

**The Executive Office
Annual Report and Accounts
For the year ended 31 March 2019**

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Department of Finance
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05 July 2019



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31 March 2019**

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2018-19 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 Annual Report and Accounts for TEO. The 2018-19 financial year, has not been without its challenges, including the absence of an Executive and Assembly and the complex legislative, policy and resource implications that need to be considered for Northern Ireland (NI) as a result of the United Kingdom's (UK) decision to leave the European Union (EU).

Despite this difficult operating environment, TEO has remained fully committed to continued delivery of government services. During 2018-19, 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 (TBUC) 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, 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 staff and their passion for and commitment to delivering high standards of public service and the contributions made by other departments, our ALBs and our partners in the voluntary and community sector.

In the absence of ministers, TEO developed and reported on the Outcomes Delivery Plan for 2018-19. The Plan's framework reflects the key areas of economic and societal wellbeing that people in Northern Ireland have said matter most to them and, taken together, the outcomes plot a course for the work of the Northern Ireland Civil Service (NICS) as well as for TEO. The Department led in the development of the Plan and its associated monitoring and reporting arrangements. Looking ahead, TEO is preparing a new Plan as the basis for the NICS work programme in 2019-20.

I am immensely proud of the work this department does. Its people, policies and processes all play a crucial part in delivering quality services that make a real difference to people across NI. I am confident that we are well placed to address the challenges that lie ahead to improve the lives of the people who live here.

Mark Browne (Dr)
Accounting Officer

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STATEMENT FROM THE INDEPENDENT BOARD MEMBER

Overview

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 and necessary change processes. I also attended all TEO Board Meetings held during the financial year.

The operation of a Forward Planner ensured robust Agendas for each Board meeting, with updates on key areas as follows;

- Political Landscape
- Brexit / EU Relations
- Intergovernmental Relations
- Programme for Government
- Legislative Programme
- Budget / Finance
- HR
- Audit & Risk incl. ARAC updates
- Communications

Board Members actively participated in meetings, either by presentation of key reports on Departmental issues and engaged 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 on the Intranet, regular updates from Head of Civil Service (HOCS) and most recently the introduction of social media tools such as Twitter. Staff actively participated in events and as IBM, I was delighted to be invited to a well-attended meeting of all grades of staff to assist in the ongoing development of TEO's Business Plan.

As the IBM, I conducted a Board Effectiveness Review, with the full support of TEO Board Members, with encouraging results. The 2018/19 Board Effectiveness Review will be presented to the June Board meeting. The Board Operating Framework was subject to a full review, with contributions from all Board Members and input from the Finance Department in areas of financial management and financial controls. The Board Operating Framework was approved by the Board at its February meeting.

Audit and Risk Committee (ARAC)

ARAC comprises three Independent Members: Deep Sagar; Glyn Capper, Deputy Director of Justice Performance and myself, Denis Power (IBM TEO). The ARAC met on four occasions during the 2018-19 financial year and received reports from internal and external audit and Fraud Investigation and Oversight Group. The ARAC continues to scrutinise and oversee the department's Risk Register. The Risk Register was subject to a significant review during the year and reflects an accurate presentation of the current risk environment impacting TEO.

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2018-19 was a challenging period for both NI Civil Service and the Department due to the continued absence of an Executive and Assembly following the resignation of First and deputy First Ministers in January 2017. There was a priority focus on BREXIT / EU Relations discussions with the ongoing uncertainty of a 'March 29' exit and the necessary preparations and contingency arrangements for UK exit. In addition, an increased focus on the development of an Outcome Based Approach in response to Programme for Government initiatives, the need to influence the design and delivery of public sector services, the strategic development of TEO's Business Plan and TEO Board's continued focus on strategic management; restructured agendas and streamlined reporting procedures, all contributed to a significant workload in TEO.

The consequences of an ongoing change environment for The Executive Office is a reaffirmation of its strategic advisory role in the absence of an Executive and Ministers; the progression of the Assembly's legislative programme; the management of ARAC; the delivery of inter-governmental and international relations; corporate communications; the leadership and co-ordination of the draft Programme for Government across NICS Departments and contribution to high visibility and ground breaking socio/economic initiatives (Urban Villages; Social Investment Fund; TBUC; Good Relations; Equality and oversight of the Department's ALBs).

All of the above achieved in a year when the Department's opening resource budget allocation was further reduced when compared to the 2017-18 opening position.

Throughout this period of considerable organisational change and adjustment, ARAC acknowledge the high level of senior management attention and oversight to financial management across the Department – as evidenced by spending levels being met within target; the achievement of key performance indicators/targets within the Department's 2018-19 Business Plan and assurance from robust Internal Audit reports across a wide range of Departmental teams and service areas. ARAC acknowledged the rigour with which the Department's Fraud Response Unit were dealing with fraud issues and noted the continued decline in the occurrence of fraud over the financial year.

Conclusion

In conclusion, ARAC can confirm to TEO's Accounting Officer, that in relation to the 2018-19 reporting year, an opinion that the Department's systems of internal control are satisfactory; that the Departmental Audit and Risk Committee operated 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 PfG;
- 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;
- Historical Institutional Abuse Inquiry;
- Office of the Commissioner for Public Appointments for NI; and
- Office of the Attorney General for NI.

Note (1): As the Historical Institutional Abuse Inquiry formally closed 30 June 2017, there is no longer a requirement for an ALB.

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;
- Commission for Victims and Survivors for NI;
- Equality Commission for NI;
- Ilex Urban Regeneration Company Limited;
- Maze/Long Kesh Development Corporation;
- Northern Ireland Judicial Appointments Commission;
- Strategic Investment Board Limited; and
- Victims and Survivors Service Limited.

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

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Civil Service Work Programme

The Executive Office has led the development of outcomes-based working practices across the public sector. The Organisation for Economic Co-operation and Development, in a major report to the Executive in 2016, recommended such an approach, and there was also cross-party commitment to it in the Fresh Start Agreement. Its use is seen as fundamental to achieving real impact in meeting the needs of citizens and to tackling the biggest societal challenges.

The previous Executive had developed a framework of outcomes which, together, put a focus on improving wellbeing for all by tackling disadvantage and driving economic growth. The outcomes-based approach requires the involvement of people and communities everywhere and is highly dependent on collaborative working between departments as well as with key stakeholders in other sectors including with local councils and their community planning partners.

The PfG team in TEO has worked closely with the NICS Board to enhance the capacity of the wider Civil Service to develop and deliver outcomes-based working practice and associated monitoring arrangements. In June 2018, an Outcomes Delivery Plan was developed and published. Based on the framework of PfG outcomes, the Plan set out the actions that have been put in place by the Civil service for 2018-19 to give effect to the objective of improved wellbeing for all. A mid-year report on progress of the Plan was published in December 2018 and work is underway to prepare an end-year report. Looking forward to 2019-20, and if the current situation continues without an Executive, a new Outcomes Delivery Plan for 2019-20, based on the same outcomes of societal wellbeing, will be prepared.

KEY ISSUES AND RISKS

A key challenge in 2018-19 has been to maintain service delivery during a period of political uncertainty.

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

- **EU Future Relations:** TEO continues to lead and co-ordinate a range of cross-departmental activities designed to analyse and understand the impacts and implications of the UK's exit from the EU. This includes engagement with UK Government departments to progress discussion on all aspects of EU exit to ensure, as far as possible, that the UK Government and the EU fully recognise NI's unique circumstances, including the economic and social linkages between NI and Ireland, as the only part of the UK which shares a land border with another EU country.
- 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

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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 four 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 Strategy** 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 Programme 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 will need to take account of 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. The Racial Equality Strategy also outlines a commitment to the Minority Ethnic Development Fund to develop capacity within the minority ethnic sector and to a Crisis Fund for those who face destitution. Terms of reference are being developed to review the Fund and the Minority Ethnic Sector.
- 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 has undertaken preparatory work predicated on the Hart Report recommendations, in particular the completion of 2 pieces of primary legislation and supporting subordinate legislation to establish a Redress Board and the Commissioner for Survivors of Institutional Childhood Abuse (COSICA). TEO undertook a formal consultation exercise on the draft legislation which closed on 10th March 2019. The legislation will be put to Ministers for promulgation through whichever legislative route is available.
- **Peace IV:** TEO is an Accountable Department for 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

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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** through the sponsorship of the Strategic Investment Board.
- **Infrastructure Investment:** The remaining portion of the site at Shackleton, Ballykelly, was sold to NI Water in July 2017. The Department progressed the development of the Ebrington site during the year, including works to buildings and essential maintenance/infrastructure works. This development will continue into 2019-20. A development agreement for the construction of Grade A Office accommodation on the site by a private sector developer is in place and a planning application has been made. In 2018-19, 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, Coordination) TEO along with NIO is taking a lead role in ensuring that appropriate civil contingencies arrangements are in place across the NICS to manage the unique issues arising for Northern Ireland from a 'no deal' EU Exit. The C3 arrangements build on TEO's existing civil contingencies approach and sit alongside the UK-wide preparations being led by Cabinet Office.
- TEO's budget allocation for 2019-20 was cut by 3.6% compared to 2018-19, and follows similar cuts that were applied in previous years. In such a constrained financial climate, there is a clear requirement for the Department to work efficiently and innovatively to ensure that we continue 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 2019 shows net liabilities of £30,735k, reflecting liabilities due in future years. 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 secure the effective operation of the institutions of government in the delivery of the Executive's PfG. However, following the Assembly election on March 2017, no Executive was formed. There has therefore been no Executive and no functioning Assembly in place throughout 2018-19. Similarly, without Executive Ministers in place, the North South Ministerial Council (NSMC) has been unable to meet.

In November 2018 the Executive Formation and Exercise of Functions Act came into operation and enables senior officers of departments to take decisions in accordance with guidance published by the Secretary of State. In accordance with the guidelines, TEO prepared monthly reports for the Secretary of State of decisions taken by NICS departments.

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One Joint Ministerial Committee (JMC) plenary meeting took place during the year in December 2018. Attendees considered exiting the EU and the review of intergovernmental relations.

The British-Irish Council met on five occasions including one Summit meeting held in Guernsey and one in the Isle of Man. There were also three meetings held in sectorial format on Social Inclusion, Energy and Environment.

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 following the UK's decision to exit the EU. In the absence of Ministers, TEO has sought to ensure, as far as possible, that the UK Government's negotiation strategy for leaving the EU is informed by a full understanding of the NI issues and the implications for NI legislation, policy and resources.

This work is led by the EU Future Relations Programme Board. The membership of the Board was reviewed and revised during the year to reflect changing priorities. The Board is chaired by the Head of the Civil Service (HOCS), and comprises the Director General for International Relations, the Permanent Secretaries of all departments, Office of the Legislative Counsel, Departmental Solicitors Office and Food Standards Agency. The Board has met 8 times during this financial year.

While the UK Government's intention remained to leave Europe with a deal TEO co-ordinated work undertaken by departments to plan against a range of potential scenarios, including a 'no-deal' Exit. In the absence of an Executive and to support NICS readiness for EU Exit, this work was led by an EU Exit Preparedness Board co-chaired by the Head of the Civil Service and the NIO Permanent Under Secretary.

Eight JMC European Negotiations (EN) meetings have taken place during the year, at which NI has been represented by senior officials. The meetings have provided a forum for UK and devolved Ministers to discuss:

- Progress in the negotiations between the UK and the EU;
- Domestic issues, primarily related to the EU Withdrawal Bill and development of common frameworks; and
- Migration and the devolved administrations engagement with the Migration Advisory Committee.

In addition to the JMC meetings a Ministerial Forum was established in May 2019. This Ministerial Forum was established as a mechanism to discuss the key policy issues arising from the Phase II negotiations technical sessions which are facilitated at official level. The Ministerial Forum has met nine times this year and is attended by senior NICS officials. It has discussed a wide range of policy issues including: migration, data, justice, transport and security.

Detailed bilateral work has continued at official level with Whitehall Departments and high level engagement has taken place with the Irish Government.

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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.

In the absence of an Executive the North South Ministerial Council is unable to meet. In the interim period TEO staff from the Joint Secretariat have been supporting Departments to ensure the continued operation of North South Bodies and Areas of Co-operation. Staff also support EU Future Relations Division in various aspects of work relating to the UK's withdrawal from the EU, in particular those with a North/ South element as well as having sponsorship responsibility for various ALBs and the North West Development Fund.

Wider International Relations

The Permanent Secretaries agreed to the implementation of an updated version of the NI Executive International Relations Strategy. This updated version maintains a focus on objectives previously agreed by Ministers but takes account of the global changes such as Brexit. The strategy emphasises the need for NI to work collaboratively, be more proactive in international relations and promote a strong communications message about NI. The updated International Relations Strategy will contribute to and help deliver the PfG outcomes of prospering through a strong economy and a confident, welcoming outward looking society.

During 2018-19 the International Relations Unit facilitated 40 senior international visits against a target of 25, supported the opening of the new Polish Consulate, provided briefings to the US and Chinese consulates and worked closely with partners across government, councils and agencies to support and encourage increased international activity. The International Relations Unit also manages the relations with the Foreign and Commonwealth Office (FCO) for the Northern Ireland government ensuring our voice was heard in international agreements and programmes. A third Heads of Mission visit from the FCO for Heads of Mission taking up their first ambassadorial or consul general posting was held in February and included working with our council partners. This programme provided the opportunity to enhance our positive international reputation and promote our international objectives.

The International Relations Working Group established to coordinate and focus international relations activities across the Executive, met three times during 2018-19 along with a number of sub group meetings to review particular aspects of international work.

Northern Ireland Bureau, Washington DC

In 2018-19, the Bureau continued to promote and strengthen Northern Ireland's profile and visibility in the United States and Canada, despite ongoing challenges stemming from Brexit and the absence of an Executive.

In total, the Bureau supported a total of 35 visits by approximately 650 individuals to Canada and the United States. These included visits by the Head of the Northern Ireland

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Civil Service, the Director General for International Relations, the Chief Constable, and representatives from various investment funds, municipal governments, restorative justice programs, and universities. We also supported 5 outward visits, hosting a series of briefings and networking receptions. The Bureau represented Northern Ireland at over 150 events, demonstrating the region's commitment to a range of sectors. We also organised and/or sponsored 125 events throughout North America, ensuring visibility of the Northern Ireland brand via speeches, promotional materials, and direct networking to over 12,000 people. By the end of the year, we increased our public profile on Twitter by 18 percent (adding 552 new followers) and on Facebook by 15 percent (adding 247 new followers and 151 new page "likes").

Event highlights included a series of high-profile "Good Friday Agreement" symposia at Yale University, Boston College, Georgetown University, and New York University, as well as several successful outreach initiatives showcasing the Ulster-Scots tradition in places like Maine, Louisiana and Georgia—the most notable of which was a large-scale undertaking between the Bureau, the Ulster-Scots Agency, and the Irish and British Consulates of Atlanta to bring the Omagh Protestant Boys Melody Flute Band to the 195th Savannah Saint Patrick's Day Parade (the second largest in the United States). Partners for these events—which involved sharing costs, demonstrating collective policy objectives, and highlighting next-generation leaders—included Invest NI, Tourism Ireland, the British and Irish Embassies (and their consulates), The Ireland Funds, and the Washington Ireland Program.

The highlight of the year was the Bureau's annual Saint Patrick's Day Breakfast, which was attended by 450 guests (up 16 percent from last year). In addition to the breakfast, the Bureau arranged access for senior Northern Ireland figures to House Speaker Nancy Pelosi's (D-CA) "Friends of Ireland" luncheon on Capitol Hill, which was attended by the President, Vice President, Taoiseach, and several senior members of Congress and the White House. The Bureau's ongoing engagement with the Speaker's office resulted in the decision to feature—for the first time—a performer from Northern Ireland, Amanda St John.

Positive feedback from colleagues and guests demonstrated that the Bureau (once again) improved quality in line with the higher level of activity. In addition to increased attendance, the Bureau secured the support of prestigious organisations like the Carnegie UK Trust, the Brookings Institution, and the Atlantic Council. Through extensive engagement with politicians, special advisors, academic institutions, and civic society, the Bureau has continued to expand American and Canadian understanding of Northern Ireland as a great place to visit, work, study, and invest.

Heading into the 2019-20 financial year, the Bureau will continue to: ensure that Northern Ireland messages receive a high degree of visibility and exposure; align our representational role with the priorities of the Executive; and deliver increased opportunities (and value for money) by partnering with new organisations/embassies. These objectives will be of particular importance over the coming months, as the Bureau transitions between Directors for the first time in 12 years.

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Executive Bureau in Beijing

The Northern Ireland Bureau in Beijing completed its fourth year of operations and strengthened Northern Ireland's relationship with partner provinces and the central government. Much of the work over this last year focussed on implementing the outcomes from the very successful UK-China Regional leaders Summit. This included supporting tourism promotion projects in Shenyang with Belfast City Council and in Dalian and Changchun with Derry City and Strabane and Newry, Mourne and Down councils. Northern Ireland was given the position of honour at the 4th Regional leaders Summit where the Head of the NI Civil Service led a delegation of over 40 participants from NI including 6 councils, universities and colleges as well as Invest NI and a number of NI businesses.

Two new partner city agreements were signed between Newry Mourne & Down and Changchun and Fermanagh and Omagh with Huangshi, North West and Southern Colleges also signed cooperation agreements with colleges in Dalian and Changchun. Our work at a regional level also led to three visits to NI by senior provincial government leaders to explore cooperation in innovation, trade and investment. The cities of Dalian and Shenyang also visited Belfast and Derry City & Strabane to investigate education and business programmes.

The Bureau worked closely with Department of Environment, Food and Rural Affairs (DEFRA) and the FCO to lobby the relevant inspection authorities in China to secure access for third country dairy products, this will increase sales from NI and enhance our reputation for quality food produce.

The Bureau continues to work with our universities to raise the profile of our education and research excellence, to identify potential partners for collaborative programmes and to promote NI to prospective students. This included promoting Queens University Belfast first graduation ceremony from the China Queens College in Shenyang and Ulster University's 15 year relationship with Dongbei University of Finance and Economics. We presented to universities in 5 cities promoting education and research excellence and worked with the Confucius Institute to secure a visit of 30 students and senior staff to health institutions in NI.

Another outcome of the 2017 Leader's Summit was securing support from Shanghai Foreign Affairs office to bring seven students and a teacher to the Shanghai Summer camp. This was a successful programme for all parties and will be repeated in 2019-20

Promoting NI as a tourism destination is part of our ongoing work and included using the Titanic and Game of Thrones to promote tourism at four major public events as well as highlighting our creative industries sector. The Bureau also hosted cultural events to mark the 20th anniversary of the Belfast Good Friday Agreement and a St Patricks day celebration attracting over 70 guests to learn a little more about Northern Ireland.

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

During 2018-19, the Brussels office produced four Brussels Reports, providing a detailed overview of senior official visits, office and cultural events and EU policy developments. The office also produced 14 Brexit Bulletins, which focussed on issues related to the UK's withdrawal from the EU as well as other analysis and assessments in regard to Brexit. In

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addition, the office facilitated 9 visits from senior officials from NICS Departments to Brussels and Strasbourg and hosted 31 workshops/seminars, 8 major cultural events and welcomed over 1580 visitors, including at least 329 from NI. The office also collaborated with the UK and Irish Embassies to the Kingdom of Belgium on “Female Lines” a literary event to mark the anniversary of the Good Friday Agreement featuring female writers from the Island of Ireland.

During 2017-18 European Policy and Co-ordination Unit (EPCU) was responsible for the circulation of over 5,000 European and Whitehall documents to NI Departments, including FCO and 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 880 Explanatory Memorandums. The Unit represents NI on the joint Secretariat to the JMC (Europe), which is the formal vehicle for NI to input its views to the UK Government on multilateral ongoing EU business matters.

During the year key achievements of the Division included:

- Organised an extensive engagement programme in Brussels for HOCS including meetings with the Brexit Coordinators from the European Commission and European Council and a speech at the European Policy Centre to provide HOCS with an opportunity to speak to a wider audience;
- Engaging with the Department for Exiting the European Union (DExEU), 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, including a continued role for JMC (Europe) in a proposed Implementation Period and the evolution of a Common Priorities Framework to facilitate the upstream influencing of EU policy proposals
- Organising a two-day visit programme in Belfast for the UK Deputy Permanent Representative to the EU;
- Organising a briefing seminar in Dublin, in conjunction with the Department of Foreign Affairs and Trade, on the policy priorities of the Austrian Presidency of the European Council;
- Attended bi-weekly update meetings with the UK Permanent Representation 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 the UK withdrawal from the EU;
- Organised 9 visits from senior officials and 3 visits by policy teams in 2 departments which increased the number of NICS officials meeting with representatives of the European Institutions. Also organised a study visit for 23 NICS staff from across all departments to increase knowledge and understanding of how the EU works across NICS;
- Raising the positive profile of NI in Europe by participating with partners from other EU regions in the European Week of Regions and Cities with a workshop entitled “Personalised Medicine: boosting health research at regional level” showcasing the work of the centre for stratified medicine and working with partners from three other European regions.
- Providing up-to-date, accurate and tailored advice to Departments on EU Policy and legislation of significance to NI by producing monthly update emails to departments that focus on particular areas of policy in order to keep NICS officials updated about ongoing EU policy; and

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- Raising the profile of NI by hosting a successful winter reception attended by a high level audience including 8 Ambassadors and 1 senior MEP which showcased Northern Ireland produce and performance art, a networking breakfast on 16 March 2018 attended by four Ambassadors and senior officials from the EU institutions, in addition to a cultural programme that included culture night, a screening of the film “The Journey”, a literary event “Female Lines” in conjunction with the UK and Irish Embassies, supported Kabosh theatre company to perform their play “Green and Blue and a showcase of NI produce at the Rond Pont Schuman Light-Up Christmas event to promote Northern Ireland culture and showcase food. In addition the office held two events within the context of Public Diplomacy – a talk by ex-NIO civil servant Alan Whysall and a talk by the Equality Commission CEO Evelyn Collins, and also collaborated with the IIEA on an event on “Lessons for Peace Building Around the World” to demonstrate how learning from the NI Peace Process can be applied in other places.

Executive Information Service

The Executive Information Service (EIS) provides communications advice to 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

During 2018-19, the Department again built upon collective emergency capability and resilience across the public sector through the work of the multi-agency Civil Contingencies Group (NI), which is the principal emergency preparedness body for the public sector in NI, and oversaw the delivery of a cross-departmental work programme.

The Department also worked successfully with all NI Departments and other key partner organisations to develop, test and deliver effective civil contingencies arrangements for a no deal EU Exit, this integrated fully with UK wide arrangements.

The Office of the Legislative Counsel

The Office of the Legislative Counsel (OLC) drafts Bills to deliver the Executive’s Legislative Programme, translating Ministers’ policies into law. OLC also works very closely with the Office of the Parliamentary Counsel in Whitehall on Westminster Bills to ensure that they apply correctly in Northern Ireland. OLC’s key task in 2018-19 was to ensure that Northern Ireland statute law will continue to operate effectively after the UK leaves the EU. This was the largest legislative project ever undertaken anywhere in the world so was a considerable challenge.

The size of the UK EU Exit legislative project meant that OLC was fully occupied and stretched despite the absence of Ministers and an Executive Legislative Programme. OLC provided input to the European Union (Withdrawal) Act 2018 and the current draft European Union (Withdrawal Agreement) Bill and 9 other UK Bills dealing with UK Exit, in addition to non-Brexit bills progressing through Parliament. OLC provided leadership, direction and training across the NICS, as well as providing complex legal advice and drafting input on

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over 65 Statutory Instruments. OLC is a small office which is approximately half the size of comparable offices so this was a considerable achievement.

OLC has kept key draft Assembly Bills up to date, ready for Ministers' return. Some of these were progressed at Westminster, including Bills dealing with the NI budget, RHI and regional rating. OLC drafted two Bills to deal with historical institutional abuse and provided input to a number of Bills dealing with civil contingencies and constitutional matters.

First Legislative Counsel was President of the Commonwealth Association of Legislative Counsel during 2018-19 and represented the Association and Northern Ireland at the Commonwealth Heads of Government Meeting and the Meeting of Senior Officers of Law Ministries (Attorneys General) in 2018, preparing papers for each of these meetings and addressing Ministers on the theme of good law making and building capacity to make effective law in smaller jurisdictions. This is an influential position and the quality of legislation in Northern Ireland is highly regarded which was reflected in the comments of Ministers.

The Statutory Publications Office (SPO) is part of the OLC division. SPO, in conjunction with the National Archives, keeps the NI statute book up to date, ensuring that statute law is freely accessible to the people of Northern Ireland. Access to the law is a key element of the rule of law. SPO also contributed to an ambitious UK wide project to put all EU law as it exists on the date of EU Exit from the EU online. This was achieved ahead of schedule.

The key challenges and priorities for OLC and SPO for next year will be:

- Managing the enactment of legislation in the absence of Ministers and an Executive Legislative Programme;
- Preparing for the return of Ministers and the Assembly;
- Assessing the impact of the changes made to the statute book to deal with the UK's exit from the EU and dealing with the transformation in the legislative landscape post-Brexit;
- Building capacity within OLC and across the NICS to deal with the new challenges in policy making and legislation post-Brexit;
- Working with the Assembly to resume devolved government after a gap of over two years.

The SPO continued to provide up to date input to the www.legislation.gov.uk site which forms an important part of the Executive's Digital Strategy.

Strategic Investment and Regeneration

Ebrington

The Department is responsible for all aspects of the Ebrington site. The development of the site will lever private sector investment and provide new jobs delivering economic benefits to both the local community and beyond.

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To develop the site, TEO continues to focus on three main strategic elements:

- Capital projects - delivering and progressing a range of separate build or civil engineering projects to enable private sector investment on the site and protect the existing listed buildings including the construction of a new access road onto the site from the Limavady Road;
- Progressing the marketing and legal arrangements to allow the delivery of a number of projects on the site including the development of 6.5 acres of land and 4 buildings at the rear of the site; and
- Managing the delivery of development agreements for uses on the site including the construction of a Grade A office building.

TEO continues to work on arrangements for the transfer of the site to Derry City and Strabane District Council as agreed by Ministers.

Maze/Long Kesh

At the Maze/Long Kesh site, the Maze/Long Kesh Development Corporation (MLKDC) has supported the Royal Ulster Agricultural Society (RUAS) in the creation of a new Eikon Exhibition Centre, which provides 10,000 square metres of adaptable exhibition space, and enables it to host major exhibitions and conferences, with potential for significant economic and tourism benefits for the area. As a result of the successful transition to a four-day 'Balmoral' show in 2017, the 2018 show also ran for four days, providing a showcase for Northern Ireland's agri-food industries and an enjoyable day out for around 115,000 people. MLKDC supports the show with additional parking facilities and planning support.

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 February 2019 the AANI had attended over 750 medical emergencies.

TEO continues to support the effective governance of MLKDC through grant in aid funding and appointment of a Chair and Members. The appointments of the Chair and Members have been extended to March 2020 to provide continuity of governance for the Development Corporation and facilitate future decisions by Ministers on the way forward with the site.

Strategic Investment Board

During 2018-19 the Strategic Investment Board Limited (SIB) continued to:

- support the objective of improving wellbeing for all by providing advice to senior officials and departments in relation to the development and delivery of the major infrastructure investment programmes, and by enabling the effective use of public funds through delivery of the Asset Management Strategy and the development of an Energy Management Strategy for public sector properties.

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- assisted with tackling disadvantage through the provision of staff and expertise to social investment programmes and by enabling the Buy Social strategy that provides employment and training support as part of public procurement; and
- helped drive economic growth by supporting reform and innovation in the delivery of major programmes, developing original research and the innovative analysis and exploitation of data to improve the quality of public-sector decision-making and providing specialist support to organisations involved in driving investment, including in the ICT and tourism sectors.

In particular, in 2018-19 SIB has:

- Provided information on the delivery of the Investment Strategy and delivered strategic infrastructure planning models in key sectors; which help its partners to plan and deliver more economically and operationally sustainable infrastructure to meet citizens' contemporary and future needs across the region;
- Helped partner organisations to maximise the return on available Capital budgets by supporting them to deliver larger and better project procurements and efficient and effective infrastructure programme and project delivery capability, with £2.89 billion of projects having SIB input;
- Met targets set for the use of Financial Transactions Capital (including continuing to support the operation of the NI Investment Fund);
- Supported the delivery of total financial benefits worth around £139.7 million for the NI Executive, including around £17 million from capital realisations; £7 million of annual recurring operational efficiency savings from Asset Management Plans (2017-18 figures); and £45.9 million of additional investment over and above traditional capital budgets;
- Supported 1,978 construction jobs, including 93 apprentice opportunities, and 598 supply chain jobs from spend on SIB managed projects; and
- Worked to ensure that sustainable development principles, including Social Value, guide capital investment decisions on all major publicly funded buildings and infrastructure projects. This includes provision of training and work experience for 867 young and unemployed people as part of government procurement contracts since the Buy Social programme began, with 269 people having gained permanent employment as a result (as at February 2018).

Social Investment Fund

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 68 projects approved and funding committed across the nine social investment fund zones. The capital projects are making improvements to at least 113 premises and the revenue projects are focused on employment/education and early intervention including mental health, capacity building, and social economy support. 44 projects, 32 capital and 12 revenue, have completed whilst 22 are in various stages of delivery with a further two yet to commence due to ongoing issues.

To date over 27,000 local people have engaged in SIF projects benefiting from targeted support focused on employment/training, early intervention and education. Seven employment projects have completed to date and have been successful in securing jobs for 704 people whilst a further 2,723 participants have gained accredited training. It is

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anticipated that these figures will increase as more participants complete placements over the remainder of the project periods.

Strategic Planning and Social Change

Delivering Social Change Framework

Six initial Signature Programmes (£27m) which sought to tackle key issues being faced by parents, children and families were completed during 2015. Four further programmes focusing on shared education, early intervention and dementia (phases 1 and 2) are ongoing, jointly funded by Atlantic Philanthropies, a lead department and TEO with a total investment worth £62.7m. TEO and Atlantic Philanthropies have 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.

The Shared Education Programme (£25m) aims to increase the level of sharing in education and improve education and reconciliation outcomes. To date 371 schools in 159 partnerships are participating in the programme. In the 2017-18 academic year, over 51,000 pupils were involved. The programme has been running since 2015-16 and is due to complete in June 2020.

The Early Intervention Transformation Programme (£25m) involves 13 separate projects and aims to equip parents with skills needed to give children the best start in life, support families when problems arise and before they need statutory involvement and positively address the impact of adversity on children and their families.

The Dementia Programme (£12.3m) is being delivered in two phases. The first phase aims to transform the commissioning, design and delivery of services, improve the quality of care and support for people living with dementia, promote better awareness and reduce the stigma attached to the condition and improve the skills and competency of those working in dementia care services. The second phase of the Dementia programme, approved by the Executive in 2016, is focused on data analytics and E-health and social care.

Funding contributions towards these four programmes will end during the 2020-21 financial year.

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 has engaged with a broad range of community-based organisations and stakeholders to gather evidence to help inform the development of the plans, which are subject to approval by the Tackling Paramilitarism, Criminality and Organised Crime Programme Board (TPCOCPB). Following approval by the TPCOCB, TEO will work with the strategic partner to implement the transition plans in each area.

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

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.

The Red Cross was appointed to administer the Crisis Fund for 2018-19 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.

Historical Institutional Abuse HIA Inquiry

The HIA Inquiry completed its oral hearings in Banbridge Courthouse on 8 July 2016 and published its report and findings in line with its Terms of Reference on 20 January 2017. The Report concluded that there were systemic failings which led to systemic abuse and the main recommendations were:

- A public apology by the Executive and all those institutions where systemic failings were found;
- A memorial either in Parliament Buildings or the Stormont Estate;
- A Commissioner for Survivors of Institutional Childhood Abuse, and underpinned by an Advisory Panel comprising former residents of institutions;
- Support services such as practical help with literacy and numeracy, education, employment, housing and benefits advice; and
- Financial compensation to be paid out to all those who suffered abuse or who were subject to a harsh environment. The tariff ranges from £7,500 to £100,000. Special provision was made for those children sent to Australia under the Child Migrant Scheme.

In the absence of an Executive to discuss and agree the nature or level of any potential redress (financial or the provision of services) following receipt of the report, TEO is doing as much preparatory work as possible to enable swift implementation once Ministers take a decision. The main focus of this preparatory work is drafting the necessary primary and subordinate legislation, without prejudice, to establish a Redress Board, a redress scheme and a Commissioner for Survivors of Institutional Childhood Abuse in due course. A full public consultation on the draft legislation ended on 10 March 2019 and a report analysing responses has been published. TEO is also working towards appointing an interim advocate

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to support HIAI victims and survivors until such times as a statutory Commissioner might be appointed.

Throughout 2018-19 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.

Good Relations Programmes for Young People

Approximately 4,300 young people took part in 123 cross-community camps as part of the T:BUC Camps Programme 2018-19. Feedback in relation to the programme has been very positive with reported increases from pre to post Camp Programme in the percentage of young people who:

- Felt favourable towards people from other communities;
- Made friends from a different religious tradition/background;
- Felt able to talk openly with others about their sense of identity and culture; and
- Said they had a good understanding of other cultural traditions and backgrounds.

All those who took part in the 2018-19 programme were also offered the opportunity to attend one of two T:BUC Camps in the Community (CITC). The events were designed to give the young people another opportunity to strengthen and embed the friendships they made at Camp, celebrate their achievements, have fun and give back to local communities through social action activities. 12 local social action projects were successfully delivered including a beach clean-up at Murlough Nature Reserve and a fundraising event in Newtownhamilton. There is a policy intent to drive CITC towards a more “sub regional” approach to facilitate networks of groups working together in local areas and to include increased social action activity which will make the young people “visible” in local communities and ensure a legacy. TEO are working with the Education Authority to improve the reach and balance of distribution of the T:BUC Camps Programme and CITC events in all areas and sectors in Northern Ireland. For example, strategic programme links have been established with the Department for Education Shared Education Partnerships scheme to increase the number of Camps in underrepresented areas.

The 2019-20 T:BUC Camps Programme opened for applications in November 2018 and 140 applications were received. 122 have been approved for funding with a further 15 afforded an opportunity to resubmit their application for consideration. It is anticipated Letters of Offer will be sent to all applicants by end April 2019.

The Uniting Communities through Sport and Creativity Programme, delivered by DfC, continues to deliver across the urban village areas of Colin, Eastside, Ardoyne and Ballysillan. The programme has also been delivered in the rural areas of Erne East, with initial stakeholder engagement commenced in Rasharkin, Kilrea, Castlederg and Newtownstewart during 2018-19. Approximately 1,011 young people aged 11-24 have participated in the programme with the aim of promoting good relations and reconciliation through sport and creativity.

Peace4Youth, delivered by DfE, is an integrated programme which develops participants’ good relations and citizenship capabilities, personal capacity and employability, using an intensive, precise and professionally-founded youth work approach. 11 lead projects have

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delivered Phase 1 of Peace4Youth across NI and Border Counties to approximately 2,977 participants. An independent evaluation of Phase 1 (October 2018) was highly positive with approval being granted in November 2018 for Phase 2 to proceed from early 2019 until 2021/22. The evaluation indicated that the majority of indicators under the main outcome areas (good relations, personal development and citizenship) showed clear progression for young people. Almost 80% of the young people surveyed indicated they were going to progress to education, training, employment or voluntary/community engagement, and almost 90% had gained a qualification in at least one area.

Shared education and housing

To date, five projects have been announced under the Shared Education Campuses programme. Ballycastle, Limavady and Moy projects are at design/construction stage and business cases are being developed/finalised in respect of Brookeborough and Duneane & Moneynick. The Department of Education is currently considering options on how to progress successful 3rd call projects.

Nine developments under the Shared Neighborhoods programme are now complete providing 429 new homes in total. The remaining scheme will complete in April 2019 and provide a further 55 new homes.

Urban Villages

The Urban Villages Initiative has continued to deliver a range of community led revenue, cross-cutting/strategic and capital projects during 2018-19. 48 community led projects were supported across the five Urban Village areas. The process for identifying community led projects for 2019-20 closed in February 2019 and Letters of Offer for 40 projects have been issued. 17 cross-cutting/strategic projects were delivered in 2018-19, a number of these will continue into 2019-20. Of the 83 capital projects progressing through the Urban Villages capital pipeline, 38 were completed or substantially completed by 31 March 2019. Through this combination of community, cross-cutting and capital projects the programme has made good progress in addressing good relations by fostering positive community identity, building community capacity and improving the physical environment.

Interfaces

Under the TBUC umbrella, DoJ and partners continue to engage with communities living at interfaces in Belfast, Portadown/Lurgan and Derry-Londonderry. The number of structures has been reduced from 59 to 46 with sections of five other structures removed. Following the granting of planning approval work has commenced on a play park on the Serpentine Road which will lead to the removal of another interface barrier.

Good Relations/ T:BUC

Almost £9m was distributed for good relations projects through TEO, excluding PEACE IV.

£541k was administered through the Education Authority (EA) and Belfast City Council (BCC) to support planned intervention work during the summer. BCC administered 21 projects across interface areas in the council area; EA administered 78 projects across interface areas in Northern Ireland. Programmes diverted children and young people away

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from potentially anti-social behaviour who lived in areas that experience heightened tension during the summer months by providing activities such as Good Relations workshops, residential weekends and sport programmes. Communities are better off in that the programme aims to reduce the likelihood of children and young people becoming involved in the justice system at an early age. Preventative measures such as the Planned Interventions Programme 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.

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 2018-19, 11 Contract holders delivered 52 separate good relations interventions to a value of £670,000. Over 6,372 people directly participated in, and benefitted from, the Programme. Delivery contributed to all four key aims of the T:BUC strategy, with 27% of projects focusing on Children & Young People, 44% focusing on Shared Community, 10% on Safe Community, and 19% on Cultural Expression.

Delivery has not been fully completed in relation to 2018-19, but an example of the outcome focused good relations interventions that have been delivered as part of the overall NBSGRP is the Summer Arts Academy project delivered by Ashton Community Trust. 50 participants took part in a 12 day programme focusing on cultural expression. After completing the programme, 75% indicated they were more willing to express their opinions in front of people from different backgrounds, and 57% indicated they now have a more favourable attitude toward people from other cultures.

The District Council Good Relations Programme (DCGRP) is a match funded scheme delivered in partnerships with the eleven District Councils here. Councils contribute 25% of the £4m allocated through over 150 separate good relations interventions with over 100,000 direct participants. The DCGRP contributed to all four key aims of the T:BUC strategy, with 20% of projects focusing on Children & Young People, 33% focusing on Shared Community, 16% on Safe Community, and 31% on Cultural Expression.

Delivery has not been fully completed in relation to 2018-19, but an example of the outcome focused good relations interventions that have been delivered as part of the overall DCGRP is the International Day of Peace event delivered by Belfast City Council. 100 participants took part in the development of an arts installation, situated in City Hall and viewed by over 5,000 people. An event was held to celebrate the completion of the installation, 100% of those who attended indicated they felt that the culture and traditions of different communities adds to the richness and diversity of the cultural life in Belfast. 61% stated that they had an increased appreciation of the diversity that exists in Belfast. One participant commented: "I felt challenged by the talk. Good to see Belfast City Council encouraging such diverse ways of promoting peace and reconciliation."

TEO is the NI Accountable Department for parts of three of the four thematic objectives of the PEACE IV Programme; this includes 17 Local Authority Action Plans and 21 regional projects. TEO is accountable for £100M and provides £12.7M of match funding for PEACE IV. Almost all funding has been committed. All eleven Councils in Northern Ireland and the

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six border counties in the Republic of Ireland have accepted Letters of Offers and are in the implementation stage of their PEACE IV Local Authority Action Plans. Nineteen community groups have accepted a Letter of Offer and are in the implementation 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. In March 2019, two new regional projects were approved to go out to call; one focussing on emotional resilience and one developing social enterprises. TEO are involved in “horizon scanning” for the PEACE Plus 2021-2027 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; targets are on track.

The Central Good Relations Funding Programme (CGRF) awarded £3.2m to 92 groups in 2018-19 who used sports, arts, crafts, music, training, community events and cultural visits to deliver good relations interventions 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 18/19 programme is ongoing, with delivery in progress up to 31 March 2019. The assessment of the 2019-20 programme applications is ongoing, with successful groups due to be notified in early April. The CGRF remains an extremely competitive fund with 169 applications received in 2019-20 and award requests totalling £6.6m.

As part of the programme in 2018-19, a Capacity Building Pilot was developed in-year based on a gap analysis of TEO Good Relations funding and in response to issues identified around capacity building, especially for smaller groups in hard to reach areas who struggled to access funding. The six-month pilot from October 2018 – March 2019, sought applications from established groups with experience of Good Relations delivery to work with partner organisations in a targeted area to increase Good Relations capacity and offer support and mentoring. The pilot is currently being evaluated independently, with a final report due September 2019. Feedback from lead and partner groups and early indicators from the evaluation have been positive and proposals to develop and mainstream capacity building within TEO Good Relations funding programmes are in development.

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 new VSS Delivery Model which aims to provide better outcomes for victims while securing services for the future. The new model, which came into effect from 3

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April 2017, covers the 3 year period from 2017-2020 and ensures that support provided is victim-centred, simple to access and tailored to need.

Phase 2 of the collaborative design programme will focus on the development of a Strategy for Victims and Survivors post 2019 as well as continue to review and progress areas identified as needing further focus.

The new VSS Delivery Model has been 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 RTN, as announced by then Minister for Health, Social Services and Public Safety (now Department of Health) on the 10 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.

VSS is the lead partner for the €17.6m 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 will include 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 and Standards. The PEACE IV project will continue to be delivered until 31 July 2021.

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.

PERFORMANCE ANALYSIS

In the 2018-19 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 2019-20 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.

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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.

2018-19	Estimate £m	Outturn £m	Underspend/ (Overspend) £m/%	
Administration Costs	14.562	14.622	(0.060)	(0.41%)
Grants/Grant-in-Aid	97.111	65.397	31.714	32.66%
Other Current (including accruing resources)	17.813	17.661	0.152	0.85%
Total Resources	129.486	97.680	31.806	24.56%
Capital	3.903	3.834	0.069	1.76%
Departmental Total	133.389	101.514	31.875	23.90%

The Department's total Resource Outturn for the 2018-19 financial year was £97.680 million against an Estimate of £129.486 million. Total Capital Outturn for the 2018-19 financial year was £3.834 million against an Estimate of £3.903 million.

The majority of the Department's non-administration expenditure was in relation to Grants or Grant-in-Aid in support of the Department's objectives. The Department's grant expenditure totalled £65.397 million representing 79% of non-administration cost expenditure.

Resource Outturn

Analysis of Resource Overspend 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	129.486	97.680	31.806	24.56%
Departmental Total	129.486	97.680	31.806	24.56%

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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 £31.806 million is primarily due to £30 million FTC loan payment from the NI Investment Fund being delayed until 2019-20. If the FTC loan payment had proceeded in 2018-19, the department would have a total net underspend of £1.806 million, 1.39%, due to the combined impact of underspends in a range of business areas.

The Department recorded an Administration cost overspend of £0.060 million (0.41%). This overspend arose primarily as a result of a higher than anticipated increase in the Holiday Pay accrual.

If the FTC loan payment had proceeded in 2018-19, the Department would have recorded a net Resource underspend of £1.866 million (1.62%) mainly due to the following underspends:

- Executive Support and Policy Development (£0.917 million):
 - primarily relating to slippage across a number of (i) Urban Villages capital grant projects, (ii) ring fenced Fresh Start and Shared Future resource grant projects, settlement of pending legal cases and other underspends that arose as a consequence of the absence of an Executive;
- Social Investment Fund (£0.942 million):
 - due to slippage across a number of projects due to a range of unforeseen issues outside of the Department's control;
- Strategic Sites (£0.255 million):
 - relating to lower than anticipated revaluation charges on the reduction in value of land and buildings at TEO Strategic Sites ; and
- Northern Ireland Community Relations Council (£0.153 million):
 - relating to reduction in cash required due to delay in processing pay remits and changes to frequency of grant payments.

Offset by the following overspend:

- Notional Charges (£0.533 million):
 - due to DSO charges higher than anticipated as a result of Brexit advice.

Capital Outturn

Analysis of Capital Overspend by Request for Resource

Table 3: Summary of Capital Outturn by Request for Resource

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Request for Resource (RfR)	Estimate	Outturn	Underspend/ (Overspend)	
	£m	£m	£m	%
RfR A	3.903	3.834	0.069	1.76%
Departmental Total	3.903	3.834	0.069	1.76%

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 Department had a total capital underspend against Estimate provision of £0.069 million. (1.76%) 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 2018-19 financial year TEO impaired its land and buildings by £1.562 million (Note 8) which was funded by Annually Managed Expenditure budget.

Net Cash Requirement

The net cash requirement for 2018-19 was £101.479 million. This is £32.932 million lower than the Spring Supplementary Estimates net cash requirement of £134.411 million.

The reduction of £32.932 million was a result of, the Resource Outturn underspend, of £31.806 million, the total capital underspend of £0.069 million and changes in working capital and non-cash costs of £1.057 million.

Long Term Expenditure Trends

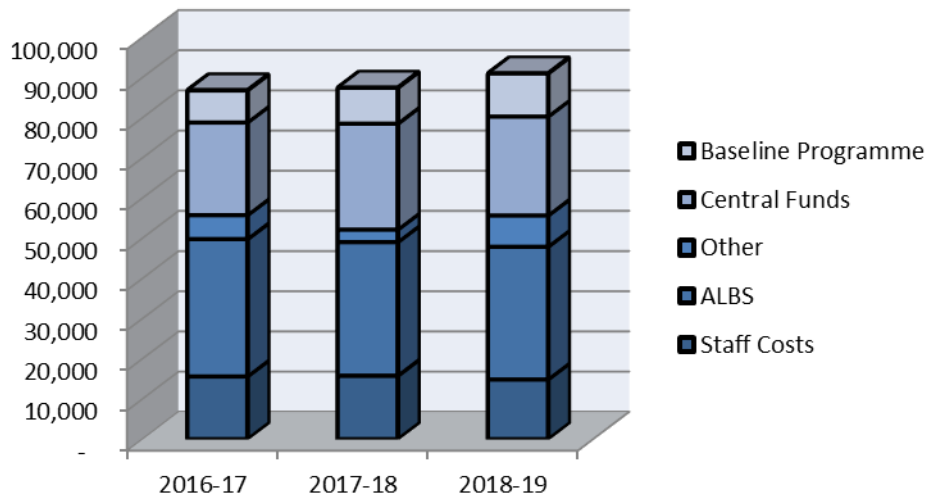
Total Departmental Spending	Outturn 2016-17 £000	Outturn 2017-18 £000	Outturn 2018-19 £000
Resource DEL (including Non Budget)			
RfR A	86,825	87,474	91,029
Of Which			
Staff Costs	15,609	15,783	14,851
ALBS	34,185	33,252	33,034
Other	5,971	3,111	7,776
Central Funds	23,063	26,383	24,633

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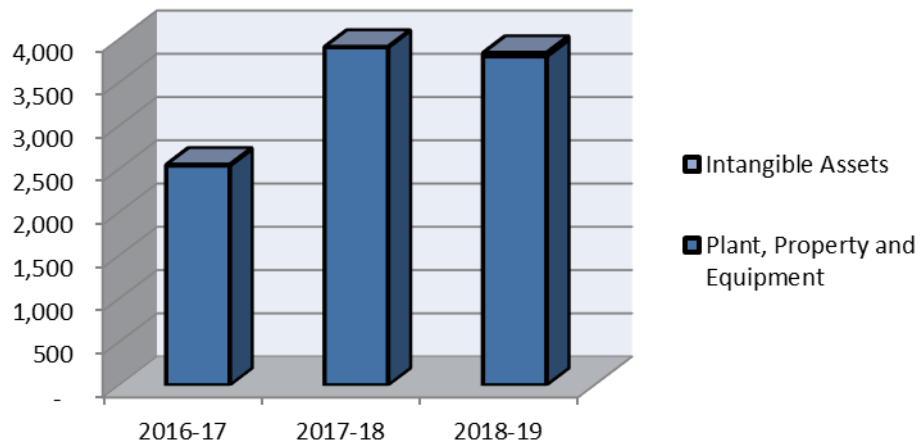
Baseline Programme	7,997	8,945	10,735
Total resource DEL	86,825	87,474	91,029
Resource AME			
RfR A	1,656	3,696	3,400
Of Which			
Diminution of Value of PPE	1,480	3,411	3,385
Provision for Bad Debt	-	-	-
Increase in Provision	176	285	15
Settlement of NICS Equal Pay Claims	-	-	-
Total resource AME	1,656	3,696	3,400
Of Which			
Depreciation	549	507	425
Capital DEL			
RfR A	2,548	3,910	3,840
Of Which			
Plant, Property and Equipment	2,540	3,909	3,803
Intangible Assets	8	1	38
Total Capital DEL	2,548	3,910	3,840
Capital AME			
RfR A	-	-	-
Of Which	-	-	-
Total Capital AME	-	-	-
Total Departmental Spending			
Of Which			
Total DEL	89,373	91,384	94,870
Total AME	1,656	3,696	3,400

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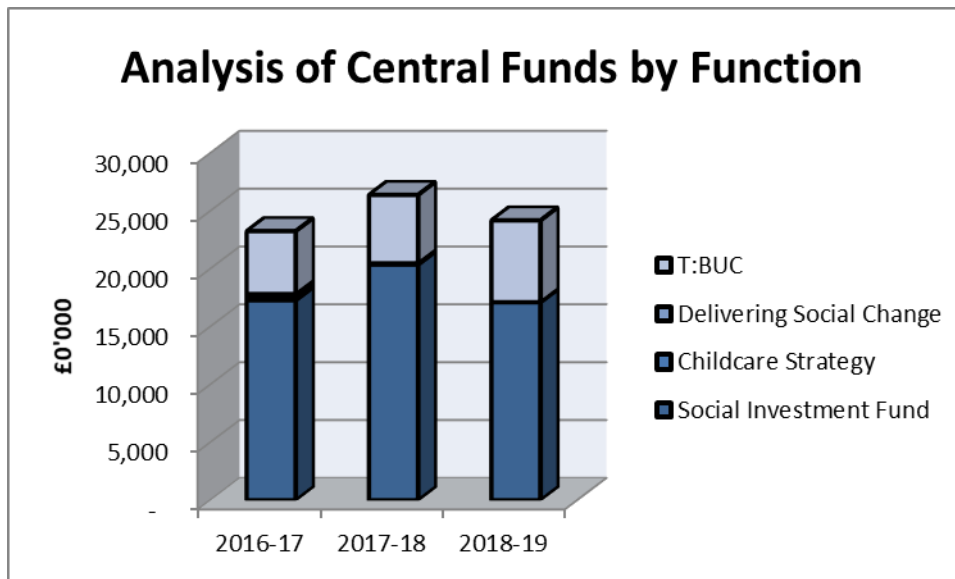
Analysis of RDEL by expenditure type



Analysis of CDEL by expenditure type



The Executive Office



NON-FINANCIAL PERFORMANCE

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 2018-19. The Department continues to strengthen its anti-corruption and anti-bribery arrangements through the sharing of best practice with Departmental staff and Arm's Length Bodies (ALBs).

Freedom of Information

In the 2018 calendar year, TEO received 84 Freedom of Information (FOI) and no Environmental Information Regulation (EIR) requests, compared to 100 information requests received in the previous year. Of the requests received, 48% came from members of the public and 20% from the media. The remainder came from businesses, campaigning groups, public representatives, researchers and solicitors. Seven internal reviews were carried out following appeals from requesters. In addition, four subject access requests were responded to under Data Protection legislation. As HR functions were passed to NICS HR (in the Department of Finance (DoF)) during 2017, staff-related subject access requests also transferred with them. There was one complaint to the Information Commissioner against the Department under access to information legislation, which awaits a determination. The Department continues to play a lead FOI policy role for all departments

The Executive Office

and continues to compile and publish an annual FOI report, detailing performance in complying with the FOI Act 2000 and the EIR 2004. With a view to adding new Northern Ireland public authorities to, and removing obsolete authorities from, Schedule 1 of the FOI Act, the Department co-ordinated returns from all departments and continues to liaise with the Cabinet Office regarding the progress of the necessary subordinate legislation through the UK Parliament. It is also worthwhile noting that 170 historical files with terminal dates of 1993 and 1994, for which the Department is functionally responsible, were released into the public domain through the Public Record Office of NI in August and December 2018.

Information Assurance and Management

The Department's Information Management and Central Advisory Branch continued to advise and support business areas, which included the creation of around 4,000 Electronic Document and Records Management containers (for filing documents), with appropriate access controls; the processing of hundreds of information and email management-related service requests; and the sensitivity review of over 200 historical files. A number of special projects were also undertaken, which included three major information retrieval exercises; an audit of hard copy registered files; and the updating of TEO's Retention and Disposal Schedule, in readiness for its submission to a restored Northern Ireland Assembly for approval. Information and Records Management policies and procedures were also rationalised and revised and a series of inspections of the locations of hard copy files held locally by business areas was begun, with a view to assessing the quality of the administration and security of these records.

Data Protection Compliance

Since the new data protection legislation (the General Data Protection Regulation (EU) 2016/679 (GDPR), and the Data Protection Act 2018) came into effect in May 2018, the focus has been on ensuring compliance with it. A number of important steps towards full compliance were taken, as a result of the implementation of the Department's GDPR Action Plan. Two mandatory Northern Ireland Civil Service (NICS) e-learning training courses were taken by all staff. A number of key staff also attended seminars on Data Protection Impact Assessments, organised by the Information Commissioner's Office (ICO).

In common with other departments, TEO published a general Privacy Notice on its website covering all its functions. In addition, a series of detailed Privacy Notices was published by individual business areas processing personal data for specific purposes. A banner notice advising correspondents about how any personal data they provide will be handled, was also produced for templates designed for use in answering general correspondence, invitations and access to information requests. Where personal data needs to be shared on a regular basis with other key organisations, Data Sharing Agreements were also agreed and signed.

The Data Protection Officer kept the Departmental Board updated on the implementation of the GDPR Action Plan and compliance issues; regularly recorded Data Protection-related risks and mitigating measures on Branch, Divisional and Corporate (Departmental) risk registers; provided specific advice and assistance on Data Protection Impact Assessments carried out by business areas processing a significant body of personal data; reported to the ICO two relatively minor breaches of the legislation (due to human error), neither of which

The Executive Office

generated regulatory action; co-ordinated a review of Divisional Information Asset Registers; and represented the Department at meetings of the newly-established NICS Data Protection Officers' Forum. Detailed advice and guidance notes continued to be issued to Information Asset Owners (Heads of Divisions) and their staff, setting out the steps their business areas needed to take to ensure compliance with data protection legislation. This was in response to around 200 written enquiries from business areas. The Data Protection Officer also assisted the Department for Digital, Culture, Media & Sport's No Deal (Brexit) Taskforce with its contingency planning on data protection, in preparation for a No Deal scenario. A number of exercises were carried out throughout the year, with a view to understanding potential impacts to the public sector that a disruption in data flows might cause.

The Department will continue to work to ensure that privacy risks are minimised, as programmes, projects and policies are formulated and developed; and that appropriate information governance arrangements and guidance are in place, so that compliance with Data Protection legislation is maintained on an ongoing basis.

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.

Two complaints were handled in the 2018-19 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 2018-19, the Department's performance in relation to the payment of invoices within 30 days was an average of 97%; this is a decrease in performance compared to the previous year, however it is on par with the NICS average. In 2018-19 an average of 93% of invoices were paid within 10 days; this is on par with the NICS average

The Executive Office

TEO Prompt Payment Performance 2018-19 and 2017-18

Prompt Payments Rates	2018-19		2017-18	
	TEO	NICS	TEO	NICS
Total number of invoice payments	2,781	189,752	2,706	189,878
Number of invoice payments within 30 days	2,711	184,513	2,643	183,295
Percentage paid within 30 days (%)	97%	97%	98%	97%
Number of invoice payments within 10 days	2,589	176,187	2,517	172,834
Percentage paid within 10 days (%)	93%	93%	93%	91%

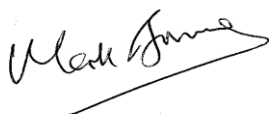
Greening Government Commitments

TEO is a participant in the Carbon Reduction Commitment Scheme (CRC), a mandatory Scheme that aims to improve energy efficiency and reduce the amount of carbon dioxide (CO2) emitted in the UK. The Department's returns on CRC for 2017-18, being the latest available figures at present, indicates an increase of 9% due in part to the transfer of ownership of former military sites to other Bodies; 2017-18: 525 (2016-17: 482). 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.

Environmental Matters

The Department monitors progress on the delivery of its sustainability targets through its Sustainability Action Plan. This includes a commitment to raise awareness through the publication of intranet articles and sustainability themed briefings. Sustainable behaviours are promoted 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.

Approved and signed



Mark Browne (Dr)
Accounting Officer

1 July 2019

The Executive Office

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 2019 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 2018-19 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 his appointment and the provisions of the Justice (Northern Ireland) Act 2002. 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 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 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.

- **Inquiry into Historical Institutional Abuse**

The Inquiry into Historical Institutional Abuse was established on 1 October 2012 and the Inquiry into Historical Institutional Abuse Act (Northern Ireland) 2013 came into operation on 19 January 2013. The Statutory Rules became operational on 25 July 2013 and the Oral Hearings began in the former Banbridge Courthouse in January 2014. A one-year extension to the timeframe of the Inquiry was approved by the Assembly on 3 February 2015. The Inquiry into Historical Institutional Abuse (Amendment of the Terms of Reference) Order (Northern Ireland) 2015 became operational on 11 February 2015. A total of 24 institutions

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and associated matters is under investigation; oral hearings were completed on 8 July 2016 and the report was published on 20 January 2017. Further details are available at the Inquiry's website www.hiainquiry.org or at www.nidirect.gov.uk/historical-institutional-abuse.

- **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. Whilst the Council cannot meet at present, the day to day work of the North South Bodies and Areas of Co-operation continues, within previously agreed parameters. Further details are available at www.northsouthministerialcouncil.org.

TEO Departmental Board

The Departmental Board is chaired by David Sterling in his capacity as Head of the Northern Ireland Civil Service and Permanent Secretary of TEO. 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.

The roles and responsibilities of the Departmental Board and its sub committees are detailed in the Governance Statement at Pages 39-40.

During 2018-19 the Departmental Board comprised the following members:

- David Sterling, Head of the Northern Ireland Civil Service and Permanent Secretary of TEO
- Denis Power, Independent Board Member
- Andrew McCormick, Director General, International Relations
- Brenda King, First Legislative Counsel
- Mark Browne, Accounting Officer and Director of Strategic Policy, Equality and Good Relations
- Katrina Godfrey, Director of Programme for Government and NICS of the Future until September 2018
- Chris McNabb, EIS Head of Operations until October 2018
- Neill Jackson, Head of Executive and Central Advisory Division until October 2018
- Peter Toogood, Director of Finance and Corporate Services
- Graeme Wilkinson, Director of EU Relations since September 2018
- Chris Stewart - Director: Executive Support; Programme for Government since October 2018
- Anne Breen - NICS HR Partner until August 2018
- Mark Goodfellow – NICS HR Partner since August 2018

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Management

David Sterling is the interim Head of the Northern Ireland Civil Service and TEO Permanent Secretary for the duration of this reporting period. Mark Browne was the Departmental Accounting Officer for this reporting period. There were no Ministers in place during the 2018-19 year.

Departmental Reporting Cycle

This report provides a summary of the Department's performance and key achievements during 2018-19. The Department's original Estimates for the year were set out in *NI Main Estimates 2018-19*. Revised Estimates were published in *NI Spring Supplementary Estimates 2018-19*. 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 to the departmental resource accounts.

Register of Interests

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-2018-2019>

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 were two departmental personal data breaches recorded in 2018-19.

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 2018-19 resulted in a notional audit fee of £65,000 and is included in the administration costs in the statement of comprehensive net expenditure.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the 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.

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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; and
- Prepare the accounts on a going concern basis.
- 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.

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.

GOVERNANCE STATEMENT

Introduction

This statement is given in respect of the Departmental Resource Accounts for 2018-19. 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 2018-19, the Department was responsible for 10 Arm's Length Bodies (ALBs) one of which, Ilex Urban Regeneration Company Limited (Ilex), closed for business on 31 March 2016 and is scheduled to be formally dissolved during 2019-20.

The 10 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 sponsor divisions responsible for advising on, and monitoring of adherence to, all aspects of accountability and good governance.

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

Budget Position and Authority

In the continuing absence of an Executive and a sitting Assembly the Northern Ireland Budget Act 2018 was progressed through Westminster, receiving Royal Assent on 20th July 2018, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 which received Royal Assent on 15th March 2019. The authorisations, appropriations and limits in these Acts provide the authority for the 2018-19 financial year and a vote on account for the early months of the 2019-20 financial year as if they were Acts of the Northern Ireland Assembly.

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') unless good governance can be achieved by other means.

The Department complies with the principles of good practice in the Code, as confirmed by an Internal Audit evaluation of its Corporate Governance and Risk Management completed in December 2017. This evaluation is completed biennially with the next evaluation due to be completed in 2019. The 2017 evaluation indicated that these arrangements operated at a satisfactory level. Internal Audit highlighted one 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). Although the ARAC has two additional independent members, neither is a member of the Board as prescribed in Paragraph 3.1 and 5.7 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, fraud and the approval of TEO expenditure; ALB sponsorship forums; learning and development seminars; and the continued development of communication and engagement channels between policy and support functions.

Corporate Governance Framework

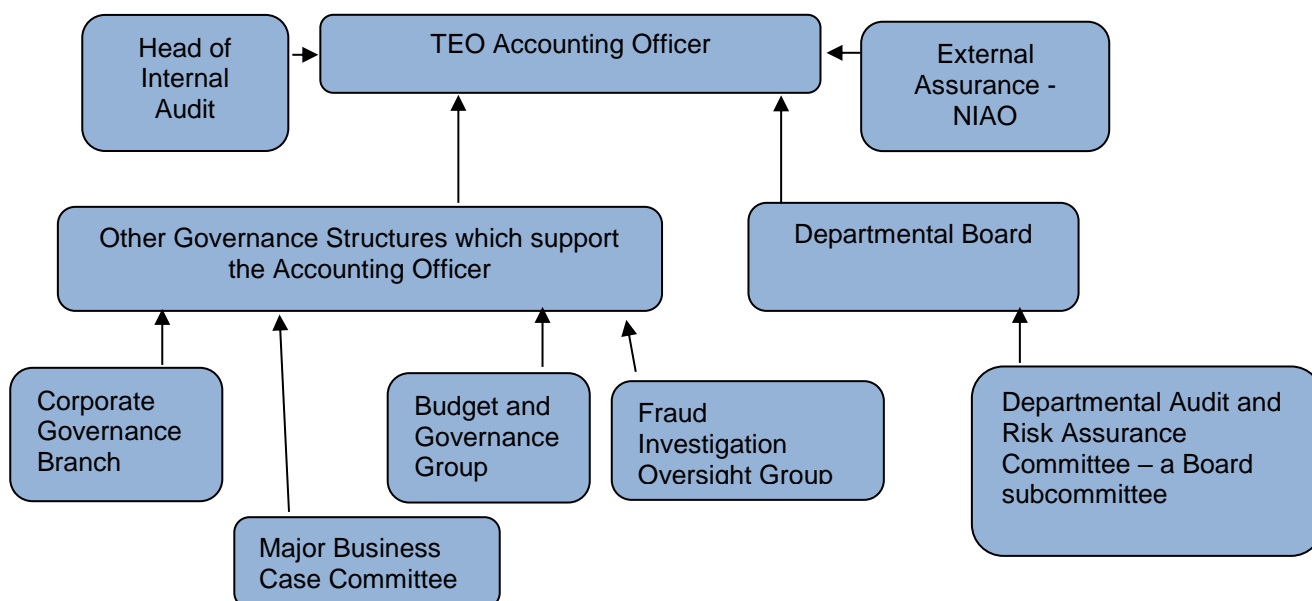
Corporate Governance refers to the way in which organisations are directed, controlled and led. TEO's governance framework, which sets out the structures, roles, responsibilities and procedures for the effective and efficient conduct of its business, is summarised in the following paragraphs. In compliance 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); and the Major Business Case Committee (MBCC).

The Department's Corporate Governance Framework was reviewed and updated during 2018-19 to reflect the latest Departmental structures, responsibilities and best practice.

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

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TEO Corporate Governance Structures



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 these 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. On 9 January 2017, the deputy First Minister resigned from office which triggered the dissolution of the joint office. Throughout 2018-19, there were no Executive Ministers in post. The Department took account of the NI (Executive Formation and Exercise of Functions) Act 2018, in relation to TEO responsibilities and powers in the absence of Ministers.

Accounting Officer

As Accounting Officer, I have responsibility 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').

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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. 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.

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 and the Legislative programme.

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 discussion at each meeting. These requirements are set out in the Board Operating Framework. In order to achieve the Board's objectives, a forward plan is maintained which schedules matters for its consideration.

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, contribute towards the overall purpose of the Northern Ireland Executive which is *improving wellbeing for all, by tackling disadvantage and driving economic growth* and towards the supporting 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 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 deliver and to plan to meet current and future needs;

The Executive Office

- *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 its funded organisations to account for their contribution to the delivery of outcomes and holds senior staff to account for their performance; 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 his capacity as Permanent Secretary of TEO, chairs the Departmental Board and:

- Facilitates Board meetings and ensures the Board fulfils its responsibilities;
- 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;
- 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;
- Discloses all Ministerial Directions;
- 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; and
- Ensures adherence to the principles of good governance as set out in the Corporate Governance Framework and the 2013 Code of Good Practice.

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;

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- 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 will 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, but it will also exercise a challenge function. It is expected that this will be applied constructively. Executive members of the Board will give due regard to the advice of the Board 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. His appointment is for a two-year fixed term. The IBM's performance is reviewed on an annual basis by HOCS. The IBM:

- Uses his experience to challenge and support the Board, acting corporately and not simply reflecting their own functions;
- 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;
- Challenges the Board on the operational and delivery implications of policy proposals;
- Maintains a critical overview of the Department's financial controls and procedures for assessing and managing risk;
- Supports the good corporate governance of the Department and contributes to decision making on corporate governance issues;
- Assists and advises on the development of departmental business and strategic plans;
- Monitors and challenges the Department's performance in relation to its objectives and commitments;
- 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;
- Provides an independent perspective on the monitoring of performance and progress of the Department, including the use of human and financial resources;
- Challenges the quality of the policy formulation process;
- Chairs the Audit and Risk Assurance Committee (ARAC); and
- Provides input to the appraisal of the Chair of the Board.

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Membership and attendance at the Departmental Board

Nine Departmental Board meetings were held in 2018-19. The members and their records of attendance are set out below.

Board Member	Role	Meetings Attended (9)
David Sterling	Head of the NI Civil Service: TEO Permanent Secretary and Secretary to the Executive	7/9
Brenda King	Head of the Office of the Legislative Counsel	5/9
Andrew McCormick	Director General – International Relations	5/9
Mark Browne	Accounting Officer; Director of Strategic Policy, Equality and Good Relations	8/9
Katrina Godfrey	Director of Programme for Government and Executive Support (to 5 September 2018)	2/4
Chris Stewart	Director of Programme for Government and Executive Support (from 8 October 2018)	3/4
Graeme Wilkinson	Director of EU Future Relations (Board member from 26 September 2018)	5/5
Neill Jackson	Head of Executive and Central Advisory Division (to 22 October 2018)	5/5
Chris McNabb	Executive Information Service Head of Operations (to 22 October 2018)	4/5
Denis Power	Independent Board Member	9/9
Anne Breen	Human Resources Strategic Business Partner (to 29 August 2018)	3/4
Mark Goodfellow	Human Resources Strategic Business Partner (from 30 August 2018)	0/5 ⁽¹⁾
Peter Toogood	Director of Finance and Corporate Services	8/9

Note (1): Sarah Wilson, TEO's HR Business Partner attended the Departmental Board on behalf of Mark Goodfellow on 5 occasions between September 2018 and March 2019.

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:

- The Departmental and ALBs business plans for submission to Ministers;
- Cross-cutting matters for which senior TEO staff have lead responsibility e.g. PfG, the Executive's Legislative Programme, Executive business, International Relations, external communications and NICS of the Future;
- Financial, physical and human resources required to implement the business plan and long-term capability of the Department;
- Budget and resource allocation across TEO business areas;

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- Appropriate operational strategies to best implement policies set by Ministers and ensure coherence of policy across TEO business areas;
- Key business risks that might affect the delivery of the Department's priorities;
- Corporate leadership of the Department; and
- Issues of strategic importance to the management of TEO and its business areas.

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 operational matters are the responsibility of Directors and Heads of Divisions in TEO.

Quality of the Data used by the Board

A standard Board agenda has been developed which 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
 - NICS of the Future.

In addition, a standard reporting template was introduced to provide 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.

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

Review of Board Effectiveness

In line with best practice, the operational procedures of the Departmental Board are kept under continuous review. In March 2018, the Board's Independent Member undertook a review of the Board's effectiveness, which took the form of a self-assessment review. Actions arising from this review included: a change to the composition of the Board; the allocation of more Board time to discuss strategic issues; earlier circulation of Board papers and minutes; and the commitment to undertake an independent assessment of the Board in 2019. The Board Operating Framework was reviewed by the Department in 2018-19 and was updated to reflect a change in the composition of the Board and the revised Board agenda.

Conflicts of Interest

The Code requires the publication of identified actual and potential Board Member conflicts of interest within the annual governance statement and how these have been managed. The Board Operating Framework includes guidance on conflicts of interest. Conflicts of interest are identified via 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 what action is needed to ensure they are managed appropriately. No such consideration or action was required during 2018-19.

Departmental Audit and Risk Assurance Committee

During 2018-19, the Board was supported and advised in its role by the Audit and Risk Assurance Committee (ARAC). The Departmental Audit and Risk Assurance Committee (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 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. The Terms of Reference were reviewed in 2018-19 and updated to reflect the re-appointment of an ARAC member and the inclusion of whistleblowing as a standard ARAC agenda item.

Membership of the TEO ARAC in 2018-19 comprised a Chairman, who is also the Independent Board Member and two independent members.

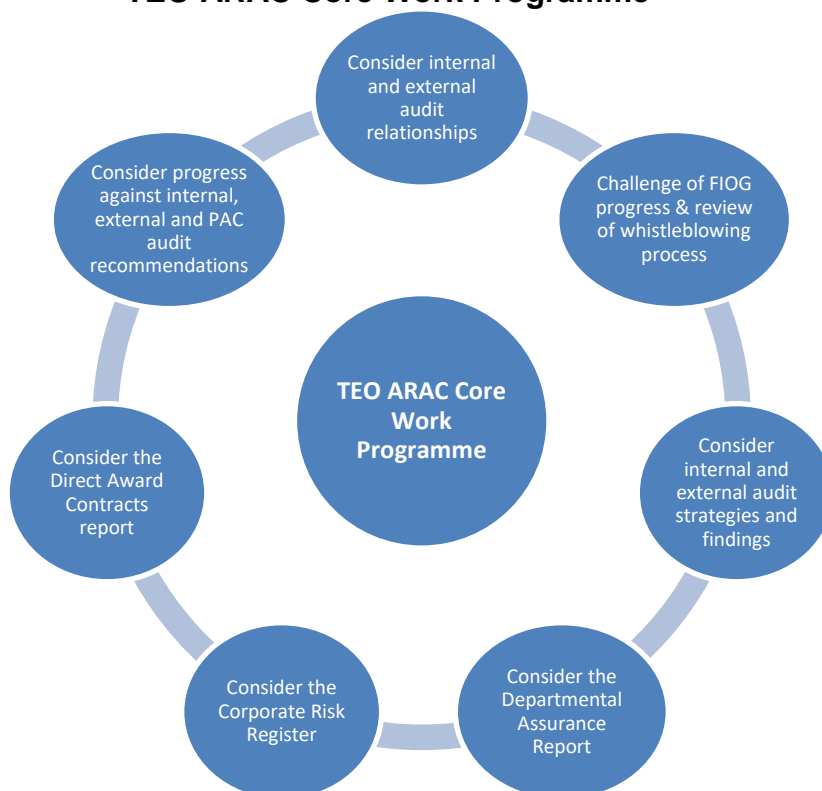
The Committee met four times during 2018-19. A summary of the ARAC members' attendance is detailed below.

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ARAC Member	Role	Meetings Attended (4)
Denis Power	Independent Board Member & Chair	4/4
Deep Sagar	Independent ARAC Member	4/4
Glyn Capper	Independent ARAC Member	4/4

A minimum of two members of the ARAC is required to form a quorum and all meetings in 2018-19 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 discussions 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



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 ARAC on the operation of the Department's whistleblowing arrangements.

In 2018-19, the ARAC considered and commented on individual issues of internal governance and their implications for wider governance arrangements. These included: reports on the test drilling of business cases and post project evaluations; the annual review of TEO's Corporate Governance Framework; a lessons learned report on the management of suspected fraud cases relating to TEO and its ALBs; a report on the UK-wide outcomes

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of the 2016-17 National Fraud Initiative (NFI) and the proposed Departmental approach to the 2018-19 NFI exercise.

The Chair of the Committee presented regular reports to the Departmental Board throughout the year on the work of ARAC and the main governance issues considered by it. The Chair of the Committee also presents an annual report to the Departmental Board, based on the ARAC's annual work plan and performance. In its annual report, the Committee recognised 2018-19 as being a challenging period given the continued absence of an NI Executive and Assembly; the focus on Brexit and EU Relations, including preparations and contingency arrangements for a 'no-deal' UK exit; the development of an Outcome Based Approach to the draft Programme for Government, influencing the design and delivery of public sector services and the strategic development of TEO's Business Plan; the emerging role and purpose of the Executive Office; the continued development of the NICS of the Future and the focus on TEO People, creating opportunities for promotion and staff development. Throughout this period of change, the Committee acknowledged the rigor with which the Department approached financial management, the challenge of the diverse nature of its ALBs, the investigations of suspected fraud and 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 HM Treasury guidance; and
- There are no major issues that the Committee considers should be brought to the attention of the Accounting Officer that 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.

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 and 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/lessons gained from across the Department which is of particular relevance in TEO, given its wide remit. The MBCC Terms of Reference were reviewed in 2018-19 and were updated to include additional clarification on expenditure approval thresholds and approval conditions.

In 2018-19, the Committee considered 22 expenditure proposals, including business cases submitted for the Social Investment Fund; the redevelopment of the Ebrington site; the Urban Villages programme; and Peace IV Programme proposals.

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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.

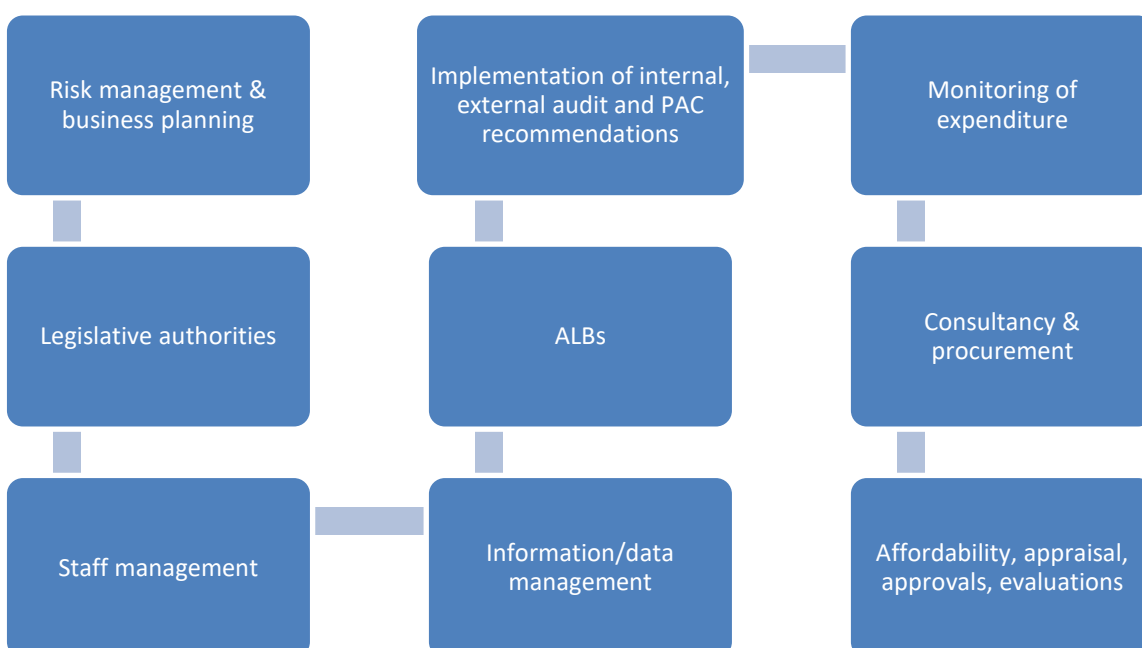
The system of internal control is based on an ongoing process designed to:

- 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 2019 and up to the date of approval 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 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



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Each Director and the Accounting/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. The quarterly assurance statements were updated during 2018-19 to reflect the new General Data Protection Regulation guidelines and the new TEO Whistleblowing procedures.

Other Governance Structures

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

- Corporate Governance Branch continues to provide advice and support to officials across the Department;
- Guidance on the policy and procedures for the approval of Departmental expenditure and delegated limits are kept under review and disseminated throughout the Department;
- Test drilling exercises undertaken by both DoF and the Department, of approximately 10% of all business cases/post project evaluations, highlighting lessons to be learned and the embedding of good practice across this discipline;
- Governance is reinforced through the ALB Sponsorship 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;
- Budgets & priorities setting and the In-Year Monitoring process;
- The development and monitoring of the Department's Business Plan, which identifies key Departmental priorities and provides a basis for the allocation of resources;
- 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 2016-17 NFI investigations and takes positive assurance from this regarding 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 T:BUC, Social Investment Fund and Urban Villages programmes have led to innovative methods of

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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 business case agreed; and
- Where the risks will be fully managed.

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

- 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 Corporate Risk Register 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 Corporate Risk Register. 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 Corporate Risk Register 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 risk register forms part of the Board and ARAC core work programme. The Corporate Risk Register is updated and reviewed by the TEO Board and the ARAC on a quarterly basis.

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A fundamental rework of the Corporate Risk Register, to reflect best practice in Risk Management, was undertaken in 2017-18. As a result, the Corporate Risk Register has focused on eight key strategic and corporate risks. The eight key risks are in relation to:

- TEO's co-ordination arrangements do not effectively equip the NICS to deliver the PfG;
- Failure to operate within allocated budget: avoiding overspend and managing underspend within 1.5% target;
- TEO does not have sufficient staff with the required level of knowledge, skills and motivation to meet business need;
- TEO is in breach of its information governance obligations;
- TEO's co-ordination arrangements fail to ensure that the NI position in relation to EU Exit issues is adequately reflected to the UK Government;
- TEO's co-ordination arrangements fail to respond quickly and effectively to serious civil contingencies;
- The T:BUC strategy fails to have a positive impact on Good Relations; and
- TEO's Transformational Programmes fail to effectively tackle disadvantage and promote equality of opportunity.

During 2018-19, a number of 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.

A review of the TEO Risk Management policy is being considered as part of the wider review by DoF across all of the NICS which will be finalised in 2019.

In terms of Information Risk Assurance, the Department continued to review and develop its information security policies and procedures to ensure that they complied with the principles set out in the new Data Protection legislation (General Data Protection Regulation 2016 and Data Protection Act 2018), which took effect in May 2018.

The quarterly Assurance Statement template was updated to include Data Protection compliance requirements. A review of Divisional Information Asset Registers was completed by business areas in January 2019, after which revised destruction procedures for paper records, endorsed by Internal Audit, were put in place. These actions will ensure the continuing protection, assurance, legitimate processing and secure disposal of sensitive business and personal information within a secure environment.

The Senior Information Risk Owner continues to provide the overall lead in this important work, while the Departmental Security Officer continues to review and report to the Departmental Board on resilience, vulnerabilities and risks.

There were two personal data breaches in TEO in 2018-19, both of which were caused by human error. The first involved the disclosure of private e-mail addresses; whilst the second involved the publication of an individual's personal data on the Historical Institutional Abuse Inquiry website. Both breaches were reported to the Information Commissioner's Office (ICO) and no regulatory action was taken.

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During the year, 11 information breaches occurred across four of the Department's ALBs. Under current General Data Protection Regulations, these are managed directly by the ALB and if required, they will make appropriate reports to the ICO.

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. 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 been advised by the Departmental Board and the Audit and Risk Assurance Committee regarding the implications of the results 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

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.

The Internal Audit work programme includes the assessment of the completeness and effectiveness of TEO's corporate governance arrangements. The Department's Internal Audit Service during 2018-19 was provided by DoF's Internal Audit Unit.

The Accounting Officer and the Board are independently advised by the DoF 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.

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.

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During 2018-19, IAS reported on seven risk-based assignments and undertook one follow-up review. They also carried out four special investigations into suspected fraud following whistleblowing allegations, in which no evidence of fraud was uncovered. Internal Audit also provided advice to the Department on a range of issues on both a formal and informal basis.

In respect of 2018-19, the Head of Internal Audit provided a satisfactory opinion in five areas and a limited opinion in two areas (Information Management and Central Advisory Branch and Racial Equality Unit). Recommendations within these reports have been considered and changes have been made to improve governance.

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 2018-19, 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).

Last year, a further review of the issues highlighted in a 2016-17 NICS-wide report on IT security and information risk management (on which a limited opinion was provided) noted significant progress in the development of new processes and systems to improve the control framework. As a result, a satisfactory opinion was provided. Internal Audit will conduct follow-up reviews during 2019-20.

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.

Governance and Accountability of TEO's ALBs

The Department's ALBs are key to the delivery of its objectives and strong governance of them is critical to the Department.

ALBs use their own governance structures developed in line with: Managing Public Money Northern Ireland; the requirements of the Department; and other relevant guidance. Each ALB which sits outside the Departmental Accounting Boundary publishes its own governance statement within its Annual Report and Accounts. ALB Boards have corporate responsibility for ensuring that their organisation fulfils its statutory responsibilities and the aims and objectives set by the Department/Ministers, including promoting the efficient, economic and effective use of staff and other resources. As Principal Accounting Officer, I have a duty to satisfy myself that all ALBs have adequate governance systems and procedures in place to promote the effective and efficient conduct of their business and to safeguard financial propriety and regularity.

In fulfilling the sponsorship and oversight role, the following key governance arrangements are in place to provide effective sponsorship of the Department's ALBs and assurance to Ministers and the Accounting Officer:

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TEO Sponsorship Framework



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

Departmental sponsor teams are guided by TEO's ALB Sponsorship Manual. It 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 Performance report. These reports include: performance against plans; finance; risk management; consultancy expenditure; and staffing matters. 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/ Senior Accountable Officers and reviewed by the sponsor team and Corporate Governance Branch. Any significant issues are escalated through inclusion in the Senior Sponsor Departmental Assurance Statement.

Accountability and Liaison meetings are held on a quarterly basis (or more frequently if considered necessary) between the Senior Sponsor and the ALB Accounting/Senior

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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.

Two separate Governance seminars involving TEO ALBs, Chairs of their Audit and Risk Assurance Committees and their sponsors were held in 2018-19 which covered issues including: recent best practice in relation to whistleblowing and GDPR; updates on governance guidance; lessons learned from recent audit reports; updates on the current budgetary and political positions (including public appointments) and the implications of the ongoing Review of Financial Process.

Meetings were also held for TEO and ALB Finance teams in relation to preparations for the introduction of the Review of Financial Process.

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

Further progress has been made in the overall awareness of governance procedures and in the quality of the content of businesses cases and post project evaluations prepared. This is evidenced in the Department's test drilling exercises undertaken in 2018-19. These concluded that continued improvements have been made in the standard of business cases and post project evaluations completed by the Department and its ALBs when compared to those approved in previous years.

Whistleblowing and Investigations

The Department's Fraud Investigation Oversight Group (FIOG) meets on a six monthly basis to oversee 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 2018-19, FIOG oversaw 25 investigations, seven of which were reported in the current financial year. The investigations related to a number of areas within TEO, its ALBs and funded third party organisations. Following investigation, 14 cases were closed during the year and eleven cases will be carried forward into the next financial year. No funding associated with these cases has been written off in the current year and one case has been referred to the PSNI. A report on the lessons learned from recent fraud cases within TEO and its ALBs was shared with the TEO ARAC in May 2019.

The Department managed 11 whistle blowing cases in 2018-19, nine of which were reported in the current financial year.

The Department undertook an annual review of the effectiveness of its whistleblowing arrangements in 2018-19. As a result, the whistleblowing guidance for staff and external stakeholders was revised to provide further clarity on the process for the Core Department

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and ALBs. Additional guidance has also been included on the links between the fraud process and whistleblowing arrangements.

Divergences – Prior Year

CRC - An ongoing issue in relation to pension allowances paid to the staff of the NI Community Relations Council has resulted in irregular expenditure of approximately £19k. The allowance was paid to ensure that staff at the Council, on terms and conditions analogous to the Northern Ireland Civil Service, were not disadvantaged by membership of the pension scheme to which they belonged. Work is progressing to address the issue.

Following the issue of a Departmental Retrospective Approval policy in 2016-17, the number of incidents requiring retrospective approval has reduced considerably in both 2017-18 and 2018-19. While a small number of requests were made during 2018-19, none required DoF approval. TEO has taken steps to prevent a recurrence of these issues including revisions to its Summary Policy and Procedures for the Approval of Departmental Expenditure and providing a TEO/ALB-wide learning and development seminar focusing specifically on the TEO expenditure approval process.

With the exception of the issues identified above, no significant issues have arisen.

Divergences – Current Year

In November 2018, the NIAO published a Value for Money report on The Social Investment Fund. TEO led the response to NIAO's recommendations with input from DoF. Cross-cutting elements in the TEO Departmental Response were approved by the NICS Board and presented in the Northern Ireland Assembly on 23 January 2019.

Ministerial Directions

No Ministerial Directions were issued during 2018-19.

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 2018-19.

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.

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Departmental Remuneration Report

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is normally approved by the Minister of Finance. In the absence of an Executive, the Department of Finance's Permanent Secretary has set the 2018-19 NI public sector pay policy in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. The pay award for SCS staff for 2018-19 has been finalised but not yet paid.

The pay of senior civil servants (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 below, 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.

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

Salary and pension entitlements

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

Remuneration and pension entitlements – Ministers

There was no Minister in place during 2018-19 and 2017-18.

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Remuneration and pension entitlements – Officials

Officials (Audited)

	2018-19				2017-18			
	Salary £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (£'000)	Salary £'000	Benefits in kind (to nearest £100)	Pension Benefits* (to nearest £1000)	Total (£'000)
Dr Malcolm McKibbin <i>Head of the Department (to 30/06/17)</i>	-	-	-	-	60-65 (180-185 full year equivalent)	Nil	-93,000	(35)-(30)
Mr David Sterling <i>Head of the Department (from 14/06/17)</i>	155-160	Nil	96,000	250-260	125-130 (150- 155 full year equivalent)	Nil	332,000	455-460
Ms Brenda King <i>Director</i>	150-155	Nil	56,000	205-210	145-150	Nil	58,000	200-205
Dr Andrew McCormick <i>Director</i>	125-130	Nil	50,000	175-180	10-15 (125- 130 full year equivalent)	Nil	-1,000	10-15
Dr Mark Browne <i>Director</i>	90-95	Nil	25,000	115-120	90-95	Nil	3,000	95-100
Mrs Katrina Godfrey <i>Director (to 01/09 2018)</i>	35-40 (90- 95 full year equivalent)	Nil	29,000	60-65	85-90	Nil	16,000	100-105
Mr Neill Jackson <i>Director (to 22/10/18)</i>	40-45 (75- 80 full year equivalent)	Nil	23,000	65-70	75-80	Nil	-1,000	75-80
Mr Peter Toogood <i>Director</i>	70-75	Nil	30,000	100-105	70-75	Nil	23,000	90-95
Mr Colm Shannon <i>Director (to 19/01/18)</i>	-	-	-	-	70-75 (85-90 full year equivalent)	Nil	124,000	195-200
Mr Chris McNabb <i>Director (to 22/10/18)</i>	40-45 (70- 75 full year equivalent)	Nil	21,000	60-65	70-75	Nil	22,000	90-95
Mrs Mary Madden <i>Director (to 16/04/18)</i>	0-5 (80-85 full year equivalent)	Nil	-	0-5	80-85	Nil	-	80-85
Mr Chris Stewart <i>Director (from 01/10/18)</i>	45-50 (90- 95 full year equivalent)	Nil	-	45-50	-	-	-	-

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Mr Graeme Wilkinson Director (from 09/07/18)	65-70 (85-90 full year equivalent)	Nil	43,000	105-110	-	-	-	-
Mr Denis Power Independent Non Executive Board Member (from 27/09/17)	5-10	Nil	-	5-10	Nil	Nil	-	0-5
Mr George Thorley Independent Non Executive Board Member (to 26/07/17)	-	-	-	-	Nil	Nil	-	0-5

* 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 ex-gratia payments.

The Northern Ireland Assembly was dissolved on 26 January 2017. An Executive was not formed following the 2 March 2017 election, and from this date Ministers ceased to hold office. As a consequence, no Minister has been in place in the Department during 2017-18 and 2018-19.

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.

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.

	2018-19	2017-18
Band of Highest Paid Director's Total Remuneration	£155k-160k	£150k -£155k
Median Total Remuneration	£33,315	£32,677
Ratio	4.73	4.67

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The banded remuneration of the highest-paid director in TEO in the financial year 2018-19 was £155,000-£160,000 (2017-18: £150,000- £155,000). This was 4.73 times (2017-18: 4.67 times) the median remuneration of the workforce, which was £33,315 (2017-18: £32,677).

In 2018-19, one employee (2017-18: one employee) received remuneration in excess of the highest-paid director.

Remuneration range from £7,176 to £210,876 (2017-18, £3,141 to £206,742).

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 movement in the ratio between 2018-19 and 2017-18 is primarily the result of the increase in the banded remuneration of the highest-paid director in TEO.

Pension Benefits

Ministers (Audited)

There was no Minister in place during 2018-19

Pension Entitlements

Senior Civil Servants (Audited)

	Accrued pension at pension age as at 31/03/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/19	CETV at 31/03/18	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Mr David Sterling (<i>Head of the Department</i>) (from 14/06/17)	75-80 plus a lump sum of 235-240	2.5-5 plus a lump sum of 12.5-15	1846	1673	97	-
Ms Brenda King <i>Director</i>	65-70 plus a lump sum of 180-185	2.5-5 plus a lump sum of 0-2.5	1355	1188	33	-
Dr Andrew McCormick <i>Director</i> (from 19/02/18)	70-75 plus a lump sum of 110-115	2.5-5 plus a lump sum of 0-0.25	999	1499	-566	-
Dr Mark Browne <i>Director</i>	35-40 plus a lump sum of 115-120	0-2.5 plus a lump sum of 2.5-5	943	869	26	-
Mr Neill Jackson <i>Director</i>	35-40 plus a lump sum of	0-2.5 plus a Lump sum of	876	839	22	-

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	115-120	2.5-5				
Mrs Katrina Godfrey <i>Director (until 01/09/2018)</i>	35-40 plus a lump sum of 80-85	0-2.5 plus a lump sum of 0-2.5	637	591	19	-
Mr Peter Toogood <i>Director</i>	15-20	0-2.5	274	223	15	-
Mr Chris McNabb <i>Director</i>	15-20 plus a lump sum of 35-40	0-2.5 plus a lump sum of 0-2.5	281	264	11	-
Mr Chris Stewart <i>Director (from 01/10/2018)</i>	35-40 plus a lump sum of 105-110	0-2.5 plus a lump sum of 0-2.5	776	737	-	-
Mr Graeme Wilkinson <i>Director (from 09/07/2018)</i>	20-25	0-2.5	331	274	25	-

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 have 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 rate is 2.32%.

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

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

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

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

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

Scheme Year 1 April 2019 to 31 March 2020

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All other members
From	To	From 1 April 2019 to 31 March 2020
£0	£23,500.99	4.6%
£23,501.00	£54,500.99	5.45%
£54,501.00	£150,000.99	7.35%
£150,001.00 and above		8.05%

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

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

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

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

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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:

	2018-19	2017-18
Salary Band	Number	Number
Pay Scale 4 £153,933-£180,496	1	1
Pay Scale 3 £114,047-£133,327	2	2
Pay Scale 2 £88,596-£101,092	6	3
Pay Scale 1 £68,961-£79,058	19	23
Special Advisors £63,736-£91,809	0	0

The figures above exclude a senior civil servant currently on a career break.

Staff numbers and related costs (Audited)

Staff costs comprise of:

			2018-19	2017-18
	Permanently employed staff*	Other s	Ministers	Total
	£000	£000	£000	£000
Wages and salaries	12,432	674	-	13,106
Social security costs	1,307	45	-	1,352
Other pension costs	2,672	103	-	2,775
Sub Total	16,411	822	-	17,233
Less recoveries in respect of outward secondments	(75)	-	-	(75)
Total net costs	16,336	822	-	17,158

Of which:	Charged to Administration	Charged to Programme	Total
	£000	£000	£000
Core department	9,218	7,940	17,158

*There were no costs incurred in respect of the Department's Special Advisors in 2018-19.

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 Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions

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every four years following the scheme valuation. The 2012 scheme valuation was completed by GAD in February 2015. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2015 to 31 March 2019.

For 2018-19, employers' contributions of £2,722,754.85 were payable to the NICS pension arrangements (2017-18: £2,715,712.15) at one of three rates in the range of 20.8% to 26.3% of pensionable pay, based on salary bands.

Work was completed on the 2016 valuation, based on the position as at 31 March 2016. The outcome of this scheme valuation informed contribution rates for 2019-20. Employer contribution rates payable will range from 28.7% to 34.2% of pensionable pay, based on salary bands. This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% pa above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2017-18: £nil) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2017-18: 8% to 14.75%) of pensionable pay.

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

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

Two persons (2017-18 No persons) retired early on ill-health grounds, the total additional accrued pension liabilities in the year amounted to £9,101.91 (2017-18: £nil)

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.

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					2018-19	2017-18
	Permanently employed staff Number	Others Number	Ministers Number	Special Advisers Number	Total Number	Total Number
Core Departmental staff in post	258	21	-	-	279	292
North South Ministerial Council	8	-	-	-	8	9
Commissioner for Public Appointments for Northern Ireland	2	-	-	-	2	2
The Inquiry into Historical Institutional Abuse	10	1	-	-	11	10
Attorney General for Northern Ireland	12	-	-	-	12	12
Staff engaged on capital projects*	-	-	-	-	-	-
Total for RfR A	290	22	-	-	312	325

* The Department does not employ any staff exclusively for capital projects.

Staff Composition at 1 April 2019 and 1 April 2018 (Audited)

The number of persons of each gender who were directors, senior managers, and employees of TEO at 1 April 2019 and 1 April 2018 is as follows;

	2018-19		2017-18	
	Male	Female	Male	Female
Directors (Departmental Board)	7	1	6	3
Senior Managers (Grade 5 and above)	12	9	17	11
Employees (All other staff)	149	132	112	163
Total	168	142	135	177

Special Advisers are included in senior managers when employed, none were employed at 1 April 2019 and 1 April 2018.

Absence management

The table below shows sick absence statistics for the last three years. Validated end of year information for 2018-19 is not yet available but provisional figures from February 2019 suggest the Departmental result may be 10.6 days.

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

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throughout the year, with 14 health and fitness events including medical fitness checks and a range of awareness sessions. 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/OFMDFM and NICS Sick Absence Statistics

Data provided by Northern Ireland Statistics and Research Agency (NISRA).

	2017-18		2016-17		2015-16	
	TEO	NICS	TEO	NICS	OFMDFM	NICS
Days Lost per Staff Year	7.6	13.0	7.9	12.5	7.1	11.7
% of Staff with no recorded absence	58.0	46.6	62.7	49.5	53.5	50.0
Long term absence						
% of staff with one or more long-term absence	6.6	13.3	7.4	12.8	7.5	11.9
% of working days lost due to long-term absence	63.9	74.7	71.2	76.1	62.6	73.8
Average duration (working days)	61.6	62.0	56	62.5	52.4	60.2

Following departmental restructuring in May 2016, the Office of the First Minister and deputy First Minister became The Executive Office. The figures given for sick absence statistics have not been restated. Consequently, the figures given for 2015-16 are the figures previously reported for the Office of the First Minister and Deputy First Minister. Figures for 2016-17 and 2017-18 are reported on the new Executive Office.

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

The [NICS People Strategy 2018-21](#) places diversity and inclusion at its centre and includes a range of actions that will help accelerate the NICS' ambition to be a service that reflects the society we serve.

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The NICS continues to carry out its statutory obligations under fair employment legislation, including the annual return to the Equality Commission for NI. The NICS publishes a wide range of [NICS human resource statistics](#).

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. The centralised human resource function, NICSHR, 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.

In line with the NICS People Strategy 2018-21 further development in the area is planned, 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.

The NICS Centre for Applied Learning (CAL) is responsible for development and delivery of all generic staff training. It offers a variety of learning delivery channels to enable flexible access to learning, blending different learning solutions into coherent learning pathways that are aligned to both corporate need and the NICS Competency Framework.

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.

Talent Management is a key theme of the NICS People Strategy and work is underway to develop a more corporate approach to managing talent across the NICS.

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(iii) Pay policy

Under the Civil Service (Northern Ireland) Order 1999, DoF is responsible for the pay arrangements of NICS civil servants (apart from those agencies, non-ministerial government departments and other bodies with an agreed pay delegation). The pay award system aims to:

- Be a system which will help to recruit, retain and motivate staff to perform efficiently the duties required of them;
- Encourage staff to improve their individual performance by providing a direct and regular link between satisfactory performance and pay;
- Ensure equity of treatment in respect of pay in accordance with legal requirements and the equal opportunities policy of the NICS;
- Secure the confidence of staff that their pay will be determined fairly;
- Secure the confidence of the public and their representatives in the system for determining the pay of the staff; and
- Enable the Government to reconcile its responsibilities for the control of public expenditure with its responsibilities as an employer.

Current pay scales are available online. NI public sector pay guidance for 2018 is now in place and formal negotiations with trade unions on the 2018 pay award are ongoing.

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 chairs of NICS recruitment panels. The NICS also has mandatory unconscious bias training for all staff.

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

The NICS has an active network of Diversity Champions and has appointed one of its' Deputy Secretaries as the NICS Diversity Lead for Disability. The NICS has an active Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. Through this collaboration the NICS is working towards creating a truly inclusive workplace where all staff feel valued. The NICS promotes a number of schemes for disabled staff, including a successful 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

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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 is being undertaken in 2019-20.

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 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 Bronze (IIP) level and will be seeking further accreditation with IIP taking the Department through to May 2019.

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.

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;

	2018-19 £000	2017-18 £000
Consultancy Costs	170	136
Agency staff	165	150
Seconded in staff	657	545
Total Temporary Staff	<u>992</u>	<u>831</u>

Temporary staff costs have increased in the year 2018-19 by £127k primarily due to an increase in headcount of 2 individuals who have been seconded in and an increase in NISRA seconded in staff.

The movement in consultancy costs is mainly due to one off programme reviews for Ebrington, Communities in Transition, Community Relations Council, EU Future Relations, Urban Villages and Good Relations and TBUC. The EU Future Relations Division also moved from Admin to Programme in 2018-19.

The movement in agency staff is the result of an increase in headcount for Admin cost centres and the grade at which staff are employed for Programme cost centres.

Off Payroll Engagements

The Department had no 'off-payroll' engagements at a cost of over £245 per day, lasting longer than 6 months per annum in place during 2018-19.

There were no 'off-payroll' engagements of the 7 board members with significant financial responsibility during 2018-19.

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), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

In 2018-19, no persons (2017 18: £Nil) received exit packages.

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.

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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 Assembly Supply (Audited)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires TEO to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

Summary of Resource Outturn 2018-19

Request for Resources	Note	Estimate			Outturn			2018-19	2017-18
		Gross expenditure	Accruing Resources	Net Total	Gross expenditure	Accruing Resources	Net Total	Net total outturn compared with estimate: saving/(excess)	Net Total
		£000	£000	£000	£000	£000	£000	£000	
RfR A	SOAS1	143,025	(13,539)	129,486	111,197	(13,517)	97,680	31,806	141,872
Total Resources	SOAS2	143,025	(13,539)	129,486	111,197	(13,517)	97,680	31,806	141,872
Non-operating cost				6			6	-	363
Accruing Resources				-			-	-	-

Net cash requirement 2018-19

	Note	Estimate	Outturn	2018-19	2017-18
				Net total outturn compared with estimate: saving/(excess)	Outturn
		£000	£000	£000	£000
Net cash requirement	SOAS3	134,411	101,479	32,932	142,147

The notes on pages 88 to 109 form part of these accounts.

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Statement of Assembly Supply continued

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 2018-19		Outturn 2018-19	
		Income £000	<i>Receipts</i> £000	Income £000	<i>Receipts</i> £000
Total	SOAS4	<u>-</u>	<u>-</u>	<u>59</u>	<u>63</u>

Explanation of variances between Estimate and Outturn are given in Note SOAS1 and in the Performance Report.

The notes on pages 88 to 109 form part of these accounts.

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Notes to the Departmental Resource Accounts (Statement of Assembly Supply) (Audited)

SOAS1 Analysis of net resource outturn by function

							2018-19		2017-18	
Outturn							Estimate			
							Net Total compared with estimate		Net Total compared with estimate adjusted for virements	
							Net Total compared with estimate		Prior - year outturn	
Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total	Net Total compared with estimate	Net Total compared with estimate adjusted for virements	Prior - year outturn	
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Request for resources A: Departmental Expenditure in DEL										
A1	10,142	11,372	5,205	26,719	(266)	26,453	27,310	857	857	22,609
A2	-	-	2,589	2,589	-	2,589	2,589	-	-	2,446
A3	-	18	-	18	--	18	16	(2)	-	121
A4	-	1,864	5,187	7,051	-	7,051	7,078	27	25	5,900
A5	-	664	16,442	17,106	--	17,106	18,048	942	942	20,362
A6	16	609	602	1,227	--	1,227	1,234	7	7	1,004
A7	1,213	-	-	1,213	-	1,213	1,227	14	14	1,248
A8	-	-	15,589	15,589	(13,251)	2,338	2,342	4	4	532
Annually Managed Expenditure (AME)										
A9	-	3,385	--	3,385	-	3,385	3,640	255	255	3,411
A10	-	15	--	15	--	15	19	4	4	285
Non-Budget										
A11	-	-	5,248	5,248	-	5,248	5,298	50	-	5,261
A12	-	-	866	866	-	866	866	-	-	838
A13	-	-	1,065	1,065	-	1,065	1,093	28	-	1,023
A14	-	-	1,948	1,948	-	1,948	1,948	-	-	1,522
A15	-	-	13,241	13,241	-	13,241	13,241	-	-	13,810
A16	-	-	7,160	7,160	-	7,160	37,160	30,000	29,698	55,306
A17	-	-	3,506	3,506	-	3,506	3,659	153	-	3,478
A18	-	-	-	-	--	-	-	-	-	14
A19	3,251	-	-	3,251	-	3,251	2,718	(533)	-	2,702
Resource Outturn							129,486	31,806	31,806	141,872

The notes on pages 88 to 109 form part of these accounts.

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

Key to Request for Resources

A1	Executive Support and Policy Development
A2	Community Relations
A3	Delivering Social Change
A4	Shared Future
A5	Social Investment Fund
A6	North-South Ministerial Council
A7	Attorney General for Northern Ireland
A8	EU Programme for Peace and Reconciliation
A9	<i>Strategic Sites</i>
A10	<i>Provisions</i>
A11	Equality Commission for Northern Ireland
A12	Commission for Victims and Survivors for Northern Ireland
A13	Northern Ireland Judicial Appointments Commission
A14	Maze/Long Kesh Development Corporation
A15	Victims and Survivors Service Limited
A16	Strategic Investment Board Limited
A17	Northern Ireland Community Relations Council
A18	Ilex Urban Regeneration Company Limited
NIMF	Northern Ireland Memorial Fund
A19	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 £31.806 million against Spring Supplementary Estimates.

The net cash requirement for 2018-19 was £101.479 million. This is £32.932 million lower than the estimated net cash requirement of £134.411 million.

Detailed explanations of the variances are given in the Financial Performance section (pages 22 to 25) of the Performance Analysis.

The notes on pages 88 to 109 form part of these accounts.

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

SOAS2 Reconciliation of net resource outturn to net operating cost

		2018-19			2017-18
	Note	Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000
Net Resource Outturn	SOAS1	97,680	129,486	31,806	141,872
Non-supply income (CFERs)	SOAS4	(54)	-	54	(29)
Non-supply expenditure (unrealised foreign exchange gain)		94	-	(94)	92
Net Operating Cost in Consolidated Statement of Comprehensive Net Expenditure		97,720	129,486	31,766	141,935

The notes on pages 88 to 109 form part of these accounts.

The Executive Office

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

SOAS3 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	Outturn	Net total outturn compared with Estimate: Saving/ (excess)
		£000	£000	£000
Resource Outturn	SOAS1	129,486	97,680	31,806
Capital:				
-Acquisition of property, plant and equipment	6,7	3,909	3,840	69
Non-operating Accruing Resources:				
- Net book value of asset disposals		(6)	(6)	-
Accruals to cash adjustments:				
<i>Adjustments to remove non-cash items:</i>				
- Depreciation (includes impairments/revaluations)	3,4	(4,160)	(3,810)	(344)
- New provisions and adjustments to previous provisions	14	(19)	(15)	(4)
- Other non-cash items	3,4	(2,718)	(3,250)	532
- Changes in working capital other than cash	12,13	7,900	6,882	1,012
- Changes in payables falling due after more than one year	13	-	(8)	8
- Use of provisions	14	19	166	(147)
Excess cash receipts surrenderable to the Consolidated Fund	SOAS4	-	-	-
Net cash requirement		134,411	101,479	32,932

The notes on pages 88 to 109 form part of these accounts.

The Executive Office

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

SOAS4 Analysis 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 2018-19		Outturn 2018-19	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Operating income and receipts – excess Accruing Resources		-	-	0	3
Other operating income and receipts not classified as Accruing Resources		-	-	54	55
Subtotal	SOAS5	-	-	54	58
Non-operating income and receipts – excess Accruing Resources	SOAS6	-	-	5	5
Other non-operating income and receipts not classified as AR					
Amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund	SOAS3	-	-	-	-
Total income payable to the Consolidated Fund		-	-	59	63

SOAS5 Reconciliation of income recorded with the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2018-19	2017-18
		£000	£000
Operating income	5	13,571	3,515
Gross income		13,571	3,515
Income authorised to be Accruing Resources	SOAS1	13,517	3,486
Operating income payable to the Consolidated Fund	SOAS4	54	29

SOAS6 Non-operating income – Excess Accruing Resources

	Note	2018-19	2017-18
		£000	£000
Proceeds on disposal of property, plant and equipment		5	-
Other Miscellaneous Income		-	-
Non-operating income – excess Accruing Resources		5	-

The notes on pages 88 to 109 form part of these accounts.

The Executive Office

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 was established with government support in 1990. It is an executive NDPB and formed as an independent company with charitable status. Its strategic aim is to support the development and implementation of the good relations outcomes and objectives specified in the PfG including the administration and allocation of good relations funding to third party delivery organisations. 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.

- **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. There are a number of steps required to formally wind up the company; these are in hand.

- **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. More information is available on <http://mazelongkesh.com/>.

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- **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. Further information can be obtained at www.nijac.gov.uk.

- **Strategic Investment Board Limited**

The Strategic Investment Board Limited 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;
- 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. 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 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.

EU Withdrawal

In July 2018, the UK Government announced an extension of its guarantee of EU-funded projects after the UK has left the EU. The guarantee was originally announced in 2016. The guarantee now covers the following:

- a) The full Multiannual Financial Framework allocation for structural and investment funds over the 2014-20 funding period, with payments to beneficiaries made up to the end of 2023;

The Executive Office

- b) The payment of awards where UK organisations successfully bid directly to the European Commission on a competitive basis for EU funding projects while we remain in the EU (e.g. before Exit day), for the lifetime of the project;
- c) The payment of awards where UK organisations successfully bid to the European Commission on a competitive basis to participate as a 3rd country after Exit, and until the end of 2020, for the lifetime of the project; and,
- d) The current level of agricultural funding under CAP Pillar 1 until 31 December 2020.

The financial settlement was agreed in principle by both the UK and EU, as set out in the draft Withdrawal Agreement of 25th November 2018. The guarantee will therefore only be called in the event that the Withdrawal Agreement is not ratified in the case of no deal, and UK organisations are unable to access EU funding. As a result, and due to the EU funding TEO provides, an unquantifiable contingent liability.

Regularity of Expenditure (Audited)

i. Losses and special payments

	2018-19	2018-19	2017-18	2017-18
	Number	£000	Number	£000
Total – Losses	62	5	45	27

There were no cases over £250,000 in 2018-19 (2017-18: 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



Mark Browne (Dr)
Accounting Officer

1 July 2019

The Executive Office

THE CERTIFICATE AND REPORT 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 2019 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.

I have also audited the Statement of 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 2019 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 Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2019 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 of opinions

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

The Executive Office

Other Information

The Accounting Officer is responsible for the 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 the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with 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.

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 and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

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.

The Executive Office

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



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

2 July 2019

The Executive Office

THE FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

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 value of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

	Note	2018-19 Total £000	2017-18 Total £000
Operating income	5	(13,571)	(3,515)
Total Operating Income		(13,571)	(3,515)
Staff costs	3,4	17,233	17,425
Purchase of goods and services	3,4	11,582	9,733
Depreciation and impairment charges (includes revaluation and disposal)	3,4	3,812	3,892
Provision expense	3,4	15	285
Other operating expenditure	4	78,649	114,115
Total Operating Expenditure		111,291	145,450
Net Operating Expenditure	SOAS2	97,720	141,935
Finance Income		-	-
Finance Expense		-	-
Net expenditure for the year		97,720	141,935
Other comprehensive net expenditure			
Items that will not be reclassified to net operating expenditure:			
- Net (gain)/loss on revaluation of Property, Plant and Equipment	6	(125)	(41)
- Net (gain)/loss on revaluation of Intangible Assets	7	(0)	(1)
Comprehensive Net Expenditure for the year ended 31 March 2019		97,595	141,893

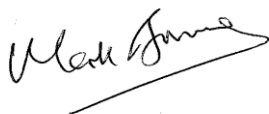
The notes on pages 88 to 109 form part of these accounts

The Executive Office

Statement of Financial Position as at 31 March 2019

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	£000	2018-19 £000	2017-18 £000
Non-current assets				
Property, plant and equipment	6	9,042		8,932
Intangible assets	7	41		7
Total non-current assets			9,083	8,939
Current assets				
Assets classified as held for sale	10	-		-
Trade and other receivables	12	26,321		6,029
Cash and cash equivalents	11	171		131
Total current assets			26,492	6,160
Total assets			35,575	15,099
Current liabilities				
Trade and other payables	13	(66,061)		(52,521)
Provisions	14	(78)		(236)
Total current liabilities			(66,139)	(52,757)
Total assets less current liabilities			(30,564)	(37,658)
Non-current liabilities				
Other payables	13	(10)		(2)
Provisions	14	(161)		(154)
Total non-current liabilities			(171)	(156)
Total assets less total liabilities			(30,735)	(37,814)
Taxpayers' equity and other reserves				
General fund			(31,248)	(38,286)
Revaluation reserve			513	472
Total equity			(30,735)	(37,814)



Mark Browne (Dr)
Accounting Officer

The notes on pages 88 to 109 form part of these accounts.

1 July 2019

The Executive Office

Statement of Cash Flows for the year ended 31 March 2019

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

	Note	2018-19 £000	2017-18 £000
Cash flows from operating activities			
Net operating expenditure	SOAS2	(97,720)	(141,935)
Adjustments for non-cash transactions	3,4	7,078	6,878
Increase in trade and other receivables	12	(20,292)	(3,891)
Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	12	3,214	-
Increase in trade and other payables	13	13,548	620
Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure	13	(3,646)	(211)
Use of provisions	14	(166)	(365)
Net cash outflow from operating activities		<u>(97,984)</u>	<u>(138,904)</u>
Cash flows from investing activities			
Purchase of non-financial assets	6, 7, 13	(3,445)	(3,520)
Proceeds from disposal of non-financial assets		11	390
Net cash outflow from investing activities		<u>(3,434)</u>	<u>(3,130)</u>
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		98,078	142,336
From the Consolidated Fund (Supply) – prior year		-	-
Advances from the Contingencies Fund		-	-
Repayments to the Contingencies Fund		-	-
Net financing		<u>98,078</u>	<u>142,336</u>
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		<u>(3,340)</u>	<u>302</u>
NDPB CFERs payments of amounts due to the Consolidated Fund		-	3
NDPB CFERs paid to the Consolidated Fund		(3)	(95)
Payment of CFERs to other departments following restructuring		-	(68)
Payments of amounts due to the Consolidated Fund		(18)	-
		(21)	(160)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		<u>(3,361)</u>	<u>142</u>
Cash and cash equivalents at the beginning of the period	11	<u>(455)</u>	<u>(597)</u>
Cash and cash equivalents at the end of the period	11	<u>(3,816)</u>	<u>(455)</u>

The notes on pages 88 to 109 form part of these accounts.

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Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

This statement shows the movement in the year on the different reserves held by 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	Total Reserves £000
Balance at 31 March 2017		(41,323)	552	(40,771)
Net Assembly Funding		142,336	-	142,336
Supply (payable)/receivable adjustment	13	(189)	-	(189)
CFERs payable to the Consolidated Fund		(29)	-	(29)
CFER exchange loss		22	-	22
CFERs bad debt written off		8	-	8
SIB FTC loan repayment received	9	961	-	961
SIB FTC loan repayment paid to the Consolidated Fund	9	(961)	-	(961)
Comprehensive Net Expenditure for the year		(141,935)	42	(141,893)
Auditors remuneration	3	64	-	64
Non-cash charges – other notional costs	3	2,638	-	2,638
Transfers between reserves		122	(122)	-
Balance at 31 March 2018		(38,286)	472	(37,814)
Net Assembly Funding		98,078	-	98,078
Supply receivable adjustment	12	3,214	-	3,214
Deemed Supply	13	189	-	189
CFERs payable to the Consolidated Fund		(59)	-	(59)
SIB FTC loan repayment received	9	6,500	-	6,500
SIB FTC loan repayment paid to the Consolidated Fund	9	(6,500)	-	(6,500)
Comprehensive Net Expenditure for the year		(97,720)	126	(97,594)
Auditors remuneration	3	65	-	65
Non-cash charges – other notional costs	3	3,186	-	3,186
Transfer between reserves		85	(85)	-
Balance at 31 March 2019		(31,248)	513	(30,735)

The notes on pages 88 to 109 form part of these accounts.

The Executive Office

Notes to the Departmental Resource Accounts

1. *Statement of accounting policies*

These financial statements have been prepared in accordance with the 2018-19 *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 the 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 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 assets and liabilities to fair value as determined by the relevant accounting standards, and subject to the interpretations and adaptations of those standards in FReM.

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.

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

The Executive Office

Notes to the Departmental Resource Accounts

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 6 relates to assets under construction and additions.

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 assets under construction and additions, which are revalued and reclassified as land and buildings at the end of the financial year.

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
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 Executive Office

Notes to the Departmental Resource Accounts continued

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 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.

The Executive Office

Notes to the Departmental Resource Accounts continued

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 0.76% and 1.99%.

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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.

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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 2016-17 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 1st April 2020.

IFRS 15 introduces a new five stage model for assessing and recognising revenue from contracts with customers from 1 January 2018. It also introduces substantially greater

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Notes to the Departmental Resource Accounts continued

disclosure requirements to address the shortcomings of the previous Standards (IAS 1 and IAS 18).

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 2020-21, 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.

2 Statement of Operating Costs 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

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Notes to the Departmental Resource Accounts continued

	Note	Executive Support	Strategic Policy	2018-19 Total	Executive Support	Strategic Policy	2017-18 Total
		£000	£000	£000	£000	£000	£000
Gross Expenditure	3,4	17,003	94,288	111,291	16,170	129,280	145,450
Income	5	(97)	(13,474)	(13,571)	(145)	(3,370)	(3,515)
Net Expenditure		16,906	80,814	97,720	16,025	125,910	141,935
Total assets	6,7, 10,11, 12	1,050	34,523	35,573	1,093	14,006	15,099

2.1 Reconciliation between Operating Segments and SoCNE

	Note	Executive Support	Strategic Policy	2018-19 Total	Executive Support	Strategic Policy	2017-18 Total
		£000	£000	£000	£000	£000	£000
Total net expenditure reported for operating segments		16,905	80,815	97,720	16,025	125,910	141,935
Reconciling items:							
Income		-	-	-	-	-	-
Expenditure		-	-	-	-	-	-
Total net expenditure per the Statement of Comprehensive Net Expenditure		16,905	80,815	97,720	16,025	125,910	141,935

2.2 Reconciliation between Operating Segments and SoFP

	Note	Executive Support	Strategic Policy	2018-19 Total	Executive Support	Strategic Policy	2017-18 Total
		£000	£000	£000	£000	£000	£000
Total assets reported for operating segment		1,051	34,523	35,574	1,093	14,006	15,099
Reconciling items:							
Income		-	-	-	-	-	-
Expenditure		-	-	-	-	-	-
Total assets per the Statement of Financial Position		1,051	34,523	35,574	1,093	14,006	15,099

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Notes to the Departmental Resource Accounts continued

3 Other Administration Expenditure

	2018-19	2017-18
	£000	£000
Staff Costs ¹ :		
Wages and salaries	7,019	7,983
Social security costs	745	856
Other pension costs	1,529	1,793
Contracted Out Services	355	352
Office Services (including advertising, communications and stationery)	349	260
Staff related costs (including travel and subsistence and training)	177	200
Professional Costs	139	130
Accommodation costs	110	125
Other	662	118
Rentals under operating leases	132	116
Consultancy	48	108
Non Capital purchases	14	10
Non-cash items:		
Other notional charges	2,025	1,454
Office accommodation	1,161	1,184
Increase in provision	15	80
Depreciation	87	73
Auditors' remuneration ² and expenses	65	64
Loss on Disposal of property plant and equipment	2	-
Amortisation	2	2
Total	14,636	14,908

¹Further analysis of staff costs is located in the Staff Report on page 63.

²Auditors' remuneration relates fully to audit work.

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Notes to the Departmental Resource Accounts continued

4 Programme Expenditure

	2018-19	2017-18
	£000	£000
Staff Costs ¹ :		
Wages and salaries	6,087	5,291
Social security costs	608	506
Other pension costs	1,245	996
Grants	65,398	110,970
EU Programme Spend	13,251	3,145
Office Services	1,133	1,083
Professional Costs	1,516	1,062
Other ²	1,200	974
Rentals under operating leases	767	961
Contracted Out Services	470	574
Accommodation Costs	525	497
Staff related costs	594	405
Consultancy Costs	122	28
Non Capital Purchases	18	20
Non-cash items:		
Diminution in value of property, plant and equipment	3,385	3,411
Depreciation	334	419
Increase/(Decrease) in Provision	-	205
Amortisation	2	13
Bad debt written off	-	8
Profit on disposal of property, plant and equipment ³	-	(26)
Total	96,655	130,542

¹Further analysis of staff costs is located in the Staff Report on page 63.

²Other includes an exchange loss of £119k (2017-18: exchange loss of £277k).

5 Income

	2018-19	2017-18
	£000	£000
EU Income	13,251	3,168
Recovery of Seconded Costs	75	89
Rental Income	189	207
Commercial Legal Services	-	-
Miscellaneous Other Operating Income	56	51
Operating Income	13,571	3,515

¹Miscellaneous Other Operating Income includes an exchange gain of £18k (2017-18 £nil)

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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 Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2018	5,690	2,849	86	818	274	418	-	10,135
Additions	1,191	552	-	10	2	37	2,010	3,802
Reclassifications	1,202	808	-	-	-	-	(2,010)	-
Disposals	(6)	(1)	-	(7)	(10)	(6)	-	(30)
Impairment (a)	(401)	(1,124)	-	-	-	-	-	(1,525)
Revaluation charged to SoCNE (a)	(1,973)	(12)	-	-	-	-	-	(1,985)
Revaluation (a)	(10)	13	2	16	(4)	24	-	41
At 31 March 2019	5,693	3,085	88	837	262	473	-	10,438
Depreciation								
At 1 April 2018	-	283	41	392	184	303	-	1,203
Charged in period	-	221	40	72	46	41	-	420
Reclassifications	-	-	-	-	-	-	-	-
Disposals	-	(1)	-	(3)	(9)	(5)	-	(17)
Impairment (a)	1	35	-	-	-	-	-	36
Revaluation charged to SoCNE (a)	(2)	(160)	-	-	-	-	-	(162)
Revaluation (a)	-	(59)	(27)	5	(7)	4	-	(84)
At 31 March 2019	(1)	319	56	466	214	343	-	1,396
Carrying amount								
At 31 March 2018	5,690	2,566	45	426	90	115	-	8,932
At 31 March 2019	5,694	2,766	32	371	49	130	-	9,042
Asset financing:								
Owned	5,694	2,766	32	371	49	130	-	9,042
Carrying amount at 31 March 2019	5,694	2,766	32	371	49	130	--	9,042

- (a) Revaluations were undertaken in respect of Ebrington Barracks and the Crisis Management Centre as at 31 March 2019 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 (£5,565,000) for land and £2,420,000 (£2,215,000) for buildings. The Crisis Management Centre was valued at £125,000 (£125,000) for land and £125,000 (£125,000) for buildings. The impairment of assets in note 6 relates to assets under construction and additions.

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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
	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000	Restated £000
Cost or valuation								
At 1 April 2017	5,640	3,777	83	745	237	416	-	10,898
Additions	81	890	-	52	55	4	2,827	3,909
Reclassifications	377	2,450	-	-	-	-	(2,827)	-
Disposals	-	(1,068)	-	(7)	(23)	(2)	-	(1,100)
Impairment (a)	(78)	(3,180)	-	-	-	-	-	(3,258)
Revaluation charged to SoCNE (a)	(217)	(49)	-	-	-	-	-	(266)
Revaluation	(113)	29	3	28	5	-	-	(48)
At 31 March 2018	5,690	2,849	86	818	274	418	-	10,135
Depreciation								
At 1 April 2017	-	1,208	49	327	158	271	-	2,013
Charged in period	-	297	21	72	52	50	-	492
Reclassifications	-	-	-	-	-	-	-	-
Disposals	-	(1,068)	-	(7)	(23)	(2)	-	(1,100)
Impairment (a)	-	37	-	-	-	-	-	37
Revaluation charged to SoCNE (a)	-	(150)	-	-	-	-	-	(150)
Revaluation (a)	-	(41)	(29)	-	(3)	(16)	-	(89)
At 31 March 2018	-	283	41	392	184	303	-	1,203
Carrying amount								
At 31 March 2017	5,640	2,569	34	418	79	145	-	8,885
At 31 March 2018	5,690	2,566	45	426	90	115	-	8,932
Asset financing:								
Owned	5,690	2,566	45	426	90	115	-	8,932
Carrying amount at 31 March 2018	5,690	2,566	45	426	90	115	-	8,932

- (a) Revaluations were undertaken in respect of Ebrington Barracks and the Crisis Management Centre as at 31 March 2018 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 £5,565,000 (£5,515,000) for land and £2,215,000 (£2,115,000) for buildings. The Crisis Management Centre was valued at £125,000 (£125,000) for land and £125,000 (£125,000) for buildings.

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Notes to the Departmental Resource Accounts continued

7 Intangible Assets

	Software Licenses £000	Developed Software £000	Web Sites £000	Total £000
Cost or valuation				
At 1 April 2018	12	-	8	20
Additions	-	38	-	38
Disposals	(3)	-	(6)	(9)
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2019	9	38	2	49
Amortisation				
At 1 April 2018	6	-	7	13
Charged in period	3	-	1	4
Disposals	(3)	-	(6)	(9)
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2019	6	-	2	8
Carrying amount at 31 March 2018	6	-	1	7
Carrying amount at 31 March 2019	3	38	-	41
Asset Financing				
Owned	3	38	-	41
Finance Leased Contracts	-	-	-	-
Carrying amount at 31 March 2019	3	38	-	41

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Notes to the Departmental Resource Accounts continued

7 Intangible Assets continued

	Software Licenses	Developed Software	Web Sites	Total
	Restated £000	Restated £000	Restated £000	Restated £000
Cost or valuation				
At 1 April 2017	10	66	8	84
Additions	1	-	-	1
Disposals	-	(66)	-	(66)
Revaluations charged to SoCNE	-	-	-	-
Revaluations	1	-	-	1
At 31 March 2018	12	-	8	20
Amortisation				
At 1 April 2017	2	54	6	62
Charged in period	4	10	1	15
Disposals	-	(64)	-	(64)
Revaluations charged to SoCNE	-	-	-	-
Revaluations	-	-	-	-
At 31 March 2018	6	-	7	13
Carrying amount at 31 March 2017	8	12	2	22
Carrying amount at 31 March 2018	6	-	1	7
Asset Financing				
Owned	6	-	1	7
Finance Leased	-	-	-	-
Contracts	-	-	-	-
Carrying amount at 31 March 2018	6	-	1	7

8 Impairments

	2018-19 £000	2017-18 £000
Amounts charged to the Statement of Comprehensive Net Expenditure	1,562	3,295

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

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Notes to the Departmental Resource Accounts continued

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. No grant in aid payments were made this financial year (2017-18 £48 million). 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.

£6,500k repayment of FTC was received in 2018-19 (2017-18: £961k)

10 Assets Held for Sale

	2018-19 £000	2017-18 £000
At 1 April	-	363
Transfer in from non current assets	-	-
Transfer out to non current assets	-	-
Transfer of carrying value	-	-
Disposal of carrying value	-	(363)
At 31 March	<u>-</u>	<u>-</u>

A ministerial direction was issued on 12 May 2015, regarding the disposal of the Shackleton site (valued at £1.5m). The former Shackleton Barracks site at Ballykelly was gifted, as part of the Hillsborough agreement by the ministry of Defence, to TEO's predecessor OFMDFM in October 2011. The entire Shackleton site, was agreed for sale within the main part (c. 621.5 acres) of the site being sold to the MJM Group in April 2016. 8.7 acres were in the 2016-17 financial year sold to the Department of Agriculture, Environment and Rural Affairs for its new headquarters. The remaining 85.8 acres of the site was sold in the 2017-18 financial year to NI Water.

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Notes to the Departmental Resource Accounts continued

11 Cash and Cash Equivalents

	2018-19 £000	2017-18 £000
Balance at 1 April	(455)	(597)
Net change in cash equivalent balances	(3,361)	142
Balance at 31 March	(3,816)	(455)

The following balances at 31 March were held at:

Commercial banks and cash in hand	(3,816)	(455)
Balance at 31 March	(3,816)	(455)

The balance comprises

Cash	171	131
Overdraft	(3,987)	(586)
	(3,816)	(455)

The bank balance at 31 March 2019 is not physically overdrawn, it is the reconciled balance which is overdrawn. £4,029k of the overdrawn balance (2017-18: £927k) 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

	2018-19 £000	2017-18 £000
Amounts falling due within one year:		
Trade receivables	81	95
Deposits and Advances	9,080	1,683
Other Receivables	12	69
Prepayments	136	145
Accrued Income	7,883	1,586
Amounts due from the Consolidated Fund in respect of supply	3,214	-
Amounts due from EU VAT	5,624	2,290
	273	154
	26,303	6,022
Amounts falling due after more than one 1 year:		
Deposits and Advances	13	1
Other Receivables	5	6
	26,321	6,029

Trade receivables and other current assets contains £658k (2017-18: £663k) which will be surrendered to the Consolidated Fund when received.

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Notes to the Departmental Resource Accounts continued

13 Trade payables and other current liabilities

	2018-19 £000	2017-18 £000
Amounts falling due within one year:		
Bank Overdraft	3,987	586
Trade payables	70	49
Other payables	22	2,968
Accruals	26,398	13,593
Non Current Asset Accruals	1,339	943
Deferred Income	22	8
Amounts due to EU	-	-
Amounts repayable to the NI Contingencies Fund	29,761	29,761
Amounts issued from the Consolidated fund for supply but not spent at year end	-	189
Consolidated fund extra receipts due to be paid to the Consolidated Fund		
Received	3,804	3,761
Receivable	658	663
	<u>66,061</u>	<u>52,521</u>
Amounts falling due after one year:		
Other payables, accruals and deferred income	10	2
	<u>66,071</u>	<u>52,523</u>

14 Provisions for liabilities and charges

2018-19	Equal Pay	Injury Award	Other Provision s	Total
	£000	£000	£000	£000
Balance at 1 April 2018	10	163	217	390
Provided in the year	-	5	10	15
Provisions not required written back	-	-	-	-
Provisions utilised in the year	-	(9)	(157)	(166)
Balance at 31 March 2019	<u>10</u>	<u>159</u>	<u>70</u>	<u>239</u>
Analysis of expected timing of discounted flows				
Not later than one year	-	8	70	78
Later than one year and not later than five years	10	36	-	46
Later than five years	-	115	-	115
Balance at 31 March 2019	<u>10</u>	<u>159</u>	<u>70</u>	<u>239</u>

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Notes to the Departmental Resource Accounts continued

2017-18	Equal Pay	Injury Award	Other Provision s	Total
	£000	£000	£000	£000
Balance at 1 April 2017	10	165	295	470
Provided in the year	-	7	278	285
Provisions not required written back	-	-	-	-
Provisions utilised in the year	-	(9)	(356)	(365)
Balance at 31 March 2018	10	163	217	390

Analysis of expected timing of discounted flows

Not later than one year	10	9	217	236
Later than one year and not later than five years	-	35	-	35
Later than five years	-	119	-	119
Balance at 31 March 2018	10	163	217	390

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 2019 represents the expected future equal pay costs for TEO as advised by DoF.

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 0.29% per annum discount rate applicable to post-employment benefits according to HM Treasury guidance.

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Notes to the Departmental Resource Accounts continued

14.3 Other Provisions

This provision represents the weighted average cost informed by the Departmental Solicitors Office estimate of potential compensation, medical and legal costs for ongoing cases regarding alleged incidents at one of the Department's properties and two inquests.

15 Contingent liabilities

The Department has entered into the following unquantifiable contingent liabilities.

15.1 Legal issues

The Department is considering two legal cases and a judicial review and the potential for any financial implications it 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 payments. Consequently, the Department does not consider that it is appropriate to make a provision under the criteria set out in IAS 37.

In addition to the above the Department is awaiting the outcome from Sir Anthony Hart's report into the Historical Institutional Abuse Inquiry. It is within the gift of the Ministers whether and how they implement recommendations coming from this report.

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.

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

15.4 Court of Appeal judgment on backdated PSNI Holiday Pay

On 17th June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

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This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for the Northern Ireland Civil Service (NICS) and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

16 Leases

16.1 Finance leases

The Department has no finance lease commitments.

16.2 Operating leases

£896k (2017-18: £1,077k) 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.

	2018-19	2017-18
	£000	£000
Buildings:		
Not later than one year	978	930
Later than one year and not later than five years	2,804	3,023
Later than five years	901	1,503
	<u>4,683</u>	<u>5,456</u>
Other :		
Not later than one year	10	28
Later than one year and not later than five years	3	7
Later than five years	-	-
	<u>13</u>	<u>35</u>

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17 Capital and other commitments

17.1 Capital Commitments

	2018-19 £000	2017-18 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	5,654	4,372
Total	5,654	4,372

17.2 Other financial commitments

The Department has not entered into any 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.

18 Related-party transactions

The Executive Office has had a number of material transactions with other government departments and central government bodies.

No ministers, board members or other related parties have undertaken any material transactions with the Department during the year. The Department is also the sponsor of NDPBs and companies limited by guarantee, as referred to in the Annual Report.

19 Third-party assets

The Department has no third-party assets.

20 Entities within the Departmental boundary

The entities within the boundary during the period 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)

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21 Events after the Reporting Period

Four buildings intended for a new distillery in the redeveloped former military base at Ebrington in Londonderry have been advertised for disposal by The Executive Office under long term lease. A further building has been advertised for sale and will be disposed of in 2019-20.

These buildings were inherited by The Executive Office from the Ministry of Defence in 2003.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 2 July 2019.