



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

SKILLS
TO SUCCEED



ANNUAL REPORT **13** | **14**

Department for Employment and Learning



Department for Employment and Learning

Resource Accounts

For the year ended 31 March 2014

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

11 September 2014





© Crown copyright 2014

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence> or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this document should be sent to us at:

Department for Employment and Learning
Adelaide House
39-49 Adelaide Street
Belfast
BT2 8FD

This publication is also available to download from our website at www.delni.gov.uk/.

CONTENTS

Foreword by the Permanent Secretary	1
Annual Report	
• Directors' Report	3
• Strategic Report	
1. Introduction	6
2. Our Work	10
3. How we are managed	59
4. Sustainability Report	65
5. Management Commentary	67
• Departmental Remuneration Report	79
Statement of Accounting Officer's Responsibilities	87
Governance Statement	88
Certificate and report to the Comptroller and Auditor General	101
Departmental Resource Accounts	
• Statement of Assembly Supply	105
• Statement of Comprehensive Net Expenditure	113
• Statement of Financial Position	114
• Statement of Cash Flows	115
• Statement of Changes in Taxpayers' Equity	116
• Notes to the Departmental Resource Accounts	117



FOREWORD BY THE PERMANENT SECRETARY

The wide ranging work of the Department for Employment and Learning (DEL) places it at the heart of the Executive's response to the economic downturn. Our Jobs and Benefits Offices and JobCentres are on the front line in supporting people to find work. Our work with employers and employees in terms of skills and upskilling will ensure that individuals and businesses are well prepared to make the most of the opportunities that recovery will bring. The work of the Further Education and Higher Education sectors are increasingly focused on supporting economic development.

Throughout the past year the Department has focused on delivering its commitments in the Programme for Government and the Economic Strategy for Northern Ireland in support of rebalancing the economy towards a stronger, more export-orientated private sector. Much progress has been made, and the staff in the Department and its many partner organisations are to be congratulated on the effective delivery of the vast majority of our targets across a very broad front of activity. In addition to delivering our core business and services, the Department has also engaged in very important areas of policy and service development work to ensure that it is well placed to respond to changing circumstances and future challenges. All of these achievements are recorded in this Annual Report.

It is very encouraging that recent data indicate that economic recovery is taking root in Northern Ireland, with the labour market showing positive signs of growth and output increasing again. The challenge is to ensure that Northern Ireland remains well placed to deliver long-term sustainable growth and to take advantage of wider growth in the United Kingdom and beyond. The specific challenge for DEL will be to step up our efforts to improve levels of skills and productivity, and to reduce further the levels of economic inactivity and youth unemployment.

The skills profile in Northern Ireland is improving but if we are to compete with the world leaders we must seek to improve it at an even greater rate. Excellent foundations have been set in 2013-14 but the challenge now is to maintain and surpass that performance in the future.

Derek Baker

ANNUAL REPORT



DIRECTORS' REPORT

for the year ended 31 March 2014

Departmental accounting boundary

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

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–ConstructionSkills 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 (ONS) made a decision that the Further Education colleges, Stranmillis University College and St Mary's University College should be reclassified as Non-Departmental Public Bodies (NDPBs). With regards to the reclassification of St Mary's University College, the Department is engaging with the ONS with a view to reversing this classification decision.

The Minister

Ministerial responsibility for the Department for Employment and Learning for the 2013-14 financial year rested with Dr Stephen Farry MLA.

Permanent Head of the Department and the Management Board

Mr Alan Shannon CB was Permanent Secretary of the Department until 24 May 2013.

Mrs Catherine Bell CBE was appointed Acting Permanent Secretary from 27 May 2013 – 16 June 2013.

On 17 June 2013, Mr Derek Baker was appointed Acting Permanent Secretary and Accounting Officer of the Department on a fixed term temporary promotion arrangement.

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

Mr Andrew Hamilton; and

Ms Heather Cousins.

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

Dr Brian Scott; and,

Professor Russel Griggs OBE.

DIRECTORS' REPORT

for the year ended 31 March 2014

Expenses for Independent Board Members

Total fees and expenses of £15,439.37 (2012-13: £12,538.08) were paid in respect of the Department's Independent Directors.

Departmental Reporting Cycle

The Department publishes its annual report and accounts each year on DEL's web-site (www.delni.gov.uk). They are laid in the Northern Ireland Assembly. The Annual Report contains details of DEL'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 (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. He is head of the Northern Ireland Audit Office (NIAO), 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 NICS Inefficiency Sickness Absence Policy. Further Information on performance during the year is contained within the Strategic Report on page 52.

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.

DIRECTORS' REPORT

for the year ended 31 March 2014

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.

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 62.

D A Baker

Derek Baker
Accounting Officer
12 August 2014

STRATEGIC REPORT

for the year ended 31 March 2014

1. INTRODUCTION

The Department for Employment and Learning in 2013-14

38,312

The number of working age benefit clients that the Employment Service assisted into employment by 31 March 2014.

£3.86 million

The funding made available to deliver the Assured Skills project.

£25.2 million

The funding secured to deliver the 'Pathways to Success' strategy over the 2012 to 2015 period.

50.35%

The percentage of employers choosing to place and manage their vacancies electronically through Employers Online by March 2014.

35,000

The number of careers guidance interviews that the Careers Service delivered to young people by March 2014.

£109.3 million

The level of efficiency savings generated during 2013-14.

171

The number of companies that participated on the Management Analysis and Planning programme during 2013-14.

£180.8 million

The amount of funding allocated by the Department to the Further Education sector in Northern Ireland.

2,789

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

STRATEGIC REPORT

for the year ended 31 March 2014

The Department's Programme for Government Commitments

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 PfG 2011-15.

Tuition fees

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

This is a policy commitment and the Department ensures that year on year the increase in student fees does not go beyond the rate of inflation.

Upskilling

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

In the three academic years under review up to 2012-13, almost 217,000 Level 2 and above full qualifications have been gained across mainstream FE, HE, Essential Skills and funded Departmental training programmes. Good performance in this area is expected to continue.

Moving People into Employment

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

The PfG committed the Department to help 114,000 people into employment between 2011-12 and 2014-15. Up to 31 March 2014, the Department had assisted almost 116,000 working age benefit clients into employment.

Economic Inactivity Strategy

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

This is a joint commitment for DEL and the Department for Enterprise, Trade and Investment (DETI). Public consultation on the Strategic Framework concluded in April 2014 and a final draft strategy is being developed for NI Executive consideration in 2014-15. Implementation of the final 10 year strategy will then commence following NI Executive approval.

STRATEGIC REPORT

for the year ended 31 March 2014

About DEL

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, will seek to provide a first class service to its customers in an impartial way, will strive to improve continually as an organisation and will 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.

STRATEGIC REPORT

for the year ended 31 March 2014

OUR RESOURCES

The Department's provisional outturn for 2013-14 was £913.8 million.

The Department made resource savings of £109.3 million in 2013-14.

The Department is committed to making further savings in 2014-15 of £129.4 million.

OUR COLLEAGUES

We have over 2,000 staff members working across DEL 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 (LRA);
- CITB–ConstructionSkills Northern Ireland;
- Ulster Supported Employment Limited (USEL);
- 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 DEL'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.

STRATEGIC REPORT

for the year ended 31 March 2014

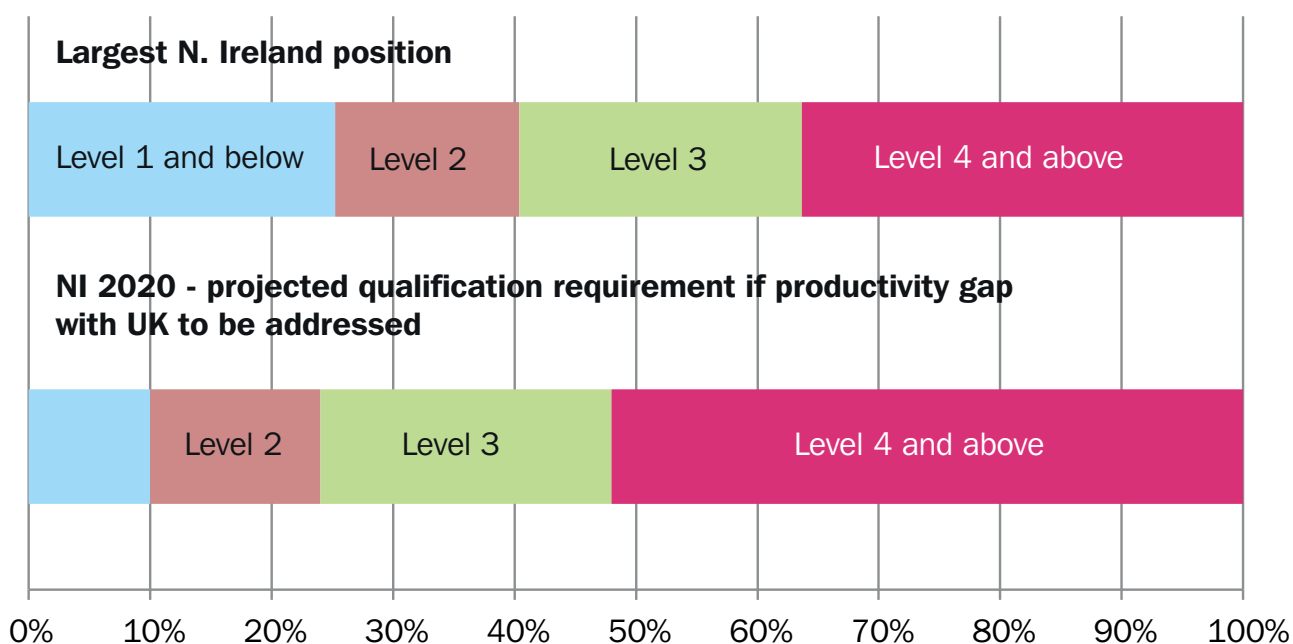
2. OUR WORK

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 GB, 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 27% to 10% by 2020.

Highest qualifications attained by people in employment (Northern Ireland)



Source: Labour Force Survey, Oxford Economics

STRATEGIC REPORT

for the year ended 31 March 2014

International Survey of Adult Skills

The Department worked with OECD (The Organisation for Economic Co-operation and Development) and NFER (The National Foundation for Education Research) to produce the NI results of the International Survey of Adult Skills in October 2013.

This large survey was designed to test the skills of the adult population in terms of numeracy, literacy and problem solving in technology-rich environments and set the results within the international context as 23 other countries also took part.

The survey showed that since 1996, the literacy skills of the adult population have improved. The proportion of Northern Ireland's working age population performing at the lowest levels (Level 1 or below) of literacy fell from 23% in 1996 to 18% in 2012.

Positively, the results show that Northern Ireland is closing the literacy gap with the OECD average. However, it remains behind the best achievers (eg. Japan, Finland, the Netherlands) on all three measures and is similar in skill level to England and the Republic of Ireland (Scotland and Wales did not take part). In terms of literacy and numeracy, NI scored higher than France, Italy and Spain (and additionally, the USA, in numeracy).

The NI national report can be found here:

<http://www.delni.gov.uk/international-survey-adult-skills-2012.pdf>

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.

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

STRATEGIC REPORT

for the year ended 31 March 2014

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 (PfG) 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 PfG 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 are being funded in academic year 2013-14 with actual performance being determined in February 2015 when the enrolment statistics for academic year 2013-14 are published.

The Careers Strategy, '**Preparing for Success**', is progressing well with 12 of the 18 key actions achieved and the remaining six close to completion.

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

'**Access to Success**', an integrated regional strategy for widening participation, sits alongside and complements Graduating to Success.

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:

Skills Solution Service - Skills Solutions advisers help employers understand and access the Department's training provision by offering a single point of contact for employers to assist them in making their business more productive and competitive. Around 800 employers engaged with advisers in 2013-14, many going on to access programmes and support relevant to their individual circumstances.

STRATEGIC REPORT

for the year ended 31 March 2014

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 2013-14, around 50 Bridge projects were delivered with around 300 unemployed people getting work as a result.

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. By March 2014, the Careers Service delivered 35,000 individual careers guidance interviews to young people (during September 2012 to August 2013 academic year) and interviewed 92% of year 12 pupils against a target of 85%. In addition, 15,831 adult guidance interviews were carried out with both unemployed and employed clients.

Assured Skills

The Assured Skills pilot programme, a joint project with Invest Northern Ireland (INI), 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 2013-14 agreements were put in place with four companies supporting the potential creation of 1,460 jobs at a total DEL commitment of £1.3m.
- In addition, just over £460,000 supported four capacity building projects which will create 81 jobs once all training is completed.

In January 2014, the Minister launched a new Software Professional Course. The course will see the re-skilling of 250 non-IT HND or equivalent graduates over a three year period, providing them with the opportunity to obtain the skills and experience necessary to take up new opportunities in the IT industry, at a cost of £2.3m to the Department.

Under the **Employer Support Programme**, the Department provided a dedicated fund to support the Further Education (FE) 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.

STRATEGIC REPORT

for the year ended 31 March 2014

Foundation Degrees – The Department remains committed to the expansion of Foundation degrees (Fd) as the primary intermediate level HE qualification in Northern Ireland. During 2013-14 the Department has been running a campaign to promote the benefits of Foundation degrees to both employers and to those in work. In 2013-14 the Department made significant progress towards achieving its target of 2,500 Fd 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 FE colleges and the College of Agriculture, Food and Rural Enterprise.

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 (FTE) employees), small to medium-sized enterprises (10-250 FTE employees) and social economy enterprises in Northern Ireland. During 2013-14:

- More than 1,600 individual managers were trained through the Management and Leadership Development Programme (MLDP);
- 171 companies participated on the Management Analysis and Planning programme which provides diagnostic support and tailored training through a team of qualified external business advisers; and
- the INTRO Graduate Management Development programme enabled 160 graduates to enter managerial positions and receive important Level 5 management training.

Investors in People (IiP) - over 100 organisations and businesses from all sectors celebrated a successful assessment against the IiP framework during the past year.

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 3.2% for academic year 2013-14. This is only an inflationary increase, keeping in line with the PfG commitment.

STRATEGIC REPORT

for the year ended 31 March 2014

Public/Private ICT Apprenticeship Scheme

In response to the local ICT sector's demand for new talent, the Department worked with local ICT employers and Department of Finance and Personnel (DFP) to develop a Public/Private ICT Apprenticeship programme. The scheme recruits and trains individuals for ICT positions in both software development and infrastructure roles, in the public and private sectors in Northern Ireland.

Following aptitude and verification tests, successful candidates applied for positions available in the participating companies. The individuals recruited are employed on a full time basis in their "host" companies and after an initial intensive six week training course they begin the IT and Telecoms Professional Apprenticeships NI framework, which takes 18-24 months to complete. The apprentices work four days a week for their employer and are released one day a week for off-the job training delivered by the training provider. When the apprentices complete the ApprenticeshipsNI framework, they will have a Level 3 qualification in ICT.

Since its inception, 74 apprentices have been recruited through the scheme and further cohorts are being considered, subject to demand. The Department is also working to develop Higher Level Apprenticeships in ICT, in both software and infrastructure, which will allow apprentices to continue with the model of on and off-the-job training to achieve a Level 5 ICT qualification.

FE Sector – further education is at the forefront of skills enhancement. The Department is committed to ensuring high quality delivery of education and training and better outcomes for students in the sector. In the 2012-13 academic year, the latest year for which validated data is available, FE learner retention and achievement rates are excellent at 89% (88% 2011-12) and 87% (84% 2011-12) respectively.

In the academic year 2012-13, there were just under 157,000 enrolments for professional and technical provision in Northern Ireland's six FE colleges. Departmental funding has provided the infrastructure required to support a number of activities in the FE sector in terms of curriculum, ICT, qualifications and support for students encountering a range of difficulties.

Programme for Government Commitment – Upskilling

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

In the three academic years under review up to 2012-13 almost 217,000 Level 2 and above full qualifications have been gained across mainstream FE, HE, Essential Skills and funded Departmental training programmes. The overall PfG target has already been achieved and based on current performance and an assessment of enrolments and retention rates across these areas of provision, it is expected that good performance in this area will continue.

STRATEGIC REPORT

for the year ended 31 March 2014

Sector Skills Councils (SSCs) - there are currently 19 licensed SSCs.

Each Sector Skills Council will agree priorities and targets with its employers and partners to address four key goals:

- reducing skills gaps and shortages;
- improving productivity, business and public service performance;
- increasing opportunities to boost the skills and productivity of everyone in the sector's workforce, including action on equal opportunities; and
- improving learning supply, including apprenticeships, higher education and national occupational standards.

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 achieved its best ever representation on Team UK for the WorldSkills competition held in Leipzig, Germany in July 2013. The UK Team comprised 31 young people, nine of whom were from Northern Ireland. Northern Ireland competitors won a bronze medal and six medallions of excellence.
- The Skills Show is the UK's largest skills and careers event and took place at the NEC, Birmingham from 14-16 November 2013. The Skills Show attracted 100,000 visitors and engaged over 800 of the UK's most talented apprentices and learners. Northern Ireland had a very good representation with 38 finalists competing in 20 skill areas. They performed exceptionally well winning 19 medals (seven gold, four silver and eight bronze) and five commendations.

Business Plan Commitments

Under the strategic theme of Improving Productivity, Enhancing Skills, the Department had a number of key commitments to deliver during 2013-14. Performance against these commitments is detailed in the table below.

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.

STRATEGIC REPORT

for the year ended 31 March 2014

Commitments		Status
A1	To deliver 53,000 qualifications at level 2 and above through DEL training, further education (FE) and higher education (HE). (PfG commitment)	
A2	To continue to showcase a varied and innovative programme of support to local industry - including small and medium sized enterprises (SME) - through active engagement with at least 700 employers to encourage the upskilling of 2,000 people in the local workforce in the priority economic sectors. We will provide, subject to demand and resources, a range of training opportunities in cross-sectoral topics such as management and leadership, professional sales and marketing and in sector-specific skills such as software development.	
A3	To commence work on a revised and updated Leadership and Management Strategy, which will reflect the current and future management needs of Northern Ireland companies (including micro-business) and social enterprises.	
A4	To make available £3 million to deliver the Assured Skills programme to support the inward investment activity of Invest NI.	
A5	To continue to implement phase 1 of the Employer Engagement Plan for 'Success through Skills – Transforming Futures' and to publish and take forward phase 2.	
A6	To continue the implementation of the Graduating to Success higher education strategy for Northern Ireland.	
A7	To review the policies on apprenticeships and youth training by autumn 2013 to ensure appropriate provision and funding arrangements for young people.	
A8	Through the Connected programme, the higher education and further education sectors are to undertake 55 projects with local companies to help them meet their knowledge transfer needs.	
A9	To achieve at least 20% representation as measured over the period 2014-15 from the most deprived areas in DEL provisions. DEL 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.	
A10	To sustain our investment in the higher education research infrastructure and, for academic year 2013-14 (commencing August 2013), allocate 117 additional PhD places in areas of economic relevance (50 under the higher education strategy, 50 under the Northern Ireland Executive's Jobs and Economy Initiative and 17 from additional DEL funding).	
A11	To make funding available for 500 additional Higher Education places in STEM subject areas. (PfG Commitment: additional 234 STEM places). To allocate up to 100 full time Foundation degree places in STEM subject areas to the FE colleges in academic year 2013-14. To make £1.4million available in the 2013-14 academic year to fund an additional 100 STEM postgraduate Master of Science degrees.	
A12	To make £1.5million available in the 2013-14 budget year for Northern Ireland SMEs and social economy enterprises to develop their leadership and management capacity including placement of graduate trainees.	

STRATEGIC REPORT

for the year ended 31 March 2014

B Addressing Barriers, Supporting People

Equal access to DEL'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 around 40% 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.

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 just over 383,000 enrolments (just over 161,000 individuals¹) in Essential Skills courses with individuals gaining just over 219,000 qualifications. From the commencement of the strategy, 30% of all enrolments have come from the most deprived quintile of Northern Ireland super output areas.

The **Learner Access and Engagement Programme** was fully implemented by the Department, following a successful three year pilot period. The programme, which commenced enrolments in September 2013, provides opportunities for organisations, principally voluntary and community groups, to provide learner support for adults through a contractual arrangement with a FE College. The learner support is targeted at individuals who are 'hard-to-reach', not in work, hold few or no qualifications and who may have barriers to learning, to encourage them to undertake suitable further education to help prepare them for employment or further learning.

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.

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

STRATEGIC REPORT

for the year ended 31 March 2014

Programme for Government Commitment – Moving People into Employment

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

The PfG committed the Department to help 114,000 people into employment between 2011-12 and 2014-15. Up to 31 March 2013 the Department had assisted almost 77,000 working age benefit clients into employment. For the year to 31 March 2014, we helped 38,928 people find work against a current year target of 24,000 with 12,386 (31.8%) 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 (YES) 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 needed by those sectors that have the potential for future growth, both in terms of jobs and Gross Value Added (GVA).

Youth Employment Scheme

3,575 employers have signed an agreement with the Department

7,878 placements have been made available

3,702 young people have participated

1,388 young people have moved into employment

STRATEGIC REPORT

for the year ended 31 March 2014

Youth Employment Scheme (YES)

Client: Zaneta

Zaneta was unemployed and her lack of experience meant she was finding it difficult to find her preferred type of work in her local area. She signed up to YES to gain the experience that most employers require. She then identified a suitable YES vacancy with Lorsha Design on Jobcentreonline and was successful in gaining a place on the Skills Development programme. This programme offers a work placement for up to 26 weeks and includes skills training. The emphasis is on upskilling participants for the workplace and they are given the opportunity to achieve additional qualifications or build on existing ones. Zaneta has now moved into full time employment, with her employer benefiting from the Enhanced Employer Subsidy strand of YES.

Zaneta said, “The work experience has proved invaluable to me – I have gained many new skills and experience. I am more confident going forward. It’s a perfect fit for me because I’ve always had an interest in design and this opportunity has given me the chance to fulfil my dreams”.

Loretta Gallagher, owner of Lorsha Design in Newry, said: “Zaneta has benefitted from a wide range of training on her work placement at Lorsha Design including working with design and fabrics and assisting in the production of our custom made goods. For such a specialised field of design, I was delighted to get someone as capable as Zaneta. She has integrated into the team here and indeed has excelled in design and customer service which is what we pride ourselves on here in Lorsha Design.”

Training Programmes - The Department continued to deliver on its upskilling objectives through its key training programmes, ApprenticeshipsNI and Training for Success (TfS). The most recent data available indicates that occupancy levels at the end of October 2013 were 7,885 Apprentices and 7,441 TfS participants, including 2,470 on Programme Led Apprenticeships.

Widening Participation Strategy for Northern Ireland - 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, is a principal objective of the Department. 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, both through the higher education institutions and directly, 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 HE, has progressed throughout 2013-14. This has included the introduction of a single, centralised higher education awareness and aspiration raising campaign to better communicate the benefits of higher education to under-represented sections of the community.

STRATEGIC REPORT

for the year ended 31 March 2014

Means Tested Education Maintenance Allowance (EMA) is a joint programme for DEL and the Department of Education (DE) and was established to encourage 16 -19 year olds to stay on in full-time education. Following the public consultation in 2012, both departments agreed revisions to the EMA scheme. The Executive agreed to these changes on 7 February 2013 recognising the benefits of the means tested EMA and agreed that the revisions better target the scheme towards the most disadvantaged families. The revisions to the scheme, which included better targeting the £30 weekly awards and annual bonuses to children in the most disadvantaged families, were introduced in September 2013.

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 is designed specifically for NEET young people and was introduced in October 2012 and became available to eligible participants in European Social Fund (ESF) priority one projects, the Collaboration and Innovation Fund projects and eligible young people who avail of the Local Employment Intermediary Service (LEMIS).

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

During the period April 2013 to March 2014, 2,789 individuals engaged in the programme. Of those who engaged 437 (16%) moved into full-time employment, 53 (2%) into part-time employment and 48 (2%) into temporary employment.

The Collaboration and Innovation Fund (CIF) explores new approaches to address the specific and general employability barriers faced by young people NEET. Funding of £9.2 million has been allocated to 24 organisations from the community, voluntary and educational sectors to deliver project activity across Northern Ireland between December 2012 and March 2015. Projects aim to improve the work related skills of over 6,000 young people aged 16 – 24 across Northern Ireland who are in the NEET category. CIF provision will include activities such as individual assessment of need, development plans, mentoring, bespoke training and work experience.

STRATEGIC REPORT

for the year ended 31 March 2014

During the period April 2013 to February 2014, CIF projects engaged with 1968 NEETs and of the 747 young people leaving the programme 645 (86%) moved into positive outcomes of employment, education and training.

Community-Based Access Programme NEET Pilot Strand is designed to create pathways to enable 16-18 year olds to increase their essential skills qualifications and progress into mainstream FE or other government funded training programmes. The pilot commenced enrolments in September 2013.

The Department endeavours to increase the profile and publicise the various strategies it is currently undertaking. In November the Department held a conference on youth unemployment, see below:

ESF NEETs Conference – Titanic Belfast 21/22 November 2013

The Department held a conference on youth unemployment at Titanic Belfast on 21 and 22 November 2013, bringing together key stakeholders, in particular, young people who had a major role in framing the conference agenda and delivering the event, and also projects and policy makers to showcase what works for young people who are NEET or at risk of becoming NEET across the European Union.

The organising group, led by Youth Action Northern Ireland, coordinated a youth-focused one-day fringe event for young people in Titanic Belfast on 12 November 2013, which fed directly into the main conference.

This opened discussion on issues affecting young people and to formulate a young person's manifesto for addressing youth unemployment. These were promulgated at the main conference by a self-nominated group of champions, who participated in the youth panels on both days of the conference, and acted as the voice of young people in the five workshops whose content was decided by young people at the fringe event.

The conference was notable for the contribution made by the young people through their participation in the workshops and through challenging the policy makers present regarding what they needed to enable them to integrate into the labour market. As a follow up to the conference the ESF Managing Authority has agreed that the young people at the conference will have a part to play in the development of the new ESF programme, specifically in relation to NEETS provision, through their continued engagement as a stakeholder group.

STRATEGIC REPORT

for the year ended 31 March 2014

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.

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.

LGB Awareness Project

The Department commenced a two year contract with the Rainbow Project, in November 2012, to raise employers' awareness of lesbian, gay and bisexual (LGB) issues in the workplace. The project will 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. This project offers real change to the LGB community and could help inform the development of the strategy.

Migrant Workers

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

- the Department sits on the Immigration Sub-Group of the Racial Equality Forum and the Northern Ireland Strategic Migration Partnership (NISMP);
- the Department attends the Belfast City Council Migrant Workers Forum, and is a member of the Steering Group for the Belfast Integration and Partnership Project;
- relationships continue to be developed amongst 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
- the Department (by virtue of its management of the Employment Agency Inspectorate) also has a place on the Department of Justice's Organised Crime Task Force sub-group on Immigration and Human Trafficking.

STRATEGIC REPORT

for the year ended 31 March 2014

English for Speakers of Other Languages (ESOL)

During 2012-2013 the Department piloted the provision of ESOL 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 ESOL provision funded by the Department. These new arrangements have now been evaluated and will remain in place for the foreseeable future.

Community Family Support Programme (CFSP)

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 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 up-scaled programme commenced in November 2013. In 2013-14, 240 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 CFSP providers work closely and in partnership with other stakeholders to ensure families receive the support they need and if appropriate help from specialist organisations.

Measures in place to support people with disabilities and health conditions

Disability Employment Service (DES) 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. DES Programmes for people with disabilities include:

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

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.

STRATEGIC REPORT

for the year ended 31 March 2014

DES also provides funding for **Ulster Supported Employment Limited (USEL)** which is an executive Non-Departmental Public Body (NDPB). USEL 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 FE colleges. As a consequence, the overall level of support available for students with learning difficulties or disabilities in FE rose from £3.5m to £4m per year.

The fund supports students through the provision of technical support including specialised enabling equipment such as brailers, 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 FE 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 - 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 PfG includes the above joint commitment for DEL and DETI.

A baseline analysis of economic inactivity in Northern Ireland has highlighted two inactive groups as the key targets of the strategy: those with a work-limiting long-term illness or disability, and those with family commitments, specifically lone parents. Of the major inactive categories, these groups represent the greatest contributors to workless households, poverty and dependence on out-of-work benefits.

Proposed measures to be taken forward under the final strategy will focus on re-engaging those currently facing barriers to employment, and identifying preventative measures to prevent at-risk individuals from disengaging from work.

A draft Strategic Framework was noted by the NI Executive in 2013 and the subsequent public consultation exercise concluded in April 2014. Following the completion of the public consultation, a final draft strategy is being developed for NI Executive consideration in 2014-15. Implementation of the final 10 year strategy will then commence following NI Executive approval.

STRATEGIC REPORT

for the year ended 31 March 2014

United Youth Programme

In January 2013 the Department assumed lead responsibility from the Office of the First and deputy First Minister (OFMDFM) for the development of the United Youth Programme (UYP). This is a major initiative within the Executive's Good Relations Strategy "Together: Building a United Community". UYP will offer young people structured employment, work experience, volunteer and leisure opportunities along with a dedicated programme designed to foster good relations and a shared future. Programme design is in the early stages.

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 has introduced two new strands to the Steps to Work (StW) programme:

First Start is available to 18-24 year olds in receipt of Jobseekers Allowance (JSA) 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 the private, public or voluntary and community sector organisations. First Start will provide at least 1,700 job opportunities for the target group between November 2012 and March 2015.

First Start

Client: Aidan

Aidan started Homefit Building Supplies as an 8 week Steps to Work client. He made such an impression over such a short period of time that the employer decided to transfer him onto the First Start 26 week placement. Aidan worked extremely hard, his time keeping and punctuality were excellent. He enjoyed working alongside the other members of Homefit staff and began to learn about the joinery side of the business. As the First Start was coming to an end, Homefit decided that as Aidan had done such a great job, they wanted to offer him full time permanent employment. Aidan is now happily working as a full time member of staff and continues to further develop his skills through on-the-job training.

Step Ahead 50+ is available to persons aged 50 years or over and who are in receipt of either: Job Seeker's Allowance (JSA), Income Support (IS), Incapacity Benefit (IB)/Employment Support Allowance (ESA), 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+ will provide at least 1,100 job opportunities for the target group between January 2013 and March 2015.

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

Some key statistics for the StW programme are as follows:

- over 136,000 participants have started the StW programme in the period September 2008 to December 2013 (over a quarter of whom were voluntary participants);
- by March 2013, StW assisted over 38,000 people into work; and

STRATEGIC REPORT

for the year ended 31 March 2014

- by March 2013, 35% of StW leavers had moved to unsubsidised employment (with 29% of leavers sustaining that employment for a minimum of 13 weeks).

Support in place through European Funding

The Department is the designated Managing Authority and Certifying Authority for the Northern Ireland European Social Fund (NIESF). The overall strategic aim of the NIESF 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 £70m has been allocated to date and by March 2014, 66,368 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 2014 43,300 participants were part funded by the NIESF Programme.

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 (IS) on grounds of incapacity.

So far as part of this process DEL 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 2013-14. These commitments together with the performance against the commitments are detailed in the table below.

STRATEGIC REPORT

for the year ended 31 March 2014

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 24,000 working age benefit clients into employment in 2013/14. (PfG commitment)	
B3	To agree and commence implementation of the key actions from the strategy to reduce economic inactivity, in partnership with the Department for Enterprise, Trade and Investment (DETI), through skills, training, incentives and job creation. (PfG commitment)	
B4	To meet targets (Target 1 - 12,600 placements/opportunities across the 3 year programme; Target 2 - 33% of participants to move into employment for at least 12 months) for the Youth Employment Scheme (YES) that links employment outcomes to skills development for economic growth.	
B5	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	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 2,900 unemployed young people and members of 240 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.	
B7	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 the end of the programme.	
B8	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.	
B9	To complete the implementation of 'Preparing for Success', the careers strategy. To agree the terms of reference for the review of the careers strategy by March 2014 (which will be carried out in conjunction with DE), taking into account the findings of the Employment and Learning Committee inquiry into careers education, information, advice and guidance.	
B10	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.	

STRATEGIC REPORT

for the year ended 31 March 2014

Commitments		Status
B11	To contract for the delivery of a replacement programme for Steps to Work.	
B12	To ensure that there are no increases in student fees beyond the rate of inflation for Northern Ireland students studying here. (PfG Commitment)	
B13	Jointly with DE, to introduce changes to the Education Maintenance Allowance scheme for the academic year 2013-14. These changes are to better target the £30 weekly awards to the most disadvantaged families.	

- **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.

STRATEGIC REPORT

for the year ended 31 March 2014

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 PfG 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.

FE 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;
- 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 (ETI)**. Inspection reports identify strengths which colleges can build on and areas where they need to improve. During the year, inspections were carried out in North West Regional College and in Northern Regional College.

As noted on page 15, the achievement rate of learners has increased to 87% (84%), retention rate to 89% (88%) and enrolments in the sector to just under 157,000(153,000).

HE Performance

Quality Assurance Agency for Higher Education (QAA) - the Department continues to be committed to ensuring a high standard of teaching and learning is delivered throughout the HE sector and as part of this work the Department, in tandem with the Higher Education Funding Council for England (HEFCE), requested that the QAA consult with the HE sector on the introduction of a more risk based approach to quality assurance resulting in the implementation of a revised HE Review from September 2013. The revised process will adhere to the UK Quality Code for HE which sets out the expectations all providers of UK HE are required to meet.

Integrated Quality Enhancement Review (IQER) - The QAA continued to manage the Integrated Quality Enhancement Review cycle in the FE Regional Colleges during 2013-14. Summative Review visits were carried out in the last three colleges and QAA has now reviewed and provided judgements on the management and delivery of HE in FE provision in all six regional colleges. QAA will now produce a final report detailing their findings through the IQER process and their recommendations in relation to the future HE in FE quality assurance methodology.

STRATEGIC REPORT

for the year ended 31 March 2014

Employment Agency Inspectorate (EAI)

During the period 1 April 2013 to 31 March 2014, the Department's EAI received 13 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.

As part of a programme to raise the profile of the EAI amongst agency workers, the EAI continued to host a series of Migrant Workers Seminars designed to make migrant workers and their representatives aware of their employment rights, as well as the recourse they can take should these rights be infringed.

Recognising Quality

The **matrix standard** is the unique quality framework for the effective delivery of information, advice and guidance on learning and work and is accredited by the Department of Business Innovation and Skills (BIS). It promotes the delivery of high quality information, advice and guidance by ensuring organisations review, evaluate and develop their service, encourage the take up of professionally recognised qualifications and the continuous professional development of their staff. The Careers Service is the first and largest whole organisation within the UK to achieve matrix accreditation.

Research

DEL 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, works 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 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, 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 (OECD), the UK's Economic and Social Research Council (ESRC) 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

STRATEGIC REPORT

for the year ended 31 March 2014

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

The Department is presently procuring a new employment programme which will replace the current StW programme in 2014. The new programme, known as 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.

The aim of Steps 2 Success is to improve the performance of the Department's employment programmes for unemployed and economically inactive benefit claimants. We will do this by:

- introducing a stronger emphasis on 'payments by results' for Contracted Providers; and
- removing the prescriptive elements of the previous programme, allowing Contracted Providers to 'do what works' for individual clients to help them find and sustain employment.

Improving the quality of apprenticeships

Review of Apprenticeships

In February 2013, a review of apprenticeships was commissioned to ensure that future apprenticeship provision:

- is at the right level and content to meet the needs of businesses, for a highly skilled workforce;
- provides opportunities for young people to progress to the very top, in their chosen career path; and
- delivers a sufficient supply of apprentices, especially in the key sectors for the economy.

The review's 32 proposals, outlined in an interim report and consultation and published in January 2014, set the blueprint for Northern Ireland's future apprenticeship programme:

- a model which is driven by a partnership of the key stakeholders;
- puts employers at its very heart;
- matches better supply with demand;
- affords opportunities in a much wider range of occupations; and
- offers a flexible progression pathway across vocational and professional education and training.

Following the consultation, which ended on 7 April 2014, the review has entered its policy formulation and implementation phase, thereafter culminating in the introduction of a revised model to replace the existing arrangements with the aim of supporting the development of a modern, knowledge based economy; playing a huge role in transforming our economic fortunes.

The interim report can be viewed at <http://www.delni.gov.uk/interim-report-review-of-apprenticeships.pdf>

STRATEGIC REPORT

for the year ended 31 March 2014

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 2013-14. These commitments together with the performance against the commitments are detailed in the table below.

Commitments	Status
C1 To apply a rigorous continuous quality improvement framework across all our providers including publication of the fifth DEL Quality and Performance Assessment Report by March 2014.	
C2 To continue to modernise the Employment Service, through the refinement and implementation of the Employment Service Strategy, 'Working for Success' and the development of a parallel Quality Improvement Plan for the Service.	
C3 To progress 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 progress, with the University of Ulster, the introduction of a suitable accredited module which will provide pedagogical skills to hourly paid part-time lecturers in line with their full-time and associate counterparts.	
C5 Help the higher education sector to improve the quality of the teaching and learning environment by providing £16m of capital investment.	
C6 Help the further education sector achieve a more sustainable, coherent and modern estate by providing £7m of capital investment.	
C7 To secure ministerial approval to implement a third round of the Connected programme commencing in financial year 2014-15 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.	

- **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.

STRATEGIC REPORT

for the year ended 31 March 2014

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 2012-15, which identifies the areas where further research will be required.

Research which will be undertaken/concluded in the period 2014-15 includes:

- research into the area of labour mobility within Northern Ireland;
- consideration of how HE student flows across the UK and RoI are changing particularly in the advent of different HE fee charges across UK countries;
- further analysis of the International Survey of Adult Skills to include a sub regional analysis; and
- exploitation of the extensive UK Employer Skills Survey to ensure its impact is maximised in Northern Ireland.

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 DEL 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 will set out options for a more shared and integrated system for the delivery and funding of teacher education. It is expected that this will be completed during 2014-15.

STRATEGIC REPORT

for the year ended 31 March 2014

Employment Relations

The Department maintains and develops employment rights and relations in Northern Ireland which, during 2013-14, has included the following:

- the Department launched a review of employment law in Northern Ireland, with the publication of a consultation document in July 2013. The purpose of the review is to establish an employment law system that works in the interests of business and, at the same time, protects the employment rights of employees, with opportunities for redress.
- the discussion paper sought comments from stakeholders on proposals under three key themes:
 - early resolution of workplace disputes;
 - efficient and effective tribunals; and
 - better regulation.
- the Department is currently assessing the responses received to the consultation and anticipates publishing a formal response before the 2014 summer recess.
- the review also included a pilot review of employment regulations, with detailed scrutiny of the effectiveness of the legislation governing Working Time and the conduct of employment agencies. This pilot will also establish a methodology for a full review of all employment regulations, to be completed by spring 2015.

Working Parents' Rights

During the year, the Department consulted on whether it would be appropriate to introduce in Northern Ireland measures that are being taken forward in Great Britain that would give working parents the right to share leave and pay entitlement following the birth or adoption of a child. The consultation also sought views on whether the existing right to request flexible working should be extended to all employees. Recommendations arising from the consultation will be taken forward during 2014-15.

Management Development

The Department offers a range of development support to SME businesses in Northern Ireland, notably through the Management and Leadership Development Programme (MLDP) and the Management Analysis and Planning Programme (MAP).

STRATEGIC REPORT

for the year ended 31 March 2014

Management and Leadership Development (MLDP)

MLDP 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 2013 more than 1,600 individual managers have been trained through the programme.

The latest addition to MLDP 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 is aimed exclusively at employees from the Food and Drinks Manufacturing sector, and includes two days' study at Cranfield School of Management; whilst the second will have an ICT-sector focus and incorporates 4 days' study at the European Business School, Frankfurt, and visits to a number of German industry leaders in the field of ICT.

Since 1 April 2013, the Department has offered 100% funding of training costs across its suite of leadership and management programmes (MAP, MLDP and INTRO) to eligible participants.

STRATEGIC REPORT

for the year ended 31 March 2014

Tyrone company manufactures management success with MAP Programme

Anaconda International Limited has developed its management skills through DEL's Management Analysis and Planning (MAP) Programme.

The MAP Programme uses the services of a professional consultant to help organisations better understand what they are doing well and to identify areas for improving the effectiveness of its current management and leadership practices. Participating companies receive a tailored training and development plan specific to their needs. MAP is one of the suite of management and leadership training courses which are currently 100% funded by DEL and is available to SME's and Social Enterprises.

Managers have also undertaken further training through the Department's Management and Leadership Development Programme (MLDP).

Con Gallagher of Anaconda International Equipment said: "The training I received was varied, covering a personality analysis, skills and development, performance management, effective communication and effective management. As a result of this, I now feel there is a better focus on the management of the company. I believe training within an organisation benefits the whole team, not just those being trained.

Training is not only essential, but can be motivating to those taking part. We are already planning training for the next tier of management and I would recommend these training courses to others."

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 2013-14. These commitments together with the performance against the commitments are detailed in the table below.

STRATEGIC REPORT

for the year ended 31 March 2014

Commitments		Status
D1	To implement the DEL 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, so that policy decisions and programmes are informed by a robust evidence base.	
D2	To conduct a fundamental review of the rules governing the operation of employment tribunals.	
D3	To identify support mechanisms that address the challenges faced by SMEs in relation to employment law based on commissioned research.	
D4	To conduct a pilot to establish an agreed methodology for reviewing all NI employment regulations that is based on Better Regulation principles.	
D5	To consult on a wide range of policy proposals under the Northern Ireland review of employment law.	
D6	To undertake Stage 2 of the study of initial teacher education infrastructure in Northern Ireland.	
D7	To develop a system to track the progress of young people within the labour market to include the Unique Learner Number.	

- **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.

STRATEGIC REPORT

for the year ended 31 March 2014

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 also convened, and chairs, an ICT Working Group and an Advanced Manufacturing and Engineering Services Working Group. Both of 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 Careers Service

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

- 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;
- 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.

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 JBOs and JobCentres. The vacancy advertising service is free of charge and is used regularly by employers across Northern Ireland.

STRATEGIC REPORT

for the year ended 31 March 2014

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. During 2012-13, 48% of all the job vacancies attracted by the Department were notified through this medium; by the year ended March 2014 this figure had risen to over 50%.

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 DEL 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 JBO/JobCentres. A validation service is available to ensure clients meet social clause criteria. They also discuss DEL programmes and services with employers and assist with recruitment requirements while encouraging the employer to recruit from the unemployment register.

STRATEGIC REPORT

for the year ended 31 March 2014

Social Clauses

DFP has a PfG Commitment to:

'Include Social Clauses in public procurement contracts for supplies, services and construction'

In DEL the Employer Engagement Branch Social Clause Team contributes to the achievement of this commitment by directing contractors to the DEL 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 JBO/JC. 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 49 people who have received full time employment following DEL intervention.

The Department is currently working with 152 social clause contracts across Northern Ireland, 90 of these are construction contracts and 62 are supplies and services contracts. The total number of work placement weeks requirements which have been stipulated in contracts is 9,083 (6,105 construction and 2,978 supplies and services).

The unit is currently working with; eight Government Departments, nine councils, four Health Trusts, three Library Boards, PSNI, NI Water, NIHE, Northern Ireland Tourist Board, AFBI (Agri-Food and Biosciences Institute), SIB – (Strategic Investment Board), GOLI (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 chairs the Barroso Taskforce Working Group (BTWG) Sub Group for Competitiveness & Employment, as well as participating actively in the Working Groups for Innovation and Technology and for Social Cohesion.

DEL has made a significant contribution to the Competitiveness and Employment 2013-14 European Priorities and Implementation Plan with targets being achieved.

41

Our universities have played a key role in drawing down funding through their participation in the Framework Programme 7 (FP7). To support greater university participation in FP7's successor, Horizon 2020, the Department has put in place a funding package which will enhance the universities' EU infrastructure and increase its funding capabilities.

STRATEGIC REPORT

for the year ended 31 March 2014

The Department continues to work closely with the Managing Authority and the National Agency on the new Erasmus+ funding programme which replaces the Lifelong Learning programme and will run from 2014 to 2020.

European Research Agenda

Having successfully secured a drawdown of over €80 million from the European Commission's Seventh Framework Programme for Research and Technological Development (FP7), Northern Ireland has now 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 around €79 billion and is running from 2014 to 2020.

Queen's University and the University of Ulster have been responsible for over 70% of the total Northern Ireland drawdown under FP7, and will clearly play a critical role in achieving the challenging targets which the Executive will set for Horizon 2020.

Ministers encourage local businesses and academics to tap into Horizon 2020

In December 2013, Minister Farry and Enterprise Minister, Arlene Foster, came together to urge local businesses and academics to stake their claim in Horizon 2020, the new €79 billion research and development programme launched by the European Commission.

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.

A new Horizon 2020 NI Contact Point (NICP) network has been set up with funding from DEL, DETI and DARD to ensure that NI companies and researchers can be successful in winning over €100 million from the competitive fund.

The NICP network, which is funded largely by the joint DEL/ DETI Higher Education EU Support Fund, includes nine expert advisors based in Queen's University, the University of Ulster, Invest NI and the Agri-Food & Biosciences Institute. 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 energy, advanced materials and transport technologies, information and communication technologies and connected health.

STRATEGIC REPORT

for the year ended 31 March 2014

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.

Thirteen of the fifteen approved projects are supported directly by the Department, representing an overall commitment by the Department of almost £4 million.

Ministers announce new North/South Research Agreement

Minister Stephen Farry and the Irish Innovation Minister, Minister Richard Bruton TD, signed a ground-breaking Collaboration Agreement in January 2014, allowing NI universities to participate as full academic partners in Science Foundation Ireland's (SFI's) prestigious "Investigators Programme".

Minister Farry announced that DEL is making available funding of up to £8.4million over the next six years to enable Queen's and the University of Ulster to participate in the next two annual calls, the first of which was published by SFI in February 2014.

The new "SFI/DEL Investigators Programme Partnership" is supporting collaborative projects involving universities from both jurisdictions to undertake internationally peer reviewed, leading edge, discovery and fundamental research.

This programme will also provide a real opportunity to develop new cross-border research collaborations which will help our 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.

STRATEGIC REPORT

for the year ended 31 March 2014

Collaboration between three NI FE 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.

Representatives from the Centre Professionnel du Nord Vaudois (CPNV) in Switzerland had previously come to Northern Ireland on a fact-finding trip to learn more about vocational education and training offered to apprentices in local companies.

These visits included meetings with Minister Farry, representatives from the Department, Bombardier and three colleges (North West Regional College, Southern Regional College and Belfast Metropolitan College). An initial six month employer- based placement programme was agreed for Swiss students, with reciprocal placements for students from Northern Ireland currently being arranged.

An event was held in Adelaide House on 14 March 2014 to mark the fruition of this successful international collaboration.

The funding for these placements was provided under the EU Lifelong Learning Leonardo Mobility Programme, which was replaced on 1 January 2014 by the Erasmus+ programme. Northern Ireland has a particularly impressive track record in these mobility programmes, which is testament to our appetite for cementing strong and productive partnerships across Europe and beyond.

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 HE 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 (UKCPIE)** – 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** – which is a newly established one year study programme in China;
- **UK-India Education and Research initiative (UKIERI)** 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.

STRATEGIC REPORT

for the year ended 31 March 2014

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 2013-14. These commitments together with the performance against the commitments are detailed in the table below.

STRATEGIC REPORT

for the year ended 31 March 2014

Commitments		Status
E1	To develop a programme of collaborative work on a North-South basis.	Green
E2	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.	Amber
E3	To continue to participate in cross-departmental strategy and policy development groups working towards better joined-up working across Government.	Green
E4	To work with the further education colleges to develop and implement the provision of shared services across the sector.	Green
E5	To support the Department of Justice/Northern Ireland Prison Service in the delivery of its reformed learning and skills curriculum in prison establishments, contributing to the reduction of the risk of re-offending.	Green
E6	To enhance our engagement with the European Union (EU) and play a full role in the activities of the Barroso task force seeking to influence policy development at EU level in order to maximise the funding opportunities that present under European programmes. The Department will continue to be represented on three of the four Barroso Thematic Groups, i.e. Competitiveness and Employment, Innovation and Technology, and Social Cohesion and will chair the Competitiveness and Employment group.	Green
E7	To continue to work with Department of Education, Department of Enterprise Trade and Investment, Department of Health Social Services Public Safety, the Department of Culture, Arts and Leisure and the Department of Agriculture and Rural Development to implement the STEM Strategy, 'Success through STEM'.	Green
E8	To review our structures for engagement with the disability sector.	Green
E9	To implement the mainstream Learner Access and Engagement Programme which allows further education colleges to contract with third party organisations for the provision of learner support for the hard-to-reach; and to pilot a similar programme for young people as part of the Department's contribution to the NEETs strategy.	Green
E10	To continue to work with key stakeholder groups to provide ongoing advice on the review of the Northern Ireland employment law framework.	Green
E11	To establish and lead the work of Stakeholder Advisory Group to implement the strategy for young people who are NEET. To develop a system to track the progress of young people in the labour market.	Green

- **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.

STRATEGIC REPORT

for the year ended 31 March 2014

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' (MPMNI) 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 PfG 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 SMT, 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 2013-14 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.

STRATEGIC REPORT

for the year ended 31 March 2014

The Audit Committee:

- was chaired throughout the year by Professor Russel Griggs OBE, a non-executive Director of the Department;
- has membership comprising the two non-executive Directors and a Deputy Secretary with audit experience 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 five formal meetings throughout 2013-14;
- 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 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 (IAS). The annual audit programme which is prepared by IAS 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 NIAO. 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 Procurement Sub-committee formed during the year. It:

- held two formal meetings in 2013-14; the first in January and another one in March. Going forward it will meet on a quarterly basis;
- is chaired by Heather Cousins (Deputy Secretary (Resources));
- includes as members the directors within DEL and the finance directors of NDPBs; and
- aims to ensure that the Department and its NDPBs 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.

STRATEGIC REPORT

for the year ended 31 March 2014

Contract Management

In 2013-14, Finance Division conducted a review of the contract management arrangements in place for large scale training and employment programmes. A Project Board including the Deputy Secretary (Policy) and Directors of the Employment Service, Skills and Industry Division and Finance Division was formed to oversee the project.

The final text of the Review was approved by the DEL Board in January 2014 and is intended to act as a guide to staff involved in the awarding and management of contracts. It makes 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.

The Review recommended that DEL should agree a corporate Contract Management Strategy and Work Programme, along the lines of the DEL ICT Strategy and Work Programme 2011 - 2014. This will govern the change programme implied by the review, as well as oversight of key contract performance information and commissioning of new contracts.

The forthcoming Steps 2 Success contract provides a timely opportunity to pilot this approach.

Management of Arms Length Bodies

The Department provides funding to a number of Arm's Length Bodies (ALBs). In order to ensure appropriate governance arrangements are in place, dedicated sponsor branches monitor and provide guidance to the ALBs. The Department has written agreements in place with its ALBs which set out the respective roles and responsibilities of both parties. The Department receives annual assurance statements from each of its ALBs to confirm that the appropriate systems and controls are in place and are operating effectively within each organisation. The Accounting Officer has instituted a programme of annual accountability meetings with the respective Accounting Officers of all of the Department's NDPBs 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 to support the delivery of accredited employment rights/relations training. 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 (LRA) 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.

STRATEGIC REPORT

for the year ended 31 March 2014

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 2013-14. These commitments together with the performance against the commitments are detailed in the table below.

Commitments		Status
F1	To consider the relevance of NDPB status for Further Education colleges and colleges of education.	
F2	To implement a savings plan which will generate reductions in expenditure of some £109.3m to provide for investment in priority services and ensure we live within our budget.	
F3	To ensure that our Provisional Outturn (Capital and Resource) is at least 99% of the Final Budget.	
F4	To produce the annual Resource Accounts on time and to professional standards.	
F5	To continue to ensure compliance with Equality and Human Rights responsibilities.	
F6	To develop and implement by August 2013 a new formula funding model for the Higher Education Innovation Fund (HEIF) to be administered as part of the universities' annual core funding allocation.	

- **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.

STRATEGIC REPORT

for the year ended 31 March 2014

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 2014 the Department had 2,209 permanent staff members. 1,494 (68%) were female and 715 (32%) male. The split for Senior Civil Servants was six (55%) female and five (45%) male. The Department also has two male Independent Board Members who are also members of the Audit Committee.

People Strategy

The DEL People Strategy (2010–2014) was developed and introduced in April 2010 following a process of engagement between HR, management and staff. The Strategy, which was endorsed by the Departmental Board, presents a People Vision for the Department and a number of key themes and associated action plans, spanning a four year period.

The final year of delivery of the Strategy ended on 31 March 2014 with a number of significant achievements:

- The Department has maintained the liP standard and progressed action points from Assessor feedback;
- The Reward and Recognition Policy was revised and implemented in October 2013;
- The Department's Work Experience Placement Programme, which launched in 2012-13, has continued to expand and 29 Steps to Work placements were identified against a target of 30 for the 13-14 year;
- Following consultation, the Department published revised Workforce Planning procedures on 21 August 2013;
- A review of the Department's Career Development process was completed and recommendations implemented;
- A pilot of accredited training for front line Employment Service Providers commenced during March 2014 as part of the Employment Service Transformation Agenda;
- The internal Mentoring Programme continued to receive positive feedback and a new programme commenced in December 2013 involving 40 staff with over half the mentors working towards ILM accreditation;
- The Department has actively promoted the NICS Well Programme with initiatives and events organised throughout the year across the Department; and
- The Managing Attendance Action plan was implemented and an early intervention and case management approach adopted to enhance the partnership approach between HR and line managers.

HR has recently held a series of workshops to consult with key stakeholders to inform the development of a new People Strategy, which will span a three year period. This will be shared with all staff in late April 2014 and will set out key objectives for implementation in 2014-15.

STRATEGIC REPORT

for the year ended 31 March 2014

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 improve the processes which underpin absence management.

In January 2011, corporate sickness absence targets were agreed up to March 2015. The Department then agreed Divisional targets for 2011-12, 2012-13 and 2013-14. In order to contribute to the overall Northern Ireland Civil Service (NICS) target of 8.5 days, the Department must 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 requires both a robust application of the absence management policies and support for staff in maintaining and improving their health and wellbeing.

Progress against the penultimate trajectory point (8.4 days by March 2014) has remained difficult despite significant inroads being made and the robust application of sickness inefficiency processes by both management and HR. The projected out-turn for the 2013-14 year is 10.3 days which is an improvement of 10.4% on the 2012-13 absence level of 11.5 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 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 three key learning and development priorities for the year; these were Leadership and Management, Information Security and Assurance and other statutory regulations such as Health and Safety and Equality. There has been a great deal of training activity in these areas to equip staff with the knowledge and skills to progress the department's aims. Short focus sessions were delivered to managers during the year on the subjects of financial management, personal branding and handling difficult conversations. These sessions offer targeted practical advice during sessions lasting 1-2 hours. Feedback has been extremely positive and this format continues to be well received by busy managers. Work also commenced to develop a leadership programme tailored to the needs of the Employment Service.

The investment in learning and development in 2013-2014 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

STRATEGIC REPORT

for the year ended 31 March 2014

in DEL is typically in the region of £1.3m taking all financial, time and salary spend into account. DEL's investment per employee is £592, demonstrating the level of commitment that the Department gives to developing staff.

During the year the Regional Learning and Development (RLD) team delivered a diverse range of training courses to staff. Larger scale projects delivered were: Fire Safety Awareness training to all staff across the Department, Vacancy Management training as part of the Employer Engagement review, training for Job Club leaders for the new Job Clubs initiative and New Customer Journey and Work Readiness Assessment Tool training for staff in JBOs, in preparation for the introduction of Universal Credit.

In addition to these initiatives, RLD also delivered a wide range of business specific training courses to the Department's staff working in the JBO network which included: Core Interviewing Skills for Employment Service Officers and Employment Service Advisors, Work Focused Interviewing, Steps to Work and Managing Difficult Situations. The team also continued development work on bespoke e-learning packages for JBO frontline staff.

Promoting our People

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

Investors in People (IiP) in DEL

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

DEL's Investors in People (IiP) Specialist visited the department in April 2013 to assess DEL against the IiP Framework and confirmed that the Department continues to meet its requirements. At the Department's request the assessor particularly concentrated on feedback around leadership and management in line with the learning and development priorities.

The Assessor's report was extremely positive highlighting aspects of DEL such as its well-defined strategy, effective communications and use of valuable learning and development interventions that directly link to the achievement of Departmental aims.

As well as highlighting the Department's strengths, the assessor identified some areas for development that were taken forward as part of the People Strategy.

STRATEGIC REPORT

for the year ended 31 March 2014

Celebrating Success

The Celebrating Success event is an annual event for staff in the DEL calendar. The most recent Celebrating Success event took place on 18 March 2014 at Belfast Metropolitan College in Belfast. It is an event which acknowledges and celebrates the efforts that staff have put into achieving qualifications and taking part in unique development opportunities including volunteering.

DEL's aim to improve skills in the NI workforce mirrors a strong commitment to the learning and development of its own staff. By applying this learning to their work, staff contribute to the Department's success.

In March 2014 around 80 staff who had gained accredited qualifications over the previous year in work related areas were congratulated at Celebrating Success. The short formal programme included an address by the Permanent Secretary and personal inputs from other staff involved in volunteering. Members of the senior management team congratulated achievers of awards including leadership and management accredited programmes, professional HR and Accounting qualifications, ICT Essential Skills and health and safety awards among others. The success of the innovative Community Family Support Programme was highlighted as an organisational achievement.

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.

'Skills to Succeed' new strategic campaign approach launched

As a result of the 2013-14 Communications Strategy "Communicating Success", the Department adopted a more strategic approach to support the delivery of its aims, objectives and targets with a new overarching brand being developed for all future 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. The Youth Employment Scheme advertising strand started in February with Widening Participation in Higher Education - "Reach Higher" in March. In the next financial year ApprenticeshipsNI/ Training for Success, Essential Skills, Foundation Degrees and BringITOn campaigns will also start to use the new "Skills to Succeed" creative approach. 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 has been introduced. This aims to direct everyone to www.nidirect.gov.uk/skills or to 0300 200 7876 for further information rather than having separate numbers, for separate campaigns. During the first three months of the new campaign approach there have been over 40,000 views of the 'Skills to Succeed' landing page.

STRATEGIC REPORT

for the year ended 31 March 2014

During the year the management of events was brought 'in-house' to use internal expertise resulting in savings for the Department. The Event Management team has been involved in a total of 30 individual events throughout the year including:

- Apprentice of the Year awards 2013. Belfast, May 2013;
- Vocational Training award ceremony 2013. Great Hall, Parliament Buildings, June 2013;
- WorldSkills reception. Long Gallery, Parliament Buildings, September 2013;
- Deloitte Analytics Training Academy award celebration. Long Gallery, Parliament Buildings, November 2013;
- Newry Jobs Fair. Canal Court Hotel, Newry, November 2013;
- Belfast Jobs Fair. Europa Hotel, Belfast, November 2013;
- Software Testers Academy Graduation. Long Gallery, Parliament Buildings, January 2014;
- liP accreditation event. Belfast Castle, March 2014;
- Economic Inactivity Consultation events. Millennium Forum, Derry, Glenavon House Hotel, Cookstown and BMC e3 Campus, March 2014; and
- Celebrating Success 2013. BMC, TQ Campus, March 2014.

Our nirect themes, 'Employment' and 'Education, Learning and Skills', are reviewed on a regular basis and achieve over 240,000 and 75,000 visits per month respectively. The Departmental intranet, 'DELPHI', continued to be developed and updated as a useful resource for staff and regular liaison with nibusinessinfo ensured that employer information was kept up to date to ensure this target audience are aware of the services DEL offers.

The use of social media such as Facebook, Twitter, LinkedIn and Flickr increased this year with good use being made of partner organisations and stakeholders to widen our reach. We increased social media usage by 49% maximising the use of nirect, nibusinessinfo and niexecutive social media accounts to promote and support campaigns and news items, with an average of 40 posts per month across these channels.

ICT Case Study - Significant upgrade to the Department's Communications Infrastructure

A significant information and communications technology (ICT) project was completed during the 2013-14 year to upgrade network links between some of the Department's locations across its estate.

The upgrade project, undertaken in conjunction with IT Assist, the NICS Shared Service IT provider, saw all offices with the lowest-capacity links given a five-fold increase in capacity. This represents a significant upgrade to the Department's communications infrastructure that provides a platform capable of supporting an enhanced and modern service across the Department.

For example, the new Internet Protocol (IP) Telephony system is an innovative solution which provides additional options for unified communications such as desktop videoconferencing, instant messaging and other integrated services. The upgraded links also support a Public Internet Access service that is being rolled out to a number of Careers Service locations, allowing DEL clients, who do not have access to the internet, to conduct job searches and research careers information.

STRATEGIC REPORT

for the year ended 31 March 2014

Business Improvement

The Business Improvement Programme continued to be developed as the key framework for monitoring all DEL improvement projects. The Programme is sufficiently flexible to respond to the fluid economic and political environment.

During 2013-14 the Business Improvement Steering Group oversaw the implementation of a number of projects in the DEL 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 included senior management and grading assignments, as well as significant progress on the various strands of the Integrated Customer Focus project.

The Programme contributes to identifying savings in staffing and accommodation costs of £5m annually by 2014-15.

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 CRC 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 entire UK economy's emissions. The Scheme, which was introduced in April 2010, will help the Executive meet its PfG 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 second annual report for the 2012-13 year and purchased and surrendered allowances to meet its obligations under the terms of the CRC scheme. The Department is actively engaged in the next stage of the process, making preparations for the purchasing of CRC allowances in June 2014 and the submission of the fourth annual report by the end of July.

STRATEGIC REPORT

for the year ended 31 March 2014

Accommodation – DEL Estate

During the year the Facilities Management Team (FMT) has been heavily involved in the Estates Modernisation Project (EMP) and the proposed delivery of Universal Credit (UC).

The EMP seeks to modernise office infrastructure within North Belfast, Downpatrick and Strabane by establishing new Jobs and Benefits Offices (JBO) 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, plans are now at an advanced stage to commence work in the final quarter of this year. A new Jobs and Benefits Office will also be established in Downpatrick on the current jobcentre site while a new location is being sought for a new JBO in North Belfast. Considerable input has been provided and continues to be provided to the various UC Project teams to ensure the DEL public facing accommodation aspect meets the relevant UC business needs.

The refurbishment of Ballymena Careers Resource Unit was completed on 27 March 2014. The refurbished premises will greatly enhance the delivery of the Careers Service with new decor and an improved public office layout improving the customer journey for all of our clients both new and existing.

In addition FMT has also completed a number of minor works projects throughout various offices in the JBO network to facilitate the improved delivery of the customer journey process. These works included the creation of additional interview points and upgrade work on several sites to the Queue Management Systems.

FMT continues to consult and liaise with DSD Accommodation Services on our on-going needs within the JBO network and when required will take the lead with DFP Properties Division on any proposed works.

FMT is also taking forward the plan to refurbish Adelaide House and transform it into a modern open plan environment which will be able to accommodate the DEL headquarters staff currently based in the building, as well as those from Gloucester House and Waterfront Plaza. Work will begin in September 2014, and complete in September 2016. Approximately 100 staff, including the Minister and Permanent Secretary, will decant to Clarence Court in May 2014 for the duration of the project.

Additional moves will also be implemented to rebalance the work of the Department during the refurbishment. These will affect Finance Division, Skills and Industry Division and Strategy, European Employment Relations Division and will take place in June 2014.

STRATEGIC REPORT

for the year ended 31 March 2014

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 2013-14. These commitments together with the performance against the commitments are detailed in the table below.

Commitments		Status
G1	To maintain our focus on performance improvement by implementing the recommendations of our comprehensive learning needs analysis to enhance leadership and management skills across the Department.	Green
G2	To continue to implement our people strategy and maintain our Investors in People (IiP) accreditation.	Green
G3	To reduce the days lost per member of staff through sickness to 8.4 days by March 2014 through robust application of absence management policies and to support staff to maintain and improve their health and wellbeing.	Red

- **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.

STRATEGIC REPORT

for the year ended 31 March 2014

3. HOW WE ARE MANAGED

Programme for Government (PfG)

Following agreement by the Executive, and subsequent endorsement by the Assembly, of the PfG 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

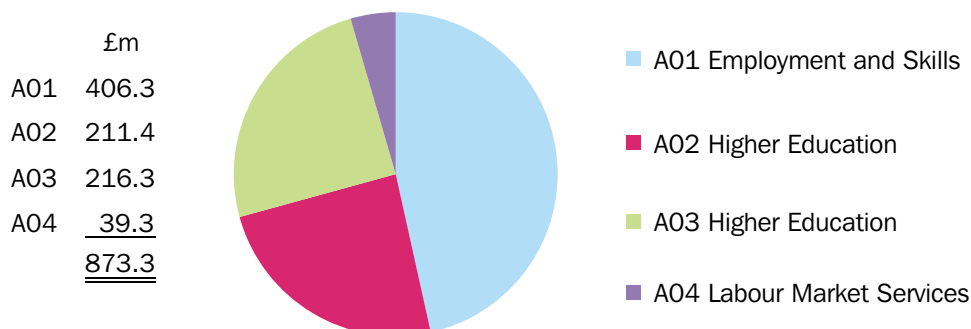
DEL Resource Budget is allocated in Units of Service (UoS) across the Department. These are:

UoS	Title	Divisions
A01	Employment and Skills	Employment Service
		Skills and Industry
		Further Education
A02	Higher Education	Higher Education
A03	Student Support	Higher Education
A04	Labour Market Services	Human Resources and Corporate Services
		Strategy, European and Employment Rights
		Finance

STRATEGIC REPORT

for the year ended 31 March 2014

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 2013-14 are as follows:



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 2013-14 high level Savings Delivery Plan (SDP) is detailed below:

Description	2013-14
	£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	34.0
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	30.2
B/9 Adjustments to HE funding/ Notional Loans Subsidy	7.0
B10 Staffing and accommodation efficiencies	3.1
Total Departmental reductions	109.3

STRATEGIC REPORT

for the year ended 31 March 2014

The Executive requires bi-annual monitoring of the SDPs in order to provide assurance and enable the scrutiny of SDPs 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 SDP:

- **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;

The Department has reported **Green** on all targets in 2013-14.

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 DEL as a result of the implementation of the 2011-2014 DEL Health & Safety (H&S) Strategy. The aim of the strategy was to drive health and safety management into the organisation and culture of the department. A wide range of processes have been established, developed and incorporated within the Department during the lifetime of this strategy. As the basis of the strategy remains valid it will be extended for a further two years with supporting action plans being developed.

The key challenge for the next two years is to use the risk management process to add value to the Estates Modernisation and Universal Credit projects as they will change the workplace significantly, affecting all three headquarter buildings and offices in the JobCentre and Jobs and Benefits network requiring the input of trained risk assessors.

Embedding a health and safety culture within the Department is a journey and an encouraging start has been made. 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 2014-15.

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;

STRATEGIC REPORT

for the year ended 31 March 2014

- 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 2013-14, the Department retained certification to the ISO 27001 standard by successfully completing the triennial recertification assessment. This was conducted by an external auditor from the British Standards Institute on 16 and 17 September 2013.

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 (ICO) guidelines.

In the year ended 31 March 2014, there were ten incidents involving personal data:

Number of incidents where personal data was lost	1
Number of incidents where the processing of personal data did not comply with Data Protection requirements	9

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 2013-14, two incidents were reported to the ICO.

ICT Strategy

During 2013-14, the Department successfully implemented year three of its ICT Strategy and associated work programme 1 April 2011–31 March 2014.

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 PfG and ensure that the optimum information systems and communication technologies are in place to help meet those objectives.

During 2013-14, work on two very significant projects was completed:

- the procurement of a new support and maintenance contract for the Department's Line of Business Applications (LOBA); and
- the migration of staff in JobCentres and JBOs to a new IP Telephony service ahead of the closure of the previous NICS telephony service, DIAL.

STRATEGIC REPORT

for the year ended 31 March 2014

During 2013-14, the project to migrate the hosting of the Line of Business Applications to ITAssist was also initiated. It is anticipated that it will be completed in 2014-2015. A series of stakeholder engagements have been completed to inform the ICT Strategy for the next 3 years.

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 DEL 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, 88.8% of customers who had an appointment were seen within 10 minutes of their appointment time, while 89.0% of customers who did not have an appointment were seen within 15 minutes of arrival. The Department acknowledged 98.9% of correspondence within 2 days, answered 99.4% of correspondence within 10 days, and answered 77.5% of telephone calls within 20 seconds.

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 LRA 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.

STRATEGIC REPORT

for the year ended 31 March 2014

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

During the year, the Executive was apprised of agreement between DEL and the Department of Justice to postpone the transfer of OITFET 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 DEL to complete the current review of employment law.

STRATEGIC REPORT

for the year ended 31 March 2014

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 seven years in conjunction with the NI Cares Programme run by Business in the Community of which the Department is a platinum member. During 2013-2014, three teams undertook volunteering Team Challenges and 31 members of staff volunteered at the 'Silver Surfers' event that aims to introduce older people to the Internet. 17 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 produced a Green Policy Action Plan in November 2012 which continues to help drive forward green and sustainability issues across the DEL Estate.

Current initiatives include:

- continued participation in the Carbon Reduction Commitment (CRC) scheme to reduce greenhouse gas emissions by 25% by 2025 - the Department is on schedule to meet 2013-14 reporting requirements and purchase CRC allowances in June 2014;
- 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 DEL HQ into a modern open plan environment (reducing energy consumption across 3 sites) due to commence September 2014; and
- efficiencies achieved through the application of the principles of sustainable development.

STRATEGIC REPORT

for the year ended 31 March 2014

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 FE Colleges, HE 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 DEL 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 HE 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)'.

STRATEGIC REPORT

for the year ended 31 March 2014

5. MANAGEMENT COMMENTARY

The primary statements and related notes on page 104 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 spend to the Assembly. It records the net outturn compared with the Estimate in accordance with the Supply Estimates Manual.

							2013-14	2012-13
							£'000	£'000
Estimate				Outturn			Outturn	
Request for Resources	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Saving/ (excess)	
A	924,451	(59,686)	864,765	909,092	(56,263)	852,829	11,936	957,945
Total resources	924,451	(59,686)	864,765	909,092	(56,263)	852,829	11,936	957,945
Non-operating cost								
Accruing Resources		(68,974)	(68,974)		(68,974)	(68,974)	-	(60,800)

Net Resource Outturn

SOAS2 (previously Note 2) 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 2013-14 was £853m compared to £958m for 2012-13, and an allocation of £865m in the December Supplementary Estimates (SSEs). The saving of £11.9m or 1.38% is explained further below by budget category.

Variance between DEL Resource Outturn and Estimate (SOAS2)

DEL Resource outturn was £703.1m against an Estimate of £705.2m resulting in a saving of £2.1m (0.3%):

STRATEGIC REPORT

for the year ended 31 March 2014

	Voted resource outturn to estimate			
	Outturn £'000	Estimate £'000	Variance £'000	Variance adjusted for virement £'000
Employment and Skills	205,191	207,330	2,139	929
Higher Education	223,312	223,778	466	469
Student Support	233,278	231,827	(1,451)	-
Labour Market Services	32,168	33,029	861	617
ESF Payments – Public and Private Sector	9,107	9,238	131	131
Total	703,056	705,202	2,146	2,146

Employment and Skills

Employment and Skills recorded outturn that was £2.1m lower than the Estimate (before virement) for a variety of reasons, including:

- Education and Library Boards requirement was £0.6m lower than anticipated;
- Further Education experienced reduced requirement in Curriculum and Staff Development and E-learning strategy (£0.3m);
- Participation was lower than forecast for programmes delivered by Disability Employment Service (£0.3m);
- Expenditure for Pathways was £0.3m less than forecast due to a reduction in Return to Work Credit weekly payments, and lower than anticipated demand on Work Connect; and
- Easements across a range of programmes totalled £0.6m.

Student Support

Student Support experienced outturn £1.5m greater than the Estimate (before virement) for a variety of reasons, including:

- Increased demand in respect of Maintenance grants and bursaries (£1m), Student Loans Company running costs (£0.4m), non-cash Notional Loan Subsidy (£0.3m), and Postgraduate Awards (£0.3m); and
- Reduced funding requirement from Education and Library Boards (£0.2m); and Education and Maintenance Allowances (£0.3m).

The overall net pressure has been addressed through virement.

STRATEGIC REPORT

for the year ended 31 March 2014

Variance between AME Resource Outturn and Estimate

Student Support experienced a total easement of £3m due to:

- Notional Loan Subsidy (new budgeting treatment) being lower than anticipated (£1.4m);
- Impairment and interest calculations being lower than forecast calculations (£0.6m); and
- Loss on disposal of mortgage style loans £1m less than anticipated.

An easement of £5.4m arose as a result of the potential to create certain provisions.

Variance between Non Budget Outturn and Estimate

Notional charges were £0.7m below the Estimate due to actual costs being lower than forecast. All other variances were less than £0.5m.

Year on Year DEL Resource Outturn

The net DEL resource outturn for 2013-14 was £703.1m compared to £822.2m last year and can be analysed as follows:

	2013-14 £'000	2012-13 £'000	Variance £'000	Variance %
Employment and Skills	205,191	196,523	8,668	4.4
Higher Education	223,312	216,248	7,064	3.3
Student Support	233,278	381,469	(148,191)	(38.8)
Labour Market Services	32,168	20,983	11,185	53.3
ESF Payments – Public and Private Sector	9,107	6,943	2,164	31.2
Total Departmental Expenditure Limit	703,056	822,166	(119,110)	(14.5)

Employment and Skills

In Employment and Skills there was an increase in expenditure within the Departmental Expenditure Limit (£8.7m, 4.4%) due to a combination of factors. The Youth Employment Scheme (YES) was launched in July 2012 and expenditure this year has risen by £4.6m to £6.7m. In 2012-13 spend in respect of participation related to the first six months of the programme and 2013-14 has seen increased participation across all elements of YES. Expenditure in 2013-14 also includes £1.8m in respect of frontline salaries in respect of the introduction and administration of YES.

The current period has seen the introduction of a number of new initiatives (total spend £8m, representing an increase of £7.7m on 2012-13), including:

- (a) Public Sector Work Placements - Introduced in December 2012 and funded through NI Executive's Economy and Jobs Initiative;
- (b) First Start - Introduced in November 2012 and funded through YES in 2012-13 and the NI Executive's Economy and Jobs Initiative in 2013-14 and 2014-15; and
- (c) Step Ahead 50+ - Introduced in January 2013, funded through NI Executive's Economy and Jobs Initiative with additional funding by the Department.

STRATEGIC REPORT

for the year ended 31 March 2014

These increases have been offset in other areas. For example, European Social Fund (ESF) funding for the training programme, Training for Success, has increased from £1.8m to £7.6m. The European expenditure is 40% funding of eligible elements of the Programme Led Apprenticeships (PLA) programme. The initial letter of offer was only to fund PLA 2010 intake year and was to be finished by September 2012, with the majority of spend to be incurred in the 2011-12 financial year. Additional funding for the PLA 2011 intake was made available towards the end of 2012 and has been utilised throughout this year, which has led to an increase on 2012-13.

Higher Education (HE)

Funding within the HE sector from within the Departmental Expenditure Limit has increased by £7.1m (3.3%) to £223.3m for 2013-14. The most significant movements relate to funding to the Universities.

Recurrent grant funding provided to the Universities fell by £2.4m due to grant reductions made in 2011-12 and 2012-13 academic years. Expenditure on Learning and Teaching capital projects rose by £5.9m. Projects in progress at Queen's University Belfast include the Ashby Building refurbishment, the Student Experience and Infrastructure project and the Health Sciences refurbishment. Projects in progress at University of Ulster include Estates Refurbishment, rationalisation of the Coleraine campus, and the Data Centre and Disaster Recovery construction project.

2013-14 saw the Department administer funding to the Open University (OU) within Northern Ireland. The OU is an arm's length body of the Department for Business, Innovation and Skills. The cost in 2013-14 was £2m.

Student Support

Funding in respect of Student Support has reduced by £148.2m (38.8%) on last year to £233.3m.

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. In January 2014, HM Treasury issued new budgeting guidelines to split the cost between DEL (Departmental Expenditure Limit) and AME (Annually Managed Expenditure). The rationale is to show the impact of changes to economic conditions over and above the Department's initial forecast and for 2013-14 the amount shown as AME is £16.7m.

The total cost for the current year within DEL is £107.4m. The cost is calculated using a complex financial model and is dependent upon a range of factors including the Retail Price Index (RPI), student earning potential and repayment patterns. 2012-13 saw the adoption of a new model with enhanced functionality. A recalculation of opening impairments to the carrying value of the loan book (in line with accounting standards) at 1 April 2012 resulted in an additional charge last year of £186.8m. The charge this year was £22.1m (a reduction of £164.7m). This has been offset this year by increases in RPI and the value of loans issued during the year to give an overall decrease of £144.8m on 2012-13.

STRATEGIC REPORT

for the year ended 31 March 2014

The cost of providing Education and Maintenance Allowances (EMA) to students continuing in full time education fell by £3.3m to £24.7m, reflecting revisions to policies arising as a result of a review conducted by the Department.

Labour Market Services

Labour Market Services expenditure has increased by £11.2m to £32.2m.

Labour Market Services includes the Office of the Industrial and Fair Employment Tribunals. Judicial pension costs have risen by £2.3m. In 2013, the Supreme Court (and the Court of Justice of the European Union) held that part-time judiciary were part-time workers within the meaning of the Directive and Regulations and were, therefore, eligible to pension entitlement. The Department has accrued for pension contributions payable in this respect.

Labour Market Services now includes the Department's Local Employment Intermediary Service (LEMIS) initiative (£2.1m) which was previously included in Employment Services above (2012-13: £1.8m).

In response to the economic downturn, significant new areas of activity in the current period include:

- (a) Young People Not in Employment, Education or Training (NEET);
- (b) The Collaboration and Innovation Fund project, which commenced in January 2013; and
- (c) The Community Family Support Pilot, which commenced November 2013.

Expenditure in respect of these programmes represents an increase of £4m on 2012-13. A further £3m was spent as a result of funding from the Economy and Jobs Initiative.

European Social Fund

Total spend has increased by £2.2m mainly in respect of the increase in ESF NI Competitiveness and Employment Funding. Contribution costs arose as a result of the adoption of a simplification model in 2013-14. This resulted in an increase in funding to all projects from 75% to 100% for the full year.

Year on Year AME Resource Outturn

	2013-14 £'000	2012-13 £'000	Variance £'000	Variance %
Student Support	(53,004)	(59,705)	6,701	11.2
Provisions and Revaluations	2,020	(206)	2,226	1,080.6
Total Annually Managed Expenditure	(50,984)	(59,911)	8,927	14.9

STRATEGIC REPORT

for the year ended 31 March 2014

Annually Managed Expenditure in respect of Student Support reflects:

- Effective Interest £69.8m (2012-13: £58m); and
- Movements relating to the debt sale financial liability £0.7m (2012-13: £2m)

less notional loan subsidy costs of £16.7m, and the loss on disposal of mortgage style loans £0.7m.

Effective Interest varies according to the interest rate conditions in force, together with the other financial parameters within the RAB model. RPI was 3.15% this year, compared to 2.65% last year, and there has been movement as a result of the revision of opening balances.

A provision has been this 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.

	2013-14 £'000	2012-13 £'000	Variance £'000	Variance %
Teachers' Premature Retirement	1,963	1,931	32	1.6
Construction Industry Training Board	-	-	-	-
Ulster Supported Employment Limited	766	736	30	4.1
Labour Relations Agency	3,611	3,545	66	1.9
Further Education Colleges	178,857	188,171	(9,314)	(4.9)
Higher Education Colleges	5,309	5,489	(180)	(3.3)
Notional Charges	10,251	10,240	11	0.1
Prior Period Adjustments	-	(14,422)	14,422	100
Total Non Budget	200,757	195,690	5,067	2.6

Further Education (FE)

Grant in Aid funding to the FE Colleges decreased this year by £9.3m.

Capital investment in the FE sector in 2012-13 was £21.6m, including the funding of the bullet payment due in respect of Belfast Metropolitan College premises at Titanic Quarter. This year capital funding was £4.7m.

Recurrent grant paid in the current year was £174.2m compared to £166.6m for 2012-13. The increase relates to additional HE places in the FE sector, and increased activity on Innovation and the Learner Access and Engagement programmes.

STRATEGIC REPORT

for the year ended 31 March 2014

Prior Period Adjustment

Last year, a detailed review of the opening carrying value of the Student Loan book had identified that Mortgage Style Loans had been over-impaired, mainly as a result of the assumptions regarding the recoverability of the loans. The Department conducted a review in order to arrive at a best estimate of amortised cost, at 31 March 2012, taking into account the age and recoverability of the loans. The result was a prior period adjustment of £(14.4)m in order to adjust the carrying value at 1 April 2012 to £8.2m.

Reconciliation of Net Resource Outturn to Net Operating Cost

SOAS 3.1 shows the reconciliation of Net Resource Outturn to Net Operating Cost. Reconciling items included within the Net Operating Cost are EU Consolidated Fund Extra Receipts £0.5m and Non Supply expenditure £7.2m.

Non Supply expenditure represents payments made in relation to the redundancy fund. This fell to £7.2m from £14.4m in 2012-13 as a result of the reduction in applications for funding in respect of redundancies.

Statement of Financial Position

Property, Plant and Equipment reduced to £0.3m as a result of the transfer of properties to Springvale Training Limited and Impact Training Limited as shown in Note 7 to the accounts. The fair value of the transfers provided by Land and Property Services has been included in the Statement of Comprehensive Net Expenditure as grant in kind, and the properties will now be reflected in the accounts of Springvale Training Limited and Impact Training (NI) Limited.

Student Loan movements have included the continued growth in the size of the Student Loan book, with a further £273.6m loans issued during the year. Total repayments received and effective interest earned were £60.8m and £69.8m respectively. This year has seen the sale of the remaining Mortgage Style Loan Book (carrying value £7.8m) as part of a national debt sale.

The gross value of the loan book has been reduced by the Deferral and Default and Interest Subsidy Impairments in order to arrive at an approximation of fair value. New impairments during the period totalled £124.2m and incorporate the reassessment of opening impairments.

Trade and other receivables decreased by £4.7m overall. Primarily this is due to the reduction in the Supply Debtor (drawdown of cash from Department of Finance and Personnel) of £4m, and a £1m reduction in the amounts receivable from the EU Commission.

Current liabilities have increased from £71.2m at 31 March 2013 to £77.8m at 31 March 2014. The bank overdraft reduced by £2.8m, and amounts due to be paid to the consolidated fund and CFERS reduced by £4.6m due mainly to Student Loan movements. Accruals have increased approximately £15m on 2012-13 due to the timing of Advances from the EU Commission (£5.6m), claims from EU Funded projects (£4.5m), Management Development programme and NEETs costs (£3.5m) and an increase of £2.3m to the amount accrued in respect of judicial pensions.

STRATEGIC REPORT

for the year ended 31 March 2014

In 2013-14, a provision of £2m has been made in respect of amounts payable to judiciary on retirement in the form of Long Service Awards.

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 £273.6m of new loans in 2013-14. However, the valuation is impacted by a number of macroeconomic 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.

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 13 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.

STRATEGIC REPORT

for the year ended 31 March 2014

Future Developments

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

Employment and Skills

- Development of a new strategy for careers provision following findings of independent review panel;
- Continued focus on the development of skills needed to improve the productivity and competitiveness of businesses in Northern Ireland;
- Consideration of the implementation issues related to the outcomes of the review of apprenticeships and youth training;
- Establishment of a Youth Policy and Strategy Division. The aim is to develop a comprehensive service offering for young people in the 14 to 24 year old age group that will help them realise their full potential in terms of skills, qualifications, employment potential and career progression. This will include the provision of quality information, advice and guidance as well as specific mentoring support for those who can benefit from it as well as working to improve the quality and currency of all provision. Integral to this work will be the development of citizenship and the promotion of good relations in line with the principles set out in the NI Executive's Good Relations Strategy – "Together: Building a United Community.";
- The Department is working in partnership with a number of key stakeholders from the local disability sector to develop a new Disability Employment Strategy to be ready for publication by the end of March 2015;
- Steps to Work, the Department's main adult return to work programme will end on 31 May 2014. As the Department moves towards the introduction of a new employment programme, Steps 2 Success, transitional support arrangements will be made available from June 2014;
- The Department aims to implement its new employment programme, Steps 2 Success, in September 2014; and
- Continued preparation for the introduction of Universal Credit in Northern Ireland. The main strategic driver for Universal Credit is to address poverty, through tackling "worklessness" and benefit dependency, ensuring that "work pays". The Department will 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 who have work-related requirements.

Higher Education and Student Support

- 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 the future funding of higher education in Northern Ireland.
- Issuing the report of Stage 2 of the Review of Initial Teacher Education Infrastructure;
- Launch of Connected 3 programme; and
- The Department will continue with the implementation of the nineteen projects which make up the Department's Higher Education strategies, 'Graduating to Success' and 'Access to Success', with a particular focus on the key project outcomes which are deliverable in 2014-15.

STRATEGIC REPORT

for the year ended 31 March 2014

Labour Market Services

- The Work and Families Bill was introduced into the Assembly on 28 April 2014 with the aim of enabling the measures contained therein to be effective (by way of appropriate regulations) from April 2015;
- Work is ongoing to ensure that the Employment Bill will be introduced into the Assembly before the end of 2014, with a view to completing passage in 2015; and
- It is anticipated that Letters of Offer in respect of Northern Ireland's ESF programme 2014 – 2020 will be issued February/ March 2015. The overall strategic aim of the programme 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.

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 2014, 94% of invoices from suppliers were paid within the timescale noted above (31 March 2013: 96%). 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. DEL is committed to this target and for the year ended 31 March 2014, 84% of invoices from suppliers were paid within this timescale (31 March 2013: 88%).

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_2013-2014-march_2014.pdf

Departmental Performance Targets

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

HMT Cost allocation

The Department has complied with the cost allocation and charging requirements set out in HM Treasury 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 2014.

STRATEGIC REPORT

for the year ended 31 March 2014

Consultancy and Temporary Staff

During the year to 31 March 2014 the Department spent £89,583 on external consultancy (31 March 2013: £111,953), and £35,833 on temporary staff (31 March 2013: £105,538).

Auditor

The financial statements are audited by the Comptroller and Auditor General (C&AG) 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 2013-14 resulted in a notional fee of £105,000 which is included in the administration costs in the statement of comprehensive net expenditure.

As Accounting Officer, I can confirm that:

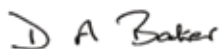
- so far as I am aware, there is no relevant audit information of which the Department's auditors are unaware; and
- I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

STRATEGIC REPORT

for the year ended 31 March 2014

Reconciliation of Resource Expenditure Between Estimates, Accounts And Budgets

	2013-14 £000	2012-13 £000
		(restated)
Net Resource Outturn - Estimates (SOAS2)	852,829	957,945
Adjustments:		
Include non-voted expenditure of Operating Cost Statement	7,204	14,387
Include non-voted income scored as CFERs in Operating Cost Statement	(548)	(1,421)
Prior Period Adjustment	-	14,422
Net Operating Cost - Accounts	859,485	985,333
Remove other expenditure/income shown in Estimates under the heading "Other Expenditure Outside DEL"	(7,204)	(14,387)
Less grant-in-aid payable to NDPBs	(188,543)	(197,941)
Add resource consumption by NDPBs	199,323	197,126
Less capital grants	(16,361)	(10,148)
Other Adjustments		
<i>Voted expenditure outside the budget</i>	(1,963)	(1,931)
Interdepartmental Charges	(10,251)	(10,240)
Add Other Consolidated Fund Extra Receipts	514	-
Resource Budget Outturn - Budgets	835,000	947,812
<i>Of which:</i>		
Departmental Expenditure Limit (DEL)	884,853	1,010,852
Annually Managed Expenditure (AME)	(49,853)	(63,040)



Derek Baker
Accounting Officer
12 August 2014

DEPARTMENTAL REMUNERATION REPORT

for the year ended 31 March 2014

Remuneration Policy

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured 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.nicommissioners.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.

DEPARTMENTAL REMUNERATION REPORT

for the year ended 31 March 2014

Remuneration (Audited)

Ministers	2013-14			2012-13		
	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	17,000	55-60	37,801	14,000	50-55

Officials	2013-14			2012-13		
	Salary £000	Pension benefits* (to nearest £1000)	Total £000	Salary £000	Pension benefits* (to nearest £1000)	Total £000
Alan Shannon CB <i>Permanent Secretary</i> 01/04/2013 – 31/05/2013 & 01/04/2012 – 31/03/2013	20-25 (125-130 full year equivalent)	(73,000)	(45- 50)	125-130	19,000	140- 145
Derek Baker <i>Acting Permanent Secretary</i> 17/06/2013 – 31/03/2014	85-90 (100-105 full year equivalent)	85,000	170- 175	-	-	-
Andrew Hamilton <i>Deputy Secretary</i> 01/04/2013 – 22/09/2013 01/04/2012 – 20/05/2012 & 29/09/2012 – 31/03/2013	40-45 (100-105 full year equivalent)	(2,000)	35-40	95-100 (95-100 full year equivalent)	17,000	110- 115
Catherine Bell CBE** <i>Deputy Secretary</i> 01/04/2013 – 26/05/2013 & 17/06/2013 – 31/03/2014	85-90 (90-95 full year equivalent)	22,000	110- 115	85-90	(24,000)	110- 115
<i>Acting Permanent Secretary</i> 27/05/2013 – 16/06/2013	5-10 (100-105 full year equivalent)	-	-	-	-	-
Heather Cousins <i>Deputy Secretary</i> 23/09/2013 – 31/03/2014	45-50 (85-90 full year equivalent)	9,000	55-60	-	-	-

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

DEPARTMENTAL REMUNERATION REPORT

for the year ended 31 March 2014

	2013-14	2012-13
Band of Highest Paid Director's Total Remuneration (£000)	100-105	125-130
Median Total Remuneration (£)	25,494	23,999
Ratio	4.02	5.31

***In line with the SCS pay award arrangements for 2013, staff who, after assimilation to the new pay scales, received less than 1% consolidated increase to their salary received a non-consolidated pensionable payment to bring them up to the equivalent value of 1%. No officials received a non-consolidated pensionable payment in 2013-14 (2012-13: one official in the pay band £0-£1,000).*

None of the above received benefits in kind or bonus payments in 2013-14 or 2012-13.

Derek Baker was appointed as Acting Permanent Secretary until 15 May 2015.

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 2013-14 and 2012-13.

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 2013-14 and 2012-13.

DEPARTMENTAL REMUNERATION REPORT

for the year ended 31 March 2014

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.

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 2013-14 was £100,000-105,000 (2012-13: £125,000-130,000). This was 4.02 times (2012-13: 5.31 times) the median remuneration of the workforce, which was £25,494 (2012-13: £23,999).

In 2013-14, two individuals (2012-13: one individual) received remuneration in excess of the highest paid director. Remuneration ranged from £120,000 to £130,000 (2012-13: £125,000 - £130,000).

The movement in the ratio between 2013-14 and 2012-13 is primarily attributable to a decrease in the remuneration of the highest paid director, following a new appointment in 2013-14.

DEPARTMENTAL REMUNERATION REPORT

for the year ended 31 March 2014

Pension Benefits (Audited)

Ministers	Accrued pension at pension age as at 31/03/2014	Real increase in pension at pension age	CETV at 31/03/2014	CETV at 31/03/2013	Real increase in CETV
	£000	£000	£000	£000	£000
Dr Stephen Farry <i>Minister for Employment and Learning</i>	0-5	0-2.5	32	19	7

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.

DEPARTMENTAL REMUNERATION REPORT

for the year ended 31 March 2014

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.

Pension Entitlements (Audited)

Officials	Accrued pension at age as at 31/03/2014 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/2014	CETV at 31/03/2013	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Alan Shannon CB <i>Permanent Secretary</i> 01/04/2013 – 31/05/2013	55-60 Plus lump sum of 240-245	(5.0-7.5) Plus lump sum of 60.0-62.5	1,275	1,293	(24)	-
Derek Baker <i>Acting Permanent Secretary</i> 17/06/2013 – 31/03/2014	45-50 Plus lump sum of 135-140	2.5-5.0 Plus lump sum of 10.0-12.5	940	816	76	-
Andrew Hamilton <i>Deputy Secretary</i> 01/04/2013 – 22/09/2013	35-40 Plus lump sum of 110-115	0-2.5 Plus lump sum of 0-2.5	769	749	10	-
Catherine Bell CBE <i>Deputy Secretary</i> 01/04/2013 – 26/05/2013 & 17/06/2013 – 31/03/2014 <i>Acting Permanent Secretary</i> 27/05/2013 – 16/06/2013	35-40 Plus lump sum of 110-115	0-2.5 Plus lump sum of 2.5-5.0	835	800	21	-
Heather Cousins <i>Deputy Secretary</i> 23/09/2013 – 31/03/2014	10-15 Plus lump sum of 40-45	0-2.5 Plus lump sum of 0-2.5	254	234	7	-

DEPARTMENTAL REMUNERATION REPORT

for the year ended 31 March 2014

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 Parliament 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 rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI. For 2014, public service pensions will be increased by 2.7% for pensions which began before 8 April 2013. Pensions which began after 8 April 2013 will be increased proportionately.

Employee contributions are determined by the level of pensionable earnings. The employee contribution rates for the 2014-15 year are as follows:

Members of **classic**:

Annual pensionable earnings (full-time equivalent basis)	2014 contribution rate before tax relief
Up to £15,000	1.50%
£15,001-£21,000	3.00%
£21,001-£30,000	4.48%
£30,001-£50,000	5.27%
£50,001-£60,000	6.06%
Over £60,000	6.85%

Members of **premium, nuvos** and **classic plus**:

Annual pensionable earnings (full-time equivalent basis)	2014 contribution rate before tax relief
Up to £15,000	3.50%
£15,001-£21,000	5.00%
£21,001-£30,000	6.48%
£30,001-£50,000	7.27%
£50,001-£60,000	8.06%
Over £60,000	8.85%

DEPARTMENTAL REMUNERATION REPORT

for the year ended 31 March 2014

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).

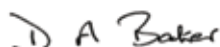
The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. Further details about the CSP 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 CSP 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
12 August 2014

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

for the year ended 31 March 2014

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

GOVERNANCE STATEMENT

for the year ended 31 March 2014

Introduction

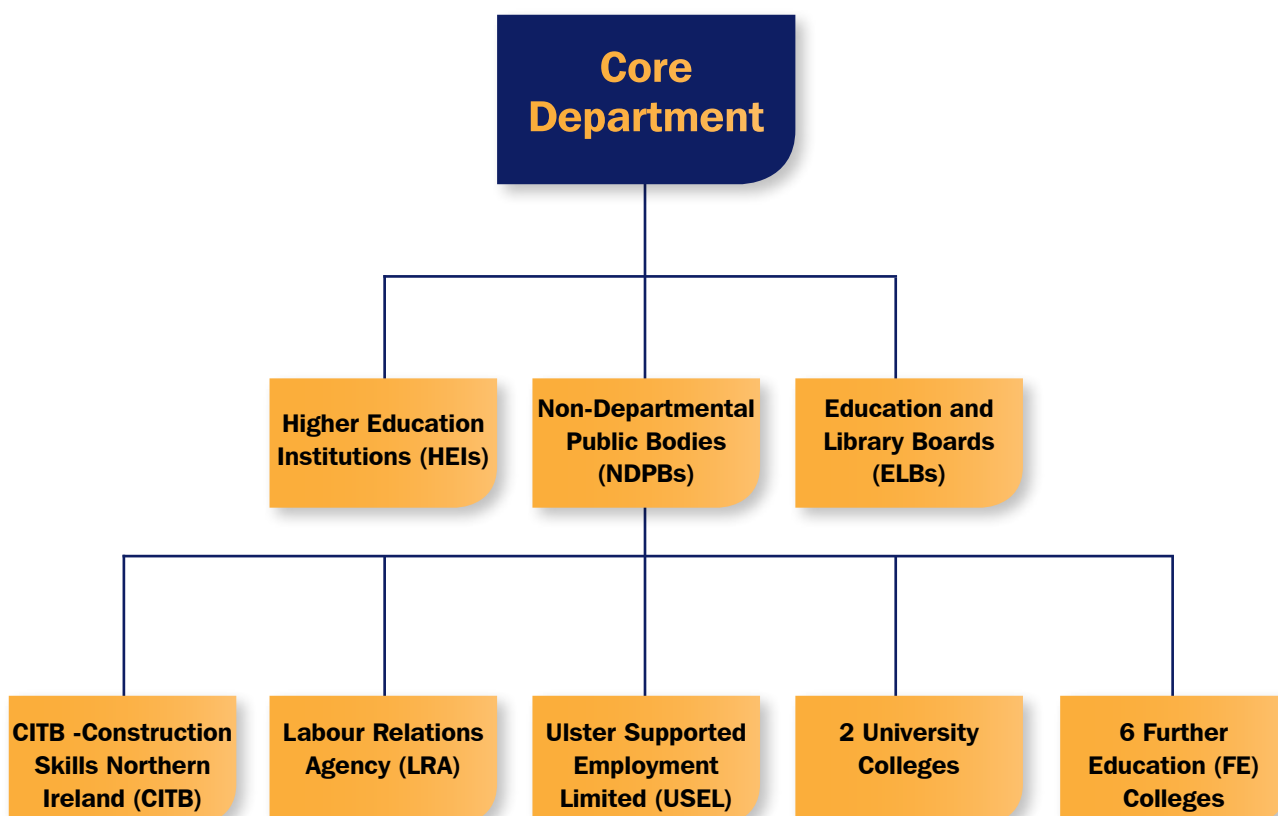
The Governance Statement sets out the governance structures, risk management and internal control procedures that operated within DEL during the 2013-14 financial year and up to the date of approval of the Annual Report and Accounts. This governance statement has been prepared in accordance with guidance issued by the Department of Finance and Personnel (DFP).

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:



GOVERNANCE STATEMENT

for the year ended 31 March 2014

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 (ALBs). 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 (MPMNI).

In relation to the public bodies for which the Department has oversight responsibility, they 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 (ALBs). The Department has written agreements in place with its ALBs 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 ALBs 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.

GOVERNANCE STATEMENT

for the year ended 31 March 2014

Attendance during the year at Board meetings was as follows:

Board Member	Meetings Attended	Out of a Possible
Alan Shannon CB*	2	3
Derek Baker**	6	7
Heather Cousins***	4	5
Catherine Bell CBE	8	10
Andrew Hamilton****	4	5
Independent Board Members		
Professor Russel Griggs OBE	8	10
Dr Brian Scott	9	10
Officials		
John Smith	8	10
Beverley Harrison	9	10

* Alan Shannon retired on 31 May 2013.

** Derek Baker was appointed Accounting Officer on 17 June 2013.

*** Heather Cousins replaced Andrew Hamilton as Deputy Secretary on 23 September 2013.

**** Andrew Hamilton left the Department on 22 September 2013.

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 2013-14.

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 2013-14 financial year (with the exception of July and August 2013).

A minimum of three members of the Board must be present for the meeting to be deemed quorate. All Board meetings during the 2013-14 financial year were quorate.

Board Performance and Effectiveness

In May 2014 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

GOVERNANCE STATEMENT

for the year ended 31 March 2014

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.

There was one recommendation made whereby all major projects and programmes, such as those requiring DFP approval, will require directors to bring the Post Project Evaluation (PPE) to the Board's attention.

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
Independent Board Members		
Professor Russel Griggs OBE (Chair)	5	5
Dr Brian Scott	5	5
External Member		
Heather Cousins**	2	3
Official Attendees		
Alan Shannon CB*	1	1
Catherine Bell CBE	3	3
Heather Cousins**	1	2
Derek Baker***	3	3
Andrew Hamilton****	3	3
John Smith	5	5
Internal audit representation	5	5
Northern Ireland Audit Office (NIAO) representation	4	4
European Social Fund (ESF) Audit Authority	3	3

* Alan Shannon retired on 31 May 2013.

** Heather Cousins was an external member until she took over from Andrew Hamilton as Deputy Secretary on 23 September 2013.

*** Derek Baker was appointed Accounting Officer on 17 June 2013.

**** Andrew Hamilton left the Department on 22 September 2013.

GOVERNANCE STATEMENT

for the year ended 31 March 2014

Other attendees are invited to attend the Audit Committee meetings if a discussion is to be held around 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 2013-14 financial year there were five Audit Committee meetings held. A quorum for any meeting of the Audit Committee is two members. All Committee meetings during the 2013-14 financial year were quorate.

The key issues discussed at the Audit Committee meetings during the 2013-14 financial year were as follows:

- European Social Fund (ESF) audit progress;
- Information Security and Assurance;
- Internal Audit plan, progress updates and annual report;
- Financial Audit and Support Team's (FAST) inspection programme, progress and annual report;
- Accountability Grids – Value for Money studies, Reports to Those Charged with Governance;
- NI National Insurance Fund Assurance Statement;
- Mid Year Assurance Statements;
- Review of Contract Management;
- NIAO 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 (SMT) 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.

GOVERNANCE STATEMENT

for the year ended 31 March 2014

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

Member	Meetings Attended	Out of a Possible
Catherine Bell CBE	12	12
Andrew Hamilton*	4	5
Heather Cousins*	5	7
John Smith	11	12
Nuala Kerr OBE**	6	8
Mary McIvor	10	12
June Ingram***	4	5
Colin Jack	11	12
Colum Boyle	10	12
Beverley Harrison	9	12
Michael Gould***	5	7
Kieran Mannion**	4	4
John Baird	9	12
Anne Armstrong	6	12

* *Andrew Hamilton left the Department on 22 September 2013 and was replaced by Heather Cousins.*

** *Kieran Mannion was acting Director of Higher Education between June and September 2013, standing in for Nuala Kerr OBE, attending the June, July, August and September SMT meetings.*

*** *Michael Gould has been acting Director of Skills & Industry Division from September 2013.*

The SMT 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 SMT, 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 was formed during the year and meets on a quarterly basis. 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 across the Department and its NDPBs.

Membership of the Sub-Committee consists of senior staff with responsibility for procurement from each Division and NDPB and is chaired by the Deputy Secretary, Resources.

GOVERNANCE STATEMENT

for the year ended 31 March 2014

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 replaces the 2005 HM Treasury (HMT) code, which Departments had been operating in line with since 2006-07. The 2013 Code retains the requirement for departments to “comply or explain” any significant departures from the guidance set out in the Code.

During 2013-14, 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 (BOF) 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 new Code also articulates departmental responsibilities in the management of ALBs, 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 (HEIs).

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 SMT.

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 SMT 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.

GOVERNANCE STATEMENT

for the year ended 31 March 2014

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.

The Corporate Risk Register focuses on risks at a strategic level. The corporate risks identified for the register during 2013-14 were Delivery; Demand; Supplier; Finance; Governance; Strategic Relationship; Staffing; Information; and Business Continuity. 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 2013-14 there were significant residual risks, outlined below, which required active management by the Department:

- pay remits in the Further Education (FE) Sector;
- regularisation of contracts for the Employment Support programme;
- management of potential pension deficit in Ulster Supported Employment Limited (USEL);
- interruption of the ESF programme; and
- meeting the Corporate absence target.

The Corporate absence target risk is explored below. Further detail on the ESF issue is outlined in the section on ESF below. Detail on the other three issues is outlined in the section on 'Assurance Statements' below.

In January 2011, the overall NICS and associated Departmental sickness absence targets for the period ending March 2015 were agreed by the Permanent Secretaries and the DFP Minister. In order to contribute to the overall NICS target of 8.5 days, DEL must reduce its absence rate from a baseline of 10.7 days (2009-10) to 7.9 days lost per staff member by March 2015. During 2013-14, DEL needed to achieve an absence rate of 8.4 days in order to keep on track and ultimately achieve the March 2015 target.

The 2013-14 target of 8.4 days did not take account of the fact that the April 2013 baseline (11.5 days) was significantly higher than had been required. This ultimately made the 2013-14 journey particularly challenging.

GOVERNANCE STATEMENT

for the year ended 31 March 2014

Despite robust application of absence policies the final figure for the 2013-14 year was 10.3 days which, although being an improvement of 1.2 days from the 2012-13 figure, failed to meet the Corporate target of 8.4 days. Absence will continue to be robustly and proactively managed in 2014-15 with a view to further improving performance.

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.

Fraud Reporting

In February 2014 the Department further updated its anti-fraud policy and fraud response plan in order to identify potential indicators of fraud in employment and training programmes.

During 2013-14 the Further Education (FE) and Higher Education (HE) sectors reported 22 suspected frauds. The greatest financial loss as a result of fraud during the year was £3,950, which was from the theft of a camera and equipment from a student working off site. In each of the 22 reported cases, an investigation was carried out and where relevant, any recommendations forthcoming are being implemented and policies and procedures updated. There were a further two suspected fraud cases reported from other areas within the Department and across other ALBs. In line with appropriate guidance, all cases of fraud during the year have been reported to the DFP and the NIAO.

Whistleblowing

In August 2013 the Department issued revised whistleblowing guidance for stakeholders external to the Department, which was published on the Departmental website.

The internal whistleblowing policy, originally issued to staff in May 2012, requires all whistleblowing allegations be notified to Finance Division for maintenance on a central register. The number of incidents notified during 2013-14 was five compared to 12 in the prior year. An investigation has been completed on all of the cases notified in the 2013-14 year, and these have now been resolved.

Financial Audit and Support Team (FAST)

The FAST carries out financial inspections of external suppliers contracted to deliver the Department's programme. FAST's 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.

FAST 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, FAST will recommend recovery of funding.

GOVERNANCE STATEMENT

for the year ended 31 March 2014

In relation to the 2013-14 financial year, FAST 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 95% (148) of inspections completed during the reporting period were satisfactory. In the remaining seven cases, one qualified and six 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 recommendations made by FAST during the year have been accepted, and are being implemented. A number of follow-up inspections have been scheduled for 2014-15. In 2013-14 there were recoveries recommended totalling £414,011.

Internal Audit Service (IAS)

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

IAS has developed a strategy for the Department, from 2013-14 to 2015-16, to take account of new and emerging issues. The strategy is in accordance with the PSIAS to map coverage to DEL's Corporate Risk Strategy, giving consideration to new systems, areas of high risk and any other central government requirements.

IAS carried out its work plan for the financial year 2013-14, 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 Committee.

For the period 2013-14, IAS has reported an overall satisfactory audit opinion on the effectiveness of the Department's risk management, control and governance processes for 2013-14.

In relation to the audit work carried out during the year, there was one limited opinion issued in respect of a Jobs and Benefits Office (JBO). A comprehensive action plan has been developed by the Department in order to address the issues identified. IAS will undertake a follow up review during 2014-15 to determine whether the limited opinion can be lifted.

DFP Internal Audit has provided an overall satisfactory level of assurance on Enterprise Shared Services (ESS) for 2013-14. Within ESS it has provided a satisfactory level of assurance on Account NI, IT Assist and the Centre for Applied Learning. A limited assurance opinion was given in relation to HR Connect for 2013-14. An action plan is in place and is being monitored by the Senior Information Risk Owner.

GOVERNANCE STATEMENT

for the year ended 31 March 2014

European Social Fund (ESF) Audit Authority

The ESF Audit Authority (AA) represents the Department in providing a regulatory assurance function to the European Commission (EC). The AA is responsible for examining the functioning of management and control systems of the Northern Ireland ESF Programme 2007-13 and is required by the EC 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.

In the prior year the Department was advised by the EC that the current ESF Programme was interrupted due to issues identified in the AA's 2012 Annual Control Report. However, as a result of self-correction by the ESF Managing Authority, the interruption was lifted in December 2013.

The 2013 Annual Control Report and Opinion was submitted to the Commission on 14 March 2014. All work was fully completed and the Commission formally accepted the report on 22 April 2014.

The Education and Training Inspectorate

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

During the financial year, five (11%) providers 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.

A Case Conference was held by the Department in March 2014 to consider the performance of the Steps to Work Lead Contractors against Departmental targets and compliance of contract. It was agreed that all Lead Contractors should continue to deliver the current contracts. However, each Lead Contractor will be required to provide the Department with an action plan which should outline the actions to be taken to improve upon its performance against target. Supplier Performance Branch (formerly Quality & Performance Branch) will consider the appropriateness of the action plan and arrange to meet the Lead Contractor on a quarterly basis to review the actions taken and the outcome of these actions.

Information Assurance

The Department is committed to ensuring that all of the information DEL 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 2014.

In the year ended 31 March 2014, there were ten incidents involving personal data:

GOVERNANCE STATEMENT

for the year ended 31 March 2014

- one incident where personal data was lost; and
- nine incidents where the processing of personal data did not comply with Data Protection requirements.

On each occasion a full and thorough investigation took place and corrective measures were put in place to militate against future occurrences.

In addition, two incidents were reported to the Information Commissioner's Office during 2013-14.

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–ConstructionSkills Northern Ireland (CITB);
 - Labour Relations Agency (LRA);
 - Ulster Supported Employment Limited (USEL);
 - the six FE Colleges, namely: Belfast Metropolitan College (BMC); Northern Regional College (NRC), North West Regional College (NWRC); Southern Regional College (SRC); South Eastern Regional College (SERC) and South West College (SWC);
 - Stranmillis University College;
 - St. Mary's University College;
 - the two universities, namely: Queen's University Belfast (QUB) and University of Ulster (UU);
 - Student Loans Company;
 - the five Education & Library Boards (ELBs), namely: Belfast Education & Library Board (BELB); North Eastern Education & Library Board (NEELB); Western Education & Library Board (WELB), Southern Education & Library Board (SELB) and South Eastern Education and Library Board (SEELB); and
 - assurance statements provided by Directors of divisions within the Department which also take account of the assurances provided by the ALBs 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 NDPBs and the HEIs;
- an ALB Governance Report;
- the work of FAST during the year (according to a pre-agreed work plan);
- the work of IAS throughout the year (according to a pre-agreed audit strategy); and
- the comments made by our external auditors, the NIAO, in its Report to Those Charged with Governance and other reports to the Department.

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 ALBs of the Department. These statements provide important assurances around the internal controls in operation within the Department/ALBs, the drafting and monitoring of business plan objectives, and the monitoring and

GOVERNANCE STATEMENT

for the year ended 31 March 2014

reporting of fraud. These assurance statements also require business areas to report any significant issues or control weaknesses identified during the year.

The Further Education Colleges are required to comply each year with DFP guidance on the approval of pay remits. During the year it was identified that pay progression increments had been made to staff without receiving the required approval from DFP. Despite these payments being made in line with contractual obligations, the absence of DFP approval represents a breach of controls and has resulted in payments being deemed irregular. The value of the payments in the current year that did not receive approval was £2,651,992. Approval was also not received in 2010-11, 2011-12 and 2012-13. The value of payments deemed irregular in each of these years was £582,245, £1,692,452 and £2,980,801 respectively. The issue affects all six colleges in the FE sector. The irregularity is as a result of a failure to submit business cases to DFP for approval in advance of payment.

An issue was also identified in relation to compliance with the pay remit guidance going forward. Clarification was needed on how the approvals process should be followed in circumstances where contractual obligation for payment of progression increments to staff falls due prior to the issuing of the annual pay remit guidance by DFP. This matter was discussed with DFP and an appropriate process has been established which has been approved by the Finance Minister.

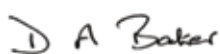
The Employment Support Programme has been deemed non-compliant in respect of procurement guidelines. As an interim measure to regularise contract arrangements, approval is being sought for Direct Award Contracts to be awarded to the three current providers until the end of March 2015. A full economic appraisal and subsequent procurement exercise is planned so that a longer term solution, which is fully compliant, is achieved for April 2015.

USEL is currently operating with a large pension deficit. USEL's Board has put in place an action plan to recover the £3 million deficit within the next 10 years. 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 USEL.

In response to concerns across a range of areas, the Department, under Article 18 of the Further Education (NI) Order 1997, arranged for a 'Stock Take Analysis' to be carried out in NRC. Consultants have completed fieldwork and a draft report has been received. The Department continues to monitor the college against its current Business Improvement Plan (BIP). The recommendations that arise from the college Stock Take Analysis will supersede the current BIP and will form the basis of the College Improvement Plan.

Ministerial Directions

There were no Ministerial directions given during the 2013-14 financial year.



Derek Baker
Accounting Officer
12 August 2014

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

for the year ended 31 March 2014

I certify that I have audited the financial statements of the Department for Employment and Learning for the year ended 31st March 2014 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.

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

for the year ended 31 March 2014

Basis of qualified opinion on regularity arising from a failure by the Further Education Colleges (FECs) to obtain Department of Finance and Personnel (DFP) approval in advance of contractual salary payments made to staff

During the year it was identified that pay progression increments had been made to staff in the FECs without receiving the required approval from DFP. Despite the payments being made in line with contractual obligations, the absence of DFP approval represents a breach of controls and has resulted in the payments being deemed irregular by DFP. The value of the payments in the current year, and included within these financial statements, that did not receive approval was £2,651,992. Approval was also not received for payments made in 2010-11, 2011-12 and 2012-13. The value of all payments deemed irregular in each of these years was £582,245, £1,168,452 and £2,980,801 respectively. The irregularity is as a result of a failure to submit business cases to DFP for approval in advance of payment.

In my opinion:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31st March 2014 and shows that those totals have not been exceeded; and
- except for the irregular expenditure of £2,651,992 incurred where proper approval was not obtained, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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 2014 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 Directors' Report and Management Commentary included within the Annual Report for the financial year for

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

for the year ended 31 March 2014

which the financial statements are prepared is consistent with the financial statements.

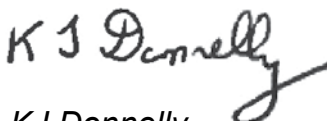
Matters on which I report by exception

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

Other than the matter referred to above, and on which basis I have qualified my audit opinion, 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

5 September 2014

DEPARTMENTAL RESOURCE ACCOUNTS



STATEMENT OF ASSEMBLY SUPPLY

for the year ended 31 March 2014

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Department 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 2013-14

		Estimate			Outturn			2013-14 £000	2012-13 £000
Request for Resources	Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total outturn compared with Estimate: saving/(excess)	Net Total
A	SOAS2	924,451	(59,686)	864,765	909,092	(56,263)	852,829	11,936	957,945
Total resources	SOAS3	924,451	(59,686)	864,765	909,092	(56,263)	852,829	11,936	957,945
Non-operating cost Accruing Resources			(68,974)	(68,974)		(68,974)	(68,974)	-	(60,800)

Net cash requirement 2013-14

		2013-14 £000			2012-13 £000
	Note	Estimate	Outturn	Net total outturn compared with Estimate: saving/(excess)	Outturn
Net cash requirement	SOAS4	1,096,057	978,026	118,031	971,356

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).

		2013-14 £000 Forecast		2013-14 £000 Outturn	
	Note	Income	Receipts	Income	Receipts
Total	SOAS5	-	-	811	4,273

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

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS (STATEMENT OF ASSEMBLY SUPPLY)

for the year ended 31 March 2014

SOAS1 Statement of accounting policies

The Statement of Assembly Supply and supporting notes have been prepared in accordance with the 2013-14 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 those set out in the 2013-14 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.

SOAS1.2 Comparison with IFRS-based accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, however, there is one relevant difference to note as detailed below:

SOAS1.2a Prior Period Adjustments (PPAs)

PPAs resulting from an error in previous recording, or from an accounting policy change initiated by the Department, need to be voted by the Assembly in the current year, whereas in IFRS-based accounts (IAS 8) they are treated as adjustments to previous years (PPAs resulting from a change in accounting policy brought in by a new or modified accounting standard are not included in Estimates, so there is no misalignment).

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS (STATEMENT OF ASSEMBLY SUPPLY)

for the year ended 31 March 2014

SOAS2 Analysis of net resource outturn by function

	Outturn						Estimate		2013-14 £000	2012-13 £000
	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	6,821	47,097	166,255	220,173	(14,982)	205,191	207,330	2,139	929	196,523
Higher Education	1,831	45	225,125	227,001	(3,689)	223,312	223,778	466	469	216,248
Student Support	-	107,448	125,830	233,278	-	233,278	231,827	(1,451)	-	381,469
Labour Market Services	15,222	6,929	10,572	32,723	(555)	32,168	33,029	861	617	20,983
ESF Payments - Public and Private Sector	-	-	18,446	18,446	(9,339)	9,107	9,238	131	131	6,943
Total	23,874	161,519	546,228	731,621	(28,565)	703,056	705,202	2,146	2,146	822,166
Annually Managed Expenditure:										
Student Support	-	16,793	(42,099)	(25,306)	(27,698)	(53,004)	(50,025)	2,979	2,979	(59,705)
Provisions	-	2,020	-	2,020	-	2,020	7,400	5,380	5,380	(234)
Revaluations	-	-	-	-	-	-	335	335	335	28
Total		18,813	(42,099)	(23,286)	(27,698)	(50,984)	(42,290)	8,694	8,694	(59,911)
Non Budget:										
Teachers' Premature Retirement – ongoing liabilities	-	1,963	-	1,963	-	1,963	1,970	7	7	1,931
Construction Industry Training Board	-	-	-	-	-	-	1	1	1	-
Ulster Supported Employment Ltd	-	-	766	766	-	766	766	-	-	736
Labour Relations Agency	-	-	3,611	3,611	-	3,611	3,611	-	-	3,545
Further Education Colleges	-	-	178,857	178,857	-	178,857	179,206	349	349	188,171
Higher Education Colleges	-	-	5,309	5,309	-	5,309	5,310	1	1	5,489
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	(14,422)
Notional Charges	10,251	-	-	10,251	-	10,251	10,989	738	738	10,240
Total	10,251	1,963	188,543	200,757	-	200,757	201,853	1,096	1,096	195,690
Resource Outturn	34,125	182,295	692,672	909,092	(56,263)	852,829	864,765	11,936	11,936	957,945

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS (STATEMENT OF ASSEMBLY SUPPLY)

for the year ended 31 March 2014

Explanation of the variation between Estimate and Outturn (2013-14)

Department Expenditure Limit (DEL)

DEL Resource outturn was £703.1m against an Estimate of £705.2m resulting in a saving of £2.1m (0.3%):

Employment and Skills

Employment and Skills recorded outturn that was £2.1m lower than the Estimate (before virement) for a variety of reasons. The most significant variance was that the Education and Library Boards requirement was £0.6m lower than anticipated.

Student Support

Student Support experienced outturn £1.5m greater than the Estimate (before virement) for a variety of reasons. The most significant was increased demand in respect of Maintenance grants and bursaries (£1m).

The overall net pressure has been addressed through virement.

Annually Managed Expenditure (AME)

Student Support experienced a total easement of £3m due to:

- Notional Loan Subsidy (new budgeting treatment) being lower than anticipated (£1.4m);
- Impairment and interest calculations being lower than forecast calculations (£0.6m); and,
- Loss on disposal of mortgage style loans £1m less than anticipated.

An easement of £5.4m arose as a result of the potential to create certain provisions.

Non Budget

Notional charges were £0.7m below the Estimate due to actual costs being lower than forecast. All other variances were less than £0.5m.

Detailed explanations of the variances are given in the Management Commentary.

Request for Resource A is promoting economic, social and personal development through high quality learning, research and skills training, and helping people into employment and promoting good working practices.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS (STATEMENT OF ASSEMBLY SUPPLY)

for the year ended 31 March 2014

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

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

				2013-14 £000	2012-13 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS2	852,829	864,765	11,936	957,945
Prior Period Adjustments:					
Mortgage style loan adjustment	SOAS2	-	-	-	14,422
Non-supply income (CFERs)	SOAS5	(548)	-	548	(1,421)
Non-supply expenditure:					
Redundancy Fund Payments	5	7,204	9,150	1,946	14,387
Net Operating Cost in SoCNE		859,485	873,915	14,430	985,333

SOAS3.2 Outturn against final Administration Budget

		2013-14 £000	2012-13 £000
	Budget	Outturn	Outturn
Gross Administration Budget	24,600	23,874	23,348
Income allowable against the Administration Budget	-	-	-
Net outturn against final Administration Budget	24,600	23,874	23,348

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS (STATEMENT OF ASSEMBLY SUPPLY)

for the year ended 31 March 2014

SOAS4 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate saving/(excess) £000
Resource Outturn	SOAS2	864,765	852,829	11,936
Capital				
Acquisition of property, plant and equipment	7	82	26	56
Acquisition of intangible assets	8	8	8	-
Investments – student loans funding	13.1	278,791	273,552	5,239
Non-operating Accruing Resources				
Proceeds of disposal of Student Loans		(7,800)	(7,059)	(741)
Student loan repayments applied	13.1	(60,500)	(60,500)	-
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items:</i>				
Depreciation and Amortisation	5	(252)	(231)	(21)
New Provisions, and adjustments to previous provisions	5	(7,400)	(2,020)	(5,380)
Other non-cash items	3,4,5,6	(68,797)	(66,678)	(2,119)
Changes in working capital other than cash		97,000	(12,072)	109,072
Changes in payables falling due after more than one year	17	-	2	(2)
Use of provisions & financial liabilities	13.2,18	160	169	(9)
Net cash requirement		1,096,057	978,026	118,031

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

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS (STATEMENT OF ASSEMBLY SUPPLY)

for the year ended 31 March 2014

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).

	Note	Forecast 2013-14 £000		Outturn 2013-14 £000	
		Income	Receipts	Income	Receipts
Operating income and receipts – excess Accruing Resources		-	-	-	1,363
Other operating income and receipts not classified as Accruing Resources		-	-	548	548
		-	-	548	1,911
Non-operating income and receipts – excess Accruing Resources	SOAS7	-	-	263	2,362
Total income payable to the Consolidated Fund		-	-	811	4,273

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

	Note	2013-14 £000	2012-13 £000
Operating income	6	98,911	82,832
Income authorised to be Accruing Resources		(98,363)	(81,411)
Operating income payable to the Consolidated Fund	SOAS5.1	548	1,421

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS (STATEMENT OF ASSEMBLY SUPPLY)

for the year ended 31 March 2014

SOAS7 Non-operating income – Excess Accruing Resources

	2013-14 £000	2012-13 £000
Student Loan repayments	263	2,362
Non-operating income – excess Accruing Resources	263	2,362

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the year ended 31 March 2014

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.

			2013-14 £000	2012-13 £000
	Note	Staff Costs	Other Costs	Income
Administration Costs:				
Staff costs	3	17,167		16,426
Other administration costs	4		16,958	17,162
Operating income	6		(548)	(19)
Programme Costs:				
Request for resources A				
Staff costs	3	51,000		45,919
Programme costs	5		873,271	988,658
Income	6		(98,363)	(82,813)
Totals		68,167	890,229	(98,911)
Net Operating Cost for the year ended 31 March 2014	SOAS3		859,485	985,333
Other Comprehensive Net Expenditure				
Items that will not be reclassified to net operating costs:				
Net (gain)/loss on revaluation of Property, Plant and Equipment	7		232	116
			232	116
Total Comprehensive Expenditure for the year ended 31 March 2014			859,717	985,449

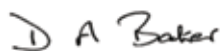
STATEMENT OF FINANCIAL POSITION

as at 31 March 2014

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

	<i>Note</i>	2014 £000	2013 £000
Non-current assets:			
Property, plant and equipment	7	259	2,686
Intangible Assets	8	7	12
Financial Assets – Student loans	13.1	1,463,893	1,313,274
Financial Assets – Other	14	2,338	2,338
Total non-current assets		<u>1,466,497</u>	<u>1,318,310</u>
Current assets:			
Trade and other receivables	16	73,855	78,589
Cash and cash equivalents	15	17	15
Total current assets		<u>73,872</u>	<u>78,604</u>
Total assets		<u>1,540,369</u>	<u>1,396,914</u>
Current liabilities:			
Trade and other payables	17	(77,751)	(71,164)
Provisions	18	(55)	(50)
Total current liabilities		<u>(77,806)</u>	<u>(71,214)</u>
Non-current assets plus/less net current assets/liabilities		<u>1,462,563</u>	<u>1,325,700</u>
Non-current liabilities:			
Provisions	18	(2,000)	-
Other payables	17	(485)	(487)
Financial Liabilities	13.2	(21,544)	(22,384)
Total non-current liabilities		<u>(24,029)</u>	<u>(22,871)</u>
Total assets less liabilities		<u>1,438,534</u>	<u>1,302,829</u>
Taxpayers' equity & other reserves:			
General fund		1,438,523	1,302,573
Revaluation reserve		11	256
Total equity		<u>1,438,534</u>	<u>1,302,829</u>

Signed



Derek Baker,
Accounting Officer
12 August 2014

The notes on pages 117 to 153 form part of these accounts

STATEMENT OF CASH FLOWS

for the year ended 31 March 2014

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.

	2013-14 £000	2012-13 £000
	Note	
Cash flows from operating activities		
Net operating cost	SOAS3.1 (859,485)	(985,333)
Adjustments for non-cash transactions	3,4,5,6 68,929	201,885
(Increase)/Decrease in trade and other receivables	16 4,734	1,778
<i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	16 (3,163)	3,803
Increase/(Decrease) in trade and other payables	17 9,342	(67,264)
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	17 6,103	53,229
Use of provisions	13.2,17 (169)	13
Net cash outflow from operating activities	(773,709)	(791,889)
Cash flows from investing activities		
Purchase of property, plant and equipment	7 (30)	(52)
Purchase of intangible assets	8 (8)	-
Proceeds of disposal of assets classified as held for sale	9 -	800
Proceeds of disposal of Student Loans	7,059	-
Student Loan Funding	13.1 (274,873)	(250,388)
(Repayments) from other bodies – Student Loans	13.1 60,857	61,246
Net cash outflow from investing activities	(206,995)	(188,394)
Cash flows from financing activities		
From the Consolidated Fund (Supply) – current year	973,071	962,495
From the Consolidated Fund (Supply) – prior period	8,862	5,950
From the National Insurance Fund	6,951	14,540
Net financing	988,884	982,985
Net increase/(decrease) in cash and cash equivalents in the year before adjustment for receipts and payments to the Consolidated Fund	8,180	2,702
Payments of amounts due to the Consolidated Fund	(5,421)	(3,934)
Net increase/(decrease) in cash and cash equivalents in the year after adjustment for receipts and payments to the Consolidated Fund	2,759	(1,232)
Cash and cash equivalents at the beginning of the year	15 (7,189)	(5,957)
Cash and cash equivalents at the end of the year	15 (4,430)	(7,189)

The notes on pages 117 to 153 form part of these accounts

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the year ended 31 March 2014

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
Note			
Balance at 31 March 2012	1,281,058	388	1,281,446
Prior period adjustment	14,422	-	14,422
Restated balance at 1 April 2012	1,295,480	388	1,295,868
Net Assembly Funding – drawn down	962,495	-	962,495
National Insurance Fund SOAS3.1	14,387	-	14,387
Supply (payable)/receivable adjustment 16	8,862	-	8,862
CFERs payable to the Consolidated Fund 17	(3,783)	-	(3,783)
Comprehensive Net Expenditure for the Year SOAS3.1	(985,333)	-	(985,333)
Prior period adjustment	209	-	209
Non-Cash Adjustments:			
Non-cash charges – notional 3,4	10,132	-	10,132
Non-cash charges – auditor's remuneration 4	108	-	108
Movements in Reserves			
Transfers between reserves	16	(16)	-
Net (loss)/gain on revaluation of Property, Plant and Equipment	-	(116)	(116)
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 16	4,954	-	4,954
CFERs payable to the Consolidated Fund 17	(811)	-	(811)
Comprehensive 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

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

1. **Statement of Accounting Policies**

These financial statements have been prepared in accordance with the 2013-14 *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 105 to 112 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.

Land and buildings are carried at the last professional valuation, in accordance with the *Appraisal and Valuation Manual* produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years by Land and Property Services (LPS). The last valuation took place at 31 March 2010. They are revalued annually, between professional valuations, using indices provided by LPS, an executive agency within DFP. LPS carried out an interim valuation of Land and Buildings at 31 March 2014 based on the last full valuation at 31 March 2010.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

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 the year, Land and Buildings were transferred as outlined in Note 7. The LPS valuations, in this instance, 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).

Subsequent expenditure on an asset that meets the criteria in compliance with IAS 16 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 DFP. 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.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

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 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 Non-current assets held for resale

The Department classifies a non-current asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through continuing use. In order to meet this definition, IFRS 5 requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year.

Non-current assets classified as held for sale are valued on the basis of open market value less any material directly attributable selling costs. Depreciation is not charged once an asset has been classified as held for sale.

In line with this revised definition, Note 9 provides details of the Department's Assets Held for Sale.

1.6 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 14) and have been included within Financial Assets.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

1.7 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 (AR) but also income payable to the Consolidated Fund, which is treated as operating income.

Operating income is stated net of VAT.

1.8 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.

1.9 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 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.

1.9.1 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.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

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 £16,375) and are collected by HMRC through the tax system.

During the year, the remaining UK mortgage style loans were sold, leaving only income contingent loans in the accounts at 31 March 2014.

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.

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 12 while further details of the movements in the loan valuation can be found in Note 13.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

1.9.2 Other financial assets

Current financial assets, such as trade receivables and cash, are measured at amortised cost as a reasonable approximation of fair value.

1.10 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.

1.11 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 (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.

1.12 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.

1.13 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.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

1.14 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.

1.15 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.

1.16 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 18, 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.

1.17 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.

1.18 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.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

1.19 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.

1.20 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 from January 2013, 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 is currently under discussion with the Executive, which will bring NI departments under the same adaptation. Should this go ahead, the impact on departments is expected to focus around the disclosure requirements under IFRS 12. The impact on the consolidation boundary of NDPB's and trading funds will be subject to review, in particular, where control could be determined to exist due to exposure to variable returns (IFRS 10), and where joint arrangements need reassessing.

1.21 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 changed 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 12 and Note 13.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

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.

						2013-14
	Employment and Skills	Higher Education	Student Support	Labour Market Services	EU	Total
	£000	£000	£000	£000	£000	£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
						2012-13
	Employment and Skills	Higher Education	Student Support	Labour Market Services	EU	Total
	£000	£000	£000	£000	£000	£000
Gross Expenditure	399,829	223,169	333,842	12,406	16,003	985,249
Income	(12,468)	(1,432)	(26,500)	(431)	(9,060)	(49,891)
Net Expenditure	387,361	221,737	307,342	11,975	6,943	935,358

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

2.1 Reconciliation between Operating Segments and Statement of Comprehensive Net Expenditure (SoCNE)

	Note						2013-14	
		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		-	-	-	-	-	-	
Exclude Prior Year Adjustment		-	-	-	-	-	-	
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

22,018

CFERS

(548)

Total net Expenditure per SoCNE

SOAS3.1

859,485

	Note						2012-13	
		Employment and Skills £000	Higher Education £000	Student Support £000	Labour Market Services £000	EU £000	Total £000	
Total Net Expenditure per SoCNE by Operating Segment		387,361	221,737	307,342	11,975	6,943	935,358	
Income - CFERS		-	-	(1,363)	-	(39)	(1,402)	
Exclude Prior Year Adjustment		-	-	14,422	-	-	14,422	
Non supply expenditure		-	-	-	14,387	-	14,387	
		387,361	221,737	320,401	26,362	6,904	962,765	

Reconciling Items:

Finance, Corporate Services and Top Management

22,587

CFERS

(19)

Total net expenditure per SoCNE

SOAS3.1

985,333

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

3. Staff numbers and related costs

Staff costs comprise:

				2013-14 £000	2012-13 £000
	Permanently employed staff*	Others	Minister	Total	Total
Wages and salaries	52,819	36	38	52,893	49,886
Social security costs	3,684	6	4	3,694	3,482
Other pension costs	12,086	-	8	12,094	9,457
Sub Total	68,589	42	50	68,681	62,825
Less recoveries in respect of outward secondments	(514)	-	-	(514)	(480)
Total net costs**	68,075	42	50	68,167	62,345
Of which:	Charged to Administration	Charged to Programme	Total		
Core Department	17,167	51,000	68,167		
Total net costs	17,167	51,000	68,167		

* Permanently employed staff includes the cost of the Department's Special Adviser who is paid in the pay band £58,452 - £91,809 (2012-13: £57,873 - £90,900).

** Of the total, no staff costs have been charged to capital in 2013-14 or 2012-13.

The Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS (NI)] is an unfunded multi-employer defined benefit scheme, 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 2010. The pension scheme liability reported in the DFP Superannuation and Other Allowance Resource Accounts was as at 31 March 2010, however, work is ongoing to provide a report on an updated valuation as at 31 March 2012 for the basis of the actuarial valuation rolled forward to the reporting date of the DFP Superannuation and Other Allowance Resource Accounts for 2014.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

For 2013-14, employers' contributions of £9,786k were payable to the PCSPS (NI) (2012-13: £9,436k) at one of four rates in the range 18% to 25% (2012-13: 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 valuation scheme based on data as at 31 March 2012 is currently being undertaken by the Actuary to review employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2014-15, the rates will remain in the range 18% to 25%. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 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 £7,755.23 (2012-13: £6,291.50) 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% (2012-13: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% (2012-13: 3%) of pensionable pay. In addition, employer contributions of £707.32, 0.8% of pensionable pay (2012-13: £582.50, 0.8%), were payable to the PCSPS (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 to the partnership pension providers at the reporting date were £nil. Contributions prepaid at that date were £nil.

Ten persons (2012-13: seven persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £16,866 (2012-13: £12,999).

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	2013-14	2012-13
					Number	Number
					Total	Total
1	1,980	17	1	1	1,999	1,967
Staff engaged on capital projects	-	-	-	-	-	-
Total	1,980	17	1	1	1,999	1,967

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

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 2013-14 and 2012-13, 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 2013-14. 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 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 2.56% from 1 April 2013 in accordance with Statutory Instrument 2013 no.484 The Judicial Pensions (Contributions) (Amendment) Regulations 2013.

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. Accruals at Note 17 of these financial statements includes £4.6m (2012-13: £2.3m) in respect of judicial pension liabilities arising as a result of the O'Brien case.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

3.1 Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	2013-14		2012-13	
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	-	-	2
£10,000 - £25,000	-	1	1	-
£25,000 - £50,000	-	3	3	4
£50,000 - £100,000	-	-	-	3
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
Total number of exit packages by type	-	4	4	9
Total resource cost/£	-	124,305	124,305	336,078

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.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

4. Other Administration Costs

	2013-14 £000	2012-13 £000
Other expenditure	6,757	6,972
Non-cash items:		
Accommodation costs (DFP)	5,864	5,893
Other notional costs	4,232	4,189
Auditors' remuneration and expenses	105	108
Total	16,958	17,162

During the year, the Department did not purchase non-audit services from its auditor, the Northern Ireland Audit Office. In 2012-13, £4,702 was paid to the Northern Ireland Audit Office for the completion of non-audit work relating to the National Fraud Initiative.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

5. Programme Costs

	Note	2013-14 £000	2012-13 £000
Current grants and other current expenditure		737,591	723,243
Non-voted expenditure	SOAS3.1	7,204	14,387
Non-cash items:			
Financial liability and impairments provided for	13.1a, 13.1b, 13.2	122,990	250,897
Loss on disposal of Mortgage Style Loans		740	-
Impairment	10	1,329	(622)
Borrowing costs (unwinding of discount) on financial liability	13.2	492	511
Depreciation and Amortisation	7,8	231	230
Provision provided for in year	18	2,020	55
Capital Grant-in-Kind - Loss on disposal of property, plant and equipment	7	674	-
Student loan balance transfer	13.1	-	(43)
Total		873,271	988,658

6. Income

	2013-14 £000	2012-13 £000
Administration	548	19
Programme	3,709	1,246
Student Loan – Effective Interest	69,798	59,383
Science Research Investment Fund	957	965
EU	23,899	21,219
Total	98,911	82,832

Income includes the following amounts that will be due to the Consolidated Fund:

- Administration income £548k (2012-13: £19k);
- Student Loan Effective Interest £nil (2012-13: £1,363k); and
- EU income £nil (2012-13: £39k).

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

7. Property, plant and equipment

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. Transport Equipment, Information Technology, and Furniture & Fittings are valued using indices.

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, has been included in the Statement of Comprehensive Net Expenditure as grant in kind, and the properties will now be reflected in the accounts of Springvale Training Limited and Impact Training (NI) Limited.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

2012-13

	Land £000	Buildings £000	Transport Equipment £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or valuation						
At 1 April 2012	600	1,900	19	317	689	3,525
Additions	-	-	-	-	20	20
Disposals	-	-	-	(6)	(14)	(20)
Revaluations	(70)	(145)	-	34	9	(172)
At 31 March 2013	530	1,755	19	345	704	3,353
Depreciation						
At 1 April 2012	-	-	4	118	374	496
Charged in year	-	54	5	90	68	217
Disposals	-	-	-	(6)	(14)	(20)
Revaluations	-	(54)	-	23	5	(26)
At 31 March 2013	-	-	9	225	433	667
Carrying amount at 31 March 2013	530	1,755	10	120	271	2,686
Carrying amount at 31 March 2012	600	1,900	15	199	315	3,029
Asset financing						
Owned	530	1,755	10	120	271	2,686
Finance Leased	-	-	-	-	-	-
Carrying amount at 31 March 2013	530	1,755	10	120	271	2,686

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

8. Intangible Assets

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

Software License and Externally Developed Software are valued using indices.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

8. Intangible Assets (continued)

2012-13

	Software License £000	Externally Developed Software £000	Total £000
Cost or valuation			
At 1 April 2012	24	490	514
Additions	-	-	-
Disposals	-	-	-
Revaluations	1	1	2
At 31 March 2013	25	491	516
Amortisation			
At 1 April 2012	12	478	490
Charged in year	6	7	13
Disposals	-	-	-
Revaluations	1	-	1
At 31 March 2013	19	485	504
Carrying amount at 31 March 2013	6	6	12
Carrying amount at 31 March 2012	12	12	24
Asset financing			
Owned	6	-	6
Finance Leased	-	6	6
Carrying amount at 31 March 2013	6	6	12

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

9. Assets Classified as Held for Sale

	2013-14 £000	2012-13 £000
Balance at 1 April	-	150
Reversal of Impairment	-	650
Disposal	-	(800)
Balance at 31 March	<u>-</u>	<u>-</u>

In accordance with FReM, assets which the Department identified as surplus to requirement and held pending disposal had been written down to their recoverable amount and included as current assets.

In 2012-13, the assets classified as held for sale comprised land and buildings at Felden, Mill Road, and Newtownabbey. The property was sold in February 2013.

10. Impairments

	2013-14 £000	2012-13 £000
Charged direct to the SoCNE	1,329	(622)
Taken through the revaluation reserve	232	116
Impairment charge for the year	<u>1,561</u>	<u>(506)</u>

11. Capital and other commitments

11.1 Capital Commitments

	2013-14 £000	2012-13 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements:		
Property, plant and equipment	-	-
Intangible assets	-	-

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

11.2 Commitments under leases

11.2.1 Operating leases

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

	2013-14 £000	2012-13 £000
Obligations under operating leases for the following periods comprise:		
Buildings:		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Other:		
Not later than one year	22	17
Later than one year and not later than five years	1	15
Later than five years	-	-
	<u>23</u>	<u>32</u>
	<u>23</u>	<u>32</u>

12. 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 (Disclosure of financial instruments) 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.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

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 (2012-13: £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. During the year, the remaining mortgage style loans were sold, leaving the remaining 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 2014-15 or subsequently, it will be necessary to re-assess the basis for the carrying value, in accordance with the relevant Accounting Standards.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

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 13 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%, which represents the government's cost of capital. 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 13 and the accounting policy Note 1.9, 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.

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.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

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 2014, with a 10% weakening or strengthening of sterling against the euro, the outturn for the year would have increased by £3.6m or decreased by £3.6m respectively. This movement is attributable to the foreign exchange gains or losses on translation of euro denominated payables.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

13. Investments - Financial Instruments

13.1 Student Loans

		2013-14 £000	2012-13 £000
	<i>Note</i>		
Total value of loans outstanding at 1 April		1,313,274	1,370,894
Additional loan funding		273,552	197,624
Repayments		(60,764)	(62,362)
New Impairments			
Deferment and Default	13.1a	(66,550)	(24,470)
Interest Subsidy	13.1b	(57,618)	(227,838)
Balance Transfer	5	-	43
Value of Mortgage Style Loans sold		(7,799)	-
Effective Interest		69,798	59,383
Total value of loans at 31 March		1,463,893	1,313,274

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 2013-14 the effective interest was 5.42% (2012-13: 4.91%).

As outlined on the Statement of Cash Flows, student loan cash advances for the period were £232.6m (2012-13: £250.4m) and repayments were £42.9m (2012-13: £61.2m).

Sale of Mortgage Style Loans

During the year the remaining UK Mortgage Style Loans were sold. As a result, the sale of the Northern Ireland loans is reflected in these accounts, including a loss on disposal of £0.7m. The loan book now solely comprises Income Contingent Loans.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

Changes in assumptions and financial modelling

In 2012-13, improvements to the Student Loans Repayment Model led to an impairment of £186.8m in respect of income contingent loans. During that year the Department revised the model which forecasts the repayments of mortgage style loans, to reflect the aged status of the loan book. The revised model uses past observed probabilities to forecast the likelihood of borrowers moving between repayment, deferment and overdue states and provides a more accurate picture of expected repayments. In 2013-14, a similar adjustment of £21m is included in the accounts.

13.1a Movements on Deferment and Default Impairment

	2013-14 £000	2012-13 £000
Balance at 1 April	228,832	196,914
Increase in the year	66,550	24,470
Loans Written off	(774)	(769)
Borrowing costs	12,228	8,217
Utilisation on sale of loans	(31,302)	-
	<hr/>	<hr/>
Balance at 31 March	275,534	228,832

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.

13.1b Interest Subsidy Impairment

	2013-14 £000	2012-13 £000
Balance at 1 April	370,065	181,964
Increase in the year	57,618	227,838
Utilisation in the year	(74,063)	(57,672)
Borrowing costs	19,735	17,935
Utilisation on sale of loans	(541)	-
	<hr/>	<hr/>
Balance at 31 March	372,814	370,065

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

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.

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 2014.

Key assumptions used to calculate the student loan balance at 31 March 2014

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 the HM Treasury's long-term discount rate of 2.2% plus RPI, which represents the Government's cost of capital. 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.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

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.

13.2 Financial Liabilities

	2013-14	2012-13
	£000	£000
Balance at 1 April	22,384	23,244
Provisions not required written back	(1,178)	(1,411)
Borrowing costs	492	511
Receipts/(Payments)	(154)	40
	<hr/>	<hr/>
Balance at 31 March	<u>21,544</u>	<u>22,384</u>

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.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

14. Investments and loans in other public sector bodies

(a) Ulster Supported Employment Limited Loan

	2013-14 £000	2012-13 £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.

15. Cash and Cash Equivalents

	2013-14 £000	2012-13 £000
Balance at 1 April	(7,189)	(5,957)
Net change in cash and cash equivalent balances	2,759	(1,232)
Balance at 31 March	(4,430)	(7,189)

	2013-14 £000	2012-13 £000
The following balances at 31 March were held at:		
Commercial banks	17	(4,447)
Cash in hand	17	(7,204)
Balance at 31 March	(4,430)	(7,189)

Note

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

16. Trade receivables and other current assets

	2013-14 £000	2012-13 £000
Amounts falling due within one year:		
Trade receivables	5,984	6,444
Deposits and advances	5,167	4,732
Other receivables:		
VAT	289	239
EU receivables	51,869	52,948
Due from National Insurance Fund	4,140	4,373
Prepayments and accrued income	1,452	991
Amounts due from the Consolidated Fund in respect of supply	4,954	8,862
	73,855	78,589
	73,855	78,589

Included within trade receivables is £0.3m (2012-13: £2.4m) 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:

	2013-14 £000	2012-13 £000
At 1 April	114	914
Impairment losses recognised on receivables	-	(289)
Amounts written off as uncollectable	(114)	(511)
	-	114
At 31 March	-	114

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.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

16.1 Intra-Government Balances

	Amounts Falling Due Within One Year		Amounts Falling Due After More Than One Year	
	2013-14 £000	2012-13 £000	2013-14 £000	2012-13 £000
Balances with other central government bodies	14,352	9,304	-	-
Balances with local authorities	-	-	-	-
Balances with NHS Bodies	-	25	-	-
Balances with public corporations and trading funds	-	-	-	-
Subtotal: intra-government balances	14,352	9,329	-	-
Balances with bodies external to government	59,503	69,260	-	-
Total receivables at 31 March	73,855	78,589	-	-

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

17. Trade payables and other current liabilities

	Note	2013-14 £000	2012-13 £000
Amounts falling due within one year:			
Trade payables		4,380	4,791
Accruals and deferred income		67,754	52,903
Other payables:			
Consolidated Fund extra receipts due to be paid to the Consolidated Fund in respect of EU:			
Received		-	1,677
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:			
Received		548	19
Receivable		263	3,725
Amounts due to National Insurance Fund		359	845
Bank overdraft	15	4,447	7,204
		77,751	71,164
Amounts falling due after more than one year:			
Other payables, accruals and deferred income		485	487
		485	487

17.1 Intra-Government Balances

	Amounts Falling Due Within One Year		Amounts Falling Due After More Than One Year	
	2013-14 £000	2012-13 £000	2013-14 £000	2012-13 £000
Balances with other central government bodies	4,029	12,661	-	-
Balances with local authorities	-	2	-	-
Balances with NHS Bodies	-	59	-	-
Balances with public corporations and trading funds	-	102	-	-
Subtotal: intra-government balances	4,029	12,824	-	-
Balances with bodies external to government	73,722	58,340	485	487
Total payables at 31 March	77,751	71,164	485	487

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

18. Provisions for liabilities and charges

	Early Departure Costs	Long Service Award	2013-14 £000 Total	2012-13 £000 Total
Balance at 1 April	50	-	50	22
Provided in the year	20	2,000	2,020	55
Provisions not required written back	-	-	-	-
Provisions utilised in year	(15)	-	(15)	(27)
Balance at 31 March	55	2,000	2,055	50

Analysis of expected timing of discounted flows

	Early Departure Costs	Long Service Award	2013-14 £000 Total	2012-13 £000 Total
Not later than one year	55	-	55	50
Later than one year and not later than five years	-	-	-	-
Later than five years	-	2,000	2,000	-
Balance at 31 March	55	2,000	2,055	50

18.1 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.

18.2 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

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

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.

19. **Contingent Liabilities**

The Department has the following quantifiable contingent liabilities:

a. *Litigation cases*

There are thirty-seven outstanding cases as at 31 March 2014. The estimated potential liability is less than £300k.

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.

20. **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 2013-14 or 2012-13. 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.

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

21. Losses and Special Payments

Losses Statement

	No of losses	2013-14 £000	2012-13 £000
Cash losses	491	253	92
Claims abandoned	-	-	-
Administrative write-offs	-	-	-
Fruitless payments	-	-	5
Store losses	-	-	-
Total	491	253	97

There were no cases over £250,000 in 2013-14 or 2012-13; and there were no special payments in 2013-14 or 2012-13.

22. 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-ConstructionSkills Northern Ireland. 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 for 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.

23. 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.

At 31 March 2014, amounts recoverable by the Northern Ireland National Insurance Fund in respect of the activities not included in these accounts were £39,528k (2012-13: £40,383k).

NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS

for the year ended 31 March 2014

24. 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–ConstructionSkills Northern Ireland (a statutory training organisation);
- Labour Relations Agency (a Non-Departmental public body);
- the 6 Further Education Colleges (Non-Departmental public bodies);
- Stranmillis University College (a Non-Departmental public body); and
- St Mary’s University College (a Non-Departmental public body).

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 ONS 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.

25. Events after the Reporting Period

There were no events after the reporting period which would require adjustment to the financial statements.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 5 September 2014.



Published by Page Setup

Page Setup
Glendinning House
6 Murray Street
Belfast
BT1 6DN

Tel: 028 9032 6200

ISBN 978-0993113000



9 780993 113000