

The Executive Office
Annual Report and Accounts
For the year ended 31 March 2021

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

on

1 September 2021



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2020-21 ANNUAL REPORT

THE PERFORMANCE REPORT

OVERVIEW

The purpose of the overview is to provide a description of The Executive Office (TEO), its purpose, its functions, the key risks to the achievement of its objectives and how the Department has performed during the year.


STATEMENT FROM THE DEPARTMENT'S ACCOUNTING OFFICER

I am pleased to present the Executive Office Annual Report and Accounts for 2020-21. This has been a challenging year. We adapted to new ways of working amidst the COVID-19 pandemic whilst dealing with many challenges such as leading a response on the EU Exit to ensure the UK Government understood the implications for Northern Ireland of the implementation of the Withdrawal Agreement. These two issues continue to present service delivery and budgetary challenges.

Despite this difficult operating environment, TEO has remained fully committed to continued delivery of government services. During 2020-21, we have worked to change lives for the better by helping people to improve their futures through our programmes including Delivering Social Change (DSC) and Together Building a United Community (T:BUC) to create a stronger, more cohesive society.

We have also delivered a range of outcomes across a number of key departmental functions such as: Good Relations, Race Relations and Race Equality, Victims and Survivors, Social Investment Fund, Urban Villages and many more which are detailed in the Annual Report. Successful delivery of these outcomes reflects the continued hard work of our people and their passion for, and commitment to, delivering high standards of public service, as well as the contributions made by other departments, our ALBs and our partners in the voluntary and community sector.

I am immensely proud of the excellent work this Department does. Our policies, programmes and services all make a real difference to people across Northern Ireland. I am confident that we are well placed to address the challenges that lie ahead to improve the lives of the people who we serve.



Dr Denis McMahon
Accounting Officer

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STATEMENT FROM THE INDEPENDENT BOARD MEMBER

As the Independent Board Member (IBM) of The Executive Office (TEO), my role is to support and challenge the senior management team in driving forward TEO's Business Plan, support effective governance and the necessary change processes.

I attended all TEO Board Meetings held during the financial year under report. The operation of a Forward Planner ensured robust agendas for each Board meeting, with updates on key areas as follows:

- Political Landscape incorporating updates by Head of the Civil Service (HOCS) on engagement with the First Minister and deputy First Minister, Ministers, the Assembly and NIO;
- COVID-19 contingency and recovery planning;
- Brexit / EU Relations;
- Intergovernmental Relations;
- Programme for Government / New Decade New Approach (NDNA);
- Legislative Programme;
- Budget / Finance;
- HR;
- Audit & Risk incl. Audit and Risk Assurance Committee (ARAC) updates; and
- Communications

Board Members participated in Board meetings (conducted on the Video Conferencing) either by presentation of key reports on departmental issues or by engagement in active discussion of agenda items. Minutes of Board meetings were accurately recorded and presented for approval at subsequent Board meetings.

Communication channels in TEO are excellent, with regular updates for all staff by HOCS, Dr Mark Browne TEO's Accounting Officer for most of the financial year (and his interim successor from 1 March 2021 to 25 July 2021, Chris Stewart), as well as the Director of Finance and Corporate Services. Active use of social media platforms such as WebEx and Twitter have been effective in maintaining contact with staff, working from home due to COVID-19 restrictions. Staff actively participated in events and as IBM, I attended the Business Planning event, hosted by HOCS, with Ministers and Junior Ministers in attendance. This was a well-attended meeting of all grades of staff, to assist in the ongoing development of TEO's Business Plan.

COVID-19 has had a significant impact on Northern Ireland communities, business and economy, with particular demands on the NHS and others supporting the effort to manage and control the pandemic. TEO have led the effort, supported by other NICS Departments to manage many difficult issues and emerging problems, ensuring a robust response and development of Contingency Planning and a Recovery Plan in response to this unprecedented crisis. Regular and informed communication by TEO and Ministers has been important in maintaining a consistent message to all impacted by the pandemic.

The 2020-21 Board Effectiveness Review was conducted by the IBM and presented to the March 2021 Board Meeting with a satisfactory outcome. Key learning points from this review will be subject to ongoing attention by the TEO Board in 2021.

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Significant changes in Board representation in the reporting year saw the retirement of David Sterling HOCS in August 2020, the transfer of Peter Toogood, Director of Finance and Corporate Services to another NICS department, and most recently, the appointment of Dr Mark Browne as Permanent Secretary with the Department of Education. As IBM, I enjoyed a strong working relationship with my former colleagues and welcome the appointments of Jenny Pyper as Interim HOCS, Chris Stewart as the previous Accounting Officer and Neelia Lloyd as Director of Finance and Corporate Services. Each of the appointments will ensure continuity of the TEO Board in meeting key challenges and maintaining TEO Board Effectiveness at this most challenging of times.

Audit and Risk Assurance Committee (ARAC)

TEO ARAC currently comprises two Independent Members. As Chair of ARAC, I am supported by Glyn Capper, Head of Justice Performance, Department of Justice. Deep Sagar, completed his term with TEO ARAC in April 2020 and a competition to appoint Deep's replacement is ongoing. I thank Deep for his contribution, independent views and wealth of experience, he brought to this role.

TEO's former Accounting Officer and Finance Director were in attendance at all meetings, supported by TEO Governance Department representatives. Minutes of all meetings were accurately recorded and presented to the TEO Board for approval. As IBM, I provided the TEO Board with regular updates of ARAC meeting outcomes and the risk environment impacting on TEO.

ARAC met on four occasions during the 2020-21 financial year and received the draft Annual Report and Accounts and draft Report to Those Charged with Governance (RTTCWG) at its June meeting. Regular reports from internal and external audit and a progress report on Audit recommendations, updates from the fraud investigation and oversight group (FIOG) were standard Agenda items at each meeting. ARAC continued to scrutinise and robustly oversee the Department's Risk Register. The Risk Register was subject to ongoing review and reflects an accurate presentation of the risk environment impacting TEO.

Non-Executive Directors Forum

I attended 3 meetings of the NICS Non-Executive Directors' Forum in the reporting year. This forum, established by Sue Gray, the then Permanent Secretary Department of Finance, provides a platform for Non-Executive Directors in the NICS to participate in presentation and discussion on key topics impacting on Government Departments.

Overview

In addition to the impact of COVID-19, the 2020-21 reporting period was a challenging period for both NI Civil Service and TEO. A critical focus on BREXIT / EU Relations, was dominated by necessary preparations and contingency arrangements for UK exit in January 2021. In addition, critical financial pressures impacted on TEO budgets and management of costs. The development of TEO's Business Plan and TEO Board's continued focus on strategic management, streamlined reporting procedures and the implementation of a Work

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From Home policy as a consequence of COVID-19 restrictions, all contributed to a significant workload for TEO Senior Management and staff.

TEO continues with its strategic advisory role to Ministers, progresses the Assembly's legislative programme; manages TEO's risk environment, delivers inter-governmental and international relations, contributes to high visibility and ground breaking socio/economic initiatives (Urban Villages, Social Investment Fund, TBUC, Good Relations) and oversight of the Department's ALBs.

Throughout this period of considerable challenge, I acknowledge the high level of senior management attention and oversight to financial management across TEO, the achievement of key performance targets within the Department's Business Plan and assurance from robust Internal Audit reports across a wide range of Departmental teams and service areas.

Conclusion

In conclusion, as IBM and Chair TEO ARAC, I confirm to TEO's Accounting Officer, that in relation to the 2020-21 reporting year, an opinion that the Department's systems of internal control are satisfactory, the TEO Board maintains effective governance procedures, the Departmental ARAC operates in accordance with UK Treasury guidance and that there are no major issues that ARAC considers should be brought to the attention of the Accounting Officer.

Denis Power
Lead Non-Executive Member

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STATEMENT OF THE PURPOSE AND ACTIVITIES OF THE DEPARTMENT

The vision of TEO is to *build a peaceful and prosperous society with respect for the rule of law where everyone can enjoy a better quality of life now and in years to come.*

Underpinning this vision, the overall aim of TEO is to contribute to and oversee the co-ordination of Executive policies and programmes to deliver a peaceful, fair, equal and prosperous society.

TEO's vision and aim are supported through the following key functions and objectives:

- The effective operation of the institutions of government in the delivery of an agreed Programme for Government;
- Delivering the Executive's Good Relations strategy: *Together: Building a United Community (T:BUC)*;
- Tackling Disadvantage and Promoting Equality of Opportunity; and
- Driving investment and sustainable development, including promotion of the Executive's policy interests internationally.

Departmental Boundary

The accounts of the Department comprise a consolidation of the income, expenditure, assets and liabilities of those entities within the Departmental resource accounting boundary as follows (see Note 20 of the Departmental Resource Accounts):

- Core Department;
- Office of the Commissioner for Public Appointments for NI;
- Office of the Attorney General for NI; and
- North South Ministerial Council Joint Secretariat (North)

In addition, the Historical Institutional Abuse Redress Board body was established by the Historical Institutional Abuse (Northern Ireland) Act on 5 November 2019 and came into operation on 31 March 2020. This body falls within TEO's departmental boundary.

The Victims' Payments Board was established by the Victims' Payments Regulations 2020 and came into force on 24th February 2020 and 29th May 2020. Board members were sworn into office on 23 February 2021 and the President of the Board was appointed on 1st March 2021. The Victims' Payments Board also falls within TEO's departmental accounting boundary.

Bodies outside of the Departmental Boundary

The Department has lead policy responsibility for the following bodies outside the Departmental boundary that are classified as, or analogous to, an executive Non Departmental Public Body (NDPB):

- NI Community Relations Council;

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- Commission for Victims and Survivors for NI;
- Equality Commission for NI;
- Ilex Urban Regeneration Company Limited¹;
- Maze/Long Kesh Development Corporation;
- Northern Ireland Judicial Appointments Commission;
- Strategic Investment Board Limited;
- The Commissioner for Survivors of Institutional Childhood Abuse and:
Victims and Survivors Service Limited.

¹ Ilex closed for business in 2016. An application to voluntarily strike-off Ilex from the Companies House register was completed on 13 October 2020.

These entities prepare a separate annual report and accounts that are audited by the Comptroller and Auditor General (C&AG).

Programme for Government (PfG)

The Executive Office has been leading the development of Outcomes-based working practices across the public sector since 2016 when the Organisation for Economic Co-operation and Development, in a major report to the Executive, recommended such an approach. There had been cross-party commitment to it in the Fresh Start Agreement which was reiterated in New Decade, New Approach. The adoption and use of the Outcomes-based approach is seen as fundamental to achieving real impact in meeting the needs of citizens and to tackling the biggest societal challenges.

Work had just commenced on the development of a new, Outcomes-based Programme for Government at the beginning of 2020-21 when, because of the COVID-19 pandemic, it became necessary to pause the process so that resources could be redeployed to provide support to the Executive in the early stages of its response to the crisis. In October, the Executive agreed to recommence the PfG work and it later agreed to launch a public consultation on a draft Outcomes Framework with a view to having an agreed final version, informed by citizen and stakeholder engagement ready by around the end of April 2021.

The purpose of the Outcomes Framework is to present a complete and balanced picture of the conditions of wellbeing that the Executive wants to see for citizens and communities, and to use that as the basis for future policy development and strategic planning to deliver lasting change and improvement in the things that matter most to people. The key principle is the Executive working in partnership with people and communities to identify and deliver actions that will help achieve the quality of life conditions that are at the centre of societal wellbeing.

The public consultation on the draft Outcomes Framework commenced on 25 January and ran for eight weeks until 22 March. During that period officials took part in 27 online engagements events involving over 650 people representing some 450 different organisations. The consultation generated more than 430 submissions which will be used to inform Executive decisions about final design and content of the Outcomes Framework.

Looking ahead, it is intended that the new PfG will be maintained in a “live” format with work plans being continually evaluated and adjusted to ensure they are achieving the desired

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impact. In the immediate period, the Executive has positioned a COVID-19 Recovery strategy at the centre of a three step strategic process involving a pathway out of restrictions, recovery and renewal, and PfG. The aim is to develop an initial cross-departmental plan which has an immediate focus on societal, economic and health recovery taking account of prevailing COVID-19 restrictions which will then be followed by PfG action plans to deliver desired change and improvement towards achieving long-term PfG Outcomes.

KEY ISSUES AND RISKS

A key challenge in 2020-21 has been to maintain service delivery during the COVID-19 pandemic.

The Department has continued to focus on its key policy areas:

- **EU Future Relations:** TEO continues to lead and coordinate across the NICS on Northern Ireland's engagement in the process of implementing the UK's decision to leave the EU and to ensure that the UK Government is aware and informed of the implications and opportunities arising from the Withdrawal Agreement and future relationship agreement. TEO also leads on the consideration of the implications for NI legislation, policy and resources, whilst also co-ordinating the development and implementation of post-EU exit arrangements.
- Implementing the Executive's Good Relations strategy **T:BUC:** This strategy outlines a vision of "*a united community, based on equality of opportunity, the desirability of good relations and reconciliation - one which is strengthened by its diversity, where cultural expression is celebrated and embraced and where everyone can live, learn, work and socialise together, free from prejudice, hate and intolerance.*" A key element of the strategy delivered directly by TEO is the investment in the Urban Villages (UV) Initiative, which aims to foster positive community identities, build community capacity and improve the physical environment in five areas with a history of community tension and deprivation. Another key element is the T:BUC Camps Programme, which provides opportunities for young people aged 11-19 to come together to build positive relationships across divided parts of our community.
- **Delivering Social Change:** Implementation of the Social Investment Fund (SIF) and the Delivering Social Change (DSC) Programmes (which are co-funded with Atlantic Philanthropies and lead departments), to ensure that disadvantaged areas and vulnerable groups continue to be targeted to address persistent patterns of poverty and disadvantage.
- Implementing the **Communities in Transition Project** as part of the Executive Action Plan on paramilitary activity, criminality and organised crime. TEO is taking forward a commitment within the Executive Action Plan, which provides that '*The Executive should establish a fund to support ambitious initiatives aimed at building capacity in communities in transition, including through developing partnerships across civil society and across community divisions*'. TEO is working with other departments through the Tackling Paramilitarism, Criminality and Organised Crime Programme

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Board to develop and implement an area based approach to support communities in transition.

- Implementing the **Racial Equality Strategy** and related actions, including the proposed development of a Refugee Integration Strategy. The Racial Equality Strategy establishes a framework for government departments (and others) to: tackle racial inequalities; eradicate racism and hate crime; and along with T:BUC, to promote good race relations and social cohesion. The Refugee Integration Strategy, which is a commitment in the Racial Equality Strategy, is currently under review by Ministers with a view to releasing for consultation later this year. In addition a new Race Equality migration unit has been established focussing on post-Brexit immigration policy. The Racial Equality Strategy commits Government to ethnic monitoring and to reviewing racial equality legislation. Work on scoping the requirements of ethnic monitoring is well advanced and proposals for how Government Departments will be supported in rolling out ethnic monitoring are being drawn up. The Racial Equality Strategy also outlines a commitment to the Minority Ethnic Development Fund (MEDF) to develop capacity within the minority ethnic sector and to a Crisis Fund for those who face destitution. A review of the Minority Ethnic Development Fund and the resources devoted to developing and implementing policy on these issues has completed. In response to COVID-19 and the radical changes to the operation of organisations in the minority ethnic sector the MEDF competition for 2020-21 was cancelled and organisations in receipt of core funding had their funding extended to cover the period. The focus of activities is on supporting communities through the lockdown period and beyond.
- Ensuring the continued delivery of effective **victim-centred services**: Addressing the needs of victims and survivors continues to be a priority area for both the Department and the Executive. The Department will continue to support the provision of services to meet the needs of individual victims and survivors and support the groups and organisations which work in this sector.
- The **Historical Institutional Abuse Inquiry (HIAI) Report** and findings were published in January 2017. In the absence of a devolved administration, TEO undertook the drafting of legislation, which was enacted on 5 November 2019 as the Historical Institutional Abuse (Northern Ireland) Act 2019. The Lord Chief Justice subsequently nominated The Hon Mr Justice Colton as President of the Historical Institutional Abuse Redress Board and the Board came into operation on 31 March 2020. A new President of the Board, Mr Justice Ian Huddleston, was appointed by the Lord Chief Justice on 8 January as part of a periodic reallocation of judicial roles. Fiona Ryan was appointed by the First Minister and deputy First Minister as the Commissioner for Survivors of Institutional Childhood Abuse and took up her position on 14 December 2020.
- The **Victims' Payments Regulations 2020**: The Northern Ireland (Executive Formation etc.) Act 2019 provided that the UK Government would bring forward legislation providing for a scheme of payments to those living with injuries sustained in Troubles-related incidents by 31 January 2020 and that the legislation would come into force by 31 May 2020. The Regulations were duly laid before Parliament on the 31 January 2020 by NIO. TEO is leading on implementation of the Scheme as a

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devolved matter. While the regulations came into force on 29 May 2020 in accordance with the timetable set by the members of the House of Lords, further time has been needed to deal with outstanding issues and establish the necessary arrangements for the operation of the scheme.

- **Peace IV:** TEO is an Accountable Department for actions under three of the four thematic objectives of the PEACE IV Programme, including the Local Authority action plans, the regional element of Building Positive Relations and the provision of services for victims and survivors.
- **International Relations:** TEO is responsible for driving implementation of the Executive's International Relations Strategy. The NI Bureau in Beijing helps to develop links with the Chinese Government and realise key targets in the economic, education and tourism sectors. The Executive offices in Washington DC and in Brussels ensure that our profile remains high and our interests continue to be promoted in these influential locations.
- Ensuring delivery of key actions in the Executive's **Investment Strategy, Asset Management Strategy** and **Buy Social Strategy** in partnership with the Strategic Investment Board.
- **Infrastructure Investment:** The Department continues to progress the regeneration of the Ebrington Site with key infrastructure works completed including the new entrance, resurfaced square and the installation of the peace tree and surrounding public realm. With the exception of one, all site buildings and land now have leases/development agreements in place or are subject to an expression of interest and are at an advanced stage of negotiations. The New Grade A Office Accommodation building, a key catalyst for the site, has commenced construction with a view to completing in 2021-22. The Hotel project has planning approvals in place and fit-out works are scheduled to commence in 2021, subject to final funding and due diligence. Derry City and Strabane District Council (DCSDC) has prepared a business case for a Maritime Museum on Ebrington and, subject to approval, will work closely with TEO to deliver this significant multi-agency funded project on the site. Officials continue to work closely with DCSDC to facilitate the transfer of the site at an appropriate time. COVID-19 may impact on delivery times for regeneration projects on Ebrington and the transfer of the site to DCSDC. In 2020-21, capital expenditure allocations progressed a range of infrastructure projects in Urban Village areas to support the delivery of key shared future outcomes.
- **C3 (Command, Control and Co-ordination):** TEO leads Northern Ireland's long established, tried and tested civil contingencies response arrangements to support strategic decision making at the Civil Contingencies Group (CCG), and the Executive. The capabilities and capacities around these C3 arrangements were mobilised during NI's emergency response to the first wave of COVID-19, and further refined and strengthened to manage the concurrency of a second wave of COVID-19, EU transition and winter emergencies at the end of 2020, to sit alongside the UK-wide preparations being led by the Cabinet Office.

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- COVID-19 costs have put a significant pressure on the NI Block. TEO is endeavouring to prioritise budgets and work efficiently and innovatively to ensure that the Department continues to deliver within available resources.

The key issues and risks facing TEO are also disclosed in the Governance Statement.

Going Concern

The Statement of Financial Position as at 31 March 2021 shows net assets of £3,280k. It is considered appropriate to adopt a going concern basis for the preparation of the financial statements as the Department is supply financed and draws its funding from the Consolidated Fund. Therefore there is no liquidity risk in respect of the liabilities due in future years.

PERFORMANCE SUMMARY

Supporting the work of Government

One of TEO's key objectives is to ensure the effective operation of the institutions of Government in the delivery of the Executive's Programme for Government.

The British-Irish Council met on five occasions including one Summit meeting held virtually in Scotland and there were five Ministerial meetings held in sectorial format on Environment, Digital Inclusion, Misuse of Substances and a joint Ministerial meeting on Collaborative Spatial Planning and Housing.

International Relations

EU Future Relations

A key focus of the Department's work has been to prepare for NI's future relations with the EU and the rest of the world following the UK's exit from the EU and the end of the transition period on 31 December 2020. TEO has sought to ensure, as far as possible that the Executive, the UK Government and the EU was informed by a full understanding of the NI issues and the implications for NI legislation, policy and resources arising from the UK/EU Withdrawal Agreement (including implementation of the Ireland/Northern Ireland Protocol) and the negotiation strategy for the future relationship.

During 2020-21 the Executive meeting on EU Exit matters provided an overarching strategic direction on the Executive's approach to both the withdrawal agreement implementation and the negotiations on the future relationship. The Executive to discuss EU Exit Matters met 33 times.

Throughout the year the NICS EU Exit response has been overseen by the Future Relations Programme Board. The priorities of the Board were reviewed and revised in September to reflect the continuing uncertainty of the UK/EU negotiations and the potential that no deal would be reached. Following the agreement on both the implementation of the NI Protocol and the Trade and Cooperation Agreement in December between the UK and the EU and the end of the transition period the focus of the Board has remained on implementation and readiness issues. The Board is chaired by the Director General for International Relations, and includes the Permanent Secretaries of the Department for Agriculture, Environment and Rural Affairs, Department for the Economy, Department of Finance, Department of Infrastructure and Department of Justice; the Head of Legal Services of the Departmental Solicitor's Office and Head of EUFR Division. The Board has met 23 times during this financial year.

There are currently 5 Strands operational under the Board:

- EU Future Policy and Finance Funding;
- Protocol and Trade Policy;
- Governance, Ministerial and EU Engagement, Frameworks and Legislation;

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- Future Security Partnership (FSP); and
- Operational readiness.

Until a deal was agreed on 24 December TEO co-ordinated work undertaken by Departments to plan for a 'no-deal' Exit.

Five JMC European Negotiations (EN) meetings have taken place during the year which were attended by TEO Ministers. The meetings provided a forum for UK and devolved Ministers to discuss:

- Progress in the negotiations between the UK and the EU; and
- Domestic issues, primarily related to the development of common frameworks, legislation and operational readiness.

In July 2019 the UK Government established an Exit Operations (XO) Cabinet Committee to review actions and take decisions to ensure preparation for EU Exit. Ministers from the devolved administrations were invited to attend as the agenda demanded. TEO Ministers attended 18 meetings this financial year, while other Executive ministers and officials also attended relevant meetings as required. From 1 January 2021, these meetings focused on dealing with issues arising from the end of the Transition Period.

North South Ministerial Council (Joint Secretariat)

Established under the terms of the Belfast/Good Friday Agreement, the North South Ministerial Council brings together Ministers from the Northern Ireland Executive and the Irish Government to develop consultation, co-operation and action on matters of mutual interest. The North South Ministerial Council is supported by a Joint Secretariat, based in Armagh and staffed by civil servants from TEO and the Irish Civil Service.

Following the restoration of the Northern Ireland Executive, and the formation of the new Irish Government, the Council's normal pattern of meetings resumed in July 2020. A full programme of meetings across all twelve sectors took place in the second half of the year. The Council also met in institutional format in December and held two plenary meetings, one in July and one in December. At the Council's meetings a wide range of issues were discussed, reviewing progress achieved in North South cooperation since 2016, considering current priorities, and looking ahead to future issues and opportunities for mutually beneficial cooperation. Work done across the NSMC sectors has continued to make a real and positive difference to people's lives and livelihoods, to businesses and to communities.

Due to COVID-19 nearly all the Council meetings have taken place by videoconference this year. The Council looks forward to the time when they can meet again in person safely.

The Offices of the Joint Secretariat closed due to COVID-19 in 2020-21 except for a small number of essential meetings, however all staff were enabled to work from home to fully deliver the wide range of activities of the secretariat and assisted with TEO's response to the pandemic.

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Wider International Relations

Ministers met with Officials in early 2020 to discuss the new International Relations Strategy and the changes in our future international operating environment which takes account of the global changes such as Brexit. Planning was interrupted by the COVID-19 pandemic, however, international activity in a number of areas and our key relationships with international partners were maintained. Through the Executive's international connections the NICS was able to procure much needed PPE supplies against a very competitive environment. Many of our international partners in China and Vietnam also donated general purpose PPE items.

During 2020-21 international visits to NI were curtailed because of COVID-19 restrictions for much of the year. Despite this, the International Relations Unit facilitated a number of virtual engagements with the Chinese Ambassador, Canadian High Commissioner, Ambassador for the Netherlands, Finland's Deputy Head of Mission and Honorary Consul, and the Honorary Consul for San Marino, along with a small number of actual visits with the: EU Ambassador, and Romanian Ambassador and supported the US Special Envoy to NI's engagement with Ministers.

The International Relations team participated in briefings of new British Ambassadors going overseas and liaised with the Foreign, Commonwealth and Development Office (FCDO) to ensure the Executive's Programme for Government priorities were reflected in the development of policy and programmes in targeted regions.

The First Minister and deputy First Minister and senior officials met with the Consuls General, based in NI, for the US, the People's Republic of China, and the Republic of Poland to promote economic and government to government programmes. The International Relations Unit provided briefings, facilitated visits and meetings for foreign delegations with a range of partners across government departments, councils and agencies on economic, educational, community, social and cultural issues to support delivery of shared objectives. The Unit also provided advice and support to the Romanian Embassy to enable them to conduct consular activities to support Romanian nationals living here.

TEO officials also met with the Chief Executive of the British Council UK to discuss how the British Council could support our international objectives.

Northern Ireland Bureau, Washington DC

The Bureau's plans for 2020-21 changed significantly as a result of the COVID-19 pandemic. The restrictions on meeting in person and travel, which were introduced in response to the pandemic, necessitated a move to an almost entirely virtual platform. This required an investment in ICT equipment and processes to allow staff to work safely from home in compliance with regulations. 2020-21 also saw a largely new team within the Bureau with an emphasis on consolidating and building new relationships.

The Bureau engaged with two US federal administrations during the course of the year, with important connections made in the Trump administration and then later with the Biden

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administration. For example, the Director's meeting in the White House with the President's then Chief of Staff ensured stronger connection with the newly appointed US Special Envoy and early engagement with the new Biden administration led to a successful meeting for First Minister and deputy First Minister with the new US President and Vice President.

The move to a virtual platform presented opportunities to engage Ministers and senior civil servants in events that would previously have required international travel. For example, the Bureau's partnership with the Boston College Global Leadership Institute ensured that the Justice Minister, the Finance Minister and the Economy Minister were able to address an East Coast audience on leadership in their respective areas.

The Bureau continued to promote Northern Ireland as a dynamic, vibrant and forward-thinking region committed to promoting economic prosperity, cultural development and international growth and engagement, albeit on a virtual platform. This included participation and sponsorship of a range of events and programmes virtually including:

- Addressing students in the American University
- Supporting the Washington Ireland Programme
- New York, New Belfast 2020;
- Ireland and the future of global supply chains roundtable;
- Big Campfire Chat;
- Solas Nua Film festival;
- 40 Under 40 Awards
- Ireland Funds Virtual Winter Celebration
- Irish Arts Centre virtual event
- Promotion of NI beef with British Ambassador
- Golden Bridges (Boston – NI)
- Nollaig na mBan
- Celebration of the Life of Norman Houston
- Flax Trust Virtual Breakfast
- St Patrick's Day Virtual Showcasing Event with Mark Carruthers

The Bureau also maintained mostly virtual engagement with the State Department, Congress, the British and Irish Embassies, think tanks and universities to strengthen relationships and ensure good understanding. Work to promote our social media presence continued with a growth in Bureau followers by approximately 1,000 in the course of the year.

A highlight of the year was the Bureau's virtual celebration, in lieu of the traditional breakfast on St Patrick's Day. This was planned in close partnership with Invest NI, Tourism Ireland and Tourism NI and showcased some of the very best of Northern Ireland, including in relation to its business, tourism and cultural appeal. It featured local artists and performers with special appearances by Speaker Nancy Pelosi, as well as a host of local stars of screen, stage and sport. The event has attracted over 400 viewers to date, including key influencers and decision-makers in the United States.

The Bureau has not been able to visit Canada during the year, but has connected online with key Canadian stakeholders throughout the year.

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In 2021-22, the Bureau will continue to enhance its outreach, working closely with Departments, Universities, Councils and other stakeholders to ensure their messages and potential connections with the US are strengthened. Partnership with Invest NI and Tourism Ireland will continue to strengthen to ensure Executive outcomes can be achieved. The Bureau expects to see travel restrictions ease during the latter part of 2021 with the potential for Ministerial visits to re-commence, further strengthening connections at a senior decision-making and influencing level.

Executive Bureau in Beijing

The Northern Ireland Bureau in China's work was significantly impacted by COVID-19 during the 2020-21 year, with both international and internal travel restrictions affecting planned activity throughout the year. A new Director was appointed and took up post in China at the start of September.

During the COVID-19 outbreak, the Bureau, working with contacts in China, secured a supply of Personal Protective Equipment (PPE) for use in hospitals and care homes, including medical masks and gloves, from China. The first batch of PPE arrived in June 2020 for distribution to the Department of Health and onwards to frontline staff.

The Bureau also supported Queen's University in securing approvals for chartered flights from China in September and January for students travelling to Belfast to attend the University.

One of the Bureau's key objectives is to increase trade and economic activity. In furtherance of this, the Bureau attended the China International Import Expo in Shanghai in November to promote food and drink, meet with and support NI companies including providing senior witnessing for the signing of a significant contract, and speaking at an event on behalf of Invest NI.

The Bureau held a highly successful St Patrick's Business Breakfast in March, which was attended by senior businesses representatives, government officials, and senior diplomats. The Director also spoke at a business event in Shanghai to promote NI as an investment and trading partner.

Despite internal travel restrictions within China, the Bureau was able to undertake visits to some of our key partner provinces and cities (Shenyang, Anshan, Hubei and Huangshi) in the latter part of the year to solidify existing relationships and to develop opportunities for future collaborations. Areas focussed on included trade, educational linkages and cultural exchanges, with meetings with Chambers of Commerce, Cultural Bureaus and Universities, as well as government and policy officials.

Extensive engagement with key stakeholders both at home and in China was also undertaken, including Departments, Councils, Universities, Colleges and Embassies.

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European Division including the Office of the Northern Ireland Executive in Brussels

During 2020-21 the Office of the Northern Ireland Executive in Brussels continued to lead and coordinate key EU engagement to support Northern Ireland Executive priorities. The office in Brussels also supports the Executive in respect of the Protocol on Ireland/Northern Ireland, and in the associated governance structures. In light of COVID-19 restrictions, engagement has predominately been virtual. Over this past reporting year the office has supported Ministerial-level attendance at six meetings of the Joint Committee, and supported Director General-level attendance at five meetings of the Ireland/Northern Ireland Specialised Committee. The office has also facilitated extensive high level engagement with Brussels-based contacts for the Director General for International Relations. A total of 24 virtual meetings were held and have ensured continued engagement on behalf of the Northern Ireland Executive with the European Commission, MEPs and Member State Representatives along with both the UK Mission to the EU and the Irish Permanent Representation. During this year the Office has continued to showcase Northern Ireland to Brussels and wider Europe with a range of online policy and cultural events. While the office has been closed to visitors for the entire reporting period due to COVID-19 restrictions EU, international and NI diaspora contacts have been kept up-to-date via a weekly Newsletter which has a circulation to over 600 people.

During 2020-21 European Policy and Co-ordination Unit (EPCU) was responsible for the circulation of over 3,500 European and Whitehall documents to NI Departments, including EU communications on policies, financial development and legal cases. EPCU liaised directly with departments to facilitate the representation of NI's views in more than 550 Explanatory Memoranda.

During the year key achievements of the Division included:

- Organising virtual engagement programmes with Brussels-based contacts for the Director General for International Relations, which included a total of 24 meetings. The director of EU Division held a further 20 meetings with senior representatives. A total of 44 meetings with key decisions makers took place in this reporting period, which includes include 9 Ambassador level meetings, a further 13 meetings with diplomatic representatives at Counsellor level, with an additional 5 meetings with UKMIS at Counsellor level. There were also 5 meetings with MEPs, 8 meetings with European Commission officials working on EU Exit and NI Protocol issues, and 2 meetings members of European Commissioner Cabinets. There was also a meeting with Council of the European Union officials and a meeting with EFTA officials;
- Providing detailed information to Department on relevant EU Policy matters; including 31 Brussels Bulletins for Senior Officials across the NICS, which focussed on issues related to the Protocol on Ireland/Northern Ireland and the negotiations on the Trade and Cooperation Agreement and its subsequent application; 14 letters to Permanent Secretaries to outline the priorities of incoming Council of the European Union Presidencies; 9 letters to Permanent Secretaries on the 2021 European Commission Work Programme; and 4 Brussels Reports to Departments and Assembly Committees to update on the work of the office;
- Providing a central co-ordination role including the provision of up to date, accurate and tailored advice and guidance for all Departments in relation to monitoring and tracking legislation contained in the Ireland/Northern Ireland Protocol;

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- Engaging with the Cabinet Office, Foreign, Commonwealth and Development Office and the ongoing business teams in the Scottish and Welsh governments to develop new structures and intra-UK processes to ready the United Kingdom for Third Country status;
- Establishment of a cross-departmental steering group to identify needs and potential issues associated with tracking EU legislation, to support Departments in understanding the EU legislative cycle and the opportunities for upstream engagement in the EU;
- Initiating the development of an IT system to track and monitor the legislation listed in the annexes of the Protocol on Ireland/Northern Ireland in order to ensure compliance with statutory obligations;
- Ensuring NI Departments are informed and updated on relevant EU measures in relation to COVID-19;
- Attending bi-weekly update meetings with the now UK Mission to the EU and the Scottish and Welsh Offices which enables the office to provide a high level of intelligence to NICS colleagues working on all manner of issues relating to the UK departure from the EU and ongoing future relationship negotiations;
- Raising the positive profile of NI in Europe by supporting the Northern Ireland Medicines Optimisation Innovation Centre (MOIC) to participate with partners from other EU regions in a seminar during the European Week of Regions and Cities to promote the work of the MOIC and demonstrate how the MOIC's operating model has been successfully applied in other EU regions;
- Promoting NI excellence in arts, culture, tourism, food & drink in a weekly E-Newsletter direct mailed to over 600 EU, international and NI diaspora contacts and promoted on social media;
- Raising the positive profile of NI in Europe through 4 virtual events with a focus on Arts, Culture, Tourism, Museums, Food & Drink industry including in partnership with the Arts Council NI as part of the Brussels Platform programme 'Transpoesie Poetry Festival' and 'A Taste of Belfast and Brussels' as a part of the Out to Lunch Festival; and in collaboration with the British Council, the UK Mission to the EU and the Permanent Representation of Ireland to the EU, on an online panel discussion 'Lives Entwined: Shifting Borders, Shifting Identity';
- In association with Invest NI, creating a flexible working space that can support its Hub concept in Brussels and support businesses and organisations in their engagement with the EU organisations and partners in the Benelux.

Executive Information Service

The Executive Information Service (EIS) provides communications advice to Ministers and senior officials across the NICS departments. As a specialism within the NICS, press officers are out posted from TEO to the eight other departments, Government Advertising Unit and nidirect. These teams are managed by the EIS Head of Communications.

Civil Contingencies

The Strategic Risk Management and Civil Contingencies Directorate (CCD) works in partnership with NICS Departments, emergency responders and local government partners

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to provide emergency preparedness, resilience, and response through delivery of the Northern Ireland Central Crisis Management Arrangements (NICCMA).

From March 2020 to June 2020, during the first wave of the COVID-19 pandemic, CCD activated the NI emergency response arrangements, which included the strategic oversight and co-ordinated enhanced decision making by the Executive, and by the Civil Contingencies Group (NI) led by the Head of the Northern Ireland Civil Service. These arrangements were delivered through the NIHUB, which operated as the focal point for NI's emergency response, facilitating engagement and shared situational awareness with UKG, Devolved Administrations, ROI, NICS Departments, and partner agencies.

Following the stand-down of NICCMA in June 2020, a lessons learned exercise shaped a readiness programme of work, the key objective of which was to prepare the emergency response posture for possible disruption from the concurrency of a second wave of COVID-19, EU transition and normal winter emergencies. NICCMA was again activated in September 2020 and the NIHUB again coordinated the response for the second wave of COVID-19 and monitored disruption for the end of the EU transition period and winter events, with CCG sitting from October 2020 through to February 2021.

Taking the experience from this prolonged period of response, CCD has now commenced a new civil contingencies strategic work programme which seeks to strengthen crisis risk management across NI.

COVID-19 Recovery Taskforce

The Executive's COVID-19 Taskforce was established in December 2020 under the leadership of HOCS to lead and co-ordinate the Executive's ongoing response to, and recovery from, the pandemic. The Taskforce brought together the many strands of the Executive's overall response to the pandemic, by joining up the work already taking place across government Departments, Local Government and public sector agencies.

During the year, the Taskforce built on the Executive's immediate COVID-19 response to progress an integrated programme of work across four key work streams: Protect; Recovery; Adherence and Strategic Communications. The Taskforce will continue to lead and co-ordinate on this Programme in the 2021-22 year.

The unit established a 4 week review process to facilitate the review of restrictions and inform Executive decision making to allow movement along the pathway when it was appropriate to do so. This enabled significant progress to be made and this work will continue.

The Taskforce is also now co-ordinating the development of a Recovery Strategy, which is aimed at progressing a cohesive approach across the whole of Government that will deliver an economic, health and societal recovery which has the citizen at its centre. This will be a focused and targeted recovery plan for the next 24 months, as a key link to our longer term ambitions outlined in the draft Programme for Government.

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The Office of the Legislative Counsel

The Office of the Legislative Counsel (OLC) drafts Assembly Bills to deliver the Executive's Legislative Programme, which is closely aligned to the Programme for Government. OLC also provides input to Westminster Bills that extend to Northern Ireland.

A considerable number of Executive Bills, in various policy areas, have been introduced or passed since the Assembly last resumed for business. In addition to the usual Legislative Programme (including Budget Bills), the New Decade, New Approach agreement commits the Executive to particular pieces of legislation. OLC has, throughout the reporting year, worked in partnership with colleagues across Departments to ensure the preparation of Assembly legislation of high quality for Ministers.

OLC has a wider legislative stewardship role, which supports the rule of law. Some training seminars have been planned or delivered during the reporting year, which aim to improve the standard of law making in Northern Ireland.

The Statutory Publications Office (SPO) is part of the OLC division. SPO, in conjunction with the National Archives, is responsible for keeping the statute book up to date by ensuring that the statute law of Northern Ireland is freely accessible. This has involved the application of changes to many pieces of primary and secondary legislation for Northern Ireland, in various policy areas including in relation to Brexit and COVID-19, on the www.legislation.gov.uk website during the reporting year. SPO's work is an important aspect of the wider legislative process, as the ability of the people of Northern Ireland to access legislation as it affects them is a key element of the rule of law.

Infrastructure Division and Racial Equality

Ebrington

The Department is responsible for all aspects of the Ebrington Site. The regeneration of the site has, and will continue to, lever private sector investment and provide new jobs delivering economic and social benefits to the region.

To regenerate the site, TEO continues to focus on five main strategic elements:

- Resource projects – maintain and secure the Site pending its transfer to DCSDC;
- Capital projects - delivering and progressing a range of separate build and civil engineering projects to enable and maintain private sector investment on the Site and protect the existing listed buildings;
- Progressing the legal arrangements to allow the delivery of a number of projects on the site. Managing the delivery of development agreements for uses on the site for all buildings including the Grade A office building, the hotel and the Maritime Museum; and
- In line with Ministers' wishes, Officials continue to work to transfer the site to Derry City and Strabane District Council in due course.

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Maze/Long Kesh

At the Maze/Long Kesh site, the Maze/Long Kesh Development Corporation (MLKDC) has continued to support the Royal Ulster Agricultural Society (RUAS) in the development of its exhibition and events facility with proposals underway for two additional buildings on the RUAS site. The Balmoral Show planned for 2020 was unable to proceed but it is hoped that it will return later in 2021. MLKDC has also undertaken preparatory surveys to support the future development of Conservation Management Plans for the Listed and Retained Buildings, which include both the former prison and the WW2 hangars. A substantial project of Health and Safety restoration work has commenced on the doors of the WW2 hangars, which house the Ulster Aviation Society (UAS) collection of heritage aircraft.

MLKDC continues to support and enable the Air Ambulance Northern Ireland (AANI), which became operational from the MLKDC site in July 2017. AANI is the local charity providing Helicopter Emergency Medical Service (HEMS) for Northern Ireland, together with partners at the Department of Health/Northern Ireland Ambulance Service (NIAS), which provide the HEMS Paramedics, Doctors, medical supplies and rapid response vehicle. By the end of March 2021 the AANI had been tasked over 2,000 times, providing critical pre-hospital care at trauma incidents across Northern Ireland, saving lives and reducing disability.

TEO continues to support the effective governance of MLKDC through grant in aid funding.

There is currently no agreement on the way forward with the site. The MLKDC Business Plan objectives for 2021-22 have been set to enable MLKDC to fulfil its current remit, as defined by TEO. These objectives are as follows:

- *To identify and explore possible options that could help to maximise the economic, historical and reconciliation potential of the site and inform the development of a regeneration strategy, in line with the MLKDC Board's vision and concept.*
- *To fulfil MLKDC's statutory and landowner responsibilities in relation to Health and Safety, estate management and the protection of the listed and retained buildings, and scheduled monuments, taking account of requirements relating to public access.*
- *To honour MLKDC's agreements with its tenants and occupiers, supporting and facilitating them, as appropriate, in their activities and future planning.*
- *To ensure MLKDC fulfils its corporate responsibilities with good governance, propriety and regularity.*

The Development Corporation has continued to function effectively during the disruption caused by COVID-19 and intends to continue to deliver these objectives. Activity on the site was reduced during 2020-21, but the long-term intentions remain the same.

Strategic Investment Board

During 2020-21, SIB's first priority was to support the delivery of the outcomes set out in the Outcomes Delivery Plan. As in previous years, SIB has provided assistance to every

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government Department and to a range of other customers, including agencies, arms-length bodies, city and local councils.

Highlights of SIB's work in 2020-21 include its contribution to:

- Supporting the NICS and District Councils in responding to COVID-19, including working in the NI Co-ordination Hub, and providing expertise for data analytics in support of the Health Service;
- Supporting the development of business cases and other studies to help progress both the Derry City and Strabane District Council City and Growth Deals, and the Belfast Region City Deal;
- Leading the procurement of NI Water's hydrogen and oxygen demonstrator project at the Belfast (Dunrue) Wastewater Treatment Works;
- Leading through to procurement the Project Stratum (Ultrafast Broadband) investment that will support the development and growth of IT and knowledge-based businesses, particularly in rural areas;
- Commencing work on the new Investment Strategy;
- The completion of the Craigavon Leisure Centre on time and to budget; providing state of the art leisure facilities for the area; and
- The completion of the Southern Regional College Armagh and Banbridge campuses on time and to budget.

With support from its partners SIB also:

- Delivered over 1,250 person years of employment through the Buy Social initiative, giving school leavers, long term unemployed and disadvantaged citizens opportunities to gain work experience and learn skills that increase their employability;
- Provided over 2,000 days of support on some 135 assignments to departments and councils through the deployment of staff from the Strategic Support Unit;
- Managed £270m of loans of Financial Transactions Capital, including facilitating a further £30 million loan in 2020-21 to the NI Investment Fund to support the development of economic infrastructure, and a loan of £80 million to support the University of Ulster's Greater Belfast Development.

SIB's priority work for the year 2021-22 will be:

- To continue to support the government response to COVID-19, including work on economic recovery;

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- The delivery of a new Investment Strategy;
- To continue to deliver, to time and budget, the programmes and projects that it leads and support;
- To deliver cash savings through improving the efficient use of government assets;
- To improve the quality of public-sector decision-making through original research and the innovative analysis and exploitation of data;
- To improve the social return on public procurement by extending the use of 'Buy Social' models; and
- The development of new approaches to the development and management of FTC loans and investments.

SIB will continue to respond flexibly to new or changed demands for services and support in 2021-22.

TEO has continued to support the effective governance of SIB by extensions and reappointments for the Chair and Non-Executive Directors.

Social Investment Fund (SIF)

TEO is delivering SIF on behalf of the Executive to help address issues associated with deprivation including poverty, unemployment and physical dereliction in deprived areas. The programme is in full delivery mode, with 66 projects approved and funding committed across the nine social investment fund zones. The 47 capital projects are making improvements to 108 premises and the 19 revenue projects are focused on employment/education and early intervention including mental health, capacity building, and social economy support. 57 projects, 39 capital (100 premises) and 18 revenue, have completed whilst 7 are in various stages of delivery with a further one yet to commence due to ongoing issues. Spend to date totals £80.5m which includes completed and operational revenue and capital projects. Capital spend to date is £41.6m and Revenue spend to date is £38.9m.

In total over 58,000 people have benefitted from the range of revenue projects to date: this includes over 6,000 through employment/training projects; over 29,000 through early intervention projects and over 22,000 through projects focused on education. This will continue to increase. Additionally, to date 349,000 people have availed of the services on offer in operational capital builds.

As a result of COVID-19, delivery timeframes have extended on the final 8 committed capital projects, 5 of which will now extend into the 2021-22 financial year, also delaying the programme's post project evaluation (PPE).

COVID-19 may also affect the delivery of services in SIF funded premises and SIF continue to work with statisticians and groups to monitor and minimise this effect.

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Racial Equality

The Racial Equality Strategy is a framework for government departments (and others) to tackle racial inequalities, to eradicate racism and hate crime to promote good race relations and social cohesion. The Racial Equality Subgroup is an independent panel that gives minority ethnic communities a voice in implementing the Racial Equality Strategy and the work of Government generally. Over £1 million was distributed through the Minority Ethnic Development Fund to assist minority ethnic and local community organisations to promote good relations between people of different ethnic backgrounds. In response to COVID-19 and the radical changes to the operation of organisations in the minority ethnic sector the MEDF competition for 2020-21 was cancelled and organisations in receipt of core funding had their funding extended to cover the period. The focus of activities is on supporting communities through the lockdown and beyond.

The Red Cross was appointed to administer the Crisis Fund for 2020-21 which provides support to minority ethnic individuals in emergency situations and helps them avoid destitution.

The Racial Equality Legislation Team within TEO is conducting a review of the Race Relations Order 1997 (The Order) in line with the commitment made in the Racial Equality Strategy 2015-25. The overall objective of this work stream is to undertake a review of the Order to assess the extent that it aligns with the approach in Great Britain and the Republic of Ireland.

Strategic Planning and Social Change

The Executive's Delivering Social Change Programme aimed to deliver the following two outcomes:

- a sustained reduction in poverty and associated issues, across all ages; and
- an improvement in children's and young people's health, wellbeing and life opportunities thereby breaking the long-term cycle of multi-generational problems.

Six initial Signature Programmes (£27m) which sought to tackle key issues being faced by parents, children and families were completed during 2015. A further three Signature Programmes were developed, focusing on dementia (£12.3m), shared education (£25m) and early intervention (£25m) TEO and Atlantic Philanthropies each committed to contribute 40% of the overall cost of each of these four programmes and the other 20% for each has been provided by the relevant lead department or through cross-departmental funding in the case of the Early Intervention Transformation Programme (EITP).

These programmes are now largely complete. The Shared Education Programme which aimed to increase the level of sharing in education and improve education and reconciliation outcomes, is largely completed but the final interventions have been delayed due to the closure of schools and other restrictions due to COVID-19.

Officials are currently working to gather and promulgate the lessons learned from the DSC programmes and exploring options for a further round of DSC programmes.

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Tackling Paramilitary Activity, Criminality and Organised Crime

TEO is taking forward a commitment within the Executive Action Plan (Action B4) which provides that: *“The Executive should establish a fund to support ambitious initiatives aimed at building capacity in communities in transition, including through developing partnerships across civil society and across community divisions.”* The Department has engaged a strategic partner to work with communities to develop bespoke transition plans to support communities in transition in the eight geographical areas identified as those most vulnerable to paramilitary activity and coercive control. The strategic partner led an engagement process with a broad range of community-based organisations and stakeholders to gather evidence to help inform the development of the plans, and to develop a series of projects that could be delivered within and by communities where possible.

A series of proposals for such projects were approved by the Tackling Paramilitarism, Criminality and Organised Crime Programme Board (TPCOCPB) in April 2019. Following approval by the TPCOCPB, TEO worked with the strategic partner to develop appropriate specifications to enable procurement of delivery partners to take forward projects in each area. To date (December 2019-March 2021), 34 projects have commenced across the 8 Communities in Transition (CiT) areas and cover a variety of themes for intervention, such as community development, health and wellbeing, and community safety.

Community response to these opportunities was positive and progress over the past year of delivery has seen the establishment of local community consortia that have delivered projects across community divisions. This progress has been maintained throughout COVID-19 as Officials have worked closely with delivery partners to continue implementation of projects. This has required some elements of projects to be reformatted, or re-phased, but has not required any projects to cease activity.

Overall, the projects have drawn high levels of participation with over 450 groups taking part in activities and over 1700 individual participants have been involved. Moreover, beyond these encouraging numbers, the projects have made a positive impact in communities during this phase of delivery (set against the backdrop of the COVID-19 pandemic). The regional restorative practice project has worked across all 8 sites and secured significant buy-in and collaboration between the community and voluntary sector working alongside the PSNI, NIHE, EA, schools and other local stakeholders. Similarly, the community safety theme has seen the formation of local engagement groups that have facilitated more sustained engagement between communities and local PSNI teams.

TEO is also progressing commitments associated with barriers to employment, services and travel experienced by ex-prisoners.

Historical Institutional Abuse - Implementation of the Hart Report

The Historical Institutional Abuse (Northern Ireland) Act 2019 came into force on 5 November 2019 and The Historical Institutional Abuse (Applications and Appeals) Rules (Northern Ireland) 2020 came into force on 31 March 2020. The Historical Institutional Abuse (Northern Ireland) Act 2019 (Commencement No1) Order (Northern Ireland) 2020 came into force on 27 March 2020, commencing the provisions in Part 1 and Schedule 1 of the Act, i.e., the Redress Board.

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The Historical Institutional Abuse Redress Board became fully operational on 31 March 2020 and its primary function is to receive, process and make determinations of awards of compensation to applicants who were victims and survivors of historical institutional abuse in accordance with the governing legislation. The compensation award levels are from £10,000 to £80,000; for those children who were part of the Child Migrants Programme and who were sent from here to Australia under that UK-wide Programme, a further £20,000 is available.

Under the Historical Institutional Abuse (Northern Ireland) Act 2019, the First Minister and deputy First Minister appointed Fiona Ryan as the Commissioner for Survivors of Institutional Childhood Abuse and she took up her post on 14 December 2020.

On 1 December 2020, a new service, administered by the Victims and Survivors Service, dedicated to supporting the health and wellbeing of survivors of Historical Institutional Abuse was launched. Throughout 2020-21 TEO has also continued to provide support services to victims and survivors and grant funding to victims and survivors groups to aid their provision of low level social support.

The Victims' Payment Scheme for Permanent Disablement

Under Section 10 of the Northern Ireland (Executive Formation etc.) Act 2019, the UK Government was required to bring forward legislation providing for a scheme of payments to those living with injuries sustained in Troubles/Conflict-related incidents by 31 January 2020 and for that legislation to come into force by the end of May 2020. The Scheme established by these Regulations is designated as the 'Troubles Permanent Disablement Payment Scheme' and set up as the 'Victims' Payment Scheme for Permanent Disablement' within TEO. Consultation on the scheme, and drafting of the Regulations, were matters for the NIO.

The purpose of the Scheme, as set down by the NIO, is to provide those living with permanent disablement (either physical or psychological) caused by injury through no fault of their own in a Troubles-related incident with payments primarily in acknowledgement of the acute harm which they have suffered.

It will also provide a measure of recognition of the implications of living with a disablement caused by a serious Troubles-related injury and the associated impact of such disablement on carers (who are often family members) and recognition that in many cases coping with disablement caused by the serious injury had an adverse financial impact on individuals and their families.

As provided for in the Regulations, an independent Victims' Payments Board has been established to oversee the Scheme and consider all applications. TEO designated the Department of Justice to exercise the administrative functions of the Board on the Board's behalf on 24 August 2020. An online system to receive applications to the Scheme has also been developed, alongside the appointment, by the Department of Justice, of an assessment service provider; and accommodation secured for staff who will be delivering the Scheme. The opening date for the scheme is a matter for the President and the Victims' Payments Board. On 27th April the President announced his intention to open the Troubles Permanent Disablement Payment Scheme for applications from 30 June 2021.

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TEO will have overall policy and sponsorship responsibility for the Scheme going forward.

Flags, Identity & Cultural Tradition (FICT) Report

The Stormont House Agreement and A Fresh Start committed to establishing the Commission on Flags, Identity, Culture and Tradition (FICT). The Commission was supported by the five largest political parties, all of which nominated representatives. It also received input from a number of independent members with backgrounds in a range of disciplines. The Commission was tasked with addressing a range of complex and longstanding issues that have impacted our society over many years. To inform its work, the Commission undertook a wide range of stakeholder engagement to gauge views and opinions.

The Commission was cognisant of the New Decade, New Approach in concluding its work and provided its final report on 17 July 2020. Junior Ministers met the Commission Chairs on 20 October 2020. They met TEO Officials on 19 January 2021 to consider the Report and next steps. It was agreed to set up a FICT Working Group comprising Junior Ministers, Special Advisors and TEO Officials. The first meeting of the Working Group took place on 18 March 2021. On 25 March an Executive Paper was presented to the Executive to approve a programme of work by which progress could be made with respect to the report and its recommendations. Engagement with other Departments was noted as part of this process. The paper was approved and the FICT Working Group will now oversee the progression of this work.

Good Relations Programmes for Young People (T:BUC Camps, PEACE4YOUTH, Uniting Communities through Sport)

The aim of the Camps Programme is to bring young people from different backgrounds together to increase understanding and form new friendships. Delivery in 2020-21 was impacted by the COVID-19 pandemic, but 75 projects were successfully delivered utilising innovative alternative methods of project delivery. An independent evaluation of the 2019-20 Programme conducted by the Education and Training Inspectorate (ETI) was very positive. Recommendations from the evaluation will be used alongside evaluations by the Education Authority (EA) to inform current and future delivery. Key outcomes from the latest evaluation include:

- 83.8% of participants feel more favourably towards people from a different religious/community background
- 82.7% of participants feel more favourably towards people from a different ethnic minority background
- 81.5% of participants have a better understanding of other cultural traditions and backgrounds

All those who applied to the 2020-21 Programme were also offered the opportunity to attend an online T:BUC Camps in the Community (CITC) event, promoting shared learning among individual camp participants.

A social action element has now been fully embedded into the Programme with all groups expected to deliver social action projects in 2021-22. Previous examples of social action

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projects included a Christmas party for senior citizens arranged by young people from a range of schools, a Youth Conference on good relations and mental health and a beach clean-up and tree-planting project.

A Good Relations Ambassadors Programme was piloted as part of the T:BUC Camps Programme in 2020-21. 22 young people from across Northern Ireland were selected to take part. The Ambassadors Programme provides participants with opportunities for experiential learning and development and seeks to provide a legacy not only for the young people but for the T:BUC Strategy and local communities. There have been excellent examples of collaborative working with participants teaming with Ambassadors from the Department for Communities (DfC) Uniting Communities Programme to share learning and co-design events. Ambassadors successfully completed an OCN level 2 course on Good Relations. Recruitment of the next cohort of Ambassadors is underway.

The Uniting Communities through Sport and Creativity Programme, delivered by DfC, continued to deliver across Ardoyne, Ballysillan and Derg in 2020-21, with 15 organisations involved in delivery. The programme has also supported 12 projects through the T:BUC Uniting Opportunities grant scheme which seeks to break down barriers to participation for those most marginalised young people in our society. Approximately 500 young people aged 11-24 have participated in the programme with the aim of promoting good relations and reconciliation through sport and creativity. The scale of delivery possible was impacted due to COVID-19 in 2020-21.

The Department for Economy's Peace4Youth programme, delivered by the Special EU Programmes Body (SEUPB), is an integrated programme which supports disadvantaged and marginalised young people aged 14 – 24, to develop capabilities in personal development, good relations and citizenship, ultimately enhancing their employability and improving their life chances.

The programme uses an intensive, precise and professionally-founded youth work approach. 11 lead projects have delivered programmes under Peace4Youth across NI and the Border Counties of Ireland, to over 6,000 participants. An independent evaluation of Phase 2 (October 2020) was highly positive, with substantial positive progression across the outcome areas of good relations, citizenship and personal development for the young people completing the programme and clear evidence that the programme is positively impacting the lives of the young people. Of the participants surveyed, 87% achieved at least one qualification in areas such as personal development, good relations, citizenship and essential skills and 79% of young people indicated that they intended to progress to a positive destination including, education, training, employment or voluntary/community work.

Shared education and housing

To date, four projects have been announced under the Shared Education Campuses programme. Construction commenced at the Limavady project in March 2021. Design work for the Ballycastle project is at an advanced stage, while a business case has been approved for the project in Moy. A business case is being progressed in respect of the Brookeborough project. The Department of Education is currently considering options on how to progress successful 3rd call projects.

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The target in the T:BUC strategy of building 10 shared neighbourhood developments has now been achieved, providing 484 new homes in total. Focus has now shifted to developing and delivering a five-year Good Relations Plan in each of the shared neighbourhoods. The delivery through T:BUC has also acted as a catalyst for further shared neighbourhoods and DfC are now targeting a further 1,000 homes across 45 shared neighbourhoods.

Urban Villages

The Urban Villages Initiative has continued to deliver a range of community led revenue, cross-cutting/strategic and capital projects during 2020-21. 41 community led projects were supported across the five Urban Village areas, focusing on good relations, enabling local groups and residents to tackle a wide range of social issues. This is an important good relations programme leading to positive good relations outcomes. For example, 80% of participants feel more favorable towards people from a different background.

The Keeping Healthy Staying Safe programme has supported local people as they face food insecurity and issues of isolation, particularly during the current pandemic. The funding, provided by the Executive Office was matched by donations from local businesses coordinated by Business in the Community. This supported local community groups to work collaboratively to deliver food supplies, meals, activities and essential PPE across the wider Urban Village areas.

The process for identifying community led projects for 2021-22 has closed and letters of offer will issue to 37 successful projects. 13 cross-cutting/strategic projects were delivered in 2020-21, a number of these will continue into 2021-22. They involve working in partnership across central and local government and with other stakeholders.

The initiatives include support in schools, employability, tourism and heritage, capacity building and €6m Peace IV funding to support emotional resilience. Up to £47m is being invested in a diverse range of capital build proposals brought forward by communities and assessed against the Strategic Framework for each area. These include parks, community hubs and the transformation of vacant and derelict sites. Of the 97 capital projects progressing through the Urban Villages capital pipeline, 75 are complete or at business case stage. Through this combination of community, cross-cutting and capital projects the programme has made good progress in building good relations by fostering positive community identities, building community capacity and improving the physical environment.

Interfaces

Under the T:BUC umbrella, Department of Justice (DoJ) and partners continue to engage with communities living at interfaces in Belfast, Portadown/Lurgan and Derry-Londonderry. The number of interface security structures has been reduced from 59 to 43. Extending the opening times of interface security gates, for the convenience of local people, has also been possible. Preparatory work on a number of further interface reduction and removal schemes continues in response to community demand for change.

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Good Relations/ T:BUC

Approximately £9m was distributed for good relations projects through TEO, excluding PEACE IV, T:BUC Camps and Urban Villages. This includes the budget for CRC, the Central Good Relations Fund, District Council Good Relations Programme, Planned Interventions, and Minority Ethnic Development Fund.

The Planned Interventions Programme aims to reduce the likelihood of children and young people becoming involved in the justice system at an early age. The programme diverts children and young people, who lived in areas that experienced heightened tension during the summer months, away from potentially anti-social behaviour by providing activities such as Good Relations workshops, residential weekends and sports programmes. Preventative measures such as planned interventions are deemed to be more effective than reactive measures for a child or young person already involved in the justice system. The Planned Interventions Programme can prepare a participant for progressing to a more sustained cross community programme such as the T:BUC Camps Programme. Due to COVID-19, it was necessary to revise the Planned Interventions Programme for 2020-21 to ensure that the programme could continue to be delivered while ensuring the safety of participants and their leaders. In 2020-21 TEO provided funding of £229k, delivered through the Education Authority (EA), to support the successful delivery of 91 Planned Interventions projects. Over 1,100 young people participated in the 2020-21 Programme. Key outcomes from the latest evaluation included:

- 99.7% of respondents stated that they had improved self-confidence and developed new skills through participation
- 99.7% of respondents stated they were treated very well throughout the programme.

The North Belfast Strategic Good Relations Programme (NBSGRP) is a good relations funding scheme delivered in partnership with the Community Relations Council (CRC). It seeks to improve relations between and within communities in North Belfast, and to contribute to the four key aims of the T:BUC strategy. In 2020-21, 10 contract holders delivered a range of interventions to a value of around £610,000.

The District Council Good Relations Programme (DCGRP) is a match funded scheme delivered in partnerships with the eleven District Councils. Councils contribute 25% of the £4m allocated through over 132 separate good relations interventions. The DCGRP contributed to all four key aims of the T:BUC strategy and continues to make a significant contribution to the implementation of the Strategy.

Delivery will complete on 31 March 2021. District Councils are now collating information in terms of participant number and outcomes. COVID-19 impacted Councils in their delivery throughout the year; we have been working with Councils in relation to this and will continue to do so as we go forward in 2021-22.

TEO is the Accountable Department for actions under three of the four thematic objectives of the PEACE IV Programme; this includes 17 Local Authority Action Plans and 21 regional projects. TEO good relations is accountable for €110M and provides approximately €13M of match funding for PEACE IV. Almost all funding has been committed. All eleven Councils in Northern Ireland and the six border counties in the Ireland have accepted Letters of Offers and are in the implementation stage of their PEACE IV Local Authority Action Plans. Twenty community groups have accepted a Letter of Offer and are in the

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implementation stage of their regional projects. There was a target to deliver 20 regional projects, the target is likely to be exceeded as 21 are now planned. A further call for a Regional Project focusing on Social Enterprise and Community Cohesion is being considered.

The Special EU Programme Body, the Managing Authority for the project are carrying out an exercise to look at the projected spends for the PEACE IV programme as a whole. They aim to identify any under commitment and ensure they are utilised before the end of the programme.

As a result of the PEACE IV Building Positive Relations objective, there is meaningful, purposeful and sustained contact between persons from different communities, promoting a peaceful society in Northern Ireland and the border counties in the Republic of Ireland. As a result of the Shared Spaces and Services objective within the Local Authority Plans there are 17 local initiatives underway that facilitate the sustained usage on a shared basis of public areas/buildings. As a result of the Children and Young People objective within the Local Authority Action Plans there will be 21,000 participants aged 0-24 years completing approved programmes that develop their soft skills and a respect for diversity.

The Central Good Relations Funding Programme (CGRF) awarded 98 groups over £3.2m in 2020-21, using activities including sports, arts, crafts and music to deliver good relations interventions, and impacting approximately 30,000 participants across Northern Ireland. Dedicated CGRF project leads work with groups to enhance good relations activity and support projects to contribute to the delivery of one of the Together: Building a United Community (T:BUC) Strategy key priorities. Evaluation of the 2020-21 programme is ongoing, with delivery in progress up to 31 March 2021. Due to the ongoing COVID-19 pandemic, the CGRF team worked with successful groups to establish what they could deliver during 2020-21 within the current circumstances, including potential innovative delivery solutions and the COVID-19 response. The CGRF is an extremely competitive fund with 187 applications received for the 2021-22 programme seeking funding totalling £6.8m. The assessment of the 2021-22 programme applications is well advanced at year end.

T:BUC Programme Outcomes

TEO officials continue to develop and promote an outcomes focus in all good relations programmes funded through TEO. During 2020-21, data collected in 2019-20 was analysed. Over 8,000 participants of TEO good relations projects responded and some key findings included:

- 85% of respondent felt the project they participated in played a role in bringing people from different backgrounds together. This represents a ten percentage point increase in the figure for 2018-19.
- 95% of participants either experienced positive attitudinal change or maintained their already positive attitude towards people from different community or ethnic backgrounds;
- 97% of respondents felt the project helped them.

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These findings provide evidence of the positive difference TEO good relations projects are making and also highlight areas for improvement for individual projects and for good relations funding programmes collectively. A more comprehensive methodology for collecting outcomes data was developed for 2020-21, allowing the impact of good relations work to be identified and captured in a broader manner. Analysis will be completed by summer 2021.

T:BUC Update Report

Data for 2020-21 has now been collected and an updated report is scheduled for publication in Summer 2021.

Victims and Survivors

A Collaborative Design Programme was established to develop an improved victim-centred service delivery model to better meet the needs of all victims and survivors. The programme is led by the Executive Office together with the Victims and Survivors Service (VSS) and the Commission for Victims and Survivors (CVS). The outcome of this programme has been the implementation of a VSS Delivery Model which aims to provide better outcomes for victims while securing services for the future. The model, which came into effect from 3 April 2017, covered the 3 year period from 2017-2020 and ensured that support provided was victim-centred, simple to access and tailored to need. The model has been extended for a further two years to 2022.

The collaborative design programme is currently focused on the development of a new Strategy for Victims and Survivors. In November 2019 the current Victims and Survivors Strategy 2009-2019 was extended under the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 for a further two years (with an option to extend for a further year) to ensure continued strategic cover for the delivery of services to victims and survivors.

An independent evaluation of the current strategy was commissioned to help inform the development of the new Strategy. The evaluation which had been extended due to the limited ability of the evaluators to engage with the Sector due to COVID-19 restrictions has now been completed. The outcomes and recommendations are currently being reviewed.

The VSS Delivery Model was designed to sit alongside and complement the Victims PEACE IV funding and the development of an integrated Mental Trauma Service, now known as the Regional Trauma Network (RTN).

The establishment of a Regional Trauma Network (RTN), as announced by the then Minister for Health, Social Services and Public Safety (now Department of Health) in September 2015, aims to develop capacity to address unmet mental health needs. The RTN will provide an integrated range of services both from within the community and in clinical settings, dealing with a spectrum of severity and providing additional capacity to address the unmet need including those created by the conflict. It was hoped that Phase 1 of the service would be launched in 2020-21, however as Department of Health staff have

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been focussed on dealing with COVID-19 resources were not available to progress this in year.

VSS is the single Lead Partner for the €17.6m (£13.37m) victims and survivors' element of the EU's PEACE IV Programme (Shared Spaces and Services). The project aims to enhance the capacity for the delivery of comprehensive shared services for victims and survivors in NI and the border region, for the first time in an all-inclusive and co-ordinated way. This includes a focus on improving the health and well-being of victims and survivors and their families through the development, implementation and co-ordination of new and innovative initiatives such as: a Health and Well-Being Caseworker Network; an Advocacy Support Programme; a Resilience Programme and work in the area of Research, Standards and Trauma Training. The Programme will complement the work being taken forward by others to deliver on commitments for victims and survivors, in particular the rollout and delivery of the RTN.

As a result of EU Exit and exchange rate changes, an additional €1.9m (£1.57m) became available to spend. The additional funding application was approved in January 2020 and extends the life of the project to December 2022.

The VSS Board met monthly, providing strategic direction to ensure that VSS continued to provide support for all victims and survivors in a coordinated, outcome focused and efficient manner.

VSS responded promptly to the COVID-19 crisis by ensuring much needed funds were available to groups and individuals at the earliest opportunity. The VSS was able to issue payments on 1 April along with guidance to groups allowing them to diversify in order to help vulnerable clients deal with the COVID-19 restrictions. VSS staff have been working off-site and the central telephone line has remained open.

Commitments arising from the New Decade, New Approach Agreement

In early 2020, a new team was formed to put in place arrangements to enable the three Bills which were published alongside the New Decade, New Approach Agreement (the Agreement) on 9 January 2020 to be introduced to the Assembly.

The proposed Bills will amend the Northern Ireland Act 1998 to implement core elements of the Agreement's proposed rights, language and identity framework. The Agreement commits to their presentation to the Assembly for consideration within 3 months of restoration of the institutions. The team's work is ongoing to bring forward the Bills on a timely basis recognising the impact of the current COVID-19 crisis.

PERFORMANCE ANALYSIS

In the 2020-21 year, TEO used a range of methods of performance monitoring, such as financial reporting, balanced scorecards and departmental/divisional business plans (which outline the Department's key objectives), risk registers and assurance statements. Monitoring performance against key objectives was carried out by way of regular written updates with quantitative and qualitative analysis provided on progress where this information was available.

Going forward into 2021-22 TEO, in line with an outcomes focused PfG, will also take an increased focus on organisational outcomes on which performance can be regularly monitored through the use of organisational performance accountability measures.

FINANCIAL PERFORMANCE

Table 1: TEO Outturn against Estimate by Category of Spend

Table 1 provides a breakdown of the total outturn figure, as compared against Estimate, by category of expenditure.

2020-21	Estimate £m	Outturn £m	Underspend/ (Overspend) £m/%
Administration Costs	17.337	16.760	0.577 3.33%
Grants/Grant-in-Aid	170.716	171.136	(0.420) (0.25%)
Other Current (including accruing resources)	459.804	35.079	424.725 92.37%
Total Resources	647.857	222.975	424.882 65.58%
Capital	2.258	2.053	0.205 9.08%
Departmental Total	650.115	225.028	425.087 65.39%

The Department's total Resource Outturn for the 2020-21 financial year was £222.975 million against an Estimate of £647.857 million. Total Capital Outturn for the 2020-21 financial year was £2.053 million, against an Estimate of £2.258 million.

The expenditure in relation to Grants/ Grant-in-Aid showed an overspend of 0.25%, while the bulk of the total underspend relates to Other Current expenditure (including accruing resources) in support of the Department's objectives. This category showed an underspend of £424.725 million, representing 99.9% of the total underspend for the year. The majority of this underspend relates to the setting up of the provisions to cover payments resulting from the outcomes of the Historical Institutional Abuse Inquiry. These were later reclassified as contingent liabilities under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), resulting in the bulk of the Resource underspend for the 2020-21 financial year.

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Resource Outturn

Analysis of Resource Underspend by Request for Resource

Table 2: Summary of Resource Outturn by Request for Resource

Request for Resource (RfR)	Estimate	Outturn	Underspend/ (Overspend) £m/%	
	£m	£m	£m	%
RfR A	647.857	222.975	424.882	65.58%
Departmental Total	647.857	222.975	424.882	65.58%

Request for Resources A (RfR A)

Driving investment and sustainable development; making people's lives better through support for equality, human rights and community relations; and the effective operation of the institutions of Government.

The net underspend against RfR A of £424.882 million arose as a result of an Administration underspend of £0.577 million; a Grants/ Grant In Aid overspend of £0.420 million; and Other Current underspend of £424.725 million.

The Admin underspend of £0.577 million, the Grants/ Grants In Aid overspend of £0.420 million and the Other Current underspend of £424.725 million gives a total net Resource underspend of £424.882 million (65.58%), which relates primarily to the following underspends:

- (i) Historical Institutional Abuse Reclassification from Provision to Contingent Liabilities (£416.431 million). This underspend relates to the setting up of the provisions for the payments resulting from the outcomes of the Historical Institutional Abuse Inquiry. These were later reclassified as contingent liabilities under IAS 37, resulting in the bulk of the underspend for 2020-21;
- (ii) salaries easements as a result of vacancies not being filled as planned across a number of branches;
- (iii) underspends across ringfenced Shared Future Funding central good relations grants, EU Exit, Dedicated Mechanism and SIF largely due to the impact of the pandemic;
- (iv) underspend in COVID-19 ring fenced funding across the range of TEO's COVID-19 activities (public information campaign, Hub, Recovery and ALBs);
- (v) lower than anticipated notional costs; and
- (vi) an underspend in NI Protocol ring fenced funding.

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Capital Outturn

Analysis of Capital Underspend by Request for Resource

Table 3: Summary of Capital Outturn by Request for Resource

Request for Resource (RfR)	Estimate	Outturn	Underspend/ (Overspend)	
	£m	£m	£m	%
RfR A	2.258	2.053	0.205	9.08%
Departmental Total	2.258	2.053	0.205	9.08%

Request for Resources A (RfR A)

The Department had a total capital underspend against Estimate provision of £0.205 million (9.08%) mainly due to minor underspends across a number of business areas.

Assets Valuation

TEO Land and Buildings are valued annually by Land and Property Services. In the 2020-21 financial year TEO impaired its land and buildings by £1.274 million (Note 8) which was funded by Annually Managed Expenditure budget.

Net Cash Requirement

The net cash requirement for 2020-21 was £202.524 million. This is £17.339 million lower than the Spring Supplementary Estimates net cash requirement of £219.863 million.

The reduction of £17.339 million was mainly due to a reduced working capital requirement primarily as a result of a reduction in Peace IV debtors at year end. This has resulted in a lower than anticipated Net Cash Requirement for 2020-21.

Long Term Expenditure Trends

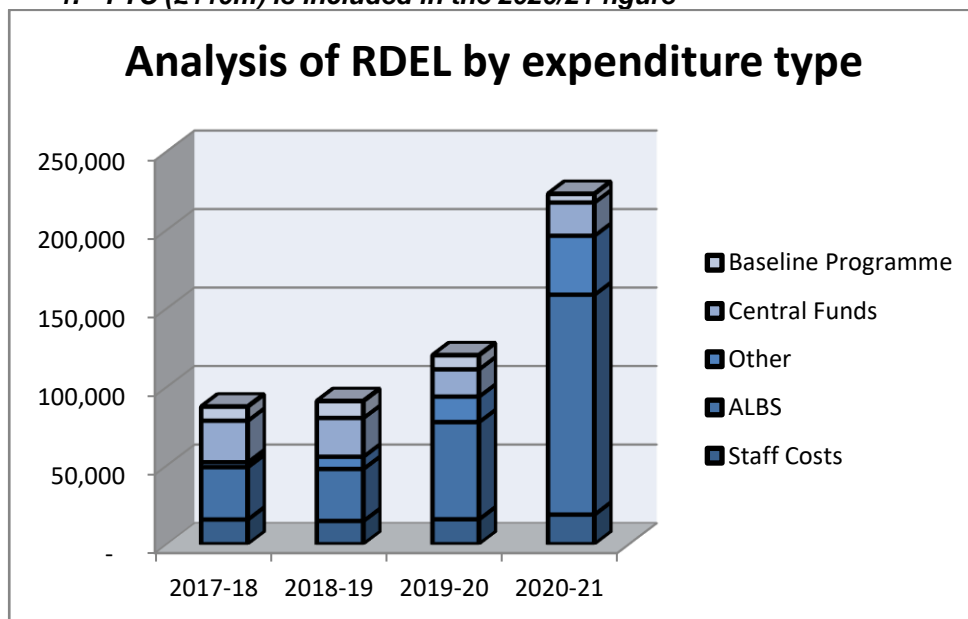
Total Departmental Spending	Outturn 2017-18 £'000	Outturn 2018-19 £'000	Outturn 2019-20 £'000	Outturn 2020-21 £'000
Resource DEL (including Non Budget)				
RfR A	87,474	91,029	120,214	222,975
Of Which				
Staff Costs	15,783	14,851	15,935	18,904
ALBS ¹	33,252	33,034	61,739	139,891
Other	3,111	7,776	16,211	37,564
Central Funds	26,383	24,633	17,357	21,159
Baseline Programme	8,945	10,735	8,972	5,457
Total resource DEL	87,474	91,029	120,214	222,975
Resource AME				
RfR A	3,696	3,400	(274)	1,149
Of Which				
Diminution of Value of PPE	3,411	3,385	(325)	746
Provision for Bad Debt				
Increase in Provision	285	15	51	403
Settlement of NICS Equal Pay Claims	-	-	-	
Total resource AME	3,696	3,400	(274)	1,149
Of Which				
Depreciation	507	425	428	503
Capital DEL				
RfR A	3,910	3,840	3,717	2,053
Of Which				
Plant, Property and Equipment	3,909	3,803	3,441	1,704
Intangible Assets	1	38	276	349
Total Capital DEL	3,910	3,841	3,717	2,053

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Capital AME				
RfR A	-	-	-	-
Of Which	-	-	-	-
Total Capital AME	-	-	-	-
Total Departmental Spending				
Of Which				
Total DEL	91,384	94,869	123,931	225,028
Total AME	3,696	3,400	(274)	1,149
Workings 1				
	2017-18	2018-19	2019-20	2020-21
	£'000	£'000	£'000	£'000
Central Funds - Salary costs				
SIF	665	562	543	523
Childcare	-	-	-	-
DSC	121	8	-	24
Fresh Start	-	144	193	207
T:BUC	416	1,583	1,635	1,613
Total	1,202	2,307	2,371	2,367

Notes

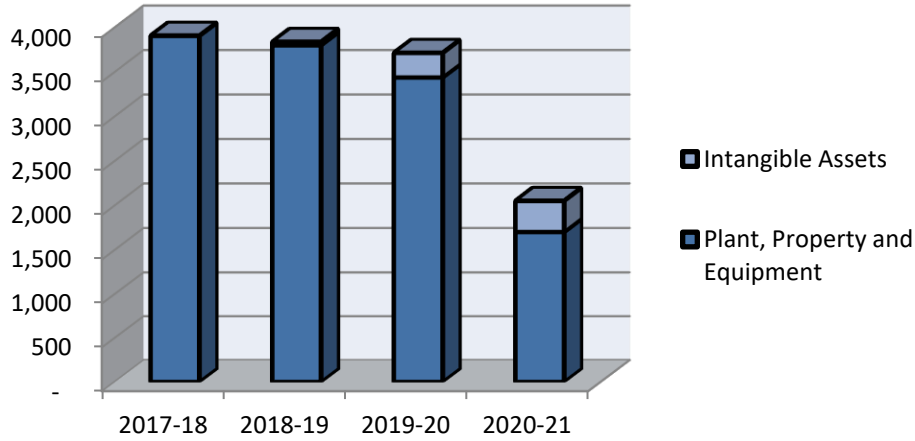
1. *FTC (£110m) is included in the 2020/21 figure*



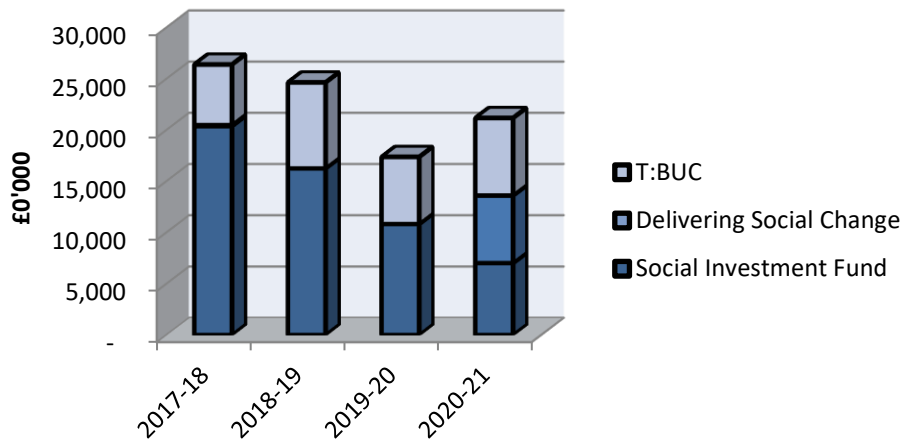
FTC (£110m) is included in graph above

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Analysis of CDEL by expenditure type



Analysis of Central Funds by Function



NON-FINANCIAL PERFORMANCE

Equality

TEO Equality, Human Rights and Delivering Social Change branch provides advice and support to the Department and the wider NICS on the application of equality responsibilities relating to Section 75 of the Northern Ireland Act and the Disability Discrimination Act. This includes creating and maintaining the department's Equality Scheme and Disability Action Plan. An Annual Progress Report on both issues is prepared for the Equality Commission for NI.

Human Rights

TEO aims to promote a culture of rights and responsibilities within the civil service and to promote awareness of other human rights considerations under international instruments to which the UK is a signatory.

TEO has specific responsibility for responding to the United Nations on:

- The international covenant on civil and political rights;
- The international covenant on economic, social and cultural rights; and
- The convention on the elimination of racial discrimination.

Anti-corruption and anti-bribery matters

There were no allegations of corruption or bribery raised during 2020-21. The Department continues to strengthen its anti-corruption and anti-bribery arrangements through the sharing of best practice with Departmental staff and ALBs. The recent Departmental Fraud Policy and Response Plan, issued to staff in 2021, provides advice to staff on the applicability of the Bribery Act 2010 and shares good practice to staff on managing the risk of bribery and corruption.

Freedom of Information

In the 2020 calendar year, TEO commissioned 115 Freedom of Information (FOI) and no Environmental Information Regulation (EIR) requests, compared to 54 information requests commissioned in the previous year. This was an unprecedented year in regard to the volume of requests with a significant number of requests seeking information on the COVID-19 pandemic. Of the requests commissioned, 52% came from members of the public and 34% from the media. The remainder came from businesses, campaigning groups, public representatives, researchers and solicitors. In addition to the 115 commissioned FOI requests a further 62 responses issued under normal course of business to correspondence submitted as FOI requests. Eight internal reviews were carried out following appeals from requesters. In addition, four subject access requests were responded to under Data Protection legislation. There was one complaint to the Information Commissioner against the Department under access to information legislation, which awaits a determination. It is also worthwhile noting that the onset of the COVID-19 pandemic in March 2020 caused a serious impediment to the review of historical paper-based files in TEO and across the wider NICS. The Public Record Office of Northern Ireland (PRONI) subsequently reduced

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the normal bi-annual release of historical files to a single release of files with a terminal date of 1997. As a result, 53 historical files for which this department is functionally responsible were released into the public domain through PRONI in December 2020.

Information Assurance and Management

The department's Information Management and Central Advisory Branch (IMCAB) continued to advise and support business areas' use of the Electronic Document and Records Management system (currently Content Manager and previously known as HPERM): setting up containers (for filing documents), with appropriate access controls, and processing information and email management-related service requests (particularly during the COVID-19 emergency and the subsequent working at home scenario in March 2020). A number of special projects were also undertaken, which included an HPERM upgrade to CM9.4; the setting up and maintenance of a file plan for the NI HUB in preparation for EU Exit in January 2020 and, in March 2020 onwards, the provision of advice and support to the NI HUB, as it re-directed its efforts towards dealing with the COVID-19 emergency. An Action Plan with PRONI was agreed in June 2019. The Plan's focus is the transfer of official records from the Department to PRONI, once they are 20 years old, in line with the Public Records Act (NI), 1923. In the early stages of its implementation, PRONI reviewed thousands of files held in the department's file stores, with a view to determining which files were worthy of permanent preservation. In response, IMCAB is updating the department's master list of registered hard copy files, and its retention and disposal schedule. However in light of workplace restrictions imposed by the COVID-19 pandemic this work has been put on temporary hold.

Data Protection Compliance

The department's Data Protection Officer (DPO) continued to focus on the monitoring of compliance with the legislation. A Data Protection Health Check questionnaire has been completed by business areas, and a review of their responses has begun.

Written and telephone enquiries from business areas seeking data protection advice was steady over the course of the year. Beyond these specific enquiries, the DPO continues to advise regularly on the presentation and content of a wide range of data protection documentation drafted by business areas, e.g., new and revised Privacy Notices, Data Sharing Agreements and Data Protection Impact Assessments. As a first step towards publishing targeted information assets on the [Open Data portal](#), the DPO reminded Information Asset Owners to update their Information Asset Registers, which must be current and accurate in order to comply with the legislation. Data Protection-related risks and mitigating measures continue to be recorded on the Information Management and Central Advisory Branch, Executive and Central Advisory Division, and Corporate (Departmental) Risk Registers. Entries are monitored on a quarterly basis, and revised as necessary.

There were no further personal data breaches recorded following that reported to the Information Commissioner's Office (ICO) by the Interim Advocate's Office (IAO) in May 2020. An Action Plan was implemented following the report of the Group Internal Audit and Fraud Investigation Service (Department of Finance), which was published on 23 June 2020. Advice on a wide range of data protection compliance documentation, and the production of revised office procedures for the benefit of the newly-established (December

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2020) Commissioner for Survivors of Institutional Childhood Abuse (COSICA), was provided by the DPO.

Complaints Handling

TEO is committed to providing good customer service, including investigating and addressing any cause of dissatisfaction. Any customer who is unhappy with the quality of service received from TEO is able to have their complaint addressed through the Complaints Procedure.

No complaints were received during the 2020-21 financial year.

Corporate Social Responsibility

The Department maintained a Corporate Social Responsibility (CSR) Framework Document, addressing its CSR responsibilities in the environment, marketplace, community and workplace.

Payment to Suppliers

The Department is committed to the prompt payment of bills for goods and services received in accordance with the Late Payment of Commercial Debts (Interest) Act 1998. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is the latter.

In 2020-21, the department's performance in relation to the payment of invoices within 30 days was an average of 95%; this is a slight decrease in performance compared to the previous year and is slightly below the NICS average. In 2020-21 an average of 90% of invoices were paid within 10 days; this is below the NICS average.

TEO Prompt Payment Performance 2020-21 and 2019-20

Prompt Payments Rates	2020-21		2019-20	
	TEO	NICS	TEO	NICS
Total number of invoice payments	2,715	153,003	2,928	191,833
Number of invoice payments within 30 days	2,588	148,298	2,820	186,556
Percentage paid within 30 days (%)	95%	96%	96%	97%
Number of invoice payments within 10 days	2,448	142,362	2,680	178,278
Percentage paid within 10 days (%)	90%	93%	92%	93%

Environmental Matters

Departmental Premises Officers energy management and energy related responsibilities include implementing, within their building, Departmental strategies and policies in relation to the efficient use of energy and which contributes to the department's sustainability initiatives. This includes a commitment to raise awareness through the publication of intranet articles and sustainability themed briefings. Sustainable behaviours are promoted

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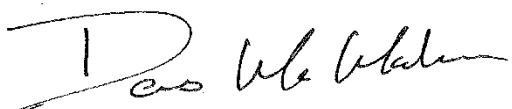
through encouraging staff to travel by sustainable methods, for example, the Cycle to Work initiatives, car sharing, car parking spaces with electric charging points and the mandatory use of recycled paper from legal and sustainable sources. The Department has reduced the number of printers and installed multi-functional devices throughout its buildings. In line with NICS Policy the Department supports the use of Fair Trade products. The Stormont Estate has a dedicated staff allotment site which provides opportunities to promote more sustainable living.

Departmental Premises Officers in larger buildings have access to a building energy management interface to provide direct access to temperature variables and overtime settings. This provides a facility for Premises Officers to fine tune temperature settings in order to reduce energy consumption and reduce Helpdesk calls.

Rural Needs

The Rural Needs Act (Northern Ireland) 2016 came into operation for departments and district councils on 1 June 2017 and for remaining specified public authorities from 1 June 2018. The Act provides a statutory duty on public authorities to "have due regard to rural needs" in the development and delivery of strategies and policies. A Rural Needs Impact Assessment is required to be carried out in each case. Details of these assessments are required to be provided to the Department of Agriculture, Environment and Rural Affairs (DAERA) for publication in its Rural Needs Annual Monitoring Report for each financial year. No Rural Needs Impact Assessments under Section 3 of the Act were completed by policymakers within the Executive Office between 1 April 2020 and 31 March 2021.

Approved and signed



Dr Denis McMahon
Accounting Officer
26 August 2021

THE ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

The purpose of the corporate governance report is to explain the composition and organisation of the department's governance structures and how they support the achievement of the department's objectives.

DIRECTORS' REPORT

TEO presents its accounts for the financial year ended 31 March 2021 as directed by the Department of Finance under section 9(1) of Government Resources and Accounts Act (Northern Ireland) 2001. These accounts have been prepared in accordance with the appropriate form and disclosure requirements of the Government Financial Reporting Manual.

Accounting Boundary

The Departmental boundary is determined by the way in which in-year budgetary control is exercised by the department. For the year 2020-21 in addition to the TEO core department the following are considered to be within the boundary and their financial performance is consolidated in the department's resource accounts:

- **Attorney General for Northern Ireland**

The commencement of Sections 22-26 of the Justice (Northern Ireland) Act 2002 on 12 April 2010 (when policing and justice powers were devolved) established the position of the Attorney General for Northern Ireland as a statutory office within the devolved administration. The Attorney General is an independent statutory office holder appointed by the First Minister and deputy First Minister for a fixed term in accordance with the terms of the appointment and the provisions of the Justice (Northern Ireland) Act 2002. Ministers appointed Brenda King as Interim Attorney General in June 2020 and plans for a review and recruitment process for a new Attorney General are being considered. On 23 March 2020, the building accommodating the Office of the Attorney General closed for an indefinite period due to COVID-19. Despite a significant impact, all staff were enabled to work from home and the Attorney General continued to deliver on the full range of statutory duties and responsibilities. Further details are available at www.attorneygeneralni.gov.uk.

- **Commissioner for Public Appointments for Northern Ireland**

The post of Commissioner for Public Appointments for Northern Ireland (CPANI) was established in 1995 on the recommendation of the Committee on Standards in Public Life. The Commissioner is appointed by the First Minister and deputy First Minister and is a statutory office holder operating at arm's length from the department. The Commissioner's role is to publish a code of practice, and regulate, monitor and report on Ministerial appointments to a range of public bodies as outlined in legislation. Further details are available at www.publicappointmentsni.org

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The CPANI Annual Report is normally due no later than June each year however the CPANI position is currently vacant and interim measures put in place include deferring the submission of the Annual Report until the position is filled which is unlikely to be before September 2021.

- **North South Ministerial Council Joint Secretariat (North)**

Established under the terms of the Belfast/Good Friday Agreement, the North South Ministerial Council brings together Ministers from the Northern Ireland Executive and the Irish Government to develop consultation, co-operation and action on matters of mutual interest. The North South Ministerial Council is supported by a Joint Secretariat, based in Armagh and staffed by civil servants from TEO and the Irish Civil Service. The North South Ministerial Council Joint Secretariat (North) provides advice and support for Ministers in relation to their participation in the North South Ministerial Council. Meetings of the Council resumed in July 2020 with meetings held in all sectors, in institutional format and in plenary format. In addition staff have continued to deliver the objectives of the Secretariat while working from home. Further details are available at www.northsouthministerialcouncil.org.

- **Historical Institutional Abuse Redress Board**

In addition, the Historical Institutional Abuse Redress Board was established by the Historical Institutional Abuse (Northern Ireland) Act on 5 November 2019 and came into operation on 31 March 2020. The Redress Board falls within TEO's departmental boundary.

- **Victims' Payments Board**

The Victims' Payments Board was established by the Victims' Payments Regulations 2020 and came into force on 24 February 2020 and 29 May 2020. Board members were sworn into office on 23 February 2021 and the President of the Board was appointed on 1 March 2021. The Victims' Payments Board also falls within TEO's departmental accounting boundary.

TEO Departmental Board

During 2020-21 the Departmental Board was chaired by David Sterling in his capacity as Head of the Northern Ireland Civil Service (HOCS) and Permanent Secretary of TEO until his retirement in August 2020. Jenny Pyper was appointed as Interim HOCS on 1 December 2020 and has chaired the Board since then. The Board supports the delivery of effective Corporate Governance and operates within best practice guidelines outlined in *Corporate Governance in Central Government Departments: Code of Good Practice (Northern Ireland) 2013*. It advises on the operational implications and effectiveness of policy proposals and takes an objective long-term view of the business of the department, leading its strategic planning process and supporting corporate governance responsibilities for the department.

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The roles and responsibilities of the Departmental Board and its sub committees are detailed in the Governance Statement at Pages 48-70.

During 2020-21 the Departmental Board comprised the following members:

- David Sterling, Head of the Northern Ireland Civil Service and Permanent Secretary of TEO (retired in August 2020) and Jenny Pyper, Interim HOCS from December 2020.
- Denis Power, Independent Board Member
- Andrew McCormick, Director General, International Relations Group
- Dr Mark Browne, Accounting Officer and Director of Strategic Policy, Equality and Good Relations (left 28 February 2021, replaced by Chris Stewart on 1 March 2021 to 25 July 2021)
- Chris Stewart, Director: Programme for Government and Executive Support
- Karen Pearson, Director of Future EU Relations from 29 April 2019, now Director of COVID Recovery and Operational Readiness
- Peter Toogood, Director of Finance and Corporate Services (left 29 April 2020), replaced by Neelia Lloyd on 13 July 2020
- Carol Gordon, NICS HR Business Partnering Team, replaced Ann Moore on 4 January 2021
- Tom Reid, Director of EU Exit, joined 28 October 2020
- Brenda King left the Board June 2020, replaced by Alex Gordon as Acting First Legislative Counsel on 1 July 2020

Management

Jenny Pyper was appointed as Interim HOCS with effect from 1 December 2020. Dr Mark Browne was the Departmental Accounting Officer for most of the reporting period, being replaced by Chris Stewart as an interim Accounting Officer from 1 March 2021 to 25 July 2021. Dr Denis McMahon was appointed as Accounting Officer from 26 July 2021.

Departmental Reporting Cycle

This report provides a summary of the department's performance and key achievements during 2020-21. The department's original Estimates for the year were set out in *NI Main Estimates 2020-21*. Revised Estimates were published in *NI Spring Supplementary Estimates 2020-21*. Both documents are available at <https://www.finance-ni.gov.uk/publications/estimates-publications> or from *The Stationery Office (TSO)*.

Pension Liabilities

The treatment of pension costs and liabilities is disclosed in the Remuneration Report and Note 1.7 of the departmental resource accounts.

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Register of Interests

DOF guidance FD 04/21 guidance, contains a new requirement that the disclosure of interests for Special Advisors should be included in the Annual Report & Accounts, alongside the disclosure of Board members interests. Ministers' and Special Advisors' interests information is collated by DoF and can be found at: [Publication of NICS Register of Ministers' and Special Advisors Interests by DoF for 2020-21](#).

No members of the Departmental Board held any positions outside the Department which may have conflicted with their management responsibilities. The department's register of interest is available at: <https://www.executiveoffice-ni.gov.uk/publications/teo-register-interests-2020-2021>.

A policy for the declaration and management of interests for all staff is under development. NICS-wide guidance is currently awaited from DoF.

Personal Data Related Incidents

The Departmental Security Officer continued to review and report to the Departmental Board on data resilience, vulnerabilities and risks during the year. There was one departmental personal data breach recorded in 2020-21.

Auditors

The department's Accounts are audited by the Comptroller and Auditor General for Northern Ireland in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. The audit of the financial statements for 2020-21 resulted in a notional audit fee of £78,000 and is included in the administration costs in the statement of comprehensive net expenditure.

The Executive Office

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the Department of Finance (DoF) has directed TEO to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

The Executive Office

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

- Observe the Accounts Direction issued by DoF including the relevant accounting and disclosure requirement, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts;
- Prepare the accounts on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Permanent Secretary is normally appointed by the DoF as Accounting Officer of a department. However, due to the unique circumstances in TEO where the Permanent Secretary of the Department is also the HOCS, the role of Accounting Officer has been delegated to a Deputy Secretary for the 2020/21 reporting period. On 26 July 2021, Dr Denis McMahon was appointed as TEO Permanent Secretary and as Accounting Officer of the Department.

The responsibilities of an Accounting Officer, including the responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the department's assets, are set out in the Accounting Officers' Memorandum issued by DoF and published in *Managing Public Money Northern Ireland (MPMNI)*.

So far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the department's auditors are aware of that information.

The Executive Office

GOVERNANCE STATEMENT

Introduction

This statement is given in respect of the Departmental Resource Accounts for 2020-21. It reflects the Department's governance, risk management and internal control arrangements for directing and controlling its functions and how assurance is provided to support me in my role as Accounting Officer for the Executive Office (TEO).

During 2020-21, the Department was responsible for 13 Arm's Length Bodies (ALBs) having established two new ALBs viz. the Historical Institutional Abuse (HIA) Redress Board and the Commissioner for Survivors of Institutional Childhood Abuse (COSICA).

The Ilex Urban Regeneration Company Limited which closed for business on 31 March 2016 was formally dissolved on 13 October 2020. The HIA Interim Advocate's Office, established until a statutory Commissioner was appointed, closed on Friday 11 December 2020.

The 13 ALBs include independent bodies and executive Non-Departmental Public Bodies which sit both inside and outside the Department's accounting boundary. Oversight of the ALBs is delivered by partnership divisions responsible for advising on, and monitoring of adherence to, all aspects of accountability and good governance.

The following statement, whilst primarily focussing on the Department, incorporates key issues from within its ALBs.

Budget Position and Authority

The Assembly passed the Budget Act (Northern Ireland) 2021 in March 2021 which authorised the cash and use of resources for all departments for the 2020-21 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2021 also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2021-22 financial year. The Budget (No. 2) Act (Northern Ireland) 2021 which received Royal Assent on 4 August 2021 authorises the cash and resource balance to complete for the remainder of the 2021-22 financial year based on the Executive's 2021-22 Final Budget.

Compliance with Corporate Governance Code

NI Government Departments are expected to apply the principles of the Department of Finance and Personnel's (DFP) (now Department of Finance (DoF)) *Corporate Governance in Central Government Departments: Code of good practice (2013)* ('the Code') and the DFP (now DoF) *Orange Book Management of Risk – Principles and Concepts (2020)* ('the Orange Book') unless good governance can be achieved by other means.

The Department's compliance with the principles of good practice in the Code and the Orange Book, was confirmed as satisfactory by the most recent Internal Audit evaluation in November 2019. However, an update of the Orange Book released in 2020 has not yet

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been considered by TEO. Internal Audit highlighted an ongoing departure from the Code whereby TEO has only one Independent Board Member; who also acts as Chair of the Audit and Risk Assurance Committee (ARAC). ARAC has one additional independent member appointed from another government department. He is not a member of the Board as prescribed in Paragraphs 3.1 and 5.9 of the Code. The Department continues to further strengthen its governance arrangements through the ongoing development of support and guidance for staff, including: enhanced policies and procedures for whistleblowing and fraud; learning and development seminars; and the continued development of communication and engagement channels between policy and support functions.

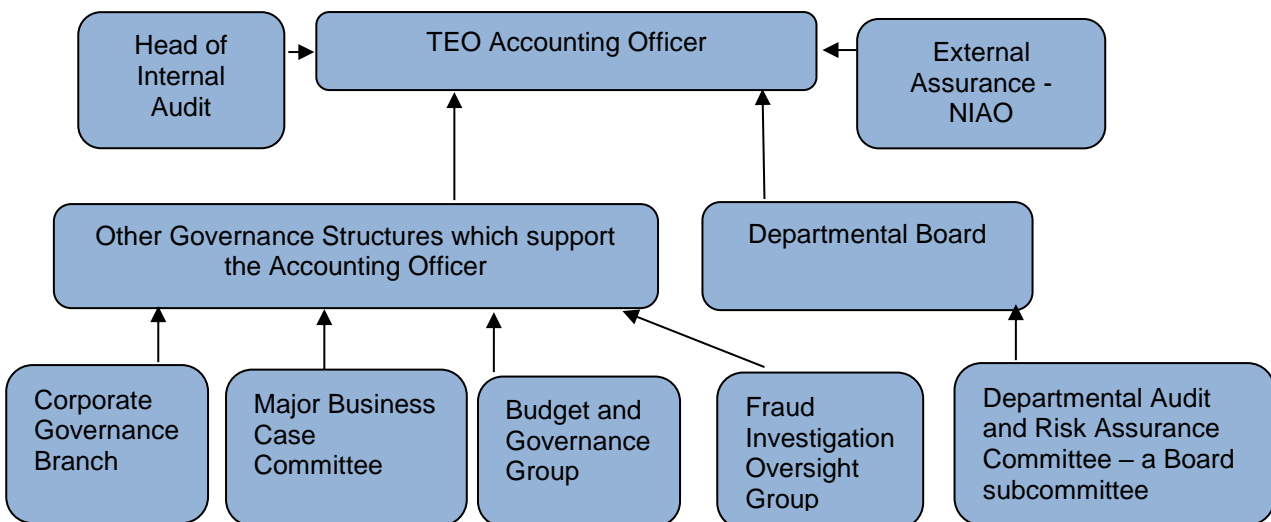
Corporate Governance Framework

Corporate Governance refers to the way in which organisations are directed, controlled and led. TEO's governance framework, which sets out the structures, roles, responsibilities and procedures for the effective and efficient conduct of its business, is summarised in the following paragraphs. In compliance with the Code, TEO has established key organisational structures which support the delivery of departmental business, including: the Ministers; the Accounting Officer; the Departmental Board; the Audit and Risk Assurance Committee (ARAC), which is a Sub-Committee of the Board; the Budget and Governance Group; and the Major Business Case Committee (MBCC).

An annual review of the Department's Corporate Governance Framework is usually undertaken which includes reviewing the Terms of Reference for the MBCC and the ARAC. This work was paused until 2021-22, due to the impact of the COVID pandemic.

The key structures which support the delivery of Corporate Governance in the Department are illustrated in the diagram below.

TEO Corporate Governance Structures



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These key organisational structures within the Department's Corporate Governance Framework, including the governance and accountability procedures in relation to its ALBs, and the assurance that they provide are discussed below.

Corporate Governance Responsibilities and Performance

Ministers

The First Minister and the deputy First Minister (acting jointly) lead the Department and are responsible and accountable to the Northern Ireland Assembly for the policies, programmes and actions of TEO, including its ALBs. They may designate their Junior Ministers to assist them in carrying out their duties.

The Assembly and Executive were restored on 11 January 2020 (after their dissolution in January 2017) and the First Minister and deputy First Minister elected shortly thereafter.

Accounting Officer

Dr Mark Browne undertook the Accounting Officer role for the first eleven months of the financial year, being replaced by Chris Stewart from 1 March 2021 to 25 July 2021. I was appointed as Accounting Officer from 26 July 2021.

As Accounting Officer, I am responsible for maintaining a sound system of internal governance that supports the achievement of the Department's policies, aims and objectives. I also have responsibility for the propriety and regularity of the public finances voted to the Department and for safeguarding those public funds and departmental assets, in accordance with the responsibilities assigned to me in DFP's (now DoF) guidance *Managing Public Money Northern Ireland (MPMNI)*. In my role as Accounting Officer, I am supported by the Departmental Board ('the Board'). My responsibilities to the Board include highlighting specific business issues or risks and, where appropriate, their implications and/or the mitigating measures that could be employed to manage these risks.

In addition, I am required to combine my Accounting Officer role with my responsibilities to the Ministers, which include providing advice on the allocation of departmental resources and the setting of appropriate financial and non-financial performance targets for ALBs.

Departmental Board

The Departmental Board supports the delivery of effective Corporate Governance and operates within best practice guidelines outlined in *Corporate Governance in Central Government Departments: Code of Good Practice (NI) 2013 ('the Code')*. It does not decide policy nor exercise the powers of a Minister, as policy is decided by Ministers on advice from officials. The Board advises on the operational implications and effectiveness of policy proposals and takes an objective long-term view of the business of the Department, leading its strategic planning process and assisting the Permanent Secretary and the Accounting Officer in meeting their corporate governance responsibilities for the Department. It also provides support and advice to those members who have corporate responsibility for Executive matters such as the Programme for Government (PfG) and the Legislative programme.

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The Board is supported by a secretariat, provided by the Office of the Head of the Civil Service (HOCS), which is responsible for organising the agenda for monthly Board meetings and ensuring that HOCS and Board members are provided with timely information to support full discussions at each meeting. In order to achieve the Board's objectives, a forward plan is maintained that schedules matters for its consideration. These requirements are set out in the Board Operating Framework.

The Board Operating Framework is in compliance with the Code and makes clear the Board's responsibility to establish and oversee the Department's Corporate Governance arrangements.

The Board advises on the five key areas set out in the Code:

- *Strategic Clarity* – the Board is responsible for ensuring that all TEO activities, either directly or indirectly, support the work of the Northern Ireland Executive and the vision of the Department. It is also responsible for ensuring that strategic decisions are based on a collective understanding of wellbeing and outcome based policy issues; and that, through the appointment of its Independent Board Member, the Department is challenged on the delivery of its outcomes;
- *Commercial Sense* – the Board is responsible for ensuring sound financial management (scrutinising the allocation of financial and human resources); and that, the organisation and structure supports the delivery of TEO's outcomes-based PfG commitments and strategic objectives. It sets the risk appetite and ensures that controls are in place to manage risk and to evaluate the Board and its members;
- *Talented People* – the Board is responsible for ensuring that TEO has the capability to plan to meet, and to deliver, current and future needs;
- *Results Focus* – the Board agrees the draft business plan for submission to Ministers including objectives, targets and actions. It monitors performance against plans and holds senior staff to account for their performance and holds its funded organisations to account for their contribution to the delivery of outcomes ; and
- *Management Information* – the Board is responsible for ensuring clear, consistent, comparable performance information is used to drive improvement.

Individual Board Roles and Responsibilities

The Chair

The Head of the Civil Service (HOCS), acting in their capacity as Permanent Secretary of TEO, chairs the Departmental Board and:

- ensures adherence to the principles of good governance as set out in the Department's Corporate Governance Framework and the Code;
- ensures the Board fulfils its responsibilities and facilitates Board meetings;
- ensures that the business of Board meetings is conducted efficiently and effectively, that there is open debate and that all views are heard;
- sums up Board debates, seeks agreed decisions and controls the order of Board meetings;

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- ensures that systems are in place to provide Board members with accurate and timely information of good quality to allow the Board to consider properly all matters before it;
- ensures that an evaluation of the Board's effectiveness is performed annually with independent input at least every three years, and that results are acted upon;
- notifies the Board of any matters that threaten the regularity, propriety, or value for money of the way the Department conducts its business;
- notifies the Board of any significant issues which may impact on the Department's leadership, medium-term capability and significant risks to delivery of policy, along with mitigating actions taken; and
- discloses all Ministerial Directions.

The Chair encourages all Board members to make full use of their skills and expertise in order to robustly challenge and thereby improve the standard of discussion in Board meetings.

Executive Board Members

Each Executive Board Member:

- is the main policy advisor to Ministers for their area of responsibility, subject to the overall direction of the Permanent Secretary;
- participates in the high-level corporate decision-making process as a member of the Board;
- advises the Board of any matters that threaten the regularity, propriety or value for money of the way the Department conducts its business;
- notifies the Board of any significant issues which may impact on the Department's leadership, medium-term capability and significant risks to delivery of policy, along with mitigating actions;
- contributes to corporate governance arrangements within the Department; and
- supports the Permanent Secretary and the Accounting Officer.

The Board shall not direct any of its Executive members as to how their business areas should be run. It will typically act in an advisory capacity, offering advice to the Accounting Officer, while also exercising a challenge function. It is expected that this will be applied constructively. Executive members of the Board will give due regard to its advice in exercising strategic direction and control over the policy development and service delivery roles of their divisions.

Independent Board Member

The Board includes one Independent Board Member (IBM), appointed on merit in line with the Code of Practice issued by the Commissioner for Public Appointments. Their appointment is for a two-year fixed term. The IBM's performance is reviewed on an annual basis by HOCS. The IBM:

- supports the good corporate governance of the Department and contributes to decision making on corporate governance issues;

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- assists and advises on the development of departmental business and strategic plans;
- challenges the quality of the policy formulation process;
- challenges the Board on the operational and delivery implications of policy proposals;
- monitors and challenges the Department's performance in relation to its objectives and commitments;
- ensures that the Board obtains and considers all appropriate information relating to the performance and progress of the Department, including the use of human and financial resources;
- provides an independent perspective on the monitoring of performance and progress of the Department, including the use of human and financial resources;
- maintains a critical overview of the Department's financial controls and procedures for assessing and managing risk;
- advises the Board of any matters that threaten the regularity, propriety or value for money of the way the Department conducts its business;
- advises the Board of any significant risks or issues which may impact on service delivery or on the Department's reputation;
- adds rigor to Board processes;
- provides a safe sounding board for new approaches;
- uses their experience to challenge and support the Board, acting corporately and not simply reflecting their own functions;
- chairs the Audit and Risk Assurance Committee (ARAC); and
- provides input to the appraisal of the Chair of the Board.

Membership and attendance at the Departmental Board

Ten Departmental Board meetings were held in 2020-21. The members and their records of attendance are set out below.

Board Member	Role	Meetings Attended (10)
David Sterling	Head of the NI Civil Service: TEO Permanent Secretary and Secretary to the Executive (to 31 August 2020)	3/4
Jenny Pyper	Interim Head of the NI Civil Service: TEO Permanent Secretary and Secretary to the Executive (from 1 December 2020)	2/3
Brenda King	Head of the Office of the Legislative Counsel (left June 2020)	3/3
Alex Gordon	Head of the Office of the Legislative Counsel (from 1 July 2020)	7/7
Andrew McCormick	Director General – International Relations Group	5/10
Dr Mark Browne	Accounting Officer; and Director of Strategic Policy, Equality and Good Relations (to 28 February 2021)	9/9

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Chris Stewart	Director of Programme for Government and Executive Support; Accounting Officer (from 1 March 2021 – 25 July 2021); and Director of Strategic Policy, Equality and Good Relations (from 1 March 2021)	8/10
Karen Pearson	Director of COVID Recovery and Exit Operational Readiness. Previously Director of EU Future Relations from 29 April 2019.	5/10
Tom Reid	Director of EU Exit (from 28 October 2020)	5/5
Denis Power	Independent Board Member	10/10
Peter Toogood	Director of Finance and Corporate Services (to 29 April 2020)	1/1
Neelia Lloyd	Director of Finance and Corporate Services (from 13 July 2020)	6/7
Ann Moore (with Marcella Phillips attending two meetings and Aisling Quinn attending one on behalf of Ann Moore)	Human Resources Strategic Business Partner (to 3 January 2021)	7/7
Carol Gordon	Human Resources Strategic Business Partner (from 4 January 2021)	3/3

Board Decisions and Reporting

The Board offers rigorous challenge and collectively scrutinises the performance of TEO and its ALBs. It also operates in an advisory and consultative capacity and takes strategic decisions on:

- issues of strategic importance to the management of TEO and its business areas;
- the departmental and ALBs business plans for submission to Ministers;
- key business risks that might affect the delivery of the Department's priorities;
- corporate leadership of the Department;
- appropriate operational strategies to best implement policies set by Ministers and ensure coherence of policy across TEO business areas;
- cross-cutting matters for which senior TEO staff have lead responsibility e.g. PfG and NICS of the Future, the Executive's Legislative Programme, Executive business, International Relations and external communications;
- financial, physical and human resources required to implement the business plan and long-term capability of the Department; and
- budget and resource allocation across TEO business areas.

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The Departmental Board also plays a key role in:

- informing Ministers of any changes likely to impact on strategic direction, performance and delivery of departmental priorities;
- ensuring that Section 75 and Human Rights issues have been fully considered; and
- reviewing the scope and content of the Governance Statement.

Day-to-day TEO operational matters are the responsibility of the Directors and Heads of Divisions.

Quality of the Data used by the Board

A standard Board agenda has been developed that includes:

- **TEO matters:**
 - declarations of interest;
 - budget and finance issues;
 - governance issues;
 - TEO people;
 - business improvement;
 - international relations/intergovernmental relations; and
 - ALB oversight.
- **Executive matters:**
 - Programme for Government;
 - Legislative programme; and
 - Executive business.
- **Other matters:**
 - updates on the current political position; and
 - the NICS of the future.

In addition, a standard reporting template provides a high level strategic update on headline issues at each Departmental Board meeting.

All reports/papers conform to a standard layout to ensure the appropriate focus on key issues. Financial and performance data is extracted from the accounting and operational systems and is therefore subject to regular, planned internal quality assurance checks, independent audits and external assurance.

The Board considers the information provided to be sufficient to allow it to discharge its strategic planning and corporate governance responsibilities.

The Board also reviews, prior to publication, the Departmental Annual Report and Accounts and the Governance Statement.

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Review of Board Effectiveness

In line with best practice, the operational procedures of the Departmental Board are kept under continuous review.

The independent evaluation planned for 2020-21 has been paused due to the impact of the COVID-19 pandemic.

In March 2021, the Independent Board Member undertook a review of the Board's effectiveness, which took the form of a self-assessment review. The review demonstrated significant Board strengths in the areas of strategic focus, assurance and risk management, governance, Board performance reporting, quality of Board papers and timeliness of information, and the support of the TEO Board Secretariat. The review also identified a number of areas for future consideration.

The Board Operating Framework was last reviewed and updated in 2018-19.

Conflicts of Interest

The Code requires that actual and potential Board Member conflicts of interest identified; and, how they have been managed, are published within the annual Governance Statement. The Board Operating Framework includes guidance on conflicts of interest. Conflicts of interest are identified through the requirement to declare actual and potential conflicts on induction to the Department; and, as and when they arise, thereafter. Board and ARAC members are required to declare any conflicts of interest, with the business to be discussed, at the start of each meeting. After declaration, consideration is given to the action needed to ensure they are managed appropriately. No such consideration or action was required during 2020-21.

Departmental Audit and Risk Assurance Committee

During 2020-21, the Board was supported and advised in its role by the Audit and Risk Assurance Committee (ARAC). The ARAC does not have executive powers and its membership is independent of the Department. Its purpose is to support the Board and the Accounting Officer by monitoring the departmental risk, control and governance systems (including financial reporting). Additionally, the Committee will give advice to the Accounting Officer on the adequacy of the coverage of audit arrangements (internal and external) to provide the required assurances.

The Terms of Reference of the Committee are usually reviewed on an annual basis in accordance with best practice contained in the DoF Audit and Risk Assurance Committee Handbook (NI) 2018; and, in consultation with the Committee and Departmental Board members.

Membership of the TEO ARAC in 2020-21 comprised a Chairman, who is also the Independent Board Member and two independent members, one of whom retired on 30 April 2020. Despite attempts to appoint a replacement, the recruitment process is ongoing.

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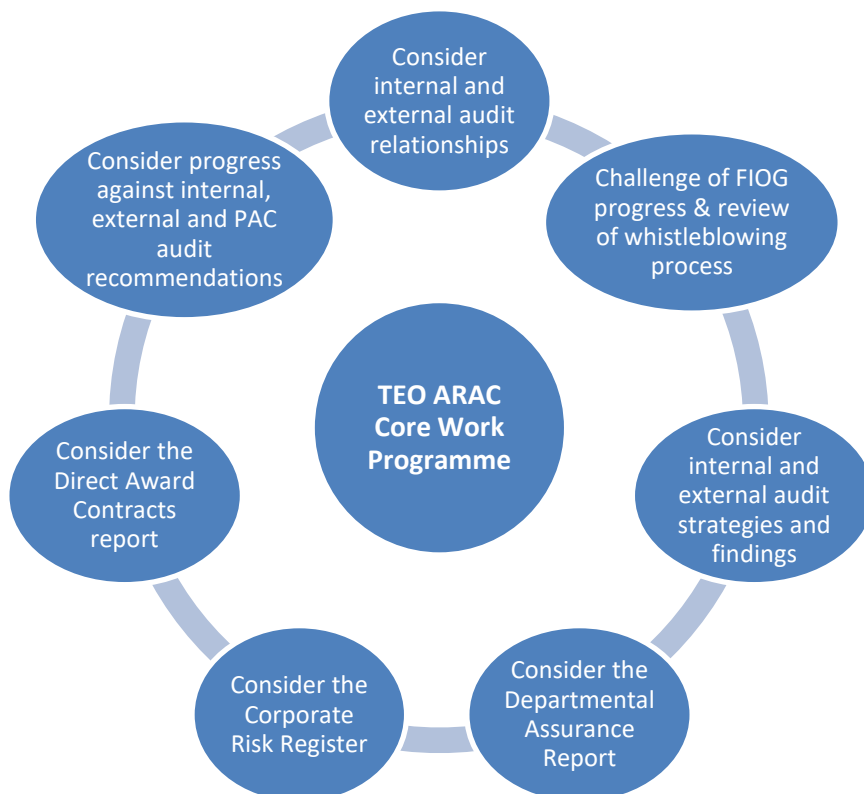
The Committee met five times during 2020-21, including a single agenda item meeting to consider the impact of COVID-19 on TEO’s risk environment.

A summary of the ARAC members’ attendance is detailed below:

ARAC Member	Role	Meetings Attended (5)
Denis Power	Independent Board Member and Chair	5/5
Glyn Capper	Independent ARAC Member (appointed from Department of Justice)	5/5

A minimum of two members of the Committee is required to form a quorum and all meetings in 2020-21 were deemed quorate. ARAC meetings are normally attended by the Accounting Officer, the Director of Finance and Corporate Services, the Head of Internal Audit and a representative from the Northern Ireland Audit Office. The ARAC may ask any other Departmental official to attend to assist with its deliberations on any particular matter. In line with best practice set out in the DoF Handbook, the Chair set an agreed core work programme for each of the Committee’s meetings. The components of the core work programme are illustrated below.

TEO ARAC Core Work Programme



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In addition to its core work programme, the ARAC also scrutinises the Department's Annual Accounts, advising on the content of the Governance Statement. The Accounting Officer reports annually to the Committee on the operation of the Department's whistleblowing arrangements.

In 2020-21, the ARAC considered and commented on individual issues of internal governance and their implications for wider governance arrangements. These included: the impact of the COVID-19 pandemic on TEO's Corporate Risk Register; the annual review of the effectiveness of TEO's whistleblowing policy; a report in relation to the development of the strategic level Programme for Government, the 2018-19 Review of Financial Process Dry Run undertaken by NIAO, a mid-term review of the budget position; a report on the outcomes of the 2018-19 National Fraud Initiative (NFI) for Northern Ireland and the Department's proposed approach to the 2020-21 NFI exercise.

The Chair of the Committee presented regular reports throughout the year to the Departmental Board on the ARAC's work and the main governance issues considered by it. The Chair also provides an annual report to the Board, based on the ARAC's annual work plan and performance.

In its annual report, the Committee recognised that, in addition to the impact of COVID-19, the 2020-21 reporting period was a challenging period for TEO. The focus on the UK's exit from the EU and its future relations with the EU, was dominated by critical preparations and contingency arrangements for the (January 2021) end of the exit transition period. In addition, critical financial pressures impacted TEO budgets and its cost management. Programme for Government initiatives and the implementation of New Decade New Approach (NDNA) objectives were prioritised to shape the design and delivery of public sector services.

The development of TEO's Business Plan and the Board's continued focus on strategic management, streamlined reporting procedures and the implementation of Working from Home policy as a consequence of COVID-19 restrictions; all contributed to a significant workload for the Department's senior management and staff.

Throughout this period of considerable change and adjustment, the Committee acknowledged the rigor with which the Department: approached financial management; supported and challenged its ALBs; and, investigated suspected fraud. It commended the quality of reporting on governance matters. These factors helped to inform the ARAC's opinion that:

- the departmental systems of internal control are satisfactory;
- the ARAC operated in accordance with DoF's Audit and Risk Assurance Committee Handbook (NI) guidance; and
- there are no major issues that the Committee considers should be brought to the attention of the Accounting Officer which have not been satisfactorily resolved.

The ARAC considers its own effectiveness annually, using guidelines issued by the National Audit Office. Findings of the self-assessment are presented to ARAC for action as appropriate. The overall assessment of the Committee members is that it operates in accordance with the good practice principles set out by the National Audit Office.

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Budget and Governance Group (BGG)

The BGG, normally chaired by the Accounting Officer, meets on a regular basis to discuss financial and governance issues affecting the Department. The BGG is an important element of TEO's corporate governance framework and provides an opportunity to consider key financial and governance risks, share best practice, provide advice/guidance and support, and to raise awareness of any emerging issues in these areas.

Major Business Case Committee (MBCC)

The MBCC has the overall objective of improving financial governance and management within TEO through the challenge of significant expenditure proposals. Expenditure proposals are presented to a quorum of three Departmental Board members, to include the Accounting Officer and the Director of Finance and Corporate Services. The meetings are normally chaired by the Accounting Officer. In addition to the members, attendance by finance and economist representatives brings a professional perspective to the scrutiny process. This provides an independent perspective as well as facilitating the sharing of knowledge, experiences and lessons gained from across the Department which is of particular relevance in TEO, given its wide remit.

In 2020-21, the Committee considered 14 expenditure proposals, including those for the Victims' Payments Scheme for Permanent Disablement; the Social Investment Fund (SIF); public information campaigns for COVID-19 awareness; the Urban Villages programme; NDNA proposals for Rights, Language and Identity and staffing within the Department and one of its ALBs.

Internal Control and Risk Management

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of departmental policies, aims and objectives;
- evaluate the likelihood of those risks being realised and the impact should they be realised; and
- manage those risks efficiently, effectively and economically.

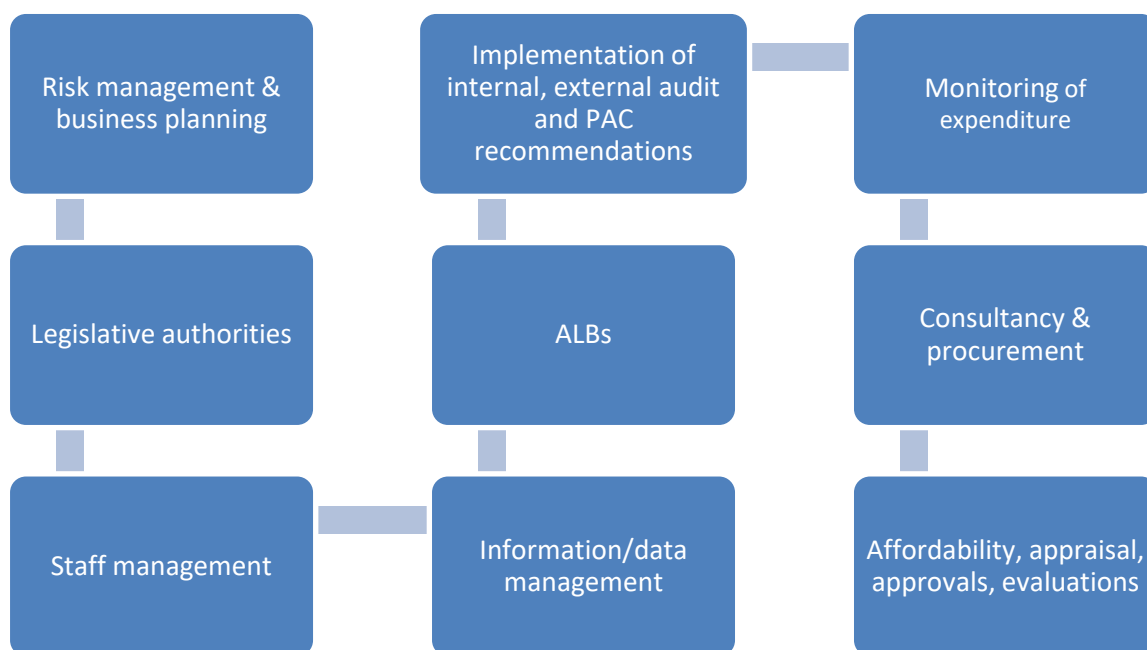
All relevant internal control considerations and risks are taken into account in the development of departmental policies, aims and objectives, and where necessary, are brought to the attention of the Ministers. The system of internal control has been in place in the Department for the year ended 31 March 2021 and up to the approval date of the Annual Report and Accounts, and accords with DoF guidance.

A key element of the system of internal control is the Assurance Statement process. These statements provide assurance to the Accounting Officer that robust systems of internal control are in place and adhered to for the period of the statement. By signing the

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assurance statement, officials are confirming their responsibility for maintaining a robust system of internal control whilst safeguarding public funds and assets under their control. They are also confirming that a thorough risk assessment has been completed against each of the risk factors set out in the Assurance Statement Checklist. The Assurance Statement checklist includes the following:

TEO Assurance Statement – Key Internal Controls



Each Director and the Accounting Officer or Senior Accountable Officer in the Department's ALBs are required to provide a quarterly assurance statement. These statements are used as a basis for the authorisation of the annual Governance Statement by the Departmental Accounting Officer.

Other Governance Structures

There are a number of other policies and processes which also contribute to the Department's corporate governance:

- The development and monitoring of TEO's Business Plan, which identifies key departmental priorities and provides a basis for the allocation of resources;
- Setting budgets and priorities and the in-year monitoring process;
- Guidance on the policy and procedures for the approval of departmental expenditure and delegated limits is kept under review and disseminated throughout the Department;
- Corporate Governance Branch continues to provide advice and support to officials across TEO;
- Test drilling exercises undertaken by departmental economists, of around 10% of all business cases/post project evaluations, highlighting lessons to be learned and the embedding of good practice across this discipline. DoF also undertake periodic test drilling exercises;

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- Governance is reinforced through the ALB Partnership Forums, which share best practice and guidance across the Department and its ALBs;
- The Performance Management System;
- HR policies designed to ensure the Department complies with employment law and has the appropriate numbers of staff with suitable skills to meet its objectives;
- The Departmental Fraud Prevention Policy and Response Plan, which details responsibilities for the prevention of fraud and the procedures to be followed in the event of a fraud being detected or suspected. This document relates to fraud and loss both within the Department and its ALBs;
- The Fraud Investigation Oversight Group oversees the investigation of whistleblowing allegations, allegations of financial irregularity, relevant PSNI action and options for action if funds have been obtained fraudulently;
- TEO did not find any cases of actual, suspected or attempted fraud in its most recent NFI investigations (2018-19 exercise) and takes positive assurance from this on the effectiveness of its internal control environment; and
- The Departmental Whistleblowing policy and procedures for staff involved in managing whistleblowing allegations.

Risk Management

Managing risk is particularly important in TEO, since the Department undertakes a wide range of services and activities either directly, or via its ALBs; many of which are within sensitive and challenging operational areas. This influences the mechanisms deployed to manage risk and the Department's risk appetite. A number of initiatives under the Together: Building a United Community strategy, Good Relations, SIF and Urban Villages programmes have led to innovative methods of collaborative working, which accelerated project implementation. The Department's robust risk management structure provides the mechanism to manage the risks associated with such innovative projects and initiatives.

The risk appetite defines the level of exposure that the Department is willing to accept. If the risk appetite is low, the Board will not be prepared to accept risks which have been assessed as having a high or medium rating.

The Departmental Board has a low appetite for risks that are likely to:

- endanger or significantly impact upon the delivery of the Department's Programme for Government commitments or other strategic objectives; or
- create significant adverse publicity or reputational damage for Ministers or the Department; or
- result in an over spend or underspend of significant proportions.

The Board tolerates a degree of risk towards projects or initiatives:

- that are innovative;
- that have the potential for significant additional benefit to the delivery of Programme for Government commitments;
- where the risks have been fully stated and accepted with an appropriate expenditure proposal agreed; and

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- where the risks will be fully managed.

To assist in the Risk Management Process, the Department has developed a Corporate Risk Register (CRR). The CRR:

- identifies the high level risks to the achievement of the Department's vision and overall aim; and
- analyses the risks related to the Departmental Business Plan.

The CRR is informed by an assessment of risk at each level of the Department, including at Corporate, Directorate, Divisional and Branch/Project levels. A risk owner is identified for each of these risks which reinforces the inextricable link between risk management and the business planning process. The Risk Owner decides whether a risk is sufficiently serious to be escalated to the CRR. Directors are required to review their Directorate Risk Register on a quarterly basis, report any amendments to the Departmental Board, and review and revise the Risk Register as necessary. All new business activities are assessed for key risks and controls to mitigate them are then put in place.

The CRR is endorsed by the Accounting Officer and Departmental Board and is subject to regular revision and the inclusion of lessons learned from the previous reporting year. Assurance on the mitigation of identified risks is provided to the Accounting Officer, through the quarterly assurance statement process. Scrutiny of the CRR forms part of the Board and ARAC core work programme. The CRR is updated and reviewed by the TEO Board and the ARAC on a quarterly basis.

The CRR is focused on twelve key strategic and corporate risks, one of which was added in 2020-21 (that TEO's leadership and coordination of the operational preparedness of the NI Departments for the end of the EU exit transition period is incomplete and/or ineffective).

TEO's twelve key risks are:

- its co-ordination arrangements do not effectively provide the necessary information to the Executive to inform the management of the COVID-19 crisis;
- it is unable to lead the production of a PfG or support and monitor its delivery;
- it fails to operate within allocated budget: avoiding overspend and managing underspend within 1.5% target;
- it fails to have sufficient staff resource, managed and motivated appropriately and utilised effectively in the current working arrangements;
- it breaches its information governance obligations;
- its co-ordination arrangements fail to ensure that the NI position, in relation to EU Exit issues, is adequately reflected to the UK Government;
- its leadership and coordination of the operational preparedness of the NI Departments for the end of the [EU Exit] transition period is incomplete and / or ineffective;
- its co-ordination arrangements fail to respond quickly and effectively to serious civil contingencies;
- its T:BUC strategy fails to have a positive impact on Good Relations;

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- its Transformational Programmes fail to effectively tackle disadvantage and promote equality of opportunity;
- it fails to ensure that the needs of victims and survivors of the Conflict/Troubles are addressed; and
- it fails to ensure the needs of HIA victims and survivors are addressed.

During 2020-21, business areas gave presentations to the Departmental Board on risk management within their Directorates to allow a deeper and more meaningful understanding and discussion of risks facing the Department.

Internal Audit reviewed the Department's Risk Management process in 2019-20 and concluded that its risk management arrangements operated at a satisfactory level.

The Senior Information Risk Owner continues to provide the overall lead in the important work of Information Risk Assurance; reviewing and developing TEO's information assurance and management policies and procedures. In addition, the Departmental Security Officer continues to review and report to the Departmental Board bi-annually on resilience, vulnerabilities and risks.

Along with other Northern Ireland Departments, the Department carried out a Security Health Check, in keeping with the principles outlined in the UK Government's Security Policy Framework. This Framework describes how organisations and third parties handling official information and other assets will apply protective security to ensure government can function effectively, efficiently and securely. The outputs of the exercise will be used to produce the Annual Security Report for HOCS and the Permanent Secretary.

The Department continues to implement an Action Plan agreed (June 2019) with the Public Record Office of Northern Ireland (PRONI), with a view to facilitating the timely destruction of official records or their transfer to PRONI for permanent preservation.

The above-mentioned actions will ensure the continuing protection, assurance, legitimate processing and secure disposal of sensitive corporate business and personal information within a secure environment.

There were no personal data breaches in the core Department in 2020-21.

During the year, nine information breaches occurred in three of the Department's ALBs. Under current General Data Protection Regulations, these are managed directly by the ALB.

Only one of the nine breaches, which occurred in the Historical Institutional Abuse Interim Advocate's Office (IAO), was considered significant enough to report to the Information Commissioner's Office (ICO). It involved an email being issued where, unfortunately, recipients' email addresses were visible to other recipients. The IAO informed and apologised to all those affected and put a support mechanism in place for them. An investigation was also undertaken by the Group Internal Audit and Fraud Investigation Service (Department of Finance), and the associated report was published on 23 June 2020.

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TEO has implemented an Action Plan in response to that report to ensure compliance with Data Protection legislation in general, and to mitigate the risk of further breaches in particular. The ICO investigation is ongoing. Correspondence is also taking place with solicitors, with regard to potential legal action in a number of cases. The IAO closed on 11 December 2020.

The majority of other breaches, not deemed significant enough to report to the ICO, occurred in one ALB. The ALB's Internal Audit function has scheduled a review of its data protection arrangements in the coming period.

Review of Effectiveness of the System of Internal Governance

As Accounting Officer, I have responsibility for reviewing the effectiveness of TEO's system of internal governance. I am advised by the Board and Audit Committee in this regard. My review of the effectiveness of this system is informed by the work of the Internal Audit Service and the executive directors within the Department, who have responsibility for the development and maintenance of the internal control framework. I also consider the comments made by NIAO in its Report to Those Charged with Governance and other reports.

I have considered the implications of this review and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Sources of Independent Assurance

The Department relies on Independent Assurance from the following sources:

- Internal Audit Service; and
- the Northern Ireland Audit Office (NIAO).

Internal Audit

The Internal Audit Service (IAS) provides independent assurance by giving an independent opinion on the adequacy and effectiveness of the Department's system of internal control to the Accounting Officer and Audit and Risk Assurance Committee and was provided by DoF's Internal Audit Unit.

The Internal Audit work programme includes an assessment of the completeness and effectiveness of TEO's corporate governance arrangements.

The Accounting Officer and the Board are independently advised by the Head of Internal Audit, who operates in accordance with Public Sector Internal Audit Standards (PSIAS). The primary role of Internal Audit is to provide the Accounting Officer and the Board with an independent and objective opinion on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the Department's agreed objectives.

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IAS has played a crucial role in this review in TEO by:

- focusing audit activity on the key business risks;
- being available to guide managers and staff through improvements in internal controls;
- auditing the application of risk management and control as part of Internal Audit reviews of key systems and processes; and
- providing advice to management on internal governance implications of proposed and emerging changes.

The COVID-19 pandemic has materially delayed progress against internal audit plans across the NICS. As a result of this, and ongoing NICS-wide audit resourcing difficulties, the Department agreed Internal Audit should prioritise important advisory work, over some scheduled audits.

This re-prioritisation and the pandemic disruption, has reduced the number of audit opinions issued in 2020-21. Five risk-based assignments were undertaken in the period, with IAS reporting a satisfactory opinion on two of them (one report is currently in draft), and a limited opinion in one area (follow-up review on the Information Management and Central Advisory Branch, which held the limited opinion previously reported). Two assignments are ongoing and follow-up work is scheduled on another limited assurance report issued in 2018-19.

Recommendations within these reports are given due consideration with changes made to improve governance, as required.

Internal Audit provided advice to the Department on a range of issues on both a formal and informal basis, a number of which related to COVID-19 arrangements.

Internal Audit conducts reviews of the internal audit service provision to TEO's ALBs, on a five year recurring basis. Although no reviews were required during 2020-21, Internal Audit is not aware of any issues to change its opinion that such services operate within the provisions of the Public Sector Internal Audit Standards (PSIAS).

On the basis of work undertaken during 2020-21, and in previous years, the Head of Internal Audit provided a satisfactory opinion for TEO in respect of 2020-21.

Northern Ireland Audit Office (NIAO)

The Department is also subject to independent scrutiny from the NIAO. The NIAO is independent of Government and is tasked by the Assembly to hold the Northern Ireland Departments and their Agencies to account for their use of public money. As Head of the NIAO, the Comptroller and Auditor General works closely with the Assembly's Public Accounts Committee, which can require Accounting Officers and senior officials to account for their actions in relation to the stewardship of public funds.

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The relationship between the Department and each of its ALBs is set out in a Partnership Agreement, a Management Statement/Financial Memorandum, or a Memorandum of Understanding, and is managed through a nominated ALB partnership team within the Department. Specific risk-based delegated authority levels are in place for each ALB.

Departmental partnership teams are guided by TEO's ALB Partnership Manual and DoF's Code of Good Practice on Partnerships between Departments and Arm's Length Bodies. The TEO ALB Partnership Manual has been developed to meet the responsibilities placed on the Department, under Managing Public Money NI, for the ALBs operating under its control.

The performance of ALBs is reviewed by the Departmental Board, on a quarterly basis, through the ALB Directors' Assurance reports. These reports include: financial performance; monitoring of business plan targets; key risks and achievements; and any action required by the Departmental Board. Using a risk based approach, the Board considers annual business plans for the larger ALBs, in advance of their submission for Ministerial approval. Quarterly Assurance Statements from all ALBs are completed by the ALB Accounting Officers/ Senior Accountable Officers and reviewed by the partnership team and Corporate Governance Branch. Any significant issues are escalated through inclusion in the Lead Official's Departmental Assurance Statement.

Accountability and Liaison meetings are held on a quarterly basis (or more frequently if considered necessary) between the departmental lead official for the ALB and the ALB Accounting Officer/Senior Accountable Officer. The quarterly meetings are structured to cover all relevant governance issues affecting the organisation and provide an accountability mechanism to support this Governance Statement.

TEO Finance has continued to engage with ALB Finance teams on budgeting and accounting issues over the course of the year. Corporate Governance Branch has also provided advice and guidance in the period to ALBs on business cases, pay remits and the development of relationship framework documents.

TEO Finance continued to engage with ALB Finance teams on preparations and timetabling for the introduction of the Review of Financial Process (RoFP).

Collectively these actions provide the Department with the assurance that individual ALBs are effectively discharging their functions and that public money is being properly used to deliver the objectives and targets set, while ensuring compliance with the requirements for regularity, propriety and value for money.

Adherence to Procedures

Adherence to Appraisal Procedures

The most recent review of the 2019-20 economic appraisals and post project evaluations selected for test drill is mainly positive; with those assessed broadly aligning with the guidance. A number of issues were identified which if addressed will enhance the quality of future business cases and post project evaluations aiding decision making, compliance and outcome delivery.

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Whistleblowing and Investigations

The Department's Fraud Investigation Oversight Group (FIOG) considers on a six monthly basis the investigation of whistleblowing allegations, as well as allegations of financial irregularity, relevant PSNI action and options for action if funds have been obtained fraudulently.

During 2020-21, FIOG had oversight of 24 investigations, four of which were reported in that year. The investigations related to a number of areas within TEO, its ALBs and funded third party organisations. Following investigation, seven cases were closed during the year; 16 cases carried forward into the next financial year and none were referred to the PSNI. No funding associated with these cases has been written off in year.

The Department managed 23 whistle blowing cases in 2020-21, 12 of which were reported in the current financial year. Following investigation, sixteen cases were closed during the year; and 7 cases carried forward into the next financial year.

As a result of the Department's 2019 annual effectiveness review of its whistleblowing arrangements, the guidance for staff and external stakeholders was enhanced to provide further clarity on the whistle-blowing process for the Department and its ALBs; including the acknowledgment of concerns, the provision of feedback, and process maps. Additional guidance was also included on the links between the fraud response process and whistleblowing arrangements.

The Department's 2020 review demonstrated that the arrangements appear to be working effectively and concluded that no further amendments were required to the existing policies.

Divergences – Prior Year

Following the issue of a Departmental Retrospective Approval policy in 2016-17, the number of incidents requiring retrospective approval has reduced considerably in recent years. A small number of requests were made during 2019-20, two of which required DoF approval. TEO has taken steps to prevent a recurrence of these issues including revisions to its TEO Expenditure Approvals Guidance in November 2019 to simplify the approvals process through the introduction of business case process flowcharts.

Due to the urgency of a £2m contract awarded in the last quarter of 2019-20 for an extensive COVID-19 public information campaign, the approval of the Head of the Civil Service was obtained, rather than the approval of the Accounting Officer (as required under the TEO's expenditure approval policy). Retrospective approval for the contract from the Accounting Officer has subsequently been secured.

Divergences – Current Year

The ongoing impact of the COVID-19 pandemic and the ending of the 'grace period' for the UK exiting the EU required immediate expenditure by the Department. That meant in some cases retrospective approvals were required, although none from DoF. Some are still under the consideration of departmental officials.

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An urgent requirement for staff resources to meet TEO's and ALB's priorities again meant some approvals were granted retrospectively.

TEO has taken steps to prevent a recurrence of these issues, including circulating reminders to staff and will develop its expenditure approval guidance to enhance the guidance available for staff in the future.

Divergences – after the Reporting Period

Staffing pressures have been monitored during the course of the year. In TEO's post year end assurance statement process, a significant risk around the adequacy of staff resources has been highlighted.

This diverges from the Departmental Board's stated low risk appetite for those which could endanger or significantly impact upon the delivery of TEO's Programme for Government commitments or other strategic objectives.

The Board will therefore proactively review staffing and priorities over the coming weeks and months.

Ministerial Directions

I can confirm that, as Accounting Officer, I am in compliance with the "Accounting Officer responsibilities" set out in MPMNI Chapter 3, by ensuring that, should the Minister decide to continue with a course of action which I have advised against, the Minister is requested to provide me with a formal Ministerial Direction to proceed with that course of action. Such a Direction is likely to mean that the associated expenditure is novel or contentious and therefore outside of the departmental delegated expenditure limits.

The Minister may decide, in these circumstances, that the issue should be discussed by the Executive. As Accounting Officer I ensure that that Ministerial Directions are formally notified to DoF and to the Comptroller and Auditor General.

One Ministerial Direction was issued this year on 12 March 2021 and related to a £1.2m COVID-19 support scheme for the benefit of travel agents. Whilst TEO officials sought to mitigate any risks arising from the establishment of this scheme, given the limited time, lack of data and TEO sectoral knowledge, it was not possible to make a value for money assessment and TEO officials were of the view that significant risks remained. Following the Ministers' assessment of the benefits in establishing this scheme expeditiously, Ministers directed the scheme proceed without going through a business case process. Ministers advised the Executive of their intention to issue a Ministerial Direction.

Accordingly, the Comptroller and Auditor General and the Department of Finance have been informed.

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Conclusion

TEO has a rigorous system of accountability on which I rely, as Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money Northern Ireland.

Having considered the corporate governance framework within which the Department and its Arm's Length Bodies operated and in conjunction with assurances given to me by the Audit and Risk Assurance Committee, I am content that the Department has operated a sound system of internal governance during the period 2020-21.

REMUNERATION AND STAFF REPORT

The remuneration and staff report sets out the department's remuneration policy for Ministers and Senior Civil Servants, reports on how the policy has been implemented and sets out the amounts awarded to Ministers and Senior Civil Servants.

Departmental Remuneration Report

Remuneration Policy

The pay policy for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS staff, for 2020-21 has not been fully finalised.

The pay of SCS 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

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise. The Order exempts the appointment of special advisers from the principle of selection for appointment on merit on the basis of fair and open competition. Such appointments are made in accordance with the Code Governing the Appointment of Special Advisers.

Unless otherwise stated, the officials covered by this report hold appointments that 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. No compensation was paid for loss of office during 2020-21 (2019-20: £35,000)

In compliance with Business Appointment rules, the Department is transparent in the advice given to individual applications for senior staff, including special advisers. Advice regarding business appointments has been published in the NICS HR Handbook. See [Extract from NICS HR Handbook Chapter 6.01 s8 Rules on the Acceptance of Outside Business Appointments, Employment.](#)

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

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Remuneration and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management (i.e. Board Members) of the department.

Remuneration and pension entitlements – Ministers (Audited)

There were four Ministers in place during 2020-21 and four in 2019-20.

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension Benefits** (to nearest £1000)		Total (to nearest £1000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Mrs Arlene Foster	72,000 (72,000 full year equivalent)	16,065 (72,000 full year equivalent)	-	-	23	2	95	18
Mrs Michelle O'Neill	72,000 (72,000 full year equivalent)	16,065 (72,000 full year equivalent)	-	-	23	2	95	18
Mr Gordon Lyons (from 01/04/20 to 01/02/21 and 09/03/21 to 31/03/21)	5,389 (6,000 full year equivalent)	1,339 (6,000 full year equivalent)	-	-	2	-	7	2
Mr Declan Kearney	6,000 (6,000 full year equivalent)	1,339 (6,000 full year equivalent)	-	-	2	-	8	2

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

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Remuneration and pension entitlements – Officials (Audited)

Officials	Salary		Benefits in kind (to nearest £100)		Pension Benefits* (to nearest £1000)		Total (£'000)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Mr David Sterling <i>Head of the Department</i> (to 31/08/20)	85-90 (165-170 full year equivalent)	160-165	Nil	Nil	Pension is a private scheme	Pension is a private scheme	85-90	160-165
Mrs Jenny Pyper <i>Interim Head of the Department</i> (from 01/12/20)	75-80 (235-240 full year equivalent)	N/A	Nil	N/A	N/A	N/A	75-80	N/A
Ms Brenda King Director (to 30/06/20)	40-45 (160-165 full year equivalent)	150-155	Nil	Nil	61,000	90,000	100-105	240-245
Dr Andrew McCormick Director General	130-135 (140-145 full year equivalent)	105-110 (135-140 full year equivalent)	Nil	Nil	Pension is a private scheme	Pension is a private scheme	130-135	135-140
Dr Mark Browne Director (to 28/02/21)	90-95 (100-105 full year equivalent)	95-100	Nil	Nil	53,000	34,000	145-150	130-135
Mr Peter Toogood Director (to 29/04/20)	5-10 (75-80 full year equivalent)	70-75	Nil	Nil	11,000	34,000	15-20	105-110
Mr Chris Stewart Director	95-100	90-95	Nil	Nil	69,000	39,000	160-165	130-135
Mr Graeme Wilkinson Director (to 28/04/20)	N/A	10-15 (85-90 full year equivalent)	Nil	Nil	N/A	20,000	N/A	30-35
Ms Karen Pearson Director (from 29/04/19)	90-95	80-85 (90-95 full year equivalent)	Nil	Nil	47,000	144,000	135-140	220-225

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Mr Alexander Gordon Director (from 01/07/20)	105-110 (135-140 full year equivalent)	N/A	Nil	Nil	42,000	N/A	145-150	N/A
Mrs Neelia Lloyd Director (from 13/07/20)	55-60 (75-80 full year equivalent)	N/A	Nil	Nil	21,000	N/A	75-80	N/A
Mr Thomas Reid Director (from 01/09/20)	45-50 (90-95 full year equivalent)	N/A	Nil	Nil	50,000	N/A	95-100	N/A
Mr Denis Power Independent Non Executive Board Member	5-10	5-10	Nil	Nil	Nil	-	5-10	5-10

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

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments.

The Executive Office was under the joint direction and control of the First Minister, Arlene Foster and the deputy First Minister, Michelle O'Neill. Their salaries and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in these accounts. These amounts do not include costs relating to the Ministers' roles as MLAs which are disclosed in the appropriate legislature accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. None of the above received any benefits in kind.

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Fair Pay Disclosures (Audited)

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.

	2020-21	2019-20
Band of Highest Paid Director's Total Remuneration* (£'000)	£235k - £240k	£160k - £165k
Median Total Remuneration*	£38,218	£37,271
Ratio	6.21	4.36

* 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.

The banded remuneration of the highest-paid director in The Executive Office in the financial year 2020-21 was £235,000 - £240,000 (2019-20: £160,000- £165,000). This was 6.21 times (2019-20: 4.36 times) the median remuneration of the workforce, which was £38,218 (2019-20: £37,271). This has increased because the interim Head of the Civil Service was paid at a higher temporary contract rate than the previous HOCS.

Remuneration ranged from £5,362 to £240,000 (2019-20: £7,176 to £215,094).

Pension Benefits

Pension Entitlements - Ministers (Audited)

There were four Ministers in place during 2020-21 and four in 2019-20.

	Accrued pension at pension age as at 31/03/21	Real increase in pension at pension age	CETV at 31/03/21	CETV at 31/03/20	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Mrs Arlene Foster	10-15	0-2.5	173	153	12
Mrs Michelle O'Neill	5-10	0-2.5	85	67	10
Mr Gordon Lyons (from 01/04/20 to 01/02/21 and 09/03/21 to 31/03/21)	0-5	0-2.5	3	2	0
Mr Declan Kearney	0-5	0-2.5	2	0	1

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS). In 2011, the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011 establishing a Panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. In April 2016 the Independent Financial

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Review Panel issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016 which introduced a Career Average Revalued Earnings scheme for new and existing members. The scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016. Assembly Members aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 will retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The McCloud judgement found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on Members who missed out on the Transitional Protection policy in the Assembly Members' Pension Scheme because of their age but the applicability and approach to the McCloud judgement in this scheme is still under consideration.

As Ministers are Members of the Legislative Assembly they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLAs' benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 14.4% of the Ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension age aligned to their State Pension Age.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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The real increase in the value of the CETV

This is the increase in accrued pension due to the department's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period.

Pension Entitlements – Officials (Audited)

	Accrued pension at pension age as at 31/03/21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/21	CETV at 31/03/20	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr David Sterling (Head of the Department)	N/A	N/A	N/A	N/A	N/A	11,400
Ms Brenda King Director	75-80 plus a lump sum of 195-200	2.5-5 plus a lump sum of 5-7.5	1,582	14,85	53	-
Dr Andrew McCormick Director General	N/A	N/A	N/A	N/A	N/A	21,500
Dr Mark Browne Director	45-50 plus a lump sum of 135-140	2.5-5 plus a lump sum of 7.5-10	1,024	983	52	-
Mr Peter Toogood Director	20-25	0-2.5	316	308	8	-
Mr Chris Stewart Director	40-45 plus a lump sum of 115-120	2.5-5 plus a lump sum of 2.5-5	933	848	54	-
Ms Karen Pearson	45-50 plus a lump sum of 100-105	2.5-5 plus a lump sum of 0-2.5	858	797	30	-
Mr Alexander Gordon Director (from 01/07/20)	5-10	2.5-5	74	41	24	-
Mr Thomas Reid Director (from 01/09/20)	25-30 plus a lump sum of 50-55	0-2.5 plus a lump sum of 2.5-5	479	425	38	-
Mrs Neelia Lloyd Director (from 13/07/20)	20-25	0-2.5	311	297	10	-

Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost 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 also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

Discrimination identified by the courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relates to different schemes e.g. classic, alpha etc. and is not the monetary benefits received. This is known as the 'McCloud Remedy' and will impact many aspects of the Civil Service Pension schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

Currently new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants 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 accrual 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.

Benefits in classic accrue at a rate of $1/80^{\text{th}}$ 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 a rate of $1/60^{\text{th}}$ 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

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variation of premium, but with benefits in respect of services 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 the pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme pension age is 60 for members of the **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. The normal pension age in alpha is linked to the members State Pension Age but cannot be before age 65. Further details are about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2020 was 0.5% and HM Treasury has announced that public service pensions will be increased accordingly from April 2020.

Employee contribution rates for all members for the period covering 1 April 2021 – 31 March 2022 are as follows:

Scheme Year 1 April 2021 to 31 March 2022

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 1 April 2020 to 31 March 2021
£0	£24,199.99	4.6%
£24,200.00	£55,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former

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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.

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Staff Report

Senior Civil Servants

The number of Senior Civil Service staff (or equivalent) by salary band at 31 March is as follows:

	2020-21	2019-20
Salary Band	Number	Number
Pay Scale 4 £160,563-£188,272	1	1
Pay Scale 3 £188,960-£139,079	2	2
Pay Scale 2 £92,413-£105,447	4	5
Pay Scale 1 £71,392-£82,164	25	25
Special Advisor 1 £0- £54,999	0	1
Special Advisor 2 £55,000-£69,999	2	1
Special Advisor 3 £70,000-£85,000	4	4

The figures above exclude 3 senior civil servants currently on career breaks.

There is one person higher than scale 4, the interim Head of the Civil Service who was paid under the terms of a temporary contract.

Staff numbers and related costs (Audited)

Staff costs comprise of:

				2020-21	2019-20
	Permanently employed staff*	Others	Ministers	Total	Total
	£000	£000	£000	£000	£000
Wages and salaries	15,746	1,258	156	17,160	14,111
Social security costs	1,713	53	20	1,786	1,431
Other pension costs	4,510	108	22	4,640	3,923
Sub Total	21,969	1,419	198	23,586	19,465
Less recoveries in respect of outward secondments	(83)			(83)	(80)
Total net costs**	21,886	1,419	198	23,503	19,385

Of which:	Charged to Administration £000	Charged to Programme £000	Total £000
Core department	12,184	11,319	23,503

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* The 2020-21 figures include the cost of the Department's Special Advisers. There are no Special Advisers paid in pay band £0 - £54,999 (2019-20 one in the pay band £0 - £54,999), two Special Advisers paid in the pay band £55,000 - £69,999 (2019-20 one in the pay band £55,000 - £69,999) and four Special Advisers paid in the pay band £70,000 - £85,000 (2019-20 four in the pay band of £70,000-£85,000)

**Of the total, £0 has been charged to capital.

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

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

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

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance have also commissioned a consultation in relation to the Cost Cap Valuation which will close on 25 June 2021. By taking into account the increased value of public services pensions, as a result of the 'McCloud remedy', scheme cost valuation outcomes will grow greater than otherwise have been expected. On completion of the consultation the 2016 Valuation will be completed and the final cost cap results will be determined.

For 2020-21, employers' contributions of £4,049,023 were payable to the NICS pension arrangements (2019-20: £3,602,616) at one of three rates in the range of 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £65,092 (2019-20: £59,856) 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% (2019-20: 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.

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Employer contributions of £1,795, 0.5% (2019-20: £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-one retired early on ill-health grounds (2019-20 three persons), the total additional accrued pension liabilities in the year amounted to less than £2k (2019-20: less than £1k).

Average number of persons employed (Audited)

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Department as well as other bodies included within the Departmental Annual Report and Accounts.

					2020-21	2019-20
	Permanently employed staff Number	Others Number	Ministers Number*	Special Advisers Number*	Total Number	Total Number
Core Departmental staff in post	271	28	4	6	305	302
North South Ministerial Council	10	-	-	-	10	6
Commissioner for Public Appointments for Northern Ireland	3	-	-	-	3	1
The Inquiry into Historical Institutional Abuse	17	1	-	-	18	15
Attorney General for Northern Ireland	12	-	-	-	12	12
Staff engaged on capital projects	-	-	-	-	-	-
Total for RfR A	313	29	4	6	352	336

* The Ministers were in post from 11th January 2020 and the Special Advisers were in post from, J Loughran 5th February 2020, D O'Hagan 3rd February 2020, S McGlade 11th January 2020, E Little Pengelly 11th January 2020, P Weir 11th January 2020 and J Reynolds 9th November 2020

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Staff Composition at 1 April 2021 and 1 April 2020 (Audited)

The number of persons of each gender who were directors, senior managers, and employees of TEO at 1 April 2021 and 1 April 2020 is as follows;

	2020-21		2019-20	
	Male	Female	Male	Female
Directors (Departmental Board)	3	3	6	2
Senior Managers (Grade 5 and above)	22	16	20	17
Employees (All other staff)	121	175	117	174
Total	146	194	143	193

Special Advisers are included in senior managers when employed, six were employed at 1 April 2021 and six at 1 April 2020.

Absence management

The table below shows sick absence statistics for the three years from 2018-19 to 2020-21.

TEO continued to place a high priority on absence management and had a wide variety of support mechanisms in place to help staff who were sick, including Occupational Health Service, Welfare Services and Inspire Workplace Services (formerly Care call) who provide independent counselling services. A Workplace Health and Fitness programme ran throughout the year, with 10 health and fitness activities and events, as well as a range of staff communications highlighting support and help available. As part of its commitment to improving the health and wellbeing of staff TEO continues to plan and promote events and work alongside the NICS Well programme.

TEO and NICS Sick Absence Statistics

Data provided by Northern Ireland Statistics and Research Agency (NISRA). This information is collated from an annual NISRA report on NICS Sickness Absence.

	2020-21		2019-20		2018-19	
	TEO	NICS	TEO	NICS	TEO	NICS
Days Lost per Staff Year	7.7	9.8	9.3	12.9	10.7	12.6
% of Staff with no recorded absence	81.8	72.3	61.8	50.7	64.1	51.3
Long term absence						
% of staff with one or more long-term absence	6	11.4	8.9	14	8.7	13.9
% of working days lost	86.1	83.9	72.2	77	80.5	77.6

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due to long-term absence						
Average duration (working days)	92.9	64	55	62.8	73.5	63.1

Staff Policies

Other Employee Matters

The 2018-21 NICS People Strategy sets out the shared view of the people priorities across the NICS under the following themes:

- A well-led NICS
- High performing NICS
- Outcomes-focused NICS
- An inclusive NICS in which diversity is truly valued – a great place to work

Equality, Diversity and Inclusion

In the NICS, we are committed to building an inclusive workplace culture where diversity is truly valued at all levels, where you are valued for who you are and where you can bring your true self to work. We want to make use of all the talent that exists across the NICS to ensure we are a well-led, high performing, outcome-focused Service and a Service that is a great place to work.

The [NICS People Strategy](#) includes a range of actions that will help accelerate our ambition of a truly inclusive NICS, which reflects the society we serve.

As a key element of the People Strategy, our ambitious diversity and inclusion programme of work is delivered through the implementation of an annual NICS Diversity Action Plan, and overseen by the leadership of the NICS Board, the NICS Diversity Champions Network, Departmental Diversity Champions and Thematic Diversity Champions, NICS colleague networks and NICS HR, as well as through partnership working with stakeholder organisations.

The NICS Diversity Action Plan sets out our priorities for action by diversity and inclusion theme, cross-cutting priorities, departmental priorities and includes supporting plans on communications and outreach.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. The NICS' commitment to equality of opportunity is outlined in its [Equality, Diversity and Inclusion Policy](#).

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of [NICS human resource statistics](#).

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

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. In addition, the NICS conducts a similar formal review of the gender profile of its workforce. The findings are published in the NICS [Article 55 and Gender Reviews](#).

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

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available at [The Executive Office](#).

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. NICS HR, consults on HR policy with all recognised Trade Unions and local departmental arrangements are in place to enable consultation on matters specific to a department or individual business area.

Human Capital Management

(i) Career Development

The NICS is committed to career development, acknowledging that skilled and engaged staff are an essential resource in meeting current and future business needs.

This NICS Career Development Policy emphasises that career development is a collaborative process between individual staff members, line managers, and Departments, and takes account of the NICS Competency Framework and Performance Management System. As well as the individual's role in managing their career development, the NICS provides opportunities to enhance the skills, capabilities and performance of staff so that they, in turn, can contribute to achieving corporate objectives.

There is a wide range of career development options available within the NICS and within the Career Development Policy that support various career development interventions including secondment and interchange opportunities, elective transfers, temporary promotion, job rotation, job shadowing, as well as mentoring.

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In line with the NICS People Strategy 2018-21 further development in the area is ongoing, including Talent Management Proposals to support a more corporate approach to talent management across the NICS.

(ii) Learning & Development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

Development and delivery of generic staff training is centralised in NICSHR¹. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and this year the focus was on improving the quality of the development conversation between managers and staff, with the introduction of a talent management toolkit.

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

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 has not yet been finalised.

The pay of SCS 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

The Civil Service Commissioners (NI) Order 1999 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise.

Unless otherwise stated, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. No compensation was paid for loss of office during 2020-21 (2019-20: £35,000)

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

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Employment, training and advancement of disabled persons

The Northern Ireland Civil Service applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all members of NICS recruitment panels. Unconscious bias training is available to all staff.

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

The NICS has a wide and active network of Diversity Champions and one of its Deputy Secretaries is the NICS Diversity Lead for Disability. The NICS has a Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. During 2020-21 the NICS established a Disability Staff Network. This Network plays a key role in promoting disability equality and inclusion across the NICS.

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS promotes a number of schemes for disabled people, including a Work Experience Scheme for People with Disabilities.

Equal Opportunities

As an Equal Opportunity employer TEO is fully committed to the elimination of all forms of discrimination, harassment and victimisation. It has a statutory obligation under Section 75 and Schedule 9 of the Northern Ireland Act 1998 to ensure that it carries out its various functions having due regard to the need to promote equality of opportunity between nine social categories, including persons of different religious belief, political opinion, racial group, age, marital status, sexual orientation, gender, persons with/without a disability and persons with/without dependants. It is also required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion, and racial group.

These statutory obligations are implemented through the Equality Scheme which shows how TEO proposes to fulfil these duties, by carrying out equality screening and, where necessary, equality impact assessments on policies. This is to ascertain whether the policy has any potential positive or negative implications for equality of opportunity on one or more of the nine listed categories. TEO's current equality scheme is approved by the Equality Commission. A formal review of the scheme has commenced in 2019-20 and is due to be complete in 2020-21.

Employee Involvement

TEO, and its senior management team, places considerable importance on staff engagement and the inclusion of employees. The Department's Business Improvement Plan, produced by the Business Improvement and Staff Engagement Unit, was developed following widespread consultation and continues to evolve through engagement with staff. The Department also recognises the importance of highly effective communication and makes every effort to ensure that staff are kept informed through a series of articles

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issued on a daily basis through the Departmental intranet. This is supplemented by regular team meetings and the sharing of corporate information such as updates on corporate and business plans. Site visits and regular learning seminars are also made available to improve engagement and the sharing of corporate knowledge.

At an individual level, all staff also have access to the NICS Welfare Services, an Employee Assistance Programme (provided by Inspire) and trade union membership/support.

TEO currently holds an Investors in People Silver (IIP) level which is in place until May 2022.

The Department continues to use the agreed and established Whitley process for staff consultation with Trade Union Side. The Departmental Whitley Committee provides a forum for discussion on all issues affecting staff and meetings are held quarterly.

Staff Engagement

The 2020 NICS People Survey was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey.

For TEO there were 333 (2019-20: 319) staff invited to complete the survey, of which 198 (2019-20: 237) participated; a response rate of 57.7% (2019-20: 74%). The Employee Engagement Index (EEI) is the weighted average of the responses to the five employee engagement questions, and it ranges from 0% to 100%. TEO responses indicated an Employee Engagement Index of 62% (2019-20: 63%), compared to the NICS average of 57% (2019-20: 51%). The full survey can be accessed at: <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>.

Health and Safety

The Department is committed to applying all existing health and safety at work legislation and regulations to ensure that staff and visitors enjoy the benefits of a safe environment.

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Expenditure on consultancy and temporary staff

Expenditure on consultancy and temporary staff is as follows;

	2020-21	2019-20
	£000	£000
Consultancy Costs	169	160
Agency staff	746	351
Seconded in staff	672	630
Total Temporary Staff	<u>1,587</u>	<u>1,141</u>

Temporary staff costs have increased in the year 2020-21 by £446k. This is partially due to a movement in TEO agency staff resulting in an increase in headcount for Programme cost centres by four fixed term equivalents. In the year TEO also paid temporary staff costs of £221k for agency staff who were employed by the Northern Ireland Courts & Tribunal service and dealing with applications under the Historical Institutional Abuse Redress Board.

Off Payroll Engagements

The Department had no 'off-payroll' engagements in place during 2020-21 (2019-20: 2).

There were no 'off-payroll' engagements by any of the 12 board members who served on the board at any time during 2020-21 and had significant financial responsibility (2019-20: Nil).

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

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland) (CSCS(NI)), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972.

No exit costs were paid in 2020-21 (2019-20: one payment of £35k). The figure reported in the 2019/20 Accounts was based on a £35k accrual however when paid the actual costs totalled £37k.

Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Disclosures of the maximum (highest), minimum (lowest) and median values of the payments would conflict with a legal obligation arising as a result of the Data Protection Act 1998.

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

The Assembly accountability and audit report brings together the key Assembly accountability documents within the annual report and accounts.

Statement of Outturn against Assembly Supply (SOAS) (Audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires TEO to prepare a Statement of Outturn against Assembly Supply (SOAS) and supporting notes.

The SOAS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

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

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the DoF website.

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOAS to the financial statements (note 2); a reconciliation of net resource outturn to net cash requirement (note 3); an analysis of income payable to the Consolidated Fund (note 4); a reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (note 5); and detail on non-operating income - excess Accruing Resources (note 6).

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

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

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

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

As DEL budgets are understood and controllable, Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive departments.

DEL budgets are classified into resource and capital.

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

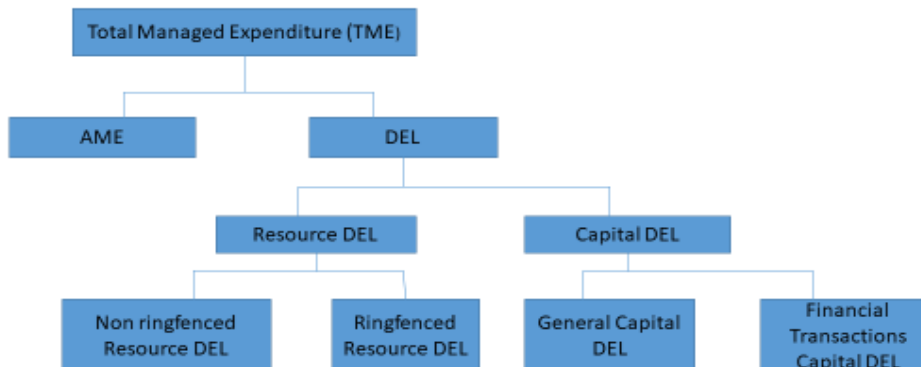
The information contained within budgetary controls does not currently read directly to financial information presented in Financial Statements due to a number of misalignments. It is intended that the Executive's Review of Financial Process will help address these differences and improve transparency. A discussion of financial performance is on pages 33 to 38 of this report.

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

<https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022>.

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Budget Structure



Budgetary Performance

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

	Final Plan 2020-21 £'000	Provisional Outturn 2020-21 * £'000	Underspend / (Overspend) £'000
Resource DEL	100,258	96,567	3,691
<i>including</i>			
<i>Non-ringfenced</i>	99,430	95,675	3,755
<i>Ringfenced D/I</i>	828	892	-64
Capital DEL	119,781	119,676	105
<i>including</i>			
<i>General Capital</i>	7,473	7,368	105
<i>FTC</i>	112,308	112,308	0
Total DEL	220,039	216,243	3,796
AME	503,683	500,422	3,261
<i>including</i>			
<i>AME Resource</i>	503,683	500,422	3,261
<i>AME Capital</i>	0	0	0
Total Managed Expenditure	723,722	716,665	7,057

* Provisional Outturn submitted to DoF on 17 May 2021

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Notes to the Statement of Outturn against Assembly Supply, 2020-21 (£000) (Audited)

Explanation of Variances

The underspend in Resource DEL primarily relates to underspends in (i) COVID-19 ring fenced funding (£1.432 million), (ii) NI Protocol ring fenced funding due to late confirmation of funding from HMT (£1.325 million) and salaries due to vacancies not being filled as anticipated during the year.

The underspend in Capital DEL relates to minor underspends across the Department's business areas.

The underspend in AME relates primarily to the set-up of the Redress payments provision to cover payments resulting from the outcomes of the Historical Institutional Abuse Inquiry being lower than anticipated.

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

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Summary of Resource Outturn 2020-21, all figures presented in £000

Type of spend	Note	Outturn			Estimate			Outturn vs Estimate, saving / (excess) / Net Total	Prior Year Outturn Total, 2019-20
		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total		
Request for Resources									
A	SOAS 1	230,197	(7,222)	222,975	655,079	(7,222)	647,857	(424,882)	120,214
Total Resources	SOAS 2	230,197	(7,222)	222,975	655,079	(7,222)	647,857	(424,882)	120,214
Non-operating Resources	Accruing Resources						(310)		6

Net cash requirement 2020-21, all figures presented in £000

Item	Note	Outturn	Estimate	Outturn vs Estimate, saving/(excess)	Prior Year Outturn Total, 2019-20
Net Cash requirement	SOAS 3	202,524	219,863	17,339	133,713

Summary of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

	Note	Forecast 2020-21		Outturn 2020-21	
		Income	Receipts	Income	Receipts
Total amount payable to the Consolidated Fund	SOAS 4	-	-	63	34

The notes on pages 115 to 137 form part of these accounts.

The Executive Office

Notes to the Statement of Outturn against Assembly Supply, 2020-21 (£000) (Audited)

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

SOAS note 1. Outturn detail, by Estimate Line

Type of spend	Resource outturn						Estimate			Outturn vs Estimate (inc virements), saving/ (excess)	Prior Year Outturn Total, – 2019-20
	Admin	Other Current	Grants	Gross expenditure	Accruing Resources	Net Total	Net Total	Virements *	Net Total inc. virements		
Request for Resources A:											
<i>Departmental Expenditure in DEL</i>											
A1	12,681	37,656	8,291	58,628	(285)	58,343	52,067		52,067	(6,276)	31,362
A2	-	2,739	22,454	25,193	(6,937)	18,256	18,780		18,780	524	21,559
A3	-	757	500	1,257	-	1,257	1,271		1,271	14	1,346
A4	1,243	-	-	1,243	-	1,243	1,249		1,249	6	1,167
<i>Annually Managed Expenditure (AME)</i>											
A5	-	746	-	746	-	746	600	146	746	-	(325)
A6	-	403	-	403	-	403	430,019	(146)	429,873	429,470	51
<i>Non-Budget</i>											
A7	-	-	5,391	5,391	-	5,391	5,391		5,391	-	5,203
A8	-	-	867	867	-	867	909		909	42	893
A9	-	-	1,304	1,304	-	1,304	1,304		1,304	-	1,544
A10	-	-	1,048	1,048	-	1,048	1,136		1,136	88	1,084
A11	-	-	13,076	13,076	-	13,076	13,076		13,076	-	13,440
A12	-	-	115,301	115,301	-	115,301	115,301		115,301	-	36,041
A13	-	-	2,904	2,904	-	2,904	3,121		3,121	217	3,535
A14	-	-	-	-	-	0	163		163	163	-
A15	2,836	-	-	2,836	-	2,836	3,470		3,470	634	3,314
Resource Outturn	16,760	42,301	171,136	230,197	(7,222)	222,975	647,857	-	647,857	424,882	120,214

The notes on pages 115 to 137 form part of these accounts.

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Notes to the Statement of Outturn against Assembly Supply, 2020-21 (£000) (Audited)

Underspend variances have arisen primarily as a result of the COVID-19 and the EU Exit response (where funding was allocated but not required), as well as through unfilled vacancies. Further explanation of the variances between Estimate and Outturn is provided in Note SOAS1 and in the Performance Report.

*Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail and delegates to DoF). Further information on virements are provided in the Supply Estimates in Northern Ireland Guidance Manual, available on the DoF website.

The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

Key to Request for Resources and Functions

A1	Executive Support and Policy Development
A2	Good Relations
A3	North-South Ministerial Council
A4	Attorney General for Northern Ireland
A5	<i>Strategic Sites</i>
A6	<i>Provisions</i>
A7	Equality Commission for Northern Ireland
A8	Commission for Victims and Survivors for Northern Ireland
A9	Maze/Long Kesh Development Corporation
A10	Northern Ireland Judicial Appointments Commission
A11	Victims and Survivors Service Limited
A12	Strategic Investment Board Limited
A13	Northern Ireland Community Relations Council
A14	Commissioner for Survivors of Institutional Childhood Abuse
A15	Notional Charges

Request for Resources A

Driving investment and sustainable development, making people's lives better through support for equality, human rights and community relations; and the effective operation of the institutions of Government.

The Department had a total resource underspend of £424.882 million against Spring Supplementary Estimates.

The net cash requirement for 2020-21 was £202.524 million. This is £17.339 million lower than the estimated net cash requirement of £219.863 million.

Detailed explanations of the variances are given in the Financial Performance section (pages 33 to 38) of the Performance Analysis.

The notes on pages 115 to 137 form part of these accounts.

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Notes to the Departmental Resource Accounts (Statement of Outturn against Assembly Supply) continued

SOAS note 2. Reconciliation of outturn to net operating expenditure

Item	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Prior Year Outturn Total, 2019-20
Net Resource Outturn	SOAS 1	222,975	647,857	424,882	120,214
Non-supply income (CFERs)	SOAS 4	(63)	-	63	(16)
Non-supply expenditure (unrealised foreign exchange gain)		252	-	(252)	(300)
Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure	SOCNE	223,164	647,857	424,693	119,898

As noted in the introduction to the SOAS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the resource outturn to net operating expenditure, linking the SOAS to the financial statements.

The notes on pages 115 to 137 form part of these accounts.

Notes to the Departmental Resource Accounts (Statement of Outturn against Assembly Supply) continued

SOAS note 3. Reconciliation of net resource outturn to net cash requirement

Item	Note	Outturn total	Estimate	Outturn vs Estimate, Saving / (excess)
Resource outturn	SOAS 1	222,975	647,857	424,882
Capital				
Acquisition of property, plant and equipment	6,7	2,053	2,258	205
Non-operating Accruing Resources				
Net Book Value of asset disposals		(310)	-	310
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items:</i>				
Depreciation, impairments and revaluations	3,4	(1,656)	(1,135)	521
New provisions and adjustments to previous provisions	14	(402)	(430,019)	(429,617)
Other non-cash items	3,4	(2,835)	(3,470)	(635)
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables	12	(17,329)	(4,796)	12,533
(Increase)/decrease in payables due within in one year	13			
Changes in payables falling due after more than one year	13	14	-	(14)
Use of provisions	14	14	9,168	9,154
Excess cash receipts surrenderable to the Consolidated Fund	SOAS 4	-	-	-
Net cash requirement		202,524	219,863	17,339

As noted in the introduction to the SOAS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. This reconciliation bridges the resource outturn to the net cash requirement.

The notes on pages 115 to 137 form part of these accounts.

Notes to the Departmental Resource Accounts (Statement of Outturn against Assembly Supply) continued

SOAS note 4. Analysis of income payable to the Consolidated Fund

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

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

Item	Note	Forecast 2020-21		Outturn 2020-21	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts – excess Accruing Resources		-	-	8	-
Other operating income and receipts not classified as Accruing Resources		-	-	55	34
Subtotal	SOAS5	-	-	63	34
Non-operating income and receipts – excess Accruing Resources	SOAS 6	-	-	-	-
Other non-operating income and receipts not classified as Accruing Resources		-	-	-	-
Amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	SOAS 3	-	-	-	-
Total amount payable to the Consolidated Fund		-	-	63	34

The notes on pages 115 to 137 form part of these accounts.

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Notes to the Departmental Resource Accounts (Statement of Outturn against Assembly Supply) continued

SOAS note 5. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

Item	Note	2020-21 £000	2019-20 £000
Operating income	5	7,285	22,058
Gross income		7,285	22,058
Income authorised to be Accruing Resources	SOAS1	7,222	22,042
Operating income payable to the Consolidated Fund	SOAS4	63	16

SOAS note 6. Non-operating income – Excess Accruing Resources

Item	2020-21 £000	2019-20 £000
Proceeds on disposal of property, plant and equipment	-	-
Other Miscellaneous Income	-	-
Non-operating income – excess Accruing Resources	-	-

The notes on pages 115 to 137 form part of these accounts.

Other Assembly Accountability Disclosures (Audited)

Entities outside the Accounting Boundary

The Department provides funding to a number of non-departmental public bodies and sponsored bodies which are outside the Departmental accounting boundary, as listed below. Each of these bodies produces its own published annual reports and accounts, and their financial performance is not consolidated into the Department's resource accounts.

- **Northern Ireland Community Relations Council**

The Community Relations Council (CRC) is a non-departmental public body of the Executive Office and a key partner in the delivery of good relations funding schemes under the wider T: BUC Strategy. CRC also facilitates wider stakeholder engagement on behalf of the Executive Office to influence the effective implementation of the strategy through delivery of the T: BUC Engagement Forum which is held three times per year. They deliver a programme of shared learning events for community and voluntary groups and organise the delivery of events for Good Relations Week which takes place annually in September. CRC has continued to operate during COVID-19, engaging with the groups it funds as well as encouraging and supporting them in developing new and innovative methods of delivery. Further information, including its Annual Report and Accounts, can be obtained at www.community-relations.org.uk.

- **Commission for Victims and Survivors for Northern Ireland**

The Commission for Victims and Survivors for NI was established as an executive NDPB in June 2008. The principal aim of the Commission is to promote the interests of victims and survivors. Its duties include promoting an awareness of, and safeguarding matters relating to the interests of victims and survivors, and keeping under review the adequacy and effectiveness of law and practice and services provided for victims and survivors. Further information on the Commission's work can be obtained at www.cvsni.org.

- **Equality Commission for Northern Ireland**

The Equality Commission for NI is an executive NDPB established under the NI Act 1998 with statutory functions which include working towards eliminating unlawful discrimination and to promote equality of opportunity on the grounds of disability, sex, race and religious belief/political opinion. The Commission also has responsibilities under Section 75 of the NI Act 1998 in relation to the public sector equality duties. Further information, including its Corporate Plan and Annual Report and Accounts can be obtained at www.equalityni.org. The Equality Commission in conjunction with the Northern Ireland Human Rights Commission agreed to act as a "Dedicated Mechanism" to ensure no diminution of rights, safeguards and equality of opportunity following the UK's withdrawal from the EU.

- **Ilex Urban Regeneration Company Limited**

Ilex was established as an executive NDPB limited by guarantee on 17 July 2003. An independent review of Ilex was completed in October 2015, which recommended the closure of Ilex by April 2017. This was brought forward and the Company closed for business in March 2016. The company was voluntarily struck off from the Companies House register in October 2020.

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- **Maze/Long Kesh Development Corporation**

The Maze/Long Kesh Development Corporation was established as an executive NDPB body on 10 September 2012. The overall aim of the Corporation is to secure the regeneration of the Maze/Long Kesh site. The Corporation has its own Board and is funded by TEO. The Development Corporation has continued to function during COVID-19 restrictions with staff working remotely and the Board and Audit Committee meeting by teleconference. More information is available on <http://mazelongkesh.com/>.

- **Northern Ireland Judicial Appointments Commission**

The NI Judicial Appointments Commission is a NDPB which was established on 15 June 2005 under the Justice (Northern Ireland) Act 2002 as amended by the Justice (Northern Ireland) Act 2004. It is currently responsible for selecting and appointing, or recommending for appointment, applicants in respect of all listed judicial offices up to and including High Court Judge. In response to COVID-19 NIJAC continued as far as was practicable, business as usual, with staff and Commissioners working from home. Meetings, Appointment schemes (including interviews for judicial office), Board and Committee meetings were progressed satisfactorily via video conferencing. Further information can be obtained at www.nijac.gov.uk.

- **Strategic Investment Board Limited**

The Strategic Investment Board Limited (SIB) is an executive NDPB and formed as a company limited by guarantee. SIB's vision is that Northern Ireland will build and sustain a public social and physical infrastructure fit for the needs of all its people. In pursuit of this, SIB's priorities are:

- To support the provision of physical and social infrastructure that makes Northern Ireland a great place to live, work and invest by delivering, to time and budget, the programmes and projects that it leads and supports;
- To maximize the money available for front line services by delivering cash savings through improving the efficient use of government assets;
- To improve the quality of public-sector decision-making through original research and the innovative analysis and exploitation of data, so that the best possible outcomes can be delivered with available resources; and
- To create opportunities for more people to have better jobs, including by improving the social return on public procurement by extending the use of 'Buy Social' models.

SIB has its own Board and is funded by TEO. SIB has continued to function during COVID-19 restrictions with staff working remotely and the Board and Audit Committee meeting by teleconference. It has responded flexibly to the demands of the COVID-19 response and to requests from the NICS and District Councils for specialist support.

Further details of the work of the Strategic Investment Board, the projects in which it is involved and other information can be obtained at www.sibni.org.

- **Victims and Survivors Service Limited**

The Victims and Survivors Service is an executive NDPB and formed as a company limited by guarantee. It was established by TEO's predecessor OFMDFM to administer funding

The Executive Office

and support to victims and survivors and opened in April 2012. The Service provides funding to both individual victims and survivors through the provision of goods, services and financial assistance, and Victims Groups. Further information on the Victims and Survivors Service can be obtained at www.victimsservice.org.

- **Commissioner for Survivors of Institutional Childhood Abuse**

The newly established Commissioner for Survivors of Institutional Childhood Abuse (COSICA) was appointed from 14 December 2020. The overall aim of COSICA is to promote the interests of any person who suffered abuse while a child and while resident in an institution at some time between 1922 and 1995 (both inclusive). COSICA is funded by TEO. COSICA has continued to function during COVID-19 restrictions with staff working both remotely and from the office when required. More information is available at <http://www.cosica-ni.org>

EU Withdrawal

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU. The future relationship between the EU and the UK will be determined by negotiations taking place during a transition period ending 31 December 2020.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable contingent liability is disclosed, relating to EU funding TEO provides, refer to note 15.3. In accordance with accounting standards, no contingent assets can be recognised.

COVID-19

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020.

The ongoing disruption caused by COVID-19 has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2021. As a result, an unquantifiable contingent liability is disclosed, relating to the operation of the NI Hub that TEO is responsible for, refer to note 15.4. In accordance with accounting standards, no contingent assets can be recognised.

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Regularity of Expenditure (Audited)

i. Losses and special payments

Losses Statement	2020-21	2020-21	2019-20	2019-20
	Number	£000	Number	£000
Total – Losses	12	1	90	11

There were no cases over £250,000 in 2020-21 (2019-20: no cases).


ii. Fees and Charges

There were no fees and charges.

iii. Remote Contingent Liabilities

There were no remote contingent liabilities.

Approved and signed



Dr Denis McMahon
Accounting Officer
26 August 2021

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

Opinion on financial statements

I certify that I have audited the financial statements of The Executive Office for the year ended 31 March 2021 under the Government Resources and Accounts Act (Northern Ireland) 2001. 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. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the Statement of Outturn against Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2021 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2021 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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.

The Executive Office

My staff and I are independent of The Executive Office in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that The Executive Office's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Executive Office's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for The Executive Office is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

The Executive Office

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

Matters on which I report by exception

In the light of the knowledge and understanding of The Executive Office and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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

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

Responsibilities of the Accounting Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing The Executive Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by The Executive Office will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to The Executive Office through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included governing legislation and any other relevant laws and regulations identified;
- making enquires of management and those charged with governance on The Executive Office's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of The Executive Office's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and the posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate, testing of journal entries and reviewing internal audit reports;
- addressing the risk of fraud as a result of management override of controls by:

The Executive Office

- performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business; and
- applying tailored risk factors to datasets of financial transactions and related records to identify potential anomalies and irregularities for detailed audit testing.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
1 Bradford Court
Belfast
BT8 6RB
26 August 2021

THE FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

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

	Note	2020-21 Total £000	2019-20 Total £000
Operating income	5	(7,285)	(22,058)
Total Operating Income		<u>(7,285)</u>	<u>(22,058)</u>
Staff costs	3,4	23,586	19,465
Purchase of goods and services	3,4	33,668	12,565
Depreciation and impairment charges (includes revaluation and disposal)	3,4	1,657	104
Provision expense	3,4	402	51
Other operating expenditure	4	171,136	109,771
Total operating expenditure		<u>230,449</u>	<u>141,956</u>
Net Operating Expenditure	SOAS2	<u>223,164</u>	<u>119,898</u>
Finance Income		-	-
Finance Expense		-	-
Net expenditure for the year		<u>223,164</u>	<u>119,898</u>
Other comprehensive net expenditure			
Items that will not be reclassified to net operating expenditure:			
- Net (gain) on revaluation of Property, Plant and Equipment	6	(369)	(229)
- Net (gain) on revaluation of Intangible Assets	7	(12)	(2)
Comprehensive net expenditure for the year		<u>222,783</u>	<u>119,667</u>

The notes on pages 115 to 137 form part of these accounts.

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Statement of Financial Position as at 31 March 2021

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

	Note	2020-21 £000	£000	2019-20 £000
Non-current assets:				
Property, plant and equipment	6	12,228		12,385
Intangible assets	7	630		315
Total non-current assets			12,858	12,700
Current assets:				
Assets classified as held for sale	10	539		227
Trade and other receivables	12	26,203		53,713
Cash and cash equivalents	11	214		192
Total current assets			26,956	54,132
Total assets			39,814	66,832
Current liabilities				
Trade and other payables	13	(35,874)		(79,936)
Provisions	14	(459)		(72)
Total current liabilities			(36,333)	(80,008)
Total assets less current liabilities			3,481	(13,176)
Non-current liabilities				
Other payables	13	(32)		(46)
Provisions	14	(169)		(168)
Total non-current liabilities			(201)	(214)
Total assets less total liabilities			3,280	(13,390)
Taxpayers' equity and other reserves				
General fund			2,561	(14,037)
Revaluation reserve			719	647
Total equity			3,280	(13,390)



Dr Denis McMahon
Accounting Officer
26 August 2021

The notes on pages 115 to 137 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2021

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

	Note	2020-21 £000	2019-20 £000
Cash flows from operating activities			
Net operating expenditure	SOAS2	(223,164)	(119,898)
Adjustments for non-cash transactions	3,4	4,896	3,469
Decrease in trade and other receivables	12	27,510	(27,394)
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	12	(7,412)	4,408
(Decrease) in trade and other payables	13	(44,077)	13,912
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	13	41,797	(3,517)
Use of provisions	14	(14)	(50)
Net cash outflow from operating activities		<u>(200,464)</u>	<u>(129,070)</u>
Cash flows from investing activities			
Purchase of non-financial assets	6 ,7, 13	(2,320)	(3,981)
Proceeds from disposal of non-financial assets		310	-
Net cash outflow from investing activities		<u>(2,010)</u>	<u>(3,981)</u>
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		202,312	126,093
From the Consolidated Fund (Supply) – prior year		7,622	3,214
Advances from the Contingencies Fund		-	-
Repayments to the Contingencies Fund		-	-
Net financing		<u>209,934</u>	<u>129,307</u>
Net increase / (decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		<u>7,460</u>	<u>(3,744)</u>
Payments of amounts due to the Consolidated Fund		<u>(17)</u>	<u>(60)</u>
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		<u>7,443</u>	<u>(3,804)</u>
Cash and cash equivalents at the beginning of the period	11	<u>(7,620)</u>	<u>(3,816)</u>
Cash and cash equivalents at the end of the period	11	<u>(177)</u>	<u>(7,620)</u>

The notes on pages 115 to 137 form part of these accounts.

The Executive Office

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

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

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2019		(31,248)	513	(30,735)
Net Assembly Funding		126,093	-	126,093
Supply receivable adjustment	12	7,622	-	7,622
Deemed Supply	13	-	-	-
CFERs payable to the Consolidated Fund		(16)	-	(16)
SIB FTC loan repayment received	9	6,525	-	6,525
SIB FTC loan repayment paid to the Consolidated Fund	9	(6,525)	-	(6,525)
Comprehensive Net Expenditure for the year		(119,898)	230	(119,668)
Auditors remuneration	3	71	-	71
Non-cash charges – other notional costs	3	3,243	-	3,243
Transfer between reserves		96	(96)	-
Balance at 31 March 2020		(14,037)	647	(13,390)
Net Assembly Funding		202,312	-	202,312
Supply receivable Adjustment	12	210	-	210
Approved in respect of 16/17 Excess Vote		34,166	-	34,166
16/17 Excess Vote Adjustment		(9)	-	(9)
CFERs payable to the Consolidated Fund		(63)	-	(63)
SIB FTC loan repayment received	9	6,525	-	6,525
SIB FTC loan repayment paid to the Consolidated Fund	9	(6,525)	-	(6,525)
Comprehensive Net Expenditure for the year		(223,164)	382	(222,782)
Auditors remuneration	3	78	-	78
Non-cash charges – other notional costs	3	2,758	-	2,758
Transfer between reserves		310	(310)	-
Balance at 31 March 2021		2,561	719	3,280

The notes on pages 115 to 137 form part of these accounts.

Notes to the Departmental Resource Accounts

1. **Statement of accounting policies**

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by the Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of TEO for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare one additional primary statement. The Statement of Outturn against Assembly Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 *Accounting convention*

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of investment property, property, plant and equipment, intangible assets, and certain financial assets and liabilities.

1.2 *Property, Plant and Equipment and Intangible Assets*

The minimum level for capitalisation of a tangible fixed asset is £1,000. Computer systems (bespoke software) which have been developed internally have been capitalised at the full cost incurred. Where material, assets have been pooled/grouped so as to reflect property, plant and equipment holdings more accurately.

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

All property, plant and equipment and intangible assets are carried at fair value. Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Standards prepared and published by the Royal Institution of Chartered Surveyors (RICS). Full professional valuations of land and buildings are undertaken at specific intervals, but at least every five years. Land and buildings are revalued annually, either by reassessment or using indices provided by Land and Property Services (LPS). All valuations are carried out by LPS, an external value, as defined in the Appraisal and Valuation Standards referred to above.

Notes to the Departmental Resource Accounts continued

Operational properties are valued on the basis of existing use value, unless they are specialised, in which case they are valued on a depreciated replacement cost basis. Properties surplus to requirements are valued on the basis of open market value less any material directly attributable selling costs. With the exception of the above and items under construction, fair value is estimated by restating the value annually by reference to indices compiled by the Office for National Statistics (ONS).

Surpluses and deficits arising on revaluation are taken to the revaluation reserve. Where appropriate, permanent reductions in the value of fixed assets are charged to the Statement of Comprehensive Net Expenditure. Revaluations below historic cost which are not temporary fluctuations in market value are treated as an impairment in accordance with IAS 36, Impairment of Assets, and charged in full to the Statement of Comprehensive Net Expenditure. Impairment reviews of property, plant and equipment are performed annually and additionally where there is an indication of an impairment as defined by IAS 36. The impairment of assets in note 8 relates to additions and the revaluation on transfer of assets under construction to land or buildings.

Revaluations below historic cost which are not temporary fluctuations in market value are treated as an impairment in accordance with IAS 36, Impairment of Assets, and charged in full to the Statement of Comprehensive Net Expenditure. Impairment reviews of property, plant and equipment are performed annually and additionally where there is an indication of an impairment as defined by IAS 36. The impairment of assets in note 6 relates to additions.

Assets paid for on behalf of TEO by other Northern Ireland Civil Service Departments have also been capitalised and depreciated in line with current policy, and have been credited to the general fund.

1.3 Depreciation and Amortisation

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives. Depreciation is charged in the month of acquisition. No depreciation is provided on freehold land since they have unlimited or very long estimated useful lives. Items under construction are not depreciated until they are commissioned.

Properties that are surplus to requirements and not in use are not depreciated. Capital expenditure on leasehold improvements is depreciated over the remaining term of the lease.

Asset lives are normally in the following ranges:

Computer Equipment	3-6 years
Computer Systems	6-10 years
Freehold Buildings	25 years

The Executive Office

Notes to the Departmental Resource Accounts continued

Furniture and Fittings	2-15 years
Motor Vehicles	4 years
Lease hold Buildings	length of lease
Office Equipment	3-11 years
Plant and Machinery	3-20 years
Telecoms Equipment	2-10 years

The overall useful life of the Department's buildings takes account of the fact that different components of those buildings have different useful lives. This ensures that depreciation is charged on these assets at the same rate as if separate components had been identified and depreciated at different rates.

Intangible assets are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives. Asset lives for all intangible assets is in the range of 1-10 years.

1.4 *Operating income including income receivable from the European Union*

Operating income is income which related directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full-cost basis to external customers, as well as public sector repayment work. It includes not only accruing resources of the Estimate but also income to the Consolidated Fund, authorised by the Department of Finance to be treated as operating income. Operating income is stated net of VAT.

All receipts from the EU are separately identified and shown as income in the notes to the Statement of Comprehensive Net Expenditure. EU income is received in arrears, expenditure having been initially funded by the Department.

1.5 *Administration and programme expenditure*

The Statement of Comprehensive Net Expenditure is analysed between operating income and expenditure. Expenditure is analysed between administration and programme expenditure in notes 3 and 4. Administration costs reflect the costs of running the Department. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the department, as well as certain staff costs where they relate directly to service delivery. The classification of expenditure and income as administration or as programme follows the definition of administration costs set by the Department of Finance.

1.6 *Foreign exchange*

Transactions which are denominated in a foreign currency and which are covered by a related forward contract are translated into sterling at the exchange rate specified in the contract. Transactions which are not covered by a related forward contract are translated into sterling at the exchange rate ruling on the date of each transaction, except where rates

Notes to the Departmental Resource Accounts continued

do not fluctuate significantly, in which case an average rate for the period is used. Monetary assets and liabilities denominated in foreign currency at the Statement of Financial Position date are translated at the rates ruling at that date. These translation differences are dealt with in the Statement of Comprehensive Net Expenditure.

1.7 Employee Benefits including Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme Northern Ireland (PCSPS (NI)) which are described in the Staff Report. The defined benefit schemes are unfunded. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, the Department recognises the contributions payable for the year. A separate scheme statement is prepared for PCSPS (NI) as a whole.

1.8 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the department, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.9 Grants payable

The Department is responsible for the payment of a number of Government Grants, both discretionary and mandatory. These grants are recorded in the period in which the recipient carries out the activity which created the entitlement. The recognition of entitlement will vary according to the details of the individual scheme. Unpaid and unclaimed grants may represent obligations to be recognised as liabilities. Where the amount of the claim is not known at the Statement of Financial Position date, an estimate will be made. Overpayments of grants are shown as receivables at the Statement of Financial Position date.

1.10 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the time value of money is material, nominal rates issued by HM Treasury will be used to discount future cash flows related to provisions recognised in accordance with IAS 37 Provisions, contingent liabilities and contingent assets. There are time frames against which nominal rates will apply. The nominal rates are currently between (0.02%) and 1.99%.

Notes to the Departmental Resource Accounts continued

1.11 *Contingent liabilities*

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*. These comprise:

- items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to the Assembly by Departmental Minute prior to the Department entering into the arrangement; and
- all items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FReM to be noted in the resource accounts.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.12 *Value Added Tax*

Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment. VAT is recoverable on a departmental basis.

1.13 *Disclosure of Figures*

The Executive Office have no other entities within the accounting boundary which require consolidation. The accounts have been presented as a single entity.

1.14 *Financial Instruments*

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

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

The Department has financial instruments in the form of trade receivables and payables and cash and cash equivalents.

Notes to the Departmental Resource Accounts continued

In accordance with IAS 39 Financial Instruments: Recognition and Measurement trade receivables, cash and other receivables are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

The Department assesses at each Statement of Financial Position date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired.

The Department measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making the collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics. Impairment losses are recognised in the Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

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

1.15 Comparatives

Comparative figures for the 2019-20 year are shown for those items listed in the primary schedules and associated notes, in compliance with the disclosure requirements of FReM unless otherwise stated.

1.16 IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022.

The Executive Office

Notes to the Departmental Resource Accounts continued

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2023.

The IASB issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards were effective with EU adoption from 1 January 2014.

Accounting boundary IFRS' are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2022-23, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

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

No new accounting policies were adopted by The Executive Office during 2020-21.

2 Statement of Operating Expenditure by Operating Segment

The principal activities of the Department comprise: Support for the Executive and Human rights, equality and community relations. This is reflected in the high-level structure under which the Department reports performance to the DoF and HM Treasury.

"Executive Support and Programme for Government" ("Executive Support") embraces provision of advice and guidance to Ministers, managing the Programme for Government, maintaining a presence in Brussels, China and Washington and delivering an integrated investment strategy. "Strategic Policy, Equality and Good Relations" ("Strategic Policy") comprises the development and implementation of a cross-departmental strategy to tackle poverty and social exclusion, promote equality and improve people's lives. It also includes the regeneration of former military and security sites and the Historical Institutional Abuse Inquiry. The Accounting Officer receives detailed monthly reports for each business area in the Department which are aggregated to show performance over principal activities.

There are no transactions between reportable segments and there is no reliance on major customers.

The Executive Office

Notes to the Departmental Resource Accounts continued

	Note	2020-21			2019-20		
		Executive Support	Strategic Policy	Total	Executive Support	Strategic Policy	Total
		£000	£000	£000	£000	£000	£000
Gross Expenditure	3,4	24,197	206,253	230,450	18,256	123,700	141,956
Income	5	(79)	(7,207)	(7,286)	(80)	(21,978)	(22,058)
Net Expenditure		24,118	199,046	223,164	18,176	101,722	119,898
Total assets	6,7, 10,11, 12	1,182	38,631	39,813	1,581	66,251	66,832

2.1 Reconciliation between Operating Segments and SoCNE

	Note	2020-21			2019-20		
		Executive Support	Strategic Policy	Total	Executive Support	Strategic Policy	Total
		£000	£000	£000	£000	£000	£000
Total net expenditure reported for operating segments		24,118	199,046	223,164	18,176	101,722	119,898
Reconciling items:							
Income		-	-	-	-	-	-
Expenditure		-	-	-	-	-	-
Total net expenditure per Statement of Comprehensive Net Expenditure		24,118	199,046	223,164	18,176	101,722	119,898

2.2 Reconciliation between Operating Segments and SoFP

	Note	2020-21			2019-20		
		Executive Support	Strategic Policy	Total	Executive Support	Strategic Policy	Total
		£000	£000	£000	£000	£000	£000
Total assets reported for operating segments		1,182	38,631	39,813	1,581	65,251	66,832
Reconciling items:							
Income		-	-	-	-	-	-
Expenditure		-	-	-	-	-	-
Total assets per Statement of Financial Position		1,182	38,631	39,813	1,581	65,251	66,832

The Executive Office

Notes to the Departmental Resource Accounts continued

3 Other Administration Expenditure

	Note	2020-21 £000	2019-20 £000
Staff Costs ¹ :			
Wages and salaries		8,821	7,151
Social security costs		967	765
Other pension costs		2,479	2,090
Contracted Out Services		389	363
Office Services (including advertising, communications and stationery)		311	324
Staff related costs (including travel and subsistence and training)		22	189
Professional Costs		137	144
Accommodation costs		88	198
Other		620	608
Rentals under operating leases		130	130
Managed Services		28	28
Consultancy		19	4
Non Capital purchases		18	30
Non-cash items:			
Other notional charges		1,481	2,031
Office accommodation		1,079	1,168
Increase in provision	14	405	(1)
Depreciation		91	77
Auditors' remuneration ² and expenses		78	71
Loss on disposal of property plant and equipment		-	-
Amortisation		1	1
Total		17,164	15,371

¹Further analysis of staff costs is located in the Staff Report on page 81.

²Auditors' remuneration relates fully to audit work.

The Executive Office

Notes to the Departmental Resource Accounts continued

4 Programme Expenditure

	2020-21 £000	2019-20 £000
Staff Costs ¹ :		
Wages and salaries	8,339	6,960
Social security costs	818	666
Other pension costs	2,162	1,833
Grants	164,190	88,073
EU Programme Spend	6,946	21,698
Office Services	3,870	1,401
Professional Costs	10,287	2,561
Other ²	12,514	338
Rentals under operating leases	741	652
Pension Suspense	0	0
Contracted Out Services	591	554
Accommodation Costs	624	525
Staff related costs	491	798
Managed Services	83	276
Consultancy Costs	38	128
Non Capital Purchases	26	41
Non-cash items:		
Diminution in value of property, plant and equipment	745	(325)
Depreciation	411	347
Increase in Provision	(2)	52
Amortisation	1	3
Bad debt written off	1	2
Loss on disposal of property, plant and equipment	407	1
Total	213,283	126,584

¹Further analysis of staff costs is located in the Staff Report on page 81.

²Other includes an exchange loss of £139k (2019-20: exchange gain of £36k) and HIA redress payments of £10,467k.

5 Income

	2020-21 £000	2019-20 £000
EU Income	6,946	21,698
Recovery of Seconded Costs	83	80
Rental Income	174	258
Miscellaneous Other Operating Income	83	22
Operating Income	7,286	22,058

Notes to the Departmental Resource Accounts continued

6 Property, plant and equipment

	Land	Buildings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Payments on Accounts & Assets under Constructio n	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2020	5,938	3,394	89	889	417	587	2,612	13,927
Additions	(30)	570	-	11	(46)	26	1,172	1,704
Disposals	(20)	(562)	-	(50)	(7)	(25)	-	(664)
Impairments (a)	(785)	(481)	-	-	-	-	-	(1,266)
Reclassifications	(1)	318	-	-	-	-	(797)	(480)
Revaluation charged to SoCNE (a)	845	(363)	-	-	-	-	(89)	393
Revaluation (a)	(3)	174	0	13	1	12	-	196
At 31 March 2021	5,944	3,050	89	863	365	600	2,898	13,809
Depreciation								
At 1 April 2020	(1)	371	68	536	243	319	6	1,542
Charged in year	-	239	29	78	59	52	-	457
Disposals	-	(21)	-	(49)	(7)	(20)	-	(97)
Impairments (a)	-	8	-	-	-	-	-	8
Reclassifications	-	-	-	-	-	-	-	-
Revaluation charged to SoCNE (a)	(1)	(154)	-	-	-	-	-	(155)
Revaluation (a)	1	(52)	(34)	1	(72)	(15)	(3)	(173)
At 31 March 2021	(1)	391	63	566	223	336	3	1,581
Carrying amount								
At 31 March 2020	5,939	3,023	21	353	175	268	2,606	12,385
At 31 March 2021	5,945	2,659	26	297	142	264	2,895	12,228
Asset financing:								
Owned	5,944	2,660	26	297	142	264	2,895	12,228
Carrying amount at 31 March 2021	5945	2,659	26	297	142	264	2895	12,228

(a) Revaluations were undertaken in respect of Ebrington Barracks and the Crisis Management Centre as at 31 March 2021 by Land & Property Services. Valuations reflect the current situation in the property market in Northern Ireland. Previous year valuations are shown in brackets. Ebrington was valued at £5,560,000 (£5,580,000) for land and £2,483,000 (£2,657,500) for buildings. The Crisis Management Centre was valued at £125,000 (£125,000) for land and £125,000 (£125,000) for buildings.

Notes to the Departmental Resource Accounts continued

6 Property, plant and equipment continued

	Land	Buildings	Transport Equipment	Plant & Machinery	Information Technology	Furniture & Fittings	Payments on Accounts & Assets under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2019	5,693	3,085	88	837	262	473	-	10,438
Additions	114	431	-	46	150	120	2,580	3,441
Disposals	-	-	-	(5)	(1)	(8)	-	(14)
Impairments (a)	(35)	-	-	-	-	-	-	(35)
Reclassifications	(101)	(165)	-	2	1	-	32	(231)
Revaluation charged to SoCNE (a)	267	(22)	-	-	-	-	-	245
Revaluation (a)	-	65	1	9	5	2	-	82
At 31 March 2020	5,938	3,394	89	889	417	587	2,612	13,927
Depreciation								
At 1 April 2019	(1)	319	56	466	214	343	-	1,397
Charged in year	-	229	34	73	44	44	-	424
Disposals	-	-	-	(4)	(1)	(8)	-	(13)
Impairments (a)	-	-	-	-	-	-	-	-
Reclassifications	-	(10)	-	1	1	-	6	(2)
Revaluation charged to SoCNE (a)	-	(117)	-	-	-	-	-	(117)
Revaluation (a)	-	(50)	(22)	-	(15)	(60)	-	(147)
At 31 March 2020	(1)	371	68	536	243	319	6	1,542
Carrying amount								
At 31 March 2019	5,694	2,766	32	371	49	130	-	9,042
At 31 March 2020	5,939	3,023	21	353	175	268	2,606	12,385
Asset financing:								
Owned	5,939	3,023	21	353	175	268	2,606	12,385
Carrying amount at 31 March 2020	5,939	3,023	21	353	175	268	2,606	12,385

Notes to the Departmental Resource Accounts continued

6 Property, plant and equipment continued

(a) Revaluations were undertaken in respect of Ebrington and the Crisis Management Centre as at 31 March 2020 by Land & Property Services. Valuations reflect the current situation in the property market in Northern Ireland. Previous year valuations are shown in brackets. Ebrington was valued at £5,580,000 (£5,580,000) for land and £2,657,500 (£2,420,000) for buildings. The Crisis Management Centre was valued at £125,000 (£125,000) for land and £125,000 (£125,000) for buildings.

LPS have advised, that the outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11th March 2020, has impacted global financial markets. As a consequence LPS have reported that as at the valuation date, they consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuation of Ebrington and the Crisis Management Centre is reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGE 10 of the RICS Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to them than would normally be the case.

7 Intangible Assets

	Software Licenses £000	Developed Software £000	Web Sites £000	Total £000
Cost or valuation				
At 1 April 2020	9	316	2	327
Additions	-	347	2	349
Disposals	-	-	-	-
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	12	-	12
At 31 March 2021	9	675	5	689
Amortisation				
At 1 April 2020	8	2	2	12
Charged in year	2	45	-	47
Disposals	-	-	-	-
Revaluations charged to SoCNE	-	-	-	-
Revaluations	(2)	2	-	-
At 31 March 2021	8	49	2	59
Carrying amount at 31 March 2020	1	314	-	315
Carrying amount at 31 March 2021	1	626	3	630

The Executive Office

Asset Financing

Owned	1	626	3	630
Finance Leased	-	-	-	-
Contracts	-	-	-	-
Carrying amount at 31 March 2021	1	626	3	630

7 Intangible Assets continued

	Software Licenses £000	Developed Software £000	Web Sites £000	Total £000
Cost or valuation				
At 1 April 2019	9	38	2	49
Additions	-	276	-	276
Disposals	-	-	-	-
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	2	-	2
At 31 March 2020	9	316	2	327
Amortisation				
At 1 April 2019	6	-	2	8
Charged in year	2	2	-	4
Disposals	-	-	-	-
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2020	8	2	2	12
Carrying amount at 31 March 2019	3	38	-	41
Carrying amount at 31 March 2020	1	314	-	315
Asset Financing				
Owned	1	314	-	315
Finance Leased	-	-	-	-
Contracts	-	-	-	-
Carrying amount at 31 March 2020	1	314	-	315

Notes to the Departmental Resource Accounts continued

8 Impairments

	2020-21 £000	2019-20 £000
Amounts charged to the Statement of Comprehensive Net Expenditure	1,274	35

Impairments include the works carried out during the financial year on LPS valued land and buildings.

9 Financial Instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

In exception to the above, the Department has previously made grant in aid payments to the Strategic Investment Board Limited (SIB) to enable them to provide loans under the Financial Transactions Funding (FTC) Scheme. £110 million payments were made this financial year (2019-20: £Nil). The contractual loan agreement is between the entity in receipt of the loan and SIB who have accounted for this transaction in their accounts. Therefore as the Department is not exposed to any risk, this transaction is only shown as a grant in aid payment in the SoCNE.

£6,525k repayment of FTC was received in 2020-21 (2019-20: £6,525k).

10 Assets Held for Sale

	2020-21 £000	2019-20 £000
At 1 April	228	-
Transfer in from non current assets	-	(2)
Transfer out to non current assets	-	-
Transfer of carrying value	461	229
Disposal of carrying value	(150)	-
At 31 March	539	227

During 2020-21 the following Ebrington buildings met the conditions for assets held for sale: Building 4 was disposed of at a value of 150,000, building 10 10A, 11, 30 and 102 are all held for sale.

The Executive Office

Notes to the Departmental Resource Accounts continued

11 Cash and Cash Equivalents

	2020-21 £000	2019-20 £000
Balance at 1 April	(7,620)	(3,816)
Net change in cash and cash equivalent balances	(7,443)	(3,804)
Balance at 31 March	(177)	(7,620)

The following balances at 31 March were held at:

Commercial banks and cash in hand	(177)	(7,620)
Balance at 31 March	(177)	(7,620)

The balance comprises

Cash	214	192
Overdraft	(391)	(7,812)
	(177)	(7,620)

The bank balance at 31 March 2021 is not physically overdrawn, it is the reconciled balance which is overdrawn. £423k of the overdrawn balance (2019-20: £7,857k) relates to payments issued from the bank account at the end of March which cleared post year end.

12 Trade receivables, financial and other assets

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Trade receivables	89	129
Deposits and Advances	5,253	20,000
Other Receivables	183	26
Prepayments	89	126
Accrued Income	8,654	17,445
Amounts due from the Consolidated Fund in respect of supply	210	7,622
Amounts due from EU	11,175	8,198
VAT	387	152
	26,040	53,698
Amounts falling due after one year:		
Deposits and advances	12	12
Other receivables	151	3
Total	26,203	53,713

Notes to the Departmental Resource Accounts continued

Trade receivables and other current assets contains £37k (2019-20: £11k) which will be surrendered to the Consolidated Fund when received.

13 Trade payables and other liabilities

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Bank overdraft	391	7,812
Trade payables	339	110
Other payables	62	11
Accruals	34,194	36,749
Non current asset accruals	808	1,075
Deferred income	10	-
Amounts due to EU	-	-
Amounts repayable to the NI Contingencies Fund	-	29,761
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	-
Consolidated fund extra receipts due to be paid to the Consolidated Fund		
Received	33	4,408
Receivable	37	11
	35,874	79,936
Amounts falling due after one year:		
Other payables, accruals and deferred income	32	46
Total	35,906	79,982

14 Provisions for liabilities and charges

2020-21	Equal Pay	Injury Award	Other Provisions	Total
	£000	£000	£000	£000
Balance at 1 April 2020	10	167	63	240
Provided in the year	-	11	391	402
Provisions not required written back	-	-	-	-
Provisions utilised in the year	-	(10)	(4)	(14)
Balance at 31 March 2021	10	168	450	628

The Executive Office

Not later than one year	-	9	450	459
Later than one year and not later than five years	10	38	-	48
Later than five years	-	121	-	121
Balance at 31 March 2021	10	168	450	628

	Equal Pay £000	Injury Award £000	Other Provisions £000	Total £000
2019-20				
Balance at 1 April 2019	10	159	70	239
Provided in the year	-	18	33	51
Provisions not required written back	-	-	(40)	(40)
Provisions utilised in the year	-	(10)	-	(10)
Balance at 31 March 2020	10	167	63	240

Analysis of expected timing of discounted flows

Not later than one year	-	9	63	72
Later than one year and not later than five years	10	38	-	48
Later than five years	-	120	-	120
Balance at 31 March 2020	10	167	63	240

14.1 Equal Pay

This provision represents the department's share of the settlement pay made to staff at AA, AO, EO11 and analogous grades in the NICS as the result of an agreement with NIPSA in respect of Equal Pay.

The bulk of staff has now agreed to the settlement and the associated taxation obligations to HMRC were discharged. The provision for equal pay at 31 March 2021 represents the expected future equal pay costs for TEO as advised by DoF.

Notes to the Departmental Resource Accounts continued

14.2 Injury Award

The provision represents the future costs of monthly payments in settlement of an injury claim by a former employee. Payments are expected to continue for the lifetime of the claimant, increasing in line with the Consumer Prices Index.

The amount of the provision is calculated using the current monthly payment and actuarial tables which show average life expectancy.

Future costs have been discounted at the -0.95% per annum discount rate applicable to post-employment benefits according to HM Treasury guidance.

14.3 Other Provisions

This provision represents:

- (i) The average cost informed by the Departmental Solicitors Office estimate of potential compensation, medical and legal costs for an ongoing inquest.
- (ii) A number of industrial tribunal cases lodged against the NICS in respect of holiday pay. The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for the 23 and 24 June 2021 but this has subsequently been adjourned. The 2020-21 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:
 - (a) The appeal to the Supreme Court (as detailed above);
 - (b) Lack of accessible data for years previous to 2011;
 - (c) Ongoing negotiations with Trade Unions; and
 - (d) The provision includes a pension element which is based on formulae provided by the Government Actuary's Department (GAD) with a variable capitalisation factor (CF). The CF used for these calculations is 12 which is based on the commutation value currently used in public sector pensions. This figure is subject to change as the calculation has not been agreed with Trade Unions.

Notes to the Departmental Resource Accounts continued

15 Contingent liabilities

The Department has entered into the following contingent liabilities.

15.1 *Legal issues*

The Department is considering two legal cases and the potential for any financial implications they may have. The Department considers that the obligation cannot be regarded as probable and that a reliable estimate cannot be made at this point in time, of the potential liability. This is as a result of the complexities associated including establishing clearly the extent to which valid claims may be made and the size of any resulting payment. Consequently, the Department does not consider that it is appropriate to make a provision under the criteria set out in IAS 37.

15.2 *Statutory Guarantees*

The Department has entered into a guarantee agreement with the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) in respect of CRC.

The Department has guaranteed any and all obligations in respect of pension liabilities, if CRC ceases to exist, or are otherwise unable to discharge their liabilities under the Local Government Pension Scheme Regulations (Northern Ireland) 2002.

15.3 *Withdrawal from the EU*

Please refer to the Accountability Report under section 'Other Assembly Accountability Disclosures' section which discusses any potential contingent liabilities which may arise under the withdrawal from the EU.

15.4 *COVID-19*

Please refer to the Accountability Report under section 'Other Assembly Accountability Disclosures' section which discusses any potential contingent liabilities which may arise under the disruption caused by COVID-19.

15.5 *Contingent Liabilities Relating to the Historical Institutional Abuse Inquiry and Victims' Payments Scheme*

Other contingent liabilities disclosed under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) relate to:

The Historical Institutional Abuse Inquiry (HIAI)

Potential future payments resulting from the outcomes of HIAI are estimated at £416.4m. Presently there is uncertainty over the number and quantum of claims that may be received.

Notes to the Departmental Resource Accounts continued

Victims' Payments Scheme

Potential future payments range from £601m - £1.2bn over the lifetime of the Scheme, with a central estimate of £848m. This is only for payments to victims and does not include administration costs. Presently there is uncertainty over the number and quantum of claims that may be received.

The Department has not entered into any quantifiable guarantees, indemnities or provided letters of comfort.

16 Commitments under Leases

16.1 Finance leases

The Department has no finance lease commitments.

16.2 Operating leases

£871k (2019-20: £782k) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure.

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

	2020-21	2019-20
	£000	£000
Obligations under operating leases for the following periods comprise:		
Buildings:		
Not later than one year	836	871
Later than one year and not later than five years	1,840	2,060
Later than five years	292	584
	2,968	3,515
Other :		
Not later than one year	8	9
Later than one year and not later than five years	3	7
Later than five years	-	-
	11	16

The Executive Office

Notes to the Departmental Resource Accounts continued

17 Capital and other commitments

17.1 Capital Commitments

	2020-21	2019-20
	£000	£000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	4,634	5,111
Total	4,634	5,111

17.2 Other financial commitments

The Department has entered into the following non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements), relating to grant payments and amounts committed in relation to contracted services.

The payments to which the Department (and its agencies where appropriate) are committed to are as follows:

	2020-21	2019-20
	£000	£000
Not later than one year	54	53
Later than one year and not later than five years	-	-
Later than five years	-	-
	54	53

18 Related-party transactions

The Executive Office is the sponsor of its non-departmental public bodies and companies limited by guarantee, as referred to in the Annual Report. These bodies are regarded as related parties with which the Department has had a number of material transactions during the year.

In addition, the Department has had a number of material transactions with other government departments and other central government bodies.

No ministers, board members or other related parties have undertaken any material transactions with the Department during the year.

The Executive Office

Notes to the Departmental Resource Accounts continued

19 Third-party assets

The Department has no third-party assets.

20 Entities within the departmental boundary

The entities within the boundary during 2020-21 were as follows:

- Supply financed agencies None
- Other entities North/South Ministerial Council

Office of the Commissioner for Public
Appointments for Northern Ireland
(www.ocpani.gov.uk)
Office of the Attorney General for Northern Ireland
(www.attorneygeneralni.gov.uk)
Historical Institutional Abuse Redress Board

21 Events after the Reporting Period

There have been no significant events since the Balance Sheet date that would affect these accounts.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 26 August 2021.

The Executive Office

Report of the Comptroller and Auditor General of Northern Ireland

The Executive Office (TEO) has responsibility for making payments under two schemes introduced by legislation in 2019-20. They are:

1. The Historical Institutional Abuse (Northern Ireland) Act 2019 (HIA) which will provide compensation to those who, as children, experienced abuse in residential institutions in Northern Ireland between 1922 and 1995.
2. The Victims' Payments Regulations 2020 which will provide payments to those people who experienced permanent disablement, at a level of 14% functionality or more, from an injury sustained in a Troubles-related incident.

Last year I reported that, although no payments had been made under these schemes, it is standard accounting practice to account for future liabilities under International Accounting Standard 37 – Provisions, Contingent Liabilities and Contingent Assets. On that basis TEO had included a provision of £539 million in the 2019-20 accounts submitted for audit. However, as a result of a number of fundamental uncertainties in the likely number of applicants and the level of compensation, TEO was unable to provide me with assurance that the estimates were reliable.

Where a reliable estimate cannot be made IAS 37 recommends that financial obligations should be disclosed as a contingent liability. This resulted in an adjustment to the 2019-20 accounts which reported an underspend of £546.367 million in the Statement of Assembly Supply. I recommended that TEO continue to seek information relevant to these schemes to support the reliable measurement of future probable payments.

In the 2020-21 accounts submitted for audit, the two schemes were accounted for as follows:

Scheme	Expenditure in 2020-21	Future liability
Victims' Payment Scheme	£1.732 million	Disclosed as a contingent liability in line with IAS 37. Potential future payments range from £601m - £1.2bn over the lifetime of the Scheme.
Historical Institutional Abuse (HIA)	£10.467 million	Recognised as a provision of £416.431 million

Whilst I welcome TEO's attempt at providing a reliable estimate for the HIA liability, the estimate was based on a number of assumptions for which TEO was unable to provide me with sufficient evidence. In particular:

- Although the Department has more information regarding the number of children who resided in residential homes between 1922 and 1995, there is an element of double counting that is difficult to estimate.
- It is still unclear how many applications are likely to be made to the scheme. At 31 July 2021 1,730 applications had been received.

The Executive Office

- There was a wide range in the value of the payments made in 2019-20 and there is insufficient data at present upon which to base future trends.

As a result of the issues outlined above, it has not been possible for TEO to provide me with a reliable estimate of the HIA provision for a second year. TEO has agreed that this obligation should again be treated as a contingent liability and has made the appropriate disclosures in note 15 to the accounts. TEO's accounts report an underspend of £425 million in the Statement of Assembly Supply, £430 million of which relates to the Estimate cover for the provision of HIA.

I am content with the accounting treatment applied to the Victims' Payments scheme.

It is important that TEO continues to seek information relevant to both the HIA and Victims' payments schemes with a view to providing a reliable estimate of the future liability associated with each. I have recommended that the Department continues to engage with experts, that it analyses data relating to payments as it becomes available and that it considers engaging with government bodies in other jurisdictions that operate similar schemes. I will continue to monitor progress and consider any implications for the audit of the Annual Report and Accounts for 2021-22.



KJ Donnelly
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26 August 2021