute cannot be found, and the parties wish to avoid a Tribunal, our arbitration service provides a quick, confidential, non-legalistic process to resolve the matter. Arbitration decisions, and remedies that flow from these, are legally enforceable in the same way as Tribunal decisions;
- **Mediation** – this is an effective tool for restoring positive working relationships using a mediator to work with those in conflict or dispute to find a mutually agreed resolution to overcome their differences; and,
- **Collective Conciliation** – this service aims to help employers and trade unions resolve disputes.

Influencing employment relations policy

As well as being a service provider, the Agency has a key role in working with representative bodies of employers and employees to facilitate discussion and to seek to influence strategic employment relations issues. These bodies include the Confederation of British Industry (CBI), Federation of Small Businesses (FSB), Chambers of Commerce, Institute of Directors (IoD), and the Northern Ireland Committee of the Irish Congress of Trade Unions (NIC-ICTU). We work with all types of employers across the public, private, community and voluntary sectors.

A major initiative in this very important area of work is the Agency's facilitation of the Northern Ireland Employment Relations Roundtable, which enables discussion and collaboration by key stakeholders on matters of public policy, skills, and research.

Key Issues and Risks in 2018-19

Financial pressures and organisational transformation

Although our baseline budget was not reduced in 2018-19 the Agency had to absorb additional costs relating to pay and price increases. On a one-off basis, this would not be a business-critical issue; however, the Agency has had to bear these costs every year since 2010. Aligned to the fact that we have been operating on one-year budgets for a significant number of years, this has created significant pressures at a time when demand for our services continues to grow.

The Agency's transformation programme, put in place following the outcome of the Voluntary Exit Scheme in January 2018, concluded in December 2018. The key changes that resulted were as follows:

- Restructuring from three to two Directorates with the merger of our Advisory Services and Conciliation and Arbitration Directorates;
- Widening the Senior Management Team (SMT) to include Employment Relations Managers, as well as the Chief Executive and Directors, to improve engagement and decision-making;
- Consolidation of various administration functions into a new Business Support Team;
- Retrenchment of a number of posts vacated under the Voluntary Exit Scheme to allow the Agency to manage financial pressures caused by reduced funding of 15% in the last eight years through cuts and the requirement to absorb pay and price increases;
- Transformation of a significant number of other posts to allow for new ways of working; and,
- The adoption of new corporate branding and new non-geographic 03300 telephone numbers, including a dedicated line for the Workplace Information Service.

Fraud

An incident of fraud using the Agency's Government Procurement Card (GPC) occurred in April 2018. The fraud amounted to £10,392, arising from nine transactions. Liability was accepted by the GPC provider and the Agency was reimbursed for this amount, with no consequential loss to the public purse. A subsequent internal audit review of the Agency's GPC controls confirmed that these are robust.

Accommodation matters

Accommodation matters were a key feature of 2018-19. The Board, DfE, and the Department of Finance (DoF) approved a business case to relocate the Regional Office out of its premises of 20 years. The new accommodation in Richmond Chambers, which is still within Derry/Londonderry city centre, will be less expensive and more accessible for customers. The Agency moved into Richmond Chambers in June 2019.

The Agency also signed a lease extension for its Head Office. This means that the Agency will remain in its current premises in Belfast's Cathedral Quarter until 2022, pending suitable accommodation becoming available on the Government Estate.

Additional capital funding from DfE was used to refurbish parts of the Head Office, including a new reception area and office accommodation to house the new Business Support Team.

Pay award

The Northern Ireland Civil Service (NICS) announced on 7 June 2019 that the pay award for 2018-19 had been finalised.⁵ This award is also due to staff in bodies, like the Agency, covered by the NICS pay arrangements. An accrual for arrears, backdated to 1 August 2018, has been included in the accounts.

Risks

The Agency's arrangements for managing risk are set out in the Governance Statement.

The key corporate risks managed by the Agency in 2018-19 were:

- **Relevance** – the Agency fails to adequately influence, or respond to, changes in the NI employment relations environment;
- **Reputation** – the Agency's reputation for the provision of high quality, independent and impartial employment relations services is undermined;
- **Funding** – the Agency fails to deliver its key corporate and business objectives due to budgetary constraints;
- **Infrastructure** – the Agency's infrastructure or systems fail to adequately support effective governance and efficient operations;
- **Staffing** – the Agency encounters significant skill deficits and/or decrease in capacity among its staff and Board members; and,
- **Compliance** – the Agency fails to comply with all relevant legislation and governance requirements, or fails to fulfil its statutory functions.

None of these risks materialised during the year.

Performance Summary

The Agency delivered most of the outcomes contained in its Business Plan for 2018-19. This was against a backdrop of resource pressures and ongoing organisational transformation and transition.

Employment Relations Services

All operational targets were met or exceeded in 2018-19, which was a particularly good achievement, given the loss of staff through voluntary exits towards the end of 2017-18. A detailed breakdown of the volume of activities is set out in the Case Volumes and Customer Engagement Statistics section below.

There were a number of important developments regarding the Agency's advisory and dispute prevention services. Our Certificate in Effective Line Management was developed and piloted in the North West by our Regional Office team. This grew out of partnership work with Invest NI and local councils to support economic development and job creation.

Such has been the success of this initiative, it has now been adopted as a mainstream service offering as we seek to equip managers with the necessary skills to be effective people managers and to develop positive approaches to employment relations in their organisations.

The second cohort of students has just completed the Post Graduate Certificate in NI Employment Law and Practice, which the Agency delivers in conjunction with Ulster University and Legal Island. This course is invaluable in increasing the knowledge, capacity, and expertise in employment relations and alternative dispute resolution matters among HR and legal professionals and trade union representatives.

Demand for the Agency's workshops and good employment practice briefings on a range of employment relations issues continues to be high, with most oversubscribed. A new automated system was introduced during the year to make booking places on these more efficient. We are also looking at how we can respond to increasing demand for these workshops through better use of technology that allows our customers greater autonomy in how they access our services.

Call volumes to our Workplace Information System (WIS) remained at a similar level to 2017-18 (approximately 18,000). There were a number of innovations regarding this service. It has been given a new, dedicated telephone number (03300 555 300), which should make it easier to promote the service through our new social media channels when they go live in 2019-20. The name of the service has been rebranded (from the Enquiry Point) to make the nature of the service more transparent to customers. We also trialled live web chat; unfortunately, this proved to be an unsuitable medium for the type of complex employment queries dealt with by the WIS team.

We also continue to work with a number of client organisations to resolve complex employment relations (ER) issues such as pay disputes, ER behavioural protocols, assistance with voluntary trade union recognition, industrial relations machinery reviews, and large scale ER related policy reviews.

Our dispute resolution services continue to be in high demand, and in terms of individual rights almost 4,500 cases were received in the current reporting period. This figure includes bulk cases (similar cases with the same respondent) mostly derived from case law decisions on the calculation of holiday pay and unlawful deduction from wages. In totality, the number of individual cases translated into around 27,000 separate jurisdictional claims.

Over 2,600 cases were cleared in 2018-19. Of these, around 1,600 were cases where Tribunal proceedings had been lodged and over 1,000 were cases that had the potential to proceed to the Tribunal. The Agency settled over 1,700 (65%) of the cases cleared.

In terms of the cases cleared where Tribunal proceedings had been lodged, 50% were settled by our conciliators, with a further 23% withdrawn as a result of the Agency's involvement (e.g. the claimant decided not to pursue their dispute to a hearing).

Only 15% of cases cleared were resolved by the Tribunal. Of these, 7% were cases in which the Agency could not conciliate in (e.g. where the employer is insolvent or the case is 'struck out' because there was no reasonable prospect of it succeeding). This meant that only around 8% of cases in which the Agency had a reasonable prospect of conciliating in proceeded to a Tribunal hearing.

Recent developments in case law and a more general increase in the number of bulk cases has created very significant additional work for the Agency in processing cases listed for consideration by the Office of the Industrial Tribunals and Fair Employment Tribunal (OITFET). At the time of reporting there are approximately 45,000 claims (including those received in 2018-19 and earlier years) awaiting a Tribunal decision, while other employers continue to use our services to resolve collective disputes without recourse to an employment Tribunal.

Mediation remains a popular means of resolving interpersonal workplace disputes. The Agency conducted 29 mediations in 2018-19, achieving a positive resolution in over 90%.

Our collective conciliation service is consistently relied upon to resolve trade disputes with over two-thirds (69%) of cases (16) conciliated by the Agency being resolved.

The Agency also continues to facilitate the work of the Northern Ireland Employment Relations Roundtable, which provides a valuable forum for the main employer organisations and trade union representatives to discuss high-level employment relations matters. The Roundtable has also met with senior officials from DfE to discuss matters with major employment relations impact such as the UK's exit from the European Union.

Corporate Services

The key Corporate Services activities in 2018-19 were concluding the transformation programme in partnership with the Agency's recognised trade union, which commenced in 2017, and implementation of the Agency's strategies for people development, ICT, and communications.

A number of new posts were created from savings resulting from the 2017-18 Voluntary Exit Scheme. These included a Communications Manager to oversee implementation of the

Agency's Communication Strategy. A new Business Support Team was established through the merger of various administrative functions. The purpose of this was to realise efficiencies through economies of scale and to broaden the skill set of our staff. Recruitment also took place as part of the preparations for the introduction of Early Conciliation.

The Agency undertook assessment against the new and more challenging sixth generation Investors in People Standard. While Gold status has been retained, the assessment was helpful in identifying areas for improvement in the management and development of our staff, which will be a priority for the year ahead. The Agency launched a Leadership Development Programme, which will be key in ensuring we have effective leadership throughout the organisation. The first cohort of staff undertaking this includes staff from most grades.

The outcome of the Agency's pre-assessment against the Customer Service Excellence standard will also provide a focus for further improvement activities in 2019-20.

Our enhanced case management and workflow system, developed in 2017-18, was tested and rolled out in stages throughout 2018-19 and is now able to support all of our services. A new facility for uploading bulk Tribunal claims went live towards the end of 2018-19 which significantly enhances our processing capacity.

Increasing the Agency's public profile and promoting the value of good employment relations was a particular focus in 2018-19, and will continue to be a priority in 2019-20. A baseline survey conducted during the year showed limited awareness of the Agency's role/services, particularly among younger people, those in lower paid jobs, and people living/working outside the greater Belfast area. New distinctive corporate branding, including a new logo and non-geographic telephone numbers, was developed in 2018-19 to help increase the Agency's visibility. Furthermore, the Agency increased its outreach work by hosting information stands at a range of stakeholder events.

At the year end, a new more accessible website had been built, with customer needs at the heart of its design. A social media policy was also developed, which will be implemented in 2019-20 and used to direct service users to information on the new website, promote the Agency's services, and raise awareness of good employment practices.

The findings of research conducted on our behalf by Cardiff University on dispute resolution practices in NI will also provide a basis for further awareness raising activities. It will also provide a comparative analysis with practice across the rest of the UK. The research report will be published in 2019-20.

Accommodation matters were prominent in 2018-19. The Agency secured an extension to the lease for our Head Office building in Belfast, pending the availability of suitable accommodation on the Government Estate in 2022. Additional capital funding from DfE allowed the Agency to create a more accessible and customer friendly reception area and improve the working environment for Business Support staff. Further improvements to the Head Office working environment are planned for 2019-20. We also obtained DoF approval to relocate our Regional Office in Derry/Londonderry to more accessible premises in June 2019.

Performance Analysis

Performance Monitoring

The Agency's Business Plan for 2018-19 implemented the second year of the Corporate Plan for 2017-21. The Corporate Plan is closely aligned to the broader societal outcomes promulgated in the Executive's draft Programme for Government (PfG)⁶ and the DfE's Economy 2030: The Industrial Strategy for Northern Ireland.⁷ Our Corporate Plan sets out the Agency's core business under three strategic themes:

- Improving organisational performance and responding to the needs of individuals through expert employment relations advice and support;
- Working with stakeholders and delivery partners to evidence and promote the economic and social return from good employment relations and shape public policy; and,
- Optimising the contribution of staff and resources to deliver our statutory functions through effective leadership and governance practices.

Delivery objectives are grouped under each strategic theme.

The Business Plan for 2018-19 contained 39 actions designed to deliver on the strategic objectives set out in the Corporate Plan with progress reviewed at monthly Senior Management Team meetings and reported at each governance meeting of the Board; progress is also discussed at Oversight and Liaison meetings with DfE.

The monthly performance management report highlights at a glance where actions are completed, on track, behind schedule, not yet started, or will not be delivered during the year.

Performance against Objectives

Overall, the Agency delivered, or delivered in large part, 33 of the 39 (85%) planned outcomes/ outputs contained in our Business Plan for 2018-19. All employment relations service targets have been met and in some instances exceeded; a number of developmental targets were not achieved and have been carried forward into 2019-20.

The areas of work not progressed were due either to resource constraints or the outcome was dependent on third party interventions or external factors beyond the control of the Agency. The resource constraints were felt most keenly under Strategic Theme 2 (evidencing and promoting the economic and social return from good employment relations and shape public policy). However, the Agency has submitted bids to DfE for funding in 2019-20 to:

- Co-host with the Roundtable the major employment/industrial relations conference in November 2019 (Objective 2.1(b)); and,
- Commission research to inform the development of an employment relations model for NI (Objective 2.2).

Three activities could not be progressed because the Agency was awaiting action by DfE, as follows:

- Review of the effectiveness of the Statutory Arbitration Scheme (Objective 1.2(e)) – instigation of this rests with DfE. In the meantime, the Agency has engaged with the Workplace Relations Commission in the Republic of Ireland to learn from its approach to resolving disputes through its Adjudication Service;
- Agreement of a revised Management Statement and Financial Memorandum (Objective 3.2(d)) – a further iteration of a draft had been anticipated. However, the Agency welcomes the recent DoF publication ‘Partnerships between Departments and Arm’s Length Bodies: NI Code of Good Practice’ which promotes a more facilitative approach to partnership. In line with this code, a partnership agreement is expected to be agreed between DfE and the Agency during 2019-20; and,
- Induction of new Board members (Objective 3.2(e)) – while the Agency has agreed its approach to this, DfE has confirmed that appointments of new Board members require Ministerial approval and therefore cannot be made while the NI Executive is suspended.

Strategic Theme 1: Improving organisational performance and responding to the needs of individuals through expert employment relations advice and support

1.1 To provide effective guidance on employment relations issues to individuals and organisations

<p>a. Deliver an Enquiry Point service with waiting times of less than one minute and a ‘lost call’ rate of less than 10%.</p>	<p>Outcome delivered</p> <p>17,705 calls were handled.</p> <ul style="list-style-type: none"> • Wait time: 1 minute and 3 secs • Lost call rate: 8% (target achieved) <p>Wait time was three seconds above target. This is attributed to the web chat pilot that caused an increase in caller wait times during its trial.</p> <p>Following feedback from customers, the Enquiry Point was retitled to the Workplace Information Service to make the nature of the service clearer.</p>
<p>b. Pilot live web chat with effect from April 2018 and evaluate its effectiveness by September 2018.</p>	<p>Outcome delivered</p> <p>Live web chat was piloted by the Workplace Information Service from November to December 2018. However, it proved an unsuitable medium for the types of complex issues dealt with by this service.</p> <p>The pilot has been restarted for general enquiries about the Agency’s services and will be evaluated again in 2019-20.</p>
<p>c. Deliver a range of good practice seminars and briefings to encourage legislative compliance and promote good practice with at least 75% of attendees being better equipped to deal with employment matters as a result.</p>	<p>Outcome delivered</p> <p>Target exceeded with 84% achievement rate.</p>

d. Deliver a 'document review' service with at least 50% of customers having amended documentation/systems as a result of Agency assistance.	<p>Outcome delivered</p> <p>Target exceeded with 76% achievement rate.</p>
e. Deliver a good practice facilitation service in accordance with agreed operational guidelines.	<p>Outcome delivered</p> <p>Five Good Employment Practice projects were completed during the year in accordance with agreed operational guidelines. Subject matters included:</p> <ul style="list-style-type: none"> • Identification of employment relations training needs; • A collective agreement on pay round negotiation protocols; • An employment relations audit; and • Acting as an independent panel member to stakeholders in both employer and trade union bodies.
f. Work with key delivery partners on a range of signature projects.	<p>Outcome delivered</p> <p>The following projects were undertaken:</p> <ul style="list-style-type: none"> • Joint Working with Invest NI and Local Councils <p>Partnership working continues in supporting economic growth through better employment relations.</p> <ul style="list-style-type: none"> • Post Graduate Certificate in NI Employment Law and Practice <p>The second year of the Post Graduate Certificate in NI Employment Law and Practice, delivered in conjunction with Ulster University and Legal Island, ended in April 2019. Feedback has been very positive.</p> <ul style="list-style-type: none"> • Equality Commission partnership project on pregnancy and maternity <p>A series of roadshows to raise awareness of rights in this area was completed in February.</p>
g. Support the Department for Communities in the development of an employment relations pilot project.	<p>Outcome delivered</p> <p>The project evolved into what was a very positive review of DfC's industrial relations machinery.</p>

1.2 To help prevent and resolve individual and collective workplace employment disputes	
a. Deliver an individual conciliation service with no more than 20% of individual rights claims subsequently dealt with by an employment Tribunal.	Outcome delivered Target exceeded with 15% of individual rights claims being dealt with by an employment Tribunal. When the cases in which the Agency could not conciliate in are removed (e.g. where the employer is insolvent or the case is 'struck out' because there was no reasonable prospect of it succeeding), this figure falls to 8%.
b. Deliver a collective conciliation service where there is promotion of a settlement in 70% of reported collective disputes in which the Agency is involved.	Outcome partially delivered Target almost met with 69% of collective conciliations being resolved with the Agency's facilitation.
c. Deliver a mediation service where there is a promotion of a settlement in at least 70% of referrals accepted and where mediation takes place.	Outcome delivered Target exceeded with 92% achievement rate.
d. Deliver an Arbitration and Independent Appeals Service that meets agreed performance standards.	Outcome delivered 13 cases heard – all delivered in accordance with agreed performance standards.
e. Undertake a review of the effectiveness of the Statutory Arbitration Scheme, in line with a timetable agreed with the Department for the Economy.	Outcome not delivered DfE initiation of the review is awaited. In the meantime the Agency's own review, the outcome of which will feed into DfE's, has been held up by resource constraints.
f. Work with key delivery partners in line with agreed Memoranda of Understanding (MoUs).	Outcome delivered The Agency continued to work closely with all its key delivery partners throughout 2018-19.
g. Ensure internal readiness for the introduction of Early Conciliation, in line with a timetable agreed with the Department for the Economy.	Outcome delivered Early Conciliation preparations are being progressed through a joint project involving DfE, the Agency and the Tribunal Service. All planned deliverables were met during 2018-19, including DoF approval of the business case for additional resources for the Agency to deliver the new service and agreement of a Communications Strategy. Early Conciliation is on track to be implemented from January 2020.

Strategic Theme 2: Working with stakeholders and delivery partners to evidence and promote the economic and social return from good employment relations and shape public policy.

2.1 *To facilitate the work of the NI Employment Relations Roundtable to stimulate discussion and collaboration by key stakeholders on matters of public policy, skills and research*

a.	Develop, by September 2018 , a campaign to promote the Joint Declaration for Protection (Dignity at Work/a Harmonious and Inclusive Working Environment).	Outcome not delivered Resource constraints meant the Agency was unable to progress this activity. It has been agreed with the Roundtable that members will provide case studies that could be showcased at the ER/IR conference (see Objective 2.1(b) below).
b.	Organise and host, by March 2019 , a major employment/industrial relations conference.	Outcome not delivered The Agency agreed the timing and focus of the conference with the NI Employment Relations Roundtable. The Agency secured DfE agreement to provide funding for this conference in 2019-20.
c.	Commence delivery, by September 2018 , of an employment relations skills pilot.	Outcome partially delivered Discussions with DfC and NICS HR on pilot projects are continuing. In the meantime, the Agency launched the Certificate in Effective Line Management. Demand for this is increasing.
d.	Provide opportunities for Government to have early engagement with key stakeholders on a range of policy proposals.	Outcome delivered DfC and DfE senior officials have attended Roundtable meetings to consult on Gender Pay Gap Reporting and the Skills Strategy. DfE also engaged with the Roundtable on issues regarding the UK's exit from the European Union.

2.2 *To develop and promote an Employment Relations Model for Northern Ireland*

a.	Consult, by June 2018 , with the ILO on the development of a principles-based approach to ER/IR.	Outcome not delivered Resource constraints meant the Agency was unable progress this activity. This will now be progressed in 2019-20 as part of a wider research project (see Objective 2.2(b) below).
b.	Conduct, by September 2018 , a literature review of international employment relations models.	Outcome not delivered The Agency has submitted a funding proposal to DfE for a research project to complete a literature review on international employment relations models in 2019-20.

c. Identify, by December 2018 , the key components of an Employment Relations Model for Northern Ireland for discussion with the ER Roundtable.	Outcome not delivered Resource constraints meant the Agency was unable to progress this activity. This will now be progressed in 2019-20 as part of a wider research project (see Objective 2.2(b) above).
d. Prepare, by February 2019 , a draft Employment Relations Model for public consultation.	Outcome not delivered Resource constraints meant the Agency was unable to progress this activity. This will now be progressed in 2019-20 as part of a wider research project (see Objective 2.2(b) above).
2.3 <i>To review the mechanisms for evidencing the economic and social return from good employment and industrial relations practice</i>	
a. Work with DfE and research bodies to commission a research project to evidence the economic and social return from good employment and industrial relations practice – timetable to be determined by DfE.	Outcome not delivered Resource constraints meant DfE and the Agency were unable to progress this activity.
b. Commission joint research with Acas on the extent and nature of workplace conflict management practice across the UK, and publish a report with recommendations by March 2019 .	Outcome delivered Fieldwork for the study was completed in March 2019. The research report will be published in 2019-20.
c. Discuss with Acas and the Workplace Relations Commission (WRC), by December 2018 , a collaborative approach to measuring the social and economic impact of employment relations services.	Outcome partially delivered Initial discussions with Acas and WRC have taken place, with more substantive discussions planned in 2019-20.
d. Review, by December 2018 , the existing quantitative and qualitative arrangements for evaluating the Agency's employment relations services.	Outcome delivered The Agency has developed outcomes-based accountability (OBA) scorecards, which have been incorporated into the Business Plan for 2019-20.
Strategic Theme 3: Optimising the contribution of staff and resources to deliver our statutory functions through effective leadership and governance practices	
3.1 <i>To ensure the effective development of Agency staff and systems to deliver our statutory functions</i>	
a. Implement, from April 2018 , the new enhanced Case Management Records System (CMRS).	Outcome delivered The enhanced CMRS was implemented in phases during the year. All enhancements are now operational.

b. Develop and implement, from June 2018 , new corporate branding.	Outcome delivered New corporate branding, including a new logo, is in place.
c. Develop and implement, from June 2018 , an active social media presence for the Agency.	Outcome partially delivered A social media policy has been agreed. However, it was decided to delay the launch of the Agency's social media presence until after the new corporate website has gone live (see Objective 3.1(d) below).
d. Redevelop, by December 2018 , the Agency's website and LRA App.	Outcome delivered Work to design and develop the new corporate website and App was completed in March 2019. The website and App was launched in June 2019.
e. Retain, by March 2018 , Investors in People Gold status.	Outcome delivered Following formal assessment against the new and more challenging sixth generation framework, the Agency has retained Gold status until least 2020. This is pending implementation of an action plan to address development areas identified by the assessor.
f. Complete, by December 2018 , the current phase of organisational transformation.	Outcome delivered Following restructuring into two Directorates in early 2018, the Agency implemented a transformation programme to adopt new ways of working. This was conducted in partnership with the Trade Union Side.
g. Achieve, by March 2019 , the Customer Service Excellence Award.	Outcome partially delivered The Agency undertook a pre-assessment against the standard. This identified a number of areas for further development in 2019-20.
3.2 <i>To deliver excellent governance in the management of the Agency's resources in line with the requirements placed on public bodies</i>	
a. Achieve a budget outturn of 99%.	Outcome delivered The overall budget outturn was: £3,713k against a total budget of £3,768k (99% of the Agency's funding allocation). This comprised resource expenditure of £3,593k and capital expenditure of £120k.

b. Ensure, from May 2018 , compliance with the General Data Protection Regulation (GDPR).	<p>Outcome delivered</p> <p>A GDPR action plan was implemented to ensure compliance from May 2018.</p>
c. Publish, in August 2018 , the Agency's Annual Report and Accounts for 2017-18, certified without qualification by the Northern Ireland Audit Office.	<p>Outcome delivered</p> <p>The Annual Report and Accounts for 2017-18 was certified by the NIAO without qualification, and laid in the Assembly and published in July 2018.</p>
d. Agree a revised Management Statement and Financial Memorandum with the Department for the Economy in line with a timetable to be set by DfE.	<p>Outcome not delivered</p> <p>DoF published 'Partnerships between Departments and Arm's Length Bodies: NI Code of Good Practice' on 19 March 2019. In line with this code, a partnership agreement is expected to be agreed between DfE and the Agency during 2019-20.</p>
e. Induct new Board members in line with a timetable agreed with DfE.	<p>Outcome not delivered</p> <p>The approach to inducting new Board members was agreed at the August 2018 Board meeting. However, DfE has confirmed that appointments require Ministerial approval and therefore cannot be made until devolution has been restored.</p>
f. Secure, by March 2019 , longer term accommodation arrangements for the Agency's Headquarters and Regional Office respectively.	<p>Outcome delivered</p> <p>Following DfE and DoF approval, the Agency has agreed an extension of the Head Office lease until 2022.</p> <p>A business case to relocate the Regional Office to new premises was approved by DoF in February 2019. Relocation is planned for June 2019.</p>

Case Volumes and Customer Engagement Statistics

Advisory Facts & Figures

Table 1: General Enquiries

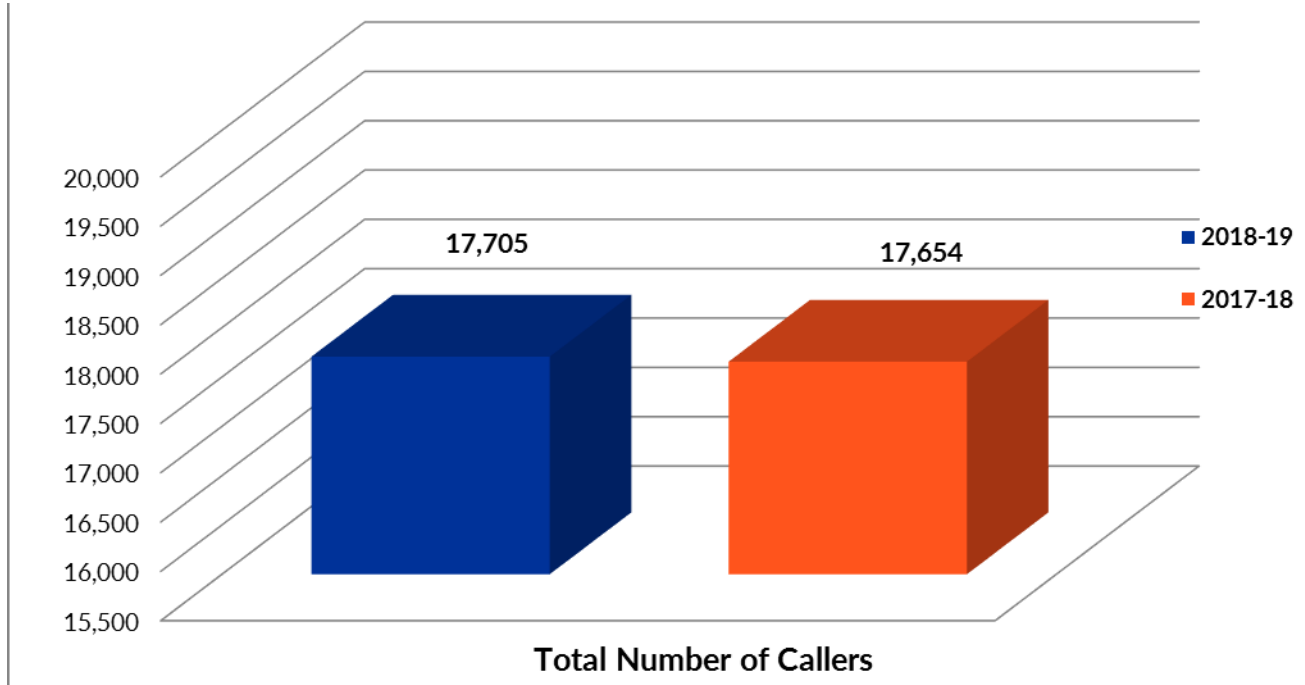


Table 2: General Enquiries by Type

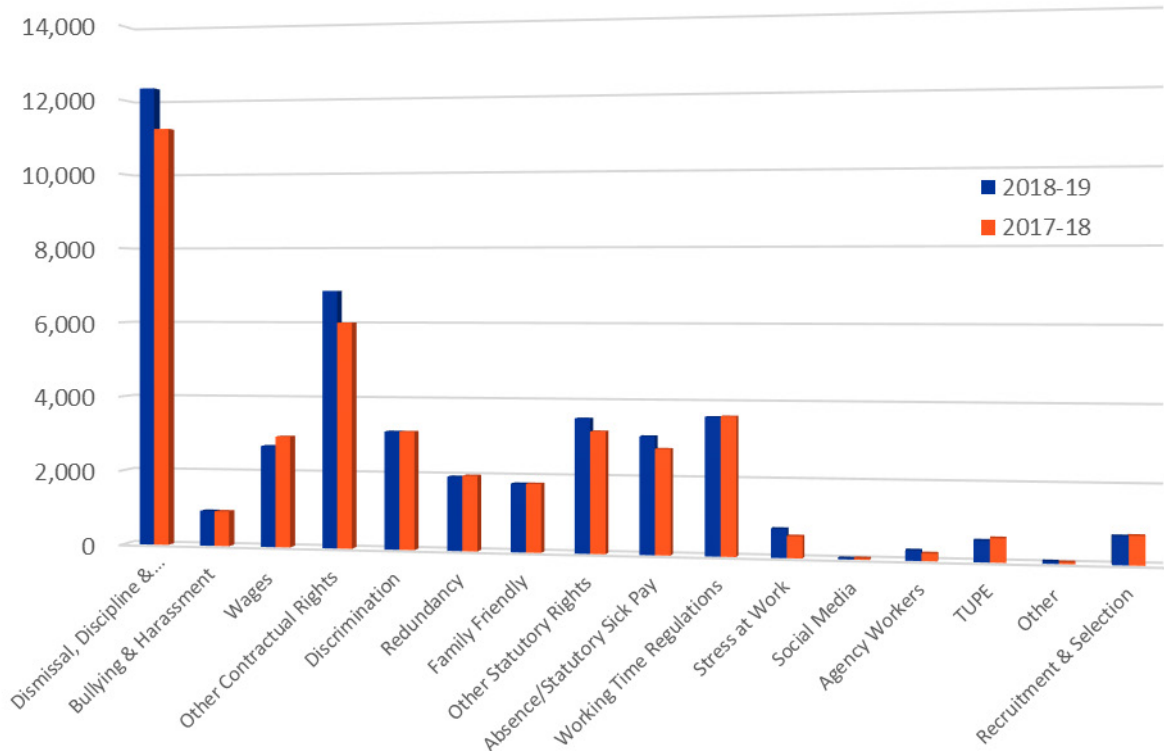


Table 3: Advisory Cases Received

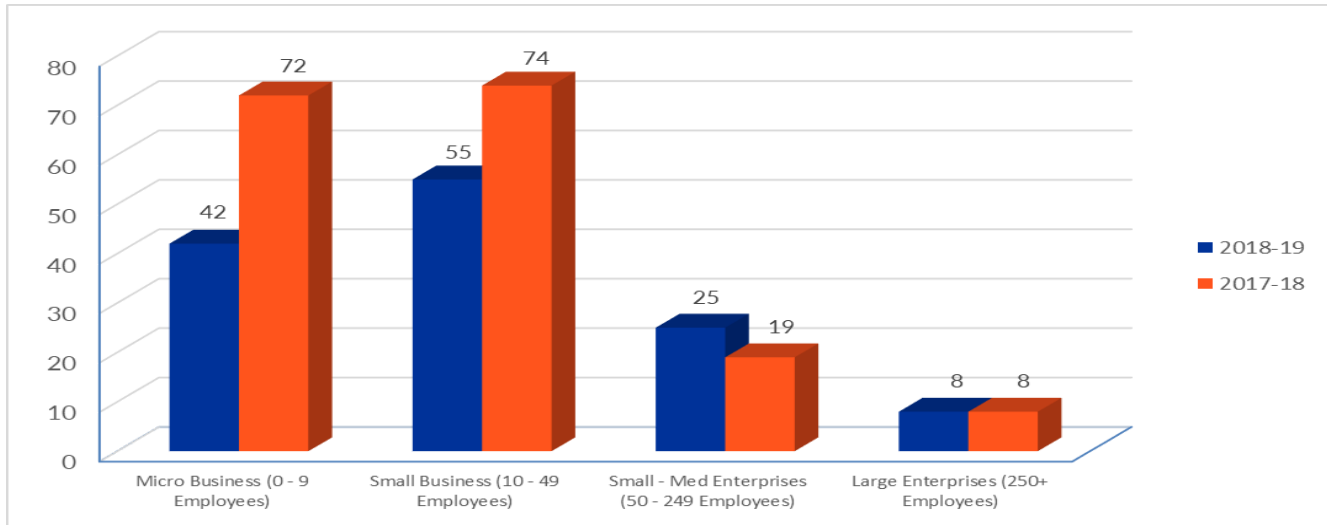


Table 4: No. of Good Practice Seminars on Employment Law & Practice Held

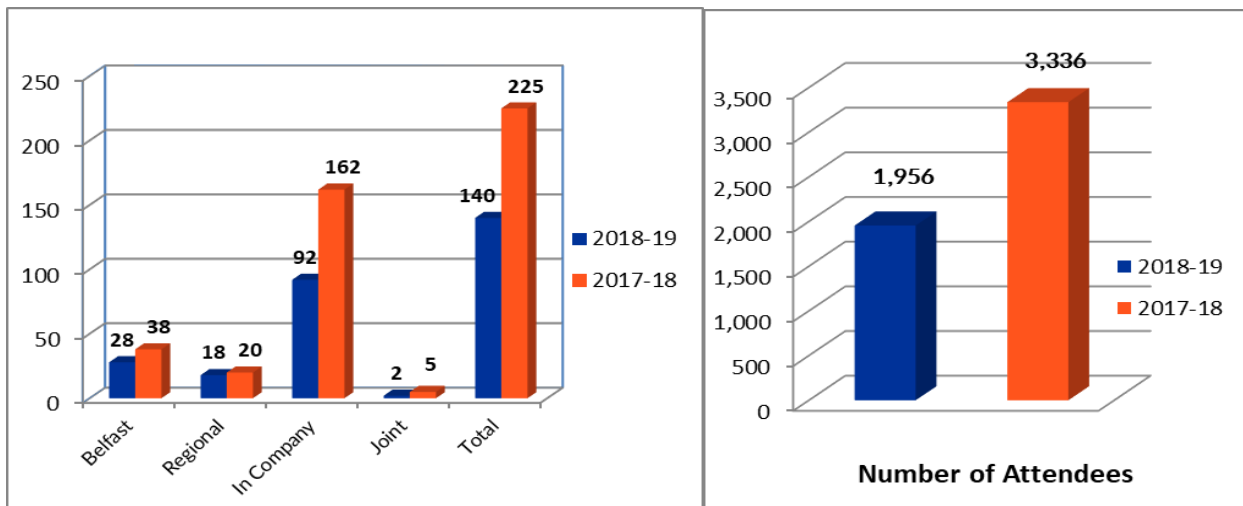


Table 5: Advisory Workshops on Employment Documentation

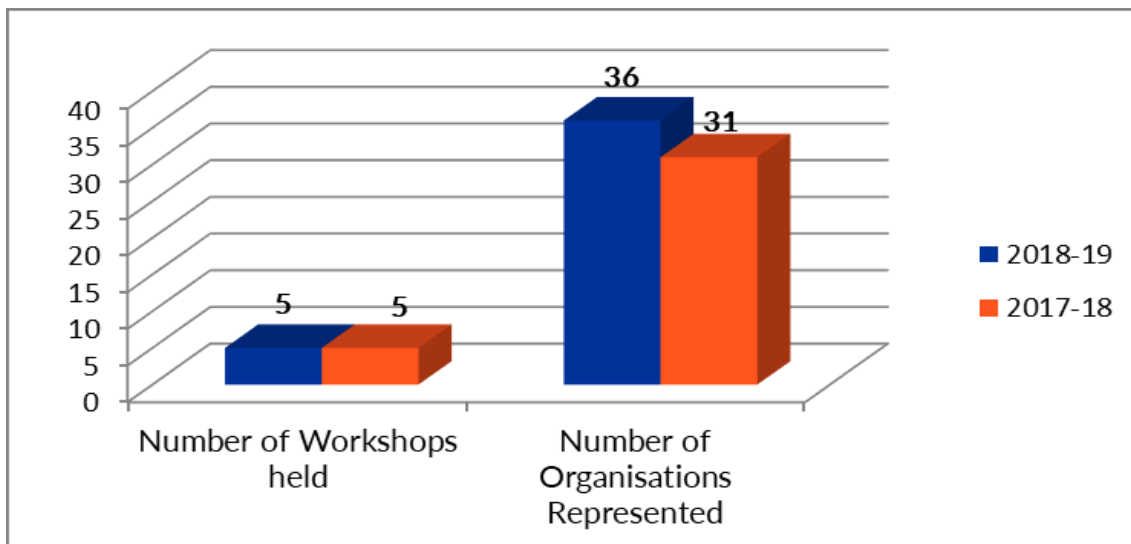


Table 6: Web Trends

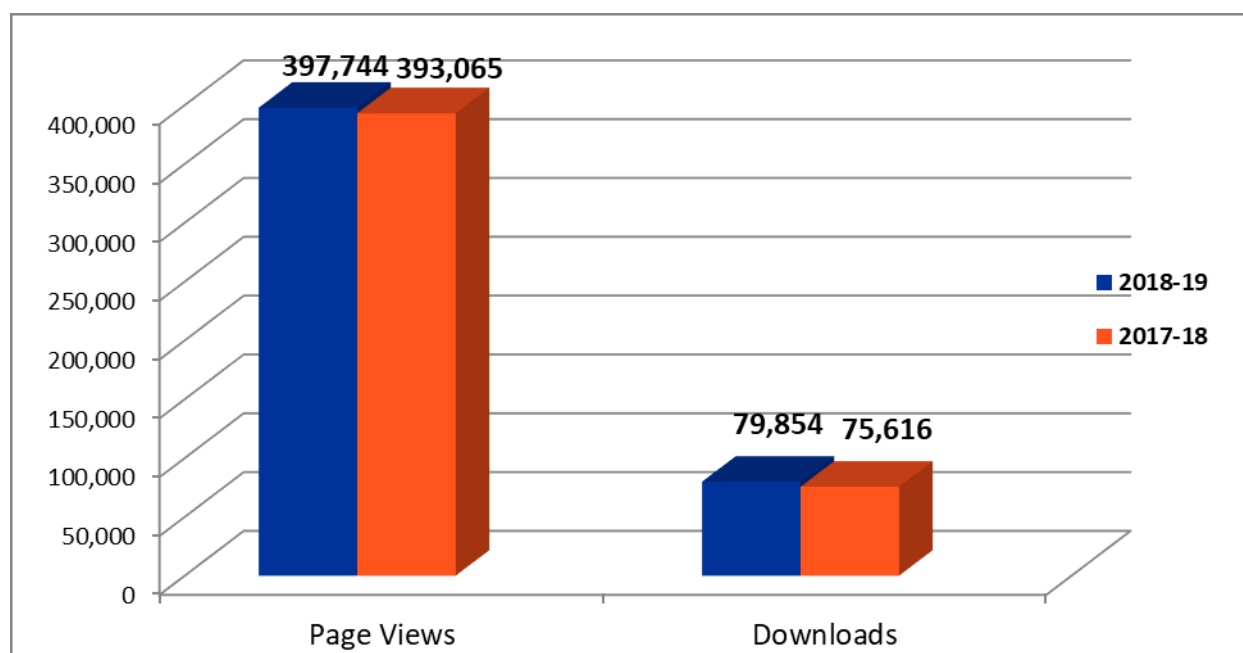


Table 7: Top 10 Downloads

Top 10 Downloads	2018-19	2017-18
1. Advisory Guide on Handling Discipline and Grievances at Work	23.6%	12.5%
2. Redundancy - sample letters and Flowcharts	19.9%	3.6%
3. Codes of Practice Disciplinary and Grievance Procedures 3rd April 2011	17.5%	27.2%
4. Disciplinary and grievance procedures - sample letters and flowcharts	5.8%	8.2%
5. Information notes No 3 Holidays and Holiday Pay	3.5%	2.7%
6. Joint EC & LRA publications on Bullying & Harassment in the workplace	3.1%	3.1%
7. Small Businesses Leaflets	3.1%	-
8. Advisory Guide - Preparing a Written Statement of Main Terms and Conditions of Employment	3.0%	-
9. Advisory Guide on Handling Redundancy	2.3%	4.7%
10. Advisory Guide on Agreeing and Changing Contracts of Employment	1.8%	-

Conciliation & Arbitration Facts and Figures

Table 8: Individual Conciliation Claims Received and Dealt with other than Fair Employment

Jurisdiction	Claims Received		Claims Dealt With	
	2018-19	2017-18	2018-19	2017-18
Unfair Dismissal	1,687	1,842	1,583	1,766
Wages Order	12,708	15,477	636	723
Breach of Contract	182	1,093	634	549
Other Employment Rights	11,467	19,040	691	1,273
Equal Pay	34	60	49	33
Age Discrimination	93	128	106	75
Sex Discrimination	228	258	256	243
Disability Discrimination	287	281	286	262
Race Discrimination	89	81	82	75
Sexual Orientation Discrimination	25	24	27	20
Flexible Working	15	10	15	8
TOTAL	26,815	38,294	4,365	5,027

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

Jurisdiction	Settled		Withdrawn		Tribunal		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Unfair Dismissal	1,223	1,400	235	217	110	123	1,583	1,766
Wages Order	366	293	158	300	93	94	636	723
Breach of Contract	373	266	139	146	120	134	634	549
Other Employment Rights	372	384	185	692	112	172	691	1,273
Equal Pay	36	14	11	16	2	3	49	33
Age Discrimination	50	37	43	30	13	8	106	75
Sex Discrimination	147	126	85	95	24	21	256	243
Disability Discrimination	151	145	87	85	45	30	286	262
Race Discrimination	44	28	26	21	12	26	82	75
Sexual Orientation Discrimination	9	9	14	7	3	4	27	20
Flexible Working	8	4	6	3	1	1	15	8
TOTAL	2,779	2,706	989	1,612	535	616	4,365	5,027

Table 10: Fair Employment Claims Received and Dealt With

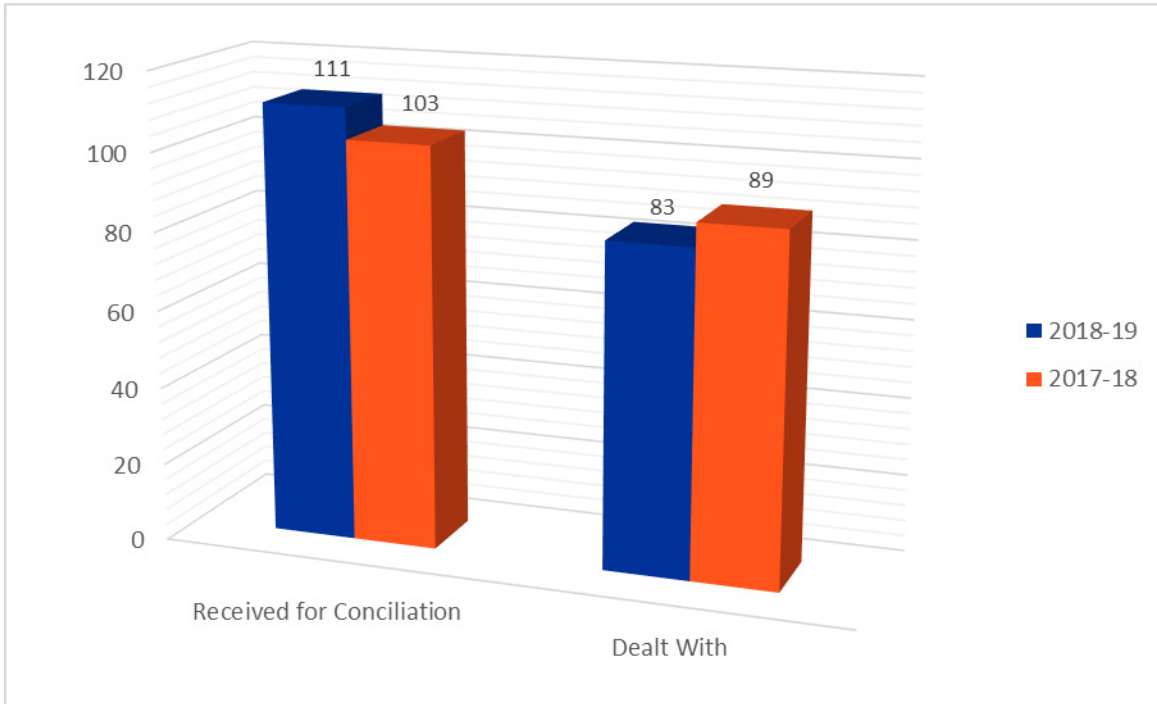


Table 11: Analysis of Fair Employment Claims Dealt With

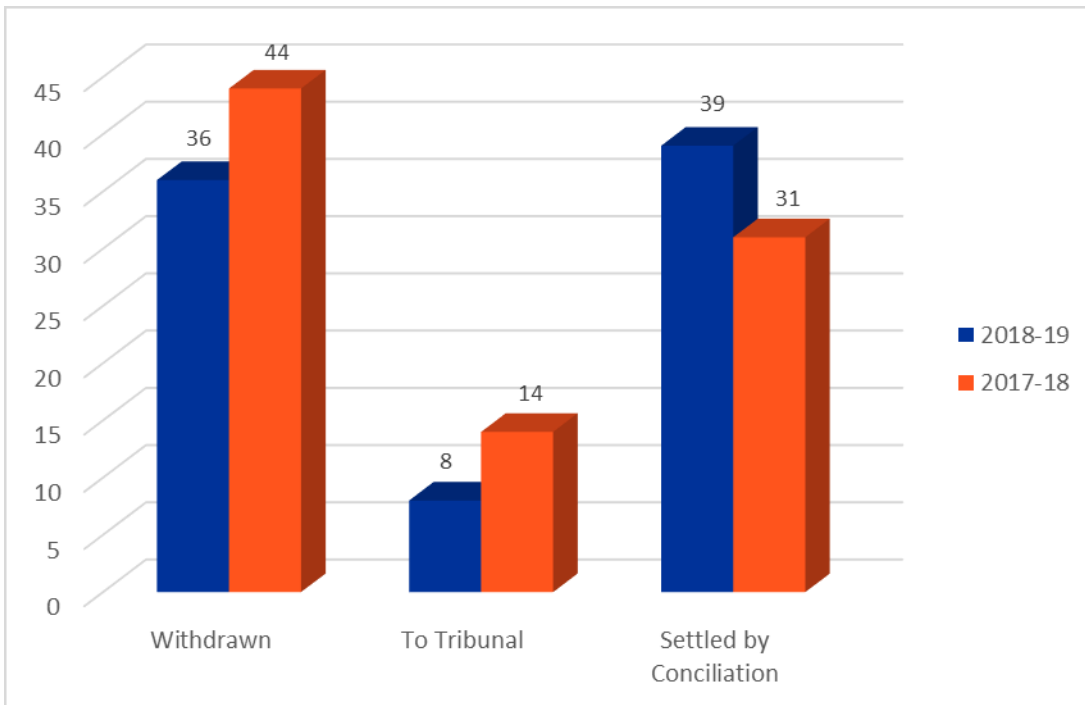


Table 12: All Individual Rights and Fair Employment Claims Received and Dealt With

Category	Carried Over From 2017-18	Claims Received 2018-19	Claims Dealt With 2018-19	Carried Over 2019-20
Employment Claims	21,347	26,044	3,544	43,847
Equality Claims	1,855	882	904	1,833

Table 13: Pre-Claim Conciliation (PCC) Referrals

	2018-19	2017-18
Total Number of PCC referrals from the WIS ⁸	43	82
Direct Referrals	0	3
Total converted to IC cases	43	85
Un-progressed - employee unwilling	0	1
Un-progressed - employer unwilling	6	10
Un-progressed - Resolved in initial discussions etc	2	3

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

	2018-19	2017-18
Cases brought forward from previous year	15	22
Cases received in year	35	15
Total cases in hand	50	37
Cases dealt with	13	9
Cases withdrawn	14	10
Abandoned	3	3
Cases carried forward in to next year	20	15

Table 15: Source of Requests for Independent Appeals/Arbitration

	No. Received 2018-19
Teaching Sector of Education Service	10
Non-Teaching Sector of Education Service	11
Board Officers of Education Service	3
Procedures agreed within Local Government	6
Further Education Sector	5
Public Bodies/Voluntary	0
PSNI	0
Total	35

Table 16: Subject of Requests for Independent Appeals/Arbitration

	No. Received 2018-19
Grievance	16
Grading/Job Evaluation	0
Harassment	11
Interpretation of Agreement	0
Pay/Conditions of Employment	0
Redundancy	0
Discipline/Dismissal	5
RPA	3
Total	35

Table 17: Cases received under the Statutory Arbitration Scheme

	2018-19	2017-18
Cases brought forward from previous year	1	1
Arbitration Agreements received	0	0
Arbitration Agreements accepted	0	0
Number of Arbitration hearings held	0	0
Number of Arbitration Awards issued	0	0
Cases settled without a hearing	0	0
Cases withdrawn	0	0
Carried forward to following year	1	1

Table 18: Mediation Cases

	2018-19	2017-18
Brought Forward from previous year	8	8
Received in period	64	59
Total	72	67
Broken down as follows:		
Mediation Referrals Withdrawn in period	28	24
Mediation Referred to Individual Conciliation	1	0
Mediations Undertaken and Completed in period	29	35
Of these:		
• Issues resolved	26	29
• Issues unresolved	3	5
• Pre-Claim Conciliation Settlements	0	1
• Issues Narrowed	0	0
Carried forward to following period	14	8

Table 19: Collective Conciliation Cases Received and Dealt With

	2018-19	2017-18
Brought Forward from previous year	2	2
Received for Conciliation	18	21
Total	20	23
Dealt with during the year	16	21
Carried Forward to following year	4	2

Table 20: Sources of Requests for Collective Conciliation

	2018-19	2017-18
Trade Union Approach	7	12
Employer Approach	11	9
Joint Approach	0	1
LRA	2	1
Industrial Court	0	0
Total	20	23

Table 21: Collective Conciliation Cases Received by Industry Classification

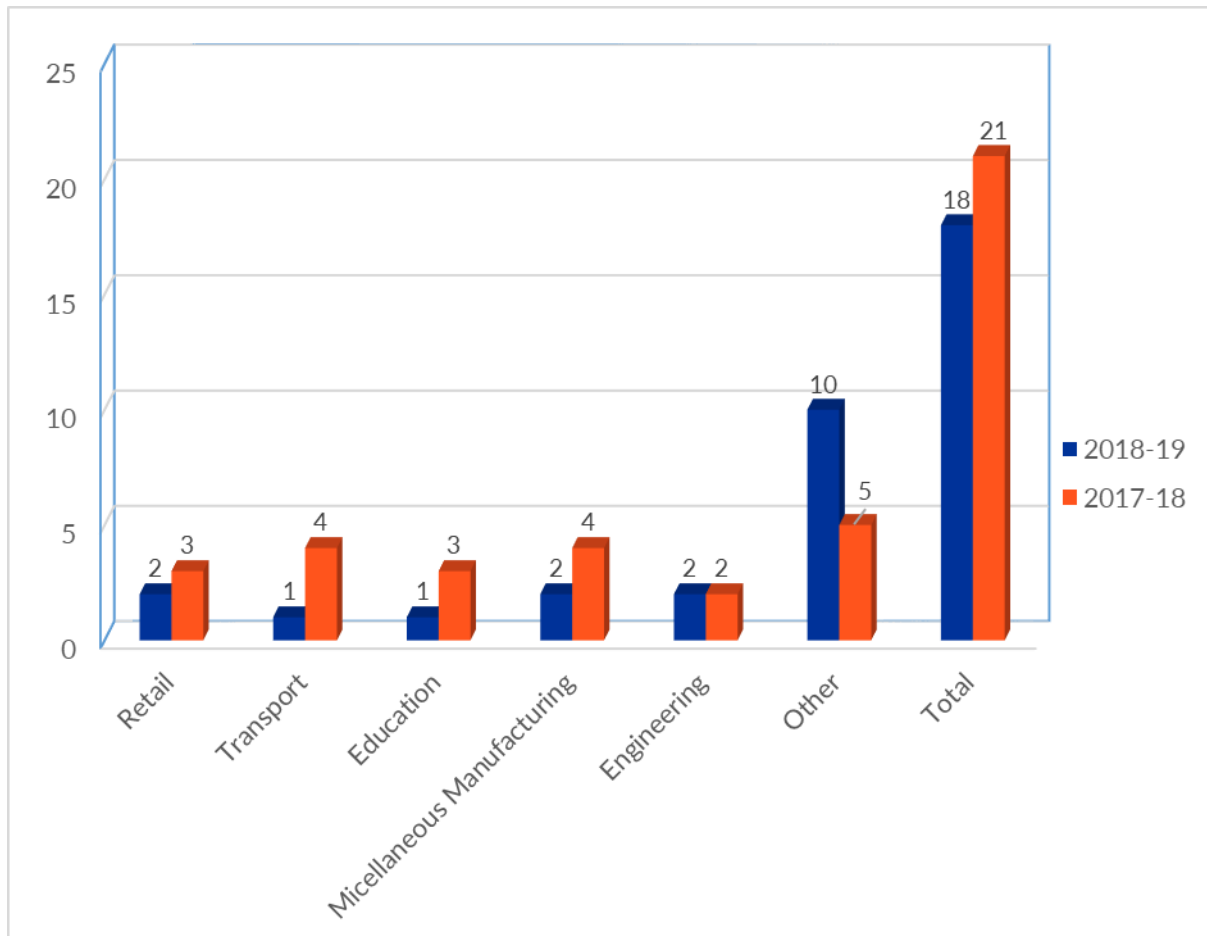
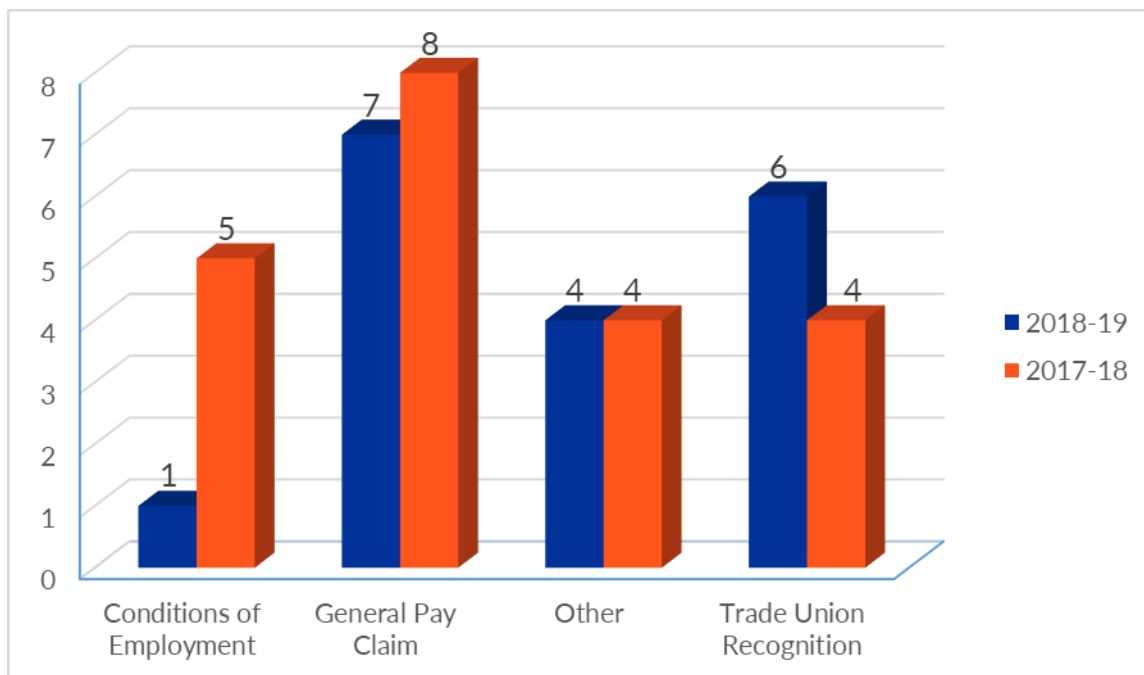


Table 22: Nature of Disputes

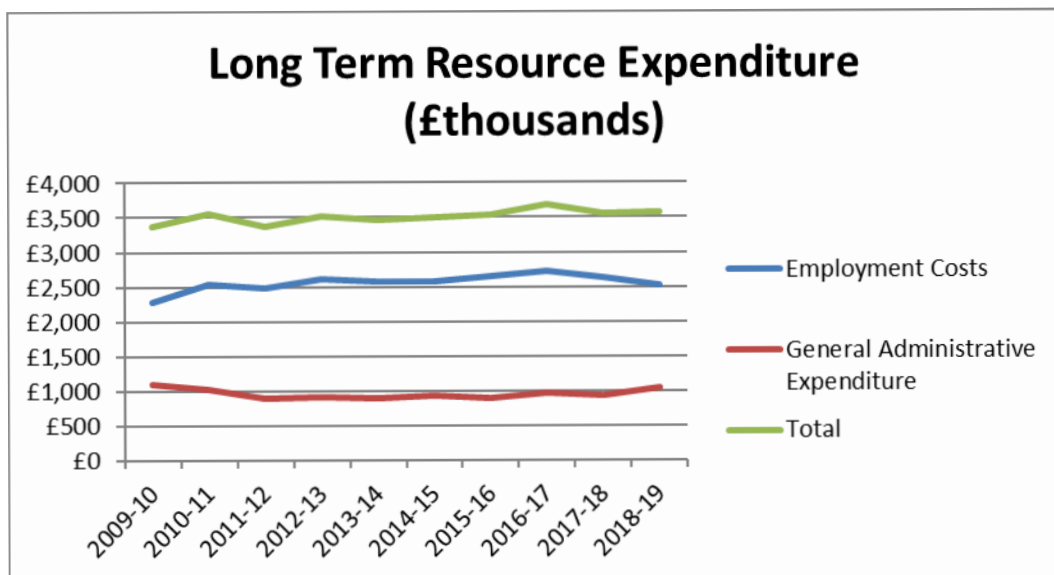


Financial Performance

The Agency achieved its key financial target of achieving an expenditure outturn of 99% of its resource and capital budget.

Long Term Expenditure Trends

The chart below illustrates the Agency's resource expenditure (employment and administrative costs) over the past 10 years.⁹



As can be seen, through various cost control measures, the Agency's outturn throughout this period has been fairly constant. Employment costs have risen by only 10% during the 10-year period. While pay awards have been limited by Government pay control to around 1-2% per year during this period, there have been increases in employer's National Insurance and pension contributions. The Agency's staffing is three fewer than in 2009-10 because a number of posts were suppressed following the Voluntary Exit Scheme in 2017-18.

General administrative expenditure (accommodation, office running costs, and staff travel and learning and development) is slightly less than 10 years ago. This is because the Agency continues to focus on cost savings and efficiency measures in this area to ensure as much resource as possible can be devoted to service delivery by our staff.

Variance Analysis

Resource expenditure in 2018-19 compared to 2017-18 **increased** significantly (more than £5k) in the following areas:

- **Staff training (+£19k):** expenditure in 2018-19 included the inaugural Leadership Development Programme, which was implemented as part of the Agency's transformation programme, and participation by two staff members on the Post Graduate Certificate in NI Employment Law and Practice. There was also an upturn in learning and development activities more generally, which had been constrained in the prior year due to organisational change;
- **IT Managed Services (+£33k):** increased support costs associated with the enhanced Case Management Records System (CMRS), which was developed in 2017-18 and became operational in 2018-19 (see Capital below). Also, small IT-related expenditure items which were previously accounted for under 'Other Costs' are now grouped under this budget heading;
- **Postage and telephones (+£11k):** increased costs associated with the creation of new, non-geographic (03300) telephone numbers for the Agency and other network upgrades;
- **Publications and advertising (+£19k):** implementation of the new Communications Strategy (agreed in January 2018), which included the creation and implementation of new corporate branding and promotional materials for use at outreach events to raise awareness of the Agency's services;
- **Travel and subsistence (+£6k):** increased business travel, which had been constrained in the prior year due to organisational change;
- **Miscellaneous (+£6k):** the increase is mostly as a result of Stamp Duty Land Tax, which was payable as a result of the lease extension for the Agency's Head Office;
- **Advertising (staff vacancies) (+£6k):** three external recruitment exercises were conducted during the year to fill vacant posts at Director, Employment Relations Manager, and Employment Relations Officer grades. There were no recruitment exercises in the previous year;
- **Other professional fees (+£12k):** increased costs associated with assessment against the Investors in People and Customer Service Excellence standards respectively, and legal costs to complete the lease extension for the Agency's Head Office;
- **Internal auditor's remuneration (+£6k):** a payment relating to work during the previous year was not accounted for in the Financial Statements for 2017-18, and two additional days were required for audit fieldwork in 2018-19; and,
- **Research and development (+£15k):** two research projects were undertaken during 2018-19, whereas there were none in the previous year. One was a survey of public awareness of the Agency and its services to inform the targeting of communications; the other was part of a UK-wide survey with Acas into alternative dispute resolution practices within workplaces.

Resource expenditure in 2018-19 compared to 2017-18 **decreased** significantly (less than £5k) in the following areas:

- **Employment costs (-£259k):** expenditure in 2017-18 included £185k on a Voluntary Exit Scheme (VES). This resulted in a number of vacancies, some of which were transformed and filled part way through 2018-19 (thereby not incurring full year costs) and others were

permanently suppressed. These reductions were offset in part by an accrual for a pay award, which is backdated to August 2018, and a compensation payment for a delayed exit under the 2017-18 VES; and,

- **Rent (-£12k):** expenditure in 2017-18 included an accrual for rent arrears following the outcome of the 2014 Rent Review.

In addition, the Agency incurred capital costs of £120k. This covered redevelopment of the Agency's website, and enhancements to Head Office accommodation (refurbishment of the reception area and office space to house the merged Business Support Team). This was in addition to routine expenditure on building repairs and software licenses.

Capital expenditure was significantly less in 2018-19 than the previous year. This was because capital expenditure in 2017-18 included enhancements to CMRS, which cost £227k.

There were significant variances between 2018-19 and the prior year in trade payables and accruals of +£98k and -£215k respectively. The increase in trade payables was the result of large invoices received at the end of the financial year for Head Office rent arrears backdated to 2014 following conclusion of the Rent Review and for work on enhancements to CMRS following user acceptance testing.

The reduction in accruals was mostly because the CMRS development work had concluded at the end of 2017-18, but had not at that stage been through user acceptance testing. Also, while the outcome of the Rent Review had been confirmed, payment was linked to conclusion of the extension of the Head Office lease, which was not signed until March 2019.

Corporate Social Responsibility

The Agency seeks to facilitate staff wishing to contribute to charitable causes on an individual or collective basis. The Agency participates in the Payroll Giving Scheme for which it received a Platinum Award. This generated £1,320 for charities in 2018-19.

In addition, the Agency and its staff undertake a number of initiatives in respect of its Corporate Social Responsibility. In 2018-19, these included:

- Periodic collections of clothing and toiletries to support those in our society experiencing or at risk of homelessness;
- Food collections for a local Food Bank;
- Donating unrequired furniture to local charities;
- Fundraising at a staff social event for Belfast Cathedral's annual 'Black Santa' appeal; and,
- Encouraging and supporting staff members' own charitable fund-raising work by, for example, allowing the premises to be used to host 'coffee mornings'.

Sustainability

The Agency takes very seriously its corporate commitment to comply with environmental best practice and to seek opportunities to reduce our carbon footprint. As a result:

- All (100%) of Dry Mixed Recycling (DMR) materials generated on the premises are fully recycled. DMR waste includes plastics, cardboard, paper and cans. All waste (dry and residual) collections are evidenced, weighed and traced from collection to final destination. Dry mixed office waste is processed for onward re-use in compliance with all waste and transport legislation including a duty of care that ensures that waste is taken to suitably authorised facilities minimising landfill; and,
- Of the General/Residual Waste collected from our offices, 65% is recycled with just 35% diverted to landfill.

A handwritten signature in black ink, appearing to read 'Tom Evans', with a stylized flourish above the name.

Tom Evans
Chief Executive/Accounting Officer
27 June 2019

Chapter 2

Accountability Report

Corporate Governance Report

The Agency has put in place a corporate governance structure that is consistent with best practice standards and fully compliant with the requirements of Managing Public Money (Northern Ireland). This section of the report provides a brief overview of the governance structures and practices that are described in more detail in the Governance Statement.

The Agency's Board comprises the Chair and nine other members appointed under the Commissioner for Public Appointments Regulations administered through DfE, the sponsor Department.

The sponsor Department reviews the Chair's performance on an annual basis; similarly, the Chair completes an annual performance appraisal with each Board member. The Board also conducts an annual self-assessment exercise to determine whether the Board is operating effectively and to identify areas for improvement.

The Chair appraises the Chief Executive on an annual basis in consultation with the Board's Finance and Personnel Committee.

The Board is responsible for establishing the strategic direction of the Agency and for monitoring performance against agreed operational targets. The Board has established a number of committees to ensure there is adequate oversight of the Agency's operations.

The Audit and Risk Assurance Committee (ARAC) provides the Board and the Accounting Officer with assurance about the effectiveness of the Agency's internal control framework. The Committee meets at least four times per year.

The Finance and Personnel (F&P) Committee fulfils a more detailed scrutiny function on corporate matters relating to finance, HR, ICT, and premises. Its role is not just to challenge the work of the Senior Leadership and Senior Management Teams (SLT/SMT), but also to provide advice to inform the Board's decision-making.

The Research Committee, which is ad hoc, did not meet in the reporting period.

The Committee Chairs provide written updates at Board meetings.

The Agency is required by statute to provide the Northern Ireland Certification Officer with the necessary staff and corporate support services to fulfil the requirements of its governing legislation.¹⁰

Directors' Report

Chair and Chief Executive

The Chair of the Labour Relations Agency during 2018-19 was Marie Mallon. The Chief Executive and Accounting Officer was Tom Evans.

Board

The Agency's overall strategic direction and governance arrangements, and the delivery of its functions as set out in legislation, are established and overseen by a Board.

Board members are appointed by the Minister for the Economy (all appointments made prior to May 2016 were made by the Minister for Employment and Learning).

Schedule 4¹¹ to the Industrial Relations (Northern Ireland) Order 1992 specifies that the Board should comprise a Chair and nine members. Of the Board members:

- Three should be representative of employers;
- Three should be representative of employees; and,
- Three should be "other persons as appear to the Minister to be appropriate."

In the absence of a Minister in 2018-19, DfE extended the appointments of the Chair and Board members until 30 June 2019 (a further extension is anticipated in due course). The Board members, who served the Agency in 2018-19, and their dates of appointment, are set out in the table below – biographical information is available on the Agency's website.¹²

Name	Date appointed to Board	End of present Term of Office
Marie Mallon (Chair)	01-08-14	30-06-19 (extension of 1st term)
Louise Crilly	16-11-15	30-06-19 (extension of 1st term)
Deirdre Fitzpatrick	01-12-14	30-06-19 (extension of 1st term)
Michelle McGinley	16-11-15	30-06-19 (extension of 1st term)
Gary McMichael	01-12-11	30-06-19 (extension of 2nd term)
Alison Millar	01-09-11	30-06-19 (extension of 2nd term)
Albert Mills	01-11-12	30-06-19 (end of 2nd term)
Jill Minne	01-12-14	30-06-19 (extension of 1st term)
Daire Murphy	01-12-14	30-06-19 (extension of 1st term)
Pauline Shepherd	01-01-13	30-06-19 (extension of 2nd term)

Senior Leadership Team and Senior Management Team

Decisions on resource allocations are taken separately by the SLT, which comprises the Chief Executive and two Directors. SLT members are Board level employees.

Operational management of the Agency (business plan and budget monitoring, risk management, etc) is undertaken by the wider SMT, which comprises the Chief Executive, Directors, and Employment Relations Managers.

Register of Interests

The Register of Interests of Board and SLT members is published on the Agency's website.¹³

Data security

The Agency incurred no personal data breaches in 2018-19 (2017-18: none).

Creditor payment, policy and performance

The Agency is committed to the Better Payments Practice Code, and is subject to the Late Payment of Commercial Debts Regulations 2002. Payment is regarded as late if it is made outside the agreed terms, or 30 calendar days after receipt of a valid invoice where no terms are agreed.

To provide greater support to business the Agency has supported a public sector-wide commitment to paying valid invoices within 10 working days. As part of this process, prompt payment performance for both 10 working days and 30 calendar days is monitored. In 2017-18, the Agency paid:

- 81% of invoices within 10 working days (2017-18: 80%); and,
- 99% of invoices within 30 calendar days (2017-18: 98%).

Charitable donations

There were no charitable donations made in 2018-19 (2017-18: £nil).

Complaints Procedure¹⁴

No complaints about the Agency were received in 2018-19 (2017-18: none).

No matters about the Agency were referred to the Northern Ireland Public Services Ombudsman for investigation in 2018-19 (2017-18: none).

Statement of Accounting Officer's Responsibilities

The Agency is an executive Non-Departmental Public Body (NDPB) otherwise classified as an Arm's Length Body (ALB).

The Board of the Agency has appointed a Chief Executive who is the most senior executive reporting to the Board and responsible for the performance of the organisation.

The Chief Executive is appointed by the Principal Accounting Officer of the sponsor Department as Accounting Officer for the Agency. The Chief Executive is responsible to the Board and is also accountable to the Assembly for the Agency's use of resources in carrying out its functions as set out in the governing legislation and the Management Statement and Financial Memorandum (MSFM).

The Agency's Accounting Officer takes personal responsibility for the following matters:

- Regularity and propriety, including seeking DoF approval for any expenditure outside the normal delegations;
- Selection and appraisal of programmes and projects: using the Green Book (supported by additional DoF guidance) to evaluate alternatives, and good quality project and programme management techniques;
- Value for money: ensuring that the Agency's procurement, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, good value and avoidance of error and other waste, judged for the public sector as a whole and not just for the Agency;
- Management of opportunity and risk to achieve the right balance commensurate with the Agency's business and risk appetite; learning from experience, both using internal feedback, and from right across the public sector; and,
- Accounting accurately for the Agency's financial position and transactions: to ensure that published financial information is transparent and up to date, and that the Agency's efficiency in the use of resources is tracked and recorded.

Governance Statement

Introduction

This Governance Statement sets out the governance structures, risk management, and internal control procedures that have operated within the Agency during the financial year 2018-19 and up to the date of approval of the Annual Report and Accounts. The Agency's governance structure provides clarity and accountability in managing the delivery of its strategic objectives. It ensures that the Agency has the capacity to make decisions, monitor performance and assess and manage resources and risk.

Responsibilities of the Accounting Officer

As Accounting Officer, I have responsibility for maintaining an effective system of governance and internal control that supports the achievement of the Agency's aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.

In delivering this role I provide regular updates to the Agency's Board on performance against the targets specified in the annual business plan. I am supported by an SLT/SMT who contribute to my mid and end-year assurance statements and the ARAC which regularly monitors risk management activities.

The Agency's Board

As specified in Schedule 4 to the Industrial Relations (Northern Ireland) Order 1992, the Agency's Board comprises a Chair and nine members. All appointments to the Board are made in accordance with the Code of Practice published by the Commissioner for Public Appointments for Northern Ireland.¹⁵

DfE is responsible for appointing the Board members with the final decision resting with the Minister.

The role of the Board is to:

- Set the Agency's overall strategic direction within the policy framework set out in statute and the resources framework agreed with the sponsor Department;
- Oversee the delivery of planned outcomes by monitoring performance against agreed strategic objectives and targets;
- Ensure that the Agency operates within the limits of its statutory and financial delegated authority, agreed with its sponsor Department 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 Agency conducts its operations as economically, efficiently and effectively as possible, with full regard to relevant statutory provisions;
- Ensure that the Agency has policies and procedures in place to comply with Freedom of Information and Data Protection legislation, including prompt response to public requests for information and the appropriate treatment of personal data;
- Ensure that the Agency operates sound environmental policies and practices in accordance with relevant Government guidance; and,
- Ensure that high standards of corporate governance are observed at all times.

The discharge of some of the Board's responsibilities is delegated to sub-committees. There are two standing committees: the Audit and Risk Assurance Committee and the Finance and Personnel Committee. There is also a Research and Evaluation Committee – this is an ad hoc committee, which was not required to sit in 2018-19 given the nature of the Agency's business priorities for the year.

The Audit and Risk Assurance Committee

The ARAC deals with a range of issues relating to governance, internal control, accountability, and risk management. It is an advisory committee with no executive powers other than those delegated by the Board. The Committee provides recommendations to the Board for approval.

The Committee advises the Accounting Officer and Board on:

- The strategic processes for risk, control and governance and the Governance Statement;
- The accounting policies, the accounts, and the annual report of the organisation, 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;
- The planned activity and results of both Internal and External Audit;
- Adequacy of management response to issues identified by audit activity, including External Audit's management letter;
- Assurances relating to the management of risk and corporate governance requirements for the organisation;
- Proposals for tendering for Internal Audit services; and,
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

Finance and Personnel Committee

The F&P Committee deals with a range of corporate issues. It is an advisory committee with no executive powers other than those delegated by the Board. The Committee provides recommendations to the Board for approval.

The Committee advises the Accounting Officer and Board on:

- Planning for and the management of Agency resources, for example financial, staffing and accommodation;
- Policy and strategic matters relating to the Agency's finances and personnel;
- The financial performance of the Agency;
- Staffing, equality, and organisational development matters; and,
- Evaluation of the Agency's services in respect of performance and quality.

The Committee also plays a role in some of the Agency's employment policies and procedures, for example Discipline and Grievance Procedures; and considers a report from the Agency's Chair on the annual performance appraisal of the Chief Executive.

The Senior Leadership Team

The SLT comprises the Chief Executive and the two Directors. The team meets weekly to discuss ongoing operational and resourcing issues.

The Directors, collectively and individually, provide advice and support to the Chief Executive in exercising responsibility for ensuring that effective systems of internal control are maintained and operated.

The SLT is also part of the Senior Management Team with Employment Relations Managers. This wider team meets formally to review financial and business performance, key resourcing issues, and risks each month.

The Chief Executive attends individual team meetings as required to brief and consult staff on key strategic priorities and issues.

Board Member Attendance in 2018-19

Name	Board Meetings (out of 10)	Audit and Risk Assurance Committee Meetings (out of 4)	Finance and Personnel Committee Meetings (out of 4)
Marie Mallon (Chair of the Board)	10	n/a	1 ¹⁶
Louise Crilly	8	2	n/a
Deirdre Fitzpatrick (Chair, Audit and Risk Assurance Committee)	7	4	n/a
Michelle McGinley	8	n/a	4
Gary McMichael	9	3	1 ¹⁷
Alison Millar	2	2	n/a
Albert Mills (Chair, Finance and Personnel Committee)	8	n/a	4
Jill Minne	7	n/a	2
Daire Murphy	9	3	n/a
Pauline Shepherd ¹⁸	1	0	n/a

The Board normally meets 10 times per year. The quorum requirements for Board and Committee meetings are six and three respectively. Most meetings are held in Belfast, with one meeting per year held in the Regional Office in Derry/Londonderry.

The August 2018 Board meeting was held in the Regional Office. Following the October 2018 Board meeting the Agency hosted its annual public meeting at which the Chair presented an overview of the Annual Report and Accounts. These events provided opportunities for the Board to discuss the work of the Agency with stakeholders and hear about employment relations issues from across NI.

In addition to the above, the ARAC held a joint workshop with the SMT in May 2018 to develop the Agency's new Risk Management Framework and review the key corporate risks.

The Board held a planning workshop in February 2019 to agree business priorities for 2019-20.

Board Performance

Throughout 2018-19, the Board continued to operate meeting arrangements agreed at a facilitated Board effectiveness workshop in March 2017. This resulted in an annual cycle of six generic governance-type meetings with four meetings dedicated to strategy development, with only essential governance matters covered at the start of business.

The Board conducts regular reviews of its effectiveness, which are guided by the Northern Ireland Audit Office's (NIAO) Board Effectiveness Guide.¹⁹ The most recent review was at the business planning workshop in February 2019. This concluded that the Board, and its practice of devoting a set number of meetings to strategy development, is working effectively.

In October 2018, following a training needs analysis, led by the Agency's Chair and conducted by the HR Team, the Board agreed a Learning and Development Plan aligned to the period covered by the Corporate Plan (i.e. to March 2021). This plan seeks to ensure that Board members' knowledge of both best practice in governance matters and strategic issues regarding employment relations is maintained and enhanced. It also provides a focus on team development and meeting individual Board member development needs. In addition, new induction arrangements were agreed for new Board members when appointed.

Each year, the ARAC reviews the Agency's registers of policies, and contracts, respectively to ensure these are current. The Committee reviewed changes to the Risk Management Framework in May 2018, which incorporated recommendations for improvement made following the internal audit of the Agency's risk management arrangements. These changes were subsequently approved by the Board.

The key governance issues discussed by the Board in 2018-19 were the:

- Business Plan for 2018-19 and performance against this;
- Annual Report and Accounts for 2017-18, and the Report to Those Charged With Governance (RTTCWG) on the outcome of the audit of this, which is issued by the NIAO;
- Budget for 2018-19 and regular management accounts, which report against a monthly expenditure profile;
- Revised Risk Management Framework and approval of the Corporate Risk Register for 2018-19;
- Business case for relocation of the Regional Office to new premises within Derry/Londonderry city centre in June 2019;
- Key human resource management metrics;
- Outcome of a survey of public awareness of the Agency and its services;
- Chief Executive's Mid and End-Year Assurance Statements to DfE;
- Implications for the Agency of the UK's exit from the European Union;

- Fraud committed against the Agency in April 2018; and,
- Readiness to comply with new data protection requirements (GDPR). The approved minutes of all Board meetings are published on the Agency's website.²⁰ These provide further details about the issues considered by the Board.

Risk Management

In June 2017, the Agency developed and adopted a new Risk Management Framework, which was based on guidance provided by the sponsoring Department. This forms the basis for risk management in the Agency in terms of the control environment and individual roles and responsibilities to cover all key corporate and project risks. It also describes the process of risk assessment and assurance, both internally and to the Department, as well as stating how risk appetite is considered for each type of corporate risk.

As part of the Framework, each Director is required to submit an assurance statement to the Accounting Officer to confirm that risks are being managed effectively within their area of responsibility. This informs the Accounting Officer's own six-monthly assurance statement to the sponsoring Department's Accounting Officer.

The Framework was reviewed by the ARAC and Board in May 2018 in light of internal audit recommendations and changes to DfE's approach to risk management. The recommendations covered identifying risk owners and the effect of a risk materialising in the Risk Register. A new template for project-specific risks was also incorporated.

The Corporate Risk Register is approved by the Board annually, and then reviewed and updated at monthly formal SMT meetings and at every ARAC meeting.

The key corporate risks relate to the Agency's relevance, reputation, funding, infrastructure, staffing and compliance. In managing these risks, the following key issues were addressed:

- Managing within a reduced budget allocation;
- The potential impact on services of the UK's exit from the European Union; and,
- Readiness for the implementation of GDPR.

None of the identified risks materialised in 2018-19.

Internal Audit

Deloitte provides internal audit services to the Agency.

A risk-based three-year Strategic Internal Audit Plan, which was agreed in 2017, provides the basis for annual audit planning. This ensures that an informed and comprehensive opinion of the effectiveness of the Agency's governance and control systems is provided over a three year period.

The focus of Internal Audit activities in 2018-19 were:

- Financial controls: this provided assurance that weaknesses identified in the 2017-18 audit regarding the use of manual approaches have been satisfactorily addressed through the installation of new accounting software and automated processes. It also provided assurance that effective controls in respect of the Agency's Government Procurement Card are in place following the fraud in April 2018;
- Information and communication technology: some control weaknesses were identified and only limited assurance was provided following the audit in August 2018. The key control issues regarding information security had been satisfactorily addressed before the audit of the Agency's compliance with the ISO 27001 standard in November 2018; and,
- Business continuity planning: this provided assurance that appropriate measures are in place to respond to incidents and business disruptions (such as fire, flood, power outage, and terrorism) in order to continue services at an acceptable level.

There was also a follow-up review of the implementation of internal audit recommendations made in 2017-18. This confirmed that most recommendations had been fully implemented. There were two exceptions, both related to data protection. One recommendation was partially implemented – certificated training for the Data Protection Officer, which is to be provided through the NICS, is awaited to conclude the matter. The other recommendation was no longer relevant.

Overall, Internal Audit concluded that the Agency has satisfactory controls in place.

The internal audit programme operated to requirements defined in the Public Sector Internal Audit Standards (PSIAS).

External Audit

External Audit is undertaken by the NIAO. Following the audit of this Annual Report and Accounts, the NIAO made one minor recommendation in the RTTCWG. This related to ensuring that control sheets are completed for all relevant procurements.

Ministerial Direction

No Ministerial Directions were received in 2018-19.

Data Security

The Agency continues to maintain an Information Security Management System certified to ISO 27001 to protect the confidentiality, integrity and availability of corporate and personal information.

An annual review of this was carried out by Intertek in November 2018 – no significant issues were identified.

There were no data security incidents in 2018-19 (2017-18: none).

Governance issues identified in 2018-19

There were no governance issues identified in 2018-19 (2017-18: none).

Conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control. This review is informed by the work of the Internal Audit and its comments and recommendations, and the opinion of the Comptroller and Auditor General as set out in the NIAO's Report to those Charged with Governance. It is also informed by the work of the Board, the ARAC and the F&P Committee, and assurances from the Agency's Directors who have responsibilities for the development and maintenance of the internal control framework.

I am aware of the importance of my ongoing review of the effectiveness of the systems of governance and internal controls within the Agency, and I will continue to review these systems and processes to ensure continuous improvement.

Remuneration and Staff Report

Remuneration Report

The Remuneration and Staff Report sets out the Agency's remuneration policy for Board and SLT members, and how that policy has been implemented. It also sets out the amounts awarded to Board and SLT members and, where relevant, the link between performance and remuneration. The Report also provides details on remuneration and staff that the Northern Ireland Assembly and others see as key to accountability.

Chair and Board Members

The Chair and Board members are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments for Northern Ireland. They are normally appointed for a fixed period of three years. Thereafter, they may be reappointed in accordance with the Code of Practice.

The remuneration of the Chair and Board is set by DfE. Increases are calculated in line with the recommendations of the Senior Salaries Review Body. There are no arrangements in place for the payment of a bonus.

The Agency reimburses the Chair and Board members for any incidental expenses incurred for carrying out their duties relevant to the organisation. These expenses amounting to £816 (2017-18: £389) have been paid during the year and are reflected under Other Expenditure in Note 4 to the accounts.

Pension benefits are provided to the Chair through the Northern Ireland Civil Service pension schemes. Board members do not receive pension benefits from the Agency or DfE as a result of their appointments.

Senior Leadership Team

The SLT comprises the Chief Executive and two Directors with responsibility for Corporate Services and Employment Relations Services respectively.

Remuneration Policy

While not civil servants, the Agency's staff are subject to levels of remuneration and terms and conditions of service (including superannuation) in accordance with the NICS pay structure as approved by DfE and DoF.

The Agency's Chief Executive post is equivalent to Assistant Secretary (Grade 5) within the Senior Civil Service (SCS). SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

Director posts are equivalent to Grade 7/Principal within the NICS.

The pay remit for the NI public sector, including the SCS, is normally approved by the Minister of Finance. In the absence of an Executive, DoF's Permanent Secretary has set the 2018-19 NI public sector pay policy in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. The pay award for SCS staff for 2018-19 was finalised in June 2019.

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

Service Contracts

Staff appointments are made in accordance with the Agency's Recruitment, Selection and Transfer Procedure, which requires appointments to be on merit on the basis of fair and open competition. Unless otherwise stated below, the staff 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.

Salary and Pension Entitlements

The following section is subject to audit. It provides details of the remuneration and pension interests of the Agency's Chair and Board members and the SLT, and the Certification Officer.

Chair and Board members	2018-19				2017-18			
	Salary £'000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1,000)	Total £'000	Salary £'000	Benefits in Kind (to nearest £100)	Pension Benefits (to nearest £1,000)	Total £'000
Marie Mallon	20-25	-	11	35-40	20-25	-	10	30-35
Alison Millar	5-10	-	-	5-10	5-10	-	-	5-10
Gary McMichael	5-10	-	-	5-10	5-10	-	-	5-10
Albert Mills	5-10	-	-	5-10	5-10	-	-	5-10
Pauline Shepherd ²¹	0-5	-	-	0-5	5-10	-	-	5-10
Deirdre Fitzpatrick	5-10	-	-	5-10	5-10	-	-	5-10
Jill Minne	5-10	-	-	5-10	5-10	-	-	5-10
Daire Murphy	5-10	-	-	5-10	5-10	-	-	5-10
Louise Crilly	5-10	-	-	5-10	5-10	-	-	5-10
Michelle McGinley	5-10	-	-	5-10	5-10	-	-	5-10
Senior Leadership Team								
Tom Evans <i>Chief Executive</i>	70-75	-	15	85-90	65-70	-	-2	65-70
Don Leeson <i>Director of Corporate Services</i>	50-55	-	25	75-80	50-55	-	20	70-75
David McGrath ²² <i>Interim Director of Employment Relations Services</i>	50-55	-	-43	5-10	50-55	-	-8	40-45
Penny Holloway ²³ <i>Director of Conciliation and Arbitration</i>	-	-	-	-	35-40	-	-49	-5-10
Certification Officer								
Sarah Havlin	20-25	-	11	30-35	20-25	-	8	25-30

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 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. No benefits in kind were paid to staff or Board members in 2018-19 (2017-18: £nil).

Bonuses

Bonus payments are not made to Board members or staff (2017-18: £nil).

Fair Pay Disclosure

	2018-19 £'000	2017-18 £'000
Band of the highest paid director's total remuneration (Chief Executive) ²⁴	70-75	65-70
Median Total Remuneration	30.1	29.3
Ratio	2.5	2.5

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

The banded remuneration of the highest-paid director in the Agency in the financial year 2018-19 was £70-75k (2017-18: £65-70k). This was 2.5 times (2017-18: 2.5) the median remuneration of the workforce, which was £30,100 (2017-18: £29,300).

In 2018-19, one employee (2017-18: one), the Chief Executive, was the highest-paid director with remuneration of £70-75k.

Pension Entitlements

Name	Accrued pension at pension age as at 31/3/19 and Related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/19 £'000	CETV at 31/3/18 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account £'000
Marie Mallon <i>Agency Chair</i>	0-5	0-2.5	45	33	9	-
Tom Evans <i>Chief Executive</i>	35-40 + lump sum of 115-120	0-2.5 + lump sum of 0-2.5	856	821	14	-
Don Leeson <i>Director of Corporate Services</i>	5-10	0-2.5	122	96	17	-
David McGrath ²⁵ <i>Interim Director of Employment Relations Services</i>	20-25 + lump sum of 150-155	0 + lump sum of 67.5-70	517	533	-15	-
Sarah Havlin <i>Certification Officer</i>	0-5	0-2.5	38	29	5	-

Northern Ireland Civil Service Pension Arrangements

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

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

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

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

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2018 was 2.4% and HM Treasury has announced that public service pensions will be increased accordingly from April 2019.

Employee contribution rates for all members for the period covering 1 April 2019 – 31 March 2020 are as follows:

Scheme Year: 1 April 2019 to 31 March 2020

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2019 to 31 March 2020
£0	£23,500.99	4.6%
£23,501.00	£54,500.99	5.45%
£54,501.00	£150,000.99	7.35%
£150,001.00 and above		8.05%

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

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

The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

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

Compensation for Loss of Office

David McGrath left under Voluntary Exit terms on 30 March 2019 receiving a compensation payment of £27k.

Staff Report

Staff Costs

The following section is subject to audit.

Staff costs comprise:	2018-19 £	2017-18 £
Labour Relations Agency (excluding Certification Office):		
Permanently employed staff:		
Wages and salaries (includes childcare vouchers)	1,828,612	2,077,121
Social security costs	154,117	159,046
Other pension costs – superannuation	385,721	397,430
	2,368,450	2,633,597
Others:		
Employment Agency Staff	21,609	13,639
Sub Total (excluding Certification Office)	2,390,059	2,647,236
Less recoveries in respect of outwards secondments	-	-
Total	2,390,059	2,647,236
The Certification Officer and Staff		
Wages and salaries	123,705	123,635
Social Security Costs	10,937	11,483
Other pension costs – superannuation	27,012	28,199
Total	161,654	163,317
TOTAL STAFF COSTS	2,551,713	2,810,553

The above staff costs are analysed as follows:	2018-19 £	2017-18 £
Board members		
Chair's salary and Board member fees	73,661	72,886
Social security costs	2,307	2,301
Other pension costs – superannuation re Chair	6,616	6,532
	82,584	81,719
Senior Leadership Team		
Salaries	208,522	169,030
Social security costs	21,286	19,964
Other pension costs – superannuation	43,533	41,886
	273,341	230,880
Employment Relations Services		
Salaries	1,150,094	1,212,047
Social security costs	99,601	103,343
Other pension costs – superannuation	253,868	267,297
	1,503,563	1,582,687
Corporate Services		
Salaries	396,335	623,158
Social security costs	30,923	33,439
Other pension costs – superannuation	81,704	81,714
Employment agency staff	21,609	13,639
	530,571	751,950
Certification Office		
Certification Officer: Salary	21,632	20,726
Social security costs	1,824	1,735
Other pension costs – superannuation	4,932	4,725
	28,388	27,186
Certification Office Staff		
Salaries	102,072	102,909
Social Security costs	9,113	9,748
Other pension costs – superannuation	22,081	23,474
	133,266	136,131
TOTAL EMPLOYMENT COSTS	2,551,713	2,810,553

Pension Costs

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Agency is unable to identify its share of the underlying assets and liabilities. The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2012 scheme valuation was completed by GAD in February 2015. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2015 to 31 March 2019.

For 2018-19, employers' contributions of £412,733 were payable to the NICS pension arrangements (2017-18: £423,653) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands.

Work was completed on the 2016 valuation, based on the position as at 31 March 2016. The outcome of this scheme valuation informed employer contribution rates for 2019-20. Employer contribution rates payable will range from 28.7% to 34.2% of pensionable pay, based on salary bands. This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% pa above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 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. Employers' contributions of £nil (2017-18: £nil) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2017-2018, 8% to 14.75%) of pensionable pay.

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

Employer contributions of £nil, 0.5% (2017-18: £nil, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

No persons (2017-18: none) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2017-18: £nil).

Average Number of Persons Employed

The following section is subject to audit.

The average number of whole-time equivalent persons employed during the year was as follows (figures rounded up):

	2018-19 Male	2018-19 Female	2018-19 Total	2017-18 Total
Chair and Board Members	3	7	10	10
Senior Leadership Team	3	0	3	4
Employment Relations Services ²⁶	12	22	34	39
Corporate Services	5	11	16	13
The Certification Officer	0	1	1	1
Certification Office Staff	1	3	4	4
Total	24	44	68	71
Employment Agency staff	1	1	2	4
Inward secondment	1	1	2	1
TOTAL	26	46	72	76

Off Payroll Disclosures

There were no off payroll payments made during 2018-19 (2017-18: none).

Sick Absence

The number of days lost per member of staff through sick absence in 2018-19 was 15.9 days (2017-18: 16.8 days). This was 7.2% of available working days (2017-18: 7.7%).

Of the days lost, 5.0% (2017-18: 4.8%) were due to the long term sick absence (absences of over 20 working days) of a small number of staff. Short term absences accounted for 2.2% of the days lost (2017-18: 2.9%).

A new absence management policy was agreed with the Trade Union Side (TUS) and implemented with effect from January 2019. All staff who take sick leave receive a return to work interview with their line manager to understand the cause of their absence and what action can be taken to help prevent recurrence. An absence management plan is put in place for staff who experience long term sick absence, which includes regular contact from line management and the HR Team, and referrals to the Occupational Health Service (OHS) and the NICS Welfare Support Service. Under the new policy, attendance is formally reviewed after four absences or when a staff member has been absent for 10 working days in a rolling 12-month period. Following such a review, a staff member may be issued with a formal notice of concern that their absences are at risk of becoming unsustainable and may ultimately be dismissed.

All staff have access to an Employee Assistance Programme, operated by Inspire Workplaces. As part of this, staff have access to a confidential helpline and counselling, and guidance on a range of health and well being matters.

In addition, the Agency provides a range of health and well being initiatives. In 2018-19 these included health checks provided by Chest, Heart and Stroke, flu vaccinations, and massages at work to relieve stress.

A Health and Well Being Strategy was developed and agreed with TUS in 2018-19 to help promote healthy lifestyles. This has a particular focus on mental health.

Staff Policies Regarding Disabled People

The Agency is an equal opportunities employer, dedicated to the promotion of equality in all aspects of working life.

Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Reasonable adjustments for disabled job applicants are made on request.

The Agency makes reasonable adjustments to enable disabled staff members to perform their duties effectively and participate fully in meetings and events. OHS and the Welfare Support Service, and Access Centre NI where appropriate, are used to advise on the provision of reasonable adjustments. Reasonable adjustments are in place for a number of staff.

The Agency has signed up to the Mental Health Charter.²⁷ The Charter has been developed by the Equality Commission and mental health organisations to provide a framework for working towards mentally healthy workplaces. As part of this, a Mental Health at Work Champion was appointed at Board level.

A new Disability Action Plan has been developed for the period 2019-22, in line with the Agency's statutory duty under Section 49B of the Disability Discrimination Act 1995. This was developed with expert advice from North West Forum of People with Disabilities, to whom we are very grateful, and in consultation with disabled staff members.

Learning and Development

The Agency has achieved Investors in People Gold, which recognises the effective investment made in, and management of, learning and development and staff participation in business planning and decision-making. Reassessment against the new and more challenging sixth generation Investors in People Standards took place in November 2018. An action plan to address identified shortcomings is being put in place.

A Learning and Development Plan is agreed each year, which determines organisation wide priorities for the investment of the Learning and Development budget.

This included in 2018-19 a Leadership Development Programme, developed and delivered by Queen's University Belfast, which a cohort of 12 staff from a wide range of grades (Employment Relations Manager to Administrative Officer) began in March 2019.

The Agency also continues to support the Post Graduate Certificate in NI Employment Law, which is delivered in partnership with Ulster University and Legal Island. To date, three staff have successfully completed the course.

The average number of training days per member of staff was 4.7 (2017-18: 3.0).

Other Employee Matters

The Agency is committed to engaging effectively with its staff. Formal Management and TUS consultation is facilitated through the Agency's Joint Negotiating and Consultative Committee (JNCC). The TUS also attends a Board meeting each year to discuss employment relations and was

able to confirm that the Agency continues to enjoy a very positive employment/industrial relations culture.

The Transformation Programme, which commenced in 2017, formally concluded in December 2018. This was taken forward as a joint transition project with TUS through a working group of the JNCC. Care is also taken to involve staff who are not union members, and detailed monthly briefings are published to ensure clear communication and updates.

A regular employee engagement survey was conducted as part of the Transformation Programme. This sought staff views on issues affecting engagement and morale as the Agency goes through a sustained period of change, so that action can be taken to address concerns.

A joint Health and Safety Committee, with management and TUS representation, oversees and coordinates activities to help ensure the Agency provides a healthy and safe working environment for its staff and customers. Furthermore, health and safety is a standing agenda item at formal JNCC meetings.

Health and safety inspections of the Agency's Headquarters building and Regional Office are carried out each year, and risk assessments are carried out biannually and whenever any significant change occurs to the physical infrastructure of either building or to the working conditions for individual staff members (e.g. remote working, maternity).

Expenditure on Consultancy

There was no expenditure on consultancy during 2018-19 (2017-18: none).

Reporting of Civil Service and Other Compensation Schemes – Exit Packages

The following section is subject to audit.

The Agency did not operate a Voluntary Exit Scheme in 2018-19.

However, with DfE's agreement, one departure under the Voluntary Exit Scheme operated in 2017-18 was deferred until March 2019.

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0
£10,000 – £25,000	0	0	0
£25,000 – £50,000	0	1	1
£50,000 – £100,000	0	0	0
£100,000 – £150,000	0	0	0
£150,000 – £200,000	0	0	0
Total number of exit packages	0	1	1
Total Resource Costs	0	£27k	£27k

Voluntary exit costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the Agency has agreed early retirements, the additional costs are met by it and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Assembly Accountability and Audit Report

Assembly Accountability Disclosures

Losses and Special Payments

This section is subject to audit.

There were no losses in 2018-19 (2017-18: £852).

No special payments were made during 2018-19 (2017-18: none).

Fees and Charges

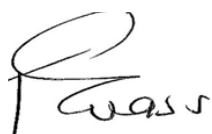
This section is subject to audit.

No fees are chargeable by the Agency (2017-18: none).

Remote Contingent Liabilities

This section is subject to audit.

There were no remote contingent liabilities as at 31 March 2019 (2017-18: none).



Tom Evans
Chief Executive/Accounting Officer
Date: 27 June 2019

The Certificate and Report of the Comptroller and Auditor General

Opinion on financial statements

I certify that I have audited the financial statements of the Labour Relations Agency for the year ended 31 March 2019 under the Industrial Relations (Northern Ireland) Order 1992. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Labour Relations Agency's affairs as at 31 March 2019 and of the Labour Relations Agency's net expenditure for the year then ended; and,
- have been properly prepared in accordance with the Industrial Relations (Northern Ireland) Order 1992 and the Department for the Economy directions issued thereunder.

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.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Labour Relations Agency in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016 and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Other Information

The Labour Relations Agency and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My

opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Department for the Economy directions made under the Industrial Relations (Northern Ireland) Order 1992; and,
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities of the Labour Relations Agency and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Labour Relations Agency and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to examine, certify and report on the financial statements in accordance with the Industrial Relations (Northern Ireland) Order 1992.

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

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the 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.

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 parts of the Accountability 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 the Department of Finance'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

3 July 2019

Chapter 3

Financial Statements

Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2019

	Notes	Agency £	Certification Officer £	2018-19 Total £	2017-18 Total £
Income	3	-	-	-	-
Expenditure					
Staff costs	See Remuneration & Staff Report	2,390,059	161,654	2,551,713	2,810,553
Depreciation	4	176,579	-	176,579	139,755
Other expenditure	4	1,005,859	35,891	1,041,750	921,707
Total expenditure		3,572,497	197,545	3,770,042	3,872,015
Net operating expenditure				3,770,042	3,872,015

Other Comprehensive Expenditure

	Notes	2018-19 £	2017-18 £
Net Operating Expenditure		3,770,042	3,872,015
Items that will not be reclassified to net Operating Expenditure:			
Net gain on revaluation of Property, Plant and Equipment	5	(3,141)	(4,254)
Net gain on revaluation of Intangibles	6	(1,486)	(1,960)
Net Effect of Historical Adjustments	5 & 6	-	47,056
Total Comprehensive Net Expenditure for the year ended 31 March 2019		3,765,415	3,912,857

All amounts above relate to continuing activities.

The notes on pages 72 to 84 form part of these financial statements.

Statement of Financial Position as at 31 March 2019

	Notes	2019 £	2018 £
Non-current assets:			
Property, plant and equipment	5	258,207	262,881
Intangible assets	6	217,312	264,840
Total non-current assets		475,519	527,721
Current assets:			
Trade and other receivables	7	53,103	54,002
Cash and cash equivalents	8	461,251	522,731
Total current assets		514,354	576,733
Total assets		989,873	1,104,454
Current Liabilities			
Trade and other payables	9	(395,472)	(512,638)
Provisions	11	-	-
Total current liabilities		(395,472)	(512,638)
Total assets less liabilities		594,401	591,816
Taxpayers' equity			
Revaluation reserve		51,397	46,770
General reserve		543,004	545,046
Total taxpayers' equity		594,401	591,816

The notes on pages 68 to 84 form part of these financial statements.

The financial statements on pages 72 to 84 were approved by the Board on 27 June 2019 and were signed on its behalf by:



Tom Evans

Chief Executive and Accounting Officer

Statement of Cash Flows for the Year Ended 31 March 2019

	Notes	2018-19 £	2017-18 £
Cash flows from operating activities			
Net operating expenditure		(3,770,042)	(3,872,015)
Adjustments for non-cash transactions	4	176,579	139,755
Increase/(decrease) in trade and other receivables		899	141,628
Increase/(decrease) in trade payables exc. capital creditors		(117,166)	339,527
Net cash outflow from operating activities		(3,709,730)	(3,251,105)
Cash flows from investing activities			
Purchase of plant, property and equipment	5	(74,551)	(65,311)
Purchase of intangible assets	6	(45,199)	(248,514)
Net cash outflow from investing activities		(119,750)	(313,825)
Cash flows from financing activities			
Financing – grant drawn down from Department for the Economy			
- Agency		3,570,000	3,861,000
- Certification Officer		198,000	232,000
Net financing		3,768,000	4,093,000
Cash and cash equivalents at the beginning of the period	8	522,731	528,070
Net (decrease) in cash and cash equivalents in the period	8	(61,480)	(5,339)
Cash and cash equivalents at the end of the period	8	461,251	522,731

Note:

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 (SoCNE) and Notes 3, 4, 5 and 6 to the accounts respectively.

Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2019

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

	Notes	General Fund Reserve £	Revaluation Reserve £	Total Reserves £
Balance at 31 March 2017		324,061	87,612	411,673
Changes in Taxpayers' Equity 2017-18				
Grant from Department for the Economy – drawn down		4,093,000	–	4,093,000
Comprehensive Expenditure for the year		(3,857,889)	–	(3,857,889)
Auditors Remuneration	4	(14,126)	–	(14,126)
Movements in Reserves				
Net gain on revaluation of property, plant & equipment		–	25,657	25,657
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost		–	(19,443)	(19,443)
Net Effect of Historical Adjustments	5 & 6	–	(47,056)	(47,056)
Balance at 31 March 2018		545,046	46,770	591,816
Changes in Taxpayers' Equity 2018-19				
Grant from Department for the Economy – drawn down		3,768,000	–	3,768,000
Comprehensive expenditure for the year		(3,750,278)	–	(3,750,278)
Auditors' Remuneration	4	(19,764)	–	(19,764)
Movements in Reserves				
Net gain on revaluation of property, plant & equipment and intangible assets (Notes 5&6)		–	18,232	18,232
Transfer of amount equivalent to additional depreciation on assets where revaluation is more than historical cost (Notes 5&6)		–	(13,605)	(13,605)
Balance as at 31 March 2019		543,004	51,397	594,401

In previous years, the General Reserve had been split into a Capital Reserve and a SoCNE reserve. These have now been combined into a single General Reserve. This presentational change has not changed the amounts in the overall combined General Reserve.

Notes to the Financial Statements for the Year Ended 31 March 2019

1. Accounting Policies

Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2018-19 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.

Critical accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying accounting policies. Management continually evaluate their estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. Key accounting estimates include accrued expenses and provisions.

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 DfE are credited direct to the General Fund reserve on a cash draw-down basis. The annual recurrent allocations from DfE 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 £1,000 (excluding VAT) for all assets is applied. On initial recognition assets are measured at cost, including any costs such as installation directly attributable to bringing them into working condition.

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 the 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 £1,000 (excluding VAT). 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 it employs 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.

1.9 Accounting standards, interpretations and amendments to published standards not yet effective

The Agency has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. The Agency considers that these are unlikely to have a significant impact on the accounts in the period of initial application.

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 de-recognition. 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 financial instruments 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.

2. Statement of Operating Costs by Operating Segment

The two main segments operating in the Labour Relations Agency are the Agency itself and the Certification Officer. The principal activities of the 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 Officer is responsible for ensuring that trade unions and employers' associations comply with statutory provisions relating to the regulation of trade unions and employers' associations. The non-current assets of the Agency are all located in Northern Ireland.

	2018-19		2017-18	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Gross Expenditure	3,572,497	197,545	3,669,603	202,412
Income	-	-	-	-
Net Expenditure	3,572,497	197,545	3,669,603	202,412

2.1 Reconciliation between Operating Segments and SoCNE/SoFP

	2018-19		2017-18	
	Agency £	Certification Officer £	Agency £	Certification Officer £
Total net expenditure reported for operating segments	3,572,497	197,545	3,669,603	202,412
Total net expenditure per the Consolidated Statement of Comprehensive Net Expenditure	3,572,497	197,545	3,669,603	202,412

3. Income

No income was received in 2018-19 (2017-18: none).

4. Other Expenditure

	Agency £	Certification Officer £	2018-19 Total £	Agency £	Certification Officer £	2017-18 Total £
Cash items						
Premises Costs:						
Rent, under operating leases, including car parks	218,883	13,872	232,755	232,199	12,247	244,446
Rates, including car parks	93,981	4,349	98,330	95,128	4,349	99,477
Service charges maintenance, cleaning, security, heating, lighting and insurance	153,800	4,076	157,876	150,970	3,453	154,423
Other Office Running Costs:						
Staff training	34,492	(367)	34,125	9,914	5,188	15,102
IT Managed Services, maintenance, licences, & development	213,725	3,000	216,725	180,489	3,432	183,921
Postage and telephones	64,820	339	65,159	54,135	324	54,459
Library services	19,673	-	19,673	22,767	-	22,767
Office, supplies, photocopying, printing and stationery	22,183	-	22,183	25,732	-	25,732
Publications and advertising	22,973	810	23,783	4,584	-	4,584
Conference & Seminars	3,759	-	3,759	1,602	-	1,602
Travel and subsistence	23,396	2,862	26,258	19,028	1,321	20,349
Hospitality	1,966	-	1,966	3,561	-	3,561
Miscellaneous expenditure	13,654	5,676	19,330	6,447	7,363	13,810
Interpreter fees and venue hire	6,396	-	6,396	2,575	-	2,575
Professional subscriptions	7,972	-	7,972	7,874	-	7,874
Advertising (staff vacancies)	6,170	-	6,170	-	-	-
Bank charges	(100)	(18)	(118)	866	112	978

4. Other Expenditure (continued)

	Agency £	Certification Officer £	2018-19 Total £	Agency £	Certification Officer £	2017-18 Total £
Fees and Expenses:						
Other professional fees	54,255	288	54,543	42,458	319	42,777
Arbitration fees and expenses	9,621	-	9,621	9,144	-	9,144
Internal auditor's remuneration	11,152	512	11,664	5,523	503	6,026
External auditor's remuneration	7,608	492	8,100	7,616	484	8,100
Research and Development	15,480	-	15,480	-	-	-
Total cash expenditure	1,005,859	35,891	1,041,750	882,612	39,095	921,707
Non-cash items						
Depreciation						
Depreciation of property, plant and equipment	82,366	-	82,366	45,771	-	45,771
Amortisation of intangible assets	94,213	-	94,213	93,984	-	93,984
Sub Total Depreciation	176,579	-	176,579	139,755	-	139,755
Impairment	-	-	-	-	-	-
Total net non-cash expenses	176,579	-	176,579	139,755	-	139,755
Total	1,182,438	35,891	1,218,329	1,022,367	39,095	1,061,462

5. Property, Plant and Equipment 2018-19

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certification Officer Office Furniture Fittings £	Certification Officer Computer Equipment £	Total £
Cost or valuation						
At 1 April 2018	671,153	270,703	361,236	6,489	5,531	1,315,112
Additions	19,209	11,847	43,495	-	-	74,551
Disposals	-	(6,491)	-	-	-	(6,491)
Adjustment / (Impairment) arising on revaluation	9,719	2,102	2,028	12	31	13,892
At 31 March 2019	700,081	278,161	406,759	6,501	5,562	1,397,064
Depreciation						
At 1 April 2018	485,447	246,364	308,400	6,489	5,531	1,052,231
Provision for year	47,834	6,903	27,629	-	-	82,366
On disposals	-	(6,491)	-	-	-	(6,491)
Adjustment / (Impairment) arising on revaluation	7,029	1,948	1,731	12	31	10,751
At 31 March 2019	540,310	248,724	337,760	6,501	5,562	1,138,857
Carrying amount at 31 March 2018	185,706	24,339	52,836	-	-	262,881
Carrying amount at 31 March 2019	159,771	29,437	68,999	-	-	258,207

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were revalued using March 2019 statistics.

Note:

The depreciation charge per Note 5 of £82,366 (2018: £45,771) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2019 (2018: £nil).

5. Property, Plant and Equipment (continued)

Leased Assets

The adaptations to Agency buildings on short leasehold land carried a Net Book Value at 31 March 2019 of £159,771 and represent the Agency's only leased assets.

2017-18

	Adaptations to Agency Short Leasehold Buildings £	Agency Office Equipment, Furniture & Fittings £	Agency Computer Equipment £	Certification Officer Office Furniture Fittings £	Certification Officer Computer Equipment £	Total £
Cost or valuation						
At 1 April 2017	655,649	254,995	310,787	6,436	5,433	1,233,300
Additions	7,267	13,531	44,513	-	-	65,311
Disposals	-	-	-	-	-	-
Adjustment Ref Historic	320	(349)	200	-	-	171
Adjustment / (Impairment) arising on revaluation	7,917	2,526	5,736	53	98	16,330
At 31 March 2018	671,153	270,703	361,236	6,489	5,531	1,315,112
Depreciation						
At 1 April 2017	447,297	240,745	269,890	6,436	5,433	969,801
Provision for year	30,082	1,134	14,555	-	-	45,771
On disposals	-	-	-	-	-	-
Adjustment Ref Historic	2,638	3,200	18,745	-	-	24,583
Adjustment / (Impairment) arising on revaluation	5,430	1,285	5,210	53	98	12,076
At 31 March 2018	485,447	246,364	308,400	6,489	5,531	1,052,231
Carrying amount at 31 March 2017	208,352	14,250	40,897	-	-	263,499
Carrying amount at 31 March 2018	185,706	24,339	52,836	-	-	262,881

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were revalued using March 2019 statistics.

5. Property, Plant and Equipment (continued)

Note:

The depreciation charge per Note 5 of £45,771 (2017: £34,093) for the year reflects the depreciation provision for property, plant and equipment. No impairment adjustment was required to the SoCNE in 2018 (2017: £nil).

6. Intangible Assets

Intangible assets comprise computer software, development costs and licences.

2018-19

Cost or Valuation	Agency £	Certification Officer £	Total £
At 1 April 2018	763,460	9,857	773,317
Additions	45,199	-	45,199
Adjustment ref historic calculations*	-	-	-
Adjustment / (Impairment) arising on revaluation	4,285	55	4,340
At 31 March 2019	812,944	9,912	822,856
Amortisation			
At 1 April 2018	498,620	9,857	508,477
Charged in year	94,213	-	94,213
Adjustment ref historic calculations*	-	-	-
Adjustment / (Impairment) arising on revaluation	2,799	55	2,854
At 31 March 2019	595,632	9,912	605,544
Carrying value at 31 March 2018	264,840	-	264,840
Carrying value at 31 March 2019	217,312	-	217,312

All assets were subject to revaluation using annual indices provided by the Office of National Statistics. The assets were revalued using March 2019 statistics.

Note:

The amortisation charge per Note 6 of £94,213 (2018: £93,984) for the year reflects the amortisation provision for intangible assets. No impairment adjustment was required to the SoCNE in 2019 (2018: £nil downwards adjustment).

6. Intangible Assets (continued)

Intangible assets comprise computer software, development costs and licences.

2017-18

Cost or Valuation	Agency £	Certification Officer £	Total £
At 1 April 2017	505,912	9,682	515,594
Additions	248,513	–	248,513
Adjustment ref historic calculations*	(117)	–	(117)
Adjustment / (Impairment) arising on revaluation	9,152	175	9,327
At 31 March 2018	763,460	9,857	773,317
Amortisation			
At 1 April 2017	374,904	9,682	384,586
Charged in year	93,984	–	93,984
Adjustment ref historic calculations*	22,540	–	22,540
Adjustment / (Impairment) arising on revaluation	7,192	175	7,367
At 31 March 2018	498,620	9,857	508,477
Carrying value at 31 March 2017	131,008	–	131,008
Carrying value at 31 March 2018	264,840	–	264,840

7. Trade Receivables and Other Current Assets

	2018-19 £	2017-18 £
Amounts falling due within one year:		
Other receivables	1,538	2,143
Prepayments	51,565	51,859
	53,103	54,002

The above includes £nil (2018: £nil) due to the Agency from the Certification Officer.

8. Cash and Cash Equivalents

	Agency £	Certification Officer £	2018-19 Total £	2017-18 Total £
Balance at 1 April 2018	521,703	1,028	522,731	(5,339)
Net change in cash and cash equivalent balances	(63,751)	2,271	(61,480)	528,070
Balance at 31 March 2019	457,952	3,299	461,251	522,731
The following balances at 31 March 2019 were held at:				
Commercial banks and cash in hand	457,952	3,299	461,251	522,731
Balance at 31 March 2019	457,952	3,299	461,251	522,731

9. Trade Payables and Other Current Liabilities

	2018-19 £	2017-18 £
Amounts falling due within one year:		
Trade payables	98,377	483
Accruals	297,095	512,155
Total	395,472	512,638

10. Capital Commitments

There are no capital commitments at the year end 31 March 2019 (year ended 31 March 2018: £nil).

11. Provisions for Liabilities and Charges

	2018-19 £	2017-18 £
Provision – not later than one year:		
Opening balance	-	25,000
Provided in the year	-	-
Provision released during the year	-	(25,000)
Closing balance	-	-

An obligation arose at 31 March 2017 regarding the extension to the current lease for the Agency's Head Office accommodation. The obligation was finalised in 2017-18 and the agreement (in the form of Heads of Term) was signed.

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:	2018-19 £	2017-18 £
Not later than one year	212,220	215,400
Later than one year and not later than five years	424,440	-
Later than five years	-	-
	636,660	215,400

A three-year extension to the current lease for the Agency's Head Office was concluded in the financial year. The original lease was due to expire on 31 May 2019; it now runs until 31 May 2022.

The Regional Office relocated into new premises with effect on 10 June 2019. An interim licence is in place pending formal agreement of a five-year lease.

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 DfE. DfE is regarded as a related party. During the year the only transactions which the Agency has had with DfE is the receipt of £3,768,000 (2017-18: £4,093,000) grant, as disclosed in the statement of cash flows. None of the Board members, members of the Senior Leadership Team or other related parties has undertaken any material transactions with the Agency during the year, other than the reimbursement of expenses necessarily incurred in the course of their employment.

15. Financial Instruments

As the cash requirements of the Agency and the Certification Officer are met through grant-in-aid provided by DfE, 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 Agency's expected purchase and usage requirements, and the Agency is therefore exposed to little credit, liquidity or market risk.

16. Impairments

The total impairment charge for the year is £nil (2017-18: £nil).

17. Events after the Reporting Date

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

18. Contingent Liability Under IAS 37

There were no contingent liabilities as at 31 March 2019 (31 March 2018: none).

Date of authorisation for issue

The Accounting Officer authorised these financial statements on 3 July 2019.

References

- 1 The Corporate Plan is currently draft, pending approval by the Minister for the Economy once the NI Executive and Assembly have been restored.
- 2 Available at: www.legislation.gov.uk/ni/2016/15/contents/enacted.
- 3 Available at: www.legislation.gov.uk/nisi/1976/1043/made.
- 4 Available at: www.legislation.gov.uk/nisi/1992/807/contents.
- 5 Available at: www.finance-ni.gov.uk/sites/default/files/publications/dfp/Non%20Industrial%20Pay%20Bulletin%204-2018_0.pdf
- 6 Available at: <https://www.northernireland.gov.uk/sites/default/files/consultations/newnigov/draft-pfg-framework-2016-21.pdf>
- 7 Available at: www.economy-ni.gov.uk/consultations/industrial-strategy.
- 8 Workplace Information Service (formerly the Enquiry Point).
- 9 Excludes the costs of the Voluntary Exit Scheme, which was operated in 2017-18.
- 10 The Industrial Relations (Northern Ireland) Order 1992 (available at: <http://www.legislation.gov.uk/nisi/1992/807/contents/made>).
- 11 Available at: www.legislation.gov.uk/nisi/1992/807/schedule/4.
- 12 Available at: <https://www.lra.org.uk/about/agency-structure>.
- 13 Available at: <https://www.lra.org.uk/about/governance/boardslt-register-interests>.
- 14 Available at: <https://www.lra.org.uk/node/211>.
- 15 Available at: https://www.publicappointmentsni.org/sites/cpani/files/CPANI_Code_of_Practice_JL2_-_December_2016.pdf
- 16 Not a member of the F&P Committee - attended meeting for review of Chief Executive's performance.
- 17 Not a member of the F&P Committee - attended meeting in capacity as the Board's Mental Health Champion.
- 18 Unable to attend meetings in 2018-19 due to personal circumstances and is not currently remunerated.
- 19 Available at: <https://www.niauditoffice.gov.uk/publication/board-effectiveness-good-practice-guide>.

- 20 Available at: <https://www.lra.org.uk/about/minutes/board-meetings>.
- 21 Temporarily unable to act as a Board member due to personal circumstances. Remuneration ceased with effect from 1 March 2019. The full time equivalent remuneration in 2018-19 was £5-10k per year.
- 22 Until 30 March 2019. The full time equivalent salary in 2018-19 was £50-£55k per year.
- 23 Until 31 December 2017. The full time equivalent salary in 2017-18 was £50-£55k per year.
- 24 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.
- 25 Until 30 March 2019.
- 26 The change in staff numbers between the two Directorates resulted from the merger of administrative functions to create a single Business Support Team, and the outcome of the 2017-18 Voluntary Exit Scheme.
- 27 Further information is available at: www.equalityni.org/MentalHealthCharter.

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