



Department for
**Employment
and Learning**
www.delni.gov.uk

SKILLS
TO SUCCEED

Department for Employment and Learning
ANNUAL REPORT
2014 / 15

Department for Employment and Learning

Resource Accounts

For the year ended 31 March 2015

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

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Foreword by the Permanent Secretary

I am pleased to present the annual report for 2014-15 for the Department for Employment and Learning. The report provides information about the very wide range of activities in which the Department has been engaged over the past year and its performance against its commitments and targets.

Reflecting on the full scope of the Department's many policies, programmes and services, it is apparent that the work of the Department sits at the very heart of the Executive's commitment to economic growth. The Department's many clients and customers range from those who may have few qualifications and face many barriers in accessing employment opportunities, right through to major multinational corporations that are investing and creating high value added jobs in Northern Ireland. The unifying theme through all the activities described in this report is skills. Investing in the skills of our people will continue to be a necessary cornerstone of success - for individuals, for businesses and for the economy as a whole.

At the start of the year the list of commitments and targets facing the Department was daunting but the report demonstrates that the Department has risen well to the challenge. It has not simply been a year of delivering business as usual. In addition to continuing to deliver many of our core programmes, during the course of the year the Department has developed and launched flagship new programmes, such as Steps to Success (the new employment programme) and Securing our Success (the new apprenticeship strategy), and has been engaged in important areas of policy development, such as careers advice and guidance, youth training and further education. The aim is to ensure that our policies and programmes adapt to changing circumstances and challenges and remain relevant to those to whom we provide a service. This has had to be delivered against the backdrop of a very challenging financial position which saw a significant in year reduction to the Department's budget.

The detailed descriptions contained in this report of performance against each of the Department's commitments in 2014-15 present a very creditable picture. Credit for these achievements is due to all the staff in the Department, and I would like to pay tribute to them for their commitment throughout the year. Sometimes working in difficult circumstances and against tight deadlines, they have shown dedication, perseverance and imagination and have remained committed to providing a high quality of service to the Minister for Employment and Learning and the Executive as a whole, and to their many customers.

Next year's challenges will be no less daunting than last year's, but I am sure, based on past experience, that all staff in the Department will rise successfully to them.

Derek Baker

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Directors' Report

Departmental accounting boundary

These accounts refer to the activities of the Department for Employment and Learning ('the Department').

Bodies outside the Departmental boundary

Public Sector bodies not consolidated in these accounts for which the Department has lead policy responsibility are:

- Ulster Supported Employment Limited (a company limited by guarantee);
- CITB NI (Construction Industry Training Board Northern Ireland, a statutory training organisation);
- Labour Relations Agency (a Non-Departmental Public Body);
- Stranmillis University College (a Non-Departmental Public Body);
- St Mary's University College (a Non-Departmental Public Body); and
- the six Further Education colleges (Non-Departmental Public Bodies).

In 2010 the Office for National Statistics made a decision that the Further Education colleges, Stranmillis University College and St Mary's University College should be reclassified as Central Government bodies. With regards to the reclassification of St Mary's University College, the Department is engaging with the Office for National Statistics with a view to reversing this classification decision.

The Minister

Ministerial responsibility for the Department for Employment and Learning for the 2014-15 financial year rested with Dr Stephen Farry MLA.

Permanent Head of the Department and the Management Board

Mr Derek Baker was Acting Permanent Secretary and Accounting Officer of the Department for the 2014-15 financial year.

The other members of the Management Board who served during the year were:

Ms Heather Cousins; and
Mrs Catherine Bell CBE.

Appointments to these posts are made and their remuneration determined under normal arrangements for Senior Civil Service posts. Details of remuneration are included in the Remuneration Report within these Accounts.

Independent Board Members

Professor Russel Griggs OBE; and
Dr Brian Scott.

Expenses for Independent Board Members

Total fees and expenses of £16,481.00 (2013-14: £15,439.37) were paid in respect of the Department's Independent Directors.

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Departmental Reporting Cycle

The Department publishes its annual report and accounts each year on the Department's website (www.delni.gov.uk). They are laid in the Northern Ireland Assembly. The Annual Report contains details of the Department's aims, objectives and targets and detailed textual and financial descriptions of performance against targets. Departmental performance is monitored during the year on a monthly basis. In-year monitoring is provided in the form of Spring Estimates which outline what resources are needed for the current year. These are published by The Stationery Office and laid in the Northern Ireland Assembly.

Pension Liabilities

Staff pension liabilities are borne by the Principal Civil Service Pension Scheme (Northern Ireland) and are therefore not reflected in these accounts but in the accounts of that scheme.

Register of Interests

The Department maintains a Register of Interests, a copy of which is available on request.

Auditors

The financial statements are audited by the Comptroller and Auditor General in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office. He and his staff are wholly independent of the Department and he reports his findings to the Northern Ireland Assembly.

Audit Information

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware, and 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 entity's auditors are aware of that information.

Managing Attendance

Staff sickness and absence is managed in accordance with the Northern Ireland Civil Service Inefficiency Sickness Absence Policy. Further information on performance during the year is contained within the Strategic Report on page 62.

Persons with Disability

The Department follows the code of practice of the Northern Ireland Civil Service in aiming to offer equality of opportunity for people with disabilities to make full use of those skills and abilities that they possess.

Equal Opportunities

The Department follows the Northern Ireland Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.

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Consultation with Employees

Throughout the year, in order to maintain and develop the provision of information to and consultation with employees, the Department continued to hold periodic meetings with Trade Union Side through the Departmental Whitley Committee.

Personal Data Related Incidents

The Department regards the lawful and correct treatment of personal information as essential to its successful operations and to maintaining confidence between the Department and those with whom it transacts business, as well as the public in general. Further information on Personal Data Related Incidents is contained within the Strategic Report on page 73.



**Derek Baker
Accounting Officer
23 June 2015**

Strategic Report

1. Introduction

The Department for Employment and Learning in 2014-15

35,946

The number of working age benefit clients that the Employment Service assisted into employment by 31 March 2015.
(page 20)

£3 million

The funding made available to deliver the Assured Skills project.
(page 12)

£25.2 million

The funding secured to deliver the 'Pathways to Success' strategy over the 2012 to 2015 period.
(page 24)

51.46%

The percentage of employers choosing to place and manage their vacancies electronically through Employers Online by March 2015.
(page 47)

34,655

The number of careers guidance interviews that the Careers Service delivered to young people by March 2015.
(page 12)

£129.4 million

The level of efficiency savings generated during 2014-15.
(page 71)

119

The number of companies that participated on the Management Analysis and Planning programme during 2014-15.
(page 13)

£197.7 million

The amount of resource and capital grant in aid allocated by the Department to the Further Education sector in Northern Ireland.

2,755

The number of people that were case-loaded onto the Local Employment Intermediary Service.
(page 24)

£235.3 million

The funding provided by the Department to support the Higher Education sector in Northern Ireland.

1,419

The number of additional STEM (Science, Technology, Engineering and Mathematics) undergraduate places funded by the Department in the Universities and Further Education Colleges.
(Pages 11 & 19)

£401.1m

The funding provided by the Department to undergraduate and postgraduate students as student loans, grants and postgraduate awards

The Department's Programme for Government Commitments

STEM places

"Increase uptake in economically relevant Science, Technology, Engineering and Mathematics places."

(page 11)

Tuition fees

"Ensure there are no increases in student fees beyond the rate of inflation for Northern Ireland students studying here."

(page 14)

Upskilling

"Upskill the working age population by delivering over 200,000 qualifications."

(page 15)

Moving People into Employment

"Support people (with an emphasis on young people) into employment by providing skills and training."

(page 20)

Economic Inactivity Strategy

"Develop and implement a strategy to reduce economic inactivity through skills, training, incentives and job creation."

(page 30)

About the Department for Employment and Learning

OUR VISION

'A dynamic, innovative and sustainable economy where everyone achieves his or her own full potential'.

OUR AIM

'To promote learning and skills, prepare people for work and to support the economy'.

OUR PURPOSE

The Department is a key contributor to the delivery of the Northern Ireland Executive's vision of a peaceful, inclusive, prosperous, stable and fair society. It is responsible for policy, funding, corporate governance and service delivery across the spectrum from employment through training, careers advice, further and higher education, research and innovation, all underpinned by employment rights.

OUR VALUES

The values of equity, efficiency and effectiveness underpin the Department's delivery of the commitments in its Corporate Plan.

The Department will:

- focus on its key priorities;
- seek to provide a first class service to its customers in an impartial way;
- strive to improve continually as an organisation; and
- motivate, develop and value its staff.

We will contribute to the creation of a shared future - promoting integration and reducing division.

OUR STRATEGIC OBJECTIVES

Our strategic objectives are:

- to promote economic, social and personal development through high quality learning, research and skills training; and
- to help people into employment and promote good employment practices.

MAIN AREAS OF ACTIVITY

We pursue these objectives through four main areas of activity:

- promoting the provision of learning and skills, including entrepreneurship, enterprise, management and leadership;
- encouraging research and development, creativity and innovation in the Northern Ireland economy;
- helping individuals to acquire jobs, including self employment, and improving the linkages between employment programmes and skills development; and
- developing and maintaining a 'fit for purpose' employment law framework.

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OUR RESOURCES

The Department's provisional outturn for 2014-15 was £971.8 million.

The Department made resource savings of £129.4 million in 2014-15.

The Department is committed to making further savings in 2015-16 of £63.3 million.

OUR COLLEAGUES

We have over 2,200 staff members working across the Department on a wide range of issues.

Our Permanent Secretary, Derek Baker, is responsible for providing policy advice to the Department's Minister.

He is supported by two Deputy Secretaries who in turn are supported by the Department's eight Directors.

OUR MINISTER

Our Minister is Dr Stephen Farry MLA.

OUR PARTNERS

We work with a diverse range of partners to deliver our activities including:

- six Further Education colleges;
- the Higher Education Institutions;
- the Labour Relations Agency;
- CITB NI;
- Ulster Supported Employment Limited;
- the voluntary and community sector; and
- the business community.

OUR WORK

Our work is brigaded across seven strategic themes

Improving Productivity, Enhancing Skills – working with employers, the further and higher education sectors and training organisations to improve the skills levels of our working age population.

Addressing Barriers, Supporting People – promoting equal access to all of the Department's services.

Improving Quality, Raising Standards – assessing the quality and performance of our programmes and provision and identifying key actions for improvement.

Understanding Demand, Responding to Need – understanding the needs and demands placed on our services through effective labour market information, research and statistics.

Improving Engagement, Developing Partnerships – working with our diverse range of partners to deliver upon the skills, employment and innovation agendas in Northern Ireland.

Delivering Governance, Maximising Value – improving the performance, quality and value for money of all our services and provision within the context of a sound governance framework.

Leading People, Improving Performance – creating the conditions under which all staff can operate effectively, promoting individual and team development that drives organisational improvement.

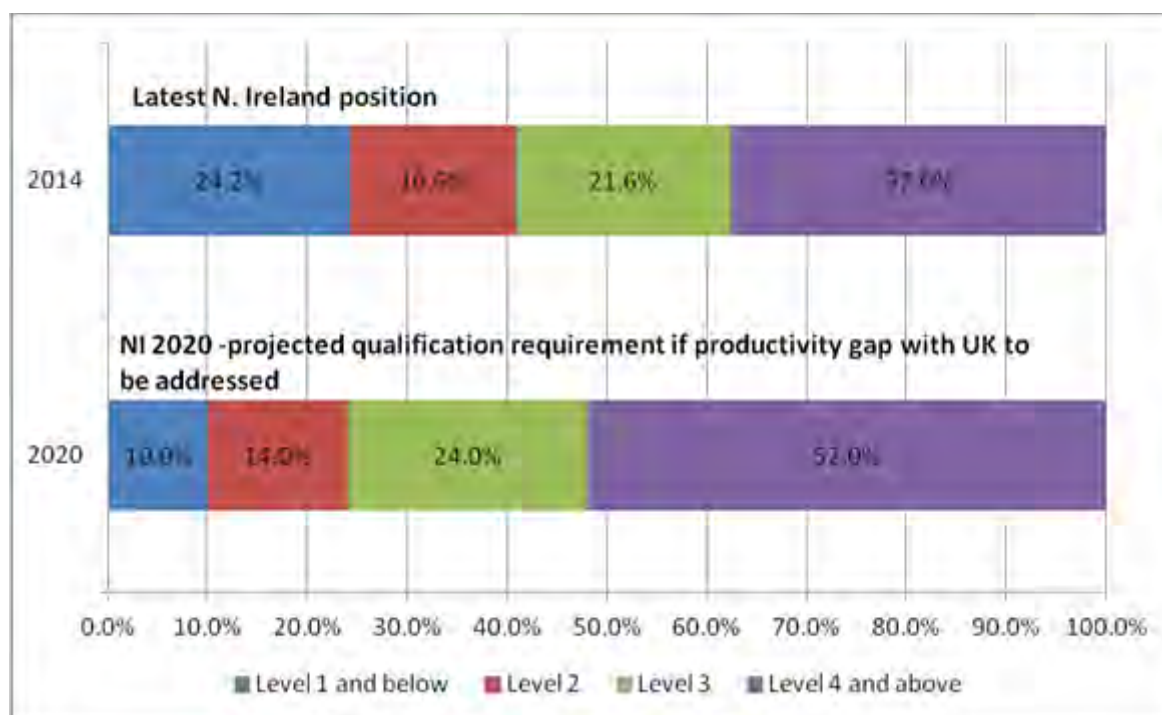
2. Our Work

A Improving Productivity, Enhancing Skills

The case for developing the skills and employability of our workforce is compelling. While improving, gaps remain in the Northern Ireland skills profile when compared to the best performing regions and nations. There are too many with low qualifications and not enough with higher level skills. Countries such as Finland and Sweden have been found to rely heavily on their superior skills profiles to drive export growth and innovative capacity.

The chart below indicates that if we are to close the productivity gap with Great Britain, over 50% of jobs in 2020 will require higher professional and technical and other higher education level qualifications – up from about a third currently. The number of jobs available to those with low level qualifications will fall away dramatically – down from 24% to 10% by 2020.

Highest qualifications attained by people in employment (Northern Ireland)



Source: Labour Force Survey, Oxford Economics

Key strategies in place to develop the skills and employability of the Northern Ireland workforce

Structured to Deliver Success

Structured to Deliver Success sets out how the work undertaken by the Department in relation to Further Education, Higher Education, training, the Careers Service, the Employment Service and employment law comes together effectively to provide one overall Skills Implementation Plan.

Structured to Deliver Success draws together the major strategies of the Department with other related strands of work, so that the strategic goals set out in '*Success through Skills – Transforming Futures*' can be delivered.

The actions necessary to achieve the goals fall broadly under five themes. These are:

- understanding the demand for skills;
- improving the quality and relevance of education and training;
- improving productivity by increasing the skills levels of the workforce;
- tackling the skills barriers to employment and employability; and
- engaging stakeholders.

The Focus for the development of skills is done under three categories:

- those coming into the labour market through further education and higher education;
- those already in work through up skilling and re skilling, including apprenticeships; and
- those who are furthest from work or they are economically inactive because of unemployment.

Structured to Deliver Success can be accessed at the following website:
<http://www.delni.gov.uk/es/success-through-skills-structured-to-deliver-success>

The Skills Strategy for Northern Ireland entitled '**Success through Skills – Transforming Futures**' considers the current skills base, examines the skills we are likely to need in the future to grow the Northern Ireland economy and highlights a number of areas for action.

The **Employer Engagement Plan** focuses on how the Department will engage with businesses over the coming years to help them up-skill their existing workforces.

The Science, Technology, Engineering and Mathematics Strategy, '**Success through STEM**', brings together the work of six Departments. Much progress has been made in implementing this strategy to date.

Programme for Government Commitment – STEM places

“Increase uptake in economically relevant Science, Technology, Engineering and Mathematics places.”

This commitment will see the Department funding an additional 700 STEM places across the lifetime of the Programme for Government 2011-15. The first milestone was delivery of 233 additional places in academic year 2012-13. Actual performance data published in February 2014 shows that in total 358 additional places were reported for the year. An additional 234 places were funded in academic year 2013-14 and actual performance highlighted that an additional 267 places were achieved. Achievement to date is therefore 625 places against a two year target of 467 places. A further 233 places are being funded in academic year 2014-15 and actual performance will not be known until February 2016. It is anticipated that the 700 target will be well surpassed.

‘Preparing for Success’, the joint Department for Employment and Learning and Department of Education Careers Strategy has been in place since 2009. Following a series of reports, including an extensive inquiry by the Employment and Learning Committee, both Departments commissioned a formal independent review of careers in 2014. This resulted in a refreshed narrative and action plan for the strategy which places much more emphasis on the role of the careers system in ensuring that the existing and future workforce are encouraged to acquire the correct qualifications and skills which will lead to sustained and fulfilling employment. Key to this vision is ensuring that the needs of employers are understood and that young people in particular are aware of the risks and rewards associated with the various options and careers paths open to them.

‘Graduating to Success’, a Higher Education strategy for Northern Ireland, sets out the long term vision for the Higher Education sector with implementation targets spanning the period from 2013 until 2020.

‘Securing our Success’, the Northern Ireland Strategy on Apprenticeships was launched in June 2014 and sets out new policy commitments and an implementation plan to ensure their delivery. Through a strong matching of supply and demand, the new model will facilitate economic and social progress, employers will play a lead role in ensuring the provision and content of an apprenticeship meets their needs, while apprentices will know they have skills which will be valued and rewarded.

Frontline Delivery of Service

Contribution to the improvement of productivity and the enhancement of skills is also evident through the frontline service delivery of the Department during the year as detailed below:

‘Bridge to Employment’ continued to provide assistance to companies taking on new staff. Bridge to Employment helps with vacancy advertising, other associated recruitment services and customised training of unemployed people to the specific job requirements. In 2014-15 61 Bridge projects were delivered with approximately 375 unemployed people going into employment.

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Careers Service works with post primary schools across Northern Ireland ensuring that young people have advice and guidance at critical transition stages in their education. During 2014-15, the Careers Service:

- delivered 34,655 individual careers guidance interviews to young people (during September 2013 to August 2014 academic year);
- interviewed 95% of year 12 pupils (a total of 22,346 interviews on a one-to-one basis) against a target of 85%; and
- delivered 16,608 adult guidance interviews with both unemployed and employed clients.

Assured Skills

The Assured Skills pilot programme, a joint project with Invest Northern Ireland, continued to ensure the delivery of a range of activities and interventions guaranteeing potential inward investment companies, or existing companies wishing to expand, that Northern Ireland has the ability to satisfy their future skills and training needs.

- During 2014-15 agreements were put in place with eight companies supporting the potential creation of 2,073 jobs at a total departmental commitment of £3m.
- In addition, Assured Skills provided six capacity building projects (Academy model) with 272 graduates participating. A number of the projects are ongoing however it is unclear at this point how many of the 272 graduates will obtain full time employment as a result of completing these projects.

The Academy model is a short term intervention to help companies to meet specific needs. To date, we have upskilled unemployed graduates in software testing, cloud computing, data analytics, professional software development and sales and marketing. The Academy model has proven hugely successful with high numbers of graduates obtaining employment following completion of an Academy. On average between 80%-100% participants have obtained employment as a result of the Academy model.

Foundation Degrees – The Department remains committed to the expansion of Foundation degrees as the primary intermediate level Higher Education qualification in Northern Ireland. During 2014-15 the Department continued a publicity campaign to promote the benefits of Foundation degrees to both employers and to those in work. In 2014-15 the Department achieved its target of 2,500 Foundation degree enrolments by March 2015. The biggest increase in enrolments has been in those taking the qualification on a part-time basis thereby enhancing the skills and employability of the workforce. There are currently 59 full-time and 54 part-time Foundation degree courses available across the Further Education colleges and the College of Agriculture, Food and Rural Enterprise.

Higher Education Research Funding - The Department is providing circa £48.7 million in mainstream research funding for academic year 2014-15. An additional 234

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postgraduate places (117 commenced in 2013-14 and a further 117 from 2014-15) are also being allocated in this academic year.

Management Development is an important function of the Department. It offers a range of development support to micro businesses (fewer than 10 Full-time Equivalent employees), small to medium-sized enterprises (10-250 Full-time Equivalent employees) and social economy enterprises in Northern Ireland. During 2014-15:

- More than 990 individual managers were trained through the Management and Leadership Development Programme;
- 119 companies participated on the Management Analysis and Planning programme which provides diagnostic support and tailored training through a team of qualified external business advisers.
- The INTRO Graduate Management Development programme enabled 150 graduates to enter managerial positions and receive important Level 5 management training.
- 886 delegates have used the Leadership and Management Skills Assessment diagnostic tool to identify their strengths and weakness and the options available to address any areas of weakness.
- In Feb 2015 a Micro Business Event tailored specifically to Leadership and Management within micro business was delivered in partnership with the University of Ulster Business School to 20 micro business owners in the Causeway and Glens Council Area.

Management and Leadership Development

Management and Leadership Development is a suite of 29 management development interventions, which offer managers and leaders in NI micro businesses, small to medium-sized enterprises and social economy enterprises the opportunity to acquire skills, knowledge, understanding, competencies and attributes that can only be developed through carefully targeted development and guidance. The programmes range from first line and middle management skills through to strategic leadership, and each carries a qualification or part-qualification at Levels 4 to 7 on the Qualifications and Credit Framework. Programme delivery is via a number of professional training providers at locations throughout Northern Ireland and since 1 April 2014 more than 990 individual managers have been trained through the programme.

The latest addition to Management and Leadership Development is a sector-specific 'Leaders in Industry' Programme, delivered by The William J Clinton Leadership Institute, Queen's University. The programme is aimed at middle to senior management level and accredited at Level 5 by the Institute of Leadership and Management. The first cohort was aimed exclusively at employees from the Food and Drinks Manufacturing sector and included two days' study at Cranfield School of Management. The second has an ICT-sector focus and incorporates four days' study at the European Business School, Frankfurt, and visits to a number of German industry leaders in the field of ICT. A further programme is focused on Advanced Manufacturing, also with a European Business School dimension.

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From 1 April 2013 until 31 October 2014, the Department offered 100% funding of training costs across its suite of leadership and management programmes (Management Analysis and Programme Planning, Management and Leadership Development Programme and INTRO) to eligible participants. Funding has now reverted to the original level of 50%.

Investors in People - over 200 public, private and third sector organisations celebrated successful accreditation against the Investors in People framework during the past year. Although the Department will cease to be the Northern Ireland Investors in People Licence Holder from 31 March 2015, Investors in People will continue to be delivered in Northern Ireland by the Investors in People National Team, situated in the UK Commission for Employment and Skills.

Programme for Government Commitment – Tuition fees

“Ensure there are no increases in student fees beyond the rate of inflation for Northern Ireland students studying here.”

New arrangements for tuition fees and associated student finance support were introduced in September 2012 for the academic year 2012-13 and include an agreement that tuition fees for Northern Ireland domiciles studying in Northern Ireland are subject only to inflationary increases.

The tuition fees for Northern Ireland domiciles and the associated fee loans were increased by 3.1% for academic year 2014-15. This is only an inflationary increase, keeping in line with the Programme for Government commitment.

Higher Level Apprenticeship Pilots

The Department is currently piloting higher level apprenticeships across a number of sectors with the aim of testing their effectiveness to meet the specific skills needs of local employers. The further education sector, in the main, delivers the broad educational training for employers.

Higher level apprenticeship pilot projects are currently in progress in sectors including Engineering, ICT, Accountancy, Life Sciences and Professional Services. At present, 130 higher level apprentices are employed across 46 companies. Employers currently involved in the higher level apprenticeship pilot projects include PwC, Deloitte, Norbrook, Terex and Moy Park.

The Department intends to take forward further higher level apprenticeship pilots over the next 12 months. It is anticipated that approximately 400 new higher level apprenticeship places will be available from September 2015 in sectors including Renewable Technologies and Agri-Food.

‘FURTHER EDUCATION MEANS BUSINESS’ – This strategy for further education places the sector at the forefront of economic and workplace development. The Department is committed to ensuring high quality delivery of education and training and

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better outcomes for students in the sector. In the 2013-14 academic year, the latest year for which validated data is available, Further Education learner retention and achievement rates are excellent at 92% (89% 2012-13) and 89% (87% 2012-13) respectively.

In the academic year 2013-14, there were just under 142,000 enrolments for professional and technical provision in Northern Ireland's six Further Education colleges. Departmental funding has provided the infrastructure required to support a number of activities in the Further Education sector in terms of curriculum, ICT, qualifications and support for students encountering a range of difficulties.

Under the '**Employer Support Programme**', the Department provided a dedicated fund to support the Further Education sector's engagement with employers.

The focus of the programme is the provision of upskilling to support development and innovation within businesses with less than 50 employees. By focusing on the provision of skills support, the programme raises the skills levels of the workforce, as well as providing an important contribution to the achievement of the targets within the Skills Strategy for Northern Ireland.

A further aim of the programme is to boost the capacity of micro-businesses and small-to-medium-sized enterprises to maximise productivity, innovation, to develop new products and services and/or expand into new areas of business.

Programme for Government Commitment – Upskilling

“Upskill the working age population by delivering over 200,000 qualifications.”

Over the four year period under review up to academic year 2013-14 almost 300,000 Level 2 and above full qualifications have been gained across mainstream Further Education, Higher Education, Essential Skills and funded Departmental training programmes. Therefore the overall Programme for Government target has been surpassed.

WorldSkills and Skills Competitions

The enhancement of skills in Northern Ireland is reflected through our representation and achievement at various skills competitions.

It has been another very successful year for Northern Ireland competitors:

- Northern Ireland has 16 competitors competing for a place on Team UK for the WorldSkills competition to be held in Sao Paulo, Brazil in August 2015.
- The Skills Show is the UK's largest skills and careers event and took place at the NEC, Birmingham in November 2014. The Skills Show attracts 100,000 visitors and engages over 800 of the UK's most talented apprentices and learners. Northern Ireland had a very good representation which performed exceptionally well winning 18 medals (seven gold, three silver and eight bronze) and six commendations.

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Business Plan Commitments

Under the strategic theme of *Improving Productivity, Enhancing Skills*, the Department had a number of key commitments to deliver during 2014-15. Performance against these commitments is detailed in the table below.

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Commitments		Status
A1	To deliver 53,000 qualifications at level 2 and above through the Department's training, further education and higher education.	
A2	To achieve at least 20% representation as measured over the period 2014-15 from the most deprived areas in the Department's provision. The Department's provision comprises Essential Skills, employment and training programmes, further education and higher education. Most deprived areas comprise those in the lowest quintile on the Northern Ireland Multiple Deprivation Measure.	
A3	To make available funding for additional higher education places in STEM subject areas - additional 233 STEM places required in 2014-15.	
A4	To engage with 700 employers to encourage the upskilling of the local workforce.	
A5	To develop a revised Leadership and Management Strategy, to reflect the current and future management needs of Northern Ireland companies (including micro-businesses) and social enterprises.	
A6	To make available £3m via Letters of Offer to deliver the Assured Skills project to support the inward investment activity of Invest NI.	
A7	To review the actions in the Skills Strategy to ensure the targets are achieved.	
A8	To make £1.5 million available in the 2014-15 budget year for Northern Ireland Small and Medium Enterprises and Social Economy Enterprises to develop their leadership and management capacity.	
A9	To publish a final policy statement and implementation report, outlining a blueprint for the future of apprenticeships in Northern Ireland, by summer 2014.	
A10	To review the policy on youth training at Level 2 by autumn 2014, in line with the review of apprenticeships, to ensure appropriate provision and funding arrangements for young people (aged 16 – 18). To publish a final policy statement and implementation report.	
A11	To develop a new Further Education Strategy for Northern Ireland.	
A12	To continue the implementation of projects flowing from the Department's two Higher Education Strategies: Graduating to Success - the Higher Education Strategy for Northern Ireland and Access to Success, the Integrated Regional Strategy for Widening Participation in Higher Education.	
A13	To sustain our investment in the higher education research infrastructure and, for academic year 2014-15 (commencing August 2014), allocate 117 additional PhD places in areas of economic relevance (50 under the Higher Education Strategy, 50 under the NI Executive's Jobs and Economy Initiative and 17 from additional departmental funding).	
A14	To commence the implementation of the apprenticeship strategy through a series of pilots to test key aspects of the new model, in preparation for its full implementation in 2016.	

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The Department uses the following definitions of “RAG” status to assess performance against Departmental targets:

- **Red** is where targets have not been, or are not expected to be, achieved;
- **Amber** is where there is a lack of robust information on progress, or where the rate of progress is less than planned against targeted outcome;
- **Green/Amber** is where progress is broadly on track, perhaps with small but redeemable deviations from plan; and
- **Green** is where targets have already been met (and, if relevant, should continue to be met) and progress is on track.

B Addressing Barriers, Supporting People

Equal access to the Department's services is fundamental to ensuring that all can share in and contribute to the economic success of Northern Ireland. However, recovery from the economic downturn is likely to take some years and there are many who have been adversely impacted by the recession.

Northern Ireland has the highest level of economic inactivity in the UK and over one third of working age inactive people have no qualifications. Given the expected shift in the skills requirements of jobs here – towards higher level skills – the opportunities for this group of people to engage effectively in the labour market will become more limited over the next decade. There is a pressing need therefore to up-skill those currently in employment and re-engage and up-skill the considerable number of individuals without a job who have no or low qualifications.

Improving the essential skills of literacy and numeracy is also vital to the prosperity of the economy. In addition, a lack of ICT and 'technology literacy' presents a significant barrier to social inclusion. Evidence shows these essential qualifications give individuals an increased opportunity to get a job for the first time, move into higher value added jobs and improve their quality of life.

Support for these groups will be key in terms of the opportunity to address barriers to allow them to enter employment, stay in employment and move up the skills ladder.

Skills in science, technology, engineering and mathematics (STEM) are key to a vibrant economy and in order to support the business related aspects of the 'Success Through STEM' strategy, the Department continued to fund the post of STEM Business Coordinator. In progressing the area of STEM gender equality, and building on the 'Addressing the Gender Balance – Reaping the Gender Dividend' Report of November 2013, the Business Co-ordinator launched the STEM Chief Executive Officer Charter in association with the Equality Commission for Northern Ireland. Since then, 31 STEM based employers have signed the Charter indicating their commitment to promoting gender equality in their employment practices.

Subsequently, the STEM Business Coordinator, working with Equality Commission for Northern Ireland, launched the STEM Employers Equality Network in September 2014 with the objective of addressing gender equality through the sharing of best practice. Plans are established to launch a second STEM Employers Equality Network based in the North West.

Measures in place to support people to enter employment, stay in employment and move up the skills ladder

Essential Skills - since the introduction of the strategy in October 2002 there have been nearly 391,000 enrolments (just over 163,500 individuals¹) in Essential Skills courses with individuals gaining just over 242,500 qualifications. In the most recent academic

¹ An individual may do one, two or all three Essential Skills qualifications

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year, 27% of enrolments were from the most deprived quintile of Northern Ireland super output areas.

The **Learner Access and Engagement Programme** was implemented fully by the Department, following a successful three year pilot period. The programme commenced enrolments in September 2013, however due to a continued decline in the number of enrolments since the programme was mainstreamed and the termination of a number of contracts due to lack of engagement with learners a decision was taken to cease the programme with effect from 31 March 2015. However Further Education colleges have built on the experience of participation on the programme and have developed the capacity in targeting, engaging and retaining those who are most hard to reach in mainstream further education provision, both in college campuses and in outreach centres. Colleges continue to actively engage students from the lower quintiles and in addition the sector's retention rates on mainstream Essential Skills programmes, for example, have been consistently higher than those being achieved by third party providers on Learner Access Engagement.

Employment Service - the Department has responsibility for two main aims:

- preparing people for and helping them find and retain employment; and
- assisting employers to fill vacancies.

Programme for Government Commitment – Moving People into Employment

“Support people (with an emphasis on young people) into employment by providing skills and training.”

The Programme for Government committed the Department to help 114,000 people into employment between 2011-12 and 2014-15. Up to 31 March 2015 the Department had assisted 151,099 working age benefit clients into employment. For the year to 31 March 2015, we helped 35,946 people find work of which 11,386 (31.67%) were aged between 18–24. This performance was against a backdrop of a very difficult economic environment.

Youth Employment - In direct response to the unprecedented increase in the number of unemployed 18-24 year olds, the Employment Service introduced the Youth Employment Scheme in July 2012 putting in place a range of measures to address youth unemployment. The specific aim of the intervention is to help young people aged 18-24 gain work experience, develop additional skills and to achieve recognised relevant qualifications valued by those sectors that have the potential for future growth, both in terms of jobs and Gross Value Added.

Youth Employment Scheme (position at 31 March 2015)

5,573 employers have signed an agreement with the Department
15,720 placements have been made available
7,597 young people have participated
3,419 young people have moved into employment

YOUTH EMPLOYMENT SCHEME

Client: Eoin

After completing a degree in Business Studies, Eoin claimed Jobseeker's Allowance for the first time in May 2013. Through his attendance at our Jobclub, one of our Advisers sourced a work experience placement for Eoin with the employer 'Entertainment Ideas'. Following on from this Eoin progressed on to the YES Skills Development Programme and over the following 6 months he completed a bespoke training qualification with this employer. Eoin was also able to gain experience within marketing and event management which built upon the knowledge gained in his degree. With this experience and newly found confidence Eoin commenced paid employment with Entertainment Ideas through our Enhanced Employer Subsidy option. He has remained in employment since 7 April 2014.

Client: Michelle

Michelle completed a degree in Business and Information in June 2014. Upon advice from her Adviser Michelle volunteered to participate in the Youth Employment Scheme in order to gain work experience and develop her CV. The Adviser secured a financial based placement with the employer 'Taxbusters'. Michelle initially participated in the Skills Development Programme which allowed her to complete a course in leadership and management. Having demonstrated her capabilities to this employer Michelle was offered a full time post through the Enhanced Employer Subsidy option on 26 January 2015 and has remained in employment.

Training Programmes - The Department continued to deliver on its upskilling objectives through its key training programmes, ApprenticeshipsNI and Training for Success. The most recent data available indicates that occupancy levels at the end of October 2014 were 7,027 Apprentices and 6,484 Training for Success participants, with 315 on Programme Led Apprenticeships.

A review of apprenticeships and youth training was commissioned in February 2013 to ensure that they support the growth and rebalancing of the Northern Ireland economy, meet the future needs of business and ensure young people are provided with opportunities to develop skills, gain relevant experience and receive a high quality qualification.

The Northern Ireland Strategy on Apprenticeships was published in June 2014, and is being tested through a series of pilots, with a view to securing full delivery by 2016.

Apprenticeships will commence at level 3, with opportunities up to level 8, and they will be extended to a wider range of occupational areas as well as providing pathways into further and higher education.

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In 2014-15 the Department established an interim Strategic Advisory Forum, based on partnership between employers, trade unions and colleges, to advise government on apprenticeship provision.

The new system will put employers firmly in the lead, through the creation of Sector Partnerships which will allow employers to work with skills and education providers to develop the content of apprenticeships across a range of occupations specific to their sector.

A new central service is being developed to better match people to apprenticeship opportunities and to engage and provide support to both employers and apprentices to help them navigate the new system.

The review of youth training was announced in February 2013, and a public consultation on the interim report of the review closed in February 2015. Following the consultation, which received high levels of support from respondents for all proposals, the final strategy will be published in June 2015, setting out a range of interventions and serving as a blue print for Northern Ireland's future youth training system.

This will establish a new youth training system at level 2, to deliver professional and technical training through a new, baccalaureate-style award, equating to five GCSEs (grades A*-C), including English and Mathematics.

A key element of the proposed system is that it will include employers in its design and delivery, integrate work-based learning for all participants and better match supply and skills, providing a progression route for young people to access level 3 apprenticeships, mainstream further education at level 3 and above, and sustained employment.

The aspiration is to build a system of youth training that will be recognised both nationally and internationally by employers, further and higher education providers, young people, and parents/guardians for its quality, flexibility and transferability.

Pilot schemes will be implemented throughout the 2015-16 academic year with the new youth training model expected to commence in 2016-17.

Widening Participation Strategy for Northern Ireland - It is a principal objective of the Department to widen participation in higher education by students from those sections of society which are currently under represented, in particular students from disadvantaged backgrounds and those with disabilities and learning difficulties. The Department's vision for widening participation is that any qualified individual in Northern Ireland should be able to gain access to higher education that is right for them, irrespective of their personal or social background. The Department makes available a range of financial and other support, through the higher education institutions, to ensure that students can enter higher education based upon their ability to learn, not their ability to pay.

Delivery of '**Access to Success**', the Department's integrated regional strategy for widening participation in higher education, has progressed throughout 2014-15. This has included improved reporting structures within the higher education institutions and

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greater awareness of the benefits of higher education through a centralised higher education awareness and aspiration raising campaign aimed at under-represented sections of the community.

Means Tested Education Maintenance Allowance was jointly introduced in September 2004 by the Department and the Department of Education. The main purpose of the scheme is to encourage young people from lower income backgrounds to remain in post-compulsory education at school or college with the key objectives of raising participation, retention and achievement rates in order to address the well established link between low attainment and low income. Students who meet the criteria can apply for a single band of £30 per week, payable to children from households with income of £20,500 or less with one dependent child, or £22,500 or less where there are two or more dependent children.

Careers Service

Online Services and Information

The Careers Service has enhanced its online service through a content review and launch of a new look website on NI Direct hosting information and advice on all aspects of career planning including, careers choices at years 12 and 14, career choices for graduates, advice on further and higher education and help in looking for work. During 2014-15 there were over 310,000 visits to the Careers Service website.

Careers Software and Assessment Tools

In September 2014, the Careers Service launched a new set of online career tools designed to help raise aspirations and achievement among young people and adults. The software provides relevant and up to date information on careers, education and lifestyle choices and enables users to examine and explore all of their chosen career options online. Between going live in September 2014 to March 2015 there have been a total of 42,134 new registered users for the new careers matching tools.

The Careers Service also launched a new career assessment tool to support day to day frontline service delivery. The assessment tool was designed to help motivate and engage both young people and adults, including those facing significant barriers, to successfully participate in education, training or employment. The new assessment tool is fully realising its targeted benefits, notably:

- increasing the client base of those seeking careers advice and guidance;
- providing assistance to targeted groups such as adults and unemployed;
- excellent levels of client satisfaction with the online tool; and
- the creation of positive motivational improvement towards taking action to achieving career goals.

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Careers Service Social Media Presence

The Careers Service is using social media to raise awareness of our services and to offer advice on a number of themes including interview skills, CV building and subject choices. Facebook and Twitter channels have been key in promoting events, training opportunities and open days.

Measures in place to support Young People not in Education, Employment or Training (NEET)

Pathways to Success, the Northern Ireland cross departmental strategy for those young people who are in the NEET category, was endorsed by the Executive in 2012. The strategy joins up actions being taken across the Executive and introduces a number of new initiatives within the context of wider existing and developing programmes of intervention to tackle youth unemployment including those new and refocused interventions listed below.

Pathways for Young People – Educational Maintenance Allowance designed specifically for NEET young people was introduced in October 2012 and became available to eligible participants in European Social Fund priority one projects, the Collaboration and Innovation Fund projects and eligible young people who availed of the Local Employment Intermediary Service.

The **Local Employment Intermediary Service**, which was refocused under the Pathways to Success strategy, was a community employment initiative designed to help unemployed people in the community overcome those issues which prevented them from finding and keeping a job. The service was provided by local community employment organisations in the Belfast area, Derry, Strabane, Newry & Mourne, and NI Area 1, Moyle and NI Area 2, Cookstown and NI Area 3 District Council areas. The service was also available on an outreach basis throughout Northern Ireland to individuals with a common employability barrier to employment i.e. young people (16-24 years) NEET, individuals that are homeless, ex-offenders/ex-prisoners, individuals with a history of drug/alcohol abuse and care leavers.

- Local Employment Intermediary Service targets were focused purely on getting the long term unemployed back into work at the lowest possible unit cost since the service began in April 2007.
- In 2014-15 2,755 clients were case loaded to the programme and the case load unit cost was £866, below the £1k target case load unit cost.
- The overall Into Employment Target was achieved with 558 individuals (20.25%) entering full time permanent employment; the unit cost of entering full time employment was £4,277.
- Target of 35% of the case loads to be NEETs clients was achieved with 1,086 (39.4%) young people aged 16-24 participating on the programme.

The Local Employment Intermediary Service programme ended on 31 March 2015 as it was a three year budget allocation. It is now being funded through the European Social Fund programme with the Department providing match-funding to support these projects.

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Local Employment Intermediary Service

The Local Employment Intermediary Service helped a 20 year old homeless young person (first language was not English) secure full time employment. The Local Employment Intermediary Service mentor offered advice and support and the young person attended a local Job Fair and was subsequently contacted by a hotel for a house keeping vacancy; resulting in a full time position being secured.

The Collaboration and Innovation Fund explored new approaches to address the specific and general employability barriers faced by young people NEET. Funding of £9.2 million was allocated to 24 organisations from the community, voluntary and educational sectors to deliver project activity across Northern Ireland between December 2012 and March 2015. Over the three years of the fund projects engaged with and improved the work related skills of over 6,000 young people aged 16-24 across Northern Ireland who were in the NEET category. Collaboration and Innovation Fund provision included activities such as individual assessment of need, development plans, mentoring, bespoke training and work experience.

During the period April 2014 to March 2015, Collaboration and Innovation Fund projects engaged with 3,415 NEETs and of the 4,622 young people leaving the programme 2,403 (52%) moved into positive outcomes of employment, education and training.

The Collaboration and Innovation Fund ended at the 31 March 2015.

Collaboration and Innovation Fund

A young person who attended the Collaboration and Innovation Funds programme - The Prince's Trust 'Fairbridge' programme, successfully gained employment. Through mentoring she gained new skills and qualifications in Maths and English and outdoor activities which increased her confidence. Her daily routine and standard of life also improved and she attended support groups for depression. When a new group commenced the Fairbridge programme, the young person was a positive influence to those involved.

Following a lengthy application process the young person was selected for interview and a trial day. Over 50 people applied for the job with five selected for interview. The young person got the post and is now in full time employment.

Measures in place to support social, community and human rights issues

The Department sets out how it fulfils its Section 75 statutory duties through its Equality Scheme, approved by the Equality Commission in 2011.

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Section 75 of the Northern Ireland Act 1998 requires the Department, in carrying out its functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity between:

- persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- men and women generally;
- persons with a disability and persons without; and
- persons with dependants and persons without.

In addition, we are required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

A new policy screening process, *Shared Future Policy Proofing*, was introduced by the Minister in April 2012. The process, which is in addition to the requirements under Section 75, ensures that the impact of all major policies and business cases is assessed to determine the extent to which they promote sharing in terms of how people live, learn, work, play, or access goods, facilities or services.

Lesbian, Gay and Bisexual Awareness Project

In November 2012, the Department commenced a two year contract with the Rainbow Project to increase employers' awareness of their responsibility in terms of equality in the workplace, and further encourage them to embrace the importance of having a work environment which is welcoming to those who are lesbian, gay and bisexual. 2,000 employers with at least 10 employees were identified with the support of the Equality Commission. These employers received information packs detailing the scope of the project with a target uptake of 400 employers and by the end of the project 398 employers had taken part. Seminars were held in various venues. A range of approaches were taken with the seminars including using outside agencies to further promote the need for equality and diversity to underpin workplace policy and practice as well as linking in with key business agencies such as Legal Island to increase the reach of the project. 80 employers accepted the offer of additional training and consultancy support on a range of policies and practices regarding Lesbian, Gay and Bisexual people and sexual orientation. The Project has allowed organisations, many for the first time, to educate their staff teams about sexual orientation issues and given staff the language and confidence to speak about sexual orientation issues within the workplace therefore increasing diversity and equality. An end of project report is currently being prepared and this will be published on the Department's website.

Migrant Workers

The Department engages in a number of activities to support the interest of migrant communities and migrant workers, including:

- being part of the Immigration Sub-Group of the Racial Equality Forum and the Northern Ireland Strategic Migration Partnership;
- attending the Belfast City Council Migrant Workers Forum;
- developing relationships with relevant Employment Inspection and Enforcement bodies. Where legislation permits, information sharing - to address exploitation of migrant workers and breaches of their employment rights - has been enhanced; and

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- holding a place on the Department of Justice's Organised Crime Task Force sub-group on Immigration and Human Trafficking (by virtue of its management of the Employment Agency Inspectorate).

English for Speakers of Other Languages

In the academic year 2012-2013 the Department piloted the provision of English for Speakers of Other Languages courses free of charge to asylum seekers. Alongside this, the Department removed the need for asylum seekers to be resident in Northern Ireland for six months before they could avail of this provision funded by the Department. These new arrangements have been evaluated and will remain in place for the foreseeable future.

In 2013-14, the most recent year for which the Department holds relevant data on enrolments, there were 4,864 enrolments on English for Speakers of Other Languages courses in Further Education Colleges (source Consolidated Data Return).

Community Family Support Programme

The Community Family Support Programme is a 'Pathways to Success' initiative and a Delivering Social Change signature project entitled 'Pathways to Employment for Young People'.

- The programme is designed to help families make life changing decisions to enhance their prospects and support them to become full participants in society.
- It also supports families with a high level of need in developing their capacity to reach their full potential.
- During the 26 week programme families receive help to address the health, social, economic, educational, employment and training issues that impact on their daily lives.
- The programme also aims to prevent young people falling into the Not in Education, Employment or Training (NEET) category and help other young people who find themselves in this situation to re-engage with education, training or employment.
- Professional support workers will engage and consult with parents of children and young people to promote early intervention and high quality parenting and to identify solutions to address their specific needs.

The upscaled programme commenced in November 2013. In 2014-15, 480 families were supported throughout Northern Ireland. The programme provides one to one employment advice and mentoring to family members and supports them with job search, CV writing, interview techniques and presentation skills. As part of the confidence building element of the programme family members participate on short accredited training courses, work placements and specialist provision.

The Community Family Support Programme providers work closely and in partnership with other stakeholders to ensure families receive the support they need and if appropriate help from specialist organisations.

Community Family Support Programme

A referral from a School to the Community Family Support Programme helped school attendance and a communication break down between a single parent father and a young person who is NEET. The family consist of the father and four teenagers.

Since joining the Community Family Support Programme, family relations have improved. The family attend a weekly Family Learning Component and services available within their local community centre e.g. Drug Awareness Training Session by the PSNI.

The NEETs young person has joined Omagh Youth Centre and The Community Family Support Programme has worked towards encouraging more fun time for the family with successes e.g. the 3 young people have signed up to “Get Ready for the Summer of a Lifetime” Programme.

The father is starting to think more positively towards a career. He recently completed his certificate in Basic Food Hygiene.

Measures in place to support people with disabilities and health conditions

Disability Employment Service continues to deliver a range of specialist programmes and services aimed at helping people with disabilities and health conditions to progress towards, move into and then sustain meaningful employment. The Disability Employment Service offers programmes for people with disabilities which include:

- Workable (NI);
- Work Connect;
- Access to Work (NI); and
- the Condition Management Programme.

Disability Employment Service has also been involved in a number of specialist projects and initiatives that have resulted in people with disabilities moving into employment. These included an ‘Inclusive Employment Scheme’ with Queen’s University Belfast and a pilot employment project with the students from the Discrete Learning Units in three of the Further Education colleges.

The Inclusive Employment Scheme at Queens University Belfast followed extensive negotiations involving the university, the Disability Employment Service and the local disability organisations. 12 people with disabilities started year long paid work placements in June 2014 in a range of posts across the University network. The Disability Employment Service, through its employment programmes, has provided support to participants of the Inclusive Employment Scheme throughout their time working at Queens University Belfast.

The scheme has allowed participants the opportunity to gain valuable experience and improve their confidence, and as a result one of the participants who had been out of work for some time due to a lengthy period of illness was able to apply for a permanent clerical job within Queens University Belfast. He is currently waiting to be placed.

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Work Connect was introduced in Northern Ireland in September 2012 as a new employment programme. Work Connect is designed to provide assistance to people in receipt of specific health related benefits namely Incapacity Benefit or Employment Support Allowance, to assist them to find and keep appropriate employment. Since its launch Work Connect has helped 301 people into employment. This case study is an example of a programme participant being helped by Work Connect:

WORK CONNECT

Client: James

James had been out of work for around seven months and was finding it difficult to get a job due to his anxiety condition, when he was referred to Work Connect. Through the programme James received support with one-to-one job search, regular updates on vacancies and assistance with his job applications.

James and his Employment Officer at Action Mental Health (AMH) focused on interview preparation and went through mock interviews for some of the jobs to which he was applying. After several months on the Work Connect programme, James secured temporary employment as a Tourist Information Advisor. This increased his confidence and motivation to continue to apply for other jobs while undertaking the temporary position.

While on Work Connect, James was eligible to apply to the Queen's University Inclusive Employment Scheme for a one year paid placement. He applied and was successfully interviewed for a Clerical Officer position. In the lead up to starting with Queen's University James was able to visit with his Employment Officer and meet some of the team to discuss any questions or concerns in relation to his role.

The fact that his new employer was aware of his health condition and worked with AMH to support him was very beneficial to James settling in period. Gaining employment has significantly enhanced James' confidence and given him a sense of responsibility and position within the organisation.

James successfully finished the job with Queens on 29 May 2015. AMH continues to work with him to find alternative employment.

In 2012 the Disability Employment Service established a two year pilot project with Northern, North West and Southern Regional Colleges to improve the relationship between the services and to enhance the transition between the colleges' vocational programmes for young people with disabilities and the Departments' Employment Service. The majority of the students involved have a learning disability with others having Autistic Spectrum Disorder and other conditions. Since 2012, 137 students have been referred to the project. 48 students have secured paid employment with the assistance of the Youth Employment Scheme, Employer Enhanced Subsidy, Workable (NI) and Access to Work (NI).

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During the course of the year, over 2,000 disabled people have been offered assistance and been able to move into or remain in work through this provision.

Disability Employment Service also provides funding for Ulster Supported Employment Limited which is an Arms Length Body. It delivers a range of pre-employment and employment programmes for people with disabilities and operates a factory that produces bedding and industrial sewing goods.

Students with learning difficulties or disabilities

In September 2013, Minister Farry announced a £500,000 increase to the Additional Support Fund, aimed at helping students with learning difficulties or disabilities studying in Further Education colleges. As a consequence, the overall level of support available for students with learning difficulties or disabilities in Further Education rose from £3.5m to £4m per year. This increased by a further £500,000 for the 2014-15 academic year, providing a total fund of £4.5 million per year.

The fund supports students through the provision of technical support including specialised enabling equipment such as braille, IT adaptations and specialist software plus personal support from staff, such as hearing or visual impairment tutors and support workers/classroom assistants.

The fund also helps Further Education colleges to meet the cost of providing reduced class sizes, additional lecturer contact time, classroom assistants or other services involved in delivering tailored courses to students for whom mainstream courses are not appropriate due to their disability/learning difficulty.

Measures put in place to address Economic Inactivity

Programme for Government Commitment – Economic Inactivity Strategy

“Develop and implement a strategy to reduce economic inactivity through skills, training, incentives and job creation.”

In addition to highlighting the Department’s responsibility for helping people into employment, the Programme for Government includes the above joint commitment for this Department and Department for Enterprise Trade and Investment to develop a strategy to tackle economic inactivity in Northern Ireland.

The strategy focuses on the forms of economic inactivity which are caused when an individual’s particular personal circumstances, often combined with various structural issues, geographical nuances and economic conditions, restrict their access to the labour market. For this reason, the strategy specifically seeks to help the following target groups:

- individuals with work-limiting health conditions or disabilities;
- lone parents; and
- individuals with caring commitments.

The strategy commits to help people in these target groups to overcome their personal labour market barriers, on a purely voluntary basis, by providing the tailored solutions

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required to move into employment. In so doing, the strategy also seeks to increase the overall level of employment in Northern Ireland.

Following on from the development of a strategic framework to tackle economic inactivity in Northern Ireland in 2013-14, an extensive public consultation exercise was undertaken in 2014-15. The findings from the consultation exercise informed the development of a final strategy which the Executive approved on 16 April 2015 and officially launched on Monday 20 April 2015.

This is a joint commitment for this Department and the Department for Enterprise, Trade and Investment. Following on from a successful and extensive public consultation process and subsequent development work the Executive approved the economic inactivity strategy on 16 April 2015 and it was officially launched on Monday 20 April 2015. Several key actions from the strategy have been implemented in line with the Programme for Government Commitment. Project A (Outcomes Framework) and Project C (Controls) have been commenced and Project K (Information - Objective 1: Mapping Exercise) is at an advanced stage.

United Youth Programme

The Department is leading on United Youth, a good relations programme that will provide flexible, high-quality, young-person-centred opportunities for 16–24 year olds (with the intention of extending the age group to 14–24 year olds when the programme rolls out) particularly those who are not in education, employment or training. The programme is a key commitment in the Northern Ireland Executive's 'Together: Building a United Community' Strategy. Funding has been secured via the Change Fund to deliver a number of pilots. Over 150 concept proposals from a wide range of sectors were received, and 50 organisations were invited to work with the Department via a co-design process to hone their proposals into pilot applications. Following this, the Department will fund approximately 10 pilots to move into delivery mode in June 2015, prior to anticipated full roll-out of the programme in 2016.

Measures put in place to support the Executive's Economy and Jobs Initiative

As part of the Executive's Economy and Jobs Initiative, the Department continued to run two strands to the Steps to Work (StW) programme: First Start and Step Ahead 50+. When Steps to Work closed to referrals at the end of May 2014 these two elements were facilitated through the Employment Service Support Contract.

First Start is available to 18-24 year olds in receipt of Jobseekers Allowance for at least 6 months. First Start job opportunities will attract financial support for the first 26 weeks of employment. Job opportunities can be within private, public or voluntary and community sector organisations. First Start is due to provide 1,700 job opportunities for the target group between November 2012 and March 2015.

Step Ahead 50+ is available to persons aged 50 years or over and who are in receipt of either: Job Seeker's Allowance, Income Support, Incapacity Benefit/Employment Support Allowance, Pension Credit or a combination of these benefits for 12 months or more. Job opportunities will last up to 26 weeks and be within the voluntary and community sectors. Step Ahead 50+ is due to provide 1,100 job opportunities for the target group between

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January 2013 and March 2015.

The Economy and Jobs Initiative has also funded 500 Public Sector Work Placements within the Steps to Work programme.

Support in place through European Funding

The Department is the designated Managing Authority and Certifying Authority for the Northern Ireland European Social Fund programme. The overall strategic aim of the Northern Ireland European Social Fund Programme 2007-2013 is to help reduce economic inactivity and increase workforce skills. It has two key priorities:

- The objective of Priority One is to help people into sustainable employment and reduce economic inactivity. Some £72m has been allocated to date and by March 2015, 90,350 participants had benefited from the programme which exceeds the overall programme target; and
- The objective of Priority Two is to develop a skilled and adaptable workforce by increasing the number of workers qualified to Level 2 and 3; reducing the number of workers without essential skills; and reducing gender segregation in the workforce. Activities supported under this priority include the Department's ApprenticeshipsNI Programme, and by March 2015 47,614 participants were part funded by the Northern Ireland European Social Fund Programme.

European Social Fund 2014-2020

The strategic aim of the NI European Social Fund Programme 2014-2020 is to combat poverty and enhance social inclusion by reducing economic inactivity and to increase the skills base of those currently in work and future potential participants in the workforce. The new programme has been designed to ensure that the activity which it supports complements and does not duplicate other programmes provided by the Department, and facilitates progression by learners up the skills ladder.

The aim of the European Social Fund programme will be realised through the implementation of thematic objectives 8 - promoting sustainable and quality employment and supporting labour mobility; 9 - promoting social inclusion and combating poverty and any discrimination; and 10 - investing in education, training and vocational training for skills and life-long learning.

The programme has five distinct funding streams focusing on support for specific groups of beneficiaries:

- Priority 1. (Thematic Objective 8(i)) – projects working with unemployed and economically inactive people facing a range of barriers to employability;
- Priority 1. (Thematic Objective 8(ii)) – projects working specifically with young people not in education, employment or training (NEET) in the 16-24 age group, continuing delivery of the Executive's "Pathways to Success" strategy;
- Priority 2. (Thematic Objective 9(a)) – projects to support employability among people with disabilities;

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- Priority 2. (Thematic Objective 9(b)) – a renewed Community Family Support Programme (CFSP), building on the initial Programme supported as a Delivering Social Change signature project; and
- Priority 3 (Thematic Objective 10) – Apprenticeships and Youth Training

The total value of the new European Social Fund Programme is €513.4m. This amount is made up of €205.4m (40%) from the European Union, which requires 60% match funding of €308m.

European Social Fund funding is awarded on a competitive basis. The call for applications for funding under Priorities 1 and 2 for the first three years of the programme conducted between November 2014 and April 2015 resulted in 134 applications being received and 68 projects being offered funding.

Welfare Reform Measures

As part of ongoing Welfare Reform measures, in February 2011 the UK Government commenced a reassessment of all those who are claiming Incapacity Benefit or Income Support on grounds of incapacity.

So far as part of this process the Department's Employment Service Advisers have engaged with just under 12,500 clients who have been re-assessed and have carried out in the region of 26,000 work-focused interviews.

Business Plan Commitments

Under the strategic theme of Addressing Barriers, Supporting People, the Department had a number of key commitments that it agreed to deliver during 2014-15. These commitments together with the performance against the commitments are detailed in the table below.

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Commitments		Status
B1	To further enhance achievement rates in Essential Skills and aim to deliver an additional 7,500 Level 2 qualifications in literacy, numeracy and ICT skills.	
B2	To assist 25,000 working age benefit clients into employment.	
B3	To agree a strategy to address economic inactivity and commence implementation of the key actions from the strategy, in partnership with the Department of Enterprise Trade and Investment through training, incentives and job creation.	
B4	To meet YES Target 1 - 12,600 placements/opportunities across the three year programme; and Target 2 - 33% of participants to move into sustained employment for at least 12 months	
B5	To monitor the performance of programmes such as Access to Work (NI), Workable (NI) and Work Connect to ensure that the Department is having a direct positive impact on the number of people with health and disability related barriers who are finding and retaining a job.	
B6	To identify and ensure implementation of the optimum delivery model, including appropriate resources and ICT infrastructure, for individualised work focused support for clients claiming Universal Credit (UC) who have work-related requirements and to progress early implementation options to underpin UC Delivery.	
B7	To contract for the delivery of Steps 2 Success (S2S), a replacement programme for Steps to Work, and to implement S2S by September 2014	
B8	To contract for the delivery of Employment Service Support (ESS) by June 2014. ESS will ensure continuity of provision and continued delivery of the Economy and Jobs funded initiatives First Start and Step Ahead 50+ in the lead up to the introduction of a new employment programme Steps 2 Success in October 2014.	
B9	To develop a new Disability Employment Strategy which will enable the Department to provide support to people with significant disability related barriers, gain, maintain and progress within paid employment.	
B10	To develop the United Youth Programme in partnerships with Office of the First Minister and Deputy First Minister and other relevant departments.	
B11	Under the Pathways to Success Strategy, to implement the Collaboration and Innovation Fund, Community Family Support Programme and the Local Employment Intermediary Service to enable 3,398 unemployed young people and members of 480 of the most disadvantaged families to re-engage with and progress into education, employment or training; and to fund a non-means tested allowance for young people to encourage participation in training.	
B12	Through the European Social Fund, to work with 96 voluntary and community organisations and through a number of Departmental programmes to reduce economic inactivity and improve access to skills training for 100,200 people by March 2015.	

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B13	To develop the European Social Fund Operational programme for 2014-2020 and submit for approval to the European Commission by 17 July 2014 to ensure that the next round of funding is in place by April 2015.	
B14	To secure passage of an Assembly Bill and regulations to introduce, from April 2015, a new right to shared parental leave and an extended right to request flexible working.	
B15	To assist over 24,000 young people and conduct over 15,000 interviews with adults to help them make informed choices about their future through the provision of a professional careers service.	
B16	To complete and begin implementation of the review of careers, with Department of Education, by March 2015.	
B17	To ensure there are no increases in student fees beyond the rate of inflation for Northern Ireland students studying here.	
B18	To contract for the delivery of Into-Work Skills Support to assist the unemployed towards and into work.	

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- **Amber** is where there is a lack of robust information on progress, or where the rate of progress is less than planned against targeted outcome;
- **Green/Amber** is where progress is broadly on track, perhaps with small but redeemable deviations from plan; and
- **Green** is where targets have already been met (and, if relevant, should continue to be met) and progress is on track.

C Improving Quality, Raising Standards

The Department undertakes an analysis of the quality and performance of its programmes and provision, assessing performance against its own key targets and Programme for Government Executive commitments as well as identifying key actions to be taken forward to address any issues highlighted. This analysis supports the work and annual report of the Department's Quality Improvement Adviser.

Quality Improvement Team

The Quality Improvement Team is responsible for monitoring and reporting the quality of provision across further education, training, employment and European Social Funded programmes. The team, via the Quality Improvement Adviser, reports to senior management within the Department on the quality of provision across these sectors.

The team works with the Education and Training Inspectorate where appropriate to ensure that inspection activities meet the needs of the Department, and ensures that all areas for improvement identified through inspection are acted upon in an appropriate timescale.

The Quality Improvement Team is currently working with the Apprenticeship Review Team, and the Youth Training Team, to develop a range of quality assurance procedures to ensure the highest quality provision in the new programmes. These procedures will build on experience to date, and will reflect the varying degree of risk within the new programmes.

The Quality Improvement Team identifies and showcases good practice at a national and international level, and promotes the sharing of good practice through quality forums. The team is also responsible for quality assurance and quality improvement activities for the new Steps 2 Success (S2S) employment programme. More information can be found below, under 'Improving the quality of employment provision'.

Further Education Colleges' Performance

The **health check report** is a key tool that has been designed by the Department to provide detailed information, on a clear and effective basis, for college governing body members and college senior management teams. The purpose of the document is twofold. Firstly, it enables the Department to monitor and scrutinise college performance on an ongoing basis, outside of the college development planning cycle. Secondly, it enables members of college governing bodies to identify issues as they arise more comprehensively, as well as to monitor and scrutinise the performance of the college more proactively.

The health check:

- focuses on the financial standing and governance of individual colleges, as well as educational performance in terms of learner retention, achievement and success;
- allows the Department to take a critical look at how the college is managed, as well as key outputs;

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- outlines the risk management process and includes details of any internal audit reports; and
- provides information on the other college reports, by way of comparison.

Colleges are also the subject of inspection by the **Education and Training Inspectorate**. Inspection reports identify strengths which colleges can build on and areas where they need to improve. During the year an inspection was carried out in South West College, and follow up inspections were carried out in Southern Regional College, Northern Regional College, North West Regional College and Belfast Metropolitan College.

As noted on page 15, the achievement rate of learners in 2013-14 has increased to 89% (87% 2012-13), retention rate to 92% (89% 2012-13) and enrolments in the sector to just under 142,000 (157,000 2012-13).

Any comparisons on regulated or non-regulated provision made to 2013-14 needs to take into account the change in definition of 'regulated'. For a more detailed explanation see Further Education Activity Statistical Bulletin 09-10 to 13-14. <http://www.delni.gov.uk/fe-activity-statistical-bulletin-0910-to-1314.pdf>

Higher Education Performance

Quality Assurance Agency for Higher Education (QAA) - the Department has a statutory duty to ensure that the quality of higher education is assessed appropriately. As part of this work it has been liaising with the Quality Assurance Agency on the introduction of a more risk based approach to quality assurance called the Higher Education Review. This links to the Higher Education strategy commitment to introduce a single Quality Assurance Framework for all Higher Education providers by 2016, although the recent announcement by the higher education funding bodies (England, Wales and Northern Ireland) that they are seeking views on future approaches to quality assessment means that decisions around future quality assessment arrangements from 2016 onwards, will be taken during 2015-16.

Integrated Quality Enhancement Review (IQER) - Integrated Quality and Enhancement Review was the method used by the Quality Assurance Agency for Higher Education to review higher education provision within further education in Northern Ireland. The Quality Assurance Agency concluded the Integrated Quality and Enhancement Review of our Further Education Colleges during 2013-14 and produced a final overview report in August 2014 detailing their findings and recommendations in relation to the transition to a new future higher education quality assurance methodology. Workshops with the Further Education Colleges were held in June 2014 and February 2015 to conclude the Integrated Quality and Enhancement Review process and begin preparations for the future Quality Assessment arrangements to be introduced following the aforementioned review of Quality Assessment.

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Minister helps Education and Business to Connect with £4 million Programme

At a major event attended by around 100 industrialists and academics in Belfast on 15 October 2014, Dr Farry formally launched the third phase of the Department's successful Connected programme - 'Connected 3'.

Connected is the first and only knowledge exchange programme in the UK to be delivered across both higher and further education. Since its launch as a pilot programme in 2007, Connected has enabled companies to gain access to world-class expertise, technology and research from Northern Ireland's universities and colleges, assisting them to boost their competitiveness, develop new products and increase market opportunities.

Connected 3 will continue to develop a broad and growing portfolio of industrial support networks spanning Queen's, the University of Ulster and all six further education colleges, further developing the programme's existing links with both the Agri-Food & Biosciences Institute and with the College of Agriculture, Food & Rural Enterprise, whilst also seeking to build an entirely new relationship with the Open University.

Employment Agency Inspectorate

During the period 1 April 2014 to 31 March 2015, the Department's Employment Agency Inspectorate received 15 complaints and carried out 15 inspections (both routine and investigation of complaints). The inspections are to ensure employment agencies in Northern Ireland comply with the Conduct of Employment Agencies and Employment Businesses Regulations (Northern Ireland) 2005.

The Employment Agency Inspectorate also carried out six information visits to new and existing agencies to discuss how the Regulations may apply to new services their businesses were proposing.

The Employment Agency Inspectorate continued to work in conjunction with other regulators including HM Revenue and Customs, the Gangmasters Licensing Authority and the Regulation and Quality Improvement Authority to protect the interests of agency workers and the end users receiving agency services.

The Employment Agency Inspectorate also continued its participation on the Department of Justice's Organised Crime Task Force sub-group on Immigration and Human Trafficking. This included assisting the Department for Justice in producing a leaflet aimed at raising public awareness of human trafficking and labour exploitation in the context of modern slavery.

Recognising Quality Research

The Department is committed to evidence-based policy formulation and development. The Department recognises that in order to deliver on this commitment it must have access to robust research and statistical evidence which underpins all stages of the policy cycle. To this end the Department's Analytical Services team, comprising economists and statisticians, work closely with policy colleagues to ensure that policy development and delivery is underpinned by high quality and up-to-date evidence. In order to strengthen further the link between research and policy development Analytical

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Services compiles, manages and implements the Department's Research Agenda. The most recent Research Agenda, '**Underpinning Success**', sets out the Department's research priorities for the period up to 2015-16, how that work will be commissioned and how the research results will be utilised.

In order to augment the research work that it commissions, the Department also produces a quarterly review of relevant research published elsewhere so that it can learn lessons from the wider national and international evidence base. It has forged strong relationships with a number of highly regarded research organisations to ensure it builds further on this outward looking approach to evidence gathering and benchmarking of performance. These include the Organisation for Economic Co-operation and Development, the UK's Economic and Social Research Council and Forfas in Ireland.

The Department has an extensive and long established record of underpinning policy development with evidence. Its approach is regarded as an example of good practice both within Northern Ireland and further afield. It has, for example, been invited by NESTA, a national organisation for the promotion of innovation, to share its model of evidence development widely so that others can learn from the Department's experiences. Nevertheless, the Department recognises that it must continue to develop its approach to developing and using evidence. It has committed to undertake an annual review of its research agenda to ensure it continues to meet need. The results of that annual review will feed into a comprehensive evaluation of this aspect of the Department's work which will be commissioned during the life of the current Departmental research agenda.

Improving the Quality of Employment Provision

During the year the Department procured a new employment programme Steps 2 Success which replaced the Steps to Work programme. Steps to Work closed to referrals at the end of May 2014 with the last participants entering the programme by 26 August 2014. Steps 2 Success contracts were awarded in July 2014 following a two stage procurement process and delivery of the programme commenced in October 2014. Steps 2 Success, aims to build on the strengths of the previous programme, while introducing more flexibility for contracted providers to work with clients to help them to find and sustain employment. Steps 2 Success is delivered in three contract areas across Northern Ireland. The organisations awarded the Steps 2 Success contracts are:

- Ingeus UK (Greater Belfast and surrounding area);
- Reed in Partnership (South and South West); and
- EOS NI (North & North West).

Each Lead Contractor has an extensive supply chain in place.

Steps 2 Success has been designed to give much more flexibility to contractors to work with participants to identify barriers to employment and to support and guide them to overcome these barriers and to find and keep suitable employment.

STEPS 2 SUCCESS

Client: Cecilia

Cecilia was referred to Reed in Partnership in January 2015 having been unemployed for over 18 months.

Having applied for many positions throughout this time she was unable to secure a successful offer to attend interview. This in turn had a knock on effect on her confidence and belief in her own abilities. Cecilia's barriers to employment were:

- CV;
- job search; and
- qualifications.

Cecilia attended Digital Inclusion and completed a City and Guilds Level 1 in Customer Service. Hannah our Employment Trainer worked with Cecilia to enhance her CV and tailor it to her relevant area of work.

Cecilia obtained a full time position as a barperson in The Sportsman's Bar in Keady in March 2015.

Cecilia said:

"Reed in Partnership has the help and support people need to get back to work. The extended help when employment is found is highly welcomed! Also staff at Reed have a wonderful, helpful and enthusiastic approach which adds to motivation!!"

Her employer says:

"Cecilia is a great employee, excellent manner and exemplary attitude with customers. Cecilia has worked well, has fitted in quickly and has become part of the team in a short space of time".

Within the Department's Quality Improvement Team, three Quality Assessors evaluate the Steps 2 Success programme. A key focus for the team within each evaluation is to measure how well Lead Contractors and their supply chain are meeting the needs of individual participant's and ensuring they progress in line with their aspirations and prior achievements. Initial evaluation commenced in February 2015.

Business Plan Commitments

Under the strategic theme of Improving Quality, Raising Standards, the Department had a number of key commitments that it agreed to deliver during 2014-15. These commitments together with the performance against the commitments are detailed in the table below.

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Commitments		Status
C1	To apply a rigorous continuous quality improvement framework across all our providers including publication of the fifth Departmental Quality and Performance Assessment Report during the financial year.	
C2	To continue to modernise the Employment Service, through the refinement and implementation of the Employment Service Strategy, 'Working for Success' and the delivery of the Transformation Roadmap for the Service.	
C3	To consider policy proposals which will make professional registration compulsory for all further education lecturers and empower the General Teaching Council to act as an independent regulator.	
C4	To prepare an evaluation of the University of Ulster's accredited module which has been introduced to provide pedagogical skills to hourly paid part-time lecturers in line with their full-time and associate counterparts, and to formulate a roll out in 2014-15.	
C5	To help the further education sector achieve a more sustainable, coherent and modern estate by providing £18.911m of capital investment.	
C6	To help the higher education sector to improve the quality of the teaching and learning environment by providing £34m of capital investment.	
C7	To develop and implement a third round of the Connected programme in order to build upon and sustain the progress to date in terms of collaborative working and knowledge transfer between the further education and Higher Education sectors, and knowledge transfer between these sectors and businesses.	

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- **Green** is where targets have already been met (and, if relevant, should continue to be met) and progress is on track.

D Understanding Demand, Responding to Need

Understanding the needs and demands being placed on our services is a key ingredient to being able to deliver the skills required by industry, the help and support needed by individuals in terms of employment and careers information advice and guidance. Availability of timely, high quality and meaningful labour market information will be an important aspect of understanding the demand for skills for instance, an area which has been substantially enhanced by the Department over recent years and with the focus on that area continuing.

Research and Statistics

The Department is committed to ensuring that a comprehensive evidence base exists to inform the development of its policies, programmes and services. It has a strong track record in supporting research, and publishing those outputs on the Departmental website and in its series of Labour Market Bulletins.

To further strengthen the link between research and policy development, the Department utilises its latest research agenda for the period 2012-16, which identifies the areas where further research will be required. The Department's annual review of the research agenda will be published in September 2015 and this will set out the research planned to be conducted during 2015-16.

As part of the Quality Improvement Strategy, '**Success through Excellence**', the Department has produced a number of reports which assess the quality and performance of its programmes and provision, with a quantitative analysis of the Department's programmes and provision being produced by the Department's Analytical Services group.

Study of the Teacher Education Infrastructure in Northern Ireland

The first stage of the study of the Teacher Education Infrastructure in Northern Ireland examined the current method of funding Initial Teacher Education and provided an objective analysis of the financial stability and sustainability of the two university colleges. This work was concluded and the report published in May 2013.

The second stage of the study was intended to set out options for a more shared and integrated system for the delivery and funding of teacher education. This work was taken forward by an international review panel, appointed by the Minister, and its work involved close engagement with the Higher Education sector. Its report *Aspiring to Excellence* which set out a number of possible options for moving forward towards a world class system of initial teacher education, was presented to the Minister in June 2014. The Minister continues to engage with key stakeholders to consider the most appropriate way forward and this work will continue throughout 2015-16.

Employment Relations

The Department maintains and develops employment rights and relations in Northern Ireland.

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During 2014-15, it has taken forward major legislation to provide working parents with improved rights, including the new right to shared parental leave and pay following the birth or adoption of a child. The new rights, and a much expanded right for employees to request flexible working, were introduced by the Work and Families Act (Northern Ireland) and associated regulations.

The Department has also continued substantial work preparing the way for:

- the introduction of an Employment Bill implementing key findings of the employment law review;
- improved regulations dealing with working time and the conduct of employment agencies;
- consultation leading to improved rules of procedures for industrial tribunals and the Fair Employment Tribunal: and
- the transposition of the Posting of Workers Enforcement Directive in June 2016.

Zero Hours Contracts

A consultation on the use, extent and impact of zero hours contracts was launched by the Minister on 23 June 2014 and closed on 29 September 2014. A number of stakeholder events were arranged to run concurrently with the consultation. Specific NI research of 500 employers also took place and the results of this exercise helped to inform the policy direction in conjunction with the responses to the consultation. Policy proposals are being considered.

Posting of Workers Enforcement Directive

During the year the Department began preparatory work in liaison with the Department for Business, Innovation and Skills, on the transposition on the Posting of Workers Enforcement Directive, 2014/67/EU. The Directive seeks to ensure that there is a clear legal framework for how posted workers can enforce their rights, and that the appropriate mechanisms are put in place to support cross-border enforcement between Member States. The Directive must be transposed by June 2016.

Business Plan Commitments

Under the Strategic Theme of Understanding Demand, Responding to Need, the Department had a number of key commitments that it agreed to deliver during 2014-15. These commitments together with the performance against the commitments are detailed in the table below.

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Commitments		Status
D1	Implement the Department's Research Agenda for the period 2012 – 2015 "Underpinning Success". Conduct a programme of research and evaluation and publish a range of statistical bulletins on aspects of our services to appropriate quality standards and in a timely manner, so that policy decisions and programmes are informed by a robust evidence base.	
D2	To implement legislation to introduce, from April 2015, revised rules and procedures for employment tribunals.	
D3	Using the methodology established during the 2013-14 pilot exercise, to identify a further two sets of NI employment regulations by April 2014, and undertake a review of them by February 2015, using Better Regulation principles.	
D4	To take forward policy changes identified by the NI review of employment law, publishing a Departmental response to the public consultation by September 2014, and introducing an Employment Bill by March 2015.	
D5	To develop a system to track the progress of young people within the labour market to include the Unique Learner Number (ULN).	
D6	To undertake Stage 2 of the study of the teacher education infrastructure in Northern Ireland.	

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- **Green** is where targets have already been met (and, if relevant, should continue to be met) and progress is on track.

E Improving Engagement, Developing Partnerships

The Department has a diverse range of partners with whom it develops and delivers its services. The Department recognises that it cannot deliver on its strategic priorities alone and places value on the relationships it has established with key stakeholders informed by significant communication with employers and advisory groups. The Department will also encourage others to work together in collaboration, based upon identified best practice models, to deliver upon the skills, employment and innovation agendas in Northern Ireland.

Skills Advisory Groups

The Department has convened a number of groups to contribute to fostering a collaborative approach to tackling the skills issues faced by certain sectors of the Northern Ireland economy.

The Minister for Employment and Learning chairs an ICT Sector Implementation Working Group, an Advanced Manufacturing and Engineering Services Working Group and a Food Skills Advisory Group. These groups bring together government officials, employer representative groups, local employers and education and training providers to identify the skills issues facing the sectors and to develop an action plan articulating the short, medium and long term actions to address those issues.

The ICT Sector Implementation Group

The ICT group has already had an impact on increasing the quality and quantity of the skilled workforce available to the local ICT Industry. Examples of success include a substantial increase of around 90% in applications for IT-related degrees at our local universities, industry backed scholarships, developing and supporting new entry level ICT apprenticeships in both infrastructure and software, piloting higher level apprenticeships, providing conversion courses to train individuals for the ICT sector, the creation of bespoke academies in areas such as Software Testing, Data Analytics and Cloud Technology and a new programme for middle and senior executives in the sector, jointly developed by the William J Clinton Leadership Institute at Queen's University

Leaders in Industry Programme

Client: Shane

Shane Haslem, Head of Network Enabled Design at Eircom UK, participated on the Leaders in Industry Programme for the ICT Sector during 2014. On completion of the programme, Shane reviewed the company's product portfolio to ensure that they were offering the right product at the right price. This intervention has had a significant impact on business, resulting in an expansion of their data portfolio with new pricing and more than £300k of new business between December 14 and May 15.

Shane also credits the Leaders in Industry Programme with increasing his own self-awareness when dealing with other Senior Management Team members and customers. He has altered the format of internal team meetings to align with the company objectives relating to revenue, product development and strategic programmes, and as a result his team have indicated that they feel more empowered and believe the new format to be a much more productive use of time.

The Careers Service

The careers guidance process is informed by reliable labour market information which helps support all individuals, regardless of age or ability to fulfil their potential. The careers system supports all individuals starting with young people in school through further and higher education training and into employment to progress through various careers transitions and changes in personal and economic circumstances to access, maintain and progress in employment.

The Careers Service has arrangements in place for engagement with a number of the Department's key stakeholder groups as follows:

- partnership agreements with the Health and Social Care Trusts and the Youth Justice Agency have been established to ensure that all young people who are or have the potential to become NEET are given the opportunity to access careers information, advice and guidance; and
- a Parental Guide, which is currently available to download at <http://www.delni.gov.uk/parental-guide.htm>, provides advice to parents/guardians on supporting their child as they develop their future career plans. In addition, there is a specific Parents Zone on the Careers Service website at www.nidirect.gov.uk/careers which provides information and advice to assist in supporting their young people to make the right career choice;
- informal local arrangements are in place with a range of organisations and stakeholders throughout Northern Ireland who act as advocates for young people and adults with a care background, criminal convictions, those who are homeless and have other barriers including drug and alcohol abuse and mental health issues;
- the Careers Service is also represented on a number of committees and steering groups;

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- work with Prison to establish formal partnership arrangements to ensure that all prisoners have access to and can avail of careers services;
- industry Insight – 63 careers adviser industry placements in STEM and priority skills sectors have been identified across 31 companies. In addition, 31 companies have also agreed to visits, with 238 places available;
- employer engagement – Careers Service has been working in partnership with the Employer Engagement Team on a number of employer recruitment initiatives aimed at providing both assistance to employers in filling job vacancies and to job applicants with their application for those vacancies. The most recent employer recruitment initiatives involving the Careers Service have been with:
 - BT;
 - Bombardier;
 - G4S; and
 - Concentrix.

Employment Service Employer Engagement

The Employment Service offers an online vacancy advertising service to all employers across Northern Ireland. This service is free to use and is available on a self service basis via employersonlineni.com or manually through contacting any of the Department's network of 35 Jobs and Benefits Offices and JobCentres.

A dedicated team manages the employersonlineni.com website and provides a high quality vacancy management service to employers who wish to display their vacancies. An increasing number of employers are choosing to place and manage their vacancies electronically, through the Employers Online service. By the year ended March 2015, 51.46% of all the job vacancies attracted by the Department were notified through this medium.

The Department provides a service to clients and employers across Northern Ireland through its Employer Contact Managers. The team provides a link between the Employment Service and employers by engaging directly to promote the Department's services and programmes and to assist with employer recruitment needs. A team of dedicated Employer Contact Managers are located right across the province and work closely with local Jobs and Benefits Offices and JobCentres to alert staff to upcoming job opportunities. They also provide a customised offer through a single point of contact and end to end service. The Department also handles large scale recruitment exercises and works with key employer accounts. A series of events are also provided throughout the year including large and small scale job fairs, employer breakfast information events and a tailored recruitment service as and when required.

The Department is also responsible for working closely with stakeholders across Northern Ireland to assist them with contractual requirements for work placements, apprenticeships and student placements. They discuss supply chain requirements and link employers with local Lead Contractor and Jobs and Benefits Offices and JobCentres. A validation service is available to ensure clients meet social clause criteria. They also discuss the Department's programmes and services with employers and assist

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with recruitment requirements while encouraging the employer to recruit from the unemployment register.

Social Clauses

DfP has a Programme for Government Commitment to;
'Include Social Clauses in public procurement contracts for supplies, services and construction'

In the Department, the Employer Engagement Branch Social Clause Team contributes to the achievement of this commitment by directing contractors to the Department's approved schemes which in turn helps this Department to meet its training and employment objectives.

Contracting Authorities across the public sector are provided with advice and guidance on a wide range of programmes and services including Work Placements, Apprenticeships, Training for Success and Student Placements. The Social Clause team discusses social clause requirements and links employers with local Lead Contractor and Jobs and Benefits Offices and JobCentres. The team also discusses current recruitment requirements with employers while encouraging companies to recruit from the unemployment register.

As a result of advising on social clause inclusion in the contracting process, the Department is aware of 93 people who have received full time employment following the Department's intervention.

The Department is currently working with 241 social clause contracts across Northern Ireland, 115 of these are construction contracts, 113 are supplies and services contracts and 13 professional services contracts. The total number of work placement weeks requirements which have been stipulated in contracts is 15,046 (8,398 construction and 6,544 supplies and services and 104 professional services).

The unit is currently working with: ten Government Departments, seven councils, four Health Trusts, three Education & Library Boards, Northern Ireland Policing Board, PSNI, NI Water, NIHE, Northern Ireland Tourist Board, AFBI (Agri-Food and Biosciences Institute), SIB – (Strategic Investment Board), GOL (Grand Orange Lodge of Ireland), Intertrade Ireland, OFMDFM and Invest NI.

Barroso Task Force

The Department continues to work towards achieving the objectives of the Barroso Task Force and participates in the European Taskforce Steering Group which was set up to replace the Barroso Taskforce Working Group.

The Department has made a significant contribution to the Executive's 2014-15 European Priorities and Implementation Plan with targets being achieved.

Our universities have played a key role in drawing down funding through their participation in the Framework Programme 7 and the new Horizon 2020 programme. To

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support greater university participation in Horizon 2020, the Department has put in place a funding package which will enhance the universities' EU infrastructure and increase its funding capabilities.

The Department continues to work closely with the National Authority and the National Agency on the new Erasmus+ funding programme which replaces the Lifelong Learning programme and will run from 2014 to 2020. The National Agency reports that Northern Ireland has continued to perform well under the new Erasmus+ programme and the Department will continue in its efforts to support applications for future calls.

Leaders in Industry Programme

Minister Farry's visit to Brussels in February 2015

On a two day visit to Brussels in February 2015, Minister Farry met with senior Cabinet members in the European Commission Directorates-General for Employment, Social Affairs and Inclusion, Research and Innovation, Regional and Urban Policy and Education and Culture. He also met with both the UK and Ireland Permanent Representation in the EU to discuss a range of issues including apprenticeships, youth training, student mobility, progress on the new ERASMUS+ Programme and the Horizon 2020 research programme.

These meetings enabled the Minister to highlight and explore particular issues and to share some of our good work in areas such as youth unemployment. The visit was important to build and maintain Northern Ireland's relationship with Europe as this affords us opportunities to inform our policy development and to effectively access European Union funding programmes such as Horizon 2020 and Erasmus+

European Research Agenda

Having successfully secured a drawdown of over € 88 million from the European Commission's Seventh Framework Programme for Research and Technological Development (FP7), Northern Ireland well exceeded the €50 million target set by the Barroso Taskforce.

FP7's successor, Horizon 2020, was launched by the European Commission in December 2013. It is the world's largest research programme with a total budget of nearly €80 billion and is running from 2014 to 2020.

Queen's University and the University of Ulster were responsible for over 70% of the total Northern Ireland drawdown under FP7, and have been responsible for nearly 70% of the initial drawdown from Horizon 2020. They will clearly play a critical role in achieving the Executive's challenging drawdown target of at least €145 million from Horizon 2020.

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The Horizon 2020 Northern Ireland Contact Point (NICP) network was established in 2012-13, underpinned by the joint DEL/DETI “Higher Education EU Framework Support Fund”. The network includes fifteen expert advisors based in Queen’s University, the University of Ulster, Invest NI, the Agri-Food & Biosciences Institute, Department of Environment and Department of Justice. These advisors provide direct support to potential applicants across industry, academia and the public sector, across areas of economic relevance to Northern Ireland and of priority to the European Commission. These include engineering, energy, health, arts, humanities and social sciences, environment, agri-food, information and communication technologies, security and connected health.

Ministers announce new Horizon 2020 Strategy for Northern Ireland

In March 2015, Minister Farry and Enterprise Minister, Arlene Foster, jointly launched the new Northern Ireland Horizon 2020 Strategy.

Horizon 2020 will run from 2014 through to 2020 and is the financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness. Highly competitive in nature, and subject to international peer review, Horizon 2020 funding will be awarded to collaborative consortia from across the EU in areas such as ICT, health, agri-food, energy and social sciences.

The Northern Ireland Horizon 2020 Strategy provides information on the Executive Horizon 2020 drawdown target of €145m, support for applicants applying for Horizon 2020 funding, details of the Northern Ireland Contact Point network and an overview of our performance under Framework Programme 7. The Strategy also sets out the following five Strategic Priorities for action necessary to deliver on the Executives target of drawing down €145 million from Horizon 2020:

Strategic Priority 1 - Focus on key opportunities - e.g. ICT, Health, Agri-Food, Energy, etc.

Strategic Priority 2 - Improve support to potential applicants

Strategic Priority 3 - Introduce new participants to Horizon 2020

Strategic Priority 4 - Increasing successful Northern Ireland / Republic of Ireland participation

Strategic Priority 5 - Increase NI involvement in EU Research and Development, and innovation working groups

US-Ireland Research and Development Partnership

The US-Ireland Research and Development Partnership continues to represent an important opportunity for the Northern Ireland universities to undertake strategically important research collaboration with US and ROI universities in agreed priority areas.

Seventeen of the nineteen approved projects are supported directly by the Department, representing an overall commitment by the Department of almost £5.25 million.

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Science Foundation Ireland (SFI) – DEL Investigators Programme Partnership

In January 2014 the Department and Science Foundation Ireland announced a ground-breaking collaboration which allows NI universities to participate as full academic partners in SFI's prestigious 'Investigators Programme'.

The 'SFI-DEL Investigators Programme Partnership' will support collaborative projects involving universities from both jurisdictions to undertake internationally peer reviewed, leading edge, discovery and fundamental research.

The Department has made funding of up to £8.4million available over six years to enable Queen's and Ulster universities to participate in the 2014 and 2015 Investigator Programme calls.

The results of the 2014 call were announced at the end of April 2015, with seven projects involving Queen's being recommended for funding under the 2014 Science Foundation Ireland Investigators Programme peer review. The Department will be providing funding of almost £3.5 million over five years to support these successful projects. None of the proposals involving Ulster were successful.

The 2015 call will close in June 2015 and results are expected to be announced in April 2016.

This programme will provide a real opportunity to develop new cross-border research collaborations which will help NI universities to take full advantage of funding opportunities under Horizon 2020 and will consequently lead to economic and societal gain for both Northern Ireland and the Republic of Ireland.

Other International Initiatives

The Department remains committed to promoting and encouraging strategic partnerships and opportunities for international collaboration and mobility in the tertiary education sector.

In March 2015, the Minister hosted a successful visit by the Vice-Minister for Vocational Training in the Basque Government. This has led to an agreement for a Memorandum of Understanding to be drawn up between Northern Ireland and the Basque region.

The Minister and officials visited Boston, Massachusetts in March 2014 establishing firm relationships around sharing of information and best practice in the promotion and development of STEM (science, technology, engineering and mathematics) with Worcester Polytechnic Institute and the Boston Museum of Science. This led to the placement of eight award winning FE students being invited to attend the Frontiers II programme at WPI, a two week summer camp focused on developing STEM and leadership skills.

In February 2015 the Department participated in the inaugural Northern Ireland Science Festival as its principal funder. Using the links established in Boston, the Department organised two international STEM master-class events in Belfast and Derry/Londonderry, featuring speakers from Worcester Polytechnic Institute and the

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Boston Museum of Science. These provided excellent opportunities for Science, Technology, Engineering and Mathematics stakeholders from across the province to network and share information on the benefits of STEM education and collaboration on an international level. In addition, the funding assisted the Board of the Northern Ireland Science Festival to deliver a programme of over 100 events directly engaging approximately 40,000 people in STEM subjects, with a total social media reach of almost four million people.

Collaboration between three NI Further Education colleges and a college in Switzerland

During 2013-14 the Department facilitated a developing relationship between vocational education and training providers in Switzerland and providers and employers in Northern Ireland.

Following a fact finding trip by representatives from the Centre Professionnel du Nord Vaudois in Switzerland, an initial six month employer-based placement programme was agreed in 2013-14 for ten Swiss students in Bombardier, Northern West Regional College, Southern Regional College and Belfast Metropolitan College .

Southern Regional College has continued this collaboration into 2014-15 and is currently hosting a Swiss student on an IT placement. In 2015-16 Southern Regional College plans to send at least eight students and three staff to CPNV for one week each. The students will be from an engineering or IT background.

Funding for these mobility placements is being provided by the Swiss Government as Switzerland is not a programme country under the Erasmus+ programme.

In promoting international links the Department has committed £2.5m to support its flagship programme Study USA over the 2012-15 period. Study USA enables approximately 75 local Higher Education students to broaden their academic learning through spending a year at an American college and offers up to 25 of them the opportunity to stay on in the USA on completion of their studies to take up a summer STEM or sales and marketing internship.

The Department also provides significant additional funding and works with a range of partners to promote and support a number of international higher education programmes such as:

- **UK China Partnerships in Education**– which provides opportunities for our students to take up to six months or one year internships in China or to avail of the Study China three week cultural study programme;
- **Generation UK** – In 2013 The British Council in China launched a new three-year campaign, ‘Generation UK’, to encourage outward mobility of UK students and young people to China through study or internship opportunities. 25 NI students availed of these opportunities in the year ended March 2015.

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- **UK-India Education and Research initiative** which provides opportunities for research collaboration or for students to avail of the Study India – four week cultural study programme; and
- **Mitchell Scholarship Programme** which provides the opportunity for one year postgraduate study placements in Northern Ireland for US students who have displayed high levels of academic and leadership potential.

Equality and Good Relations

The Department continues to give priority to promoting equality of opportunity and to good relations, and ensuring fair and inclusive delivery of its programmes and services. The Department has developed a new Equality Scheme, in accordance with the Equality Commission's new Guide for Public Authorities on Section 75 and schedule 9 of the Northern Ireland Act 1998. The new scheme was approved by the Equality Commission on 14 September 2011.

Business Plan Commitments

Under the strategic theme of Improving Engagement, Developing Partnerships, the Department had a number of key commitments that it agreed to deliver during 2014-15. These commitments together with the performance against the commitments are detailed in the table below.

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Commitments		Status
E1	To develop a programme of collaborative work on a North-South basis by June 2014, with ongoing monitoring and reporting on the programme.	
E2	To work with the further education sector to develop and implement the provision of shared services across the sector.	
E3	To support the Department of Justice/Northern Ireland Prison Service in the delivery of its reformed learning and skills curriculum in prison establishments, and by so doing to contribute to the reduction of re-offending.	
E4	To work with other administrations in the UK to develop National Occupational Standards (NOS) policy to maintain comparability and portability of vocational qualifications.	
E5	To continue to participate in cross-departmental strategy and policy development groups towards better joined-up working across Government.	
E6	To contribute to the work of the Barroso Taskforce by identifying and submitting the Department's priorities and implementation plan by June 2014. Ongoing monitoring and appropriate action to achieve identified targets.	
E7	To continue to work with key stakeholder groups to inform the development of an employment law framework that responds to Northern Ireland's needs. This will include inputs from the Labour Relations Agency Roundtable, the Department's own Stakeholder Group, as well as individual Working Groups established to examine different sets of Regulations under the Better Regulations review.	
E8	To continue to lead the work of a Stakeholder Advisory Group and during 2014 hold 3 formal meetings to further implement the strategy for young people who are not in education, employment or training.	
E9	To continue to work with DE, DETI, DCAL, DARD and DHSSPS to implement the STEM Strategy, 'Success through STEM'. An evaluation of the Strategy will be carried out in 2014 to establish progress on the 20 recommendations and agree a way forward between Government and business.	
E10	To work closely with the Department of Social Development, the Social Security Agency and the Department of Work and Pensions to develop the Northern Ireland response to GB Welfare Reforms.	

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- **Red** is where targets have not been, or are not expected to be, achieved;
- **Amber** is where there is a lack of robust information on progress, or where the rate of progress is less than planned against targeted outcome;
- **Green/Amber** is where progress is broadly on track, perhaps with small but redeemable deviations from plan; and
- **Green** is where targets have already been met (and, if relevant, should continue to be met) and progress is on track.

F Delivering Governance, Maximising Value

The Department is committed to improving the performance, quality and value for money of all its services and provision within the context of a sound governance framework. The principles of 'Managing Public Money Northern Ireland' around honesty; impartiality; openness; accountability; accuracy; fairness; integrity; transparency; objectivity; and reliability will be adhered to in deploying the resources available to the Department. This will be complemented by the guidance on good governance in the 'Code of Good Practice on Corporate Governance in Central Government Departments'.

The Permanent Secretary and the Board

The Department is headed by its Permanent Secretary, who is the Accounting Officer and responsible for providing advice to the Department's Minister, Dr. Stephen Farry MLA. The co-ordination of policy, advice and governance oversight is managed through the Departmental Board, subject to the direction and control of the Minister.

The Board is chaired by the Permanent Secretary and also includes the two Deputy Secretaries and two independent board members. It meets monthly to:

- satisfy itself that the Department is performing, setting and holding fast to its strategic direction, within the Minister's direction and control;
- lead the Department in helping to create a shared future, ensuring sustainable development, promoting equitable access to services across our rural and urban population, promoting a fairer society and delivering well governed high quality services;
- ensure the Department continues to deliver the Programme for Government commitments;
- ensure the Department delivers the 59 key commitments underpinning the Department's strategic themes; and
- display leadership by:
 - (i) giving strategic direction;
 - (ii) effectively determining and deploying resources; and
 - (iii) assuring governance.

Within these parameters, the Board operates at a strategic level, with the Senior Management Team (SMT) responsible for the day-to-day management of the Department. The Senior Management Team, which also meets monthly, comprises the two Deputy Secretaries, the Divisional Directors and the Assistant Chief Inspector for Further Education and Training.

Departmental Audit Committee Report for 2014-15 Resource Accounts

The Accounting Officer has established an Audit Committee as a sub-committee of the Departmental Board to support him discharge his responsibilities for issues of risk management, control and governance and associated issues.

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The Audit Committee:

- was chaired throughout the year by Professor Russel Griggs OBE, an independent member of the Department's Board;
- has membership comprising the two independent Board Members and an independent senior civil servant from another Department;
- meetings are normally attended by the Accounting Officer, the two Deputy Secretaries, the Finance Director, the Head of Internal Audit and Northern Ireland Audit Office (NIAO) representatives;
- held four formal meetings throughout 2014-15;
- Terms of Reference - which are regularly reviewed - are modelled on the good practice guidance included in the Audit Committee Handbook issued by HM Treasury; and
- does not exercise an executive role over the management of audit, risk management, corporate governance, internal control or any other review or assurance function. The Departmental Board has responsibility to champion risk identification and management. However the Audit Committee reviews Departmental processes and offers opinions and recommendations on the way in which such management is conducted.

Internal Audit Service

Internal Audit services are provided on a shared service basis by the DETI Internal Audit Service. The annual audit programme which is prepared by Internal Audit Service in consultation with Departmental officials is reviewed by the Audit Committee and modified as necessary in conjunction with management. External Audit is delivered by the Northern Ireland Audit Office. Their audit strategy, proposed approach and timetable are discussed with the Audit Committee. Prior to sign off of the Resource Accounts a draft is reviewed with the Audit Committee which is consulted on any contentious matters.

Procurement and Contract Management

During the year the Department enhanced its capacity in relation to procurement and contract management. This was facilitated through the use of a live contracts register.

The Department has constituted a Procurement Sub-Committee of its Departmental Board which aims to ensure that the Department and its Arm's Length Bodies have in place the appropriate processes for the proper implementation of procurement policy and to ensure the Department contributes to the NICS Procurement Board's three key objectives:

1. to deliver best value for money in a challenging economic climate;
2. to use public procurement to support economic growth in Northern Ireland; and
3. to provide confidence in the public procurement environment.

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The Procurement Sub-Committee:

- held three formal meetings in 2014-15. The Committee will continue to meet three times a year;
- is chaired by Heather Cousins (Deputy Secretary (Resources)); and
- includes as members the directors within the Department and the finance directors of Arm's Length Bodies.

Contract Management

In 2013, the Department conducted a review of the contract management arrangements in place for large scale training and employment programmes. A formal project with appropriate governance arrangements was established to take forward the work and was overseen by a project board comprising relevant staff including the Deputy Secretary (Policy) and Directors of the Employment Service, Skills and Industry Division and Finance Division. The review was endorsed by the Senior Management Team in December 2013 and the DEL Board in January 2014.

The review made eleven recommendations pertaining to the establishment and management of contracts which reflect both best practice and the requirements of DFP Procurement Guidance Note 01/12. Following these recommendations, the Department has drafted a Contract Management Strategy and established a dedicated Contract Management Branch in 2014-15. This team, which sits with the Finance and Commercial Services Division, monitors and reports on contractor performance and compliance against the terms of their contracts as well as carrying out functions such as payment assurance, record keeping and managing contractual change.

Contract Management Branch has implemented the revised Contract Management Strategy in monitoring the new Steps 2 Success and In Work Training Support programmes. Contract Management Branch has also expanded in 2014-15 to encompass the work of Supplier Performance Branch in monitoring Training for Success, ApprenticeshipsNI and Steps to Work and the work of the Financial Audit Support Team in providing assurance on the effectiveness of the financial systems, controls, and compliance within organisations receiving funding from the Department.

Contract Management Branch draws on information provided by its own compliance work, the Quality Improvement Team, Supplier Services Branch, and the respective policy branches in carrying out its work.

Management of Arm's Length Bodies

The Department provides funding to a number of Arm's Length Bodies. In order to ensure appropriate governance arrangements are in place, dedicated sponsor branches monitor and provide guidance to the Arm's Length Bodies. The Department has written agreements in place with its Arm's Length Bodies which set out the respective roles and responsibilities of both parties. The Department receives annual assurance statements from each of its Arm's Length Bodies to confirm that the appropriate systems and controls are in place and are operating effectively within each organisation. The

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Accounting Officer has instituted a programme of annual accountability meetings with the respective Accounting Officers of all of the Department's Arm's Length Bodies and the Higher Education Institutions.

Employment Relations

The Department has continued to provide funding to the Northern Ireland Committee of the Irish Congress of Trade Unions (NICICTU) to support the delivery of accredited employment rights/ relations training and to help migrant workers. It also funds a project worker to support ethnic minorities in the workplace – raising awareness of workplace issues for employers and migrant employees, highlighting concerns on poor workplace practices and promoting good practice and stronger employment relations. It has also continued to fund the Law Centre (Northern Ireland) in its work to support the wider efforts of the voluntary advice sector in dealing with employment rights issues.

The Department has also continued to discharge its sponsorship responsibilities in relation to the Industrial Court, Labour Relations Agency and the Certification Officer, in line with MPMNI, and all necessary appointments to these bodies are made in accordance with the Code of Practice of the Commissioner for Public Appointments.

Business Plan Commitments

Under the strategic theme of Delivering Governance, Maximising Value, the Department had a number of key commitments that it agreed to deliver during 2014-15. These commitments together with the performance against the commitments are detailed in the table below.

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Commitments		Status
F1	To implement a savings plan which will generate reductions in expenditure of some £129.4m to provide for investment in priority services and ensure we live within our budget.	
F2	To ensure that our Provisional Non-Ring fenced Outturn (Capital and Resource) is at least 99% of the Final Budget.	
F3	To produce the annual Resource Accounts on time and to professional standards.	
F4	To commence implementation of the Review of Contract Management.	
F5	To continue to ensure compliance with Equality and Human Rights responsibilities.	
F6	Through NI Higher Education Innovation Fund 4, the universities will have undertaken 1,748 business interactions with SMEs, secured consultancy income of £5.15m and secured Intellectual Property (IP) income of £850k by the end of Academic Year 2013-14 (reportable Nov '14).	
F7	To ensure migration of Further Education sector procurement activities to Central Procurement Directorate.	

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- **Green/Amber** is where progress is broadly on track, perhaps with small but redeemable deviations from plan; and
- **Green** is where targets have already been met (and, if relevant, should continue to be met) and progress is on track.

G Leading People, Improving Performance

We value our staff. Our responsibility is to create the conditions under which they can operate effectively, promoting individual and team development that drives organisational improvement.

Staffing

As at 31 March 2015 the Department had 2,224 permanent staff members. 1,502 (68%) were female and 722 (32%) male. The split for Senior Civil Servants was five (56%) female and four (44%) male. The Department also has two male Independent Board Members who are also members of the Audit Committee.

People Strategy

The Departmental People Strategy 2014-17 was developed by HR following a process of consultation with the Senior Management Team, line managers, staff and Trade Union Side. The strategy was refreshed and updated to reflect our priorities in the current environment in which the Department is delivering services.

Despite the unanticipated challenges of the launch of an NICS-wide Voluntary Exit Scheme, a significant number of initiatives and projects set out in the People Strategy have been achieved over the past year. A brief summary of key achievements is provided below for ease of reference:

Effective Leadership

- A Future Engage Deliver (FED) leadership programme was delivered across the Employment Service network and has been attended by all staff at Staff Officer grade and above.
- The Senior Management Team endorsed a set of actions and guiding principles on leadership to be promoted and embedded across the organisation in 2015-16.

High Performance

- Targeted management information on performance management has resulted in significant improvement in compliance rates across the Department.
- The Permanent Secretary and Senior Management Team have championed enhanced focus on effective performance management.
- HR has continued to operate the Department's innovative Reward and Recognition Scheme.
- Review of Celebrating Success was completed with extremely positive feedback.

Enabled Workforce

- Investors in People carried out an interim review of the Department against the IiP Framework and found that the Department is on track to meet the requirements.
- The Permanent Secretary has issued regular updates to staff on actions taken in the Department in relation to the results of NICS Staff Survey. Directors have developed business-area action plans to address specific issues raised by staff in their Division.
- HR established a Reasonable Adjustments Co-ordinator role within the Department to provide advice to managers and staff on disability issues.

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Improved Skills and Resourcing

- The Department's key Learning and Development priorities agreed by Senior Management Team, were issued to all staff on 31 March 2014.
- A number of mandatory e-learning packages were successfully rolled-out across the Department.
- The DEL Career Development Transfer process continues to operate successfully.
- The 2014-15 Departmental Workforce Plan was implemented and savings achieved as planned.
- A comprehensive review of the Department's workforce planning processes was completed.

Each year HR reviews the activities set out in the original People Plan to develop a refreshed annual action plan which takes account of the key challenges facing the Department in the coming period. HR is currently engaging with key stakeholders to inform the annual People Strategy Action Plan for 2015-16. This will be shared with all staff in May 2015 and will set out key objectives for implementation in 2015-16.

Attendance Management

In the last year HR worked closely with line managers, staff and the support services to tackle the sensitive issue of sickness absence and to enhance the processes which underpin absence management.

In January 2011, corporate sickness absence targets were agreed by Ministers up to March 2015. In order to contribute to the overall Northern Ireland Civil Service (NICS) target of 8.5 days by 2014-15, the Department was required to reduce its absence rate from a baseline of 10.7 days (2009-10) to 7.9 days lost per staff member by the end of the 2014-15 business year. The achievement of this target required both a robust application of the absence management policies and support for staff in maintaining and improving their health and wellbeing.

Progress against the target (7.9 days by March 2015) remained exceptionally difficult despite significant inroads being made and the robust application of sickness inefficiency processes by both management and HR. The provisional outturn for 2014-15 is 12.2 days.

The theme of Employee Health and Wellbeing and Engagement is one that has attracted significant corporate interest and is highlighted in the NICS HR People Strategy. HR has continued to promote best practice and innovation in the area of absence management through:

- the development of a managing attendance action plan;
- delivering early interventions and support programmes to staff with stress-related absences;
- exploring absence hotspots to identify emerging issues and develop response strategies; and
- promoting health and well-being by encouraging the use of the wide range of NICS support services, delivering events and initiatives and utilising the

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resources available via the NICS Well programme including the network of Well Champions.

Learning and Development

The Department is committed to developing the potential of all staff to enable them to achieve business objectives. The Department identified two key learning and development priorities for the year; these were leadership development, including leadership of change, and statutory training, such as Information Security, Health and Safety and Equality. A great deal of development activity took place in these key areas to equip staff with the knowledge and skills to progress the Department's aims. Staff were actively encouraged to attend leadership and management programmes appropriate to their grade. A number of mandatory e-learning packages were successfully rolled out across the Department including Managing Sickness Absence, Government Security Classifications and Responsible for Information. Final completion rates were generally above 95%. Focus sessions were delivered to staff on the subject of speechwriting with input from the Permanent Secretary. Feedback has been extremely positive and this format continues to be well received by busy managers. An Institute of Leadership & Management (ILM) accredited mentoring programme was successfully delivered with 20 mentoring pairings established. A 'Future Engage Deliver' (FED) leadership programme was procured and delivered to Employment Service staff down to Staff Officer grade, with plans developed for further cascade to Executive Officer staff during 2015-16.

The investment in learning and development in 2014-15 included financial spend, staff time to attend training and an internal training delivery team focusing on delivery of skills and product knowledge to the Employment Service frontline staff. Annual investment in learning and development in the Department is typically in the region of £1.5m taking all financial, time and salary spend into account. The Department's investment per employee is £700, demonstrating the Department's strong commitment to developing staff.

During the year the Regional Learning and Development team delivered a diverse range of training courses to staff. Large scale projects include:

- the continued rollout of Revised Job Seekers Agreement training across the Jobs and Benefits Office network;
- Job Search Services training in response to a review of Job Club;
- Vacancy management training to meet the training needs of staff in Employers Online (EROL) and frontline network in support of Vacancy Taking Services; and
- The development and delivery of an Employment and Support Allowance (ESA) Customer Journey Pilot to ensure Team Leaders and front line Advisers have the knowledge and skills to provide a professional service to assist ESA claimants to move into and retain employment.

In addition to these initiatives, the Regional Learning and Development team continued to deliver a wide range of business specific training courses to the Department's staff working in the Jobs and Benefits Office network which included: Core Interviewing Skills for Employment Service Officers and Employment Service Advisors, Work Focused Interviewing, Product Knowledge and Managing Difficult Situations.

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In line with The Employment Service Strategy – ‘Working for Success’ which recognises a highly skilled frontline is core to delivering a flexible and professional service to our clients the Regional Learning and Development team successfully piloted an accredited qualification programme, the Level 3 Certificate in Employment Related Services, for Employment Service Advisers. The pilot is currently being evaluated, the outcome of which will inform future decisions on the professional accreditation of staff working on frontline service provision.

Promoting our People

The Department recognises and values the important role people play in the achievement of its objectives.

Investors in People (IiP) in the Department

As well as promoting the IiP Framework, the Department has been recognised as meeting the standard for more than fifteen years.

The Department’s assessor carried out an interim review of the Department in November 2014. The assessor confirmed that the Department continues to meet the requirements of the IiP Framework. At the Department’s request the assessor particularly concentrated on feedback around leadership, employee engagement and internal communications.

The assessor’s report was extremely encouraging and highlighted a number of examples of positive strategic activity. These included many examples of effective leadership at all levels, a culture of continuous improvement, improvements in managing change and a recognition of the Department’s commitment to improving the management and development of staff.

In addition to highlighting the Department’s strengths, the assessor suggested a number of areas for further development which are being taken forward as part of the People Strategy.

Celebrating Success

Celebrating Success has been an established annual event in the Department’s calendar. It aims to recognise and celebrate the efforts of staff who achieve qualifications or who participate in unique development opportunities including volunteering.

A comprehensive review of the event was carried out in 2015 during which a number of staff and senior managers were consulted. The feedback was extremely positive and a number of useful recommendations were made to further improve the quality and impact of the next event which is scheduled for October 2015.

Communications

The Department continues to promote its services to key target audiences through a full range of news and communication services, utilising marketing, public relations, digital, online and social media functions.

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'Skills to Succeed' strategic campaign approach

In 2014-15 the Department adopted a more strategic approach to support the delivery of its aims, objectives and targets with a new overarching brand 'Skills to Succeed' developed for all campaigns.

This new 'Skills to Succeed' campaign was developed and launched in January 2014 featuring an overarching message highlighting the importance of skills for individuals, employers and the economy. It also encompasses strands advertising Widening Participation in Higher Education – 'Reach Higher', Apprenticeships / Training for Success, Essential Skills, Foundation Degrees, the Youth Employment Scheme and BringITOn. The campaign features across a wide range of media including TV, radio, outdoor, digital and social media.

To support the campaign a new landing page, single campaign number and a new LinkedIn page was introduced to direct everyone to www.nidirect.gov.uk/skills or to 0300 200 7876 for further information. Views of the 'Skills to Succeed' campaign pages rose by 43% between January 2014 and March 2015. As part of the 'Skills to Succeed' campaign, a LinkedIn company page and Facebook page were created. A company page allows us to market our services to the business community and, along with the Facebook page, to individuals who want to develop their skills. In its first six months the Facebook page achieved 2,390 'likes' and continues to grow steadily. Our LinkedIn Company page has also grown steadily this year and now has over 900 followers.

By taking a pro-active approach linked to the PR planner and campaigns schedule, we have increased the amount of posts on social media this year, averaging over 75 per month.

The nidirect website is the primary online channel for communications with the public. Our Employment theme is continually the second most visited theme on nidirect with over 270,363 visits per month with an average 15,221 page views per day.

The Education, Learning and Skills theme achieves over 82,347 visits per month with a daily average of 5,988 page views. All employer facing information is on www.nibusinessinfo.co.uk. The Employment and Skills theme is the most visited section on the site achieving 1,510,712 page views between January 2014 and March 2015.

ICT Case Study - Migration of the hosting of the Department's Line of Business Applications (LoBA) to ITAssist.

During 2014-15, a very significant information and communications technology (ICT) project was completed. The purpose of the project was to migrate the hosting of the Department's Line of Business Applications from 3rd party supplier to ITAssist, the NICS Shared Service IT provider.

The key benefits that will be attained from this new service delivery model are as follows:

- the hosting service costs will deliver a significant saving over the lifetime of the contract;

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- there is a marked improvement in system performance; and
- there is now full resilience for all of the Line of Business Applications.

The migration of these business critical systems represented a major challenge. However, the project was carefully planned and managed throughout to ensure a seamless transition. This service delivery model not only aligns with the NICS strategic direction in maximising the use of shared services, but will also be used as an exemplar by other public sector organisations.

Business Improvement

The Business Improvement Programme continued to be the key framework for monitoring all the Department's improvement projects. The programme is sufficiently flexible to respond to changing business needs against the background of a fluid economic and political environment.

During 2014-15 the Business Improvement Steering Group oversaw the implementation of a number of projects and improvement activity across the Department's and specifically the Consultancy Services work programme.

The role of the Steering Group is to ensure that there is a systematic and coherent approach to the improvement agenda. The Steering Group reviews the programme regularly and amends it as required to address emerging demands in the context of the Department's corporate priorities. The overall aim is to facilitate ongoing improvements and contribute to departmental efficiencies. Activity during this period included senior management reviews and grading assignments, as well as contributions to various improvement initiatives and re-structuring of business functions.

Disabled persons

The Department follows the code of practice of the Northern Ireland Civil Service in aiming to offer equality of opportunity for people with disabilities to make full use of those skills and abilities that they possess.

Equal opportunities

The Department follows the Northern Ireland Civil Service policy that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.

Consultation with employees

Throughout the year, in order to maintain and develop the provision of information to, and consultation with employees, the Department continued to hold periodic meetings with Trade Union Side through the Departmental Whitley Committee.

Carbon Reduction Commitment (CRC)

The Carbon Reduction Commitment Energy Efficiency Scheme is part of a mandatory emissions trading scheme to help reduce carbon dioxide emissions caused by energy use from around 4,000-5,000 large organisations - which contribute almost 10% of the

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entire UK economy's emissions. The scheme, which was introduced in April 2010, will help the Executive meet its Programme for Government target to reduce greenhouse gas emissions by 25% by 2025. All Northern Ireland Departments are mandated participants, regardless of the qualification criteria.

The Department has submitted its fourth annual report for the 2013-14 year and purchased and surrendered allowances to meet its obligations under the terms of the Carbon Reduction Commitment scheme. The Department is actively engaged in the next stage of the process, making preparations for the purchasing of Carbon Reduction Commitment allowances in June 2015 and the submission of the fifth annual report by the end of July 2015.

Accommodation – The Departmental Estate

In the past year the Facilities Management Team has continued to be heavily involved in the Estates Modernisation Project and the proposed delivery of Universal Credit.

The Estates Modernisation Project seeks to modernise the office infrastructure within Downpatrick, Strabane and North Down by establishing new Jobs and Benefits Offices in these areas. A new office in Strabane is being taken forward on the existing Social Security Office site and following sign-off by all the major stakeholders, work began on site in December 2014 with subsequent completion scheduled for spring 2016.

Considerable work continues to be undertaken in relation to investigating the current JobCentre site in Downpatrick to ascertain if it is suitable as a new Jobs and Benefits Office site. Facilities Management Team continues to provide vital input to the Estates Modernisation Project for their relevant Outline Business Cases, communications plans, and stakeholder engagement information. Work in relation to North Down is still at a very early stage.

Scoping work on the feasibility options for North Belfast is continuing and this project, with the agreement of both Ministers, has been removed from the Estates Modernisation Project and is now being taken forward as part of an urban regeneration project. Facilities Management Team again continues to provide input to the relevant requests for information.

Following the decision to create a Universal Credit pilot office at Knockbreda Jobs and Benefits Office, Facilities Management Team is heavily involved in the design team, working group and health and safety elements of its inception. Work began in February 2015 and is expected to finish in early May 2015 to facilitate the pilot go-live on 15 June. Considerable input continues to be provided to the various Universal Credit project teams to ensure the Department's public facing accommodation aspect meets the relevant Universal Credit business needs both from a Jobs and Benefits Offices perspective and split JobCentre/ Social Security Office sites.

Facilities Management Team continues to manage the Adelaide House refurbishment project and this has seen approximately 100 staff, including the Minister and Permanent Secretary, decant to Clarence Court in May 2014 for the duration of the project. Additional moves involving Finance Division, Skills and Industry Division, and Strategy,

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European Employment Relations Division took place in June 2014 and the start of work on site to floors 5-7 in November.

Planning is well underway with the relevant internal and external stakeholders to facilitate phase completion and another series of moves in June to the newly refurbished accommodation. Facilities Management Team regularly attends meetings with the main contractor, DFP, Central Procurement Division and lead consultants.

In addition Facilities Management Team has also completed a number of minor works projects throughout various offices in the Jobs and Benefits Office network to facilitate the improved delivery of the customer journey process. These works included the creation of additional interview points on several sites and upgrade work to create enhanced conference facilities in Cookstown JobCentre.

Facilities Management Team continues to consult and liaise with DSD Accommodation Services and DFP Properties Division about our on-going needs within the Jobs and Benefits Offices and JobCentres and Careers Service networks and when required will take the lead with DFP Properties Division on any proposed works.

Business Plan Commitments

Under the strategic theme of Leading People, Improving Performance, the Department had a number of key commitments that it agreed to deliver during 2014-15. These commitments together with the performance against the commitments are detailed in the table below.

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Commitments		Status
G1	To ensure our leaders at all levels have the skills to lead positively and effectively in order to deliver business results with focus on improving service and delivering operational excellence.	
G2	To continue to implement our people strategy and maintain our Investors in People accreditation.	
G3	To reduce the days lost per member of staff through sickness to 7.9 days by March 2015 through robust application of absence management policies and to support staff to maintain and improve their health and wellbeing.	

- **Red** is where targets have not been, or are not expected to be, achieved;
- **Amber** is where there is a lack of robust information on progress, or where the rate of progress is less than planned against targeted outcome;
- **Green/Amber** is where progress is broadly on track, perhaps with small but redeemable deviations from plan; and
- **Green** is where targets have already been met (and, if relevant, should continue to be met) and progress is on track.

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3. How we are managed

Programme for Government (PfG)

Following agreement by the Executive, and subsequent endorsement by the Assembly, of the Programme for Government 2011–15, the Department is responsible for delivering on five commitments which are as follows:

Priority 1 Commitment

1. increase uptake in economically relevant STEM places;
2. upskill the working age population by delivering over 200,000 qualifications; and
3. develop and implement a Strategy to reduce economic inactivity through skills, training, incentives and job creation (joint commitment with DETI).

Priority 2 Commitment

4. ensure there are no increases in student fees beyond the rate of inflation for Northern Ireland students studying here; and
5. support people (with an emphasis on young people) into employment by providing skills and training.

Budget Allocation

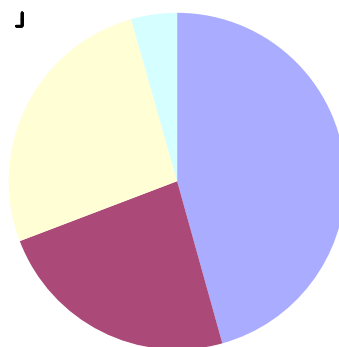
DEL Resource Budget is allocated in Units of Service (UoS) across the Department. These are:

<i>UOS</i>	<i>Title</i>	<i>Divisions</i>
AO1	Employment and Skills	Employment Service
		Skills and Industry
		Further Education
AO2	Higher Education	Higher Education
AO3	Student Support	Higher Education
AO4	Labour Market Services	Human Resources and Corporate Services
		Strategy, European and Employment Rights
		Finance

Budget 2010 established opening baselines. After adjusting for additional allocations in respect of tuition fees, Further and Higher Education reserves/expenditure, Youth Employment Scheme, NEETS, Economy and Jobs Initiative and technical adjustments together with a reclassification, the revised opening budgets for 2014-15 are as follows:

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	£m
A01	417.1
A02	215.0
A03	241.0
A04	<u>40.2</u>
	<u>913.3</u>



- ▣ A01 Employment and Skills
- ▣ A02 Higher Education
- ▣ A03 Student Support
- ▣ A04 Labour Market Services

Savings Delivery Plan

To enable the Department to deliver its essential services over the Budget 2011-15 period and live within the resources allocated to it by the Executive, it is necessary for the Department to make resource savings of £66.5m/ £91.2m/ £109.3m/ £129.4m over the four Budget years. The 2014-15 high level Savings Delivery Plan is detailed below:

Description	2014-15 £m
B/1 2010-11 savings carried forward	3.0
B/2 Central Budget reduction	8.5
B/3 Reduced commitments re: employment provision	4.0
B/4 Reduced commitments re: training	7.5
B/5 Pay & price restraint	46.1
B/6 Budgetary easements - Higher Education Division	8.0
B/7 Operational efficiency - Further Education sector	4.0
B/8 Operational efficiency - Higher Education sector	31.3
B/9 Adjustments to Higher Education funding/ Notional Loans Subsidy	12.0
B10 Staffing and accommodation efficiencies	5.0
Total Departmental reductions	129.4

The Executive requires bi-annual monitoring of the Savings Delivery Plans in order to provide assurance and enable the scrutiny of Savings Delivery Plans by Assembly Committees and others, as well as to track delivery against targets.

The Department uses the following definitions of “RAG” status to assess each Savings Delivery Plan:

- **Red** is where targets have not been, or are not expected to be, achieved;
- **Amber** is where there is a lack of robust information on progress, or where the rate of progress is less than planned against targeted outcome;
- **Green/Amber** is where progress is broadly on track, perhaps with small but redeemable deviations from plan; and
- **Green** is where targets have already been met (and, if relevant, should continue to be met) and progress is on track;

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The Department has reported **Green** on all targets in 2014-15.

As detailed above the Spending Review period of Budget 2011-15 finished at the end of 2014-15. A one year budget has been set for 2015-16. Within the Budget 2015-16 the Department has committed to making further savings in 2015-16 of £63.3 million. An integral part of the Department's Budget 2015-16 is the delivery of these savings which are required to ensure that the Department lives within the resources agreed by the Executive.

The 2015-16 high level Savings Delivery Measures are as follows:

Savings measure title	2015-16
	£m
2014-15 savings brought forward	17.8
Departmental efficiencies and reductions	17.4
Further Education Colleges	12.0
Higher Education Institutions	16.1
Total	63.3

Budget 2015-16 takes place in a very difficult fiscal environment. The Budget incorporates significant reductions in the allocations for the Department which are unprecedented. This presents the Department with the twin challenge of making very significant savings in order to operate within its budget allocation whilst identifying the necessary resources to continue to deliver and develop business-critical services over the 2015-16 Budget period.

Against the backdrop of these unprecedented reductions in the Department's budget allocation, the Department will focus on two broad priorities:

- To maintain programmes designed to contribute to the growth and transformation of the Northern Ireland economy through the skills agenda; and
- To protect programmes for the most vulnerable in our society.

Health and Safety Strategy 2011 - 2014

Many improvements have been made to the management of health and safety at an organisational and local level in the Department since the implementation of the 2011 - 2014 DEL Health & Safety Strategy. The extension of the strategy to cover the period up to 2016 has allowed the Department to build on the successes of the management of health and safety and this is demonstrated through the culture of completing risk assessments when appropriate and considering health and safety as a key element of any projects undertaken.

Embedding a health and safety culture within the Department is a journey and the Department is well down the road in making the changes required to the corporate thought process. Training will continue to be an important enabler and health and safety continues to feature as one of the Department's key learning and development objectives in 2015-16.

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Information Assurance

The Department remains committed to maintaining a culture that values, protects and uses information for the public good. This year the Department has continued to develop and refine its approach to Information Security and Assurance. The Department reviewed and updated its associated framework, which sets out the:

- accountability and governance arrangements which are in place to monitor and control performance and give assurance that information is being handled securely;
- controls and monitoring practices and processes that militate against information loss; and
- various information-handling procedures and policies that are in place within the Department.

A number of activities have been undertaken across the Department to raise awareness of the related issues.

ISO 27001 Certification

During 2014-15, the Department retained certification to the ISO 27001:2005 standard following an independent assessment completed in September 2014. The standard was revised in 2013 and certified holders of the standard are required to meet the new version of the standard ISO27001:2013 within 2 years (the deadline for the Department is September 2015). The Department successfully secured compliance with the revised version of the standard at an independent assessment completed on 3 March 2015.

Personal Data Related Incidents

The Department regards the lawful and correct treatment of personal information as essential to its successful operations and to maintaining confidence between the Department and those with whom it transacts business, as well as the public in general. The Department has in place policies and procedures for reporting and managing Information Security Breaches, in accordance with the Information Commissioner's Office guidelines.

In the year ended 31 March 2015, there were seventeen incidents involving personal data:

Number of incidents where personal data was lost	0
Number of incidents where the processing of personal data did not comply with Data Protection requirements	17

All incidents involving personal data are investigated in full and consideration is given, in each case, to the need for controls to be updated or disciplinary action to be taken. Significant data losses are reported to the Information Commissioner. During 2014-15, one incident was reported to the Information Commissioner's Office (ICO). The ICO were content with all of the actions taken by DEL and no further action was required by them or the Department.

ICT Strategy

During 2014-15, the Department published the new ICT Strategy and associated work programme to cover the period 1 April 2014 – 31 March 2017.

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The key purpose of the Department's ICT Strategy is to support the delivery of the Department's Corporate and Business Plans within the context of the Northern Ireland Programme for Government and ensure that the optimum information systems and communication technologies are in place to help meet those objectives.

During 2014-15, a number of ICT projects were completed but the following 3 are particularly noteworthy:

- the migration of the hosting of the Department's Line of Business Applications (LOBA) to ITAssist;
- the development of the ICT solution to support the new 'Steps 2 Success' programme; and
- the rollout of Desktop Video Conferencing services to all the Department's Senior Management.

During 2015-16 implementation of the Strategy and the associated Work Programme will continue to be closely monitored by the Department's Programme Manager (Head of ICT Services and Consultancy). Quarterly reports will continue to be provided to the Department's IS/IT Programme Board and a report on the 2014-15 achievements will be submitted to the Departmental Board.

Customer Service Standards

In 2007, the Department developed and published Customer Service Standards based on the NICS Customer Service Principles. These are available on the Department's website at <http://www.delni.gov.uk>. The aim is to provide staff and customers with a simple, clear message on the standards of service we aim to deliver. In addition, a three-step complaints procedure was developed and published on the Department's website.

In keeping with the principles, the Department uses a wide variety of media to provide clear and straightforward information on the services that we and our partners offer. These include websites such as www.nidirect.gov.uk, as well as the Departmental site. Also, the Department has made successful use of social media, such as Facebook and Twitter, to reach its customers.

The Department endeavours to make its services accessible to all sections of our society. Our publications are available in a range of formats and additional languages on request. A telephone translation service is available in our network of local offices for customers who do not have English as their first language, also sign language interpreter services are available at events organised by the Employment Service. In addition, there is a dedicated unit to assist disabled jobseekers.

During the period covered by this report, 89.8% of customers who had an appointment were seen within 10 minutes of their appointment time, while 92.0% of customers who did not have an appointment were seen within 15 minutes of arrival. The Department acknowledged 99% of correspondence within 2 days, answered 99.9% of correspondence within 10 days, and answered 69.9% of telephone calls within 20 seconds.

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The Department's Customer Standards can be accessed on its website <http://www.delni.gov.uk> and more detailed information on the NICS Principles is available from the Department for Finance and Personnel's website.

Industrial Court

The Department continues to provide the secretariat to the Industrial Court, the main function of which is to adjudicate on applications relating to statutory recognition and derecognition of trade unions for collective bargaining purposes, where such recognition or derecognition cannot be agreed voluntarily. Further information, and the Court's annual report, can be found on the Industrial Court website.

Certification Officer

The Department's funding for the Labour Relations Agency includes provision to support the work of the Certification Officer for Northern Ireland. The Certification Officer is an independent statutory person with powers to determine a range of complaints by trade union members against their unions, and to ensure that the internal affairs of trade unions and employers' associations are properly conducted. More information can be found at: nicertoffice.org.uk.

Transfer of Office of Industrial Tribunals and the Fair Employment Tribunal (OITFET)

During the year, the Executive was apprised of agreement between this Department and the Department of Justice to postpone the transfer of the Office of Industrial Tribunals and the Fair Employment Tribunal to a wider courts and tribunals system until 2016. This will provide an opportunity to consider the transfer in the context of decisions on the configuration of all departments at that time and will allow this Department to complete the current review of employment law.

4. Sustainability Report

ENVIRONMENTAL MATTERS, SOCIAL AND COMMUNITY ISSUES, SUSTAINABILITY

Corporate Social Responsibility

The Department has taken a structured approach to enabling teams to get involved in employee volunteering for the last eight years in conjunction with the NI Cares Programme run by Business in the Community of which the Department has been a platinum member. During 2014 - 2015, four teams undertook volunteering Team Challenges and 10 members of staff volunteered at the 'Silver Surfers' event that aims to introduce older people to the Internet. 18 members of staff have been volunteering on the Time to Read programme. Various voluntary organisations, schools and environmental projects have benefited from this ongoing commitment to volunteering, and feedback from staff has been very positive in relation to the development opportunities provided through these initiatives.

Environmental Matters

The Department has demonstrated commitment to green and environmental matters since the introduction of a Green Policy in March 2005. In March 2011, the Department issued a Sustainability Statement setting out objectives for the next three years and continues to engage with DoE in relation to Climate Change matters. The Department was fully engaged in assisting to develop the Northern Ireland Climate Change Adaption Programme which was published in January 2014.

The Department's Energy and Environmental Action Plan was updated in December 2014 for a period of three years aimed at improving the energy efficiency of the Department's office estate. It follows on from the review of energy efficiency conducted in 2012/13 and associated Green Policy Action Plan.

Current initiatives include:

- continued participation in the Carbon Reduction Commitment scheme to reduce greenhouse gas emissions by 25% by 2025 - the Department is on schedule to meet 2014-15 reporting requirements and purchase Carbon Reduction Commitment allowances in June 2015;
- ensuring that Higher Education Institutions consider climate change adaptations when developing estates strategy and policy;
- ensuring that risks associated with climate change are reflected in Further Education College Risk Registers and Business Continuity Plans;
- ongoing energy checklists to help identify further opportunities to reduce energy consumption;
- a major accommodation project to convert the Department's Headquarters into a modern open plan environment resulting in a reduction of energy consumption across three sites. Work is due to be completed in 2016; and
- efficiencies achieved through the application of the principles of sustainable development.

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The Department is committed to sustainable development and will do this by:

- promoting a vision of a dynamic, innovative and sustainable economy where everyone achieves their full potential;
- incorporating a commitment to sustainable development in its Corporate Plan and the Departmental priorities;
- regularly updating staff on initiatives and achievements via the staff magazine, issued quarterly;
- its efforts to facilitate access by all to acquire the education and skills to find/retain work and thus contribute to economic development in Northern Ireland;
- having governance arrangements in place to regularly monitor and report progress against the Northern Ireland Sustainable Procurement Action Plan (NI SPAP);
- encouraging the adoption in the NI Higher Education Institutions of the Guidelines on Sustainable Development in Higher Education developed by the Higher Education Funding Council for England (HEFCE);
- supporting sustainable development in the Further and Higher Education estate by implementing the environmental assessment method known as BREEAM (Building Research Establishment Environmental Assessment Method). It sets the standard for best practice in sustainable design and has become the de facto measure used to describe a building's environmental performance;
- working with the Central Procurement Division of the Department of Finance & Personnel, the Further Education Colleges, Higher Education Institutions and contractors to achieve as high a BREEAM rating as possible;
- ensuring a target rating of either 'Very Good' or 'Excellent' is agreed for all of the Department's new colleges and departmental staff attend project Steering Group meetings and Project Boards to monitor progress towards these targets;
- including sustainability as one of the factors considered when allocating capital funding to the Higher Education sector from 2011-12 onwards;
- ensuring environmental issues are addressed proactively internally through our approach to procurement and waste management;
- ensuring sustainable development forms part of departmental considerations when procuring services as demonstrated recently with the award of the new bundled catering/cleaning contract; and
- ensuring business areas apply DFP best practice guidance to all economic appraisals and business cases including the requirement to 'weigh up non monetary cost & benefits (inc. sustainability)'.

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5. MANAGEMENT COMMENTARY

The primary statements and related notes on page 114 onwards set out the financial performance and position for the Department.

Statement of Assembly Supply (SOAS)

This is the primary statement that demonstrates the Department's accountability for its spending to the Assembly. It records the net outturn compared with the Estimate in accordance with the Supply Estimates Manual.

							2014-15 £'000	2013-14 £'000
Request for Resources	Estimate			Outturn			Saving/ (excess)	Outturn
	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total		
A	982,500	(61,078)	921,422	978,021	(61,045)	916,976	4,446	852,829
Total Resources	982,500	(61,078)	921,422	978,021	(61,045)	916,976	4,446	852,829
Non-Operating Cost Accruing Resources	-	(61,662)	(61,662)		(60,440)	(60,440)	(1,222)	(68,974)

Net Resource Outturn

SOAS2 reflects the analysis of Net Resource Outturn by function. This shows outturn by budget category within the Departmental Expenditure Limit (DEL), Annually Managed Expenditure (AME) and Non Budget. Resource Outturn for 2014-15 was £917m compared to £853m for 2013-14, with an allocation of £921m in the Spring Supplementary Estimates (SSE's). The saving of £4.4m is explained further by category below.

Variance between DEL Resource Outturn and Estimate (SOAS2)

DEL Resource outturn was £756.3m against an Estimate of £759.1m resulting in a saving of £2.8m (0.4%)

	DEL Resource outturn to estimate			
	Outturn £'000	Estimate £'000	Variance £'000	Variance adjusted for virement £'000
Employment and Skills	201,487	203,887	2,400	523
Higher Education	232,244	230,461	(1,783)	41
Student Support	282,126	284,086	1,960	2,046
Labour Market Services	33,935	34,142	207	174
ESF Payments – Public and Private Sector	6,527	6,527	-	-
Total	756,319	759,103	2,784	2,784

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After virement, the most significant variance arose in Student Support. Impairments to student loans were £2m lower than forecast as a result of demand for loans being lower than anticipated.

Variance between AME Resource Outturn and Estimate

An easement of £1m arose as a result of the potential to create provisions which were not required.

Variance between Non Budget Outturn and Estimate

Notional charges were £0.8m below the Estimate due to actual costs being lower than forecast.

Year on Year DEL Resource Outturn

The net resource outturn for 2014-15 was £756m compared to £720m last year and can be analysed as follows:

	2014-15 £'000	2013-14 (restated) £'000	Increase/ (Decrease) £'000	Increase/ (Decrease) %
Employment and Skills	201,487	205,191	(3,704)	(1.8)
Higher Education	232,244	223,312	8,932	4.0
Student Support	282,126	250,014	32,112	12.8
Labour Market Services	33,935	32,168	1,767	5.5
ESF Payments – Public and Private Sector	6,527	9,107	(2,580)	(28.3)
Total Departmental Expenditure Limit (DEL)	756,319	719,792	36,527	5.1

Employment and Skills

Within Employment and Skills there was a decrease in expenditure within the Departmental Expenditure Limit of £3.7m or 1.8%. The main increases and decreases are outlined below.

The Youth Employment Scheme launched in 2012 has seen an upsurge in participation. This, in addition to a successful marketing campaign and significant uptake by employers has resulted in placement targets being exceeded by 25% and overall an increase in expenditure of £8.1m to £17.7m.

The Steps to Work programme was replaced by a new adult return to work programme Steps 2 Success in October 2014, resulting in a total net decrease in expenditure across the two programmes of £4.1m, with total spend for 2014-15 of £42.8m. Steps to Success has been developed to build on the success of the previous Steps to Work programme with the aim of increasing the number of participants who find and sustain employment.

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Spend in relation to Apprenticeships NI fell by £4.1m. Three significant policy changes have been implemented since September 2011 in the ApprenticeshipsNI programme to reduce funding to adult participants (25 years +), to achieve savings during this period of the Comprehensive Spending Review.

Expenditure on Training for Success comprises expenditure funded by the Department and expenditure eligible for funding under the European Social Fund (ESF). Total net spend has fallen by £3.1m from £45.1m to £42.0m. This has been due to a reduction in occupancy (approx 25%) which has led to a drop in output related funding and Weekly Training Fee payments.

European funding included in the net Training for Success figures shown above has fallen by £1.1m from £7.6m to £6.5m. The European expenditure is 40% funding of eligible elements of the Programme Led Apprenticeships programme. Additional funding for the 2011 intake, made available towards the end of 2012, was utilised in 2013-14 which led to an increase in ESF funded spend in that year. The balance of available funding is to be claimed in 2014-15, accounting for the reduction.

As a result of discussions with the European Commission the Managing Authority will now fund additional elements of Training for Success (including Programme Led Apprenticeships and excluding travel costs), under the ESF Programme. The result is that in 2014-15, £10.1m (2013-14: £9.3m) of European funding in ESF Payments – Public and Private Sector will now be earned in respect of Training for Success expenditure within Employment and Skills.

Higher Education

Funding to the higher education sector has risen mainly due to a £9m increase in relation to the funding of tuition fees. This funding has been made available by the Northern Ireland (NI) Executive as part of the agreement on the level of tuition fees.

Student Support

Funding in respect of Student Support has increased by £32.1m (12.8%) on last year. Student Support includes the Notional Loan Subsidy charge, which reflects the notional cost to the Department of issuing loans to NI students at a subsidised rate in line with Government policy. The cost for the current period is £152m compared to £124m last year, an increase of £28m. These costs are calculated using a complex financial model and are dependent upon a range of factors including Retail Price Index (RPI), student earning potential and repayment patterns. £14m of the increase is due to a recalculation of opening impairments, £9m is attributable to the increase in new loans issued and £5m is due to an increase in the impairment or Resource Accounting and Budgeting (RAB) charge applied to loans issued during the year from 37.2% to 38.77%.

There has also been increased spend of £5.4m for new PhD places.

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Labour Market Services

Expenditure in respect of Labour Market Services has increased by £1.8m on 2013-14. In response to the economic downturn, there have been significant new areas of activity in recent years which have become established in 2014-15, including:

- The Collaboration and Innovation Fund project which commenced in January 2013 funded six new additional projects in 2014-15 leading to an increased spend of £0.7m.
- The Community Family Support Programme which commenced in November 2013 has seen increased spend of £1.1m.

European

Total net spend has decreased by £2.6m to £6.5m. Match funding as anticipated decreased by £2.8m due to the closure of the ESF NI Competitiveness and Employment programme.

As stated above, following discussions with the European Commission, income within this category will now be earned in respect of the Training for Success programme within Employment and Skills.

Year on Year AME Outturn

	2014-15 £'000	2013-14 (restated) £'000	Increase/ (Decrease) £'000	Increase/ (Decrease) %
Student Support	(62,183)	(69,740)	7,557	10.8
Provisions	-	2,020	(2,020)	(100.0)
Total Annually Managed Expenditure	(62,183)	(67,720)	5,537	8.2

Annually Managed Expenditure in respect of Student Support mainly reflects Effective Interest. This varies according to the interest rate conditions in force, together with the other financial parameters within the financial model. RPI was 2.26% this year, compared to 3.15% last year, and there has been movement as a result of the increase in the opening balance of the loan book. The effective interest rate for the current year is 4.51% compared to 5.42% last year.

A provision was created last year to reflect the estimated cost of Long Service Awards in respect of judiciary (£2m).

Year on Year Non Budget Outturn

Non Budget includes cash based Grant in Aid funding to the Department's Non-Departmental Public Bodies.

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	2014-15 £'000	2013-14 £'000	Increase/ (Decrease) £'000	Increase/ (Decrease) %
Teachers Premature Retirement	1,998	1,963	35	1.8
Construction Industry Training Board	-	-	-	-
Ulster Supported Employment Ltd	796	766	30	3.9
Labour Relations Agency	3,772	3,611	161	4.5
Further Education Colleges	197,973	178,857	19,116	10.7
Higher Education Colleges	8,118	5,309	2,809	52.9
Notional Charges	10,183	10,251	(68)	(0.7)
Total Non Budget	222,840	200,757	22,083	11.0

Further Education

Grant in aid funding to the Further Education colleges increased this year by £19.1m. Recurrent grant in aid increased by £5.0m from £174.2m to £179.2m reflecting the 1.6% increase in block grant and additional funding for several new programmes while capital grant in aid increased by £14.1m from £4.6m to £18.7m. The increase in capital funding relates to an increase in minor capital works (£6m), a new Performing Arts & Technology Innovation Centre at South Eastern Regional College (£7m) and smaller refurbishment projects across a number of campuses.

Higher Education

Grant in aid funding to Stranmillis University College increased this year by £2.8m due to a number of capital projects in progress.

Reconciliation of Net Resource Outturn to Net Operating Cost

SOAS3.1 shows the reconciliation of Net Resource Outturn to Net Operating Cost. Reconciling items included within the Net Operating Cost are Consolidated Fund Extra Receipts £3m and Non Supply expenditure £5.8m.

Non Supply expenditure represents payments made in relation to the redundancy fund. This fell from £7.2m to £5.8m as a result of the reduction in applications for funding in respect of redundancies.

Statement of Financial Position

Student Loan movements have included the continued growth in the size of the Student Loan book, with a further £299m loans issued. Total repayments received and effective interest earned were £60m and £64m respectively.

The gross value of the loan book has been reduced by the Deferment and Default and Interest Subsidy Impairments in order to arrive at an approximation of fair value. New impairments during the period totalled £152m and incorporate the reassessment of opening impairments.

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Receivables increased by £17.2m largely due an increase of in amounts due from the European Commission and an increase in the supply receivable balance due to the timing of draw downs at year end.

Payables have increased by £20.5m mainly due to the bank overdraft position increasing by £7m, and accruals and payables increasing by £9m.

Significant Accounting Judgements

Student loans

The Departmental Statement of Financial Position is dominated by the value of the student loan book. This loan book is valued based on anticipated future repayments measured at today's rates.

The face value of the loan book has increased since last year mainly following the issue of £298.5m of new loans in 2014-15. However, the valuation is impacted by a number of macro economic assumptions used in our modelling that are reviewed annually. The major risk to student loan repayments arises when there is an economic downturn and a reduction in growth. Where there is a negative impact on earnings growth, the risk is that graduate earnings may not reach the levels predicted when student loans were issued. This can lengthen the time period before loans are in repayment and extend the repayment period, both of which impact on the carrying value of the loans in the accounts. It can also lead to an increase in the provision for future write offs against loans as it increases the likelihood that some graduates may not repay their loans in full by the end of the loan period.

An enhanced version of the financial model has been developed and implemented by the Department for Business, Innovation and Skills in England. The Department is working towards the development of a version of the model that can be applied to Northern Ireland loans.

The risk of the Government recovering the real value of student loans issued is further exacerbated when the Bank of England base rate is low and the rate of inflation is comparatively high, because the base rate cap comes into operation. The cap arises because students are charged interest equivalent to the rate of inflation, or the Bank of England base rate plus 1%, whichever is the lower. As such, when the base rate cap is in operation, interest on loans is charged at a lower rate than inflation. Details of the impairments made to the loan book in this financial year are set out in Note 12 to the Accounts.

Government is continuing to assess how best to manage its holding of current and future loans, including the potential to realise value for the taxpayer from a sale of its portfolio. These accounts present the student loans portfolio valued on the basis that they will continue to be held by the Department until such time as a decision to sell the assets has been made. This is consistent with prior years and reflects the requirements of the Government Financial Reporting Manual.

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Future Developments

Looking ahead, significant areas of activity for the Department include the following areas of activity:

Employment and Skills

- Development of a new strategy for further education in Northern Ireland;
- Further Education colleges will, with universities, be key deliverers of the Department's new apprenticeships programme and, with training providers, be key deliverers of the new youth training system at Level 2;
- Support and develop the Northern Ireland economy and society by delivering a reformed system of professional and technical training through the introduction of a new apprenticeship and complementary youth training system, which will facilitate seamless progression;
- Support a long term, strategic, integrated approach to the delivery of education, training and employment interventions, to support key economically inactive groups (those with work limiting health conditions and/ or disabilities, lone parents and those individuals with caring responsibilities) re-engage with the Northern Ireland labour market;
- Pilot United Youth, a 'good relations' programme that will provide flexible, high-quality, young-person-centred opportunities for 16–24 year olds. The programme is a key commitment in the Northern Ireland Executive's 'Together: Building a United Community' Strategy. Approximately 10 pilots will run in 2015-16, commencing in June, prior to the anticipated full roll out in 2016;
- Manage the administration and governance arrangements for the delivery of the new Into Work Training Support provision delivered by the six Further Education colleges. This is a pilot that will operate for 18 months;
- Continue the delivery of Steps 2 Success;
- Continue to work as a strategic service delivery partner to the Department of Social Development / Social Security Agency preparing for the introduction of Universal Credit in Northern Ireland;
- Introduction of Youth Employment Scheme Work Experience placements and a Youth Employment Scheme Employer Subsidy for 18-24 year olds, as well as an Employer Subsidy for those clients aged 25 and over; and
- An Employment and Skills Strategy for People with Disabilities has been developed in partnership with key representatives from the local disability sector organisations. The Strategy aims to cover the entire transitions journey from full time education through to paid employment for people with significant disability related barriers to skills training and employment opportunities. It is anticipated that a document, including proposals for the new strategy, will be subject to public consultation over the coming months.

Higher Education and Student Support

- Continue with the implementation of the 'Graduating to Success' and 'Access to Success' strategies;

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- Conduct a ‘Big conversation’ on the financial sustainability of the higher education funding system;
- Publication of new Widening Access and Participation Plans for each of the higher education providers in Northern Ireland;
- Establishment of two pilot projects to increase university courses delivered at Further Education colleges;
- Consultation on student finance arrangements for part-time undergraduate and postgraduate students;
- Continue to work with the Higher Education institutions to determine the future shape of initial teacher education infrastructure in Northern Ireland;
- Perform a review of the Quality-related Research funding model; and,
- Conduct an interim review of the implementation to date of Graduating to Success and Access to Success.

Labour Market Services

- Develop the Department’s capability to link different data sources together,
- Develop a new “Skills Barometer”; and,
- Continue to implement the refreshed cross-departmental strategy ‘Pathways to Success’ to tackle the issues facing young people who are Not in Education, Employment or Training.

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Other Information

Payment of suppliers

The Department is committed to the prompt payment of suppliers of goods and services in accordance with the Confederation of British Industry's prompt payer's code and British Standard BS 7890. Unless otherwise stated in the contract, payment is due within 30 days of receipt of the goods or services, on presentation of a valid invoice or similar demand, whichever is later.

In the year ended 31 March 2015, 96% of invoices from suppliers were paid within the timescale noted above (31 March 2014: 94%). No amounts were paid to suppliers in interest under the Late Payment of Commercial Debts (Interest) Act 1998.

In November 2008, Finance Minister Nigel Dodds set a target for all Northern Ireland Departments to pay supplier invoices within 10 working days of receipt in order to help local business in the current economic climate. The Department is committed to this target and for the year ended 31 March 2015, 90% of invoices from suppliers were paid within this timescale (31 March 2014: 84%).

The following link to the Account NI website discloses Northern Ireland departments' performance both in terms of paying invoices within 30 days and 10 days: http://www.accountni.dfpni.gov.uk/nics_prompt_payment_table_2014-2015_march15.pdf

Departmental Performance Targets

Progress in relation to Departmental Performance Targets can be found in the Annual Report.

HM Treasury Cost allocation

The Department has complied with the cost allocation and charging requirements set out in HM Treasury (HMT) and the Office of Public Sector Information guidance, applicable to DEL as a Public Sector Information Holder.

Off-Payroll Engagements

The Department had no 'off-payroll' engagements at a cost of over £58,200 per annum in place during 31 March 2015.

Consultancy and Temporary Staff

During the year to 31 March 2015 the Department spent £185,288 on external consultancy (31 March 2014: £89,583), and £74,366 on temporary staff (31 March 2014: £35,833).

Auditor

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office and he reports his findings to the Northern Ireland Assembly. He and his staff are wholly independent of the Department. The audit of the financial statements for 2014-15 resulted in a notional fee of £105,000 which is included in the administration costs in the statement of comprehensive net expenditure.

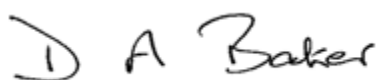
**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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As Accounting Officer, I can confirm that:

- so far as I am aware, there is no relevant audit information of which the Department's auditors are unaware; and
- I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

**RECONCILIATION OF RESOURCE EXPENDITURE BETWEEN ESTIMATES,
ACCOUNTS AND BUDGETS**

	2014-15	2013-14
	£000	£000
		(restated)
Net Resource Outturn – Estimates (SOAS2)	916,976	852,829
Adjustments:		
Include non-voted expenditure of Operating Cost Statement	5,848	7,204
Include non-voted income scored as CFERs in Operating Cost Statement	(2,962)	(548)
Net Operating Cost - Accounts	919,862	859,485
Remove other expenditure/ income shown in Estimates under the heading "Other Expenditure Outside DEL"	(5,848)	(7,204)
Less grant-in-aid payable to NDPBs	(210,659)	(188,543)
Add resource consumption by NDPBs	198,058	199,553
Less capital grants	(36,251)	(16,361)
Other Adjustments		
<i>Voted expenditure outside the budget</i>	(1,998)	(1,963)
Interdepartmental Charges	(10,183)	(10,251)
Add Other Consolidated Fund Extra Receipts (CFERs)	-	514
Resource Budget Outturn - Budgets	852,981	835,230
<i>Of which:</i>		
Departmental Expenditure Limit (DEL)	916,457	901,729
Annually Managed Expenditure (AME)	(63,476)	(66,499)



Derek Baker
Accounting Officer
23 June 2015

Departmental Remuneration Report

Remuneration Policy

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

Service Contracts

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

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

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

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management of the Department.

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Remuneration (Audited)

Ministers	2014-15			2013-14		
	Salary £	Pension benefits* (to nearest £1000)	Total £000	Salary £	Pension benefits* (to nearest £1000)	Total £000
Dr Stephen Farry <i>Minister for Employment and Learning</i>	38,000	14,000	50-55	38,000	17,000	55-60
Officials	2014-15			2013-14		
	Salary £000	Pension benefits* (to nearest £1000)	Total £000	Salary £000	Pension benefits* (to nearest £1000)	Total £000
Derek Baker <i>Acting Permanent Secretary 01/04/2014 – 31/03/2015 & 17/06/2013 – 31/03/2014</i>	105-110	56,000	160-165	85-90 (100-105 full year equivalent)	85,000	170-175
Alan Shannon CB <i>Permanent Secretary 01/04/2013 – 31/05/2013</i>	-	-	-	20-25 (125-130 full year equivalent)	(73,000)	(45-50)
Catherine Bell CBE** <i>Deputy Secretary 01/04/2014 – 31/03/2015, 01/04/2013 – 26/05/2013 & 17/06/2013 – 31/03/2014</i>	90-95	21,000	110-115	85-90 (90-95 full year equivalent)	22,000	110-115
<i>Acting Permanent Secretary 27/05/2013 – 16/06/2013</i>	-	-	-	5-10 (100-105 full year equivalent)	-	-
Heather Cousins <i>Deputy Secretary 01/04/2014 – 31/03/2015 & 23/09/2013 – 31/03/2014</i>	85-90	23,000	105-110	45-50 (85-90 full year equivalent)	9,000	55-60
Andrew Hamilton <i>Deputy Secretary 01/04/2013 – 22/09/2013</i>	-	-	-	40-45 (100-105 full year equivalent)	(2,000)	35-40

*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 include increases due to inflation and any increase or decrease due to a transfer of pension rights.

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	2014-15	2013-14
Band of Highest Paid Director's Total Remuneration (£000)	105-110	100-105
Median Total Remuneration (£)	24,728	25,494
Ratio	4.35	4.02

None of the above received benefits in kind or bonus payments in 2014-15 or 2013-14.

Derek Baker was appointed as Acting Permanent Secretary until 31 May 2016.

Salary

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

The Department for Employment and Learning was under the direction and control of Dr Stephen Farry during the financial year. His salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this resource account. These amounts do not include costs relating to the Minister's role as a Member of the Legislative Assembly (MLA) which are disclosed elsewhere.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No benefits in kind were awarded to senior officials in respect of 2014-15 and 2013-14.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. No bonuses were awarded to senior officials in respect of 2014-15 and 2013-14.

Median Total Remuneration

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.

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The median remuneration of the Department's staff is the total remuneration of the staff member(s) lying in the middle of the linear distribution of the total staff, excluding the highest paid director. This is based on annualised, full-time equivalent (FTE) remuneration as at the reporting period date.

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. Total remuneration is calculated on an annualised basis to remove any fluctuations caused by employee turnover, which do not reflect changes in pay policy.

The FTE measurement of staff is specified to ensure a level of comparability that would otherwise be distorted, if a member of staff represented a whole unit, irrespective of the hours worked.

The ratio is calculated as follows:

$$\frac{\text{Midpoint in highest paid director's pay band}}{\text{Median remuneration of Department's staff}}$$

The banded remuneration of the highest paid director in the Department in the financial year 2014-15 was £105,000-110,000 (2013-14: £100,000-105,000). This was 4.35 times (2013-14: 4.02 times) the median remuneration of the workforce, which was £24,728 (2013-14: £25,494).

In 2014-15, two individuals (2013-14: two individuals) received remuneration in excess of the highest paid director. Remuneration ranged from £120,000 to £135,000 (2013-14: £120,000 - £130,000).

The movement in the ratio between 2014-15 and 2013-14 is primarily attributable to a decrease in the median total remuneration figure.

Pension Benefits (Audited)

Ministers	Accrued pension at age as at 31/03/2015 £000	Real increase in pension at age £000	CETV at 31/03/2015 £000	CETV at 31/03/2014 £000	Real increase in CETV £000
Dr Stephen Farry <i>Minister for Employment and Learning</i>	0-5	0-2.5	43	32	5

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Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits 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.

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 7% 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 21.6% of the Ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65 or immediately on ceasing to be an active member of the scheme if they are already 65.

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 ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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 common market valuation factors for the start and end of the period.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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for the year ended 31 March 2015

Pension Entitlements (Audited)

Officials	Accrued pension at age as at 31/03/2015 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/2015 £000	CETV at 31/03/2014 £000	Real increase in CETV £000	Employer contribution to partnership pension account Nearest £100
Derek Baker <i>Acting Permanent Secretary</i>	45-50 Plus lump sum of 145-150	2.5-5.0 Plus lump sum of 7.5-10.0	1,041	940	50	-
Alan Shannon CB <i>Permanent Secretary</i> 01/04/2013 – 31/05/2013	-	-	-	1,275	-	-
Catherine Bell CBE <i>Deputy Secretary</i>	35-40 Plus lump sum of 115-120	0-2.5 Plus lump sum of 2.5-5.0	857	835	20	-
Heather Cousins <i>Deputy Secretary</i>	15-20 Plus lump sum of 45-50	0-2.5 Plus lump sum of 2.5-5.0	288	254	18	-
Andrew Hamilton <i>Deputy Secretary</i> 01/04/2013 – 22/09/2013	-	-	-	769	-	-

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011, pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Price Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002, and before 30 July 2007, could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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for the year ended 31 March 2015**

rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

A new pension scheme, alpha, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

Employee contribution rates for all members for the period covering 1 April 2015 to 31 March 2016 are as follows:

Scheme Year 1 April 2015 to 31 March 2016

Pay band – assessed each pay period		Contribution rates – Classic members	Contribution rates – Classic plus, premium, nuvos and alpha
From	To	From 1 April 2015 to 31 March 2016	From 1 April 2015 to 31 March 2016
£0	£15,000.99	3%	4.6%
£15,001.00	£21,000.99	4.6%	4.6%
£21,001.00	£47,000.99	5.45%	5.45%
£47,001.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
ANNUAL REPORT
for the year ended 31 March 2015**

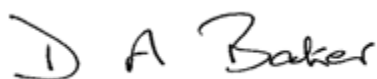
The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos.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



Derek Baker
Accounting Officer
23 June 2015

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES
for the year ended 31 March 2015

Under the Government Resources and Accounts Act (Northern Ireland) 2001 Department of Finance and Personnel (DFP) has directed the Department for Employment and Learning 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, resources applied to objectives, changes in taxpayers' equity and cash flows for the financial year.

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 DFP including the relevant accounting and disclosure requirement, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

DFP has appointed the Permanent Secretary of the Department as Accounting Officer of the Department. The responsibilities of an Accounting Officer, including the responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in Managing Public Money Northern Ireland published by DFP.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
GOVERNANCE STATEMENT
for the year ended 31 March 2015**

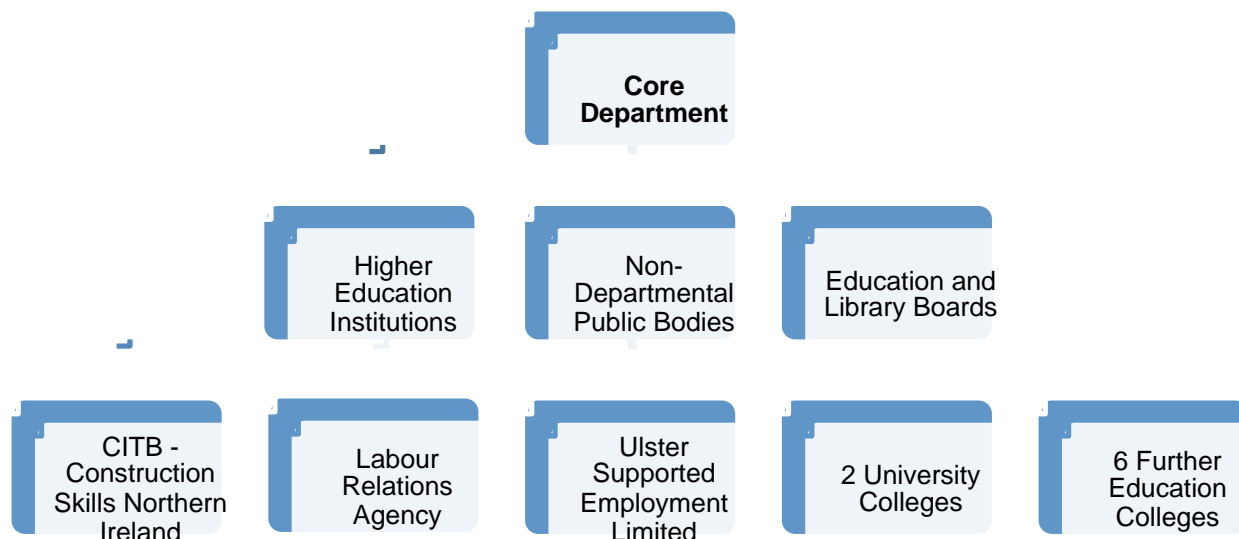
Introduction

The Governance Statement sets out the governance structures, risk management and internal control procedures that operated within the Department during the 2014-15 financial year and up to the date of approval of the Annual Report and Accounts. This governance statement has been prepared in accordance with guidance issued by the Department of Finance and Personnel.

Aim
To support better governance and drive more consistent, coherent and transparent reporting

Departmental Structure

There are a number of bodies beyond the departmental boundary in receipt of substantial financial support from the Department – they are as follows:



DEPARTMENT FOR EMPLOYMENT AND LEARNING
GOVERNANCE STATEMENT
for the year ended 31 March 2015

Scope of Responsibility

The Department operates under the direction and control of the Minister for Employment and Learning, who is responsible and answerable to the Assembly for the exercise of the powers on which the administration of the Department depends. He has a duty to the Assembly to account and to be held to account for all the policies, decisions and actions of the Department, including its Arm's Length Bodies. The Permanent Secretary is accountable to the Minister.

The Permanent Secretary and Accounting Officer for the Department has responsibility for maintaining a robust governance and risk management structure and a sound system of internal control that supports the achievement of departmental policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which he is personally responsible, in accordance with the responsibilities assigned to him in Managing Public Money Northern Ireland.

The public bodies for which the Department has oversight responsibility are accountable for ensuring they have robust governance and risk management structures and sound internal control arrangements in place. In order to ensure appropriate governance arrangements are in place, dedicated sponsor branches monitor and provide guidance to these Arm's Length Bodies. The Department has written agreements in place with its Arm's Length Bodies which set out the respective roles and responsibilities of both parties. In addition, the Department receives mid-year and annual assurance statements from each of its Arm's Length Bodies to confirm that appropriate systems and controls are in place and operate effectively within each organisation.

In order to manage the Department efficiently, the Accounting Officer has been supported by formal governance structures with clear remits, details of which are provided below.

The Departmental Board

The Departmental Board assists the Permanent Secretary in meeting his responsibilities as Accounting Officer for establishing and overseeing the corporate governance arrangements of the Department. The Board itself is a core element of the Department's corporate governance arrangements, agreeing the other elements and, through its scrutiny role, overseeing the policies, plans and effectiveness of those other elements.

The Board is chaired by the Permanent Secretary, who, as Accounting Officer, is responsible for the appointment of all Board Members. Membership comprises:

- the Permanent Secretary;
- the Deputy Secretaries; and
- two Independent Board Members.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
GOVERNANCE STATEMENT
for the year ended 31 March 2015**

Attendance during the year at Board meetings was as follows:

Board Member	Meetings Attended	Out of a Possible
Derek Baker	11	12
Heather Cousins	11	12
Catherine Bell CBE	11	12
<i>Independent Board Members</i>		
Professor Russel Griggs OBE	10	12
Dr Brian Scott	11	12
<i>Officials</i>		
John Smith*	4	5
Beverley Harrison	9	12
Stephen McMurray*	5	7

* John Smith left the Department on 29 August 2014 and was replaced by Stephen McMurray as Director of Finance and Commercial Services on 1 September 2014.

Directors of policy and operations are invited to attend where significant items pertaining to their business area are to be discussed by the Board.

Information presented to the Board is drafted by the appropriate business area with formal sign off by the Director of that Division. This information then goes through the necessary internal clearance procedures before being presented as a formal paper to the Board. This ensures a high quality of reliable and up-to-date information is presented for the Board's consideration. The Board is content with the quality and reliability of the information presented during 2014 -15.

The Board's role is to set and oversee the strategic direction of the Department within the strategic framework set by the Minister, to monitor performance against corporate and business plans, Programme for Government commitments, budgets and targets, and to establish and oversee the governance and risk management arrangements of the Department. In order to fulfil this role, the Board met monthly during the 2014-15 financial year.

A minimum of three members of the Board must be present for the meeting to be deemed quorate. All Board meetings during the 2014-15 financial year were quorate.

Board Performance and Effectiveness

In May 2015 the Board carried out an assessment of its own effectiveness. This assessment was completed through a detailed evaluation questionnaire which focused on areas such as strategy and objectives, performance management, risk management and audit committee and internal audit reporting. Through completion of this assessment, the Board concluded that overall performance for the year was of a high standard.

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The Departmental Audit Committee

The Departmental Board has established an Audit Committee which acts in an advisory capacity and reports to the Accounting Officer. The Audit Committee's overall purpose is to assist the Accounting Officer and the Board in fulfilling their corporate governance responsibilities. The Audit Committee oversees the financial reporting process and corporate governance processes.

The Audit Committee is chaired by an Independent Board Member. Members of the Audit Committee are:

- two Independent Board Members (including the Chair); and
- an external member.

Attendance during the year at the Audit Committee meetings was as follows:

Committee Member	Meetings Attended	Out of a Possible
<i>Independent Board Members</i>		
Professor Russel Griggs OBE (<i>Chair</i>)	4	4
Dr Brian Scott	4	4
<i>Independent Senior Civil Servant</i>		
Grace Nesbitt*	2	2
<i>Official Attendees</i>		
Catherine Bell CBE	3	4
Heather Cousins	2	4
Derek Baker	4	4
John Smith**	2	2
Stephen McMurray**	2	2
Internal audit representation	4	4
Northern Ireland Audit Office (NIAO) representation	3	3
European Social Fund (ESF) Audit Authority	3	3

*Grace Nesbitt was appointed as an independent senior civil servant on 1 November 2014.

** John Smith left the Department on 29 August 2014 and was replaced by Stephen McMurray as Director of Finance and Commercial Services on 1 September 2014.

Other attendees are invited to attend the Audit Committee meetings if a discussion is to be held about their particular business area.

The Terms of Reference for the Audit Committee state that the Committee should meet at least four times a year, and more frequently as circumstances require. During the 2014-15 financial year four Audit Committee meetings were held. A quorum for any meeting of the Audit Committee is two members. All Committee meetings during the 2014-15 financial year were quorate.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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The key issues discussed at the Audit Committee meetings during the 2014-15 financial year were as follows:

- European Social Fund audit progress, Annual Report and Opinion;
- Information Security and Assurance;
- Internal Audit plan, progress updates and annual report, as well as an update on actions taken to address issues identified in the Internal Quality Assessment Audit Plan;
- Financial Audit and Support Team's inspection programme, progress and annual report;
- Current issues facing the Department's Arm's length Bodies;
- Accountability Grids – Reports to Those Charged with Governance;
- NI National Insurance Fund Assurance Statement;
- Mid Year Assurance Statements;
- Northern Ireland Audit Office audit strategy;
- Corporate Risk Register and;
- Review of the Annual Report, Governance Statement and Resource Accounts.

The Board takes assurance from the annual report provided by the Audit Committee which reports on the above discussions undertaken during the financial year.

Senior Management Team

The Senior Management Team of the Department consists of:

- the Deputy Secretaries;
- the Directors;
- the Assistant Chief Inspector for Further Education and Work-Based Learning;
and
- the Department's Principal Information Officer.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
GOVERNANCE STATEMENT
for the year ended 31 March 2015**

Attendance during the year at the SMT meetings was as follows:

Member	Meetings Attended	Out of a Possible
Catherine Bell CBE	8	10
Heather Cousins	8	10
John Smith*	2	3
Stephen McMurray*	5	7
Nuala Kerr OBE***	2	3
Mary McIvor	7	10
June Ingram	9	10
Colin Jack	7	10
Colum Boyle**	1	3
David Sales**	4	6
Beverley Harrison	5	10
Yvonne Croskery	10	10
Sian McCleave***	6	7
John Baird	6	10
Anne Armstrong	5	10

* John Smith left the Department on 29 August 2014 and was replaced by Stephen McMurray as Director of Finance and Commercial Services on 1 September 2014.

** Colum Boyle left the Department on 29 August 2014 and was replaced by David Sales as Director of Employment Service on 1 September 2014.

***Sian McCleave has been acting Director of Higher Education from 26 September 2014 standing in for Nuala Kerr OBE, attending the September, November, December, January, February and March SMT meetings. Nuala Kerr OBE retired from the Department on 6 March 2015.

The Senior Management Team operates as a collegiate forum of Directors and Deputy Secretaries. It does not have executive authority in its own right but it exercises such authority through that invested in its membership. Its role is to provide Directors with a regular opportunity for engagement and debate on corporate and other significant issues including policy development and to provide a forum in which a collective view of the Senior Management Team, where this is required or desirable, can be reached. It also acts in an advisory and consultative capacity, offering Directors guidance when sought from colleagues.

The Procurement Sub-Committee

The Procurement Sub-Committee provides strategic oversight of the Department's procurement activities across all areas of the Department and its Non Departmental Public Bodies. Its key role is to lead on the dissemination and co-ordination of public procurement policy and practice for the Department and oversight of compliance with public procurement policy.

Membership of the Sub-Committee consists of senior staff with responsibility for procurement from each Division and Non Departmental Public Bodies and is chaired by the Deputy Secretary, Resources. The Procurement Sub-Committee met three times during 2014-15.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
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for the year ended 31 March 2015

Compliance with the Corporate Governance Code

Within Northern Ireland, Departments are required to operate under the “*Corporate Governance in Central Government Departments: Code of Good Practice NI 2013*”. The 2013 Code contains the requirement for Departments to “comply or explain” any significant departures from the guidance set out in the Code.

During 2014-15, the Department complied with the principles and supporting provisions set out in this Code. The Code outlines a model Board Operating Framework that can be used to document a board’s roles and responsibilities. The Department has adopted this through the Terms of Reference which is included in its Corporate Governance Framework. The Department meets the key objective of the Board Operating Framework by clarifying roles and responsibilities of the Board and its members. All new Board members will be subsequently directed to the Corporate Governance Framework as part of the induction process and existing Board members have also been supplied with it.

The Code also articulates departmental responsibilities in the management of Arm’s Length Bodies, and this has been adopted into the Department’s Corporate Governance Framework, with provision made for the greater degree of autonomy within the Higher Education Institutions.

The Department’s Corporate Governance Framework sets out the roles and responsibilities in terms of governance within the Department and it also includes the Terms of Reference for the Board, Audit Committee, the Procurement Sub-Committee and the Senior Management Team.

Conflicts of Interest

There were no conflicts or potential conflicts of interest relating to Board members identified during the year.

Conflicts of interest are a standing agenda item at all Board, Audit Committee, Procurement Sub-Committee and Senior Management Team meetings. In addition, each year as part of the assurance framework a register of potential conflicts of interest is compiled covering Board members and the Department’s senior management.

Risk Management

The Department places significant emphasis on risk management. Risk management is viewed as an essential element of the Department’s Corporate Governance Framework, and is closely linked to the business planning and monitoring process. The Department’s Risk Management Strategy outlines a robust risk management process for identifying and managing issues which may hinder the achievement of objectives.

The risk appetite defines the level of exposure the Department is willing to accept and helps risk owners decide whether risks have been managed to an acceptable level.

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The Department has a low risk appetite for those risks which are assessed as being likely to:

- impact adversely upon the delivery of the Department's commitments in the Programme for Government;
- impact adversely upon the Department's strategic and business objectives;
- impact adversely upon the delivery of the Department's statutory requirements;
- impact adversely upon the Department's compliance with its wider legislative responsibilities;
- result in significant adverse publicity or reputational damage for the Department or Minister; and
- require additional funds in excess of the budget allocation.

The Department has a more open risk appetite for those risks which are assessed as being likely to offer opportunities to:

- release and redirect resources;
- provide cash releasing efficiency savings;
- improve delivery of frontline services; and
- promote innovation.

A corporate governance team within Finance Division acts as a central point for advice and guidance on effective risk management and corporate governance arrangements. This team also coordinates the corporate risk register, which is the route by which significant risks are escalated to the Departmental Board.

Risk management is viewed by the Department as a dynamic process which is continuously changing. Risks are therefore assigned to the appropriate individual and reviewed at regular intervals. Policies and procedures around risk management and corporate governance within the Department are reviewed at regular intervals to ensure compliance with best practice.

The Corporate Risk Register focuses on risks at a strategic level. The corporate risks identified for the register during 2014-15 were Delivery; Demand; Supplier; Finance; Governance; Strategic Relationship; Staffing; Information; and Business Continuity. During the year, two new risks in respect of European Funding and absence management were added to the register. The Departmental Board reviews the register on a monthly basis and ensures that the disclosed corporate risks are appropriate in the context of delivering corporate and business plan commitments.

During 2014-15 there were significant residual risks, outlined below, which required active management by the Department;

- budgetary uncertainty due to the Welfare Reform issue not being resolved by the Executive;
- risk to the funding of European Social Fund programmes and possible delays with the new programme;
- managing the potential adverse impact on attendance as a result of the Voluntary Exit Scheme and redeployment issues;

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
GOVERNANCE STATEMENT
for the year ended 31 March 2015**

- management of potential pension deficit in Ulster Supported Employment Limited; and
- meeting the corporate absence target.

The corporate absence target risk is explored below. Further detail on the European Social Fund issue is outlined in the section on European Social Fund below. Detail on the other three issues is outlined in the section on 'Assurance Statements' below.

In January 2011, the overall Northern Ireland Civil Service and associated Departmental sickness absence targets for the period ending March 2015 were agreed by the Permanent Secretaries and the Minister for Finance and Personnel. In order to contribute to the overall Northern Ireland Civil Service target of 8.5 days, the Department was required to reduce its absence rate from a baseline of 10.7 days (2009-10) to 7.9 days lost per staff member by March 2015.

The target for 2014-15 did not take account of the fact that the 2013-14 outturn was significantly higher than originally anticipated (10.4 (restated from 10.3) days against a target of 8.4 days) which made the 2014-15 journey extremely challenging.

Despite robust application of the absence policies the Department failed to meet its corporate target, and the provisional outturn for the 2014-15 year is 12.2 days which is an increase of 1.8 days on the previous year. Absence management remains a Departmental priority and will continue to be robustly and proactively addressed in 2015-16.

Fraud Reporting

During 2014-15 the Further and Higher Education sectors reported 19 suspected frauds. There were a further five suspected fraud cases reported from other areas within the Department and across other Arm's Length Bodies. The greatest financial loss as a result of fraud during the year was £2,636, which was a result of two students permitted to collect term one and term two grant cheques even though they were not enrolled on the course. In each of the 24 reported cases, an investigation was carried out and, where relevant, any recommendations forthcoming are being implemented and policies and procedures updated. In line with appropriate guidance, all cases of fraud during the year have been reported to the Department of Finance and Personnel and the Northern Ireland Audit Office.

Whistleblowing

The Department's whistleblowing policy was updated in March 2015 to incorporate the good practice principles identified from 'Whistleblowing in the Public Sector: A Good Practice Guide for Workers and Employers', a joint publication by the UK audit authorities, together with further points emanating from Assembly and Westminster Public Accounts Committee hearings. It also reiterates that all whistleblowing allegations be notified to Finance Division for maintenance on a central register. The number of incidents notified during 2014-15 was ten compared to five in the prior year. An investigation has been completed on all of the cases notified in the 2014-15 year, and six of these have now been resolved.

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Financial Audit and Support Team

The Financial Audit and Support Team carries out financial inspections of external suppliers contracted to deliver the Department's programmes. Its primary objective is to provide the Accounting Officer with an assurance opinion on the overall probity of funding paid to external suppliers and this is informed by an annual programme of inspections that is agreed by the Audit Committee.

The Financial Audit and Support Team inspections are risk based, and involve compliance checks and substantive testing to ensure that funding has been drawn down in accordance with relevant contracts and operational guidelines. Where appropriate, the team will recommend recovery of funding.

In relation to the 2014-15 financial year, the Financial Audit and Support Team has provided the Accounting Officer with a satisfactory assurance opinion. This opinion is informed by a risk based programme of financial inspections the results of which showed that 92% (94) of inspections completed during the reporting period were satisfactory. In the remaining seven cases, three qualified and four limited opinions were given due to instances of administrative shortcomings and non-compliance with various programme guidelines. The findings of the non satisfactory reports were not significant or pervasive enough to impact on the overall satisfactory assurance opinion provided.

All but four low risk recommendations made during the year were implemented by contract management. The total amount of financial recoveries recommended by the team during 2014-15 was £97,085.

Internal Audit Service

Internal Audit Service's main remit is to provide the Accounting Officer with an independent and objective opinion on the overall adequacy and effectiveness of the Department's risk management, control and governance processes. The Internal Audit Annual Opinion and Report is a key element of the framework of assurance that the Accounting Officer needs to inform this Governance Statement. Internal Audit Service operates in accordance with HM Treasury's Public Sector Internal Audit Standards.

An Internal Audit Strategy is in place for the Department, covering the period 2013-14 to 2015-16, and remains flexible to take account of new and emerging issues. The strategy is in accordance with the Public Sector Internal Audit Standards to map coverage to the Department's Corporate Risk Strategy, giving consideration to new systems, areas of high risk and any other central government requirements.

Internal Audit Service carried out its annual audit plan for the financial year 2014-15, which was agreed by the Departmental Audit Committee. A mid-year review of the plan resulted in it being revised to reflect changing priorities, changing circumstances and emerging issues. This revision was also agreed by the Audit Committee.

For the period 2014-15, Internal Audit Service has reported an overall satisfactory audit opinion on the effectiveness of the Department's risk management, control and governance processes for 2014-15.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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for the year ended 31 March 2015**

In relation to the audit work carried out during the year, all reports issued contain a satisfactory audit opinion except for the following:

- Benefit Based Training Allowance – Internal Audit reported an unacceptable audit opinion due to weaknesses identified in respect of the documentation, retention and validation of starter and leaver notifications for participants on the Youth Employment Scheme. Internal Audit has since completed a follow up assignment on the issues identified and a draft report upgrading the unacceptable opinion to satisfactory is due to issue to management.
- EU Management Verifications (European Social Fund Managing Authority) – Internal Audit reported a limited opinion as a result of deficiencies identified in the internal control framework in operation over management verifications. The Department's management has established a project team and action plan to address the issues raised and a follow up on the agreed audit recommendations is scheduled for 2015-16 Quarter 2.
- Government Funding Database - The audit of the Government Funding Database was carried over from the 2013-14 internal audit plan. An audit of the accuracy and completeness of information recorded on the database is scheduled for June 2015 and will include a follow up on the limited opinion.

The Department of Finance and Personnel's Internal Audit 2014-15 has provided its Annual Report and Opinion on Enterprise Shared Services. Enterprise Shared Services has received an overall satisfactory audit opinion, however, a limited opinion was issued in relation to accounts payable within Account NI but this was not sufficiently material to affect the overall audit opinion.

European Social Fund Audit Authority

The European Social Fund Audit Authority represents the Department in providing a regulatory assurance function to the European Commission. The Audit Authority is responsible for examining the functioning of management and control systems of the Northern Ireland European Social Fund Programme 2007-13 and is required by the European Commission to submit an opinion on whether the systems functioned effectively so as to provide reasonable assurance that Statements of Expenditure presented to the Commission are correct and, as a consequence, reasonable assurance that the underlying transactions are legal and regular.

Following the submission of the 2014 Annual Control Report and Opinion on 29 December 2014, the Commission interrupted the Programme in February 2015 as it considered there to be serious deficiencies in the management and control system of the verification system of the Department's Managing Authority emanating from the above noted Internal Audit Limited Opinion.

On 10 April 2015 the Commission followed this up with a pre-suspension letter which requires a response from the Department's Managing Authority within two months. The Department is currently working with the European Commission to address this issue. A detailed Audit Action Plan has been developed to address the issues in the Internal Audit report and a Financial, Verification and Audit Issues Project Board, with the relevant stakeholders, has been established to take forward the implementation of the Audit

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
GOVERNANCE STATEMENT
for the year ended 31 March 2015**

Action Plan and wider work associated with the above issues, in line with the deadlines placed on the Department.

The Department will not claim any further voluntary and community sector European Social Fund expenditure which the Internal Audit report focused on and will instead claim additional Programme Led Apprenticeship and Training for Success expenditure. This type of expenditure has been successfully claimed from the Commission in the past, and compliance work completed has provided assurance on the robustness of controls.

Quality Evaluations

The Department commissions the Education and Training Inspectorate (the Inspectorate) to inspect and report on the quality of provision across further education, and training programmes. Where issues of quality are identified, follow-up inspections take place at regular intervals to monitor progress towards improvement.

During the financial year, ten providers (23%) of training programmes had follow-up inspections to ensure that the necessary quality improvements are achieved. In addition, each provider is required to submit an annual self-evaluation report and quality improvement plan in order to build the capacity for self-improvement. These documents are evaluated by the Inspectorate which carries out a short inspection to confirm the strengths and weaknesses identified by each provider.

Supplier Performance Branch continued to meet with the Steps to Work Lead Contractors, to ensure conditions of contract were successfully met. The Steps to Work contracts ended 31 March 2015.

As of 31 March 2015, two of the three lead contractors for Steps 2 Success have had initial quality evaluation visits from the departmental Quality Improvement assessors. The final visit was completed shortly thereafter. Appropriate feedback has been given to all three providers and further quality evaluation activity is planned for the upcoming financial year.

Information Assurance

The Department is committed to ensuring that all of the information it manages is handled lawfully and appropriately. The Department's Information Security and Assurance Framework details the governance arrangements, structures, policies and procedures in place to ensure delivery of this objective. The Framework is reviewed regularly to ensure compliance with best practice, with the latest review completed in March 2015.

In the year ended 31 March 2015, there were 17 incidents involving personal data:

- one incident relating to a third party;
- two incidents where personal data was inappropriately accessed; and
- fourteen incidents where the processing of personal data did not comply with Data Protection requirements.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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On each occasion a full and thorough investigation took place and corrective measures were put in place to mitigate against future occurrences.

In addition, one incident was reported to the Information Commissioner's Office during 2014-15.

The Control Environment

The Accounting Officer has responsibility for reviewing the effectiveness of the governance structures and the system of internal control. His review is informed by:

- assurance statements from:
 - CITB NI;
 - Labour Relations Agency;
 - Ulster Supported Employment Limited;
 - the six Further Education Colleges, namely: Belfast Metropolitan College; Northern Regional College; North West Regional College; Southern Regional College; South Eastern Regional College; and South West College;
 - Stranmillis University College;
 - St. Mary's University College;
 - the two universities, namely: Queen's University Belfast and University of Ulster;
 - Student Loans Company;
 - the five Education & Library Boards, namely: Belfast Education & Library Board; North Eastern Education & Library Board; Western Education & Library Board; Southern Education & Library Board; and South Eastern Education and Library Board; and
 - assurance statements provided by Directors of divisions within the Department which also take account of the assurances provided by the Arm's Length Bodies for which their respective divisions have responsibility. The statements provided by Directors are reviewed by the respective Deputy Secretaries who provide written assurance to the Accounting Officer that they have reviewed the assurance statements;
- a programme of annual accountability meetings with the respective Accounting Officers of all of the Department's Non Departmental Public Bodies and the Higher Education Institutions;
- an Arm's Length Body Governance Report;
- the work of the Financial Audit Support Team during the year (according to a pre-agreed work plan);
- the work of Internal Audit Service throughout the year (according to a pre-agreed audit strategy); and
- the comments made by our external auditors, the Northern Ireland Audit Office, in its Report to those Charged with Governance and other reports to the Department.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
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Assurance Statements

A key source of assurance when drafting this Governance Statement is the end of year assurance statements obtained from Directors of divisions within the Department and all Arm's Length Bodies of the Department. These statements provide important assurances about the internal controls in operation within the Department/Arm's Length Bodies, the drafting and monitoring of business plan objectives, and the monitoring and reporting of fraud. These assurance statements also require business areas to report any significant issues or control weaknesses identified during the year.

The main issue presented from all areas across the Department was that of budgetary uncertainty which relates to the 2015-16 financial year.

As noted in the European Social Fund Audit Authority section above, as a result of Internal Audit Service's Limited Opinion on management and control systems in the European Social Fund Managing Authority, the European Commission has interrupted the European Social Fund programme which the Department is actively working to address through a robust action plan.

The Further Education Colleges are required to comply each year with the Department of Finance and Personnel's guidance on the approval of pay remits. In the prior financial year it was identified that pay progression increments had been made to staff without receiving the required approval from the Department of Finance and Personnel. Despite these payments being made in line with contractual obligations, the absence of Department of Finance and Personnel approval represented a breach of controls and resulted in payments being deemed irregular. Processes were put in place to obtain pay remit approvals prior to payment of future increments and revalorisations and no pay has been issued without approval since January 2014.

The Employment Support Programme has been deemed non-compliant in respect of procurement guidelines. As an interim measure to regularise contract arrangements, Direct Award Contracts are currently in place with three providers until the end of September 2015. A full Economic Appraisal has been approved and subsequent procurement exercise commenced so that a longer term solution, which is fully compliant, is achieved.

Ulster Supported Employment Limited is currently operating with a large pension deficit and has disclosed in its Annual Report a deficit of £5m. This figure is calculated annually by the pension scheme actuary under International Accounting Standard 19. Previously it has been reported as £3m based on the last tri-annual actuarial valuation as at 5 April 2012. The latest valuation occurred in April 2015 of which the preliminary results are expected in October with final figures not being available until summer 2016. Ulster Supported Employment Limited's Board has put in place an action plan to recover the deficit by 2022. The issue also features in the Department's Corporate Risk Register. The Department will continue to monitor the situation with the Senior Management Team and Board of Ulster Supported Employment Limited.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
GOVERNANCE STATEMENT
for the year ended 31 March 2015**

In the prior year the Department, under Article 18 of the Further Education (NI) Order 1997, arranged for a 'Stock Take Analysis' to be carried out in Northern Regional College to provide a comprehensive analysis of the position in relation to the core functions of the college across financial, corporate, staff, curriculum and estates planning. This 'Stock Take Analysis' was undertaken by consultants, Tribal ITS. The final report contains 36 recommendations and the Department is monitoring the implementation of these recommendations. In addition, the college is currently preparing a strategic improvement plan.

On 31 March 2015 the five Education and Library Boards were dissolved and the Education Authority was established on 1 April 2015. The work previously carried out by the five Boards up to 31 March continues to be carried out by the five regions under the Education Authority from 1 April 2015. Over the forthcoming period there will be significant changes to governance structures and internal controls within the Education Authority to reflect this re-organisation.

Other Matters

During the year the Executive determined that a planned removal of £2m premia payments to St Mary's and Stranmillis University Colleges should not go ahead.

Ministerial Directions

There were no Ministerial directions given during the 2014-15 financial year.



Derek Baker
Accounting Officer
23 June 2015

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL
TO THE NORTHERN IRELAND ASSEMBLY
for the year ended 31 March 2015**

I certify that I have audited the financial statements of the Department for Employment and Learning for the year ended 31st March 2015 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statement of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. I have also audited the Statement of Assembly Supply and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and Auditor

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. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31st March 2015 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

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL
TO THE NORTHERN IRELAND ASSEMBLY
for the year ended 31 March 2015**

transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31st March 2015 and of its net operating cost, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



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

29 June 2015

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT OF ASSEMBLY SUPPLY
for the year ended 31 March 2015**

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

Summary of Resource Outturn 2014-15

Request for Resources	Note	Estimate			Outturn			2014-15 £000	2013-14 £000
		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total outturn compared with Estimate: saving/ (excess)	Net Total
A	SOAS2	982,500	(61,078)	921,422	978,021	(61,045)	916,976	4,446	852,829
Total resources	SOAS3	982,500	(61,078)	921,422	978,021	(61,045)	916,976	4,446	852,829
Non-operating cost Accruing Resources			(61,662)	(61,662)		(60,440)	(60,440)	(1,222)	(68,974)

Net cash requirement 2014-15

	Note	Estimate	Outturn	2014-15 £000	2013-14 £000
				Net total outturn compared with Estimate: Outturn saving/ (excess)	Outturn
Net cash requirement	SOAS4	1,090,449	1,054,900	35,549	978,026

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	Income	2014-15 £000 Forecast	Income	2014-15 £000 Outturn
		Receipts		Receipts
Total	SOAS5	-	-	308

Explanations of variances between Estimate and outturn are given in Note SOAS2 and in the Management Commentary.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
(STATEMENT OF ASSEMBLY SUPPLY)
for the year ended 31 March 2015**

SOAS1 Statement of accounting policies

The Statement of Assembly Supply and supporting notes have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel. The Statement of Assembly Supply accounting policies contained in the FReM are consistent with the requirements set out in the 2014-15 Consolidated Budgeting Guidance and Supply Estimates in Northern Ireland Guidance Manual.

SOAS1.1 *Accounting convention*

The Statement of Assembly Supply and related notes are presented consistently with Treasury budget control and Supply Estimates in Northern Ireland. The aggregates across government are measured using National Accounts, prepared in accordance with the internationally agreed framework 'European System of Accounts' (ESA95). ESA95 is in turn consistent with the System of National Accounts (SNA93), which is prepared under the auspices of the United Nations.

The budgeting system and the consequential presentation of Supply Estimates and the Statement of Assembly Supply and related notes have different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant Assembly authority, in support of the Government's fiscal framework. The system provides incentives to departments to manage spending well so as to provide high quality public services that offer value for money to the taxpayer.

The Government's objectives for fiscal policy are set out in the Charter for Budget Responsibility. These are to:

- ensure sustainable public finances that support confidence in the economy, promote intergenerational fairness, and ensure the effectiveness of wider government policy; and
- support and improve the effectiveness of monetary policy in stabilising economic fluctuations.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
 NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
 (STATEMENT OF ASSEMBLY SUPPLY)
 for the year ended 31 March 2015

SOAS2 Analysis of net resource outturn by function

							2014-15 £000	2013-14 £000 (restated)		
							Outturn	Estimate		
								Net Total outturn compared with Estimate, adjusted for virements	Net Total outturn compared with Estimate, adjusted for virements	Prior- year outturn
Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total	Net Total outturn compared with Estimate	Net Total outturn compared with Estimate, adjusted for virements	Prior- year outturn	
Request for Resources A:										
<i>Promoting economic, social and personal development through high quality learning, research and skills training and helping people into employment and promoting good working practices</i>										
Employment and Skills										
6,466	48,229	161,799	216,494	(15,007)	201,487	203,887	2,400	523	205,191	
Higher Education										
2,262	-	234,915	237,177	(4,933)	232,244	230,461	(1,783)	41	223,312	
Student Support										
-	152,127	129,999	282,126	-	282,126	284,086	1,960	2,046	250,014	
Labour										
Market Services										
17,748	5,166	11,496	34,410	(475)	33,935	34,142	207	174	32,168	
ESF Payments - Public and Private Sector										
-	-	16,757	16,757	(10,230)	6,527	6,527	-	-	9,107	
Total	26,476	205,522	554,966	(30,645)	756,319	759,103	2,784	2,784	719,792	
Annually Managed Expenditure:										
Student Support Provisions										
-	(680)	(31,103)	(31,783)	(30,400)	(62,183)	(62,513)	(330)	67	(69,740)	
Revaluations										
-	-	-	-	-	-	10	10	10	-	
Total	-	(680)	(31,103)	(31,783)	(30,400)	(61,503)	680	680	(67,720)	
Non Budget:										
Teachers' Premature Retirement – on-going liabilities										
-	1,998	-	1,998	-	1,998	2,009	11	11	1,963	
Construction Industry										
Training Board										
-	-	-	-	-	-	1	1	1	-	
Ulster Supported Employment Ltd										
-	-	796	796	-	796	796	-	-	766	
Labour Relations Agency										
-	-	3,772	3,772	-	3,772	3,772	-	-	3,611	
Further Education Colleges										
-	-	197,973	197,973	-	197,973	197,988	15	15	178,857	
Higher Education Colleges										
-	-	8,118	8,118	-	8,118	8,267	149	149	5,309	
Notional Charges										
10,183	-	-	10,183	-	10,183	10,989	806	806	10,251	
Total	10,183	1,998	210,659	222,840	-	223,822	982	982	200,757	
Resource Outturn	36,659	206,840	734,522	978,021	(61,045)	916,976	921,422	4,446	4,446	852,829

The Departmental Net Resource Outturn by function for 2013-14 has been restated in order to reflect a change in the budgeting treatment for the Notional Student Loan Subsidy. The Department of Finance and Personnel have changed the Department's 2013-14 outturn to reflect the correct approach and there is no change to the overall Resource Outturn for 2013-14.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
(STATEMENT OF ASSEMBLY SUPPLY)
for the year ended 31 March 2015**

Explanation of the variation between Estimate and Outturn (2014-15)

After virement, the most significant variance arose in Student Support. Impairments to student loans were £2m lower than forecast as a result of demand for loans being lower than anticipated.

An easement of £1m arose in Annually Managed Expenditure as a result of the potential to create provisions which were not required.

Outturn for notional costs within Non Budget was £0.8m lower than the Estimates due to assumptions made in forecasting.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
(STATEMENT OF ASSEMBLY SUPPLY)
for the year ended 31 March 2015

SOAS3 Reconciliation of outturn to net operating cost and against Administration Budget

SOAS3.1 Reconciliation of net resource outturn to net operating cost

				2014-15 £000	2013-14 £000
	<i>Note</i>	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS2	916,976	921,422	4,446	852,829
Non-supply income (CFERs)	SOAS5	(2,962)	-	2,962	(548)
Non-supply expenditure: Redundancy Fund Payments	5	5,848	9,000	3,152	7,204
Net Operating Cost in Statement of Comprehensive Net Expenditure		919,862	930,422	10,560	859,485

SOAS3.2 Outturn against final Administration Budget

			2014-15 £000	2013-14 £000
		Budget	Outturn	Outturn
Gross Administration Budget		26,741	26,476	23,874
Income allowable against the Administration Budget		-	-	-
Net outturn against final Administration Budget		26,741	26,476	23,874

The notes on pages 125 to 160 form part of these accounts

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
(STATEMENT OF ASSEMBLY SUPPLY)
for the year ended 31 March 2015

SOAS4 Reconciliation of net resource outturn to net cash requirement

	<i>Note</i>	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/(excess) £000
Resource Outturn	SOAS2	921,422	916,976	4,446
Capital				
Acquisition of property, plant and equipment	7	133	130	3
Investments – student loans funding	12.1	304,050	298,537	5,513
Non-operating Accruing Resources				
Proceeds of disposal of property, plant and equipment		(158)	(158)	-
Student loan repayments applied	12.1	(61,500)	(60,278)	(1,222)
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items:</i>				
Depreciation and Amortisation	5	(50)	(42)	(8)
New provisions and adjustments to previous provisions	5	(1,000)	-	(1,000)
Other non-cash items	3,4,5,6	(102,623)	(100,087)	(2,536)
Changes in working capital other than cash		30,000	(353)	30,353
Changes in payables falling due after more than one year	16	-	10	(10)
Use of provisions & financial liabilities	12.2,17	175	165	10
Net cash requirement		1,090,449	1,054,900	35,549

The variance against outturn has arisen mainly as a result of the easement against the Estimate and the assumptions made when projecting the payables balance at year end.

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
(STATEMENT OF ASSEMBLY SUPPLY)
for the year ended 31 March 2015**

SOAS5 Income payable to the Consolidated Fund

SOAS5.1 Analysis of income payable to the Consolidated Fund

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

	<i>Note</i>	Forecast 2014-15 £000		Outturn 2014-15 £000	
		<i>Income</i>	<i>Receipts</i>	<i>Income</i>	<i>Receipts</i>
Operating income and receipts – excess Accruing Resources		-	-	2,917	-
Other operating income and receipts not classified as Accruing Resources		-	-	45	45
		-	-	2,962	45
Non-operating income and receipts – excess Accruing Resources	SOAS7	-	-	-	263
Total income payable to the Consolidated Fund		-	-	2,962	308

**SOAS6 Reconciliation of income recorded within the Statement of
Comprehensive Net Expenditure to operating income payable to the
Consolidated Fund**

	<i>Note</i>	2014-15 £000	2013-14 £000
Operating income	6	95,110	98,911
Income authorised to be Accruing Resources		(92,148)	(98,363)
Operating income payable to the Consolidated Fund	SOAS5.1	2,962	548

SOAS7 Non-operating income – Excess Accruing Resources

	2014-15 £000	2013-14 £000
Student Loan repayments	-	263
Non-operating income – excess Accruing Resources	-	263

The notes on pages 125 to 160 form part of these accounts

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT OF COMPREHENSIVE NET EXPENDITURE
for the year ended 31 March 2015

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

				2014-15 £000	2013-14 £000
	<i>Note</i>	Staff Costs	Other Costs	Income	
Administration Costs:					
Staff costs	3	18,866			17,167
Other administration costs	4		17,793		16,958
Operating income	6			(45)	(548)
Programme Costs:					
Request for resources A					
Staff costs	3	51,122			51,000
Programme costs	5		927,191		873,271
Income	6			(95,065)	(98,363)
Totals		69,988	944,984	(95,110)	859,485
Net Operating Cost for the year ended 31 March 2015	SOAS3			919,862	859,485
Other Comprehensive Net Expenditure					
<i>Items that will not be reclassified to net operating costs:</i>					
Net (gain)/loss on revaluation of Property, Plant and Equipment	7			-	232
				-	232
Total Comprehensive Net Expenditure for the year ended 31 March 2015				919,862	859,717

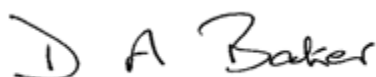
The notes on pages 125 to 160 form part of these accounts

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT OF FINANCIAL POSITION
as at 31 March 2015

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

	<i>Note</i>	2015 £000	2014 £000
Non-current assets:			
Property, plant and equipment	7	188	259
Intangible Assets	8	5	7
Financial Assets – Student loans	12.1	1,614,489	1,463,893
Financial Assets – Other	13	2,338	2,338
Total non-current assets		<u>1,617,020</u>	<u>1,466,497</u>
Current assets:			
Trade and other receivables	15	91,098	73,855
Cash and cash equivalents	14	16	17
Total current assets		<u>91,114</u>	<u>73,872</u>
Total assets		<u>1,708,134</u>	<u>1,540,369</u>
Current liabilities:			
Trade and other payables	16	(98,264)	(77,751)
Provisions	17	(29)	(55)
Total current liabilities		<u>(98,293)</u>	<u>(77,806)</u>
Non-current assets plus/less net current assets/liabilities		<u>1,609,841</u>	<u>1,462,563</u>
Non-current liabilities:			
Provisions	17	(2,000)	(2,000)
Other payables	16	(475)	(485)
Financial Liabilities	12.2	(20,725)	(21,544)
Total non-current liabilities		<u>(23,200)</u>	<u>(24,029)</u>
Total assets less liabilities		<u>1,586,641</u>	<u>1,438,534</u>
Taxpayers' equity & other reserves:			
General fund		1,586,637	1,438,523
Revaluation reserve		4	11
Total equity		<u>1,586,641</u>	<u>1,438,534</u>

Signed



Derek Baker
Accounting Officer
23 June 2015

The notes on pages 125 to 160 form part of these accounts

DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT OF CASH FLOWS
for the year ended 31 March 2015

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 Department's future public service delivery. Cash flows arising from financing activities include Assembly Supply and other cash flows, including borrowing.

	Note	2014-15 £000	2013-14 £000
Cash flows from operating activities			
Net operating cost	SOAS3.1	(919,862)	(859,485)
Adjustments for non-cash transactions	3,4,5,6	97,212	68,929
(Increase)/Decrease in trade and other receivables <i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	15	(17,243)	4,734
Increase/(Decrease) in trade and other payables <i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	15	5,496	(3,163)
	16	13,562	9,342
Use of provisions	16	(1,895)	6,103
	12.2,17	(165)	(169)
Net cash outflow from operating activities		(822,895)	(773,709)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(80)	(30)
Purchase of intangible assets	8	-	(8)
Proceeds of disposal of property, plant and equipment	7	158	-
Proceeds of disposal of Student Loans		-	7,059
Student Loan Funding	12.1	(298,430)	(274,873)
(Repayments) from other bodies – Student Loans	12.1	59,678	60,857
Net cash outflow from investing activities		(238,674)	(206,995)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		1,043,507	973,071
From the Consolidated Fund (Supply) – prior year		4,954	8,862
From the National Insurance Fund		6,977	6,951
Net financing		1,055,438	988,884
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund			
		(6,131)	8,180
Payments of amounts due to the Consolidated Fund		(811)	(5,421)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund			
		(6,942)	2,759
Cash and cash equivalents at the beginning of the period	14	(4,430)	(7,189)
Cash and cash equivalents at the end of the period	14	(11,372)	(4,430)

The notes on pages 125 to 160 form part of these accounts

**DEPARTMENT FOR EMPLOYMENT AND LEARNING
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
for the year ended 31 March 2015**

This statement shows the movement in the year on the different reserves held by the Department for Employment and Learning, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. Other earmarked reserves are shown separately where there are statutory restrictions of their use.

		General Fund £000	Revaluation Reserve £000	Total Reserves £000
	<i>Note</i>			
Balance at 31 March 2013		1,302,573	256	1,302,829
Net Assembly Funding – drawn down		973,071	-	973,071
National Insurance Fund	SOAS3.1	7,204	-	7,204
Supply (payable)/receivable adjustment	15	4,954	-	4,954
CFERs payable to the Consolidated Fund	16	(811)	-	(811)
Comprehensive Net Expenditure for the Year	SOAS3.1	(859,485)	-	(859,485)
Adjustment in respect of EU Programmes		753	-	753
Non-Cash Adjustments:				
Non-cash charges – notional	3,4	10,146	-	10,146
Non-cash charges – auditor's remuneration	4	105	-	105
Movements in Reserves				
Transfers between reserves		13	(13)	-
Net (loss)/gain on revaluation of Property, Plant and Equipment		-	(232)	(232)
Balance at 31 March 2014		1,438,523	11	1,438,534
Net Assembly Funding – drawn down		1,043,507	-	1,043,507
National Insurance Fund	SOAS3.1	5,848	-	5,848
Supply (payable)/receivable adjustment	15	11,393	-	11,393
CFERs payable to the Consolidated Fund	16	(2,962)	-	(2,962)
Comprehensive Net Expenditure for the Year	SOAS3.1	(919,862)	-	(919,862)
Non-Cash Adjustments				
Non-cash charges – notional	3,4	10,078	-	10,078
Non-cash charges – auditor's remuneration	4	105	-	105
Movements in Reserves				
Transfers between reserves		7	(7)	-
Balance at 31 March 2015		1,586,637	4	1,586,641

The notes on pages 125 to 160 form part of these accounts

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2015

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2014-15 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department for Employment and Learning 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 at pages 114 to 120 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 property, plant and equipment, intangible assets and certain financial assets and liabilities.

1.2 Property, plant and equipment and intangible assets

Expenditure on property, plant and equipment of over £1,000 is capitalised.

Software and associated licenses costing greater than £1,000 are capitalised under intangible assets.

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.

All property, plant and equipment and intangible assets are carried at fair value.

Properties are valued on the basis of open market value existing use, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost. Properties surplus to requirements are valued on the basis of open market value less any material directly attributable selling costs. During 2013-14, Land and Buildings were transferred as outlined in Note 7. The LPS valuations at 31 March 2014 reflected the terms of the transfer.

With the exception of the above, fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS).

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2015

Subsequent expenditure on an asset that meets the criteria in compliance with International Accounting Standards (IAS) 16 (Property Plant and Equipment) is capitalised, otherwise it is written off to revenue.

1.3 Depreciation

Property, plant and equipment and intangible assets are depreciated from the month of acquisition at rates calculated to write-off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, or lease period if shorter. The base useful lives of assets are as follows:

Specialised buildings	50 years
Furniture and fittings	4 -10 years
Computer equipment and software	3 -10 years
Transport equipment	4 years

Valuations of property, plant and equipment and intangible assets are based on a review of values as at the reporting date. No depreciation is provided on freehold land.

Legal title to the Government-owned land and specialised buildings occupied by the Department rests in the Department of Finance and Personnel. Properties managed and controlled by the Department for its specific purposes (specialised buildings) are incorporated in the accounts as if owned by the Department.

The remaining buildings used by the Department (some of which have shared occupancy) are part of the Government Estate. As rents are not paid for these properties an assessment of the rent that would be payable on an open market basis has been charged in order to reflect the full economic cost.

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.

1.4 Impairments

At each reporting period end, the Department checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the Statement of Comprehensive Net Expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2015

the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to the Statement of Comprehensive Net Expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.5 *Investments*

Financial interests in bodies that are outside the Departmental boundary are treated as non-current asset investments since they are held for the long term.

Loans issued by the Department to Ulster Supported Employment Limited are shown at historical cost (Note 13) and have been included within Financial Assets.

1.6 *Operating income*

Operating income is income that relates directly to the operating activities of the Department. It comprises effective interest from student loans, income from the European Union in support of Departmental activities, fees and charges for services provided, on a full cost basis, to external customers and public repayment work and other income.

It includes not only the Department's accruing resources but also income payable to the Consolidated Fund, which is treated as operating income.

Operating income is stated net of Value Added Tax (VAT).

1.7 *Administration and programme expenditure*

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in FReM by the Department of Finance and Personnel.

Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Income is analysed in the notes between that which, under the administrative cost control regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not.

Programme costs reflect non-administration costs, including delivery of frontline services, payments of grants and other disbursements by the Department.

1.8 *Financial assets*

The Department measures and presents financial instruments in accordance with IAS 32, IAS 39 and IFRS 7 as modified by the *FReM*. The Department holds financial assets in the form of loans to students, loans to Ulster Supported

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2015

Employment Limited as well as trade receivables, cash and cash equivalents. Financial assets which are due to be repaid within one year are shown within current assets on the Statement of Financial Position.

1.8.1 Student loan valuation

The Department accounts for a share of the UK totals of student loan assets administered by the Student Loan Company Limited and related financial liabilities using information on the domicile of student receivables supplied by the Student Loan Company Limited on the Northern Ireland share of the relevant balances and transactions.

In accordance with IAS 39, Student Loans are classified as Loans and Receivables and are recorded in the Accounts at amortised cost.

Student loans are currently issued under Section 22 of the Teaching and Higher Education (THE) Act, 1998. They were first issued in 1990-91. The Department initially issued mortgage style loans, which required borrowers to repay a fixed amount each year until the loan was repaid with repayments being collected by the Student Loans Company. From 1998-99 onwards the Department has issued income contingent loans where repayments are calculated as a percentage of earnings in excess of a threshold (currently £17,335) and are collected by HMRC through the tax system.

During 2013-14, the remaining UK mortgage style loans were sold, leaving only income contingent loans in the accounts at 31 March 2015.

Measurement and carrying values

Student loans are held at amortised cost. This involves the value of the loans issued being discounted to net present value using the effective interest rate. The effective interest rate for student loans is based on RPI plus 2.2%, which is the HMT discount rate.

The value of student loans issued is also reduced based on an estimate of the future cost of policy write offs (“deferment and default impairment”). This reflects the fact that not all of the loans issued will be recoverable due to death, disability or age of the student.

The Department considers that the carrying value as described above is a reasonable approximation of the fair value of student loans, in the absence of an active market, readily observable market trends or similar arm’s length transactions. A valuation technique is used to estimate the present value of future cash flows, and the outputs of this modelling provide the basis for the net present value calculations and the estimate of irrecoverable amounts due to policy decisions.

DEPARTMENT FOR EMPLOYMENT AND LEARNING
NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS
for the year ended 31 March 2015

Income Contingent loans are subsidised as students are only charged interest equivalent to the rate of inflation, or Bank of England base rate plus 1% whichever is the lower ('the Base Rate Cap'). The Department estimates the future cash flows arising from repayments, and discounts these at 2.2% plus RPI to represent the Government's cost of borrowing and therefore to determine the current value of the loans. The Department increases the accumulated amortisation based on a percentage of loans issued in year. The percentage is calculated using a modelling tool which takes into account borrower behaviour, earnings on graduation and other assumptions.

There are significant uncertainties in assessing the actual likely costs and the liability will be affected by the assumptions used. These are formally reviewed by the Department each year and the amounts provided reflect the Department's current estimate.

Disclosures relating to risk can be found in Note 11 while further details of the movements in the loan valuation can be found in Note 12.

1.8.2 Other financial assets

Current financial assets, such as trade receivables and cash, are measured at amortised cost as a reasonable approximation of fair value.

1.9 Financial liabilities

Financial liabilities are measured at amortised cost. Long term financial liabilities are discounted where material.

Financial liabilities include legal or constructive obligations for student support cost related to student loans which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant the estimated risk adjusted cash flows are discounted using the Treasury discount rate for provisions.

1.10 Employee Benefits including Pensions

Under the requirements of IAS 19 Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using data held on the payroll system.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS (NI)). 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

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(NI). In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

The Department is required to meet the additional cost of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retire early. The Department provides in full for this cost when the early retirement programme has been announced and this is binding on the Department.

1.11 *European Union (EU) income*

All income from the EU is separately identified and is released to the Statement of Comprehensive Net Expenditure in the period in which the underlying activity takes place.

1.12 *Notional costs*

Some of the costs directly related to the running of the Department are borne by other Departments and are outside the Department's vote. These costs have been included in these accounts on the basis of the estimated cost incurred by the providing Department.

1.13 *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.

1.14 *Grants payable*

Grants payable are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs.

In line with *FReM*, Grant in Aid paid to Non-Departmental Public Bodies is accounted for on a cash basis.

1.15 *Provisions*

The Department provides for legal or constructive obligations, which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation where this can be determined. As shown in Note 17, this includes:

- the cost of paying the pensions of employees who retire early from the date of their retirement until they reach normal pensionable age; and
- the cost of paying Long Service Awards in respect of Judiciary relating to the Office of the Industrial and Fair Employment Tribunals.

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1.16 *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*.

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.

1.17 *Third party assets*

The Department acts as agent for the Northern Ireland National Insurance Fund in relation to various aspects of the Employment Rights (Northern Ireland) Order, 1996. The transactions and balances arising are reflected in the accounts of the Northern Ireland National Insurance Fund and are not included in these financial statements.

1.18 *Foreign Exchange*

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. At the end of the reporting period monetary items are translated at the closing rate applicable at the reporting date.

1.19 *Impending application of newly issued accounting standards not yet effective*

Where material, the Department must disclose that it has not yet applied a new accounting standard and known or reasonably estimable information relevant to assessing the possible impact that initial application of the new standard will have on the Department's financial statements.

The IASB have 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 are 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 review of the NI financial process, which will bring NI departments under the same adaptation, has been presented to the Executive, but a decision has yet to be made. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there

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will also be an impact on departments around the disclosure requirements under IFRS 12.

1.20 Critical Accounting Estimates and Key Judgements

As a result of the uncertainties inherent in all business activities, many items in financial statements cannot be measured with precision but can only be estimated. Where estimates have been required in order to prepare these financial statements in conformity with *FReM*, management has used judgements based on the latest available, reliable information. Management continually review estimates to take account of any changes in the circumstances on which the estimate was based or as a result of new information or more experience.

The most significant area involving accounting estimates and key judgements is the carrying value of student loans. Information on these estimates and judgements are shown at Note 11 and Note 12.

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2. Statement of Operating Costs by Operating Segment

The Department's operating segments have been identified by the structure of activities, the division of responsibilities and the basis of reporting to the Accounting Officer. The reportable segments have therefore been identified as the units of service within the Department, with the exception of Finance, HR and Top Management. Net assets are not reported in this way.

The main activities of the Operating Segments comprise:

Employment and Skills - Further and adult education, youth and adult skills training, management and enterprise training, employment schemes and services including those for people with disabilities.

Higher Education - Funding and support of higher education, including universities and colleges of education.

Student Support - Funding and support to students, including student loans, Education and Maintenance Allowances and other matters relating to tertiary education.

Labour Market Services - Labour market services, including tribunals and labour relations, employment law and redundancy payments.

EU - Payments and associated income under the European Union Programmes.

	2014-15					
	Employment and Skills £000	Higher Education £000	Student Support £000	Labour Market Services £000	EU £000	Total £000
Gross Expenditure	417,261	245,295	250,343	23,808	16,757	953,464
Income	(15,007)	(4,933)	(30,400)	(475)	(10,230)	(61,045)
Net Expenditure	402,254	240,362	219,943	23,333	6,527	892,419

	2013-14					
	Employment and Skills £000	Higher Education £000	Student Support £000	Labour Market Services £000	EU £000	Total £000
Gross Expenditure	401,759	232,310	207,972	26,587	18,446	887,074
Income	(14,982)	(3,689)	(27,698)	(555)	(9,339)	(56,263)
Net Expenditure	386,777	228,621	180,274	26,032	9,107	830,811

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2.1 Reconciliation between Operating Segments and Statement of Comprehensive Net Expenditure (SoCNE)

2014-15

	Note	Employment and Skills £000	Higher Education £000	Student Support £000	Labour Market Services £000	EU £000	Total £000
Total Net Expenditure reported for Operating Segments		402,254	240,362	219,943	23,333	6,527	892,419
Income – CFERS		-	-	(2,917)	-	-	(2,917)
Non supply expenditure		-	-	-	5,848	-	5,848
		402,254	240,362	217,026	29,181	6,527	895,350

Reconciling Items:

Finance, Corporate Services and Top Management CFERS

24,557
(45)

Total Net Expenditure per SoCNE

SOAS3.1

919,862

2013-14

	Note	Employment and Skills £000	Higher Education £000	Student Support £000	Labour Market Services £000	EU £000	Total £000
Total Net Expenditure reported for Operating Segments		386,777	228,621	180,274	26,032	9,107	830,811
Income - CFERS		-	-	-	7,204	-	7,204
Non supply expenditure		-	-	-	7,204	-	7,204
		386,777	228,621	180,274	33,236	9,107	838,015

Reconciling Items:

Finance, Corporate Services and Top Management CFERS

22,018
(548)

Total Net expenditure per SoCNE

SOAS3.1

859,485

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3. Staff numbers and related costs

Staff costs comprise:

				2014-15 £000	2013-14 £000
	Permanently employed staff*	Others	Minister	Total	Total
Wages and salaries	55,466	75	38	55,579	52,893
Social security costs	3,797	3	4	3,804	3,694
Other pension costs	10,680	-	8	10,688	12,094
Sub Total	69,943	78	50	70,071	68,681
Less recoveries in respect of outward secondments	(83)	-	-	(83)	(514)
Total net costs**	69,860	78	50	69,988	68,167
Of which:	Charged to Administration	Charged to Programme	Total		
Core Department	18,866	51,122	69,988		
Total net costs	18,866	51,122	69,988		

* Permanently employed staff includes the cost of the Department's Special Adviser who is paid in the pay band £59,037 - £91,809 (2013-14: £58,452 - £91,809).

** Of the total, no staff costs have been charged to capital in 2014-15 or 2013-14.

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but the Department for Employment and Learning is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £10,505k were payable to the NICS pension arrangements (2013-14: £9,786k) at one of four rates in the range 18% to 25% (2013-14: 18% to 25%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2015-16, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of

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benefits accruing during 2014-15 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. Employer's contributions of £5,942.15 (2013-14: £7,755.23) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2013-14: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% (2013-14: 3%) of pensionable pay. In addition, employer contributions of £557.57, 0.8% of pensionable pay (2013-14: £707.32, 0.8%), were payable to the PCS (NI) 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 date were £nil. Contributions prepaid at that date were £nil.

Seven persons (2013-14: ten persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £9,667 (2013-14: £16,866).

Average number of persons employed

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

Activity	Permanent staff	Others	Minister	Special advisers	2014-15	2013-14
					Number	Number (restated)
1	2,025	14	1	1	2,041	2,007
Staff engaged on capital projects	-	-	-	-	-	-
Total	2,025	14	1	1	2,041	2,007

Office of Industrial and Fair Employment Tribunals Service

Judicial office holders are covered by the provisions of the Judicial Pensions Scheme (JPS). The terms of the pension arrangements are set out in the provisions of two Acts of Parliament, the Judicial Pensions Act 1981 and the Judicial Pensions & Retirement Act 1993 (JuPRA). The JPS is an unfunded public service scheme, providing pensions and related benefits for members of the judiciary. The cost of benefits accruing for each year of service is shared between the Appointing Bodies and the judicial office-holders.

For the Appointing Bodies their contributions rate was 32.15% of pensionable pay for 2014-15 and 2013-14, this includes an element of 0.25% as a contribution towards the administration costs of the scheme. For judicial office-holders their share was 1.8% or 2.4% of pensionable pay for 2014-15. Judicial office-holders in the 1981 scheme pay contributions of 2.4% for a maximum of 15 years or 1.8% for 20 years and those in the

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1993 scheme pay contributions of 1.8% for a maximum of 20 years (subject to the earnings cap).

The Pensions Act 2011 amended the judicial pensions legislation to allow the taking of contributions towards the cost of the personal pension for those judicial office-holders who have not yet accrued full service. The Judicial Pensions (Contributions) Regulations 2012 determined the rate of the personal pension contribution (PPC), which is 1.28% of gross salary (the pension cap does not apply to the PPC). The contributions commenced from 1 April 2012 in line with other public service pension schemes. Those members who had accrued full service prior to 1 April 2012 did not have PPC. The PPC increased to 3.2% from 1 April 2014 (2.56% 2013-14) in accordance with Statutory Instrument 2013 no.484 The Judicial Pensions (Contributions) (Amendment) Regulations 2013.

A new Northern Ireland Judicial Pension Scheme commenced on 1 April 2015. The Department of Justice is the Responsible Authority and Scheme Manager for the scheme. Membership is open to salaried and fee-paid judicial office holders specified in the Public Service Pensions Act (Northern Ireland) 2014 (Judicial Offices) Order (Northern Ireland) 2015. The scheme replaces the final salary judicial pension scheme established under the Judicial Pensions and Retirement Act 1993 (JuPRA). The new scheme is a Career Average Revaluated Earnings pension scheme and links Normal Pension Age to State Pension Age. Salaried judicial office holders who qualify for transitional protection remain in the JuPRA scheme until their taper end-date and then join the Northern Ireland Judicial Pension Scheme. Devolved fee-paid judicial office holders who have been successful in establishing pension entitlement and who do not qualify for either transitional protection or tapering protection may join the Northern Ireland Judicial Pension Scheme.

O'Brien v Ministry of Justice

In 2013, the Supreme Court (and the Court of Justice of the European Union) held that a retired fee paid recorder (Mr O'Brien) was a part-time worker within the meaning of the Directive and Regulations, and was therefore eligible to pension entitlement. The cost of providing this pension entitlement and the pension entitlement for all part-time judges who were fee paid by the Department, has been reflected in the financial statements of this Department.

The Department is named, amongst others, as a respondent in an industrial tribunal case involving 'O'Brien' claims by fee-paid judicial office holders. A case management discussion in respect of these claims is scheduled for mid-September 2015. £4.8 million is included in accruals at Note 16 as a best estimate based on the departmental records of sittings undertaken by all fee paid members of appeal tribunals.

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3.1 Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2014-15	2013-14
			Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	2	2	-
£10,000 - £25,000	-	-	-	1
£25,000 - £50,000	-	2	2	3
£50,000 - £100,000	-	1	1	-
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
Total number of exit packages	-	5	5	4
Total resource cost/£000	-	121	121	124

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.

DVA Exit Scheme

As a result of the movement in vehicle licensing from Northern Ireland, in 2014-15, the Driver and Vehicle Agency (DVA), an Executive Agency of the Department of the Environment (DOE), ran a restricted Voluntary Exit Scheme which was open to Administrative Assistant and Administration Officer grades in all NICS Departments. The total cost of compensation paid to staff, by participating Departments was reimbursed to those Departments by the DOE.

This Department participated in the scheme and staff costs include £642k in respect of these payments as shown below. The corresponding reimbursement is disclosed in Note 6 Programme Income. There was no overall cost to the Department.

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Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2014-15	2013-14
			Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	-	-	-
£10,000 - £25,000	-	4	4	-
£25,000 - £50,000	-	16	16	-
£50,000 - £100,000	-	-	-	-
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
Total number of exit packages	-	20	20	-
Total resource cost/£000	-	642	642	-

4. Other Administration Costs

	2014-15 £000	2013-14 £000
Other expenditure	7,660	6,757
Non-cash items:		
Accommodation costs (DFP)	5,937	5,864
Other notional costs	4,091	4,232
Auditors' remuneration and expenses	105	105
Total	17,793	16,958

During the year, the Department spent £4,929 on non-audit services from its auditor, the Northern Ireland Audit Office (2013-14: £nil).

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5. Programme Costs

	<i>Note</i>	2014-15 £000	2013-14 £000
Current grants and other current expenditure		769,894	737,591
Non-voted expenditure	SOAS3.1	5,848	7,204
Non-cash items:			
Financial liability and impairments provided for	12.1a, 12.1b, 12.2	150,929	122,990
Loss on disposal of Mortgage Style Loans		-	740
Impairment	9	-	1,329
Borrowing costs (unwinding of discount) on financial liability	12.2	474	492
Depreciation and Amortisation	7,8	42	231
Provision provided for in year	17	-	2,020
Capital Grant-in-Kind - Loss on disposal of property, plant and equipment	7	-	674
Loss on disposal of property, plant and equipment	7	4	-
Total		927,191	873,271

6. Income

	<i>Note</i>	2014-15 £000	2013-14 £000
Administration		45	548
Programme		4,733	3,709
DVA exit scheme	3.1	642	-
Student Loan – Effective Interest		64,420	69,798
Science Research Investment Fund		1,077	957
EU		24,193	23,899
Total		95,110	98,911

Income includes the following amounts that will be due to the Consolidated Fund:

- Administration income £45k (2013-14: £548k); and
- Student Loan Effective Interest £2,917k (2013-14: £nil).

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7. Property, plant and equipment

2014-15

	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2014	19	346	722	1,087
Additions	-	(5)	135	130
Disposals	-	(299)	(522)	(821)
Revaluations	-	-	1	1
At 31 March 2015	19	42	336	397
Depreciation				
At 1 April 2014	14	333	481	828
Charged in year	5	4	31	40
Disposals	-	(295)	(364)	(659)
Revaluations	-	-	-	-
At 31 March 2015	19	42	148	209
Carrying amount at 31 March 2015	-	-	188	188
Carrying amount at 31 March 2014	5	13	241	259
Asset financing				
Owned	-	-	188	188
Finance Leased	-	-	-	-
Carrying amount at 31 March 2015	-	-	188	188

Transport Equipment, Information Technology, and Furniture & Fittings are valued using indices.

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2013-14

	Land £000	Buildings £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or valuation						
At 1 April 2013	530	1,755	19	345	704	3,353
Additions	-	-	-	5	21	26
Disposals	(124)	(550)	-	(4)	(8)	(686)
Revaluations	(406)	(1,205)	-	-	5	(1,606)
At 31 March 2014	-	-	19	346	722	1,087
Depreciation						
At 1 April 2013	-	-	9	225	433	667
Charged in year	-	47	5	112	54	218
Disposals	-	-	-	(4)	(8)	(12)
Revaluations	-	(47)	-	-	2	(45)
At 31 March 2014	-	-	14	333	481	828
Carrying amount at 31 March 2014	-	-	5	13	241	259
Carrying amount at 31 March 2013	530	1,755	10	120	271	2,686
Asset financing						
Owned	-	-	5	13	241	259
Finance Leased	-	-	-	-	-	-
Carrying amount at 31 March 2014	-	-	5	13	241	259

Land and Property Services carried out an interim valuation of Land and Buildings at 31 March 2014 based on the last full valuation at 31 March 2010.

On 31 March 2014, the Department transferred properties at 200 Springvale Road, Belfast and 16 Lanark Way, Belfast to Springvale Training Limited and Impact Training (NI) Limited under long leasehold agreements. The fair value of the transfers provided by Land and Property Services, based on the use being restricted to community based training, was included in the 2013-14 Statement of Comprehensive Net Expenditure as grant in kind, and the properties are now reflected in the accounts of Springvale Training Limited and Impact Training (NI) Limited.

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8. Intangible Assets

2014-15

	Software License £000	Externally Developed Software £000	Total £000
Cost or valuation			
At 1 April 2014	33	491	524
Additions	-	-	-
Disposals	-	(477)	(477)
Revaluations	-	-	-
At 31 March 2015	33	14	47
Amortisation			
At 1 April 2014	26	491	517
Charged in year	2	-	2
Disposals	-	(477)	(477)
Revaluations	-	-	-
At 31 March 2015	28	14	42
Carrying amount at 31 March 2015	5	-	5
Carrying amount at 31 March 2014	7	-	7
Asset financing			
Owned	5	-	5
Finance Leased	-	-	-
Carrying amount at 31 March 2015	5	-	5

Software License is valued using indices.

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2013-14

	Software License £000	Externally Developed Software £000	Total £000
Cost or valuation			
At 1 April 2013	25	491	516
Additions	8	-	8
Disposals	-	-	-
Revaluations	-	-	-
At 31 March 2014	33	491	524
Amortisation			
At 1 April 2013	19	485	504
Charged in year	7	6	13
Disposals	-	-	-
Revaluations	-	-	-
At 31 March 2014	26	491	517
Carrying amount at 31 March 2014	7	-	7
Carrying amount at 31 March 2013	6	6	12
Asset financing			
Owned	7	-	7
Finance Leased	-	-	-
Carrying amount at 31 March 2014	7	-	7

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9. Impairments

	2014-15 £000	2013-14 £000
Charged direct to the SoCNE	-	1,329
Taken through the revaluation reserve	-	232
	<hr/>	<hr/>
Impairment charge for the year	-	1,561
	<hr/> <hr/>	<hr/> <hr/>

10. Capital and other commitments

10.1 Capital Commitments

There were no contracted capital commitments at 31 March 2015 or 31 March 2014 not otherwise included in these financial statements.

10.2 Commitments under leases

10.2.1 Operating leases

There were no operating leases for land or buildings at 31 March 2015 or 31 March 2014.

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

	2014-15 £000	2013-14 £000
Other:		
Not later than one year	8	22
Later than one year and not later than five years	-	1
Later than five years	-	-
	<hr/>	<hr/>
	8	23
	<hr/> <hr/>	<hr/> <hr/>

11. 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 very little credit, liquidity or market risk.

The Department measures and presents financial instruments in accordance with IAS 32, IAS 39 and IFRS 7 as interpreted by the *FReM*. IFRS 7 (Financial Instruments: Disclosure) requires disclosure of information about the significance of financial instruments held by the entity over the year and the nature and extent of risks arising from those financial instruments.

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Financial Assets at carrying value

Student loans, trade receivables, cash and cash equivalents are included as loans and receivables, and are measured at fair value initially and subsequently at amortised cost.

Financial Liabilities at carrying value

Trade payables, early departure cost and debt sale are measured at fair value initially and subsequently at amortised cost.

Fair values of financial instruments

The fair value of the financial instruments above is equivalent to the carrying value disclosed in the financial statements. Financial assets and financial liabilities have not been offset nor presented net in these accounts.

Loan to Ulster Supported Employment Limited

The Department's loan to Ulster Supported Employment Limited £2.3m (2013-14: £2.3m) neither pays interest nor has a maturity date and is secured by a charge on the company's undertaking and property. It is not regarded as tradable on an organised market in a standard form as it is an integral part of the Department's involvement in training and employment for the disabled. Accordingly, it is not practical to estimate a fair value with sufficient reliability.

Student loans

The student loan asset is a significant part of the Department's Statement of Financial Position, and the valuation is based on a complex set of assumptions, including borrowers' earnings on graduation and their likely earnings growth over the life of the loan (25 years). Any changes to these assumptions could have a significant impact on the value of the loan book included in the accounts.

At a national level, the Government is continuing to assess how best to manage its holding of current and future loans, including the potential to realise value for the taxpayer from a sale of its portfolio. The Department is part of the project taking this forward, led by the Department for Business, Innovation and Skills (BIS) and involving all Devolved Administrations. In 2013-14 the remaining mortgage style loans were sold, leaving the loan book value comprising income contingent loans only.

These Accounts present the student loans portfolio valued on the basis that they will continue to be held by the Department until such time as a decision to sell the assets has been made. The valuation basis of income contingent loans reflects the requirements of IAS 39 to hold the loans at amortised cost. Should sales take place in 2015-16 or subsequently, it will be necessary to re-assess the basis for the carrying value, in accordance with the relevant Accounting Standards.

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In the absence of an active market for the income contingent loans or any similar arm's length transactions, the discounted cash flow analysis used to value the loans in Note 12 is the most reliable method to derive fair value. In deriving this figure, the Department has used the Treasury's long-term discount rate of 2.2%. If an active market existed for student loans, the discount rate applied by potential buyers may be different from the Treasury's 2.2%. If the discount rate applied was greater than 2.2%, the fair value of the student loans may be lower than the values calculated on the basis applied here.

Credit Risk

DEL has a statutory obligation to issue student loans and seek repayments in line with legislation. The Department is not permitted to withhold loans on the basis of poor credit rating nor is it able to seek collateral. The Department is therefore exposed to the risk that some student loans will not be repaid, although this is partly mitigated by the fact that most repayments are collected by Her Majesty's Revenue & Customs as part of the tax collection process.

As disclosed in Note 12 and the accounting policy Note 1.8, the Department estimates the value of future write-offs when loans are issued based on a model which holds data on the demographic and behavioural characteristics of students in order to predict their borrowing behaviour.

The Department for Business, Innovation and Skills (BIS) works together with the Student Loans Company Limited (SLC) and Her Majesty's Revenue and Customs (HMRC) to manage the collection of student loan repayments and manage the associated credit risks.

There is a Memorandum of Understanding in place between BIS and the devolved administrations, including DEL who account for the loan book, the SLC who administers the loan book, and HMRC who collects repayments via the tax system. This sets out the responsibilities of all the parties and contains performance targets and indicators, which are revised annually. The Accounting Officers of HMRC and the SLC report quarterly to BIS's Accounting Officer on progress towards the agreed targets and performance indicators.

Interest rate risk

Income contingent loans are repayable at the same interest rate as the RPI as at March each year, with the proviso that the interest rate can never be more than 1% above the Bank of England base rate nor can it be less than 0%. The amount of student loan interest repayable is therefore subject to the fluctuations in the market interest rate. This can lead to a risk in forecasting the amount of interest payable. Furthermore, if the UK continues to experience interest rates that are lower than RPI and, therefore, the interest rate cap reoccurs with frequency, the future cash flows will be impaired as the modelling assumes, in the long term, that interest is added in line with RPI. The model incorporates the assumption that rates will continue to be less than 1% in the medium term.

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Financial modelling uses short and long term forecasts as published by the Office for Budgetary Responsibility (OBR). Any change to these assumptions has the potential to lead to an adjustment to the Department's calculations.

An enhanced version of the financial model has been developed and implemented by the Department for Business, Innovation and Skills in England. The Department is working towards the development of a version of the model that can be applied to Northern Ireland loans.

Liquidity Risk

The Department's net revenue resource requirements (as well as its capital expenditure) are financed by resources voted annually by Parliament. The Department is not therefore exposed to significant liquidity risks in the same way that a private sector organisation would be.

Foreign Currency Risk

The Department's main exposure to foreign currency risk is in relation to the impact of movements in the Euro on claims made to the European Union, and on advances received from the European Union that are included within payables. The Department does not enter into forward currency contracts and the risk is managed within voted funding provision. Apart from this, the Department's exposure to foreign currency risk is not significant.

At 31 March 2015, with a 10% weakening or strengthening of sterling against the euro, the outturn for the year would have increased by £4.8m or decreased by £4.8m respectively. This movement is attributable to the foreign exchange gains or losses on translation of euro denominated payables.

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12. Investments - Financial Instruments

12.1 Student Loans

	<i>Note</i>	2014-15 £000	2013-14 £000
Total value of loans outstanding at 1 April		1,463,893	1,313,274
Additional loan funding	SOAS4	298,537	273,552
Repayments	SOAS4	(60,278)	(60,764)
New Impairments			
Deferment and Default	12.1a	(77,401)	(66,550)
Interest Subsidy	12.1b	(74,682)	(57,618)
Value of Mortgage Style Loans sold		-	(7,799)
Effective Interest		64,420	69,798
Total value of loans at 31 March		<u>1,614,489</u>	<u>1,463,893</u>

The Student Loans Company Limited issues loans on behalf of DEL for Northern Ireland, the Department for Business, Innovation and Skills (in England and Wales) and the Scottish Executive. The split of total loans between the three Departments is provided by the Student Loans Company.

Student loans are held at amortised cost. This involves the value of the loans issued being discounted to net present value using the effective interest rate. The effective interest rate for student loans is RPI plus 2.2%, which is the HMT discount rate. In 2014-15 the effective interest was 4.51% (2013-14: 5.42%).

The face value of the loan book at 31 March 2015 was £2,383m (31 March 2014: £2,112m).

As outlined on the Statement of Cash Flows, student loan cash advances for the period were £298.4m (2013-14: £274.9m) and repayments were £59.7m (2013-14: £60.9m).

Sale of Mortgage Style Loans

In 2013-14 the remaining UK Mortgage Style Loans were sold. As a result, the sale of the Northern Ireland loans was reflected in 2013-14 Resource Accounts, including a loss on disposal of £0.7m. The loan book now solely comprises Income Contingent Loans.

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12.1a Movements on Deferment and Default Impairment

	2014-15 £000	2013-14 £000
Balance at 1 April	275,534	228,832
Increase in the year	77,401	66,550
Loans Written off	(532)	(774)
Borrowing costs	13,663	12,228
Utilisation on sale of loans	-	(31,302)
Balance at 31 March	366,066	275,534

The student loan deferment and default impairment reflects the future cost of loans which could not be recovered due to the death of the student, their income not reaching the income threshold, or other causes. Each year the Department estimates the future cost of policy write offs based on a percentage of new loans issued during the financial year. This is offset by the actual debts written off by the Student Loans Company.

12.1b Interest Subsidy Impairment

	2014-15 £000	2013-14 £000
Balance at 1 April	372,814	370,065
Increase in the year	74,682	57,618
Utilisation in the year	(62,000)	(74,063)
Borrowing costs	17,234	19,735
Utilisation on sale of loans	-	(541)
Balance at 31 March	402,730	372,814

Student loans are subsidised as students are only charged interest equivalent to the rate of inflation, or Bank of England base rate plus 1%, whichever is the lower. The Department meets the costs resulting from difference between the forecast future interest paid by students and the cost of capital on loans, which is known as the interest subsidy. The interest subsidy impairment therefore reflects the cost to the Government of issuing and holding the loan. The Department increases the impairment based on a percentage of loans issued in year. The percentage is calculated using a modelling tool which takes into account borrower behaviour, earning on graduation and other assumptions.

The estimates underpinning these impairments are based on a forecasting model (the Student Loan Repayment model) which holds data on the demographic and behavioural characteristics of students in order to predict their borrowing behaviour and estimates the likely repayments of student loans. The valuation is based on a set of simulated borrower profiles, derived from a complex set of assumptions, including earnings on graduation and their likely earnings growth over the life of the loan (which could be 25 years or longer). Any changes to these assumptions could have an impact on the value of the loan book included in these Accounts.

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The assumptions used are formally reviewed by the Department each year and the amounts provided reflect the Department's current estimate as at 31 March 2015.

Key assumptions used to calculate the student loan balance at 31 March 2015

The key assumptions that impact on the value of the loan book are the discount rate used, and assumptions made about graduate earnings.

Discount rate

To value the future cash flows, the Department has used RPI plus 2%, which is the HM Treasury's long-term discount rate. If an active market existed for student loans, the discount rate applied by potential buyers may be different from this rate - reflecting the buyers' cost of capital and assessment of risk.

Graduate earnings and employment

The Student Loan Repayment model assumes future real earnings growth (net of RPI inflation) to be 2 percentage points, as this is HMT's long-term forecast. If this fell it would lead to a reduction in the value of the loan.

Other assumptions

There are a number of other assumptions used in the modelling, but changing these to other reasonable outcomes does not have a significant impact on the value of the loan book. It should be noted that many of the assumptions are independent of each other and could change at the same time. However, changes in earnings, unemployment and other macroeconomic factors would only have a significant impact on the value of the loan book if they were long term.

12.2 Financial Liabilities

	2014-15 £000	2013-14 £000
Balance at 1 April	21,544	22,384
Provisions not required written back	(1,154)	(1,178)
Borrowing costs	474	492
Receipts/(Payments)	(139)	(154)
Balance at 31 March	20,725	21,544

Student loan debt sale costs

The student loan debt sale financial liability is the additional cost to the Department of subsidies contractually due to the purchaser of the debts beyond the cost that the Department would have incurred had the debts remained in the public sector.

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13. Investments and loans in other public sector bodies

(a) Ulster Supported Employment Limited Loan

	2014-15 £000	2013-14 £000
Balance at 1 April	2,338	2,338
Additions	-	-
Balance at 31 March	2,338	2,338

The loan to Ulster Supported Employment Limited is interest free and is secured by a charge on the company's undertakings and properties under a debenture dated 22 March 1963.

(b) Student Loans Company Limited

The Department holds one share, with a nominal value of £1, in the Student Loans Company Limited.

14. Cash and Cash Equivalents

	2014-15 £000	2013-14 £000
Balance at 1 April	(4,430)	(7,189)
Net change in cash and cash equivalent balances	(6,942)	2,759
Balance at 31 March	(11,372)	(4,430)

	2014-15 £000	2013-14 £000
The following balances at 31 March were held at:		
Commercial banks	(11,388)	(4,447)
Cash in hand	16	17
Balance at 31 March	(11,372)	(4,430)

Note

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15. Trade receivables and other current assets

	2014-15 £000	2013-14 £000
Amounts falling due within one year:		
Trade receivables	6,288	5,984
Deposits and advances	4,659	5,167
Other receivables:		
VAT	235	289
EU receivables	64,924	51,869
Due from National Insurance Fund	2,790	4,140
Prepayments and accrued income	809	1,452
Amounts due from the Consolidated Fund in respect of supply	11,393	4,954
	<u>91,098</u>	<u>73,855</u>

Included within trade receivables is £nil (2013-14: £0.3m) that will be due to the Consolidated Fund once the debts are collected.

The following table shows the impairment of receivables through the bad debt provision account at the reporting date:

	2014-15 £000	2013-14 £000
At 1 April	-	114
Impairment losses recognised on receivables	-	-
Amounts written off as uncollectable	-	(114)
	<u>-</u>	<u>-</u>
At 31 March	<u><u>-</u></u>	<u><u>-</u></u>

In determining the recoverability of a receivable, the Department considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date.

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15.1 Intra-Government Balances

	Amounts Falling Due Within One Year		Amounts Falling Due After More Than One Year	
	2014-15 £000	2013-14 £000	2014-15 £000	2013-14 £000
Balances with other central government bodies	19,914	14,352	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Bodies	-	-	-	-
Balances with public corporations and trading funds	13	-	-	-
Subtotal: intra-government balances	19,927	14,352	-	-
Balances with bodies external to government	71,171	59,503	-	-
Total receivables at 31 March	91,098	73,855	-	-

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16. Trade payables and other current liabilities

	Note	2014-15 £000	2013-14 £000
Amounts falling due within one year:			
Trade payables		7,405	4,380
Accruals and deferred income		76,370	67,754
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:			
received		45	548
receivable		2,917	263
Amounts due to National Insurance Fund		139	359
Bank overdraft	14	11,388	4,447
		98,264	77,751
Amounts falling due after more than one year:			
Other payables, accruals and deferred income		475	485
		475	485

16.1 Intra-Government Balances

	Amounts Falling Due Within One Year		Amounts Falling Due After More Than One Year	
	2014-15 £000	2013-14 £000	2014-15 £000	2013-14 £000
Balances with other central government bodies	9,235	4,029	-	-
Balances with local authorities	86	-	-	-
Balances with NHS Bodies	-	-	-	-
Balances with public corporations and trading funds	37	-	-	-
Subtotal: intra-government balances	9,358	4,029	-	-
Balances with bodies external to government	88,906	73,722	475	485
Total payables at 31 March	98,264	77,751	475	485

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17. Provisions for liabilities and charges

			2014-15 £000	2013-14 £000
	Early Departure Costs	Long Service Award	Total	Total
Balance at 1 April	55	2,000	2,055	50
Provided in the year	-	-	-	2,020
Provisions utilised in year	(26)	-	(26)	(15)
Balance at 31 March	29	2,000	2,029	2,055

Analysis of expected timing of discounted flows

			2014-15 £000	2013-14 £000
	Early Departure Costs	Long Service Award	Total	Total
Not later than one year	29	-	29	55
Later than one year and not later than five years	-	-	-	-
Later than five years	-	2,000	2,000	2,000
Balance at 31 March	29	2,000	2,029	2,055

17.1 Early departure costs

The Department meets the additional costs of benefits beyond the normal Principal Civil Service Pension Scheme (Northern Ireland) benefits in respect of employees who retire early by paying the required amounts annually to the Principal Civil Service Pension Scheme (Northern Ireland) over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate.

17.2 Long Service Award

Provision has been made for a long service award for members of the judicial pension scheme within the Office of the Industrial and Fair Employment Tribunals. The purpose of the long service award is that, subject to any future changes in legislation, the award will compensate for any tax or national insurance charges on lump sums payable from the deregistered judicial pension schemes on retirement, whatever the personal circumstances of the judge or his other pension benefits.

18. Contingent Liabilities

The Department has the following quantifiable contingent liabilities:

a. Litigation cases

There are twenty-nine outstanding cases as at 31 March 2015. The estimated potential liability is less than £250k.

The Department has the following unquantifiable contingent liabilities:

b. Future Redundancy Payments

As part of the arrangement for the transfer of training centres to Further Education colleges, the Department agreed that, for staff that became redundant in the future, it would fund any difference between their redundancy payment and that which they would have received had they remained in the Northern Ireland Civil Service.

Due to the inherent uncertainty as to the amount and timing of the future redundancy payments the Department has underwritten, it is not practical to quantify the potential liability that might arise from this undertaking.

c. Voluntary Exit Scheme (VES)

The Northern Ireland Civil Service launched a Voluntary Exit Scheme (VES) across all departments on 2 March 2015. The closing date for applications was 27 March 2015. At the balance sheet date, there is a possible obligation on the Department which may give rise to a liability should any of the Department's employees apply and be successful. It is not possible, at the balance sheet date, to quantify what this potential liability may be.

d. EU Funding

In February 2015, the Department was advised by the European Commission (EC) that the current European Social Fund (ESF) programme was interrupted due to concerns over how the Department was administering certain aspects of ESF funded schemes. The interruption impacts upon income recognised totalling £34m and included within receivables at Note 15. The Department is conducting a review of expenditure in order to ensure compliance. £10m of this income was expected to arise in 2014-15.

The Department is working with EC to resolve the matter and has successfully identified £34m of alternative Training for Success expenditure (within Employment and Skills) incurred over recent years including 2014-15 that is eligible under the ESF programme. The Managing Authority and ESF Audit Authority are currently at an early stage of performing fieldwork in order to submit claims to EC as soon as possible.

It is not yet practical to quantify any potential liability, if any, that might arise from this undertaking.

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19. Financial Guarantees, Indemnities and Letters of Comfort

The Department did not enter into any quantifiable guarantees, indemnities or did not provide any letters of comfort in 2014-15 or 2013-14. There is therefore no liability within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. They therefore fall to be measured following the requirements of IAS 39.

There are no associated costs to be disclosed to the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

20. Losses and Special Payments

Losses Statement

	No of losses	2014-15 £000	2013-14 £000
Cash losses	532	112	253
Claims abandoned	-	-	-
Administrative write-offs	-	-	-
Fruitless payments	-	-	-
Store losses	-	-	-
Total	532	112	253

There were no cases over £250,000 in 2014-15 or 2013-14; and there were four special payments in 2014-15 totalling £47k and none in 2013-14.

21. Related-party transactions

The Department sponsors the Labour Relations Agency, Ulster Supported Employment Limited, the Further Education colleges, Stranmillis University College, St Mary's University College and CITB NI. These bodies are regarded as related parties with which the Department has had various material transactions during the year.

In addition, the Department has had a number of material transactions with other Government Departments and other central government bodies. Most of these transactions have been with the Department of Education, the Social Security Agency, and the Department of Finance and Personnel.

No Minister, board member, key manager or other related party has undertaken any material transactions with the Department during the year. A register of interests is maintained by the Department and no significant interests are currently held by board members which may conflict with their management responsibilities.

22. Third-party assets

The Department acts as agent for the Northern Ireland National Insurance Fund in relation to various aspects of the Employment Rights (Northern Ireland) Order 1996. The

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transactions and balances arising are reflected in the accounts of the Northern Ireland National Insurance Fund and are not included in these financial statements.

At 31 March 2015, amounts recoverable by the Northern Ireland National Insurance Fund in respect of the activities not included in these accounts were £38,592k (2013-14: £39,528k).

23. Entities within the Departmental boundary

These accounts comprise the accounts of the core Department.

The accounts of the following entities, all of which are sponsored by the Department, are not included by way of consolidation:

- Ulster Supported Employment Limited (a company limited by guarantee);
- CITB NI (a statutory training organisation);
- Labour Relations Agency (a Non-Departmental Public Body);
- Stranmillis University College (a Non-Departmental Public Body);
- St Mary's University College (a Non-Departmental Public Body); and
- the six Further Education colleges (Non-Departmental Public Bodies).

Whilst St Mary's University College has been reclassified as a Non Departmental Public Body from 1 April 2012, the Department is engaging with the Office for National Statistics with a view to reversing this decision.

Financial information about each of the above entities may be obtained from their separate published annual reports and accounts.

24. Events after the Reporting Period

Since 31 March 2015, applications for the Voluntary Exit Scheme have been processed, communicated and conditional offers were made to the first tranche of staff in June 2015. This has resulted in a conditional obligation arising on the department, since the balance sheet date. The value of this liability cannot be reliably estimated. This is a non-adjusting event and consequently, the 2014-15 accounts have not been adjusted. It is expected that payments to settle this liability will be made during the 2015-16 financial year.

There were no events after the reporting period which would require adjustment to the financial statements.

25. Future of the Department

The Stormont House Agreement contains a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016, which will involve functions transferring from some departments to new departments. The number, names and high level functions of the new departments are currently being considered by Ministers. It is anticipated that staff working in the affected areas will move with the

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function. The proposed 9-departmental model outlines a machinery of government change where the functions of the Department for Employment and Learning will transfer to new departments in May 2016.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 29 June 2015.

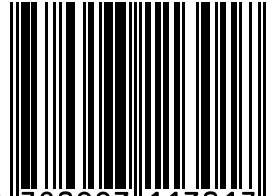


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