

The Executive Office
Annual Report and Accounts
For the year ended 31 March 2020

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on

23 October 2020



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31 March 2020**

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2019-20 ANNUAL REPORT

THE PERFORMANCE REPORT

OVERVIEW

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

STATEMENT FROM THE DEPARTMENT'S ACCOUNTING OFFICER

I am pleased to present the Executive Office Annual Report and Accounts for 2019-20. This has been a challenging year. We operated without Ministers until January 2020 whilst dealing with many challenges such as leading a response on the EU Exit to ensure the UK Government understood the implications for Northern Ireland of the implementation of the Withdrawal Agreement. Towards the end of the financial year the Department was impacted by Covid-19 and we have all had to adapt to a new way of working.

Despite this difficult operating environment, TEO has remained fully committed to continued delivery of government services. During 2019-20, we have worked to change lives for the better by helping people to improve their futures through our programmes including Delivering Social Change (DSC) and Together Building a United Community (T:BUC) to create a stronger, more cohesive society. We have also delivered a range of outcomes across a number of key departmental functions such as: Good Relations, Race Relations and Race Equality, Victims and Survivors, Social Investment Fund, Urban Villages and many more which are detailed in the Annual Report. Successful delivery of these outcomes reflects the continued hard work of our 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.

During 2019-20, TEO continued to develop, monitor and report on the Outcomes Delivery Plan. The New Decade, New Approach document reflects the agreed intention of our political parties to use the outcomes framework from the Plan as the basis for the Executive's Programme for Government in 2020/21, while work begins in parallel to develop a new strategic level outcomes-based Programme for Government aligned to a multi-year budget and legislative programme.

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

The Executive Office

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 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 incorporating the return of Ministers and Assembly (January 2020)
- 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 by presentation of key reports on Departmental issues and engaging 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 the 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 invited to the Business Planning event, hosted by HOCS, with the FM and dFM and Junior Ministers in attendance. This was a well-attended meeting of all grades of staff to assist in the ongoing development of TEO's Business Plan. The Strategic Policy, Equality and Good Relations Directorate hosted a very informative event for TEO staff in January. I was in attendance to hear programme participants, in many impacted communities, share the positive outcomes of TEO investment in dedicated programmes to improve the life experiences of participants in terms of well-being, mental health and employment opportunities.

The impact of Covid-19 has had a significant impact on Northern Ireland communities, business and economy, with particular demands on the NHS and others supporting the effort to control this pandemic. TEO have led the effort together with other Departments to ensure contingencies are in place to manage the many difficult issues and emerging problems through this unprecedented crisis. Regular and informed communication by TEO and Ministers has been necessary to ensure a critical and consistent message in all areas of Northern Ireland life.

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The 2018-19 Board Effectiveness Review was presented to the June Board Meeting with a satisfactory outcome. The 2019-20 Board Effectiveness Review has been deferred due to the ongoing issues with Covid-19. 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. As Chair of the ARAC, I am supported by Glyn Capper, Head of Justice Performance, Department of Justice and Deep Sagar, a Non-Executive Director with a wealth of experience in the Public and Private Sector.

The ARAC met on four occasions during the 2019-20 financial year and received reports from internal and external audit and the Fraud Investigation and Oversight Group. The ARAC continues to scrutinise and oversee the Department's Risk Register. The Risk Register is subject to ongoing review and reflects an accurate presentation of the current risk environment impacting TEO.

2019-20 was a challenging period for both the NI Civil Service and the Department due to the continued absence of an NI Executive and Assembly. The return of the Assembly and Ministers in January 2020 is welcomed, with key priorities outlined in the New Decade, New Approach Document outlining the significant issues for Ministers and TEO alike. During the year there was a priority focus on BREXIT / EU Relations, with necessary preparations and contingency arrangements for UK exit in January 2021. In addition, an increased focus on the development of an Outcomes 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; 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; T:BUC; Good Relations; Equality and oversight of the Department's ALBs).

All of the above have been achieved in a year when the Department's resource budget allocation has been subject to significant pressures.

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 the achievement of key performance indicators/targets within the Department's 2019-20 Business Plan and assurance from robust Internal Audit reports across a wide range of Departmental teams and service areas. ARAC acknowledge the rigour with which the Department's Fraud

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Response Unit are dealing with fraud issues and note the continued decline in the occurrence of fraud over the financial year.

Deep Sagar, as an Independent Member ARAC, will complete a second term in office in April 2020. On behalf of ARAC, I would like to thank Deep for his contribution and commitment to the Committee.

Conclusion

In conclusion, ARAC can confirm to TEO's Accounting Officer, that in relation to the 2019-20 reporting year, an opinion that: the Department's systems of internal control are satisfactory; that the Departmental Audit 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

The Executive Office

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

Note – The Historical Institutional Abuse Redress Board came into operation on 31 March 2020 and to date has not been officially classified.

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 Limited¹;
- Maze/Long Kesh Development Corporation;
- Northern Ireland Judicial Appointments Commission;
- Strategic Investment Board Limited; and
- Victims and Survivors Service Limited.

¹ *Ilex closed for business in 2016. An application has been made to voluntarily strike-off Ilex from the Companies House register and TEO awaits confirmation from Companies House on this matter.*

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

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 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. An NICS Outcomes Delivery Plan (ODP) was developed as a cross-departmental work programme aimed at improving wellbeing for all based on a framework of 12 outcomes of societal wellbeing. In September 2019, the Department published an end-year report on progress of the 2018-19 ODP, and a new Plan was subsequently developed and approved by the NICS in December 2019 for use in the period ahead.

In February 2020, and as outlined in the New Decade, New Approach document, the Executive agreed that the ODP and its framework of 12 outcomes should provide the basis for the Programme for Government in 2020-21 and that a new strategic PfG would be developed to reflect agreed longer-term priorities, to be ready by April 2021, informed by citizen and community engagement and co-design and aligned to a multi-year budget and legislative programme.

An intensive stakeholder engagement process had begun and good progress had been made towards getting these processes underway when the Covid-19 pandemic struck in March 2020 and it became necessary to temporarily pause further PfG development work.

The ongoing response to and recovery from the Covid-19 crisis will, by necessity, continue to dominate the Executive's work programme for the remainder of 2020-21 and in that context, the Executive agreed to a twin-track approach to recovery and the PfG in July 2020. Firstly, an activity based recovery programme is being developed as the basis for driving immediate recovery in the economic, health and societal sectors most severely impacted by the Covid-19 crisis. Secondly, a new strategic Programme for Government is also being developed for commencement from April 2021, with a focus on societal wellbeing, which builds on the outcomes-based approach that has been used as the basis for social policy development and public service delivery since 2016.

KEY ISSUES AND RISKS

A key challenge in 2019-20 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 Programme, which provides opportunities for young people aged 11-19 to come together to build positive relationships across divided parts of our community.
- **Delivering Social Change:** Implementation of the Social Investment Fund (SIF) and the Delivering Social Change (DSC) Programmes (which are co-funded with Atlantic Philanthropies and lead departments), to ensure that disadvantaged areas and vulnerable groups continue to be targeted to address persistent patterns of poverty and disadvantage.
- Implementing the **Communities in Transition Project** as part of the Executive Action Plan on paramilitary activity, criminality and organised crime. TEO is taking forward a commitment within the Executive Action Plan, which provides that '*The Executive should establish a fund to support ambitious initiatives aimed at building capacity in communities in transition, including through developing partnerships across civil society and across community divisions*'. TEO is working with other departments through the Tackling Paramilitarism, Criminality and Organised Crime Programme Board to develop and implement an area based approach to support communities in transition.
- Implementing the **Racial Equality Strategy** and related actions, including the proposed development of a Refugee Integration Strategy. The Racial Equality Strategy establishes a framework for government departments (and others) to: tackle racial inequalities; eradicate racism and hate crime; and along with T:BUC, to promote good race relations and social cohesion. The Refugee Integration Strategy, which is a commitment in the Racial Equality Strategy, is currently being developed. This will need to take account of post-Brexit immigration policy. The Racial Equality Strategy commits Government to ethnic monitoring and to reviewing racial equality

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legislation. Work on scoping the requirements of ethnic monitoring is well advanced and proposals for how Government Departments will be supported in rolling out ethnic monitoring are being drawn up. The Racial Equality Strategy also outlines a commitment to the Minority Ethnic Development Fund (MEDF) to develop capacity within the minority ethnic sector and to a Crisis Fund for those who face destitution. A review of the Minority Ethnic Development Fund and the resources devoted to developing and implementing policy on these issues is nearing completion. In response to Covid-19 and the radical changes to the operation of organisations in the minority ethnic sector the MEDF competition for 2020-21 was cancelled and organisations in receipt of core funding had their funding extended to cover the period. The focus of activities is on supporting communities through the lockdown and beyond.

- Ensuring the continued delivery of effective **victim-centred services**: Addressing the needs of victims and survivors continues to be a priority area for both the Department and the Executive. The Department will continue to support the provision of services to meet the needs of individual victims and survivors and support the groups and organisations which work in this sector.
- The **Historical Institutional Abuse Inquiry (HIAI) Report and Findings** were published in January 2017. In the absence of a devolved administration, TEO undertook the drafting of legislation, which was enacted on 5 November 2019 as the Historical Institutional Abuse (Northern Ireland) Act 2019. The Lord Chief Justice subsequently nominated The Hon Mr Justice Colton as President of the Historical Institutional Abuse Redress Board and the Board came into operation on 31 March 2020. Arrangements for the appointment of a statutory Commissioner for Victims and Survivors are underway, with an Interim Advocate providing advice and support for victims in the meantime.
- The **Victims' Payments Regulations 2020**: The Northern Ireland (Executive Formation etc.) Act 2019 provided that the UK Government would bring forward legislation providing for a scheme of payments to those living with injuries sustained in Troubles-related incidents by 31 January 2020 and that the legislation would come into force by 31 May 2020. The Regulations were duly laid before Parliament on the 31 January 2020 by NIO. TEO is leading on implementation of the Scheme as a devolved matter. While the regulations will come into force on 29 May in accordance with the timetable set by the members of the House of Lords, further time will be required to deal with outstanding issues and establish the necessary arrangements for the operation of the scheme. Covid-19 has made it more difficult to progress certain strands of the scheme.
- **Peace IV**: TEO is an Accountable Department for actions under three of the four thematic objectives of the PEACE IV Programme, including the Local Authority action plans, the regional element of Building Positive Relations and the provision of services for victims and survivors.
- **International Relations**: TEO is responsible for driving implementation of the Executive's International Relations Strategy. The NI Bureau in Beijing helps to develop links with the Chinese Government and realise key targets in the economic,

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education and tourism sectors. The Executive offices in Washington DC and in Brussels ensure that our profile remains high and our interests continue to be promoted in these influential locations.

- Ensuring delivery of key actions in the Executive's **Investment Strategy, Asset Management Strategy** and **Buy Social Strategy** in partnership with the Strategic Investment Board.
- **Infrastructure Investment:** The Department continues to progress the regeneration of the Ebrington Site with key infrastructure works completed including the new entrance, resurfaced square and the installation of the peace tree and surrounding public realm. With the exception of one, all site buildings and land now have leases/development agreements in place or are subject to an expression of interest and are at an advanced stage of negotiations. The New Grade A Office Accommodation building, a key catalyst for the site, has commenced construction with a view to completing in 2021-22. The Hotel project has planning approvals in place and fit-out works are scheduled to commence in 2021, subject to final funding and due diligence. Derry City and Strabane District Council (DCSDC) has prepared a business case for a Maritime Museum on Ebrington and, subject to approval, will work closely with TEO to deliver this significant multi-agency funded project on the site. Officials continue to work closely with DCSDC to facilitate the transfer of the site at an appropriate time. Covid-19 may impact on delivery times for regeneration projects on Ebrington and the transfer of the site to DCSDC. In 2019-20, 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 took a lead role in ensuring that appropriate civil contingencies arrangements were 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 mobilised the C3 arrangements to co-ordinate the NICS response to Covid-19.
- Covid-19 costs have put a significant pressure on the NI Block. TEO is endeavouring to prioritise budgets and work efficiently and innovatively to ensure that the Department continues to deliver within available resources.

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

Going Concern

The Statement of Financial Position as at 31 March 2020 shows net liabilities of £13,390k, 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 ensure the effective operation of the institutions of Government in the delivery of the Executive's Programme for Government. However, following the election to the Northern Ireland Assembly on 2 March 2017, no Executive Committee was formed until 11 January 2020.

During the period of this report, up to that date, the Executive Office operated under the provisions of the Executive Formation and Exercise of Functions Act which enabled senior officers to take decisions in accordance with guidance published by the Secretary of State for Northern Ireland. In accordance with the guidelines, the Executive Office prepared monthly reports of decisions taken by NICS departments. Between 11 January and 31 March 2020, the Executive met on 14 occasions, during which period its business was substantially devoted to the management of Covid-19.

The British-Irish Council met on five occasions including one Summit meeting held in Ireland and one in London. There were two Ministerial meetings held in sectorial format on Early Years and also Indigenous, Minority and Lesser-Used Languages.

International Relations

EU Future Relations

A key focus of the Department's work has been to prepare for NI's future relations with the EU and the rest of the world following the UK's exit from the EU on 31 January 2020. In the absence of Ministers during 2019-20, TEO has sought to ensure, as far as possible, that the UK/EU Withdrawal Agreement (including implementation of the Ireland/Northern Ireland Protocol) and the negotiation strategy for the future relationship with the EU is informed by a full understanding of the NI issues and the implications for NI legislation, policy and resources.

Following the restoration of the Executive, as required by the *New Decade, New Approach*, a Brexit Sub Committee of the Northern Ireland Executive was constituted with a membership drawn from each party represented on the Northern Ireland Executive. During the Transition Period its function is to provide overarching strategic direction on the Executive's approach to negotiations. It has met 5 times and in March 2020 was subsumed into the standing Executive Committee.

Throughout the year the NICS EU Exit response has been overseen by the EU Future Relations Programme Board. Following the UK's exit from the EU on the 31 January 2020 the membership and priorities of the Board was reviewed and revised to reflect the changing priorities of EU Exit. The Board is chaired by the Head of the Civil Service (HOCS), and comprises the Director General for International Relations, the Permanent Secretaries of the Department for Agriculture, Environment and Rural Affairs, Department for the Economy, Department of Finance, Department of Infrastructure and Department of Justice; the Head of Legal Services of the Departmental Solicitor's Office and Head of EUFR Division. The Board has met 5 times during this financial year.

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There are currently 4 Strands operational under the Board:-

- EU Future Policy and Finance Funding;
- Protocol and Trade Policy;
- Governance, Ministerial and EU Engagement, Frameworks and Legislation; and
- Future Security Partnership (FSP).

While the UK Government's intention remained to leave Europe with a deal, during 2019-20 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.

A fifth strand on readiness remains on the Programme structure as a contingency arrangement to address any potential residual requirements for issues not covered within the Protocol or by any future economic or security partnership agreement.

Six JMC European Negotiations (EN) meetings have taken place during the year. The meetings provided a forum for UK and devolved Ministers to discuss:

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

All were attended by senior officials apart from the meeting of the JMC (EN) on 28 January 2020, which the First Minister and deputy First Minister attended.

In addition to the JMC meetings a Ministerial Forum was established in May 2019 as a mechanism to discuss the key policy issues prior to the commencement of the UK/EU negotiations. The Ministerial Forum has met once this year and was attended by senior NICS officials. It has not met since July 2019.

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 was unable to meet. During this period TEO staff from the Joint Secretariat supported Departments to ensure the continued operation of North South Bodies and Areas of Co-operation. Staff also supported 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. In addition staff have organised successful schools outreach events in the local cross border area on road safety, and a number of events associated with Holocaust Memorial Day. Since the

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Executive was restored in January the North South Ministerial Council has met in Institutional format and hosted a bi-lateral meeting of both Governments to discuss the Covid-19 response.

The Offices of the Joint Secretariat closed for a period due to Covid-19, however all staff were enabled to work from home to deliver on a wide range of activities including assisting with TEO's response to the pandemic.

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 2019-20 the International Relations Unit facilitated 40 senior international visits against a target of 25, comprising visits by Ministers, Parliamentarians, Ambassadors, High Commissioners and their deputies from a range of countries.

The First Minister and deputy First Minister met with the Consuls General, based in NI, for the US, the People's Republic of China, and the Republic of Poland to promote economic and government to government programmes. The Head of the Civil Service and the Director General of International Relations also met with the consulates (US, China, Poland and St Vincent's and the Grenadines) on a range of matters to further strengthen relations and encourage increased international activity. The International Relations Unit provided briefings, facilitated visits and meetings for foreign delegations with a range of partners across government departments, councils and agencies on economic, educational, community, social and cultural issues to support delivery of shared objectives.

The International Relations Unit continued to manage the relationship with the Foreign and Commonwealth Office (FCO) on behalf of the Northern Ireland Government ensuring our voice was heard in international agreements and programmes. In March 2020 the Unit facilitated a visit to NI by several of the FCO's Heads of Mission (HoM) as part of their Overseas Leadership Programme, prior to taking up their first ambassadorial or consul general posting, providing opportunities for our council partners to promote NI's particular strengths and opportunities to the HoMs.

In February the First Minister met with the Chief Executive of the British Council UK to discuss how the British Council (BC) could support our international objectives. The Director General of International Relations also met with the BC's Director for China, Cultural Director North America and the NI Director.

The International Relations Working Group, established to coordinate international relations activities across the Executive, met twice during 2019-20, while a number of sub group

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meetings were held with a range of partners to review particular aspects of international work.

Northern Ireland Bureau, Washington DC

The Bureau's objectives for 2019-20 were dominated by three workstreams: engaging with US interest in the implications of Brexit for the Good Friday/Belfast Agreement; increasing US knowledge of the NI economy in the context of potential UK-US trade talks; and continuing to promote NI's profile across the US and Canada. The return of Ministers was well received in the US and Canada offering exciting opportunities to raise NI's profile in 2020-21. There was also a change of Director of the Bureau following the previous Director's retirement after 12 years in the role.

Regarding the implications of Brexit for the Good Friday/Belfast Agreement, the Bureau maintained and expanded engagement with the State Department, Congress, the British and Irish Embassies, think tanks and universities to ensure US and NI positions were better understood. High profile examples included: supporting the Congressional Delegation led by House of Representatives Speaker Nancy Pelosi visit to Londonderry and to Belfast; securing Dr Andrew McCormick's participation on a Brexit panel with two members of Congress and the Irish Ambassador at Notre Dame University's DC campus; and Andrew Elliott speaking on a panel at Georgetown University.

Regarding the suggested US-UK trade deal, in addition to expanding our economic contacts, the NIB arranged two visits for senior Department for the Economy officials to brief the State Department's economic team, the Department of Commerce, the US Chamber of Commerce and the British Embassy trade team. These visits ensured US contacts had a better understanding of NI's economy and how the US can effectively engage with it.

The Bureau engaged in a range of activity across the US and Canada, including working closely with InvestNI and Tourism Ireland. Examples included:

- hosting a visit by Dr Andrew McCormick to Toronto, Ottawa and Montreal to meet Federal and provincial government and civic society stakeholders;
- delivering cultural and arts events in Toronto, Philadelphia, New York and Washington DC;
- Ulster Scots outreach in Savannah and Atlanta with the British and Irish Consulates, building on the visit last year by the Omagh Protestant Boys Band; and
- supporting a visit by DCSDC to Philadelphia and Boston.

In addition to these outreach successes, we also worked closely with the Department for the Economy to secure a Memorandum of Understanding with Maryland State, which was signed by Dr McCormick in Baltimore. A planned visit by the First Minister and deputy First Minister and the Economy and Agriculture and Environment Ministers in March was adjusted at short notice and was led instead by the Economy Minister. The visit delivered high profile engagement in New York, where significant jobs were announced; and in Washington DC, where meetings with the State Department, the incoming US Envoy Mick Mulvaney, the Department of Commerce, the Speaker of House of Representatives, the Ireland Funds and key visitors from NI and Ireland took place. The Agriculture and

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Environment Minister also had a significant programme of meetings, including one on international research and development. Despite uncertainty over Covid-19, the Bureau's St Patrick's Day Breakfast attracted 250 guests (including the incoming NI Envoy), offering an opportunity for the Economy Minister to highlight that NI was open for business, to set out economic priorities and to thank our stakeholders in the US. The appointment of a new Communications Officer in the Bureau has also helped see our twitter followers increase from 3,619 in 1 April 2019 to 3,988 followers in March 2020 (10.2% growth).

Heading into the 2020-2021 financial year, the Bureau will continue to grow its outreach, working closely with Departments, Universities, Councils and other stakeholders to ensure their messages and potential connections with the US are maximised. Working with InvestNI and Tourism Ireland will continue to be important as we seek to develop the economy both inside and outside of UK-US trade talks. Good progress on this front was made with the visit by the Agriculture and Economy Ministers but we will be looking to do more with other Departments as well. An early visit by FM and dFM (subject to travel restrictions) will be important. We will also continue to work closely with US stakeholders - notably the NI Envoy, but also across Congress - to ensure effective engagement on NI issues.

Executive Bureau in Beijing

The NIB China's work was severely impacted by the Covid-19 which emerged in our partner province of Hubei in December 2019.

In April 2019 David Sterling, Head of the NI Civil Service, was invited to speak at the Chinese Government's 'Belt and Road' conference. David was one of two speakers from the UK at the event which was attended by President Xi and 23 other world leaders. The other speaker from the UK was the then Chancellor of the Exchequer. NI was asked to speak on sub-national cooperation where our work with our partner provinces and the council partnerships are considered as examples of best practice. David also met with Vice Minister Wang Chao of the Ministry of Foreign Affairs and discussed plans for innovation trade missions, university and college partnerships and high level visits to Northern Ireland.

Andrew McCormick, Director General for International Relations visited China in May and November in support of the Bureau's lobbying for support from the Chinese government to enhance the Confucius Institute in NI and for market access for our agri-food produce. This included speaking at the Chinese government's Friendship Associations International Import Export expo and supporting three of our businesses to sign agreements which could be worth in excess of £20 million. The Bureau has also provided advice and support to another three businesses and will be helping them with market access issues. Radox has also been active in the fight against Covid-19 and through the intervention of the First and deputy First Ministers, the Chinese Consulate in Belfast and the Bureau, they are working with the relevant Chinese health authorities. The Bureau also supported Tourism Ireland, Tourism NI and our businesses during the 2019 trade mission including meetings with Chinese airlines and tour companies. This work contributes to the 80,000 visitors from China and plans to increase this to 100,000 in the next few years.

Ministers also participated in a video of support to China and sent letters to the governors of our partner provinces and the central government. The Bureau sent this, and a video

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produced by Milburn Primary School, out to social media in China and was taken up by China Central TV and seen by an audience of over 100 million people.

The Bureau is working on an innovation trade mission with Invest NI, universities and colleges and councils with formal city agreements. The Bureau introduced Invest NI to the economic departments and Chambers of Commerce in our partner provinces and cities. Whilst this mission has been delayed, the Chinese partner organisations remain enthusiastic about this mission taking place at a suitable time and will bring a return innovation mission to their partner councils here.

Following our outreach programme with schools and universities we met with the Dongcheng Sports Bureau which resulted in their bringing a soccer team to the Super Cup and discussions with organisations here on potential student and sports exchange programmes.

Our work on increasing sub regional partnerships continued with senior visits from the Jilin Provincial government looking at innovation and health policy development. We supported our councils with their city partnerships which included delegations from colleges to Derry City and Strabane, Changchun finance and housing officials visited Newry, Mourne and Down and programme exchanges continued between Belfast and Shenyang. The Bureau has also supported two more local councils with plans for productive partnerships and secured agreement from the city of Anshan for a council visit and possible agreement. This visit and a meeting with Huangshi city government to plan a visit to Fermanagh and Omagh were postponed.

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

During 2019-20 the Office of the Northern Ireland Executive in Brussels continued to lead and coordinate key EU engagement to support Northern Ireland Executive priorities. Over this past reporting year the office has facilitated 10 high level visits to both Brussels and Strasbourg including arranging programmes for the Head of the Civil Service, the Director-General for International Relations and a number of senior Departmental officials from across the NICS. The Office has ensured continued engagement on behalf of the Northern Ireland Executive with the European Commission's UK Task Force, MEPs and Member State Representatives and with both the UK Mission to the EU and the Irish Permanent Representation. During this year the Office has continued to showcase Northern Ireland to Brussels and wider Europe with a range of policy and cultural events and has accommodated programmes and visits from QUB, local councils and policy experts from across the NICS. We have been delighted to welcome over 1,380 visitors to the office, including nearly 250 from Northern Ireland.

During 2019-20 European Policy and Co-ordination Unit (EPCU) was responsible for the circulation of over 4,500 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 550 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.

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During the year key achievements of the Division included:

- Organising an extensive engagement programme in Brussels for HOCS including meetings with key stakeholders in the European Commission, European Council and European Parliament. In addition to engagement with the Irish and UK Permanent Representatives to the EU, and with the Directors of German Länder offices in Brussels;
- Coordinating 9 other high profile programmes for senior NICS engagement in Brussels;
- 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;
- Producing regular Brexit Bulletins, which focussed on issues related to the UK's withdrawal from the EU as well as other analysis and assessments particularly now with regard to the ongoing negotiations on the future relationship between the UK and the EU;
- Engaging with the former Department for Exiting the European Union (DExEU) and Cabinet Office, and the ongoing business teams in the Scottish and Welsh governments to develop new structures and intra-UK processes to ready the United Kingdom for Third Country status, including a continued role for JMC (Europe) in the transition period and the evolution of a Common Priorities Framework to facilitate the upstream influencing of EU policy proposals;
- Ensuring NI Departments are informed and updated on relevant EU measures in relation to Covid-19;
- Organising a two-day visit programme in Belfast and the North-West 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 Croatian Presidency of the European Council;
- Attending bi-weekly update meetings with the now UK Mission to the EU and the Scottish and Welsh Offices which enables the office to provide a high level of intelligence to NICS' colleagues working on all manner of issues relating to the UK departure from the EU and ongoing future relationship negotiations;
- Raising the positive profile of NI in Europe by participating with partners from other EU regions in the European Week of Regions and Cities by hosting a debate on Urban policy and locally-led strategies in a new financial perspective, with Northern Ireland represented by Belfast City Council Resilience Commissioner Grainia Long;
- Worked closely with various Departments including DoH, DfE and DoJ to deliver 4 high profile policy events showcasing Northern Ireland policies, expertise and experience to a wide Brussels audience as well as an event to mark 50 years of the Northern Ireland Public Service Ombudsman;
- Organised a study visit for 39 NICS staff from across all departments to increase knowledge and understanding of how the EU works and how influencing and engagement will take place as the UK has now left the EU structures;
- Raising the profile of Northern Ireland in Brussels, and to wider Europe, by hosting successful networking opportunities through our Autumn and New year's receptions attended by a high level audience including Ambassadors, European Institution officials and colleagues from across Permanent Representations to the EU, in

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addition to a cultural programme that included culture night and a number of events showcasing Northern Ireland literary talent in Brussels; and

- Supporting the C21 theatre company to perform their play “May the Road Rise Up” and showcased Northern Ireland at the Rond Pont Schuman Light-Up Christmas event promoting Northern Ireland food.

Executive Information Service

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

Civil Contingencies

During 2019-20 the Department worked successfully with all NI Departments and other key partner organisations to further develop, test and deliver effective civil contingencies arrangements for a no deal EU Exit, this integrated fully with UK wide arrangements. These arrangements, known as C3 (Command, Control and Co-ordination) which are built on existing NICS Crisis Management Arrangements can be applied and scaled to any serious emergency impacting on NI so enhancing NI resilience. The C3 were mobilised during March 2020 to manage the NI response to Covid-19.

The Office of the Legislative Counsel

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

Most of OLC’s work during the reporting year focused on 25 Westminster Bills. This included the European Union (Withdrawal Agreement) Act 2020, the Coronavirus Act 2020 and a range of other Bills related to EU Exit and the Covid-19 emergency. These legislative projects had to be delivered at great speed, collaborating with colleagues in all NI departments and across Whitehall. As there was no Executive or functioning Assembly in place during most of the reporting period, a number of Bills which would have otherwise been Assembly Bills had to be progressed in Parliament. OLC lawyers drafted the Historical Institutional Abuse (NI) Act 2019 (and the rules relating to applications and appeals) and the Northern Ireland Budget Act 2020.

Keeping key legislative projects up to date in the absence of an Executive was challenging. On the return of the Executive in January 2020, OLC had Bills in place to deliver all of the commitments in the Executive’s Legislative Programme which was published in February 2020. These are all on target for delivery. In addition to the usual Legislative Programme, the New Decade, New Approach agreement committed the Executive to the delivery of legislation in a number of areas. All of the required Bills have been drafted by OLC for introduction in the Assembly.

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OLC has a wider legislative stewardship role, which supports the rule of law. A number of training and programmes and seminars have been delivered during the reporting year, all of which aim to improve the standard of law making in Northern Ireland. First Legislative Counsel, in her role as President of the Commonwealth Association of Legislative Counsel, organised a conference in Zambia for drafters of legislation in Commonwealth countries.

The Statutory Publications Office (SPO) is part of the OLC division. SPO, in conjunction with the National Archives, is responsible for keeping the statute book up to date by ensuring that the statute law of Northern Ireland is freely accessible. This has involved the application of changes to over 100 pieces of legislation for Northern Ireland on the www.legislation.gov.uk website during the reporting year. SPO has contributed to an ambitious UK-wide project to put on the www.legislation.gov.uk website all relevant EU law as it existed on the date of the UK's Exit from the EU, and SPO is contributing towards the essential updating of EU law as it will have effect in Northern Ireland after the end of the EU transition period. These are exceptional undertakings in terms of scale in complex areas of law, and the resulting benefits to users of EU law are substantial. SPO's work is an important aspect of the Executive's Digital Strategy, and the ability of the people of Northern Ireland to access legislation as it affects them is a key element of the rule of law.

Infrastructure Division and Racial Equality

Ebrington

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

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

- Resource projects – maintain and secure the Site pending its transfer to DCSDC;
- Capital projects - delivering and progressing a range of separate build and civil engineering projects to enable and maintain private sector investment on the Site and protect the existing listed buildings;
- Progressing the legal arrangements to allow the delivery of a number of projects on the site including the development of 6.5 acres of land and four buildings at the rear of the site;
- Managing the delivery of development agreements for uses on the site for all buildings including the Grade A office building, the hotel and the Maritime Museum; and
- In line with Ministers' wishes, officials continue to work to transfer the Site to DCSDC in due course.

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 an enlarged

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exhibition and events facility by the addition of the Logan Hall to the Eikon Pavilion. This development enables RUAS to host major exhibitions and conferences, with potential for significant economic and tourism benefits for the area. The new facility was ready for the Balmoral Show in May 2019 which attracted some 120,000 visitors and exhibitors, the largest turnout since the show moved to its new location. MLKDC supports the show with additional parking facilities and planning support. MLKDC also supported the Ulster Aviation Society opening for Heritage Open Days in September, giving visitors free access to its collection of heritage aircraft. In addition, MLKDC has also undertaken preparatory surveys to support the future development of Conservation Management Plans for the Listed and Retained Buildings, which include both the former prison and the WW2 hangars.

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 2020 the AANI had been tasked some 1,345 times, bringing critical pre-hospital care at trauma incidents across Northern Ireland, saving lives and reducing disability.

TEO continues to support the effective governance of MLKDC through grant in aid funding and appointment of a Chair and Members. The First Minister and deputy First Minister have agreed to extend the appointments of the Chair and Members of the Development Corporation to March 2021 to provide continuity of governance and facilitate future decisions on the way forward with the site.

There is currently no agreement on the way forward with the site. The MLKDC Business Plan objectives for 2020/21 have been set to enable MLKDC to fulfil its current remit, as defined by TEO. These objectives are as follows:

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

The Development Corporation has continued to function effectively during the disruption caused by Covid-19 and intends to continue to deliver these objectives. Activity on the site was reduced during the last weeks of the 2019-20 financial year, and that will continue into 2020-21, but the long-term intentions remain the same.

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Strategic Investment Board

During 2019-20, SIB's first priority was to support the delivery of the outcomes set out in the Outcomes Delivery Plan. As in previous years, SIB has provided assistance to every government Department and to a range of other customers, including agencies, arms-length bodies, city and local councils.

Highlights of SIB's work in 2019-20 include its contribution to:

- the completion of the award-winning Southern Regional College Armagh campus on time and under budget;
- Progressing the other colleges in the Further Education Capital Programme, so enhancing the delivery of education and training essential to economic growth and social development;
- the completion of the Craigavon Leisure Centre; providing state of the art leisure facilities for the area;
- the opening of Phase 1 of the NIFRS Training Centre, Desertcreat, enhancing the training of firefighters;
- the commencement of construction of the new 'Grade A' Office Block at Ebrington that will provide jobs and economic growth;
- commencement of the Project Stratum (Ultrafast Broadband) procurement enabling investment that will support the development and growth of IT and knowledge-based businesses, particularly in rural areas;
- completion of Phase 1 of the Public Sector Shared Network that will deliver significant running cost savings for government, freeing money for frontline services;
- completion of the business case for a new Graduate Entry Medical School in Derry/Londonderry that will help to provide additional medical training in support of the Health Service; and
- the launch of the Energy Management Strategy for central government, which aims to reduce consumption by 30% by 2030 and so control costs and reduce greenhouse gas emissions.

With support from its partners SIB also:

- Delivered over 1,250 person years of employment through the Buy Social initiative since its inception, giving school leavers, long term unemployed and disadvantaged citizens opportunities to gain work experience and learn skills that increase their employability;
- Obtained £7.5m through capital realisations in 2019-20 that can be recycled into infrastructure projects; and

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- Managed £175m of loans of Financial Transactions Capital, including facilitating a further £30 million loan in 2019-20 to the NI Investment Fund to support the development of economic infrastructure.

SIB's priority work for the year 2020-21 will be:

- To support the government response to Covid-19;
- To continue to deliver, to time and budget, the programmes and projects that it leads and support;
- To deliver cash savings through improving the efficient use of government assets;
- To improve the quality of public-sector decision-making through original research and the innovative analysis and exploitation of data;
- To improve the social return on public procurement by extending the use of 'Buy Social' models;
- To bring forward proposals to Ministers for the improvement of development, procurement and delivery of major projects in response to recent NIAO reports;
- The development of new approaches to the development and management of FTC loans and investments;
- The development of a public sector Data Strategy; and
- The implementation, monitoring and review of the implementation of SIB's new organisational structure.

In pursuance of the first of these objectives, SIB made staff available to support the NICS and District Councils in responding to Covid-19, including working in in the NI Co-ordination Hub, providing expertise for data analytics and supporting the maintenance of waste collection processes. SIB will continue to respond flexibly to new or changed demands for services and support in 2020/21.

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

Social Investment Fund (SIF)

TEO is delivering SIF on behalf of the Executive to help address issues associated with deprivation including poverty, unemployment and physical dereliction in deprived areas. The programme is in full delivery mode, with 66 projects approved and funding committed across the nine social investment fund zones. The 47 capital projects are making improvements to 107 premises and the 19 revenue projects are focused on employment/education and early intervention including mental health, capacity building, and social economy support. 55 projects, 37 capital (95 premises) and 18 revenue, have completed whilst 10 are in various stages of delivery with a further one yet to commence

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due to ongoing issues. Spend to date totals £75.5m which includes completed and operational revenue and capital projects. Capital spend to date is £38m and Revenue spend to date is £37.5m.

In total over 54,000 people have benefitted from the range of revenue projects to date: this includes over 6,000 through employment/training projects; over 29,000 through early intervention projects and over 18,000 through projects focused on education. This will continue to increase. Additionally, to date 240,850 people have availed of the services on offer in operational capital builds.

As a result of Covid-19, delivery timeframes have extended on the final 10 committed capital projects, 4 of which will now extend into the 2021-22 financial year, also delaying the programme's post project evaluation (PPE).

Covid-19 may also affect the delivery of services in SIF funded premises and SIF are working with statisticians and groups to monitor and minimise this effect.

Racial Equality

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

The Red Cross was appointed to administer the Crisis Fund for 2019-20 which provides support to minority ethnic individuals in emergency situations and helps them avoid destitution.

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

Strategic Planning and Social Change

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. Further programmes focusing on shared education, early intervention and dementia were then initiated with a total investment worth £62.7m. TEO and Atlantic Philanthropies each committed to contribute

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40% of the overall cost of each of these four programmes and the other 20% for each has been provided by the relevant lead department or through cross-departmental funding in the case of the Early Intervention Transformation Programme (EITP).

The Shared Education Signature Project (£25m) aims to increase the level of sharing in education and contribute to improving education and reconciliation outcomes. The Project ended its support for pupil to pupil engagement in June 2019, while the support to develop capacity within those schools to deliver shared education continues to June 2020. During the 2018-19 academic year (to June 2019), there were 371 schools supported by the Project involving around 65,000 individual pupils and 6,076 teachers. The central funding for the Project is due to end in June 2020; the learning from the Project will be used to inform future arrangements for Shared Education.

The Early Intervention Transformation Programme (£25m) involves 18 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; positively address the impact of adversity on children and their families and strengthen the culture of inter-professional working practice, with a particular focus on Trauma Informed Practice by supporting professionals to train together as well as embedding commonality in prevention and early intervention approaches. An independent evaluation found that projects have improved outcomes and wellbeing for children, young people and families; there has been a shift in thinking across government towards earlier stage support and intervention; relationships and co-operation have been strengthened at operational and strategic levels; knowledge, skills and confidence have grown, creating the capacity to further transform services and adopt early intervention approaches; outcomes practice has been accelerated through the application of Outcomes Based Accountability.

The Dementia Programme (£12.3m) is being delivered in two phases. The first phase aimed 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, with the central funding for the programme ending in March 2020. The programme has 15 targets, while their independent assessment is ongoing, 13 have either been fully or partially met with important work completed to put technology in place to support patients. The focus of the programme board is to sustain and mainstream the benefits.

Tackling Paramilitary Activity, Criminality and Organised Crime

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

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that could be delivered within and by communities where possible. A series of proposals for such projects were approved by the Tackling Paramilitarism, Criminology and Organised Crime Programme Board (TPCOCPB) in April 2019. Following approval by the TPCOCPB, TEO worked with the strategic partner to develop appropriate specifications to enable procurement of delivery partners to take forward projects in each area. To date (December 2019-March 2020), 28 projects have commenced across the 8 Communities in Transition (CiT) areas and cover a variety of themes for intervention, such as community development, health and wellbeing, and community safety. Community response to these opportunities was positive and early progress has seen the establishment of local community consortia that will seek to deliver projects across community divisions. This progress has been maintained throughout Covid-19 as officials have worked closely with delivery partners to continue implementation of projects. This has required some elements of projects to be reformatted, or re-phased, but has not required any projects to cease activity.

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

Historical Institutional Abuse - Implementation of the Hart Report

The 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 has undertaken and completed the legislative reform - the primary and subordinate legislation, to establish a Redress Board, a redress scheme and a Commissioner for Survivors of Institutional Childhood Abuse (COSICA). The Historical Institutional Abuse (Northern Ireland) Act 2019 came into force on 5 November 2019 and The Historical Institutional Abuse (Applications and Appeals) Rules (Northern Ireland) 2020 came into force on 31 March 2020. The Lord Chief Justice Sir Declan Morgan appointed Mr Justice Adrian Colton as the President elect of the shadow Redress Board in November 2019 and the Historical Institutional Abuse (Northern Ireland) Act 2019 (Commencement No1) Order (Northern Ireland) 2020 came into force on 27 March 2020, commencing the provisions in Part 1 and Schedule 1 of the Act ie: the Redress Board.

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TEO appointed an Interim Advocate on 2 July 2019 to support HIAI victims and survivors until such times as a statutory Commissioner is appointed. Throughout 2019-20 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.

Troubles Permanent Disablement Payment Scheme

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

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

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

Under the Regulations, an independent Victim's Payment Board will be appointed to oversee the scheme.

TEO is responsible for taking forward the implementation of the Scheme.

Good Relations Programmes for Young People

Over 4,000 young people took part in 128 cross-community camps as part of the T:BUC Camps Programme 2019-20. The programme evaluation is currently under construction. In addition an independent evaluation of the 2019-20 programme is being conducted by the Education and Training Inspectorate (ETI). The most recently completed programme evaluation highlighted that participants continue to benefit from the camps experience, with the following key outcomes reported in 2018/19:

- 76% of participants had a positive attitudinal change towards people from a different religious/community background;
- 82% of participants made new friends with young people from a different religious/community background at Camp;
- 82% of young people plan to stay in contact with friends they made at Camp after the project ends;
- 81% of participants stated they have a better understanding of other cultural traditions and backgrounds; and

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- 83% of participants have an increased willingness to be more involved in peace building activities with young people from other backgrounds.

All those who took part in the 2019-20 programme were also offered the opportunity to attend one of four T:BUC Camps in the Community (CITC) events.

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

Due to Covid-19 a revised approach will be taken to the delivery of T:BUC Camps, Camps in the Community and social action projects in 2020-21. This will allow the programme to continue to be delivered whilst ensuring the safety of all those involved.

As part of a pilot of a Good Relations Ambassadors Programme in the T:BUC Camps Programme during 2020-21, 22 young people from across Northern Ireland have been selected to take part. The opportunity to be an ambassador was made available to all young people aged 16-20 years who were participants in the 2019-20 T:BUC Camps Programme. The Ambassadors programme will provide the participants with opportunities for experiential learning and development and be designed to provide a legacy not only for the young people but for the T:BUC Strategy and local communities. Unfortunately, due to Covid-19, the content of the Ambassadors Programme has been reviewed and a scaled back programme will be delivered in 2020-21 to ensure the safety of all participants and their leaders.

The Uniting Communities through Sport and Creativity Programme, delivered by Department for Communities (DfC), continues to deliver across the urban village areas of Colin and Eastside, Ardoyne and Ballysillan. The programme has also commenced in the rural district electoral area of Derg in Co Tyrone. The programme has also supported 12 projects through the T:BUC Uniting Opportunities grant scheme which seeks to break down barriers to participation for those most marginalised young people in our society. Approximately 600 young people aged 11-24 have participated in the programme with the aim of promoting good relations and reconciliation through sport and creativity. Due to the impact of Covid-19, delivery in 2020-21 will be affected. Revised delivery plans will be submitted by delivery partners to DfC with delivery recommencing as soon as possible once restrictions are lifted.

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

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The programme uses an intensive, precise and professionally-founded youth work approach. 11 lead projects have delivered programmes under Peace4Youth across NI and the Border Counties of Ireland, to over 4,000 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. Contingency plans are in place across each of the 11 projects meaning that delivery continues through Covid-19.

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 and Moneynick. The Department of Education is currently considering options on how to progress successful 3rd call projects.

The target in the T:BUC strategy of building 10 shared neighbourhood developments has now been achieved, providing 484 new homes in total. Focus has now shifted to developing and delivering a five-year Good Relations Plan in each of the shared neighbourhoods. Covid-19 has impacted delivery of these, however contingency plans are in place to continue delivery where possible and to resume full delivery once restrictions are eased.

Urban Villages

The Urban Villages Initiative has continued to deliver a range of community led revenue, cross-cutting/strategic and capital projects during 2019-20. 40 community led projects were supported across the five Urban Village areas, focused on good relations, enabling local groups and residents to tackle a wide range of social issues. This is an important good relations programme leading to positive good relations outcomes, for example, 80% of participants feel more favourable towards people from a different background. Approximately £36k of revenue funding was reallocated by these projects towards the end of the 2019-20 financial year to address immediate community needs arising from the public health emergency. This included, for example, educational projects and those relating to arts and culture; or health and well-being, shifting to online resources for those isolating or cut off from school and community activities; provision of PPE for volunteers and staff to continue community outreach and support; provision of meals, food parcels and other essential supplies for the most vulnerable across these communities. The process for identifying community led projects for 2020-21 closed in January 2020 and letters of offer will issue to 41 successful projects. 13 cross-cutting/strategic projects were delivered in 2019-20, a number of these will continue into 2020-21. They involve working in partnership across central and local government and with other stakeholders. The initiatives include support in schools, employability, tourism and heritage, capacity building and €6m Peace IV funding to support emotional resilience. Up to £47m is being invested in a diverse range of capital build proposals brought forward by communities and assessed against the Strategic

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Framework for each area. These include parks, community hubs and the transformation of vacant and derelict sites. Of the 97 capital projects progressing through the Urban Villages capital pipeline, 75 are complete or at business case stage. Through this combination of community, cross-cutting and capital projects the programme has made good progress in building good relations by fostering positive community identities, building community capacity and improving the physical environment.

Towards the end of the 2019-20 financial year, six capital projects paused on site due to the restrictions brought about by Covid-19. The pause in construction will impact on the cost and delivery timeframes for these projects and the full impact is being worked through with delivery partners. All six projects are expected to be back on site in May / June 2020.

Interfaces

Under the T:BUC 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 extending opening hours of security gates at five other sites. Work was also completed on the play park at Serpentine Road.

A lot of preparatory work for ongoing interface removal and reduction schemes was completed before the impact of Covid-19 hit. Further preparatory work around business cases and tender specifications continues, with activity expected to quickly ramp up once restrictions are eased.

Good Relations/ T:BUC

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

The Planned Interventions 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 planned interventions are deemed to be more effective than reactive measures for a child or young person already involved in the justice system. The Planned Interventions programme can prepare a participant for progressing to a more sustained cross community programme such as the T:BUC Camps Programme. In 2019-20 the programme provided £467k, through the Education Authority (EA), to support planned intervention projects during the summer. 82 groups were awarded funding in 2019-20 and over 4,500 young people participated in the 2019-20 Programme. The programme diverted children and young people, who lived in areas that experienced heightened tension during the summer months, away from potentially anti-social behaviour by providing activities such as Good Relations workshops, residential weekends and sport programmes. Due to Covid-19, it has been necessary to revise the Planned Interventions Programme for 2020-21 to ensure that the programme can continue to be delivered while ensuring the safety of participants and their leaders.

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 2019-20, 11 Contract holders

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delivered 51 separate good relations interventions to a value of £670,000. Over 7,025 people directly participated in, and benefitted from the Programme. The programmes delivered 793 individual good relations sessions, had an age range of 5 to 94 and included 6,850 in-direct participants. Groups continue to deliver where possible during Covid-19, with good examples of innovative online delivery already being achieved.

The District Council Good Relations Programme (DCGRP) is a match funded scheme delivered in partnerships with the eleven District Councils. Councils contribute 25% of the £4m allocated through over 140 separate good relations interventions. The DCGRP contributed to all four key aims of the T:BUC strategy and continues to make a significant contribution to the implementation of the Strategy.

Delivery completed on 31 March 2020. District Councils are now collating information in terms of participant number and outcomes. Covid-19 impacted Councils in their delivery towards year end; we have been working with Councils in relation to this and will continue to do so as we go forward in 2020-21.

TEO is the NI Accountable Department for actions under three of the four thematic objectives of the PEACE IV Programme; this includes 17 Local Authority Action Plans and 21 regional projects. TEO good relations is accountable for €110M and provides approximately €13M of match funding for PEACE IV. Almost all funding has been committed. All eleven Councils in Northern Ireland and the six border counties in the Republic of Ireland have accepted Letters of Offers and are in the implementation stage of their PEACE IV Local Authority Action Plans. Twenty community groups have accepted a Letter of Offer and are in the implementation stage of their regional projects. There was a target to deliver 20 regional projects, the target is likely to be exceeded as 21 are now planned. A further call for a Regional Project focusing on Social Enterprise and Community Cohesion is being considered.

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

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

The Central Good Relations Funding Programme (CGRF) awarded 98 groups a total of £3.4m in 2019-20 impacting approximately 33,000 participants. Groups 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

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the 2019-20 programme is ongoing, with delivery in progress up to 31 March 2020. Covid-19 impacted some groups unable to complete their project by year end. Departmental officials liaised with groups, as required, to give advice and provide assurances to them, the Department will continue to work with its funded groups as we go forward in 2020-21. The CGRF is an extremely competitive fund with 243 applications received for the 2020-21 programme seeking funding totalling £8.3m. The assessment of the 2020-21 programme applications was well advanced at year end.

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 was evaluated independently and the evaluation is being considered to inform future development of capacity building through the fund.

T:BUC Programme Outcomes

TEO officials have been working intensively for a number of years to embed an outcomes focus in all good relations programmes funded through TEO. In 2018-19, defined and measurable good relations outcomes were collected from over 8,500 participants of TEO good relations projects. Some key findings included:

- 73% of those participants who could improve (i.e. were not already at the highest level) experienced a positive attitudinal change as a result of participating in the project;
- 96% of participants felt positive about the good relations project they were involved in; and
- 98% of respondents felt the project helped them.

These findings provide evidence of the positive difference TEO good relations projects are making and also highlight areas for improvement for individual projects and for good relations funding programmes collectively. The data was used to identify areas of good practice, and reports were created for the first time in 2019-20 to present this data and examples of shared learning to stakeholders. Data collection for 2019-20 has been affected by the current Covid-19 pandemic but officials are working to collect the data and compare it with the outcomes achieved in 2018-19.

T:BUC Update Report

The annual update report detailing progress across the headline actions of the T:BUC strategy underwent a substantial revision to make the report more accessible to stakeholders and focus on the key outcomes of delivery. The 2018-19 report, published in August 2019 was well received and further revisions are planned for the 2019-20 report scheduled for publication this year.

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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 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. The model has been extended for a further two years to 2022.

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. In November 2019 the current Victims and Survivors Strategy 2009-2019 was extended under the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 for a further two years to ensure continued strategic cover for the delivery of services to victims and survivors. An independent evaluation of the current strategy has begun which will help inform the development of the new Strategy. The evaluation has been paused due to limited ability of the evaluators to engage with the Sector due to the current COVID restrictions.

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 Regional Trauma Network (RTN), as announced by the 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. It is hoped that Phase 1 of the service will be launched in the coming months, however this will be dependent on resources being available within the Department of Health as staff are currently focussed on dealing with Covid-19.

VSS is the single 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, Standards and Trauma Training. The Programme will complement the work being taken forward by others to deliver on commitments for victims and survivors, in particular the rollout and delivery of the RTN.

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Following the EU Exit vote and exchange rate changes, an additional €1.9m became available to spend. The additional funding application was approved in January 2020 and extends the life of the project to December 2022.

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

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

Commitments arising from the New Decade, New Approach Agreement

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

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

PERFORMANCE ANALYSIS

In the 2019-20 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 2020-21 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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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.

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| 2019-20 | Estimate £m | Outturn £m | Underspend/ (Overspend) £m/% | |
|--|------------------------|-----------------------|---|---------------|
| Administration Costs | 15.308 | 15.372 | (0.064) | (0.42%) |
| Grants/Grant-in-Aid | 112.499 | 109.771 | 2.728 | 2.42% |
| Other Current (including accruing resources) | 538.774 | (4.929) | 543.703 | 100.91% |
| Total Resources | 666.581 | 120.214 | 546.367 | 81.97% |
| Capital | 4.120 | 3.717 | 0.403 | 9.78% |
| Departmental Total | 670.701 | 123.931 | 546.770 | 81.52% |

The Department's total Resource Outturn for the 2019-20 financial year was £120.214 million against an Estimate of £666.581 million. Total Capital Outturn for the 2019-20 financial year was £3.717 million, against an Estimate of £4.120 million.

The expenditure in relation to Grants/ Grant-in-Aid showed an underspend of 2.42%, however the bulk of the total underspend relates to Other Current expenditure (including accruing resources) in support of the Department's objectives. This category showed an underspend of £543.703 million, representing 99.44% of the total underspend for the year. The majority of this underspend relates to the setting up of provisions to cover payments resulting from the outcomes of the Historical Institutional Abuse Inquiry (£433.762 million) and for payments to be made under the Victims' Payments Scheme (£105.351 million). These were later reclassified as contingent liabilities under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), resulting in the bulk of the Resource underspend for the 2019-20 financial year.

Resource Outturn

Analysis of Resource Underspend by Request for Resource

Table 2: Summary of Resource Outturn by Request for Resource

| Request for Resource (RfR) | Estimate | Outturn | Underspend/ (Overspend) £m/% | |
|-----------------------------------|-----------------|----------------|---|----------------|
| | £m | £m | £m | % |
| RfR A | 666.581 | 120.214 | (546.367) | (81.97) |
| Departmental Total | 666.581 | 120.214 | (546.367) | (81.97) |

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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 £546.367 million arose as a result of an Administration overspend of £0.064 million; a Grants/ Grant In Aid underspend of £2.728 million; and a Resource underspend of £543.703 million.

The Department recorded an Administration cost overspend of £0.064 million (0.42%). This overspend arose primarily as a result of a higher than anticipated notional costs.

The Admin overspend of £(0.064) million, the Grants/ Grants In Aid underspend of £2.728 million and the Other Current underspend of £543.703 million gives a total net Resource underspend of £546.367 million (81.97%), which relates primarily to the following underspends:

- Historical Institutional Abuse and Victims' Payments Scheme Reclassification from Provision to Contingent Liabilities (£539.113 million).
 - This underspend relates to the setting up of provisions for the payments resulting from the outcomes of the Historical Institutional Abuse Inquiry (£433.762 million) and for payments to be made under the Victims' Payments Scheme (£105.351 million). These were later reclassified as contingent liabilities under IAS 37, resulting in the bulk of the underspend for the 2019-20.
- Executive Support and Policy Development (£2.390 million):
 - Underspends primarily relating to slippage across a number of (i) Urban Villages capital grant projects, (ii) the establishment of the Historical Institutional Abuse (HIA) Board, COSICA and Interim Advocate and other underspends that arose as a consequence of the absence of an Executive for the majority of the financial year;
- Social Investment Fund (£0.949million):
 - due to slippage across a number of projects due to a range of unforeseen issues outside of the Department's control; and
- Strategic Sites (£3.825 million):
 - relating to lower than anticipated revaluation charges on the reduction in value of land and buildings at TEO Strategic Sites as result of a revision in the timing of when assets in the course of construction are transferred to land and buildings.

Capital Outturn

Analysis of Capital Underspend by Request for Resource

Table 3: Summary of Capital Outturn by Request for Resource

| Request for Resource (RfR) | Estimate | Outturn | Underspend/ (Overspend) | |
|----------------------------|--------------|--------------|-------------------------|--------------|
| | £m | £m | £m | % |
| RfR A | 4.120 | 3.717 | 0.403 | 9.78% |
| Departmental Total | 4.120 | 3.717 | 0.403 | 9.78% |

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 £0.403 million. (9.78%) mainly due to underspend of £0.360 million in Executive Support and Policy Development as a result of £0.325 million being issued as a capital grant. This underspend was in part offset by a reduction in anticipated income from sales in respect of Ebrington of £0.150 million. The remainder of the underspend consists of minor underspends across a number of business areas.

Assets Valuation

TEO Land and Buildings are valued annually by Land and Property Services. In the 2019-20 financial year TEO impaired its land and buildings by £0.037 million (Note 8) which was funded by Annually Managed Expenditure budget.

Net Cash Requirement

The net cash requirement for 2019-20 was £133.713 million. This is £1.298 million lower than the Spring Supplementary Estimates net cash requirement of £135.011 million.

The reduction of £1.298 million was a result of the Resource Outturn underspend of £7.254 million, the total capital underspend of £0.403 million and changes in working capital and non-cash costs of £6.307 million.

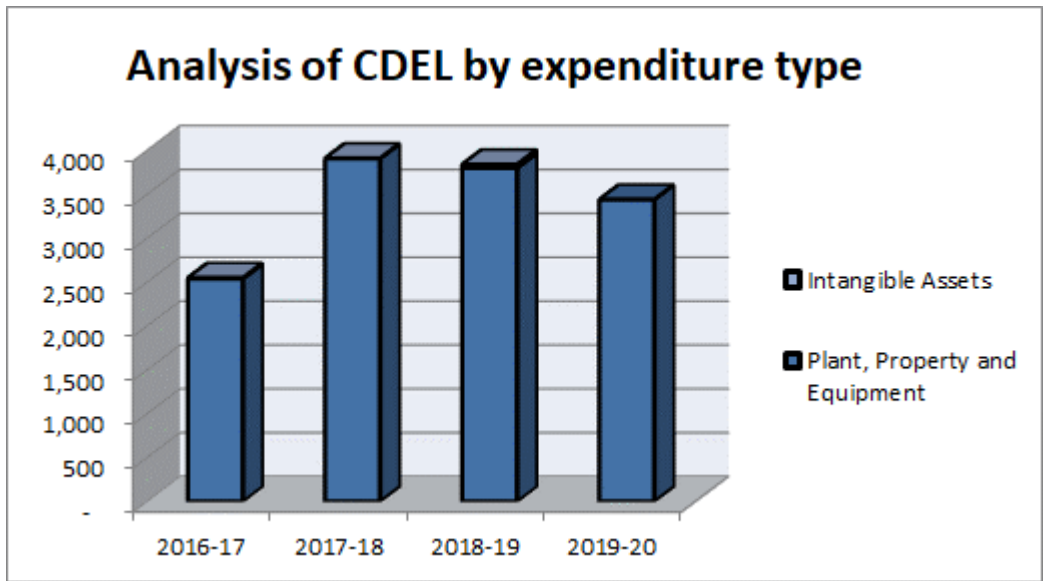
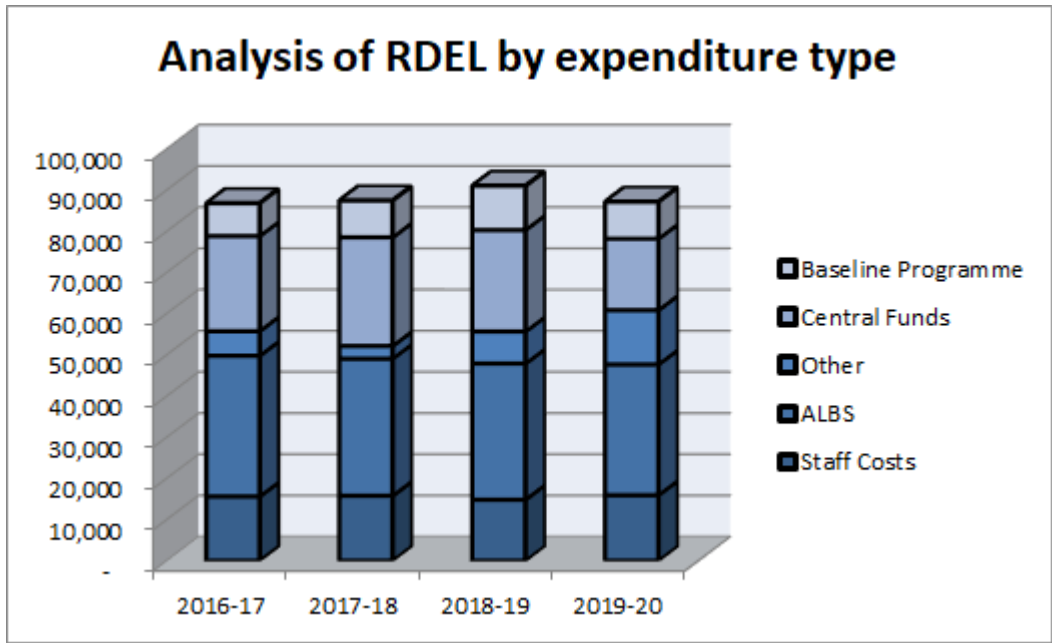
Long Term Expenditure Trends

| Total Departmental Spending | Outturn 2016-17 £'000 | Outturn 2017-18 £'000 | Outturn 2018-19 £'000 | Outturn 2019-20 £'000 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Resource DEL (including Non Budget) | | | | |
| RfR A | 86,825 | 87,474 | 91,029 | 120,214 |
| Of Which | | | | |
| Staff Costs | 15,609 | 15,783 | 14,851 | 15,935 |
| ALBS | 34,185 | 33,252 | 33,034 | 61,739 |
| Other | 5,971 | 3,111 | 7,776 | 16,211 |
| Central Funds | 23,063 | 26,383 | 24,633 | 17,357 |
| Baseline Programme | 7,997 | 8,945 | 10,735 | 8,972 |
| Total resource DEL | 86,825 | 87,474 | 91,029 | 120,214 |
| Resource AME | | | | |
| RfR A | 1,656 | 3,696 | 3,400 | (274) |
| Of Which | | | | |
| Diminution of Value of PPE | 1,480 | 3,411 | 3,385 | (325) |
| Provision for Bad Debt | | | | |
| Increase in Provision | 176 | 285 | 15 | 51 |
| Settlement of NICS Equal Pay Claims | - | - | - | - |
| Total resource AME | 1,656 | 3,696 | 3,400 | (274) |
| Of Which | | | | |
| Depreciation | 549 | 507 | 425 | 428 |
| Capital DEL | | | | |
| RfR A | 2,548 | 3,910 | 3,840 | 3,717 |
| Of Which | | | | |
| Plant, Property and Equipment | 2,540 | 3,909 | 3,803 | 3,441 |
| Intangible Assets | 8 | 1 | 38 | 276 |
| Total Capital DEL | 2,548 | 3,910 | 3,841 | 3,717 |

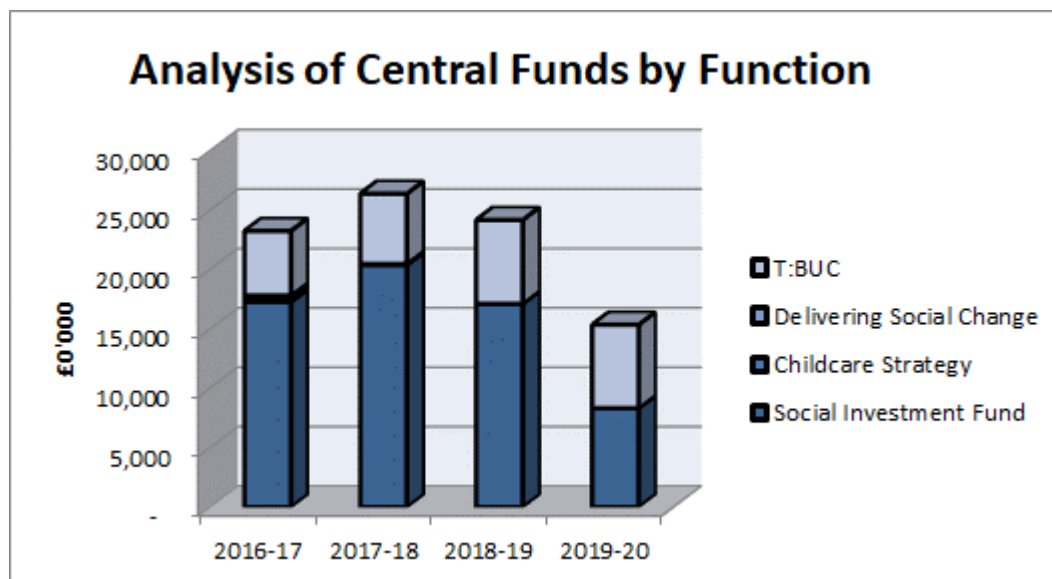
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| | | | | |
|------------------------------|----------------|----------------|----------------|----------------|
| Capital AME | | | | |
| RfR A | - | - | - | - |
| Of Which | - | - | - | - |
| Total Capital AME | | | | |
| - | | | | |
| Total Departmental Spending | | | | |
| Of Which | | | | |
| Total DEL | 89,373 | 91,384 | 94,869 | 123,931 |
| Total AME | 1,656 | 3,696 | 3,400 | (274) |
| <u>Workings 1</u> | | | | |
| | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
| | £'000 | £'000 | £'000 | £'000 |
| Central Funds - Salary costs | | | | |
| SIF | 484 | 665 | 562 | 543 |
| Childcare | - | - | - | - |
| DSC | 330 | 121 | 18 | - |
| Fresh Start | - | - | 144 | 193 |
| T:BUC | 932 | 416 | 1,583 | 1,635 |
| Total | 1,746 | 1,202 | 2,307 | 2,371 |

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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 2019-20. 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 2019 calendar year, TEO received 54 Freedom of Information (FOI) and no Environmental Information Regulation (EIR) requests, compared to 84 information requests received in the previous year. Of the requests received, 42% came from members of the public and 28% from the media. The remainder came from businesses, campaigning groups, public representatives, researchers and solicitors. Six internal reviews were carried out following appeals from requesters. In addition, two subject access requests were

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responded to under Data Protection legislation. There was one complaint to the Information Commissioner against the Department under access to information legislation, which awaits a determination. It is also worthwhile noting that 173 historical files with terminal dates of 1995 and 1996, for which the Department is functionally responsible, were released into the public domain through the Public Record Office of Northern Ireland in August and December 2019. Finally, a brief description of the Department's information assets was published on the Open Data Portal for Northern Ireland.

Information Assurance and Management

The Department's Information Management and Central Advisory Branch (IMCAB) continued to advise and support business areas' use of the Electronic Document and Records Management system (HPERM): setting up containers (for filing documents), with appropriate access controls, and processing information and email management-related service requests (particularly in the months following the restoration of devolution). IMCAB was also involved in a NICS-wide project to develop HPERM 'End User' online training, and carried out a Department-wide exercise to assess the continued need for 'line of business' shared drives (i.e., records repositories holding certain documents outside the main records management (HPERM) system). A number of special projects were also undertaken, which included a HPERM upgrade; the setting up and maintenance of a file plan for the NI HUB in preparation for a 'No Deal' EU Exit in January 2020 and, more recently, the provision of advice and support to the NI HUB, as it re-directed its efforts towards dealing with the Covid-19 emergency. An Action Plan with the Public Record Office of Northern Ireland (PRONI) was agreed in June 2019. The Plan's focus is the transfer of official records from the Department to PRONI, once they are 20 years old, in line with the Public Records Act (NI), 1923. In the early stages of its implementation, PRONI reviewed thousands of files held in the Department's file stores, with a view to determining which files were worthy of permanent preservation. In response, IMCAB is updating the Department's master list of registered hard copy files, and its retention and disposal schedule.

Data Protection Compliance

It is nearly two years since the new data protection regime was established, and the Department's Data Protection Officer (DPO) continues to focus on the monitoring of compliance with the legislation. For the first time, the DPO issued a Data Protection Health Check questionnaire to all Divisions for completion. The purpose of the Health Check is to provide assurance to the Departmental Board that business areas are compliant with the legislation. In particular, it seeks to identify areas of non-compliance or at risk of non-compliance, and to enable ameliorative action to be taken. However, with the onset of the Covid-19 emergency, the assessment of the completed questionnaires was suspended pending a review of working arrangements. With a view to minimising the risk of personal data breaches, a mandatory e-learning training course - 'Responsible for Information' – was taken by all staff. The course complies with Data Protection legislation: its aim is to educate anyone who works in government, handles information and needs to share and protect it. The DPO continues to produce and update [Data Protection Guidance Notes](#) (on TEO's Intranet site). They cover key issues such as the 'Management & Reporting of Personal Data Breaches'. A Data Protection awareness campaign was also instigated – posters

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advising staff of good practice in the handling of personal data were distributed throughout the Department's premises.

Over one hundred written enquiries from business areas seeking data protection advice were dealt with over the course of the year. Beyond these specific enquiries, the DPO continues to advise regularly on the presentation and content of a wide range of data protection documentation, e.g., new and revised Privacy Notices drafted by business areas. A further 13 Data Sharing Agreements (DSAs) have been signed. Drafts of several other DSAs are at various stages of completion, and new work is anticipated. Four Data Protection Impact Assessments (DPIAs) are currently under consideration, including two high profile cases: Historical Institutional Abuse, and Victims and Survivors (of 'the troubles') payment schemes. In December 2019, following consultation with the Department of Finance's Open Data team, the DPO (on behalf of TEO) published the title, brief description and Divisional owner of each information asset on the [Open Data portal](#). The portal facilitates easy access to public sector data for both re-use and re-distribution purposes.

Data Protection-related risks and mitigating measures continue to be recorded on the Information Management and Central Advisory Branch, Executive and Central Advisory Division, and Corporate (Departmental) Risk Registers. Entries are monitored on a quarterly basis, and revised as necessary. There was one personal data breach which needed to be reported to the Information Commissioner's Office (ICO). On 22 May 2020, the personal email addresses of all the individuals recorded on the Interim Advocate Office's (IAO) mailing list were inadvertently disclosed, to all those on the list, when a Newsletter for updating victims and survivors of historical institutional abuse was issued. Group Internal Audit and Fraud Investigation Service carried out an independent investigation of the incident. A report containing a series of recommendations was published on 23 June 2020. The incident was reported to the ICO by the IAO.

Complaints Handling

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

No complaints were received during the 2019-20 financial year.

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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 2019-20, the Department's performance in relation to the payment of invoices within 30 days was an average of 96%; this is a decrease in performance compared to the previous year and is slightly below the NICS average. In 2019-20 an average of 92% of invoices were paid within 10 days; this is slightly below the NICS average.

TEO Prompt Payment Performance 2019-20 and 2018-19

| Prompt Payments Rates | 2019-20 | | 2018-19 | |
|---|---------|---------|---------|---------|
| | TEO | NICS | TEO | NICS |
| Total number of invoice payments | 2,928 | 191,833 | 2,781 | 189,752 |
| Number of invoice payments within 30 days | 2,820 | 186,556 | 2,711 | 184,513 |
| Percentage paid within 30 days (%) | 96% | 97% | 97% | 97% |
| Number of invoice payments within 10 days | 2,680 | 178,278 | 2,589 | 176,187 |
| Percentage paid within 10 days (%) | 92% | 93% | 93% | 93% |

Greening Government Commitments

TEO was a participant in the Carbon Reduction Commitment Scheme (CRC), a mandatory Scheme that aimed to improve energy efficiency and reduce the amount of carbon dioxide (CO2) emitted in the UK. The Department's returns on CRC for 2018-19, being the latest available figures at present, indicated a reduction of 5.5%; 2018-19: 496 (2017-18: 525). 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.

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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

A handwritten signature in black ink, appearing to read 'Mark Browne', with a long horizontal line extending from the end of the signature.

Mark Browne (Dr)
Accounting Officer
7th October 2020

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 2020 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 2019-20 in addition to the TEO core department the following are considered to be within the boundary and their financial performance is consolidated in the Department's resource accounts:

- **Attorney General for Northern Ireland**

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

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

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

- **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

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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. While the Council was not able to meet until January 2020, the day-to-day work of the North South Bodies and Areas of Co-operation continued, within previously agreed parameters. In addition staff have organised successful schools outreach events in the local cross border area on road safety, and a number of events associated with Holocaust Memorial Day. Since January the North South Ministerial Council has met in Institutional format and a bi-lateral meeting of both governments has meet to discuss the Covid-19 response. Further details are available at www.northsouthministerialcouncil.org.

Note – The Historical Institutional Abuse Redress Board came into operation on 31 March 2020 and to date has not been officially classified.

TEO Departmental Board

During 2019-20 the Departmental Board was 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 48-69.

During 2019-20 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
- Peter Toogood, Director of Finance and Corporate Services
- Chris Stewart, Director: Executive Support; Programme for Government since October 2018
- Karen Pearson, Director of EU Relations since May 2019
- Sarah Wilson - NICS HR Partner until December 2019
- Ann Moore - NICS HR Partner since January 2020

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Management

- David Sterling was the Head of the Northern Ireland Civil Service and TEO Permanent Secretary for this accounting period; and retired soon afterwards, on 31 August 2020. A replacement for this position is currently being sought. Mark Browne was the Departmental Accounting Officer for this reporting period. There were no Ministers in place until January 2020.

Departmental Reporting Cycle

This report provides a summary of the Department's performance and key achievements during 2019-20. The Department's original Estimates for the year were set out in *NI Main Estimates 2019-20*. Revised Estimates were published in *NI Spring Supplementary Estimates 2019-20*. Both documents are available at <https://www.finance-ni.gov.uk/publications/estimates-publications> or from *The Stationery Office (TSO)*.

Pension Liabilities

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

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/sites/default/files/publications/execoffice/teo-register-interests-2019-20.pdf>

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 no departmental personal data breaches recorded in 2019-20.

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 2019-20 resulted in a notional audit fee of £71,000 and is included in the administration costs in the statement of comprehensive net expenditure.

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STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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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;
- Prepare the accounts on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Permanent Secretary is normally appointed by the DoF as Accounting Officer of a Department. However, due to the unique circumstances in TEO where the Permanent Secretary of the Department is also the HOCS, the role of Accounting Officer has been delegated to a Deputy Secretary.

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.

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GOVERNANCE STATEMENT

Introduction

This statement is given in respect of the Departmental Resource Accounts for 2019-20. 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 2019-20, the Department was responsible for 11 Arm's Length Bodies (ALBs) having established a new ALB in the Historical Institutional Abuse (HIA) Interim Advocate's Office. Whilst the Ilex Urban Regeneration Company Limited (Ilex) closed for business on 31 March 2016, it is scheduled to be formally dissolved during 2020-21.

The 11 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.

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

Budget Position and Authority

The Assembly passed the Budget Act (Northern Ireland) 2020 in March 2020 which authorised the cash and use of resources for all departments for the 2019-20 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2020 also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2020-21 financial year. While it would be normal for this to be followed by the 2020-21 Main Estimates and the associated Budget (No. 2) Bill before the summer recess, the Covid-19 emergency and the unprecedented level of allocations which the Executive has agreed in response, has necessitated that the Budget (No. 2) Bill is instead authorising a further Vote on Account to ensure departments have access to the cash and resources through to the end of October 2020, when the Main Estimates will be brought to the Assembly and the public expenditure position is more stable.

Compliance with Corporate Governance Code

NI Government Departments are expected to apply the principles of the Department of Finance and Personnel's (DFP) (now Department of Finance (DoF)) *Corporate Governance in Central Government Departments: Code of good practice (2013)* ('the Code') and the DFP (now DoF) *Orange Book Management of Risk – Principles and Concepts (2004)* ('the Orange Book') unless good governance can be achieved by other means. The Department complies with the principles of good practice in the Code and the Orange Book, as confirmed by an Internal Audit evaluation of its Corporate Governance and Risk Management completed in November 2019. This evaluation is completed biennially with the next due to be completed in 2021. The 2019 evaluation indicated that these

The Executive Office

arrangements operated at a satisfactory level. Internal Audit highlighted one ongoing departure from the Code whereby TEO has only one Independent Board Member who also acts as Chair of the Audit and Risk Assurance Committee (ARAC). Although the ARAC has two additional independent members, neither is a member of the Board as prescribed in Paragraphs 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 fora and seminars; learning and development seminars; and the continued development of communication and engagement channels between policy and support functions.

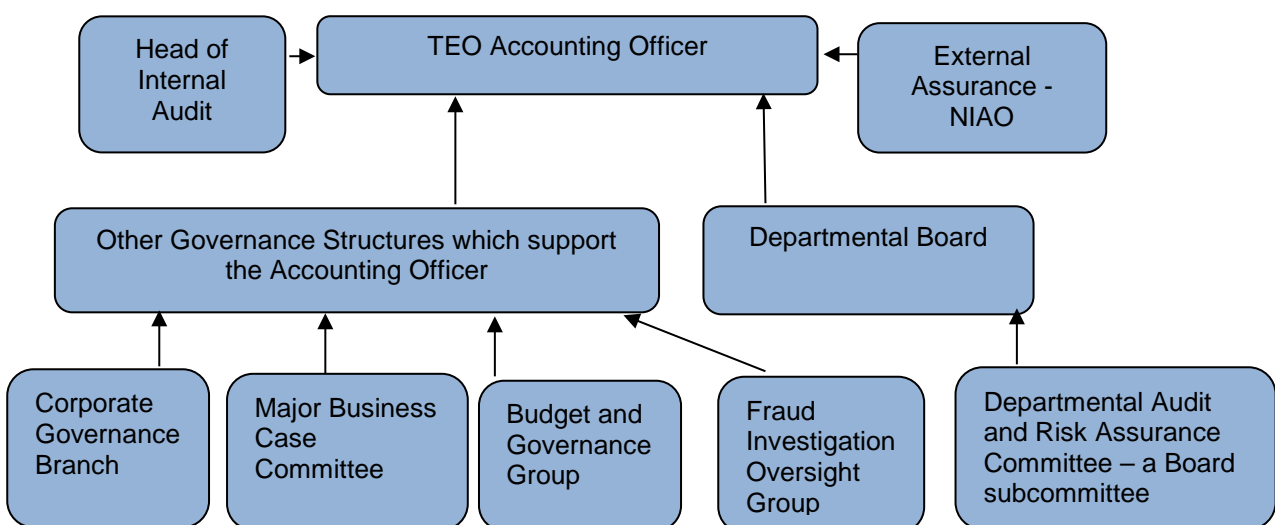
Corporate Governance Framework

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); the Budget and Governance Group; and the Major Business Case Committee (MBCC).

The Department's Corporate Governance Framework was reviewed and updated during this year 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.

TEO Corporate Governance Structures



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

Corporate Governance Responsibilities and Performance

Ministers

The First Minister and the deputy First Minister (acting jointly) lead the Department and are responsible and accountable to the Northern Ireland Assembly for the policies, programmes and actions of TEO, including its ALBs. They may designate their Junior Ministers to assist them in carrying out their duties. On 9 January 2017, the deputy First Minister resigned from office which triggered the dissolution of the joint office. Consequently, 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 in the period up to 11 January 2020. Following the restoration of the Assembly and Executive on that date, the First Minister and deputy First Minister were also elected.

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').

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 (PfG) and the Legislative programme.

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The Board is supported by a secretariat, provided by the Office of the Head of the Civil Service (HOCS), which is responsible for organising the agenda for monthly Board meetings and ensuring that HOCS and Board members are provided with timely information to support full discussions at each meeting. 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 the delivery of its outcomes;
- *Commercial Sense* – the Board is responsible for ensuring sound financial management scrutinising the allocation of financial and human resources and that the organisation and structure supports the delivery of TEO's outcomes based PfG commitments and strategic objectives. It sets the risk appetite and ensures that controls are in place to manage risk and to evaluate the Board and its members;
- *Talented People* – the Board is responsible for ensuring that TEO has the capability to deliver and to plan to meet current and future needs;
- *Results Focus* – the Board agrees the draft business plan for submission to Ministers including objectives, targets and actions. It monitors performance against plans and holds 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;

The Executive Office

- 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;
- 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;

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- 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.

Membership and attendance at the Departmental Board

Nine Departmental Board meetings were held in 2019-20. 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 | 6/9 |
| Brenda King | Head of the Office of the Legislative Counsel | 6/9 |
| Andrew McCormick | Director General – International Relations | 1/9 |
| Mark Browne | Accounting Officer; Director of Strategic Policy, Equality and Good Relations | 7/9 |
| Chris Stewart | Director of Programme for Government and Executive Support | 6/9 |
| Graeme Wilkinson | Director of EU Future Relations (to 28 April 2019) | 0/0 |
| Karen Pearson | Director of EU Future Relations (from 29 April 2019) | 7/9 |
| Denis Power | Independent Board Member | 8/9 |
| Sarah Wilson | Human Resources Strategic Business Partner | 6/7 |
| Ann Moore | Human Resources Strategic Business Partner (from 13 January 2020) | 2/2 |
| Peter Toogood | Director of Finance and Corporate Services | 8/9 |

The Executive Office

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;
- 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.

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- **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.

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 May 2019, the Board's Independent Member undertook a review of the Board's effectiveness, which took the form of a self-assessment review. The 2019 review demonstrated significant Board strengths in the areas of performance reporting, strategic focus, assurance and risk management, quality of Board papers and timeliness of information and decision making. The review also identified a number of areas for future consideration.

The Board Operating Framework was last reviewed and updated to reflect a change in the composition of the Board and the revised Board agenda by the Department in 2018-19.

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 2019-20.

Departmental Audit and Risk Assurance Committee

During 2019-20, 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).

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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 2019-20 and updated to reflect the re-appointment of the ARAC Chair and a clarification in the ARAC conflicts of interest process that it is the Chair's role (rather than the Committee itself) to determine if a conflict exists and to agree the actions to be taken.

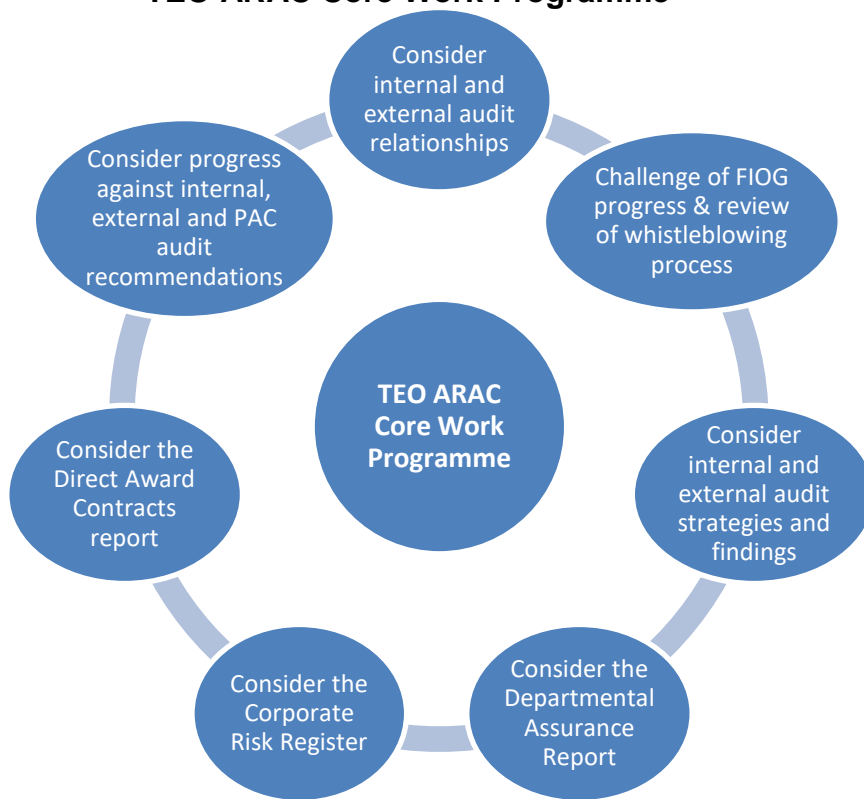
Membership of the TEO ARAC in 2019-20 comprised a Chairman, who is also the Independent Board Member and two independent members.

The Committee met four times during 2019-20. A summary of the ARAC members' attendance is detailed below.

| ARAC Member | Role | Meetings Attended (4) |
|--------------------|----------------------------------|------------------------------|
| Denis Power | Independent Board Member & Chair | 4/4 |
| Deep Sagar | Independent ARAC Member | 3/4 |
| Glyn Capper | Independent ARAC Member | 4/4 |

A minimum of two members of the Committee is required to form a quorum and all meetings in 2019-20 were deemed quorate. ARAC meetings are normally attended by the Accounting Officer, the Director of Finance and Corporate Services, the Head of Internal Audit and a representative from the Northern Ireland Audit Office. The ARAC may ask any other Departmental official to attend to assist with its deliberations on any particular matter. In line with best practice set out in the DoF Handbook, the Chair set an agreed core work programme for each of the Committee's meetings. The components of the core work programme are illustrated below:

TEO ARAC Core Work Programme



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 2019-20, 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; upcoming changes to partnership working with ALBs; a report in relation to EU Exit governance and risk management considerations; and a report on the Departmental outcomes of the 2018-19 National Fraud Initiative (NFI). TEO did not find any cases of actual, suspected or attempted fraud in its biennial NFI investigations and takes positive assurance from this on the effectiveness of its internal control environment.

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 2019-20 as being a challenging period given the continued absence of an NI Executive and Assembly until January 2020.

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During the year, there was a particular focus on EU Exit/EU Relations, with necessary preparations and contingency arrangements for a UK exit in January 2020 and a transition period until December 2020. In addition, the Committee acknowledged 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; and restructured agendas/streamlined reporting procedures, all contributed to a significant workload in TEO.

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

- The Departmental systems of internal control are satisfactory;
- The ARAC operated in accordance with HM Treasury guidance; and
- There are no major issues that the Committee considers should be brought the attention of the Accounting Officer which have not been satisfactorily resolved.

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

Budget and Governance Group (BGG)

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

Major Business Case Committee (MBCC)

The MBCC has the overall objective of improving financial governance and management within TEO through the challenge of significant expenditure proposals. Expenditure proposals are presented to a quorum of three Departmental Board members 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 this year and updated to include: an increased expenditure threshold for which MBCC review is required (following a risk-based review of Departmental expenditure delegations); and the additional scrutiny requirements for casework committees, recommended in DoF's June 2019 Review of the Expenditure Approval and Business Case Processes.

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In 2019-20, the Committee considered 22 expenditure proposals, including business cases submitted for the implementation of the Historical Institutional Abuse (Northern Ireland) Act 2019; the Social Investment Fund; the Communities in Transition programme, the redevelopment of the Ebrington site; the Urban Villages programme; and Peace IV Programme proposals.

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:

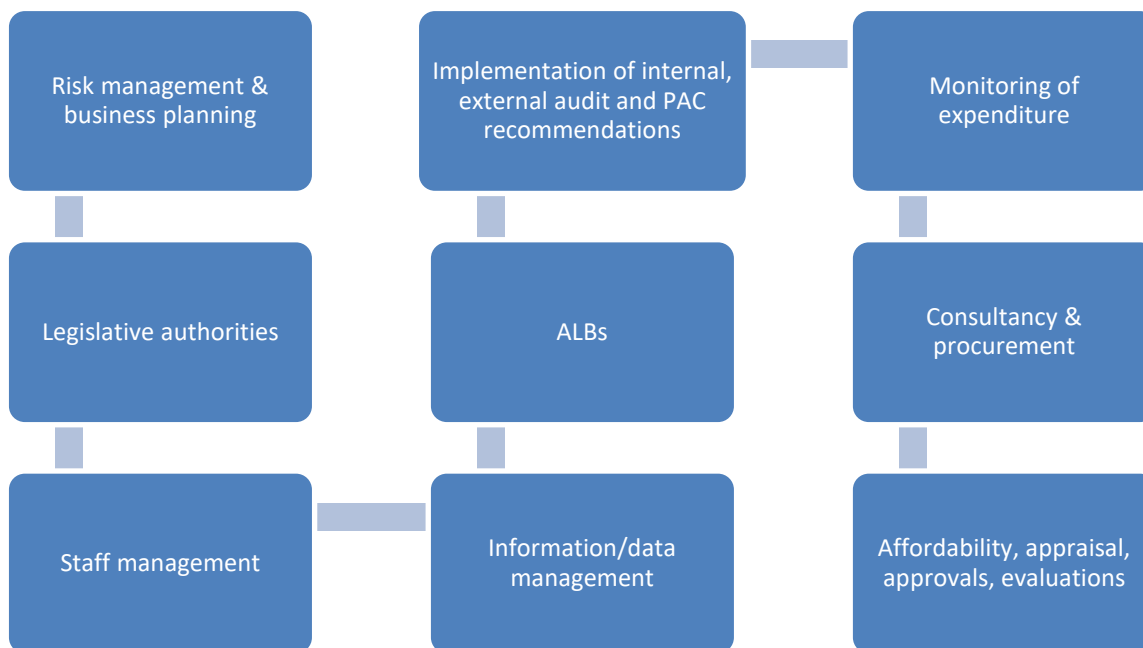
- Identify and prioritise the risks to the achievement of departmental policies, aims and objectives;
- Evaluate the likelihood of those risks being realised and the impact should they be realised; and
- Manage those risks efficiently, effectively and economically.

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 2020 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:

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TEO Assurance Statement – Key Internal Controls



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.

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;
- The development and monitoring of the Department's Business Plan, which identifies key Departmental priorities and provides a basis for the allocation of resources;
- Budgets & priorities setting and the In-Year Monitoring process;

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- The Departmental Fraud Prevention Policy and Response Plan, which details responsibilities for the prevention of fraud and the procedures to be followed in the event of a fraud being detected or suspected. This document relates to fraud and loss both within the Department and its ALBs;
- The Fraud Investigation Oversight Group oversees the investigation of whistleblowing allegations, allegations of financial irregularity, relevant PSNI action and options for action if funds have been obtained fraudulently;
- TEO did not find any cases of actual, suspected or attempted fraud in its most recent NFI investigations 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 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 overspend 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:

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- 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.

The Corporate Risk Register is focused on eleven key strategic and corporate risks, three of which were added in 2019-20. These new risks relate to: the potential for delayed delivery of the HIA Redress Scheme and Victims' Payments Scheme; the risk that inadequate support is provided to Ministers/Executive following the restoration of the Executive in January 2020; and that TEO's co-ordination arrangements do not effectively manage the Covid-19 crisis across the NICS.

TEO's eleven key risks are:

- Its co-ordination arrangements do not effectively equip the NICS to deliver the PfG;
- Its co-ordination arrangements fail to ensure that the NI position on EU Exit issues is adequately reflected to the UK Government;
- Its co-ordination arrangements do not effectively manage the Covid-19 crisis across the NICS;
- Its co-ordination arrangements fail to respond quickly and effectively to serious civil contingencies;
- It fails to operate within allocated budget: avoiding overspend and managing underspend within a 1.5% target;
- It has insufficient staff with the required level of knowledge, skills and motivation to meet business need;
- It breaches its information governance obligations;
- Its T:BUC strategy fails to have a positive impact on Good Relations;
- Its Transformational Programmes fail to effectively tackle disadvantage and promote equality of opportunity;
- It fails to deliver the HIA Redress Scheme and Victims' Payments Scheme in line with agreed timescales; and

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- It fails to provide adequate support to Ministers/Executive for the resumption of their business.

During 2019-20, business areas gave presentations to the Departmental Board on risk management within their Directorates to allow a deeper and more meaningful understanding and discussion of risks facing the Department.

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

The Senior Information Risk Owner continues to provide the overall lead in the important work of Information Risk Assurance; to review and develop TEO's information security policies and procedures. In addition, the Departmental Security Officer continues to review and report to the Departmental Board twice-yearly on resilience, vulnerabilities and risks.

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

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

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

There were no personal data breaches in TEO in 2019-20.

During the year, seven information breaches occurred in six of the Department's ALBs. Under current General Data Protection Regulations, these are managed directly by the ALB which if required, will make appropriate reports to the Information Commissioner's Office (ICO).

During the first quarter of 2020-21 a data breach occurred in the Historical Institutional Abuse Interim Advocate's Office (IAO), which involved an email being issued where unfortunately recipients' email addresses were visible to other recipients. The IAO informed, apologised to and put in place a support mechanism for all those affected. An investigation was also undertaken by the Group Internal Audit and Fraud Investigation Service and the associated report was published on 23 June 2020. TEO has been working closely with the IAO to implement the recommendations contained within the report as a matter of urgency. The incident was reported to the ICO by the IAO and its investigation is ongoing. Communications are however ongoing with solicitors as regards to potential legal action in a number of cases.

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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 2019-20 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.

Due to NICS-wide audit resourcing difficulties, the Department agreed a revised 2019-20 audit plan with IAS, which included prioritising important advisory work over some scheduled audits. This re-prioritisation, and the disruption caused by the impact of the Covid-19 pandemic, has reduced the number of 2019-20 audit opinions issued, with IAS

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reporting a satisfactory opinion on three risk-based assignments in the period (one report is currently in draft).

Following whistleblowing allegations IAS also carried out one special suspected fraud investigation, in which the allegation was deemed to be unfounded and recommendations were made to improve the control framework. Follow-up work on two 2018-19 limited assurance reports is underway or scheduled. Internal Audit also provided advice to the Department on a range of issues on both a formal and informal basis.

On the basis of work undertaken during 2019-20, and in previous years, the Head of Internal Audit provided a satisfactory opinion for TEO in respect of 2019-20.

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 2019-20, 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).

During 2019-20 Internal Audit followed up on the 2016-17 NICS-wide Report on IT security and Information Risk Management (on which a limited opinion was provided) and noted significant progress in the development of new processes and systems to improve the control framework. As a result, a satisfactory opinion was provided.

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

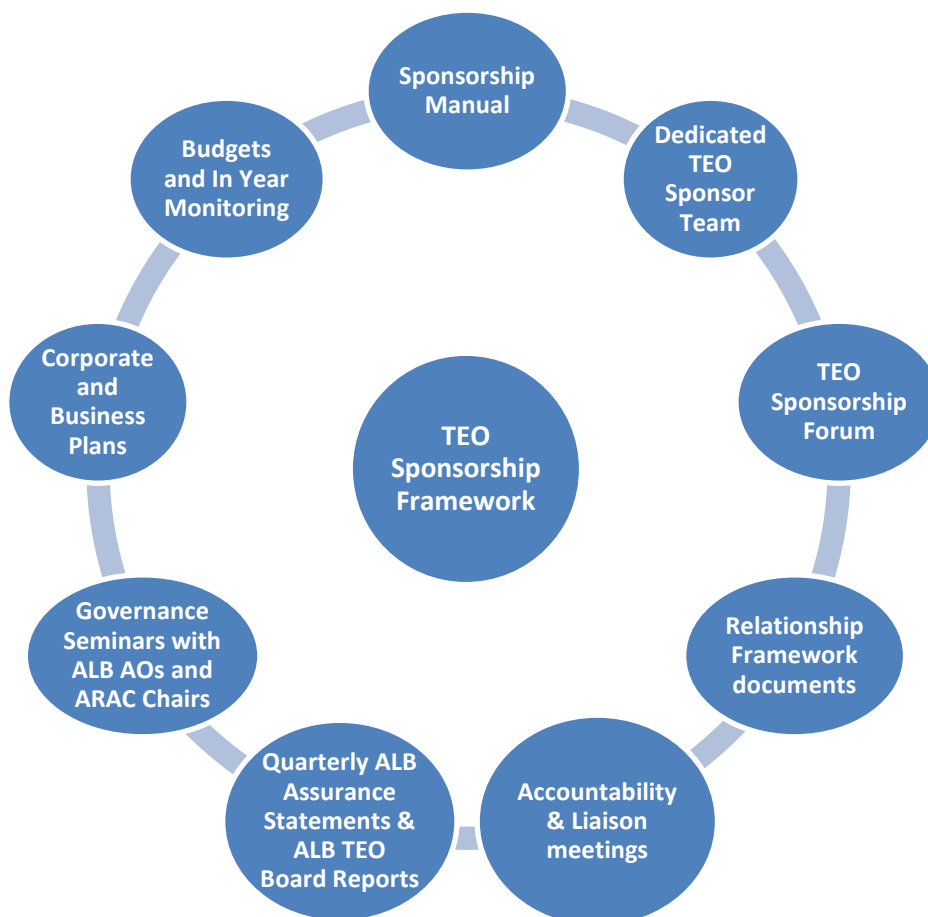
The Department's ALBs are key to the delivery of its objectives and strong governance of them is critical to the Department.

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.

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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:

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; 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

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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's 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 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 ALB Governance seminars involving representative from TEO ALBs, Chairs of their Audit and Risk Assurance Committees and their sponsors were held in 2019-20 which covered issues including: changes to partnership working between departments and ALBs, new departmental expenditure approval guidance, amendments to the departmental whistleblowing policy; and updates on the current budgetary and political positions.

TEO Finance continued to engage with ALB Finance teams on preparations and timetabling for the introduction of the Review of Financial Process (RoFP). A dry-run of the RoFP consolidation process was completed during the year.

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 2019-20. 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 2019-20, FIOG oversaw 28 investigations, 17 of which were reported in that year. The investigations related to a number of areas within TEO, its ALBs and funded third party organisations. Following investigation, eight cases were closed during the year and 20 cases carried forward into the next financial year. Four cases have been referred to the PSNI. No funding associated with these cases has been written off in the current year. A

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report on the lessons learned from recent fraud cases within TEO and its ALBs was shared with the ARAC in May 2019.

The Department managed 16 whistle blowing cases in 2019-20, eight of which were reported in the current financial year.

This year, the Department completed its annual effectiveness review of its whistleblowing arrangements. As a result, the guidance for staff and external stakeholders was enhanced to provide further clarity on the whistle-blowing process for the Department and its ALBs, including the acknowledgment of concerns, the provision of feedback, and process maps. Additional guidance has also been included on the links between the fraud response 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 £20K. The allowance was paid to ensure that staff at the Council, on terms and conditions analogous to the NICS, were not disadvantaged by membership of the pension scheme to which they belonged. Work is progressing to address the issue.

Divergences – Current Year

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

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

Ministerial Directions

No Ministerial Directions were issued during 2019-20.

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

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Audit and Risk Assurance Committee, I am content that the Department has operated a sound system of internal governance during the period 2019-20.

REMUNERATION AND STAFF REPORT

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

Departmental Remuneration Report

Remuneration Policy

The pay policy for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is normally approved by the Minister of Finance. In the absence of an Executive, the Department of Finance's Permanent Secretary set the 2019-20 NI public sector pay policy (October 2019) in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS staff, for 2019-20 was finalised and paid in July 2020.

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

Service Contracts

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

Unless otherwise stated 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 for Northern Ireland can be found at www.nicscommissioners.org.

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Remuneration and pension entitlements

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

Remuneration and pension entitlements – Ministers (Audited)

There were four Ministers in place during 2019-20 and none in 2018-19.

| Single total figure of remuneration | | | | | | | | |
|--------------------------------------|---|---------|---------------------------------------|---------|--|---------|--------------------------|---------|
| Ministers | Salary (£) | | Benefits in kind (to nearest £100) | | Pension Benefits** (to nearest £1000) | | Total (to nearest £1000) | |
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Mrs Arlene Foster (from 11/01/20) | 16,065 (72,000 full year equivalent) | N/A | - | N/A | 2 | N/A | 18 | N/A |
| Mrs Michelle O'Neill (from 11/01/20) | 16,065 (72,000 full year equivalent) | N/A | - | N/A | 2 | N/A | 18 | N/A |
| Mr Gordon Lyons (from 11/01/20) | 1,339 (6,000 full year equivalent) | N/A | - | N/A | - | N/A | 2 | N/A |
| Mr Declan Kearney (from 11/01/20) | 1,339 (6,000 full year equivalent) | N/A | - | N/A | - | N/A | 2 | N/A |

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

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Remuneration and pension entitlements – Officials

Officials (Audited)

| Single total figure of remuneration | | | | | | | | |
|---|---|--|------------------------------------|---------|---------------------------------------|---------|---------------|---------|
| Officials | Salary (£'000) | | Benefits in kind (to nearest £100) | | Pension Benefits** (to nearest £1000) | | Total (£'000) | |
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Mr David Sterling <i>Head of the Department</i> | 160-165 | 155-160 | Nil | Nil | 51,000 | 96,000 | 210-215 | 250-260 |
| Ms Brenda King <i>Director</i> | 120-125 | 150-155 | Nil | Nil | 90,000 | 56,000 | 215-220 | 205-210 |
| Dr Andrew McCormick <i>Director</i> | 105-110 (135-140 full year equivalent) | 125-130 | Nil | Nil | Pension is a private scheme | 50,000 | 135-140 | 175-180 |
| Dr Mark Browne <i>Director</i> | 95-100 | 90-95 | Nil | Nil | 34,000 | 25,000 | 130-135 | 115-120 |
| Mrs Katrina Godfrey Director (to 01/09/18) | N/A | 35-40 (90-95 full year equivalent) | N/A | Nil | N/A | 29,000 | N/A | 60-65 |
| Mr Neill Jackson Director (to 22/10/18) | N/A | 40-45 (75- 80 full year equivalent) | N/A | Nil | N/A | 23,000 | N/A | 65-70 |
| Mr Peter Toogood <i>Director</i> | 70-75 | 70-75 | Nil | Nil | 34,000 | 30,000 | 105-110 | 100-105 |
| Mr Chris McNabb Director (to 22/10/18) | N/A | 40-45 (70- 75 full year equivalent) | N/A | Nil | N/A | 21,000 | N/A | 60-65 |
| Mrs Mary Madden Director (to 16/04/18) | N/A | 0-5 (80- 85 full year equivalent) | N/A | Nil | N/A | - | N/A | 0-5 |
| Mr Chris Stewart <i>Director (from 01/10/18)</i> | 90-95 | 45-50 (90-95 full year equivalent) | Nil | Nil | 39,000 | - | 130-135 | 45-50 |
| Mr Graeme Wilkinson Director (to 28 April 2019) | 10-15 (85-90 full year equivalent) | 65-70 (85-90 full year equivalent) | Nil | Nil | 20,000 | 43,000 | 30-35 | 105-110 |

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| | | | | | | | | |
|--|---------------------------------------|------|-----|-----|---------|-----|-------|------|
| Ms Karen Pearson Director (from 29/04/19) | 80-85 (90-95 full year equivalent) | N/A | Nil | N/A | -18,000 | N/A | 70-75 | N/A |
| Mr Denis Power Independent Non Executive Board Member | 5-10 | 5-10 | Nil | Nil | - | - | 5-10 | 5-10 |

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

Salary

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

The Northern Ireland Assembly was dissolved from 26 January 2017 until an Executive was formed on 11 January 2020. Ministers were not in place during this time. From 11 January 2020, the Executive Office was under the joint direction and control of the First Minister, Arlene Foster and the deputy First Minister, Michelle O'Neill. Their salaries and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in these accounts. These amounts do not include costs relating to the Ministers' roles as MLAs which are disclosed in the appropriate legislature accounts.

Benefits in kind

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

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.

| | 2019-20 | 2018-19 |
|---|---------------|---------------|
| Band of Highest Paid Director's Total Remuneration* (£'000) | £160k - £165k | £155k - £160k |
| Median Total Remuneration* | £37,271 | £33,315 |
| Ratio | 4.36 | 4.73 |

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* Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest-paid director in TEO in the financial year 2019-20 was £160,000 - £165,000 (2018-19: £155,000- £160,000). This was 4.36 times (2018-19: 4.73 times) the median remuneration of the workforce, which was £37,271 (2018-19: £33,315).

In 2019-20, one (2018-19: one) employee received remuneration in excess of the highest-paid director.

Remuneration ranged from £7,176 to £215,094 (2018-19: £7,176 to £210,876).

The movement in the ratio between 2019-20 and 2018-19 is primarily the result of the median remuneration increasing due to special advisors and ministers being in post.

Pension Benefits

Pension Entitlements - Ministers (Audited)

There were four Ministers in place during 2019-20 and none in 2018-19.

| | Accrued pension at pension age as at 31/03/20 | Real increase in pension at pension age | CETV at 31/03/20 | CETV at 31/03/19 | Real increase in CETV |
|--------------------------------------|---|---|------------------|------------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Mrs Arlene Foster (from 11/01/20) | 10-15 | 0-2.5 | 153 | 145 | 3 |
| Mrs Michelle O'Neill (from 11/01/20) | 5-10 | 0-2.5 | 67 | 63 | 2 |
| Mr Gordon Lyons (from 11/01/20) | 0-5 | 0-2.5 | 0 | 0 | 0 |
| Mr Declan Kearney (from 11/01/20) | 0-5 | 0-2.5 | 0 | 0 | 0 |

Ministerial pensions

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

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2016 which introduced a Career Average Revalued Earnings scheme for new and existing members. The new scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016 and replaces the 2012 scheme. Existing members born on or before 1 April 1960 retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The final decision on the McCloud judgement has yet to be agreed and the outcome may have an impact on Members affected by the Transitional Protection policy.

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

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

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

The Cash Equivalent Transfer Value (CETV)

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

The real increase in the value of the CETV

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

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Pension Entitlements – Officials

| | Accrued pension at pension age as at 31/03/20 and related lump sum | Real increase in pension and related lump sum at pension age | CETV at 31/03/20 | CETV at 31/03/19 | 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> | 80-85 plus a lump sum of 245- 250 | 0-2.5 plus a lump sum of 5 – 7.5 | 1909 | 1853 | 52 | - |
| Ms Brenda King <i>Director</i> | 70-75 plus a lump sum of 185- 190 | 5 – 7.5 plus a lump sum of 0 – 2.5 | 1485 | 1356 | 59 | - |
| Dr Andrew McCormick <i>Director (from 19/02/18)</i> | Andrew McCormick moved to a private pension scheme during the period. | - | - | - | - | 16,700 |
| Dr Mark Browne <i>Director</i> | 40- 45 plus a lump sum of 125- 130 | 0 – 2.5 plus a lump sum of 5 -7.5 | 983 | 946 | 35 | - |
| Mr Peter Toogood <i>Director</i> | 20 – 25 | 0 – 2.5 | 308 | 274 | 18 | - |
| Mr Chris Stewart <i>Director</i> | 35- 40 plus a lump sum of 110 – 115 | 0 – 2.5 plus a lump sum of 2.5 – 5 | 848 | 777 | 32 | - |
| Mr Graeme Wilkinson <i>Director (to 28/04/19)</i> | 25 – 30 | 0 – 2.5 | 346 | 331 | 13 | - |
| Ms Karen Pearson <i>Director (from 29/04/19)</i> | 30 – 35 plus a lump sum of 80 – 85 | 0 plus a lump sum of 0 | 661 | 646 | -16 | - |

Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and

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those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

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

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

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

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 2019 was 1.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2020.

Employee contribution rates for all members for the period covering 1 April 2020 – 31 March 2021 are as follows:

Scheme Year 1 April 2020 to 31 March 2021

| Annualised Rate of Pensionable Earnings (Salary Bands) | | Contribution rates – All members |
|--|-------------|------------------------------------|
| From | To | From 1 April 2020 to 31 March 2021 |
| £0 | £23,999.99 | 4.6% |
| £24,000.00 | £55,499.99 | 5.45% |
| £55,500.00 | £152,499.99 | 7.35% |
| £152,500.00 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

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a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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

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

Cash Equivalent Transfer Values

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

Real increase in CETV

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

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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:

| | 2019-20 | 2018-19 |
|-----------------------------------|----------------|----------------|
| Salary Band | Number | Number |
| Pay Scale 4 £155,472-£182,301 | 1 | 1 |
| Pay Scale 3 £115,187-132,660 | 2 | 2 |
| Pay Scale 2 £89,482-£102,103 | 5 | 6 |
| Pay Scale 1 £69,651-£79,849 | 25 | 19 |
| Special Advisor 1 £0- £54,999 | 1 | - |
| Special Advisor 2 £55,000-£69,999 | 1 | - |
| Special Advisor 3 £70,000-£85,000 | 4 | - |

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

Staff numbers and related costs (Audited)

Staff costs comprise of:

| | | | | 2019-20 | 2018-19 |
|---|--|---------------|------------------|----------------|----------------|
| | Permanently employed staff* | Others | Ministers | Total | Total |
| | £000 | £000 | £000 | £000 | £000 |
| Wages and salaries | 13,273 | 803 | 35 | 14,111 | 13,106 |
| Social security costs | 1,381 | 46 | 4 | 1,431 | 1,352 |
| Other pension costs | 3,786 | 132 | 5 | 3,923 | 2,775 |
| Sub Total | 18,440 | 981 | 44 | 19,465 | 17,233 |
| Less recoveries in respect of outward secondments | (80) | - | - | (80) | (75) |
| Total net costs | 18,360 | 981 | 44 | 19,385 | 17,158 |

| Of which: | Charged to Administration £000 | Charged to Programme £000 | Total £000 |
|------------------------|---|--|-----------------------|
| Core department | 9,926 | 9,459 | 19,385 |

* There were no staff costs incurred in respect of the department's Special Advisers in 2018-19. The 2019-20 figure includes the cost of the Departments' Special Advisers. There

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is one Special Advisor paid in pay band £0-£54,999, One Special Advisor paid in the pay band £55,000- £69,999 and four Special Advisors paid in the pay band £70,000- £85,000.

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 every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2021.

For 2019-20, employers' contributions of £3,602,616 were payable to the NICS pension arrangements (2018-19: £2,722,754.85) at one of three rates in the range of 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% per annum 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 £59,856 (2018-19: £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% (2018-19: 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% (2018-19: £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.

Three persons (2018-19 Two persons) retired early on ill-health grounds, the total additional accrued pension liabilities in the year amounted to less than £1k (2018-19: £9,101.91).

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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| | | | | | 2019-20 | 2018-19 |
|---|--|------------------|-----------------------|---------------------------------|-----------------|-----------------|
| | Permanently employed staff Number | Others Number | Ministers Number** | Special Advisers Number** | Total Number | Total Number |
| Core Departmental staff in post | 264 | 28 | 4 | 6 | 302 | 279 |
| North South Ministerial Council | 6 | - | - | - | 6 | 8 |
| Commissioner for Public Appointments for Northern Ireland | 1 | - | - | - | 1 | 2 |
| The Inquiry into Historical Institutional Abuse | 14 | 1 | - | - | 15 | 11 |
| Attorney General for Northern Ireland | 12 | - | - | - | 12 | 12 |
| Staff engaged on capital projects* | - | - | - | - | - | - |
| Total for RfR A | 297 | 29 | 4 | 6 | 336 | 312 |

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

** The Ministers were in post from 11th January 2020 and the Special Advisers were in post from, J Loughran 5th February 2020, D O'Hagan 3rd February 2020, S McGlade 11th January 2020, E Little Pengelly 11th January 2020, P Weir 11th January 2020 and K Ashton 2nd March 2020.

Staff Composition at 1 April 2020 and 1 April 2019 (Audited)

The number of persons of each gender who were directors, senior managers, and employees of TEO at 1 April 2020 and 1 April 2019 is as follows;

| | 2019-20 | | 2018-19 | |
|-------------------------------------|---------|--------|---------|--------|
| | Male | Female | Male | Female |
| Directors (Departmental Board) | 6 | 2 | 7 | 1 |
| Senior Managers (Grade 5 and above) | 20 | 17 | 12 | 9 |
| Employees (All other staff) | 117 | 174 | 149 | 132 |
| Total | 143 | 193 | 168 | 142 |

Special Advisers are included in senior managers when employed, six were employed at 1 April 2020 and none at 1 April 2019.

Absence management

The table below shows sick absence statistics for the last three years. Validated end of year information for 2019-20 is not yet available.

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TEO continued to place a high priority on absence management and had a wide variety of support mechanisms in place to help staff who were sick, including Occupational Health Service, Welfare Services and Inspire Workplace Services (formerly Care call) who provide independent counselling services. A Workplace Health and Fitness programme ran throughout the year, with 8 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 and NICS Sick Absence Statistics

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

| | 2019-20 | | 2018-19 | | 2017-18 | |
|---|---------|------|---------|------|---------|------|
| | TEO | NICS | TEO | NICS | TEO | NICS |
| Days Lost per Staff Year | 9.3 | 12.9 | 10.7 | 12.6 | 7.6 | 13.0 |
| % of Staff with no recorded absence | 61.8 | 50.7 | 64.1 | 51.3 | 58 | 46.6 |
| Long term absence | | | | | | |
| % of staff with one or more long-term absence | 8.9 | 14 | 8.7 | 13.9 | 6.6 | 13.3 |
| % of working days lost due to long-term absence | 72.2 | 77 | 80.5 | 77.6 | 63.9 | 74.7 |
| Average duration (working days) | 55.0 | 62.8 | 73.5 | 63.1 | 61.6 | 62.0 |

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 ongoing, including Talent Management Proposals to support a more corporate approach to talent management across the NICS.

(ii) Learning & Development

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

NICSHR Learning and Development 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 2019 is now in place and formal negotiations with trade unions on the 2020 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 members of NICS recruitment panels. Unconscious bias training is available to all staff.

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

The NICS has a wide and active network of Diversity Champions and has appointed one of its' Deputy Secretaries as the NICS Diversity Lead for Disability. The NICS has a committed 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 colleagues feel valued. The NICS promotes a number of schemes for disabled colleagues, including a Work Experience Scheme for People with Disabilities.

Equal Opportunities

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

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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 has commenced in 2019-20 and is due to be complete in 2020-21.

Employee Involvement

TEO, and its senior management team, places considerable importance on staff engagement and the inclusion of employees. The Department's Business Improvement Plan, produced by the Business Improvement and Staff Engagement Unit, was developed following widespread consultation and continues to evolve through engagement with staff. The Department also recognises the importance of highly effective communication and makes every effort to ensure that staff are kept informed through a series of articles issued on a daily basis through the Departmental intranet. This is supplemented by regular team meetings and the sharing of corporate information such as updates on corporate and business plans. Site visits and regular learning seminars are also made available to improve engagement and the sharing of corporate knowledge.

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

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

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

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;

| | 2019-20 £000 | 2018-19 £000 |
|-----------------------|-----------------|-----------------|
| Consultancy Costs | 160 | 170 |
| Agency staff | 351 | 165 |
| Seconded in staff | 630 | 657 |
| Total Temporary Staff | 1,141 | 992 |

Temporary staff costs have increased in the year 2019-20 by £148k this has been primarily due to an increase in agency costs of £186k during the period. The movement in agency staff is the result of an increase in headcount for Program cost centres by two fixed term equivalents.

Off Payroll Engagements

| | |
|---|---|
| Number of payroll engagements at 1 April 2019 | - |
| Number of new off payroll engagements ((a)+(b) below) | 2 |
| Those caught by IR35 (a) | |
| Which consists of: | |
| - Number engaged directly (via PSC contracted to department) and are on the departmental payroll (c) | - |
| - Number of engagements reassessed for consistency / assurance purposes during the year. | - |
| - Number of engagements changed to IR35 status following the consistency review | - |
| Those not caught by IR35 (b) | 2 |
| Number of engagements which have come onto the payroll (this will include (c) above) | 2 |
| Number of engagements which have come to an end | - |
| Off payroll engagements at 31 March 2020 | 2 |

The Department had two 'off-payroll' engagements at a cost of over £245 per day, lasting longer than 6 months per annum in place during 2019-20.

There were no 'off-payroll' engagements of the 9 board members with significant financial responsibility during 2019-20.

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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 2019-20, an exit package was agreed and accounted for one person amounting to £35,000 (2018-19: £Nil).

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

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

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

Statement of 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.

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

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

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

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

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

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Summary of Resource Outturn 2019-20, all figures presented in £000

| Type of spend | Note | Outturn | | | Estimate | | | Outturn vs Estimate, saving / (excess) | Prior Year Outturn Total, 2018-19 |
|----------------------------------|--------|-------------------|--------------------|----------------|-------------------|--------------------|----------------|--|-----------------------------------|
| | | Gross Expenditure | Accruing Resources | Net Total | Gross Expenditure | Accruing Resources | Net Total | Net Total | |
| Request for Resources A | SoAS 1 | 142,256 | (22,042) | 120,214 | 688,623 | (22,042) | 666,581 | 546,367 | 97,680 |
| Total Resources | SoAS 2 | 142,256 | (22,042) | 120,214 | 688,623 | (22,042) | 666,581 | 546,367 | 97,680 |
| Non-operating Accruing Resources | | - | - | - | - | - | (150) | (150) | 6 |

Net cash requirement 2019-20, all figures presented in £000

| Item | Note | Outturn | Estimate | Outturn vs Estimate, saving/(excess) | Prior Year Outturn Total, 2018 – 19 |
|----------------------|--------|---------|----------|--------------------------------------|-------------------------------------|
| Net Cash requirement | SoAS 3 | 133,713 | 135,011 | 1,298 | 101,479 |

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 2019-20 | | Outturn 2019-20 | |
|---|--------|------------------|-----------------|-----------------|-----------------|
| | | Income | <i>Receipts</i> | Income | <i>Receipts</i> |
| Total amount payable to the Consolidated Fund | SoAS 4 | - | - | 16 | 663 |

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

The notes on pages 107 to 128 form part of these accounts.

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

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

SOAS note 1. Outturn detail by Estimate Line

| Type of spend | Resource outturn | | | | | | Estimate | | | Outturn vs Estimate (inc virements), saving/ (excess) | Prior Year Outturn Total, – 2018-19 |
|---|------------------|---------------|---------|-------------------|--------------------|-----------|-----------|------------|--------------------------|---|-------------------------------------|
| | Admin | Other Current | Grants | Gross expenditure | Accruing Resources | Net Total | Net Total | Virements* | Net Total inc. virements | | |
| Request for Resources A: | | | | | | | | | | | |
| <i>Departmental Expenditure in DEL</i> | | | | | | | | | | | |
| A1 | 10,873 | 14,008 | 6,825 | 31,706 | (344) | 31,362 | 34,329 | | 34,329 | 2,967 | 26,453 |
| A2 | - | 2,780 | 40,477 | 43,257 | (21,698) | 21,559 | 22,508 | | 22,508 | 949 | 29,103 |
| A3 | 18 | 599 | 729 | 1,346 | - | 1,346 | 1,380 | | 1,380 | 34 | 1,226 |
| A4 | 1,167 | - | - | 1,167 | - | 1,167 | 1,182 | | 1,182 | 15 | 1,213 |
| <i>Annually Managed Expenditure (AME)</i> | | | | | | | | | | | |
| A5 | - | (325) | - | (325) | - | (325) | 3,500 | | 3,500 | 3,825 | 3,385 |
| A6 | - | 51 | - | 51 | - | 51 | 539,243 | | 539,243 | 539,192 | 15 |
| Non-Budget | | | | | | | | | | | |
| A7 | - | - | 5,203 | 5,203 | - | 5,203 | 5,203 | | 5,203 | - | 5,248 |
| A8 | - | - | 893 | 893 | - | 893 | 893 | | 893 | - | 866 |
| A9 | - | - | 1,544 | 1,544 | - | 1,544 | 1,544 | | 1,544 | - | 1,948 |
| A10 | - | - | 1,084 | 1,084 | - | 1,084 | 1,084 | | 1,084 | - | 1,065 |
| A11 | - | - | 13,440 | 13,440 | - | 13,440 | 13,440 | | 13,440 | - | 13,241 |
| A12 | - | - | 36,041 | 36,041 | - | 36,041 | 36,041 | | 36,041 | - | 7,160 |
| A13 | - | - | 3,535 | 3,535 | - | 3,535 | 3,589 | (54) | 3,535 | - | 3,506 |
| A14 | 3,314 | - | - | 3,314 | - | 3,314 | 2,645 | 54 | 2,699 | (615) | 3,251 |
| Resource Outturn | 15,372 | 17,113 | 109,771 | 142,256 | (22,042) | 120,214 | 666,581 | - | 666,581 | 546,367 | 97,680 |

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

The notes on pages 107 to 128 form part of these accounts.

The Executive Office

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

Key to Request for Resources

| | |
|-----|---|
| A1 | Executive Support and Policy Development |
| A2 | Good Relations |
| A3 | North-South Ministerial Council |
| A4 | Attorney General for Northern Ireland |
| A5 | <i>Strategic Sites</i> |
| A6 | <i>Provisions</i> |
| A7 | Equality Commission for Northern Ireland |
| A8 | Commission for Victims and Survivors for Northern Ireland |
| A9 | Maze/Long Kesh Development Corporation |
| A10 | Northern Ireland Judicial Appointments Commission |
| A11 | Victims and Survivors Service Limited |
| A12 | Strategic Investment Board Limited |
| A13 | Northern Ireland Community Relations Council |
| A14 | 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 £546.4 million against Spring Supplementary Estimates.

The net cash requirement for 2019-20 was £133.713 million. This is £1.298 million lower than the estimated net cash requirement of £135.011 million.

Detailed explanations of the variances are given in the Financial Performance section (pages 32 to 34) of the Performance Analysis.

The notes on pages 107 to 128 form part of these accounts.

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

SOAS note 2. Reconciliation of outturn to net operating expenditure

| Item | Note | Outturn | Supply Estimate | Outturn compared with Estimate | Prior Year Outturn Total, 2018-19 |
|---|--------|---------|-----------------|--------------------------------|-----------------------------------|
| Net Resource Outturn | SoAS 1 | 120,214 | 666,581 | 546,367 | 97,680 |
| Non-supply income (CFERs) | SoAS 4 | (16) | - | 16 | (54) |
| Non-supply expenditure (unrealised foreign exchange gain) | | (300) | - | 300 | 94 |
| Net Operating Expenditure in Consolidated Statement of Comprehensive Net Expenditure | SOCNE | 119,898 | 666,581 | 546,683 | 97,720 |

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

The notes on pages 107 to 128 form part of these accounts.

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

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

| Item | Note | Outturn total | Estimate | Outturn vs Estimate, Saving / (excess) |
|---|--------|----------------|----------------|--|
| Resource outturn | SoAS 1 | 120,214 | 666,581 | 546,367 |
| Capital | | | | |
| Acquisition of property, plant and equipment | 6,7 | 3,717 | 4,270 | 553 |
| Non-operating Accruing Resources | | | | |
| Net Book Value of asset disposals | | - | (150) | (150) |
| Accruals to cash adjustments | | | | |
| <i>Adjustments to remove non-cash items:</i> | | | | |
| Depreciation, impairments and revaluations | 3,4 | (103) | (4,023) | (3,920) |
| New provisions and adjustments to previous provisions | 14 | (51) | (539,243) | (539,192) |
| Other non-cash items | 3,4 | (3,313) | (2,645) | 668 |
| Changes in working capital other than cash | 12,13 | 13,235 | 10,162 | (3,073) |
| Changes in payables falling due after more than one year | 13 | (36) | - | 36 |
| Use of provisions | 14 | 50 | 59 | 9 |
| Excess cash receipts surrenderable to the Consolidated Fund | SoAS 4 | - | - | - |
| Net cash requirement | | 133,713 | 135,011 | 1,298 |

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

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

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

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

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

| Item | Note | Forecast 2019-20 | | Outturn 2019-20 | |
|---|--------|------------------|-----------------|-----------------|-----------------|
| | | Income | <i>Receipts</i> | Income | <i>Receipts</i> |
| Operating income and receipts – excess Accruing Resources | | - | - | 10 | 6 |
| Other operating income and receipts not classified as Accruing Resources | | - | - | 6 | 657 |
| Subtotal | SOAS5 | - | - | 16 | 663 |
| Non-operating income and receipts – excess Accruing Resources | SoAS 6 | - | - | - | - |
| 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 | SoAS 3 | - | - | - | - |
| Total amount payable to the Consolidated Fund | | - | - | 16 | 663 |

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

| Item | Note | 2019-20 £000 | 2018-19 £000 |
|--|--------------|-----------------|-----------------|
| Operating income | 5 | 22,058 | 13,571 |
| Gross income | | 22,058 | 13,571 |
| Income authorised to be Accruing Resources | SOAS1 | 22,042 | 13,517 |
| Operating income payable to the Consolidated Fund | SOAS4 | 16 | 54 |

The notes on pages 107 to 128 form part of these accounts.

The Executive Office

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

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

| Item | 2019-20 £000 | 2018-19 £000 |
|---|-----------------|-----------------|
| Proceeds on disposal of property, plant and equipment | - | - |
| Other Miscellaneous Income | - | 5 |
| Non-operating income – excess Accruing Resources | - | 5 |

The notes on pages 107 to 128 form part of these accounts.

Other Assembly Accountability Disclosures (Audited)

Entities outside the Accounting Boundary

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

- **Northern Ireland Community Relations Council**

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

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

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

- **Equality Commission for Northern Ireland**

The Equality Commission for NI is an executive NDPB established under the NI Act 1998 with statutory functions which include working towards eliminating unlawful discrimination and to promote equality of opportunity on the grounds of disability, sex, race and religious belief/political opinion. The Commission also has responsibilities under Section 75 of the NI Act 1998 in relation to the public sector equality duties. Further information, including its Corporate Plan and Annual Report and Accounts can be obtained at www.equalityni.org.

- **Ilex Urban Regeneration Company Limited**

Ilex was established as an executive NDPB limited by guarantee on 17 July 2003. An independent review of Ilex was completed in October 2015, which recommended the closure of Ilex by April 2017. This was brought forward and the Company closed for business in March 2016. The company is to be wound up in 2020 -21.

- **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

The Executive Office

by TEO. The Development Corporation has continued to function during Covid-19 restrictions with staff working remotely and the Board and Audit Committee meeting by teleconference. More information is available on <http://mazelongkesh.com/>.

- **Northern Ireland Judicial Appointments Commission**

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

- **Strategic Investment Board Limited**

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

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

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

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

- **Victims and Survivors Service Limited**

The Victims and Survivors Service is an executive NDPB and formed as a company limited by guarantee. It was established by TEO's predecessor OFMDFM to administer funding and support to victims and survivors and opened in April 2012. The Service provides

The Executive Office

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

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

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

Covid-19

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption just before the financial year end.

The ongoing disruption caused by Covid-19 has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2020. As a result, an unquantifiable contingent liability is disclosed, relating to the operation of the NI Hub that TEO is responsible for, refer to note 15.4. In accordance with accounting standards, no contingent assets can be recognised.

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Regularity of Expenditure (Audited)

i. Losses and special payments

| | 2019-20 | 2019-20 | 2018-19 | 2018-19 |
|-----------------------|---------|---------|---------|---------|
| | Number | £000 | Number | £000 |
| Total – Losses | 90 | 11 | 62 | 5 |

There were no cases over £250,000 in 2019-20 (2018-19: 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

7th October 2020

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 2020 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 2020 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.

Emphasis of Matter

I draw attention to Note 6 of the financial statements, which describes the material valuation uncertainties for Land & Buildings due to the consequences of the COVID-19 pandemic. My opinion is not modified in respect of the matter.

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 2020 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

The Executive Office

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.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- The Executive Office's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Executive Office have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about The Executive Office's ability to continue to adopt the going concern basis.

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

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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.

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

My report is included on pages 129 and 130 of the financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU
21 October 2020

THE FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

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 | 2019-20 Total £000 | 2018-19 Total £000 |
|---|-------|--------------------------|--------------------------|
| Operating income | 5 | (22,058) | (13,571) |
| Total Operating Income | | <u>(22,058)</u> | <u>(13,571)</u> |
| Staff costs | 3,4 | 19,465 | 17,233 |
| Purchase of goods and services | 3,4 | 12,565 | 11,582 |
| Depreciation and impairment charges (includes revaluation and disposal) | 3,4 | 104 | 3,812 |
| Provision expense | 3,4 | 51 | 15 |
| Other operating expenditure | 4 | 109,771 | 78,649 |
| Total Operating Expenditure | | <u>141,956</u> | <u>111,291</u> |
| Net Operating Expenditure | SOAS2 | <u>119,898</u> | <u>97,720</u> |
| Finance Income | | - | - |
| Finance Expense | | - | - |
| Net expenditure for the year | | <u>119,898</u> | <u>97,720</u> |
| 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 | (229) | (125) |
| - Net (gain)/loss on revaluation of Intangible Assets | 7 | (2) | 0 |
| Comprehensive Net Expenditure for the year ended 31 March 2020 | | <u>119,667</u> | <u>97,595</u> |

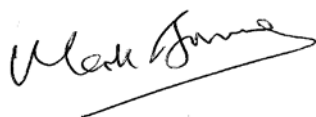
The notes on pages 107 to 128 form part of these accounts.

The Executive Office

Statement of Financial Position as at 31 March 2020

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 | 2019-20 £000 | 2018-19 £000 |
|--|------|----------|-----------------|-----------------|
| Non-current assets | | | | |
| Property, plant and equipment | 6 | 12,385 | | 9,042 |
| Intangible assets | 7 | 315 | | 41 |
| Total non-current assets | | | 12,700 | 9,083 |
| Current assets | | | | |
| Assets classified as held for sale | 10 | 227 | | - |
| Trade and other receivables | 12 | 53,713 | | 26,321 |
| Cash and cash equivalents | 11 | 192 | | 171 |
| Total current assets | | | 54,132 | 26,492 |
| Total assets | | | 66,832 | 35,575 |
| Current liabilities | | | | |
| Trade and other payables | 13 | (79,936) | | (66,061) |
| Provisions | 14 | (72) | | (78) |
| Total current liabilities | | | (80,008) | (66,139) |
| Total assets less current liabilities | | | (13,176) | (30,564) |
| Non-current liabilities | | | | |
| Other payables | 13 | (46) | | (10) |
| Provisions | 14 | (168) | | (161) |
| Total non-current liabilities | | | (214) | (171) |
| Total assets less total liabilities | | | (13,390) | (30,735) |
| Taxpayers' equity and other reserves | | | | |
| General fund | | | (14,037) | (31,248) |
| Revaluation reserve | | | 647 | 513 |
| Total equity | | | (13,390) | (30,735) |



Mark Browne (Dr)
Accounting Officer

The notes on pages 107 to 128 form part of these accounts.

7th October 2020

**Statement of Cash Flows
for the year ended 31 March 2020**

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 | 2019-20 £000 | 2018-19 £000 |
|--|----------|-------------------------|------------------------|
| Cash flows from operating activities | | | |
| Net operating expenditure | SOAS2 | (119,898) | (97,720) |
| Adjustments for non-cash transactions | 3,4 | 3,469 | 7,078 |
| Increase in trade and other receivables | 12 | (27,394) | (20,292) |
| Less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure | 12 | 4,408 | 3,214 |
| Increase in trade and other payables | 13 | 13,912 | 13,548 |
| Less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure | 13 | (3,517) | (3,646) |
| Use of provisions | 14 | (50) | (166) |
| Net cash outflow from operating activities | | <u>(129,070)</u> | <u>(97,984)</u> |
| Cash flows from investing activities | | | |
| Purchase of non-financial assets | 6, 7, 13 | (3,981) | (3,445) |
| Proceeds from disposal of non-financial assets | | - | 11 |
| Net cash outflow from investing activities | | <u>(3,981)</u> | <u>(3,434)</u> |
| Cash flows from financing activities | | | |
| From the Consolidated Fund (Supply) – current year | | 126,093 | 98,078 |
| From the Consolidated Fund (Supply) – prior year | | 3,214 | - |
| Advances from the Contingencies Fund | | - | - |
| Repayments to the Contingencies Fund | | - | - |
| Net financing | | <u>129,307</u> | <u>98,078</u> |
| Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund | | <u>(3,744)</u> | <u>(3,340)</u> |
| NDPB CFERs payments of amounts due to the Consolidated Fund | | - | - |
| NDPB CFERs paid to the Consolidated Fund | | - | (3) |
| Payment of CFERs to other departments following restructuring | | - | - |
| Payments of amounts due to the Consolidated Fund | | (60) | (18) |
| | | <u>(60)</u> | <u>(21)</u> |
| Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund | | <u>(3,804)</u> | <u>(3,361)</u> |
| Cash and cash equivalents at the beginning of the period | 11 | <u>(3,816)</u> | <u>(455)</u> |
| Cash and cash equivalents at the end of the period | 11 | <u>(7,620)</u> | <u>(3,816)</u> |

The notes on pages 107 to 128 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

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 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) |
| Net Assembly Funding | | 126,093 | - | 126,093 |
| Supply receivable adjustment | 12 | 7,622 | - | 7,622 |
| Deemed Supply | 13 | - | - | - |
| CFERs payable to the Consolidated Fund | | (16) | - | (16) |
| SIB FTC loan repayment received | 9 | 6,525 | - | 6,525 |
| SIB FTC loan repayment paid to the Consolidated Fund | 9 | (6,525) | - | (6,525) |
| Comprehensive Net Expenditure for the year | | (119,898) | 230 | (119,668) |
| Auditors remuneration | 3 | 71 | - | 71 |
| Non-cash charges – other notional costs | 3 | 3,243 | - | 3,243 |
| Transfer between reserves | | 96 | (96) | - |
| Balance at 31 March 2020 | | (14,037) | 647 | (13,390) |

The notes on pages 107 to 128 form part of these accounts.

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2019-20 *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.

Notes to the Departmental Resource Accounts continued

Operational properties are valued on the basis of existing use value, unless they are specialised, in which case they are valued on a depreciated replacement cost basis. Properties surplus to requirements are valued on the basis of open market value less any

material directly attributable selling costs. With the exception of the above and items under construction, fair value is estimated by restating the value annually by reference to indices compiled by the Office for National Statistics (ONS).

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

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

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

1.3 Depreciation and Amortisation

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

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

Asset lives are normally in the following ranges:

| | |
|------------------------|------------|
| Computer Equipment | 3-6 years |
| Computer Systems | 6-10 years |
| Freehold Buildings | 25 years |
| Furniture and Fittings | 2-15 years |
| Motor Vehicles | 4 years |

The Executive Office

Notes to the Departmental Resource Accounts continued

| | |
|----------------------|-----------------|
| Lease hold Buildings | length of lease |
| Office Equipment | 3-11 years |
| Plant and Machinery | 3-20 years |
| Telecoms Equipment | 2-10 years |

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

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

1.4 Operating income including income receivable from the European Union

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

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

1.5 Administration and programme expenditure

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

1.6 Foreign exchange

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

Notes to the Departmental Resource Accounts continued

date are translated at the rates ruling at that date. These translation differences are dealt with in the Statement of Comprehensive Net Expenditure.

1.7 Employee Benefits including Pensions

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

1.8 Leases

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

1.9 Grants payable

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

1.10 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the time value of money is material, nominal rates issued by HM Treasury will be used to discount future cash flows related to provisions recognised in accordance with IAS 37 Provisions, contingent liabilities and contingent assets. There are time frames against which nominal rates will apply. The nominal rates are currently between 0.51% and 1.99%.

Notes to the Departmental Resource Accounts continued

1.11 *Contingent liabilities*

In addition to contingent liabilities disclosed in accordance with IAS 37, the department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is

remote, but which have been reported to the Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*. These comprise:

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

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

1.12 *Value Added Tax*

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

1.13 *Disclosure of Figures*

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

1.14 *Financial Instruments*

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

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

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

Notes to the Departmental Resource Accounts continued

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

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

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

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

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

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

1.15 Comparatives

Comparative figures for the 2018-19 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 2021. This has been delayed for one year.

The Executive Office

Notes to the Departmental Resource Accounts continued

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

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

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

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

No new accounting policies were adopted by The Executive Office during 2019-20.

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.

The Executive Office

Notes to the Departmental Resource Accounts continued

| | Note | Executive Support | Strategic Policy | 2019-20 Total | Executive Support | Strategic Policy | 2018-19 Total |
|-------------------|----------------|-------------------|------------------|---------------|-------------------|------------------|---------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Gross Expenditure | 3,4 | 18,256 | 123,700 | 141,956 | 17,003 | 94,288 | 111,291 |
| Income | 5 | (80) | (21,978) | (22,058) | (97) | (13,474) | (13,571) |
| Net Expenditure | | 18,176 | 101,722 | 119,898 | 16,906 | 80,814 | 97,720 |
| Total assets | 6,7, 10,11, 12 | 1,581 | 65,251 | 66,832 | 1,050 | 34,523 | 35,573 |

2.1 Reconciliation between Operating Segments and SoCNE

| | Note | Executive Support | Strategic Policy | 2019-20 Total | Executive Support | Strategic Policy | 2018-19 Total |
|--|------|-------------------|------------------|---------------|-------------------|------------------|---------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Total net expenditure reported for operating segments | | 18,176 | 101,722 | 119,898 | 16,905 | 80,815 | 97,720 |
| Reconciling items: | | | | | | | |
| Income | | - | - | - | - | - | - |
| Expenditure | | - | - | - | - | - | - |
| Total net expenditure per the Statement of Comprehensive Net Expenditure | | 18,176 | 101,722 | 119,898 | 16,905 | 80,815 | 97,720 |

2.2 Reconciliation between Operating Segments and SoFP

| | Note | Executive Support | Strategic Policy | 2019-20 Total | Executive Support | Strategic Policy | 2018-19 Total |
|--|------|-------------------|------------------|---------------|-------------------|------------------|---------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Total assets reported for operating segment | | 1,581 | 65,251 | 66,832 | 1,051 | 34,523 | 35,574 |
| Reconciling items: | | | | | | | |
| Income | | - | - | - | - | - | - |
| Expenditure | | - | - | - | - | - | - |
| Total assets per the Statement of Financial Position | | 1,581 | 65,251 | 66,832 | 1,051 | 34,523 | 35,574 |

The Executive Office

Notes to the Departmental Resource Accounts continued

3 Other Administration Expenditure

| | 2019-20 | 2018-19 |
|--|----------------|----------------|
| | £000 | £000 |
| Staff Costs ¹ : | | |
| Wages and salaries | 7,151 | 7,019 |
| Social security costs | 765 | 745 |
| Other pension costs | 2,090 | 1,529 |
| Contracted Out Services | 363 | 355 |
| Office Services (including advertising, communications and stationery) | 324 | 349 |
| Staff related costs (including travel and subsistence and training) | 189 | 177 |
| Professional Costs | 144 | 139 |
| Accommodation costs | 198 | 110 |
| Other | 608 | 662 |
| Rentals under operating leases | 130 | 132 |
| Managed Services | 28 | 27 |
| Consultancy | 4 | 21 |
| Non Capital purchases | 30 | 14 |
| Non-cash items: | | |
| Other notional charges | 2,031 | 2,025 |
| Office accommodation | 1,168 | 1,161 |
| Increase in provision | (1) | 15 |
| Depreciation | 77 | 87 |
| Auditors' remuneration ² and expenses | 71 | 65 |
| Loss on Disposal of property plant and equipment | 0 | 2 |
| Amortisation | 1 | 2 |
| Total | 15,371 | 14,636 |

¹Further analysis of staff costs is located in the Staff Report on page 79.

²Auditors' remuneration relates fully to audit work.

The Executive Office

Notes to the Departmental Resource Accounts continued

4 Programme Expenditure

| | 2019-20 £000 | 2018-19 £000 |
|--|-----------------|-----------------|
| Staff Costs ¹ : | | |
| Wages and salaries | 6,960 | 6,087 |
| Social security costs | 666 | 608 |
| Other pension costs | 1,833 | 1,245 |
| Grants | 88,073 | 65,398 |
| EU Programme Spend | 21,698 | 13,251 |
| Office Services | 1,401 | 1,133 |
| Professional Costs | 2,561 | 1,516 |
| Other ² | 338 | 1,200 |
| Rentals under operating leases | 652 | 767 |
| Pension Suspense | 0 | 0 |
| Contracted Out Services | 554 | 470 |
| Accommodation Costs | 525 | 525 |
| Staff related costs | 798 | 594 |
| Managed Services | 276 | 33 |
| Consultancy Costs | 128 | 89 |
| Non Capital Purchases | 41 | 18 |
| Non-cash items: | | |
| Diminution in value of property, plant and equipment | (325) | 3,385 |
| Depreciation | 347 | 334 |
| Increase/(Decrease) in Provision | 52 | - |
| Amortisation | 3 | 2 |
| Bad debt written off | 2 | - |
| Profit on disposal of property, plant and equipment | 1 | - |
| Total | 126,584 | 96,655 |

¹Further analysis of staff costs is located in the Staff Report on page 79.

²Other includes an exchange gain of £36k (2018-19: exchange loss of £119k).

5 Income

| | 2019-20 £000 | 2018-19 £000 |
|---|-----------------|-----------------|
| EU Income | 21,698 | 13,251 |
| Recovery of Seconded Costs | 80 | 75 |
| Rental Income | 258 | 189 |
| Commercial Legal Services | - | - |
| Miscellaneous Other Operating Income ¹ | 22 | 56 |
| Operating Income | 22,058 | 13,571 |

¹Miscellaneous Other Operating Income includes an exchange gain of £Nil (2018-19 £18k)

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 2019 | 5,693 | 3,085 | 88 | 837 | 262 | 473 | - | 10,438 |
| Additions | 114 | 431 | - | 46 | 150 | 120 | 2,580 | 3,441 |
| Reclassifications | (101) | (165) | - | 2 | 1 | - | 32 | (231) |
| Disposals | - | - | - | (5) | (1) | (8) | - | (14) |
| Impairment (a) | (35) | - | - | - | - | - | - | (35) |
| Revaluation charged to SoCNE (a) | 267 | (22) | - | - | - | - | - | 245 |
| Revaluation (a) | - | 65 | 1 | 9 | 5 | 2 | - | 82 |
| At 31 March 2020 | 5,938 | 3,394 | 89 | 889 | 417 | 587 | 2,612 | 13,927 |
| Depreciation | | | | | | | | |
| At 1 April 2019 | (1) | 319 | 56 | 466 | 214 | 343 | - | 1,397 |
| Charged in period | - | 229 | 34 | 73 | 44 | 44 | - | 424 |
| Reclassifications | - | (10) | - | 1 | 1 | - | 6 | (2) |
| Disposals | - | - | - | (4) | (1) | (8) | - | (13) |
| Impairment (a) | - | - | - | - | - | - | - | - |
| Revaluation charged to SoCNE (a) | - | (117) | - | - | - | - | - | (117) |
| Revaluation (a) | - | (50) | (22) | - | (15) | (60) | - | (147) |
| At 31 March 2020 | (1) | 371 | 68 | 536 | 243 | 319 | 6 | 1,542 |
| Carrying amount | | | | | | | | |
| At 31 March 2019 | 5,694 | 2,766 | 32 | 371 | 49 | 130 | - | 9,042 |
| At 31 March 2020 | 5,939 | 3,023 | 21 | 353 | 175 | 268 | 2,606 | 12,385 |
| Asset financing: | | | | | | | | |
| Owned | 5,939 | 3,023 | 21 | 353 | 175 | 268 | 2,606 | 12,385 |
| Carrying amount at 31 March 2020 | 5,939 | 3,023 | 21 | 353 | 175 | 268 | 2,606 | 12,385 |

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

LPS have advised, that the outbreak of the novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11th March 2020, has impacted global financial markets. As a consequence LPS have reported that as at the

Notes to the Departmental Resource Accounts continued

6 Property, plant and equipment continued

valuation date, they consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The valuation of Ebrington and the Crisis Management Centre is reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to them than would normally be the case.

| | 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 | (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 |

Notes to the Departmental Resource Accounts continued

6 Property, plant and equipment continued

(a) Revaluations were undertaken in respect of Ebrington and the Crisis Management Centre as at 31 March 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.

7 Intangible Assets

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

The Executive Office

Notes to the Departmental Resource Accounts continued

7 Intangible Assets continued

| | Software Licenses Restated £000 | Developed Software Restated £000 | Web Sites Restated £000 | Total Restated £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 |

8 Impairments

| | 2019-20 £000 | 2018-19 £000 |
|---|-----------------|-----------------|
| Amounts charged to the Statement of Comprehensive Net Expenditure | 35 | 1,562 |

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

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 (2018-19 £Nil). The contractual loan agreement is between the entity in receipt of the loan and SIB who have accounted for this transaction in their accounts. Therefore as the Department is not exposed to any risk, this transaction is only shown as a grant in aid payment in the SoCNE.

£6,525k repayment of FTC was received in 2019-20 (2018-19: £6,500k)

10 Assets Held for Sale

| | 2019-20 £000 | 2018-19 £000 |
|-------------------------------------|-----------------|-----------------|
| At 1 April | - | - |
| Transfer in from non current assets | (2) | - |
| Transfer out to non current assets | - | - |
| Transfer of carrying value | 229 | - |
| Disposal of carrying value | - | - |
| At 31 March | 227 | - |

During the period Ebrington buildings met the conditions for assets held for sale. Building 4 was valued by LPS at £150,000 and building 30 at £77,500.

The Executive Office

Notes to the Departmental Resource Accounts continued

11 Cash and Cash Equivalents

| | 2019-20 £000 | 2018-19 £000 |
|--|-----------------|-----------------|
| Balance at 1 April | (3,816) | (455) |
| Net change in cash equivalent balances | (3,804) | (3,361) |
| Balance at 31 March | (7,620) | (3,816) |

The following balances at 31 March were held at:

| | | |
|-----------------------------------|----------------|----------------|
| Commercial banks and cash in hand | (7,620) | (3,816) |
| Balance at 31 March | (7,620) | (3,816) |

The balance comprises

| | | |
|-----------|----------------|----------------|
| Cash | 192 | 171 |
| Overdraft | (7,812) | (3,987) |
| | (7,620) | (3,816) |

The bank balance at 31 March 2020 is not physically overdrawn, it is the reconciled balance which is overdrawn. £7,857k of the overdrawn balance (2018-19: £4,029k) 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

| | 2019-20 £000 | 2018-19 £000 |
|---|-----------------|-----------------|
| Amounts falling due within one year: | | |
| Trade receivables | 129 | 81 |
| Deposits and Advances | 20,000 | 9,080 |
| Other Receivables | 26 | 12 |
| Prepayments | 126 | 136 |
| Accrued Income | 17,445 | 7,883 |
| Amounts due from the Consolidated Fund in respect of supply | 7,622 | 3,214 |
| Amounts due from EU | 8,198 | 5,624 |
| VAT | 152 | 273 |
| | 53,698 | 26,303 |
| Amounts falling due after more than one 1 year: | | |
| Deposits and Advances | 12 | 13 |
| Other Receivables | 3 | 5 |
| | 53,713 | 26,321 |

Trade receivables and other current assets contains £11k (2018-19: £658k) which will be surrendered to the Consolidated Fund when received.

The Executive Office

Notes to the Departmental Resource Accounts continued

13 Trade payables and other current liabilities

| | 2019-20 £000 | 2018-19 £000 |
|--|-----------------|-----------------|
| Amounts falling due within one year: | | |
| Bank Overdraft | 7,812 | 3,987 |
| Trade payables | 110 | 70 |
| Other payables | 11 | 22 |
| Accruals | 36,749 | 26,398 |
| Non Current Asset Accruals | 1,075 | 1,339 |
| Deferred Income | - | 22 |
| 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 | - | - |
| Consolidated fund extra receipts due to be paid to the Consolidated Fund | | |
| Received | 4,408 | 3,804 |
| Receivable | 11 | 658 |
| | <u>79,936</u> | <u>66,061</u> |
| Amounts falling due after one year: | | |
| Other payables, accruals and deferred income | 46 | 10 |
| | <u>79,982</u> | <u>66,071</u> |

14 Provisions for liabilities and charges

| 2019-20 | Equal Pay | Injury Award | Other Provision s | Total |
|---|--------------|-----------------|-------------------------|------------|
| | £000 | £000 | £000 | £000 |
| Balance at 1 April 2019 | 10 | 159 | 70 | 239 |
| Provided in the year | - | 18 | 33 | 51 |
| Provisions not required written back | - | - | (40) | (40) |
| Provisions utilised in the year | - | (10) | - | (10) |
| Balance at 31 March 2020 | <u>10</u> | <u>167</u> | <u>63</u> | <u>240</u> |
| Analysis of expected timing of discounted flows | | | | |
| Not later than one year | - | 9 | 63 | 72 |
| Later than one year and not later than five years | 10 | 38 | - | 48 |
| Later than five years | - | 120 | - | 120 |
| Balance at 31 March 2020 | <u>10</u> | <u>167</u> | <u>63</u> | <u>240</u> |

Notes to the Departmental Resource Accounts continued

| 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 | 10 | 159 | 70 | 239 |
| 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 | 10 | 159 | 70 | 239 |

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 2020 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 0.5% per annum discount rate applicable to post-employment benefits according to HM Treasury guidance.

Notes to the Departmental Resource Accounts continued

14.3 Other Provisions

This provision represents:

- (i) The weighted average cost informed by the Departmental Solicitors Office estimate of potential compensation, medical and legal costs for an ongoing inquest.
- (ii) A number of industrial tribunal cases lodged against the NICS in respect of holiday pay.

15 Contingent liabilities

The Department has entered into the following contingent liabilities.

15.1 Legal issues

The Department is considering one legal case 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 payment. Consequently, the Department does not consider that it is appropriate to make a provision under the criteria set out in IAS 37.

15.2 Statutory Guarantees

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

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

15.3 Withdrawal from the EU

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

Notes to the Departmental Resource Accounts continued

15.4 COVID-19

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

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

Other contingent liabilities disclosed under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) relate to potential future payments resulting from the outcomes of the Historical Institutional Abuse Inquiry, as well as potential payments to be made under the Victims' Payments Scheme. Presently there is uncertainty over the number and quantum of claims that may be received and until there is further clarification a reliable estimate cannot be provided for.

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

16 Leases

16.1 *Finance leases*

The Department has no finance lease commitments.

16.2 *Operating leases*

£782k (2018-19: £896k) 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.

| | 2019-20 | 2018-19 |
|---|----------------|----------------|
| | £000 | £000 |
| Buildings: | | |
| Not later than one year | 871 | 978 |
| Later than one year and not later than five years | 2,060 | 2,804 |
| Later than five years | 584 | 901 |
| | 3,515 | 4,683 |
| Other : | | |
| Not later than one year | 9 | 10 |
| Later than one year and not later than five years | 7 | 3 |
| Later than five years | - | - |
| | 16 | 13 |

The Executive Office

Notes to the Departmental Resource Accounts continued

17 Capital and other commitments

17.1 Capital Commitments

| | 2019-20 £000 | 2018-19 £000 |
|---|-----------------|-----------------|
| Contracted capital commitments at 31 March not otherwise included in these financial statements | | |
| Property, plant and equipment | 5,111 | 5,654 |
| Total | 5,111 | 5,654 |

17.2 Other financial commitments

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

| | 2019-20 £000 | 2018-19 £000 |
|---|-----------------|-----------------|
| Not later than one year | 53 | - |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| | 53 | - |

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.

The Executive Office

Notes to the Departmental Resource Accounts continued

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)

21 Events after the Reporting Period

There have been no significant events since the balance sheet date that would affect these accounts.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 21st October 2020.

Report of the Comptroller and Auditor General of Northern Ireland

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

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

The Historical Institutional Abuse (NI) Act 2019 received Royal Assent on 5 November 2019 and the Victims' Payments Regulations were laid before Parliament on 31 January 2020. In light of COVID-19 restrictions, the HIA scheme was launched remotely and the number of claims to date has been low, (approximately 500 applications were received by the end of September with an average claim of around £30,000). TEO advised me that more extensive promotion of the scheme is anticipated in early 2021. There have been no payments made under the Victims' payments scheme. It is anticipated that this scheme will formally open for applications in March 2021.

Although there were no payments made under these schemes during 2019-20 it is standard accounting practice to account for future liabilities under International Accounting Standard 37 – Provisions, Contingent Liabilities and Contingent Assets. The accounting standard reflects that a provision should be recognised when:

- a present obligation has arisen as a result of a past event;
- payment is probable and
- the amount can be estimated reliably.

On this basis, TEO recognised a provision for potential payments of £539 million (£105 million for victims' payments and £434 million for HIA) in the 2019-20 accounts submitted for audit. However TEO was unable to provide me with sufficient evidence to provide assurance that these estimates were reliable.

A number of factors impacted on TEO's ability to provide a reliable estimate, most notably:

- Both schemes were introduced during 2019-20. There is, therefore, no historic data on which to base future forecasts about the likely level of payments.

In relation to the HIA scheme:

- Data on the number of children who resided in residential homes over the period in question (1922 to 1995) is not complete and the Department is therefore currently unable to provide a reliable estimate of the numbers of eligible victims and survivors.
- Each claim is assessed by a panel consisting of a judicial member along with two non-judicial members. Although a small number of claims were processed after the year end there is insufficient data to predict trends in determinations.
- Eligible applicants may not come forward.
- Information from comparator schemes is still at an early stage.

The Executive Office

In relation to the Victims' payments scheme:

- There is no specific data available on those injured during the Troubles / Conflict. It is therefore difficult to estimate the costs of the scheme with any precision given uncertainty over the number of eligible applicants, and the percentage of these who may come forward.
- The scheme covers those with both physical and psychological disablement and this can be difficult to measure.
- Entitlement transfers to a nominated person on death and posthumous applications can be made to the scheme.

As a result of the issues outlined above it has not been possible for TEO to provide a reliable estimate at this time. Where a reliable estimate cannot be made IAS 37 recommends that financial obligations should be disclosed as a contingent liability. TEO has agreed with this accounting treatment and has disclosed the liability relating to both the HIA scheme and the victims' payment scheme as a contingent liability in note 15 to the accounts.

TEO's accounts report an underspend of £546.367 million in the Statement of Assembly Supply. The majority of this underspend relates to the setting up of Estimate cover for provisions for payments expected to be made under the HIA and Victims' Payments Schemes of £433.762 million and £105.351 million respectively. As TEO was unable to provide reliable estimates for these provisions the Estimate cover was not used.

I have recommended that TEO continues to seek information relevant to these schemes and to refine the models they are developing to support the reliable measurement of future probable payments under these schemes. TEO should consider engaging experts such as the Government's Actuary Department to assist with developing forecasting models. I will monitor progress on this issue and consider any implications for the audit of the Annual Report and Accounts for 2020-21.



KJ Donnelly
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21 October 2020