



Northern  
Ireland  
Office

# ANNUAL REPORT AND ACCOUNTS 2016-17



# **Northern Ireland Office**

## **Annual Report and Accounts 2016-17**

**(For the year ended 31 March 2017)**

Accounts presented to the House of Commons pursuant to Section 6(4)  
of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons  
by Command of Her Majesty

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*This is part of a series of departmental publications which, along with the Main Estimates 2016-17 and the document Public Expenditure: Statistical Analyses 2016 present the Government's outturn for 2016-17 and planned expenditure for 2017-18*



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## CONTENTS

STATEMENT FROM THE SECRETARY OF STATE FOR NORTHERN IRELAND.....	1
PERFORMANCE REPORT.....	3
THE ACCOUNTABILITY REPORT.....	27
GOVERNANCE REPORT.....	44
REMUNERATION AND STAFF REPORT.....	54
PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT.....	69
CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE.....	79
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	80
CONSOLIDATED STATEMENT OF CASH FLOWS.....	81
STATEMENT OF CHANGES IN TAXPAYERS' EQUITY.....	82
NOTES TO THE DEPARTMENTAL ACCOUNTS.....	84
ANNEX – REGULATORY REPORTING.....	107

## STATEMENT FROM THE SECRETARY OF STATE FOR NORTHERN IRELAND

### By the Right Honourable James Brokenshire MP

There is no doubt that the past twelve months have been challenging for Northern Ireland on a number of fronts. We have seen the EU referendum, two Assembly elections and, of course, the General Election. The Government remains steadfast in its support for the Belfast Agreement and its successors. We will continue to govern in the interests of all parts of the community, as we have done over the past seven years.

The overriding priority of the Government since the March Assembly election has been to see the re-establishment of strong and inclusive devolved government at Stormont. This is what the overwhelming majority of people across the community in Northern Ireland want and what Northern Ireland needs. To that end we have been engaging intensively with Northern Ireland's political leadership and, as appropriate, the Irish Government to reach agreement. The Government will do all it can to work with the parties to achieve a successful outcome.

The Government is determined to get the best deal for the whole of the United Kingdom, including Northern Ireland, as we carry out the mandate given to us to leave the EU. We recognise the unique circumstances of Northern Ireland as the only part of the UK to share a land border with another EU member state.

We remain fully committed, as the White Paper and our manifesto set out, to protecting the Common Travel Area throughout these islands. In addition, we want to maintain as seamless and frictionless a border as possible for goods, services and people. We want to uphold people's rights under the Belfast Agreement; secure effective arrangements for the supply of electricity across the island of Ireland; and continue the strong cross-border co-operation on security which is so vital in the fight against terrorism and organised crime.

Northern Ireland's economy continues to recover with growth last year at 1.6 per cent. Unemployment is falling, while over the past year employment has reached record levels. In addition exports are up 14.6 per cent on the baseline year of 2014-15 and Northern Ireland continues to attract significant inward investment - 18 new international companies set up in Northern Ireland in the past year alone.

We recognise, however, that Northern Ireland still suffers from structural weaknesses in its economy compared with some other parts of the United Kingdom, particularly the slower rates of economic growth and its levels of economic inactivity and long term unemployment. That is why public spending per head remains higher than the UK average and why we have committed to additional investment in recognition of the unique challenges faced by Northern Ireland as a result of its distinct history and geographical position.

The threat level from Northern Ireland-related terrorism in Northern Ireland has remained at SEVERE since March 2009, meaning an attack is "highly likely". While small in number dissident republicans pose a lethal threat. They act in defiance of the democratically expressed wishes of people in Northern Ireland and Ireland who overwhelmingly support the current political settlement. So-called paramilitary activity remains far too prevalent and embedded in parts of the community.

I pay tribute to the brave men and women of the Police Service of Northern Ireland and the Security Service who do such a superb job in keeping people safe and secure. Co-operation with An Garda Síochána is at its best ever and we are determined that this will continue post Brexit. For our part the Government will always give its fullest possible support to the Police Service and other agencies to ensure that terrorism will never succeed. We remain committed to working with the Executive to end paramilitary activity in accordance with the approach set out in the Fresh Start Agreement.

The Government is continuing to make progress in establishing the legacy bodies envisaged in the Stormont House Agreement to provide better outcomes for victims and survivors of the Troubles. We are determined that these bodies will operate in ways that are fair, balanced and proportionate and does not put people's lives at risk. In accordance with our manifesto commitments the next phase is to publish a consultation paper to allow the public to have their say on how the new bodies would operate in practice.

Finally I would like to put on record my deep appreciation and thanks for the support of my ministerial colleagues and officials since my appointment as Secretary of State in July last year. Their professionalism and expertise has helped guide Northern Ireland through a difficult twelve months as we seek to build a stronger and more prosperous future.

# PERFORMANCE REPORT



## Foreword



**Sir Jonathan Stephens KCB**

**Permanent Secretary for the Northern Ireland Office and Principal Accounting Officer**

I am pleased to present the Northern Ireland Office's Annual Report and Accounts for 2016-17. The Northern Ireland Office's mission in supporting political stability, ensuring the security and safety of Northern Ireland, working with partners to promote economic prosperity and making progress with the legacy of the past is as relevant as ever.

2016-17 was a demanding year where we witnessed significant political change, all of which has had a direct impact in Northern Ireland. Whilst we supported the arrival of a new Secretary of State and ministerial team, a key element that shaped our activity was the outcome of the **EU referendum**. Following the results, the Northern Ireland Office started to work closely and intensively with the political, business and wider communities in Northern Ireland and partners in the rest of the UK Government, for example, through the new Business Advisory Groups chaired by the Secretary of State, to ensure that the varied interests and concerns across Northern Ireland are reflected in the preparations for the negotiations to leave the EU.

The year also served as an opportunity to take stock on where progress has been achieved and where more work remained since the Fresh Start Agreement was finalised.

In ensuring a **more secure Northern Ireland**, an Independent Reporting Commission on paramilitary groups has been established. Working with security partners, we continue to implement the Government's strategy to combat NI-related terrorism.

To help **grow the economy**, the Executive's finances were put on a more secure footing through the implementation of welfare legislation in Westminster whilst there has been increased funding for shared and integrated education projects.

In creating a **stronger society**, it is clear that that though there has been notable progress, further steps remain in addressing the legacy of the past with victims' group and the parties. Work towards achieving a consensus, though consultation with the wider public remains a priority for the Northern Ireland Office.

Transformation within the Northern Ireland Office continued to ensure our department is **fit for the future**. This has involved consolidating initiatives to maximise new technology, our office environment and how our workforce operates.

As the business year came to an end, Northern Ireland's **political stability** and the risk to the existence of the devolved institutions returned at the top of the department's agenda. We have continued to work with the political parties and the Irish Government, as appropriate, to ensure that the Executive is re-established as quickly as possible in order to serve the best interests of the whole community of Northern Ireland.

I am very proud of what is a lean but agile team of public servants who have continued to deliver for Northern Ireland by achieving these significant measures and responding to these challenges with professionalism, commitment and dedication.

**Sir Jonathan Stephens KCB**  
**6th July 2017**

## What we do and who we are

### What we do

The Northern Ireland Office supports the Secretary of State for Northern Ireland in promoting the best interests of Northern Ireland within a stronger United Kingdom. It ensures Northern Ireland interests are fully and effectively represented at Westminster and the heart of Government, and the Government's responsibilities are fully and effectively represented in Northern Ireland.

Our key purpose is to make politics work by working alongside the Northern Ireland Executive to help improve the effectiveness and delivery of the devolved institutions; to ensure a more secure Northern Ireland; deliver a growing economy including rebalancing the economy; and ensure a stronger society by supporting initiatives designed to build better community relations and a genuinely shared future.

### Who we are

The Northern Ireland Office currently employs 136 staff, with offices in Belfast and London.

In addition to the core Department, there are a range of matters that are dealt with through a network of associated bodies which are independent of Government. These differ considerably from each other in terms of their formal status, intended purpose, statutory or other responsibilities, the degree of independence from Government and size.

Our Non-Departmental Public Bodies (NDPBs) are:

- The Northern Ireland Human Rights Commission
- The Parades Commission for Northern Ireland

We have one advisory NDPB:

- The Boundary Commission for Northern Ireland

We also sponsor a number of statutory office holders, including:

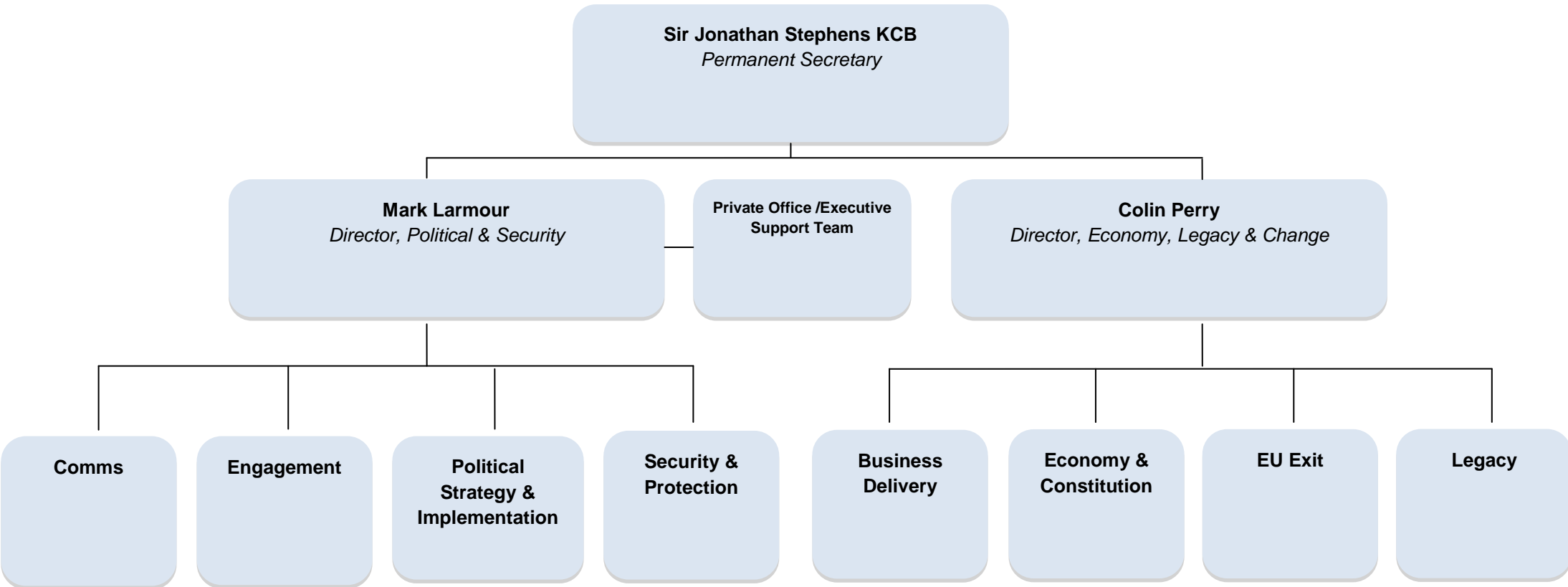
- The Crown Solicitor for Northern Ireland

- The Chief Electoral Officer for Northern Ireland
- The Civil Service Commissioners for Northern Ireland
- The Sentence Review Commissioners
- The Independent Chairman of the Northern Ireland Committee on Protection (non-statutory)
- The Remission of Sentences Act Commissioners
- The Independent Reviewer of Police and Military Powers under the Justice and Security Act 2007
- The Independent Reviewer of National Security Arrangements in Northern Ireland
- The District Electoral Areas Commissioner (currently in abeyance)

In partnership with the Irish Government we co-sponsor the Independent Commission for the Location of Victims' Remains and provide support for the British-Irish Intergovernmental Secretariat.

In addition, our Ministers are responsible, together with the Irish Government, for appointing the Board of the International Fund for Ireland (IFI). The IFI is governed by a fully independent Board, funded by international donors and administered by the British and Irish Governments. During the reporting period the UK Government and the Irish Government signed a Treaty to establish the Independent Reporting Commission (IRC). Further information on the IRC can be found in the [Our Performance](#) section of this report.

## How we are structured



## Our Ministers

The following Ministers have responsibility for the Northern Ireland Office:



The Rt. Hon. James Brokenshire MP<sup>1</sup>  
Secretary of State for Northern Ireland

James Brokenshire was appointed Secretary of State for Northern Ireland on 14 July 2016. He was elected the Conservative MP for Old Bexley and Sidcup in 2010.

The Secretary of State has overall responsibility for the Northern Ireland Office, advances UK government interests in Northern Ireland and represents Northern Ireland interests in the Cabinet.



Chloe Smith<sup>2</sup>  
Parliamentary Under Secretary of State for Northern Ireland

Chloe Smith was appointed Parliamentary Under Secretary of State for Northern Ireland on 14 June 2017. Chloe served as Minister for Political and Constitutional Reform from September 2012 until June 2017. She is the Conservative MP for Norwich North.

The Parliamentary Under Secretary of State supports the work of the Northern Ireland Office.



Lord Bourne of Aberystwyth<sup>3</sup>  
Parliamentary Under Secretary of State for State for Northern Ireland

Lord Bourne was appointed Parliamentary Under Secretary of State at the Northern Ireland Office on 14 June 2017. Lord Bourne previously served as Parliamentary Under Secretary of State at the Department for Communities and Local Government and as Parliamentary Under Secretary of State for the Wales Office. He has been a member of the Lords since September 2013.

Further information on our Ministers can be found on our website: [www.nio.gov.uk](http://www.nio.gov.uk)

<sup>1</sup> James Brokenshire replaced Theresa Villiers who had been the Secretary of State for Northern Ireland from September 2012.

<sup>2</sup> Chloe Smith replaced Kris Hopkins who had been Parliamentary Under Secretary of State for Northern Ireland from 16 July 2016. Prior to Kris Hopkins the position was held by Ben Wallace.

<sup>3</sup> Lord Bourne replaced Lord Dunlop who had been Parliamentary Under Secretary of State for Northern Ireland from 8 July 2016.

## Our leaders and their responsibilities



Sir Jonathan is Permanent Under-Secretary of the Northern Ireland Office. He chairs the Northern Ireland Board and is the department's accounting officer. He was appointed in June 2014.

**Sir Jonathan Stephens KCB**  
**Permanent Secretary**



**Colin Perry**  
**Director**

Colin was appointed Director (Legacy, Economy and Change) in December 2014. He leads on issues relating to the Northern Ireland economy, EU Exit and legacy policy. He is also responsible for efficiency and change. He leads on relationships with the Irish Government on legacy matters and with the Scotland Office and the Wales Office on devolution issues. Colin is a member of the Board.



**Mark Larmour**  
**Director**

Mark was appointed Director (Political and Security) in December 2014. He has oversight of matters relating to political development in Northern Ireland as well as for the delivery of the cross Government Strategy to tackle the threat from Northern Ireland Related Terrorism. He leads on relationships with both the Irish Government and the US Government on matters relating to Northern Ireland. Mark is a member of the Board.

## Our Non-Executive Board Members



**Dawn Johnson**  
**Lead Non-Executive**  
**Director, Chair of the**  
**Audit and Risk**  
**Committee**

Dawn Johnson BSc (Hons) ACII Dip PFS is the lead Non-Executive Director of the Northern Ireland Office, sitting on the Management Board. Dawn also chairs the Audit and Risk Committee.

Born and educated in Northern Ireland, Dawn spent the majority of her career in financial services focussed on sales, marketing and operational management with responsibility for regulatory compliance.

Dawn has held a portfolio of non-executive roles in, and supporting, the public sector for over 10 years. Her current roles include Frimley Health NHS Foundation Trust and Raven Housing Trust.



**David Brooker**  
**Non-Executive**  
**Director**

David Brooker is a retired Senior Civil Servant with experience of working across a wide range of issues in the Northern Ireland Office, Home Office and Department for Culture, Media and Sport. He is an external member of the Appointments Committee of CSSC Sport and Leisure Ltd.

### Independent Non-Executive Membership

The Non-Executive Board Members exercise their role through influence and advice, supporting as well as challenging the Northern Ireland Office executive team. They advise on performance, operational issues and effective management of the Northern Ireland Office. They also provide support, guidance and challenge on the progress and implementation of the operational business plan, in relation to recruiting and ensuring appropriate succession planning of senior executives. To share best practice and to ensure that departments learn from the successes and failures of comparable organisations the lead non-executive regularly meets with other non-executives from the Territorial Offices and across wider government.

No changes were made to our non-executive membership during the reporting period.



## Our Performance

### Northern Ireland Office's priorities

The Northern Ireland Office publishes its objectives and commitments on GOV.UK at: <https://www.gov.uk/government/publications/northern-ireland-office-2015-to-2020>

GOV.UK also provides news and updates on progress of work undertaken by the Northern Ireland Office, including details of announcements of achievements. Further information can be found on our website [www.nio.gov.uk](http://www.nio.gov.uk)

In addition to our published objectives, the Northern Ireland Office, like the rest of the UK Government, had to review its priorities in light of the referendum result on 23 June 2016, and the decision that the UK should leave the European Union. As the only part of the UK with a land border with another EU Member State, the implications of Exit for Northern Ireland are unique and potentially impact across all of our policy objectives. The Prime Minister and Secretary of State have both made clear their determination to make a success of Exit for the whole of the UK, including Northern Ireland.

Our priority in 2016-17 has been to work with the Northern Ireland Executive to identify the ways in which the UK's departure from the European Union may impact Northern Ireland and that these are properly understood and taken into account in wider Government preparations for Exit in the lead up to the Prime Minister's triggering of Article 50 of the Lisbon Treaty on 29 March 2017. In the two years ahead, we will be working to support the Department for Exiting the EU as it leads the negotiations with the European Union and, in parallel, working with the Northern Ireland Executive and with the rest of the UK Government to ensure that Northern Ireland is prepared for Exit and in a position to take advantage of the opportunities it provides.

Progress on our published objectives during 2016-17 is summarised below:

#### **Making politics work**

*£2.5bn package of additional funding and more flexible spending powers, as part of the Stormont House and Fresh Start Agreements*

The Northern Ireland Office continued to work with Whitehall partners and the Northern Ireland Executive to support and implement the Stormont House Agreement and Fresh Start Agreement to enable devolution to function more effectively; to address the legacy of the past and to make progress on divisive issues such as flags and parading. We worked with Whitehall partners to ensure that, as appropriate, Government policy took account of Northern Ireland constitutional and devolution issues and that the Executive had visibility and understanding of UK wide policy decisions. We facilitated challenging talks to re-establish the Northern Ireland Executive following its collapse in early 2017 and the subsequent elections to the

Northern Ireland Assembly in March 2017. These talks resumed after the General Election in June 2017.

### **A more secure Northern Ireland**

*£1.949m of funding was provided to the Northern Ireland Executive to tackle paramilitary activity.*

During 2016-17 the Northern Ireland Office continued to work with the PSNI, MI5 and security partners to drive down the threat from Northern Ireland related terrorism and to ensure appropriate protection for those at risk. We have ensured that security partners have the strongest possible support to tackle the threat faced and that effective policies and legislation are in place. We took forward legislation to allow for a new Independent Reporting Commission to monitor and report on progress to tackle paramilitary activity in Northern Ireland.

### **A growing economy**

*The Northern Ireland Economy grew by 1.6% during 2016-17.*

The Northern Ireland Office continued to support the Government's long-term economic plans for Northern Ireland. To achieve this objective the Northern Ireland Office worked closely with the Northern Ireland Executive to implement commitments in the 2013 economic pact to rebalance the economy and to build a more united and stronger society. In year, the Secretary of State established a Business Advisory Group and we worked with partners as part of the development of the Government's Industrial Strategy to address long-term challenges to the UK economy. We also continued to coordinate work to facilitate the devolution of corporation tax rate setting powers to the Northern Ireland Executive.

### **A stronger society**

*£12m of Shared Future funding was made available to the Northern Ireland Executive during 2016-17*

The Northern Ireland Office continued to work with the Executive and partners to support reconciliation and the Executive's objective of building a shared future for all, whilst acknowledging the past. Throughout the year, we worked to increase engagement and build trust across society and ensured that Government funding was put in place to support progress with the Executive's 'Together: Building a United Community (TBUC)' Strategy and in delivering a shared future.

### **Northern Ireland Office fit for the future**

*We continued to reduce the cost of delivering back-office functions.*

The Northern Ireland Office is committed to supporting Government becoming more efficient, effective and accountable. During 2016-17 we continued to modernise the way we work and deliver efficiency savings to ensure that we can operate within our annually funded budgets and can deliver the Government's priorities and manifesto commitments to the people of Northern Ireland.

## Performance on business plan objectives 2016-17

The section below sets out the range of Business Plan objectives and how we have delivered these during 2016-17.

### Objective 1: Making politics work

The Northern Ireland Office's initial focus during 2016-17 was to ensure continued political stability in Northern Ireland in the wake of the fallout from the development and operation of the Northern Ireland Renewable Heat Initiative (RHI). Following the resignation of the deputy First Minister in January 2017, the Secretary of State had a statutory duty to call a Northern Ireland Assembly election which took place on 2 March 2017. The subsequent failure of the parties returned by the election to form an Executive within 14 days of the Assembly's first meeting meant that Northern Ireland continued to be without a devolved government. From early March to the end of April 2017, the Department focused on working closely with Northern Ireland political leaders to ensure that stable and effective government was returned to Northern Ireland as quickly as possible. However, the talks were paused following the Prime Minister's announcement of a General Election. The pause in talks was agreed by the UK Government, the parties capable of forming an Executive and the Irish Government. To ensure that an Executive could be formed after the General Election the Department took forward legislation enabling the formation of an Executive on or before the 29 June 2017. The Northern Ireland (Ministerial Appointments and Regional Rates) Act 2017 also set a regional rate for Northern Ireland in 2017-18. Talks resumed following the General Election; however, despite making progress on a number of the issues an Executive could not be formed by 29 June 2017. The Secretary of State is committed to power-sharing devolved government as the best means of delivering the political stability which is the priority of the UK Government and the vast majority of people in Northern Ireland.

Prior to the dissolution of the Assembly in January 2017, good progress had been made in the implementation of the Fresh Start and Stormont House Agreements. The Government has continued to seek to build trust with its work on legacy and to move towards a public phase on legacy reforms. In addition Welfare reform plans were implemented. Recent political developments have unsurprisingly put implementation on hold and future delivery will depend on the successful formation of a new Executive.

The Northern Ireland Office provided support to the Chief Electoral Officer to deliver elections to the Northern Ireland Assembly in both May 2016 and March 2017, the EU Referendum in June 2016 and Westminster elections in June 2017. As part of the wider programme of modernising electoral services in Northern Ireland, we published a consultation on the future delivery of electoral services. Legislation to introduce digital electoral registration to Northern Ireland was passed by Parliament in December 2016, and will go live as soon as the Electoral Office's new electronic management system has been installed. A new Chief Electoral Officer, Virginia

McVea, was appointed by the Secretary of State on 1 February 2017 following a full public appointments process.

## **Objective 2: A more secure Northern Ireland**

Over the period of this report a small number of violent dissident republican terrorist groupings have continued their campaign. Their support remains limited, despite their attempts to seek legitimacy in a wider society which continues to reject their use of violence. The terrorist threat level in Northern Ireland from Northern Ireland-related terrorism remains unchanged at severe (an attack is highly likely). Most people are not affected by this threat, but where terrorism, paramilitary-style attacks and community attacks endure, so too will our efforts to tackle them.

These terrorists have targeted the brave people who, through public service, serve the whole community in Northern Ireland day in, day out, including the police, prison officers and the military. PSNI and MI5 are unstinting in their work to counter the threat of violence. Numerous dissident republican attacks have been prevented, often through vital support provided by members of the public.

The Northern Ireland Office in conjunction with our partners has continued to work to embed our strategic approach to tackling the enduring threat from Northern Ireland Related Terrorism (NIRT). We continue to seek to make Northern Ireland a safer place and to support all parts of the community in rejecting terrorism, violence and paramilitary activity.

In addition to work to tackle the terrorist threat we have also supported the Northern Ireland Executive's strategy to end paramilitarism. This has included providing £1.949m of funding this year to the almost £4m which the Northern Ireland Executive's Programme Board has allocated towards law enforcement activities and other funded initiatives to tackle ongoing paramilitary activity and criminality.

A Treaty between the UK Government and the Government of Ireland, establishing the new Independent Reporting Commission (IRC), was signed on 13 September 2016. The Commission will report on progress towards ending paramilitary activity connected with Northern Ireland. It will also report on implementation of measures by the UK Government, the Government of Ireland and the Northern Ireland Executive, including the Executive's action plan.

The legislative framework for the IRC is almost complete. The Northern Ireland (Stormont Agreement and Implementation Plan) Act 2016 received Royal Assent on 4 May 2016. Supporting regulations giving full effect to the Treaty were approved by Parliament on 7 November 2016 and will come into force when the Treaty enters into force.

The UK Joint Secretary to the IRC has been appointed, and the four Commissioners have been nominated. The IRC Commissioners have met a number of times to do some preparatory work in advance of the Commission being formally established. The IRC will be operational as soon as possible after corresponding legislation is in place in Ireland.

The Department continues to work to build resilience to protect against, and respond to, terrorist attacks. This includes providing physical security measures to the homes of individuals who fall within certain occupations in public life and who are under a high level of threat.

In addition we continue to work to ensure that Northern Ireland has a legislative framework appropriate for the threat, including working with the Home Office to implement the Investigatory Powers Act 2016; working with the NI Executive and other partners to ensure faster and more effective outcomes in terrorism cases as set out in the Fresh Start Agreement and that cross border cooperation remains strong as we leave the European Union.

### **Objective 3: A growing economy**

The Government has continued to uphold its commitment to deliver a stronger, more secure and stable economy that works for every part of the UK.

The Northern Ireland Office, working alongside the Northern Ireland Executive and other Government departments, has continued to prioritise strengthening and rebalancing the Northern Ireland economy, which grew by 1.6% over the year. At the end of 2016 the employment rate stood at 70%, an annual increase of 1.2 percentage points. There were more than 5,700 additional jobs in the private sector, while the number of people claiming unemployment-related benefits fell for ten consecutive months.

Following the decision to leave the EU the Secretary of State established a Business Advisory Group (BAG) to ensure Northern Ireland's interests are reflected in economic policy-making. The BAG met twelve times over the year and provided advice and insight from a range of Northern Ireland businesses. Its work covered both sectoral issues, such as in agri-food and manufacturing, as well as broader thematic considerations, proving an important forum for considering how businesses can maximise the opportunities presented by the Government's Industrial Strategy and our withdrawal from the European Union.

The Government remains committed to devolving corporation tax rate setting powers to Northern Ireland. Practical technical work to enable those powers to be devolved has continued, with good progress made between HM Revenue and Customs and the Northern Ireland Department of Finance. Further progress will await the formation of a new Executive.

We also continued to help support the delivery of a stable and sustainable budget. Good progress was made in particular on welfare reform thanks to close collaboration between the Department for Work and Pensions and the Northern Ireland Department for Communities, while the Autumn Statement increased available capital spending through to 2021 by more than £250m. The 2017 Budget further boosted a new Northern Ireland Executive's resource budget by £90m through to 2019-20 and its capital budget by £30m through to 2020-21.

The Northern Ireland Office also continued to deliver on its commitments from the Fresh Start and Stormont House Agreements. £43m of funding is available for release in 2017-18 to allow

the construction of shared and integrated schools, with funding now also available to deliver integrated housing projects. Nearly £2m has been released to help tackle paramilitary activity. And further flexibility in the spending profiles of some funding streams has been agreed to support effective and strategic use of the money available.

We have also continued to ensure the Northern Ireland voice is heard across the UK Government, engaging with departments to help ensure that people and businesses in Northern Ireland will benefit from the opportunities arising from the Government's Industrial Strategy, and facilitating the creation of several devolved working groups in key areas.

#### **Objective 4: A stronger society**

The Stormont House Agreement of December 2014 included a commitment to establish a number of institutions to address the legacy of Northern Ireland's past. In 2015, the Northern Ireland party leaders asked the UK Government to establish these bodies through legislation in the UK Parliament. Since then draft legislation has been prepared and discussions have taken place with the Northern Ireland Executive parties, with other political parties, with victims and survivors and with other stakeholders.

During the year, the Secretary of State announced his intention to move to a public phase of engagement, to gain wider consensus in support of the legacy proposals. However, the resignation of the deputy First Minister, followed by the announcement of a further Assembly election, led to a necessary pause in engagement. Discussions on establishing the Stormont House Agreement legacy institutions will continue in the next reporting period.

In 2016-17, the Northern Ireland Office developed a structured approach to external engagement, at both Ministerial and official level, with political, business, civil society and community representatives, including in 'hard to reach' communities. This has increased our understanding of the local issues, challenges and concerns which are important to people living and working across all sections of society in Northern Ireland.

Engagement on parading continued with key stakeholders at both Ministerial and official level and the department continued to fulfil its statutory role as sponsor of the Parades Commission for Northern Ireland. The Secretary of State re-appointed five of the current Commission members at the beginning of 2017, indicating his intention to introduce staggering of future appointments. The October 2016 agreement, which led to the removal of a loyalist protest camp and nightly protest parades in North Belfast, has helped reduce tensions between communities in the area. Ongoing engagement and dialogue between those involved can lead to a longer term solution on parades in the area and provide a clear demonstration that local dialogue can result in the resolution of what can at times be a challenging and complex issue.

During the year we worked closely with counterparts in the Irish Government to ensure that major 2016 centenary commemoration events in Northern Ireland, Ireland and France were delivered in a respectful, inclusive manner, promoting reconciliation and a peaceful shared



future. This approach was replicated in the local community where events, particularly those which commemorated the Battle of The Somme and Easter Rising, were delivered in a manner which focused on historical accuracy and mutual understanding, rather than promoting traditional conflicting narratives about the period. Similarly, close consultation with the Royal Households ensured that a busy programme of VVIP visits to Northern Ireland (including Her Majesty the Queen, the Duke and Duchess of Cornwall and the Duke and Duchess of Cambridge) was delivered in an inclusive manner and promoted the strengthening of cross-community links.

The 2016/17 tranche of Shared Future funding (£12 million of £60 million over five years), which was made available as part of the Fresh Start Agreement, was allocated by the Northern Ireland Executive in this reporting period to support their delivery of confidence and relationship building measures within and between communities. In their November 2016 update the Executive Office set out how the £12 million has been used to support the seven T:BUC ('Together: Building a United Community) headline actions, including the operation of a Summer camps programme and the completion of two shared neighbourhood developments.

The Northern Ireland Office remains committed to working closely with the Northern Ireland Executive to ensure further progress can be made on shared future measures.

#### **Objective 5: Northern Ireland Office fit for the future**

Since 2010 the Northern Ireland Office has delivered the efficiency savings identified as part of the Spending Reviews to ensure that the department operates within its annually funded baseline and can deliver Ministerial priorities. These measures have included:

- Continuing to reduce the cost of delivery of back-office functions and explore the use of shared services; this has included the successful introduction of new on-line systems for HR and recruitment and the transfer of transactional financial services to AccountNI.
- Reviewing the cost and quality of contractual services and exploring options for file storage and a new provider for Home Protection Scheme works.
- Working with the Chief Electoral Officer and the employees of the Electoral Office for Northern Ireland to deliver a challenging transformation programme and introduce a new IT system which will allow the introduction of digital registration of voters.

To meet government and Ministerial objectives we have continued to explore ways to ensure the flexible use of our staff resources and to support staff in being able to work more flexibly. During 2016-17 we carried out a Strategic Review of Resources and will repeat this exercise periodically. We have also continued to upgrade our IT systems and ensure that all staff have access to the necessary tools and development opportunities they need to do their job.

## Spending summary highlights for 2016-17

	2016-17	2015-16	Variance
<b>Spend By Budget Type</b>	<b>£millions</b>	<b>£millions</b>	<b>£millions</b>
Resource DEL (Voted) (Departmental operations including depreciation)	20.3	22.2	(1.9)
Resource DEL (Non-Voted) (Election Funding*)	10.1*	4.0*	6.1*
AME (Non-Cash accounting provisions for legal liabilities)	(0.8)	(1.1)	0.3
Capital DEL (Expenditure on Departmental non-current assets)	0.5	2.0	(1.5)
Non Budget (NI Executive funding)	14,156	13,979	177

\* This represents funding of the UK General Elections in 2015-16 and funding of two Assembly elections in 2016-17

This spending data corresponds to the more detailed information within the [Financial Review](#) on page 22.



## Sustainable Development

### Introduction

The Northern Ireland Office is exempt from complying with HM Treasury guidance on sustainability reporting as to collate the figures would be disproportionately expensive relative to the size of the Department. However, the Northern Ireland Office is committed to the wider agenda of 'Greening Government' and has taken steps to reduce carbon emissions and the amount of waste generated.

The Northern Ireland Office's sustainability aim is to reduce the impact of its business on the environment, with a priority to reduce carbon dioxide emissions.

### Sustainable ICT

In the last reporting period the Northern Ireland Office changed its provision of ICT by:

- Switching to modern laptops
- Introducing a completely mobile IT solution

These changes have reduced the Department's energy 'footprint'. During 2016-17 we continued to make preparations to enable a move to cloud services and expect to complete this move in the next reporting period.

The use of modern laptops and the eventual use of cloud service for data storage will help decrease the energy consumption across the Northern Ireland Office's estate. The introduction of a completely mobile solution is a major enabler for the Department's 'The Way We Work Programme' as outlined below.

### The Way We Work (TW3)

The Way We Work (TW3) is a pan departmental programme, led by the Government Property Unit within Cabinet Office, which is designed to help realise the Civil Service Reform Plan's aim of 'creating a decent working environment for all staff, with modern workplaces enabling flexible working, substantially improving IT tools and streamlining security requirements to be less burdensome for staff'. The Northern Ireland Office is fully committed to the principles of TW3 including:

- Maximising flexible working options by not having a dedicated work station per person;

- Introduction of new ICT to enable more flexible working, including remote working from other places not on the Northern Ireland Office estate;
- Provision of video and voice conferencing facilities;
- Extending Wi-Fi capacity in its buildings;
- Where possible re-designing work space to maximise efficiency and flexible working;
- Changing the organisational culture from desk-based to activity- based working.

Much has already been done to implement these principles with a major impact on our sustainable development 'footprint'. By making agile working more simple and available there is a decreased demand for desks, leading to a reduction in our greenhouse gas emissions, water consumption and waste output. The need to travel and the footprint it creates has further been reduced, both from home to office and between different work locations due to increased video and voice conferencing facilities.

## People

The Civil Service has a long tradition of supporting staff to volunteer and the Northern Ireland Office is committed to making a positive impact on the community in which it operates. The Northern Ireland Office offers up to five days' special leave for each member of staff to undertake volunteering. Staff can organise their own volunteering activity or can visit [www.do-it.org.uk](http://www.do-it.org.uk) for ideas and information on volunteering.

## Financial Review

### Funding

The Department's activities are financed by Supply voted by Parliament. Each year the NIO is given Parliamentary approval for its expenditure when Parliament votes the Main Supply Estimates. Subject to Parliament's agreement, the estimates may be amended during the year at the Supplementary Estimate stage. The estimates are published by The Stationery Office (TSO) and contain details of voted monies for all government departments. The 2016-17 Supplementary Estimates are available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/591927/PU2028\\_Supplementary\\_Estimates\\_2016-17\\_correction\\_slip\\_print.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/591927/PU2028_Supplementary_Estimates_2016-17_correction_slip_print.pdf)

**Departmental Expenditure Limit (DEL): £32,177,000 (including non-voted expenditure of £11,059,000)**

Expenditure arising from:

- overseeing the effective operation of the devolution settlement in Northern Ireland and representing the interests of Northern Ireland within the UK Government;
- expenditure on administrative services;
- expenditure arising from the Stormont House Agreement and the Fresh Start Agreement;
- Head of State related costs and VIP visits to Northern Ireland;
- Northern Ireland Human Rights Commission and other Reviews and Commissions arising from the Good Friday Agreement, the Northern Ireland Act 1998, the Northern Ireland Act 2000, the Northern Ireland Act 2009, political development and inquiries;
- parading;
- the Chief Electoral Officer for Northern Ireland, elections and boundary reviews;
- Civil Service Commissioners for Northern Ireland;
- legal services, security, victims of the Troubles including the work of the Independent Commission for the Location of Victims Remains and arms decommissioning;

- compensation schemes under the Justice and Security (Northern Ireland) Act 2007 and Terrorism Act 2000; and
- the running of Hillsborough Castle and certain other grants.

This includes associated depreciation and any other non-cash costs falling in DEL.

Income arising from:

Recoupment of electoral expenses; receipts from the use of video conferencing facilities; fees and costs recovered or received for work done for other departments; freedom of information receipts; data protection act receipts; recovery of compensation paid; recoupment of grant funding; costs and fees awarded in favour of the crown; receipts arising from arms decommissioning; fees and costs recovered or received for the use of the NIO estate; contributions from third parties to fund grant programmes and monies from other departments to fund projects in Northern Ireland.

### **Annually Managed Expenditure (AME): (£599,000)**

Expenditure arising from change in provisions.

### **Non-Budget Expenditure: £14,673,000,000**

Expenditure arising from:

- providing appropriate funding to the Northern Ireland Consolidated Fund for the delivery of transferred public services as defined by the Northern Ireland Act 1998, Northern Ireland Act 2000 and the Northern Ireland Act 2009; and
- grants to the Northern Ireland Consolidated Fund and transfers of EU funds.

The Department's final resource Estimate for 2016-17 was £14,704m (2015-16: £14,671m) and the Department's final capital Estimate for 2016-17 was £0.561m (2015-16: £2.150m)

## **Comparison of estimate and outturn**

### **Resource**

The total outturn shown in the Statement of Parliamentary Supply of these Accounts reflects achievement of the Department's financial objectives and an effective financial management performance for the year. The net resource outturn for 2016-17 was £14,186m (2015-16: £14,004m) compared with the Estimate of £14,704m (2015-16: £14,671m). This is a variance of £518m (2015-16: £667m).

The main reasons for this variance are:

- £517m funds anticipated to be required by the Northern Ireland Executive were not drawn down from the Consolidated Fund;
- a variance of £0.15m against the AME Estimate which resulted from lower than anticipated expenditure related to accounting provisions for legacy legal cases;
- a variance of £0.95m in respect of lower than anticipated costs for the two Assembly elections held in 2016-17;
- a variance of (£0.2m) occurred in the ring-fenced depreciation budget; and
- other small variances across the remainder of the Department and its ALBs resulting largely from lower than anticipated staff costs, and programme costs where planned expenditure could not be completed due to a change in circumstances in the final quarter of the year.

### Capital

The net capital outturn for 2016-17 was £0.47m (2015-16: £1.97m) compared with the Estimate of £0.56m (2015-16: £2.15m). This is a variance of £0.09m (2015-16: (£0.18m)).

This variance resulted from lower than anticipated capital expenditure on a telecoms project in the last quarter of the year.

### Net Cash Requirement

The net cash requirement (note SOPS3) outturn was £14,172m (2015-16 £14,000m) compared with the Estimate of £14,692m (2015-16: £14,667m). This is a variance of £520m (2015-16: (£667m)). This variance resulted from lower than anticipated payments made by the Northern Ireland Executive during the financial year.

Decisions on how funding to the Executive is spent are managed by the devolved administration and funding is allocated to the Northern Ireland departments by the Department of Finance (DoF). Each of the Northern Ireland departments, including DoF, publishes their own financial statements. Additional information regarding the budgets of the Executive and the grants paid by the NIO to the Northern Ireland Consolidated Fund are included in an annex at the end of this document.

## Statement of Financial Position

The net assets at 31 March 2017 of £71m (2015-16: £75m) principally comprise property, plant and equipment of which Hillsborough Castle and its surrounding estate is £72.1m (2015-16: £74.6m) as the remainder of the other assets and liabilities largely offset.

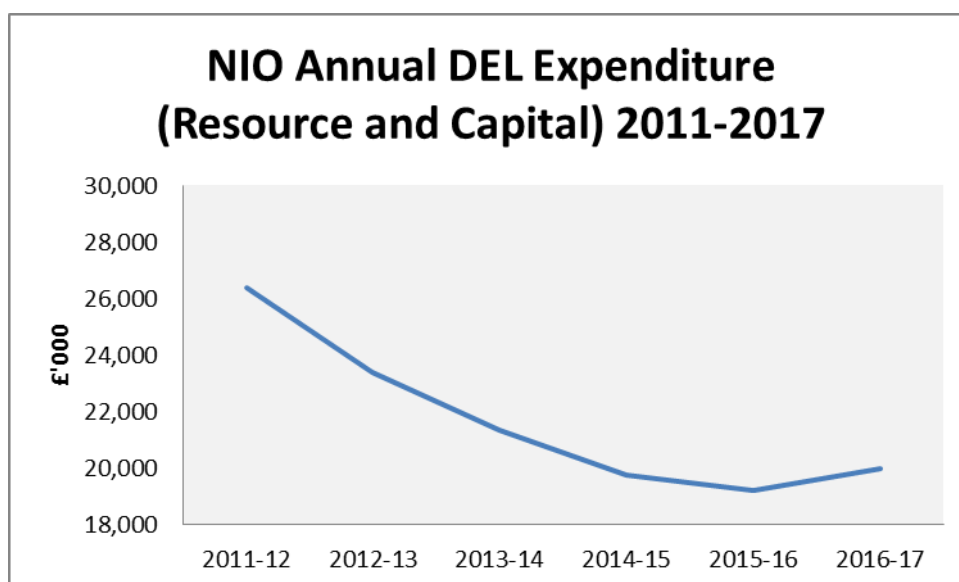
The financial assets include loans issued to DoF under the National Loans Fund, but these are balanced by corresponding amounts in current and non-current liabilities.

## Departmental Auditor

These accounts are audited by the Comptroller and Auditor General (C&AG) who is appointed by statute and reports to Parliament on the audit examination. His certificate is produced in the Parliamentary accountability and audit report. The audit of the financial statements for 2016-17 resulted in a group audit fee of £136,500 (cash audit fee £30,000, non-cash audit fee £106,500) (2015-16 £136,500; cash fee £30,000, non-cash fee £106,500).

The C&AG may also undertake other statutory activities that are not related to the audit of the Department's accounts such as value for money reports. No such reports were published during the year.

## Long Term Expenditure Trend



The outturn figures have been adjusted to exclude the impact of significant one-off additional areas of expenditure when additional funding was provided e.g. the electoral canvass in 2013-14 as well as European Elections, the General Election and Assembly Elections in 2014-15,

2015-16 and 2016-17 respectively. The increase in 2016-17 represents additional funding for new areas of expenditure e.g. a boundary review.

**Sir Jonathan Stephens KCB**  
**Accounting Officer**  
**6<sup>th</sup> July 2017**

## **THE ACCOUNTABILITY REPORT**



## Report by Dawn Johnson, the Northern Ireland Office Lead Non-Executive Board Member



### Introduction

This is the fourth annual report that I have been involved with as the Northern Ireland Office's lead non-executive director and Chair of the Northern Ireland Office's Audit and Risk Committee. My report looks back at the progress made over the last twelve months and reflects on the work of the Audit and Risk Committee. It has been prepared in line with HM Treasury guidance.

Last year's report outlined the changes that the Northern Ireland Office's Board took forward to ensure that it remained effective and strategically focussed. Over the last twelve months the department has faced numerous challenges including delivering new Information and Communication Technology (ICT), transferring its financial management arrangements to the new AccountNI platform, dealing with a change in the Ministerial Team and frequent periods of significant political uncertainty. However, despite these challenges the Board has continued to maintain a focus on strengthening its governance arrangements with an emphasis this year on delivering improvements to risk management and operational and financial planning.

Early in the reporting period the Board reviewed its Committee structures and considered options for improving forward planning and accountability. The non-executive board directors brought their experience and external perspective to the Board's decision making process and we fully endorsed the creation of a single Executive Management Committee comprising of Directors and Deputy Directors. This new Committee has been charged by the Board to oversee operational performance and delivery through an emphasis on strategic leadership, operational management and direction whilst also ensuring the most effective prioritisation of resources. The Committee will also have a role in providing greater oversight of the Northern Ireland Office's sponsored bodies and will work closely with the Audit and Risk Committee to ensure that consistent and appropriate governance arrangements are maintained and monitored. Although the Committee was only established in-year I have already seen the benefits of its work to refresh the business planning process and to embed a culture of risk management in all business areas. I expect to see further benefits in the next reporting period.

During the year the non-executive board directors have also had an active role in a number of Senior Civil Service and Public Appointment recruitment panels which has provided closer and

valuable insight on the challenges and working of the Northern Ireland Office and the activities of its sponsored bodies.

The non-executive board members have also engaged with their counterparts in other Whitehall departments. In January 2017, we were invited to an 'All Non-Executive Directors' event hosted by Cabinet Office. I also met with non-executive directors from the Scotland Office and Wales Office to discuss matters of mutual interest.

### **Audit and Risk Committee**

The Audit and Risk Committee is a Committee of the Northern Ireland Office's Board. The Committee's primary purpose is to provide constructive challenge, support and advice to the Northern Ireland Office's Accounting Officer in the effective discharge of his responsibilities for governance, risk and internal control. It also oversees the work of internal and external audit including audit plans, reports and departmental responses. The Committee acts in an advisory capacity and has no executive responsibilities.

### **Terms of Reference**

The Committee's Terms of Reference broadly follow the guidance provided in the HM Treasury's Audit and Risk Assurance Handbook that was reissued in March 2016. The key messages and minutes from each Committee meeting are presented to the Northern Ireland Office's Board and made available to all Deputy Directors.

The current Terms of Reference were reviewed in September 2016 and subsequently ratified by the Board. They will be reviewed again in September 2017.

### **Audit and Risk Committee Membership**

The Audit and Risk Committee's membership is currently composed as follows:

- Dawn Johnson: Lead Non-Executive member of the Northern Ireland Office Board and Chair of the Audit and Risk Committee
- Ben Connah: External Member, Deputy Director – Children in Care, Department of Education.
- Ian Summers: Independent Member with public sector finance and audit background and experience of working with both Whitehall departments and devolved government.

Regular attendees at the Audit and Risk Committee meetings included:

- Director, Legacy, Economy & Change, Northern Ireland Office
- Deputy Director, Business Delivery Group, Northern Ireland Office
- Head of Finance, Northern Ireland Office
- National Audit Office
- Head of Internal Audit, Government Internal Audit Agency
- Internal Auditor, Government Internal Audit Agency

In addition to the regular attendees, the Departmental Accounting Officer normally attends at least one meeting a year. In 2016-17 the Accounting Officer attended two meetings of the Committee.

### **Relationships with other Audit Committees**

The Northern Ireland Office currently sponsors two Non-Departmental Public Bodies (NDPBs): the Northern Ireland Human Rights Commission and the Parades Commission for Northern Ireland. Each of these bodies has its own Accounting Officer and Audit and Risk Committee.

The Committee kept a watching brief on key issues affecting the two NDPBs and the other sponsored bodies through regular updates from sponsors and the stewardship statement process. I met with the Chair of the Audit Committee for the Parades Commission for Northern Ireland and members of the senior executive team in the Northern Ireland Human Rights Commission in September 2016. The Committee also took assurance from the NAO's end of year audit reports for each NDPB.

In my role as Chair of the Committee I also met with the Crown Solicitor for Northern Ireland to discuss her plans to reorganise the Crown Solicitor's Office and strengthen financial control measures.

### **Audit and Risk Committee activity**

The Committee met in April, June, and September 2016 and in January 2017. The September meeting was held in Belfast to enable the Committee members to carry out visits to sponsored bodies, including the Electoral Office for Northern Ireland.

At each meeting the Committee continued to exercise a robust challenge function and to demand the highest levels of performance and accountability from those reporting to it.

Standing agenda items reviewed at each meeting included Risk Management, Finance, ALB management, Internal Audit and National Audit Office (external audit) and updates from the Board and other committees and projects. In-year the Committee also monitored and reviewed a wide range of internal policies including data security and anti-fraud and whistleblowing.

During the quarterly meetings, the Committee members were regularly apprised of the changing priorities and objectives of the Northern Ireland Office or matters of specific interest or relevance to the discharge of the Committee's functions.

Towards the end of 2016, the Committee completed a review of effectiveness as recommended in the Corporate Governance in Central Government Departments Code of Good Practice 2011. Annual reviews of this nature allow the Committee to monitor how it is performing and to make any changes that it may feel are necessary or that will add value to the role which the Committee plays.

Committee members were asked to complete a self- assessment checklist designed to ascertain how they thought the Committee had performed during the last 12 months and to give their views on which aspects of the role of the Committee might be changed or improved. I also asked regular attendees at Committee meetings to provide comments from an observational perspective.

The resultant responses confirmed that the Committee has the right balance of skills and experience, is operating effectively and satisfying its terms of reference. A small number of minor recommendations were agreed with the aim of enhancing the Committee's effectiveness. These included: including a visit to Belfast as an annual event, strengthening lines of communication between external auditors and the finance team at key stages during the preparation of the annual report and accounts and the consideration of succession planning for Committee members.

To further ensure the Committee's ongoing effectiveness I carried out individual performance appraisals of the members to both acknowledge and maximise their contributions to the Committee's work.

## **Main matters arising**

The main matters arising during the reporting period are summarised below.

### *2015-16 Accounts*

The Committee scrutinised and questioned management on the 2015-16 accounts. As part of this process, the Committee specifically reviewed any disclosures and any issues raised in the external auditor's report to those charged with governance.

The Northern Ireland Office's Annual Report and Accounts were subsequently presented to Parliament on 14 July 2016.

On other Departmental group accounts, the Committee monitored progress on the Returning Officers' Expenses for 2015-16. These were laid in Parliament on 20 July 2016. No significant control issues were identified during the external audit activity.

The preparation and sign off of the Annual Report and Accounts for the Parades Commission for Northern Ireland and the Northern Ireland Human Rights Commission are matters for their designated accounting officers and audit committees. However, the Committee monitored progress and noted the assurances provided by the National Audit Office. The Parades Commission for Northern Ireland presented their 2015-16 report to Parliament on 20 July 2016 and the Northern Ireland Human Rights Commission also laid their report on the same day.

#### *Information Assurance and Data Protection*

The Committee received updates on progress to review and refresh Information Assurance policies, including progress on the Information Assurance Action Plan that has been drawn up following the completion of an audit by The National Archives in June 2016. The Committee noted the good progress that has been made to manage information risk and embed information asset management.

The Committee also took assurance from the completion of the annual Departmental Security Health Check that was submitted to Cabinet Office in June 2016. As part of the Health Check an independent peer review was completed and I can report that action has been taken, or is planned, to ensure that all recommendations are implemented before the completion of the next Health Check in June 2017.

The Committee acknowledges that there were no reported information assurance incidents attributed to the Northern Ireland Office during the reporting year.

#### *Control and Risk Issues*

During the year, the Committee received management updates on the oversight and accountability arrangements between the Northern Ireland Office and its sponsored bodies. These reports were refined in the reporting period to produce a risk assessment of key governance arrangements for each sponsored body. In addition, the Committee noted that the Northern Ireland Office continued to improve and strengthen its close working arrangements with its sponsored bodies through regular forum or collective meetings and sponsor team catch up meetings with their respective sponsored bodies. The Committee took assurance from the management reports and verbal updates in addition to members' visits to some ALBs during the year and is satisfied that the Northern Ireland Office has appropriate and effective governance arrangements in place to manage its relationships with its sponsored bodies.

The Northern Ireland Office's arrangements for managing risk have been regularly reported to the Committee. The challenges of the political situation in Northern Ireland and EU Exit over the last 12 months have made the management of risk particularly difficult. However, the Committee is satisfied that the department has taken steps to ensure that a robust risk management policy is in place to enable the mitigation of the risks within its control and this is communicated to all staff so that they understand their responsibilities in terms of identifying and managing risk.

The Committee took assurance from internal auditors following their review of the risk management processes towards the end of the reporting period that the current risk management arrangements are in line with current best practice, including the recently issued Cabinet Office guidance.

The Committee was provided with regular assurance that appropriate action had been taken to clear any identified control issues reported by either internal or external audit. The Committee agrees that good progress was made during the year on implementation of agreed actions and at year end there was only one outstanding audit recommendation, which is due to be cleared in the coming months.

#### *Internal Audit*

The Committee reviewed and endorsed internal audit strategies and plans that covered a range of financial control and operational areas within the Northern Ireland Office to ensure that attention was focused on the areas that matched the key departmental risks. In year, internal audits were commissioned from the Government Internal Audit Agency for: Departmental Security Health Check Return; ICT System Benefits Realisation and Risk Management. A further audit of Financial Business Management and the Partnering role was deferred to 2017-18 to allow time for the completion of an existing enhanced financial management review.

The Committee has received regular reports on the outcome of the audit work and recommendations made, including a review of outstanding recommendations. The Committee acknowledges that the overall internal audit opinion reported a moderate level of assurance for 2016-17. Further information on the definition of the assurance rating can be found in the Governance Statement.

#### *External Audit*

Representatives from the National Audit Office have attended all of the Committee's meetings. During this reporting period the Committee engaged with auditors in respect of the completion report for the 2015-16 accounts and reviewed the audit strategy and timetable for the Northern Ireland Office's 2016-17 accounts, Returning Officers' Expenses and Executive Non-Departmental Public Bodies accounts, including the key risks highlighted in each by the auditors. The Committee gained an assurance that appropriate action has been taken on external audit management letters for the previous years.

### **Audit and Risk Committee Assurance**

The Committee provides the assurance that, during the period of this report, it discharged its primary responsibilities in accordance with its terms of reference. The Committee is also satisfied that it is able to provide the Accounting Officer assurance on:

- all accounts it has reviewed;
- the high level system of internal controls; and

- the quality of both Internal and External Audit, with their approach to the discharge of their respective responsibilities, and the reliance that can be placed on this work.

Priorities for the Committee's attention over the next reporting period include:

- gaining assurance on the effectiveness of the accounting arrangements following the transfer to AccountNI on 1 April 2017;
- continue to monitoring financial management and reporting to ensure the delivery of future accounts are accurate, complete and meet agreed timescales;
- continual monitoring of progress and sign off of audit recommendations;
- ensuring that appropriate governance policies are in place and regularly updated;
- monitoring the effectiveness of the Northern Ireland Office's approach to risk management and
- scrutinising sponsorship arrangements for the Northern Ireland Office's associated bodies.

### **Acknowledgements**

As Chair of the Committee, I am pleased to commend the continuing open and candid relationship that exists between its members, auditors, senior officials within the Northern Ireland Office including the Head of Finance, the Directors, Deputy Directors and members of the Corporate Governance Team.

**Dawn Johnson**

**Lead Non-Executive Director and Chair, Audit and Risk Committee**



## Directors' Report

### Ministers

Details of the ministerial titles and names of all ministers who had responsibility for the Northern Ireland Office during the year can be found on page 9.

### Permanent Secretary

The Permanent Secretary and Accounting Officer for the Northern Ireland Office is Sir Jonathan Stephens KCB. Further information can be found on page 10.

### Other Reporting Entities

The names of the chairman and chief executive, or equivalent, of the Northern Ireland Office's other reporting entities are:

- **The Northern Ireland Human Rights Commission**

Chief Commissioner: Les Allamby

Director/Chief Executive: Dr David Russell from 1 Feb 2017<sup>4</sup>

- **The Parades Commission for Northern Ireland**

Chief Commissioner: Anne Henderson

Secretary: Rene Murray

### Corporate Information/Our People

#### *Recruitment Practice*

All Civil Service recruitment in the Northern Ireland Office is carried out in accordance with relevant employment legislation and the Recruitment Principles issued by the Civil Service Commission.

In 2016-17, the number of vacancies filled was 46. In recognition of our dual role of representing Northern Ireland interests at UK Government level and UK Government interests in Northern Ireland, the Northern Ireland Office can only carry out its core functions and deliver its strategic priorities by having direct access to individuals who have a detailed knowledge and understanding of UK Government and Northern Ireland related issues. This includes a knowledge and understanding of the devolved administration and the machinery of government including Northern Ireland departmental functions and structures. For these reasons, a

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<sup>4</sup> Virginia McVea stood down as Director on 31 January 2017.



Memorandum of Understanding (MOU) was agreed formally between the Northern Ireland Office and Northern Ireland Civil Service (NICS) in October 2012, in recognition of the unique relationship between the two organisations and to provide an appropriate structure and a degree of flexibility around our secondment arrangements. This MOU continued to work effectively for the Northern Ireland Office during 2016-17 and we will continue to work closely with the NICS to ensure the secondment arrangements deliver maximum flexibility and mutual benefits.

During 2016-17 the Northern Ireland Office also offered young people the opportunity to enhance their employability through the Apprenticeships programme and one apprentice remained in post throughout 2016-17. Two new apprentices have been recruited and will take up post in the next reporting period.

### *Public Appointments*

As at 31 March 2017, the Northern Ireland Office sponsored two executive non-departmental public bodies, an advisory non-departmental public body and a range of smaller arm's length bodies and office holders. Further information about the range of associated bodies sponsored by the Northern Ireland Office can be found in the Performance Report. In addition, the Northern Ireland Office oversees the public appointments for the Equality Commission for Northern Ireland.

In December 2016 the Government published its new Governance Code on Public Appointments which sets out the principles that should underpin all public appointments, including those that Ministers have delegated to others. The new Code came in to effect on 1 January 2017 and replaced the Commissioner for Public Appointments' Code of Practice. The Department has worked closely with Cabinet Office to ensure that its public appointments processes remained compliant during the transition period. In addition to publishing the new Code, the Cabinet Office also took forward legislation under the Public Appointments Order in Council 2016 that increased the number of appointments made by the Northern Ireland Office that are covered by the Code and regulated by the Commissioner for Public Appointments.

Between 1 April 2016 and 31 March 2017, four new regulated appointments were made, of which 50% were women. The appointment of the Chief Commissioner for the Equality Commission for Northern Ireland was renewed for a further period of three years and the Chair of the Parades Commission along with four of her fellow Commissioners were also re-appointed for a further term of up to three years.

The Northern Ireland Office also made three non-regulated appointments: the Chair of the Northern Ireland Committee on Protection (NICOP)/Independent Reviewer of National Security Arrangements in Northern Ireland; UK representative to the Independent Reporting Commission and a new Chief Electoral Officer. All of these appointments were made following a proportionate and transparent process that included independent assessment.

### *Employee Consultation*

The Northern Ireland Office recognises the importance of sustaining good employee relations to achieve its objectives, and consultation with employees and their representative is central to that work.

Regular communication and consultation takes place with staff through a variety of channels, including the intranet, weekly heads up meetings, staff bulletins, working groups and other briefings. More formal consultation exercises also take place with staff and unions on matters such as organisational change and changes to staff terms and conditions when necessary.

There are also staff networks which represent particular groups of employees that our staff can access through our relationship with the Ministry of Justice and the wider civil service.

The Northern Ireland Office runs an annual people survey which captures employees' views on a number of issues. The Department has also introduced interim 'pulse' surveys at quarterly intervals as a means of assessing what is being done well, what the Department should be doing more of, or what could be done better. The results of the interim and annual surveys are also used to measure levels of engagement at the local and corporate level. Overall, our departmental engagement score in 2016 increased by seven percentage points from last year's survey to 67 per cent. This is two points above the average of other high performing teams in Whitehall. The results this year also saw encouraging increases in the scores in a number of other areas including our approach to leadership and managing change and awareness of our organisational objectives and purpose.

### *Managing Attendance*

Throughout 2016-17 the Northern Ireland Office continued to take a robust approach to managing attendance. The sickness absence figures for the reporting year are included in the Remuneration Report and show better attendance than the Civil Service average.

### *Diversity and inclusion policy*

The Northern Ireland Office recognises the importance of embedding diversity in everything we do. Sir Jonathan Stephens is our overall Diversity Champion on the Board. Our Directors each champion various categories, including: Black and Minority Ethnic; Lesbian, Gay, Bi-sexual and Transgender; Disability and other characteristics.

The Northern Ireland Office is committed to:

- eliminating discrimination, harassment, victimisation and other conduct that is prohibited by or under equality legislation;
- advancing equality of opportunity between persons who share a protected characteristic and persons who do not share it; and

- fostering good relations between persons who share a protected characteristic and person who do not share it.

The Northern Ireland Office aims to be an organisation where everyone is:

- treated with fairness and respect;
- able to contribute and develop; and
- confident about how to ensure that the work they do supports equality of outcomes for everyone in society.

The Northern Ireland Office's people management policies and practices reflect the Civil Service Code and build on the legal obligations under Northern Ireland, National and European law.

The Northern Ireland Office took steps in 2016-17 to increase awareness of diversity issues through the continued publication and signposting of information on the Departmental intranet. The Department also participated in the Black, Asian and Minority Ethnic (BAME) Senior Civil Service work shadowing scheme and encouraged staff to avail of the 'Future Leaders and Senior Leaders Scheme' which provides target development and support to participants and ensures that those with potential reach the highest levels of the civil service irrespective of their social or personal backgrounds. A number of staff also participated in 'Crossing Thresholds' which is a year-long career mentoring programme for women.

We also published a revised People Plan in 2016-17 and continued to communicate a clear message to all staff that we do not tolerate any form of unfair discriminatory behaviour, harassment, bullying or victimisation, and will do all that we can to ensure that any such allegations are dealt with sensitively and fairly.

In addition, the Northern Ireland Office was accredited as a Disability Confident Employer on 27 October 2016.

#### *Employment, training and advancement of disabled persons*

The Northern Ireland Office has adopted Ministry of Justice policies for staff-related matters, including making reasonable adjustments where necessary for staff with disabilities and the Guaranteed Interview Scheme. During the year we continued to monitor and report progress against our published Disability Action Plan that articulates our vision, our priorities and sets out our measures to promote positive attitudes towards disabled people and encourage participation by disabled people in public life. The plan makes a clear statement of our commitment to implementing our equality duties in relation to disability.

### *Pensions*

Present and past employees of the Northern Ireland Office Department are covered by the provisions of either the UK or Northern Ireland Principal Civil Service Pension Scheme (PCSPS). Those organisations within the boundary covered by the scheme meet the costs of the contributions paid by employers for their staff by the payment of charges called Accrued Superannuation Liability Charges. This is charged to the Statement of Comprehensive Net Expenditure on an accrued basis annually.

The Department is also required to meet the additional cost of benefits beyond the normal PCSPS (UK) and PCSPS (NI) benefits in respect of staff who retire early. The Department provides in full for this cost, charged against the Statement of Comprehensive Net Expenditure when the early retirement has been announced.

The pension benefits of Northern Ireland Office Board members are outlined in the Remuneration Report.

### *Capabilities, learning and development*

The Northern Ireland Office is committed to supporting the learning and development of all staff to enable them to do their jobs to the best of their ability and to develop the necessary skills for the present and future. We encourage staff to take up five days a year learning and development and maintain a ring-fenced budget for this. Staff at all grades made good use of the Civil Service Learning portal as well as face to face learning.

The Northern Ireland Office monitors the progression of individual learning against agreed personal development plans.

During 2016-17 we continued to embed more cross-team and flexible ways of working, including mobile ICT, and made tools and training available to staff to assist them in organising, planning and driving forward delivery of policy objectives. Building capability will remain at the forefront of the Northern Ireland Office's priorities in the years ahead, with the Department continuing its efforts to maximise the development opportunities available to staff.

### *Health and Safety*

The Northern Ireland Office recognises its obligations under Health and Safety at Work legislation for ensuring, so far as is reasonably practical, the development of an effective health and safety regime. During 2016-17, there were two minor accidents neither of which required reporting to the relevant authorities.

Health and safety guidance is kept under review and made available to all staff on the Department's intranet.

### *Social and community responsibility*

The Northern Ireland Office, as part of its corporate responsibility agenda, actively promotes awareness of social and community issues and is committed to promoting inclusion, social mobility and equality through its human resources and other corporate policies. A major contributor to this is the encouragement of volunteering, whether individually or in groups, including providing special leave for this purpose. Information on volunteering is made easily available to staff through the Department's intranet.

The Northern Ireland Office is also committed to promoting health and well-being. We support staff by promoting flexible working as well as providing mental well-being information on work-life balance options on the Department's intranet.

### **Other Reporting Requirements**

#### *Estates management strategy*

The Northern Ireland Office's accommodation in London and Belfast are maintained under lease arrangements. Some accommodation and a small office for Ministers are also available at Hillsborough Castle, however, responsibility for the management and day to day running of Hillsborough Castle rests with the charity Historic Royal Palaces.

#### *Payment of suppliers*

During the year, the Northern Ireland Office paid 86% of invoices within five working days.

#### *Better Regulation*

The Northern Ireland Office is committed to producing less, and better, regulation in line with the Government's general principles of regulation. As such, the Department continually looks for ways to reduce regulation where possible. As part of this process, the Department is committed to actively promote the better regulation agenda across the Northern Ireland Executive, representing the needs of the devolved administration in Whitehall and vice versa.

During the year, the Northern Ireland Office published one consultation. All Northern Ireland Office consultations are available on our website at [www.nio.gov.uk](http://www.nio.gov.uk)

#### *Parliamentary Questions*

The Government has committed to providing departmental Parliamentary Question statistics to the Procedure Committee of the House of Commons on a sessional basis. Northern Ireland Office statistics for the 2016-17 parliamentary session are expected to be published on the Committee's website in due course.

*Complaints to the Parliamentary Ombudsman*

There were no complaints about the Northern Ireland Office which have been investigated by the Parliamentary Ombudsman.

*Political and Charitable Donations*

The Northern Ireland Office did not make any political or charitable donations in 2016-17.

*Freedom of Information requests*

Statistics on Freedom of Information requests in central government are published quarterly at:

<https://www.gov.uk/government/collections/government-foi-statistics>

*Transparency*

The Northern Ireland Office, in line with the Government's Transparency Agenda, regularly publishes information on any significant areas of expenditure at:

<https://www.gov.uk/government/latest?departments%5B%5D=northern-ireland-office>

## Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Northern Ireland Office to prepare, for each financial year, consolidated resource accounts detailing the resources acquired, held or disposed of, and the use of resources, during the year by the Department and its sponsored non-departmental and other arm's length public bodies designated by order made under the GRAA by Statutory Instrument 2016 nos.323 and 1243 (together known as the 'departmental group', consisting of the Department and sponsored bodies listed at note 19 to the accounts). 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 the departmental group and of the net resource outturn, application of resources, changes in taxpayers' equity and cash flows of the departmental group 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 the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental and other arm's length public bodies;
- 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.

HM Treasury has appointed the Permanent Head of the department as Accounting Officer of the Northern Ireland Office.

The Accounting Officer of the Department has also appointed the Chief Executives or equivalents of its sponsored non-departmental and other arm's length public bodies as Accounting Officers of those bodies. The Accounting Officer of the Department is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants that the Department makes to its sponsored bodies are applied for the purposes intended and that such expenditure and the other income and expenditure of the sponsored bodies are properly accounted for, for the purposes of consolidation within the resource accounts. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use,

including the regularity and propriety, of the grants received and the other income and expenditure of the sponsored bodies.

The responsibilities of an Accounting Officer, including 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 assets of the Department or sponsored body are set out in Managing Public Money published by HM Treasury.



## Governance Report

## Governance Statement

### Introduction

As Principal Accounting Officer, I have responsibility for maintaining a sound system of internal controls.

The Northern Ireland Office's Governance Statement is in accordance with HM Treasury Guidance and covers the core department. It sets out the governance structures, the internal control and risk management procedures that have operated within the Northern Ireland Office during the financial year 2016-17 and up to the date of approval of the Annual Report and Accounts. Each of the Northern Ireland Office's two Executive Non-Departmental Public Bodies produces their own Governance Statements, which are published in their Annual Report and Accounts. My relationship with their Accounting Officers is set out in their respective Framework Agreements and designator letters.

The systems in place as outlined in this statement are designed to manage risk to a reasonable level rather than to eliminate all risks of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

### Ministerial responsibilities

Ministers lead departments and are responsible and accountable to Parliament for the actions and policies of their departments. Boards, within the strategic framework set by Ministers, support the head of the Department by advising Ministers and taking ownership of the Department's performance. Ministers and board members are responsible for corporate governance, which defines the rights and responsibilities of different stakeholders, determines rules and procedures for making decisions, and includes the process by which the Department's objectives are set and monitored.

However, as the Northern Ireland Office is considerably smaller than most central Government departments, and has a limited budget and responsibilities by comparison, it has been exempted from the Government's model for Enhanced Departmental Boards. As such, our Ministers do not generally sit on the Northern Ireland Office Board, but attend at least one meeting a year. Regular updates on Departmental performance are provided to our Ministers through the Accounting Officer.

## The Northern Ireland Office Board – our members

Members of the Northern Ireland Office Board during the reporting year 2016-17

Chair:

- Sir Jonathan Stephens

Executive Membership:

- Colin Perry
- Mark Larmour

Non-executive membership:

- Dawn Johnson
- David Brooker

## The Northern Ireland Office Board

The Northern Ireland Office Board is responsible for:

- Planning and Performance – agreeing the Departmental Business Plan, especially the Department's strategic aims and objectives; drawing on advice from the Executive Management Committee on the allocation of human and financial resources to achieve the aims and objectives; monitoring and steering performance against the Plan; scrutinising the performance of sponsored bodies and setting the Department's standards and values.
- Strategy and Learning – setting the vision and ensuring that all activities contribute towards it; long-term capability and horizon scanning, ensuring that strategic decisions are based on collective understanding of policy issues; using the non-executive directors' expertise and outside perspectives to ensure that the Department is challenged on the outcomes.
- Resources and Change – approving large projects or programmes; drawing on advice from the Executive Management Committee and the Audit and Risk Committee (further information on the Committees can be found below), ensuring sound financial and resource management, including the operation of delegations and internal controls;

ensuring that the organisational design support the attainment of strategic objectives; evaluation of the Board's effectiveness, and succession planning.

- Capability – drawing on advice from the Executive Management Committee, ensuring that the Department has the capability to deliver and to plan to meet current and future needs.
- Risk – drawing on advice from the Executive Management Committee on the management of operational risk and the Audit and Risk Committee on the setting of the Department's approach to risk management and ensuring that effective and proportionate controls are in place to manage all risk to an acceptable level.

### The Northern Ireland Office Board's performance and effectiveness

The Northern Ireland Office Board forms the collective strategic and operational leadership of the Department, bringing together its executive leaders with non-executives from outside government.

During the year, the Board agreed to merge the work of the People and the Change & Resources Committees and create a single Committee, The Executive Management Committee, in November 2016. This decision reflected the Board's increased confidence that the Department was on a better footing in terms of forward financial planning and maximising the effective use resources to deliver policy objectives within the financial constraints of the 2015 Spending Review outcome.

The new Executive Management Committee, which meets monthly, consists of all Deputy Directors and the two Directors, who chair the meetings. The minutes are published on the staff intranet. The Executive Management Committee is charged with scrutinising operational delivery and reporting to the Board on operational spend against budget, policy delivery and risk mitigation, as well as reporting progress towards the objectives in the People Plan and the Change Programme.

By delegating a number of corporate and operational functions to the Executive Management Committee, the Board has been able to increase its focus on strategic issues and horizon scanning for wider issues or trends that have the potential to shape the strategic direction of the Department. The Board's agenda throughout the reporting period has included updates from the Chairs of the Committees and discussions on the Department's performance, including the delivery of projects and an analysis of the annual staff survey results.

The Board reviewed its role, its membership and its relationship to its Committees in year as part of its annual review of effectiveness and it was generally agreed that the Board's performance and approach to business was satisfactory. The Board will undertake a further review of its effectiveness in the 2017-18 reporting period.

## Board composition and attendance

There were no changes to the Board's composition during the reporting period.

The Board met six times this year; however, between meetings routine business was cleared by correspondence. The Corporate Governance Code requires that Board members' attendances are published in the Northern Ireland Office Annual Report and Accounts. Board meetings were attended by all members except the following:

Meeting	Apologies
8 July 2016	Mark Larmour

## Register of Public Interest - Board Members

The Northern Ireland Office maintains a register of Board members' interests, with details of company directorships and other significant interests held by Board members. Copies of the register are available on request.

Senior management remuneration is disclosed within the Remuneration Report.

## Compliance with the Corporate Governance Code

Departments are expected to apply the principles set out in *Corporate Governance in Central Government Departments: Code of good practice 2011*, unless good governance can be achieved by other means. The Code is designed to cover all central Government departments which have enhanced Departmental Boards. However, given that the Northern Ireland Office is considerably smaller than most central Government departments, and has a limited budget and responsibilities by comparison, it has been exempted from the Government's model for Enhanced Departmental Boards. Whilst we abide by the principles and spirit of the Code, it would be disproportionate to implement many of the detailed provisions. For example, our Ministers do not formally sit on the Board; however, there is an open invite for them to attend all meetings. The Secretary of State attended the Board meeting held in January 2017.

## Northern Ireland Office Audit and Risk Committee

The Northern Ireland Office Audit and Risk Committee supports the Northern Ireland Office Board and Principal Accounting Officer by providing an independent view of the Department's risk control and corporate governance arrangements, and assessing the comprehensiveness, reliability and integrity of those assurances.

The Committee is chaired by the lead non-executive director, Dawn Johnson. The Committee has two other non-executive members: Ben Connah, Deputy Director, Department of Education

and Ian Summers who is an independent external member and a qualified accountant with public sector finance and audit experience.

The Committee met four times this year, including a visit to Belfast in September 2016. Its 2016-17 meetings were attended by all members.

### Work of the Audit and Risk Committee

The scope of the Committee's work is defined in its terms of reference, and encompasses all the assurance needs of the Board and Accounting Officer. Within this, the Committee have a particular engagement with the work of internal audit, risk management, the external auditor, and financial management and reporting issues.

In summary, the primary function of the Committee is to test and challenge constructively the assurances which are provided to the Accounting Officer, the way in which these assurances are developed and the management priorities and approaches on which the assurances are premised. Such assurances come from internal and external audit and are also provided by senior managers across the Department and its Arm's Length Bodies. The Committee acts in an advisory capacity and has no executive responsibilities, nor is it charged with making or endorsing any decision.

During the reporting period regular reports on the Committee's work were provided to Accounting Officer and the Board by the chair of the Committee who is also an independent Board member. Further information on the work of the Committee during the reporting period is included in the Northern Ireland Office's Lead Non-Executive Board Member's report.

### Risk management and control

HM Treasury mandate that internal audit must give a year end assurance on the effectiveness of a department's Governance, Risk and Control. The Internal Audit assurance is one of the key sources of evidence underpinning the Accounting Officer's Governance Statement.

### Work of Internal Audit

The Internal Audit assurance is based on internal audit work performed over the course of the year, combined with knowledge of the governance, risk and control framework gained through attendance at meetings and discussions with senior management. Internal audit services are provided by the Government Internal Audit Agency, which works in accordance with Public Sector Internal Audit Standards. Its work is informed by its analysis of the risks to which the Department is exposed and the annual audit plan is based on that analysis. The plan is discussed and endorsed by the Audit and Risk Committee and then agreed with the Accounting Officer.

The 2016-17 internal audit plan included: Independent Review on the annual Cabinet Office Health Check return; ICT System Benefits Realisation and Risk Management. One planned audit, Financial Business Management and Partnering, was deferred until 2017-18 to allow for the completion of an ongoing review of internal enhanced financial reporting and stakeholder engagement that is being conducted by the Chartered Institute of Public Finance & Accountancy (CIPFA).

The status of internal audit recommendations was reported to the Audit and Risk Committee at every meeting.

In addition, the Head of Internal Audit annually provides an independent opinion on the adequacy and effectiveness of the Department's governance, risk and control arrangements. The Internal Audit reviews contribute to that opinion. The Internal Audit opinion for 2016-17 reported a good level of control and found no significant control issues. It is in this context that the Head of Internal Audit was able to give a moderate<sup>5</sup> level of assurance that the Northern Ireland Office's overall risk, control and governance framework is adequate to enable the achievement of its objectives and that the key risks are being effectively managed.

Some improvements were identified and management action was taken in-year on all but one of the internal audit recommendations. The one outstanding internal audit recommendation was completed before this report was signed.

### Capacity to handle risk

During the year, the Audit and Risk Committee reviewed the risks faced by the Northern Ireland Office, strategic risks, risks to projects, and day-to-day operational risks in business units. The Committee also reviewed and endorsed a refreshed Departmental Risk Management policy that complements a dashboard reporting mechanism introduced across business areas last year.

The Board also reviewed risks associated with major projects and management of strategic risks at each of its meetings. Over the year, the Board regularly reviewed its approach to risk management to ensure that appropriate and proportionate measures were in place and the Department's approach was understood by all staff.

The Northern Ireland Office's top level risk register aligns closely with the published Departmental Business Plan, and the Board has identified and owns a set of strategic risks which are distributed among the five main business objectives outlined in the Performance Report. They include risks relating to: the safety and security of Northern Ireland; risks to the devolved political environment, including the economy and to our operational delivery should we be faced with resource pressures.

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<sup>5</sup> Definition of *moderate*: Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

Refreshed information and tools for effective risk management were made available to all staff on the Department's intranet and a risk workshop for senior managers was held in year. The Department's Risk Management Policy includes advice on maintaining risk registers, risk escalation, mitigation and communication processes. In addition, online training for staff is available. At regular intervals, assurance is sought from each business area that risk management requirements are being complied with. The Department's approach to managing risk is supported by a risk champion at Board level.

The effectiveness of the risk management system in place has been demonstrated through the manner in which the Northern Ireland Office has continued to deliver its objectives during the year despite having to manage substantial and continuous restructuring and a political environment that has been extremely challenging.

### Information Assurance

The Board has agreed the necessary structures, policies and training to ensure the Department continues to comply with Government standards. A network of Information Asset Owners (IAOs), accountable to the Senior Information Risk Owner (SIRO), manages information assurance and risk across the Department and its sponsored bodies.

In support of this network the Departmental Security Committee chaired by the Departmental Security Officer (DSO) meets on a quarterly basis to review protective security and information assurance arrangements. Additionally, a Security Managers' Forum, comprising representatives from each of the business areas and sponsored bodies also meets on a regular basis. The purpose of this Forum is to improve and implement the Department's policies and guidance in relation to security and information assurance and to provide a forum for promoting and sharing best practice across the Northern Ireland Office and its departmental family. A new DSO was appointed in early 2017 and work will be taken forward in the next reporting period to review the current arrangements.

In the early part of the reporting period the Department completed the annual Security Health Check through which it assesses its ability and effectiveness to meet a number of information assurance and security outcomes. As a part of the process an independent peer review was completed by colleagues from the Government Internal Audit Agency before the final report was submitted to Cabinet Office in June 2016. The implementation of recommendations resulting from the independent review have been monitored by the SIRO and reported to the Audit and Risk Committee. I expect that all outstanding recommendations will be implemented in time for the submission of the next report in July 2017.

During the year the Department also continued to make good progress towards implementing recommendations from a review completed by the National Archives (TNA) in June 2016 on how information is managed within the Northern Ireland Office family.



In year all staff were required to complete the annual mandatory Data Handling e-learning package, "Responsible for Information", provided by Civil Service Learning (CSL). Separate arrangements were made for sponsored bodies, without direct access to CSL, to access and complete the relevant training.

There were no breaches of information security in 2016-17.

### Stewardship Statements

Each Deputy Director in the core Department and a senior official in each sponsored body, signs a stewardship statement bi-annually, providing assurance to the Accounting Officer on governance, risk management and the operation of internal controls within their business areas. These stewardship statements clearly set out the controls in place and the steps taken to monitor the effectiveness of the controls. These are reviewed mid-year and an assessment of the effectiveness of these controls is carried out at the end of the reporting year.

During 2016-17 the stewardship statement process was reviewed to ensure that it remained fit for purpose. A greater focus was placed on areas of concern or those that had less visibility and the assurance process was strengthened by the introduction of a challenge role for the Directors.

No significant concerns were identified as part of the end of year stewardship statement process.

### Arm's Length Bodies (ALBs)

During 2016-17, the Northern Ireland Office continued to work closely with all of its sponsored bodies to strengthen governance arrangements. Regular meetings between the senior management team and the sponsored bodies were held; these were supported by the Corporate Governance Team and Finance Team as necessary. The Corporate Governance Team also continued to keep under review the framework documents that set out the arm's length relationships with the Northern Ireland Office to ensure robust governance arrangements were in place.

Assurances were sought that each sponsored body operated sound governance arrangements at mid-year and at the end of the financial year. In addition to reviewing the assurances, the Audit and Risk Committee also received quarterly updates on the management of the governance arrangements of the sponsored bodies and engaged directly with a number of arm's length bodies.

The Accounting Officer also takes assurance from the Governance Statements produced by the Northern Ireland Human Rights Commission and the Parades Commission for Northern Ireland.

These are subject to the Department's normal financial control procedures and practices as well as scrutiny by both internal and external audit. There were no significant concerns raised, although work will continue in the next reporting period on further enhancing the Department's relationship with its sponsored bodies.

### Summary of effectiveness

For the period 2016-17, I am able to report that there were no significant weaknesses in the Department's system of internal controls which affected the achievement of the Department's key policies, aims and objectives.

In respect of both of the Department's Executive Non-Departmental Public Bodies, Northern Ireland Human Rights Commission and the Parades Commission for Northern Ireland, the interim accounts presented no material issues and I anticipate timely publication of the 2016-17 accounts.

**Sir Jonathan Stephens KCB**  
**Accounting Officer**  
**6<sup>th</sup> July 2017**

## REMUNERATION AND STAFF REPORT

## Remuneration Report

In accordance with the requirement of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, only certain sections of the Remuneration Report have been subject to full external audit. These comprise the sections on salary, pension entitlements and pay multiples.

### Remuneration policy

The salary of the Permanent Secretary of the Northern Ireland Office is considered by a Cabinet Office moderating committee.

The remuneration of Senior Civil Servants is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

In reaching its recommendations, the Review Body considers the following:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at [www.ome.uk.com](http://www.ome.uk.com).

### Performance appraisal

The performance of senior managers was assessed, as directed by Cabinet Office, in the same manner as all other staff. A performance group recommendation was made by the line manager and passed to the relevant remuneration committee, which determined the consolidated and nonconsolidated pay for all senior staff.

### Service contracts

The Constitutional Reform and Governance Act 2010 require Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published

by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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 Commission can be found here:

<http://civilservicecommission.independent.gov.uk/>

The Department has two non-executive directors details of which can be found in the Performance Report.

### **Remuneration (including salary) and pension entitlements**

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

## Remuneration (salary and payments in kind)

[Audited]

Single total figure of remuneration								
Ministers	Salary (£)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1000) <sup>1</sup>		Total (to nearest £1,000)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Minister 1</b> The Rt Hon James Brokenshire MP – Secretary Of State (from 14 July 2016)	48,270 (67,505 FTE)	-	-	-	13,000	-	61,000	-
<b>Minister 2</b> Kris Hopkins MP - Parliamentary Under-Secretary of State (from 16 July 2016)	15,879 (22,375 FTE)	-	-	-	4,000	-	20,000	-
<b>Minister 3</b> Lord Dunlop - Parliamentary Under - Secretary of State for Scotland and Northern Ireland (from 18 July 2016) <sup>2</sup>	-	-	-	-	-	-	-	-
<b>Minister 4</b> The Rt Hon Theresa Villiers MP – Secretary Of State (to 14 July 2016)	36,112 <sup>3</sup> (67,505 FTE)	67,505	-	-	5,000	30,000	41,000	98,000
<b>Minister 5</b> Ben Wallace MP – Parliamentary Under-Secretary of State (from 12 May 2015 to 15 July 2016)	7,458 (22,375 FTE)	19,848 (22,375 FTE)	-	-	1,000	6,000	8,000	26,000
<b>Minister 6</b> The Rt Hon Dr. Andrew Murrison MP- Parliamentary Under-Secretary of State ( to 11 May 2015)	-	8,120 <sup>4</sup> (22,375 FTE)	-	-	-	1,000	-	9,000

<sup>1</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

<sup>2</sup> Lord Dunlop was paid by the Scotland Office throughout the financial year

<sup>3</sup> Includes severance pay of £16,877 which was due to Theresa Villiers on her departure

<sup>4</sup> Includes severance pay of £5,594 which was due to Dr Murrison on his departure after the General Election

[Audited]

Single total figure of remuneration										
Officials	Salary (£'000)		Bonus Payments (£,000)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £1,000) <sup>5</sup>		Total (£'000)	
	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16	16-17	15-16
<b>Permanent Secretary</b> Sir Jonathan Stephens	160-165	155-160	-	-	20,300	17,200	-	-	180-185	170-175
<b>Director</b> Colin Perry	85-90	85-90	-	-	-	-	20,000	146,000	105-110	230-235
<b>Director</b> Mark Larmour	85-90	85-90	-	-	-	-	34,000	34,000	120-125	115-120
<b>Non-Executive Director</b> Dawn Johnson	10-15	5-10	-	-	-	-	-	-	10-15	5-10
<b>Non-Executive Director</b> David Brooker (from 4 January 2016)	5-10	0-5	-	-	-	-	-	-	5-10	0-5

<sup>5</sup>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).

## 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. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of Ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£74,000 from 8 May 2015, £74,962 from 1 April 2016) and various allowances to which they are entitled are borne centrally. However the arrangements for Ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their Ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

## Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. The Permanent Secretary (and Director Generals before him) received living accommodation in Belfast provided at public expense and chargeable to tax under S163 of the Income and Corporation Taxes Act 1988. Travel costs to and from Belfast incurred by the Permanent Secretary and paid by the Department are also considered a taxable benefit in kind.

## 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. The bonuses reported in 2016-17 relate to performance in 2016-17 and the comparative bonuses reported for 2015-16 relate to the performance in 2015-16.

## Pay Multiples

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 banded remuneration of the highest-paid official in the Northern Ireland Office in the financial year 2016-17 was £180,000 - £185,000 (2015-16, £170,000 - £175,000). This was 5.61 times (2015-16, 5.35 (restated)) the median remuneration of the workforce, which was £32,553 (2015-16, £32,241).

In 2016-17, no (2015-16 was nil) employee received remuneration in excess of the highest-paid director.

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

The increase in pay multiples is due entirely to an increase in the banded remuneration of the highest paid official in the Department. This increase is due to an increase in the valuation of essential travel costs which are treated by HMRC as benefits-in-kind for tax purposes.



**Pension Benefits****[Audited]**

<b>Minister</b>	<b>Accrued pension at age 65 as at 31/3/17</b>	<b>Real increase in pension at age 65</b>	<b>CETV at 31/3/17</b>	<b>CETV at 31/3/16</b>	<b>Real increase in CETV</b>
	£000	£000	£000	£000	£000
The Rt Hon James Brokenshire – Secretary Of State	5-10	0-2.5	73	61	5
Kris Hopkins MP – Parliamentary Under-Secretary of State	0-5	0-2.5	24	21	2
The Rt Hon Theresa Villiers MP – Secretary Of State (to 14 July 2016)	5-10	0-2.5	24	23	2
Ben Wallace MP – Parliamentary Under-Secretary of State ( to 15 July 2016)	0-5	0-2.5	10	9	0

Lord Dunlop has opted out of the Parliamentary Contributory Pension Fund.

**Ministerial pensions**

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available here: <http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>

Those ministers who are Members of Parliament may also accrue an MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were aged 55 or older on 1st April 2013 have transitional protection to remain in the previous final salary pension scheme.

Benefits for ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre- and post-2015 Ministerial pension schemes.

### 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. 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 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 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

[Audited]

Officials*	Accrued pension at pension age at 31/03/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/17	CETV at 31/03/16	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Mark Larmour* Director	30-35	27.5-30.0	365	29	15	-
Colin Perry Director	30-35 plus lump sum of 100-105	0-2.5 plus lump sum of 2.5-5	706	658	17	-

\* The substantial in year increase in pension is the result of a transfer in of pension benefits from another pension fund.

Sir Jonathan Stephens opted out of the government pension scheme prior to joining the Department.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced - the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSP after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary related and range between 3% and 8.05% of pensionable earnings for **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus**, **nuvos** and all other members of **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha –as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages

Further details about the Civil Service pension arrangements can be found at <http://www.civilservicepensionscheme.org.uk>

### 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 figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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.

### Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the



of pensionable pay for CSP (NI), based on salary bands. The difference between this amount and the amount disclosed above relates to pension costs recouped on seconded staff. The schemes' actuaries review employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2015-16: £nil) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3 to 12.5 per cent (2015-16: 3 to 12.5 per cent) of pensionable earnings up to 30 September 2015 and from 8 to 14.75 per cent of pensionable earnings from 1 October 2014. Employers also match employee contributions up to 3 per cent of pensionable earnings. In addition, employer contributions of £nil (2015-16: £nil), 0.8 per cent of pensionable earnings up to 30 September 2015 and 0.5% of pensionable pay from 1 October 2015, were payable to CSP and to the CSP (NI) (2015-16: 0.8 per cent) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting date were £nil. Contributions prepaid at that date were £nil.

No person (2015-16: Nil persons) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £nil (2015-16 £nil).

## Staff Numbers

The average number of full-time equivalent persons employed during the year was as follows.

						2016-17 Number	2015-16 Number
	Permanent	Inward				Special	
	Total	Staff	Secondments	Others	Ministers	Advisors	Total
NIO Core Department	136	103	30	-	2	1	129
NIO sponsored NDPBs	32	17	10	5	-	-	28
Other NIO sponsored ALBs*	121	3	118	-	-	-	127
<b>Total</b>	<b>289</b>	<b>123</b>	<b>158</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>284</b>

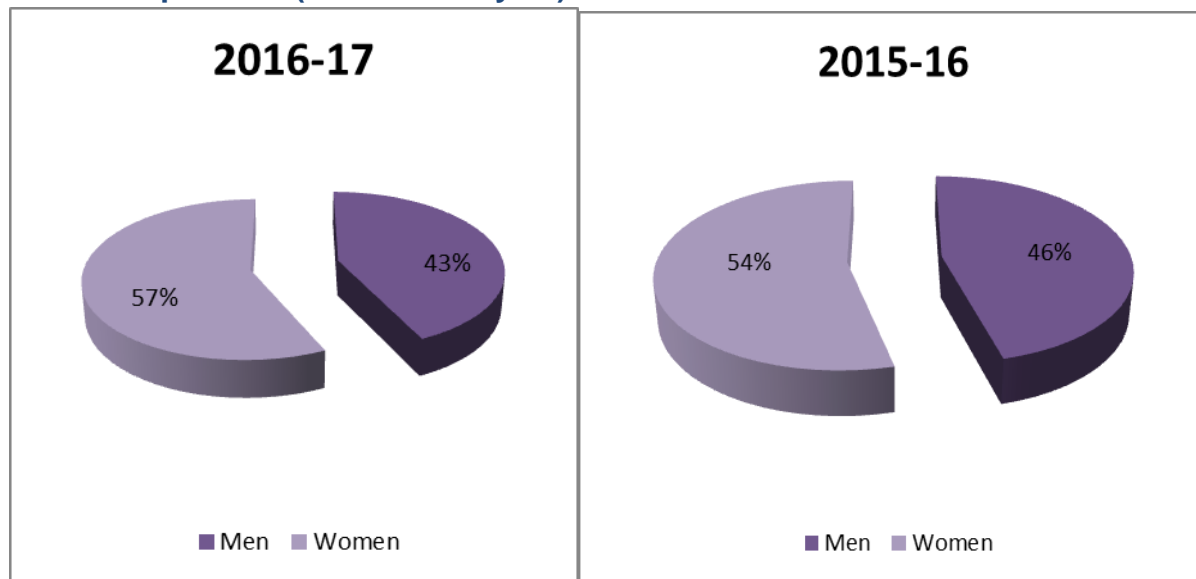
\* These figures include staff employed in the Crown Solicitor's Office, by the Chief Electoral Officer for Northern Ireland and other sponsored bodies.

### Staff Composition

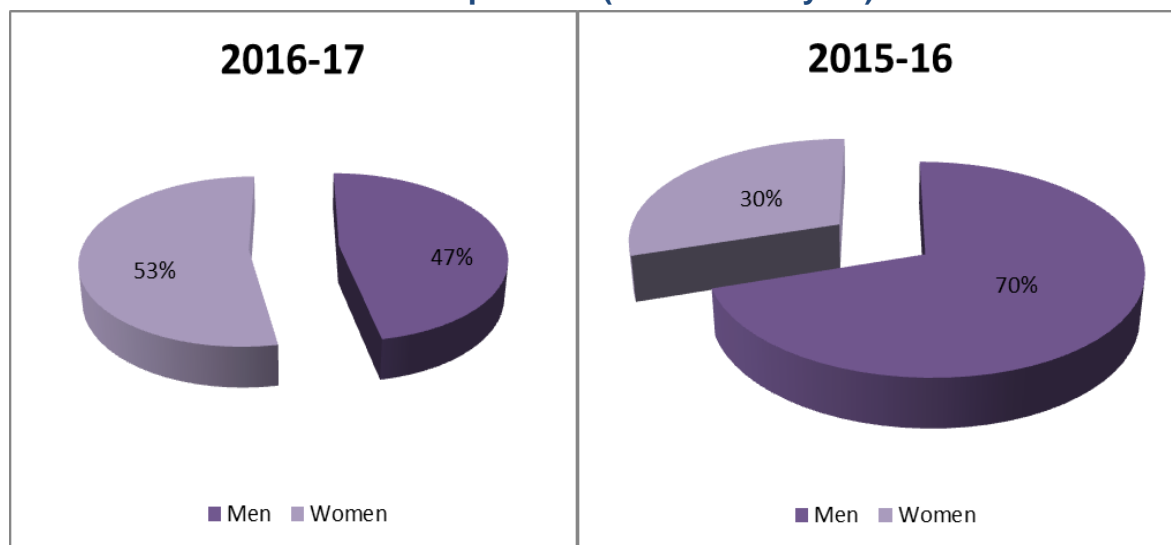
#### Senior Civil Service by Grade

	2016-17	2015-16
Permanent Secretary	1	1
Director	2	2
Deputy Director	12	7
<b>Total</b>	<b>15</b>	<b>10</b>

#### Staff Composition (Gender Analysis)



#### Senior Civil Service Staff Composition (Gender Analysis)



## Sickness Absence

Throughout 2016-17, the Department has continued to take a robust approach to managing attendance. There are a range of policies and procedures to support line managers to address this key area of their responsibilities. These policies are aimed at ensuring staff are afforded every opportunity of returning to the workplace as soon as possible. Data from the latest 12 month rolling period ending September 2016 shows that the Northern Ireland Office had an average working days lost figure of 6.4 (2015 6.9), below the 7.1 (2015 7.10) Civil Service wide average. 85% (78%) of NIO absence relates to a very small number of long term absences.

## Employment of People with Disabilities

Employment training and advancement of disabled persons is reported on in the **Directors' Report**.

## Consultancy Expenditure

Neither the Department nor its NDPBs incurred any consultancy expenditure during 2016-17

## Off-Payroll Arrangements

The Department does not have any off-payroll arrangements in place which fall under the scope of the guidance on off-payroll appointments.

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

Exit package cost band	Core Department		Total number of exit packages by cost band
	Number of compulsory redundancies	Number of other departures agreed	
<£10,000	nil (nil)	3 (nil)	3 (nil)
£10,000-£25,000	nil (nil)	7 (5)	7 (5)
£25,000-£50,000	nil (nil)	3 (7)	3 (7)
£50,000-£100,000	nil (nil)	1 (6)	1 (6)
£100,000-£150,000	nil (nil)	nil (nil)	nil (nil)
£150,000-£200,000	nil (nil)	nil (nil)	nil (nil)
<b>Total number of exit packages</b>	<b>nil (nil)</b>	<b>14 (18)</b>	<b>14 (18)</b>
<b>Total resource cost /£</b>	<b>nil (nil)</b>	<b>291,000 (651,000)</b>	<b>291,000 (651,000)</b>



## Departmental Group

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	nil (nil)	3 (nil)	3 (nil)
£10,000-£25,000	nil (nil)	7 (5)	7 (5)
£25,000-£50,000	nil (nil)	3 (7)	3 (7)
£50,000-£100,000	nil (nil)	1 (6)	1 (6)
£100,000-£150,000	nil (nil)	nil (nil)	nil (nil)
£150,000-£200,000	nil (nil)	nil (nil)	nil (nil)
<b>Total number of exit packages</b>	<b>nil (nil)</b>	<b>14 (18)</b>	<b>14 (18)</b>
<b>Total resource cost /£</b>	<b>nil (nil)</b>	<b>291,000 (651,000)</b>	<b>291,000 (651,000)</b>

Figures in brackets relate to 2015-16.

# PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

## STATEMENT OF PARLIAMENTARY SUPPLY (AUDITED)

### Summary of Resource and Capital Outturn 2016-17

	SoPS Note	Estimate			Outturn			2016-17 £000	2015-16 £000
		Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted Outturn compared with Estimate: saving	Total Outturn
<b>Departmental Expenditure Limit</b>									
Resource	1.1	20,557	11,059	31,616	20,256	10,107	30,363	301	26,263
Capital	1.2	561		561	474		474	87	1,973
<b>Annually Managed Expenditure</b>									
Resource	1.1	(599)		(599)	(750)		(750)	151	(1,124)
<b>Total Budget</b>		<b>20,519</b>	<b>11,059</b>	<b>31,578</b>	<b>19,980</b>	<b>10,107</b>	<b>30,087</b>	<b>539</b>	<b>27,112</b>
<b>Non-Budget</b>									
Resource	1.1	14,673,000		14,673,000	14,156,000		14,156,000	517,000	13,979,000
<b>Total</b>		<b>14,693,519</b>	<b>11,059</b>	<b>14,704,578</b>	<b>14,175,980</b>	<b>10,107</b>	<b>14,186,087</b>	<b>517,539</b>	<b>14,006,112</b>
Total Resource		14,692,958	11,059	14,704,017	14,175,506	10,107	14,185,613	517,452	14,004,139
Total Capital		561	0	561	474		474	87	1,973
<b>Total</b>		<b>14,693,519</b>	<b>11,059</b>	<b>14,704,578</b>	<b>14,175,980</b>	<b>10,107</b>	<b>14,186,087</b>	<b>517,539</b>	<b>14,006,112</b>

### Net cash requirement 2016-17

SoPS Note	2016-17 £'000 Estimate	2016-17 £'000 Outturn	2016-17 £'000 Outturn compared with Estimate: saving/(excess)	2015-16 £'000 Outturn
3	<b>14,692,216</b>	<b>14,171,795</b>	520,421	14,000,106

### Administration Costs 2016-17

2016-17 £'000 Estimate	2016-17 £'000 Outturn	2015-16 £'000 Outturn
14,776	12,611	12,963

Figures in the areas outlined in bold are voted totals or other totals subject to Parliamentary control.

## NOTES TO THE DEPARTMENTAL RESOURCE ACCOUNTS (STATEMENT OF PARLIAMENTARY SUPPLY - AUDITED)

### SOPS1. Net Outturn

#### SOPS1.1 Analysis of net resource outturn by section

											2016-17 £000	2015-16 £000
Outturn							Estimate				Outturn	
Administration			Programme									
Gross	Income	Net	Gross	Income	Net	Total	Net Total	Net total compared to Estimate	Net total compared to Estimate, adjusted for virements	Total		
<b>Spending in Departmental Expenditure Limits (DEL)</b>												
Voted:												
A - Northern Ireland Office	17,244	(4,233)	13,011	5,530	(111)	5,419	18,430	18,561	131	131	20,480	
B - Northern Ireland Human Rights Commission				1,104		1,104	1,104	1,190	86	86	1,026	
C - Parades Commission				722		722	722	806	84	84	715	
Non-voted:												
D - Funding of elections				10,107		10,107	10,107	11,059	952	952	4,042	
	17,244	(4,233)	13,011	17,463	(111)	17,352	30,363	31,616	1,253	1,253	26,263	
<b>Annually Managed Expenditure (AME)</b>												
Voted												
E - Northern Ireland Office				(750)		(750)	(750)	(599)	151	151	(1,124)	
				(750)		(750)	(750)	(599)	151	151	(1,124)	
<b>Non-budget</b>												
F - Grant Payable to the Northern Ireland Consolidated Fund				14,156,000		14,156,000	14,156,000	14,673,000	517,000	517,000	13,979,000	
<b>Total</b>	<b>17,244</b>	<b>(4,233)</b>	<b>13,011</b>	<b>14,172,713</b>	<b>(111)</b>	<b>14,172,602</b>	<b>14,185,613</b>	<b>14,704,017</b>	<b>518,404</b>	<b>518,404</b>	<b>14,004,139</b>	

## SOPS1.2 Analysis of net capital outturn by section

	2016-17			2015-16			
	£000			£000			
	Outturn		Estimate	Outturn		Outturn	
	Gross	Income	Net	Net	Net Total Outturn Compared with estimate	Net total compared to Estimate, adjusted for virements	Net
<b>Spending in Departmental Expenditure Limits (DEL)</b>							
Voted:							
A - Northern Ireland Office	439	-	439	531	92	84	1,911
B - Northern Ireland Human Rights Commission	28	-	28	20	(8)	-	57
C - Parades Commission	7	-	7	10	3	3	5
Non-voted:							
D - Funding of elections	-	-	-	-	-	-	-
	474	-	474	561	87	87	1,973
<b>Total</b>	<b>474</b>	<b>-</b>	<b>474</b>	<b>561</b>	<b>87</b>	<b>87</b>	<b>1,973</b>

## SOPS2. Reconciliation of outturn to net operating cost

## SOPS2.1 Reconciliation of net resource outturn to net operating cost

	Note	2016-17	2015-16
		£000	£000
		Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply			
Budget	1.1	29,613	25,139
Non-budget	1.1	14,156,000	13,979,000
		14,185,613	14,004,139
Capital Grant HRP		-	1,250
Excess Income surrenderable to the consolidate fund		(466)	-
<b>Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>14,185,147</b>	<b>14,005,389</b>

**SOPS3. Reconciliation of Net Resource Outturn to Net Cash Requirement**

	Note	Estimate £000	Outturn £000	Net total outturn Compared with Estimate: saving/(exc ess) £000
<b>Resource Outturn</b>	SOPS 1.1	14,704,017	14,185,613	518,404
<b>Capital Outturn</b>	SOPS 1.2	561	474	87
<b>Accruals to cash adjustments:</b>				
<i>Adjustment to remove non-cash items:</i>				
Depreciation/Amortisation		(1,746)	(1,826)	80
New Provisions and adjustments to previous provisions		539	750	(211)
Other non-cash items	4,5	(102)	(237)	135
<i>Adjustments for NDPBs:</i>				
Remove voted resource and capital		(2,026)	(1,861)	(165)
Add Cash grant-in-aid		1,972	1,898	74
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables	14	-	(1,911)	1,911
(Increase)/decrease in payables	15	-	(439)	439
Use of provisions	16	60	-	60
		<b>14,703,275</b>	<b>14,182,461</b>	<b>520,814</b>
<b>Removal of non-voted budget items:</b>				
Consolidated Fund Standing Services		(11,059)	(10,107)	(952)
Cfer Payables			(466)	466
			(109)	109
Non-Voted Supply Payable			16	(16)
<b>Net cash requirement</b>		<b>14,692,216</b>	<b>14,171,795</b>	<b>520,421</b>

**SOPS4. Income payable to the Consolidated Fund****SOPS4.1 Analysis of income payable to the Consolidated Fund**

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

	Outturn 2016-17		Outturn 2015-16	
	Income	£000 <i>Receipts</i>	Income	£000 <i>Receipts</i>
Operating income outside the ambit of the estimate	-	-	-	-
Excess cash surrenderable to the Consolidated Fund	466	-	-	-
<b>Total income payable to the Consolidated Fund</b>	<b>466</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SOPS4.2 Consolidated Fund Income**

Consolidated Fund income shown in note 4.1 above does not include any amounts collected by the department where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) were:

	2016-17	2015-16
	£000	£000
Income from Election Office activities funded by the Consolidated Fund	16	109
Amount payable to the Consolidated Fund	16	109
Balance held at the start of the year	109	21
Payments into the Consolidated Fund	(109)	(21)
Balance held in trust at the end of the year	16	109

All income shown above had been received at 31 March 2017.

**Parliamentary Accountability Disclosures (Audited)****Losses and special payments**

There are no losses or special payments, individually or in aggregate in excess of £300,000, which would require separate disclosure during the year to 31 March 2017 (2016-17: nil), or that have been recognised since that date.

**Fees and charges**

An analysis of income from services provided to external and public sector customers is as follows:

	2016-17			2015-16		
	£000			£000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Revised Surplus/ (deficit)
Crown Solicitor's Office	4,528	(4,142)	386	4,732	(4,028)	704
<b>Total</b>	<b>4,528</b>	<b>(4,142)</b>	<b>386</b>	<b>4,732</b>	<b>(4,028)</b>	<b>704</b>

In accordance with Managing Public Money, the Department is required to disclose results for the areas of its activities where fees and charges are made. The foregoing analysis is not intended to meet the requirements of IFRS 8 Segmental Reporting. The Northern Ireland Office has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector information guidance.

The Crown Solicitor's Office (CSO) generates income for legal work undertaken for all clients other than the Northern Ireland Office, for which no charges are made. The financial objective is to recover all costs associated with delivering these services. A schedule of fees is determined at the beginning of each financial year based on estimated costs and forecast activity levels.

### **Accounting Officer Confirmation**

I can confirm that the Annual Report and Accounts are fair, balanced and understandable and I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

**Sir Jonathan Stephens KCB**  
**Accounting Officer**  
**6<sup>th</sup> July 2017**



## THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

I certify that I have audited the financial statements of the Northern Ireland Office and of its Departmental Group for the year ended 31 March 2017 under the Government Resources and Accounts Act 2000. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2016. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that is described in those reports and disclosures 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 2000. 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 and the Departmental Group'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 and Accounts 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 and report.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are

Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. 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 Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on regularity**

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2017 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament 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 and the Departmental Group's affairs as at 31 March 2017 and of the Department's and the Departmental Group's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; 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 HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**

**Date 12<sup>th</sup> July 2017**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

## CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE

### For the Year Ended 31 March 2017

		2016-17		2015-16	
		£000	£000	£000	£000
	Note	Core Dept	Departmental Group	Core Dept	Departmental Group
Income	6	(116,667)	(116,780)	(119,219)	(119,313)
<b>Total operating income</b>		<b>(116,667)</b>	<b>(116,780)</b>	<b>(119,219)</b>	<b>(119,313)</b>
Staff costs	3	12,173	13,534	12,755	14,071
Other costs	4,5	14,287,814	14,288,393	14,110,111	14,110,631
Grant in aid to NDPBs		1,898	-	1,867	-
<b>Total operating expenditure</b>		<b>14,301,885</b>	<b>14,301,927</b>	<b>14,124,733</b>	<b>14,124,702</b>
<b>Net Operating expenditure for the year ended 31 March 2017</b>		<b>14,185,218</b>	<b>14,185,147</b>	<b>14,005,514</b>	<b>14,005,389</b>
<b>Other Comprehensive Net Expenditure</b>					
<b>Items that will not be reclassified to net operating costs:</b>					
Net (gain)/loss on:					
Revaluation of property, plant and equipment	7	(933)	(936)	(6,918)	(6,918)
Revaluation of Intangibles	8	-	-	(3)	(3)
<b>Total comprehensive net expenditure for the year ended 31 March 2017</b>		<b>14,184,285</b>	<b>14,184,211</b>	<b>13,998,593</b>	<b>13,998,468</b>

The notes on pages 84 to 106 form part of these accounts.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2017

		31 March 2017		31 March 2016	
Note	£000	£000	£000	£000	
	Core Department	Departmental Group	Core Department	Departmental Group	
<b>Non-current assets</b>					
Property, plant and equipment	7	74,183	74,245	76,619	76,680
Intangible assets	8	70	135	98	171
Financial Assets	11	1,962,416	1,962,416	1,885,309	1,885,309
<b>Total non-current assets</b>		<b>2,036,669</b>	<b>2,036,796</b>	<b>1,962,026</b>	<b>1,962,160</b>
<b>Current assets</b>					
Trade and other receivables	13	4,873	5,069	6,784	6,935
Financial assets	11	153,524	153,524	164,634	164,634
Cash and cash equivalents	12	189,597	189,846	156,386	156,582
<b>Total current assets</b>		<b>347,994</b>	<b>348,439</b>	<b>327,804</b>	<b>328,151</b>
<b>Total assets</b>		<b>2,384,663</b>	<b>2,385,235</b>	<b>2,289,830</b>	<b>2,290,311</b>
<b>Current Liabilities</b>					
Trade and other payables	14	351,770	351,998	328,733	329,009
Provisions	15	8	68	758	758
<b>Total current liabilities</b>		<b>351,778</b>	<b>352,066</b>	<b>329,491</b>	<b>329,767</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>2,032,885</b>	<b>2,033,169</b>	<b>1,960,339</b>	<b>1,960,544</b>
<b>Non-current liabilities</b>					
Provisions	15	-	-	-	-
Other payables	14	1,962,416	1,962,416	1,885,309	1,885,309
<b>Total non-current liabilities</b>		<b>1,962,416</b>	<b>1,962,416</b>	<b>1,885,309</b>	<b>1,885,309</b>
<b>Total assets less liabilities</b>		<b>70,469</b>	<b>70,753</b>	<b>75,030</b>	<b>75,235</b>
<b>Taxpayers' equity</b>					
General fund		41,880	42,159	45,508	45,713
Revaluation reserve		28,589	28,594	29,522	29,522
<b>Total equity</b>		<b>70,469</b>	<b>70,753</b>	<b>75,030</b>	<b>75,235</b>

Signed:

Accounting Officer: Sir Jonathan Stephens KCB

Date: 6<sup>th</sup> July 2017

The notes on pages 84 to 106 form part of these accounts.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Year Ended 31 March 2017

	Note	2016-17		2015-16	
		Core Dept	Departmental Group	Core Dept	Departmental Group
		£000	£000	£000	£000
<b>Cash flows from operating activities</b>					
Net operating cost		(14,185,218)	(14,185,147)	(14,005,514)	(14,005,389)
Adjustment for non-cash transactions	4,5	1,399	1,503	3,884	3,874
(Increase)/decrease in trade and other receivables	13	1,911	1,873	(298)	(346)
Increase/(decrease) in trade payables	14	100,144	100,093	178,576	178,282
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	14	(99,700)	(99,700)		
Use of provisions	15	-	-	(177,211)	(177,216)
Other adjusting item for NDPB's		4	6	(3,166)	(3,184)
				6	7
<b>Net cash outflow from operating activities</b>		<b>(14,181,460)</b>	<b>(14,181,372)</b>	<b>(14,003,723)</b>	<b>(14,003,972)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	7	(364)	(388)	(429)	(460)
Purchase of intangible assets	8	-	(11)	-	(26)
Loans to other bodies	11	(213,710)	(213,710)	(294,276)	(294,276)
Repayment from other bodies	11	147,713	147,713	135,392	135,392
<b>Net cash outflow from investing activities</b>		<b>(66,361)</b>	<b>(66,396)</b>	<b>(159,313)</b>	<b>(159,370)</b>
<b>Cash flows from financing activities</b>					
From the Consolidated Fund (Supply) – current year		14,205,222	14,205,222	14,018,267	14,018,267
From the Consolidated Fund (Supply) – prior year		-	-	-	-
From the Consolidated Fund (non-supply)		9,938	9,938	4,176	4,176
Loans received from the National Loans Fund	11	213,710	213,710	294,276	294,276
Repayments of loans from the National Loans Fund	11	(147,713)	(147,713)	(135,392)	(135,392)
<b>Net financing</b>		<b>14,281,157</b>	<b>14,281,157</b>	<b>14,181,327</b>	<b>14,181,327</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>					
		<b>33,336</b>	<b>33,389</b>	<b>18,291</b>	<b>17,985</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		(16)	(16)	(109)	(109)
Payments of amounts due to the Consolidated Fund		(109)	(109)	(21)	(21)
<b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>33,211</b>	<b>33,264</b>	<b>18,161</b>	<b>17,855</b>
<b>Cash and cash equivalents at the beginning of the period</b>	12	156,386	156,582	138,225	138,727
<b>Cash and cash equivalents at the end of the period</b>	12	189,597	189,846	156,386	156,582

The notes on pages 84 to 106 form part of these accounts.

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY****For year ended 31 March 2017 – Core Department**

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers equity £000
<b>Balance at 31 March 2015</b>		<b>46,633</b>	<b>22,601</b>	<b>69,234</b>
		<b>46,633</b>	<b>22,601</b>	<b>69,234</b>
Net Parliamentary Funding - drawn down		14,018,267	-	14,018,267
Net Parliamentary Funding - deemed		138,008	-	138,008
Consolidated Fund Standing Services	5	4,176	-	4,176
Unspent Supply payable to the Consolidated Fund	14	(156,169)	-	(156,169)
		<b>14,004,282</b>	<b>-</b>	<b>14,004,282</b>
<b>Changes in taxpayers equity for 2016-17</b>				
Net gain on revaluation of property, plant and equipment		-	6,918	6,918
Net (loss) on revaluation of intangible assets		-	3	3
Non-cash charges - auditor's remuneration	4,5	107	-	107
Non-cash charges - other notional		-	-	-
Machinery of Government transfers		-	-	-
Net operating cost for the year		(14,005,514)	-	(14,005,514)
<b>Total recognised income and expense for 2015-16</b>		<b>(14,005,407)</b>	<b>6,921</b>	<b>(13,998,486)</b>
<b>Balance at 31 March 2016</b>		<b>45,508</b>	<b>29,522</b>	<b>75,030</b>
Net Parliamentary Funding - drawn down		14,205,222	-	14,205,222
Net Parliamentary Funding - deemed		156,169	-	156,169
Consolidated Fund Standing Services	5	9,938	-	9,938
Unspent Supply payable to the Consolidated Fund	14	(189,380)	-	(189,380)
Excess Cash payable to General Fund		(466)	-	(466)
		<b>14,181,483</b>	<b>-</b>	<b>14,181,483</b>
<b>Changes in taxpayers equity for 2016-17</b>				
Net gain on revaluation of property, plant and equipment		-	(922)	(922)
Net gain on revaluation of intangible assets		-	(11)	(11)
Non-cash charges - auditor's remuneration	4,5	107	-	107
Non-cash charges - other notional	4,5	-	-	-
Machinery of Government transfers		-	-	-
Net operating cost for the year		(14,185,218)	-	(14,185,218)
<b>Total recognised income and expense for 2016-17</b>		<b>(14,185,111)</b>	<b>(933)</b>	<b>(14,186,044)</b>
<b>Balance at 31 March 2017</b>		<b>41,880</b>	<b>28,589</b>	<b>70,469</b>

The General Fund serves as the chief operating fund and is used to account for all financial resources except those required to be accounted for in the Revaluation Reserve. The Revaluation Reserve records the unrealised gain or loss on revaluation of assets.

The notes on pages 84 to 106 form part of these accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

### For year ended 31 March 2017 – Departmental Group

	General Fund	Revaluation Reserve	Total Reserves
Note	£000	£000	£000
<b>Balance at 31 March 2015</b>	<b>46,716</b>	<b>22,606</b>	<b>69,322</b>
	<b>46,716</b>	<b>22,606</b>	<b>69,322</b>
Net Parliamentary Funding - drawn down	14,018,267	-	14,018,267
Net Parliamentary Funding - deemed	138,008	-	138,008
Consolidated Fund Standing Services	4,176	-	4,176
Unspent Supply payable to the Consolidated Fund	(156,169)	-	(156,169)
	<b>14,004,282</b>	<b>-</b>	<b>14,004,282</b>
<b>Changes in taxpayers equity for 2015-16</b>			
Net gain on revaluation of property, plant and equipment	-	6,918	6,918
Net (loss) on revaluation of intangible assets	-	3	3
Non-cash charges - auditor's remuneration	107	-	107
Non-cash charges - other notional	-	-	-
Net operating cost for the year	(14,005,389)	-	(14,005,389)
Adjustment for NDPB's	(3)	(5)	(8)
<b>Total recognised income and expense for 2015-2016</b>	<b>(14,005,285)</b>	<b>6,916</b>	<b>(13,998,369)</b>
	<b>45,713</b>	<b>29,522</b>	<b>75,235</b>
<b>Balance at 31 March 2016</b>			
Net Parliamentary Funding - drawn down	14,205,222	-	14,205,222
Net Parliamentary Funding - deemed	156,169	-	156,169
Consolidated Fund Standing Services	9,938	-	9,938
Unspent Supply payable to the Consolidated Fund	(189,380)	-	(189,380)
Excess Cash Payable to the General Fund	(466)	-	(466)
	<b>14,181,483</b>	<b>-</b>	<b>14,181,483</b>
<b>Changes in taxpayers equity for 2016-17</b>			
Net gain on revaluation of property, plant and equipment	-	(921)	(921)
Net gain on revaluation of intangible assets	-	(7)	(7)
Non-cash charges - auditor's remuneration	107	-	107
Non-cash charges - other notional	-	-	-
Net operating cost for the year	(14,185,147)	-	(14,185,147)
Adjustment for NDPB's	3	-	3
<b>Total recognised income and expense for 2016-17</b>	<b>(14,185,037)</b>	<b>(928)</b>	<b>(14,185,965)</b>
	<b>42,159</b>	<b>28,594</b>	<b>70,753</b>
<b>Balance at 31 March 2017</b>			

The General Fund serves as the chief operating fund and is used to account for all financial resources except those required to be accounted for in the Revaluation Reserve. The Revaluation Reserve records the unrealised gain or loss on revaluation of assets.

The notes on pages 84 to 106 form part of these accounts.



## NOTES TO THE DEPARTMENTAL ACCOUNTS

### 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2016-17 *Government Financial Reporting Manual* (FReM) issued by HM Treasury. 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 Northern Ireland Office 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.

The accounts have been prepared under the House of Commons Pursuant to Section 6(4) of the Government Resources and Accounts Act 2000.

The accounts are stated in sterling, which is the Department's functional and presentational currency. Unless otherwise noted, the amounts shown in these financial statements are in thousands of pounds sterling (£000).

#### 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 and intangible assets.

#### 1.2 Basis of consolidation

The accounts comprise a consolidation of the core Department and its two designated NDPBs, the Parades Commission and the Northern Ireland Human Rights Commission, on a line by line basis. Counterparty transactions have been eliminated on consolidation in accordance with relevant accounting standards.

#### 1.3 Property, plant and equipment

Property, plant and equipment comprise heritage assets, art and antiques, leasehold improvements, fixtures and fittings, vehicles, plant and machinery, computer equipment, office equipment, security equipment and assets under construction.

The Department's heritage assets comprise Hillsborough Castle and its surrounding estate.

In addition, the Department occupies a number of properties within the Northern Ireland Executive Estate and the Civil Estate in Great Britain for which rent is paid. Terms of occupancy of these buildings are outlined in agreements known as the Memoranda of Terms of Occupancy (MOTOs).

### *Consolidation of asset categories*

The property, plant and equipment note requires the amalgamation of asset categories under the Plant and Machinery heading. The asset categories represented by this heading include:

- Plant and machinery
- Motor vehicles
- Furniture and fittings
- Office equipment
- Security equipment

#### **1.3.1 Valuation of property, plant and equipment**

Property, plant and equipment are stated at fair value, which is deemed to be the lower of replacement cost and recoverable amount. All non-heritage property, plant and equipment are restated to fair value each year by reference to indices compiled by the Office for National Statistics (ONS).

Assets under construction are shown at cost, and relate to assets which are incomplete but for which the Department has incurred a liability.

Expenditure on property, plant and equipment of over £1,000 is capitalised. Within the core Department the grouping of a range of property, plant and equipment has also been undertaken in respect of some personal computers, printers, office furniture and equipment.

In compliance with IAS 16, subsequent expenditure on an asset which does not meet the criteria of enhancement or improvement is expensed through the Consolidated Statement of Comprehensive Net Expenditure.

Upward revaluations are credited to the revaluation reserve and permanent reductions in the value of property, plant and equipment are charged to the Consolidated Statement of Comprehensive Net Expenditure. Any subsequent revaluation of assets is credited to the Consolidated Statement of Comprehensive Net Expenditure to the extent that it reverses previous revaluation decreases recognised as an expense in the Consolidated Statement of Comprehensive Net Expenditure.

#### **1.4 Heritage assets**

In accordance with the Financial Reporting Manual (FReM) as issued by HM Treasury, heritage assets are capitalised and recognised in the Statement of Financial Position at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Hillsborough Castle is depreciated as set out in Note 1.6 and subject to quinquennial professional valuations, with indices supplied by Land and Property Services used in the intervening years.

Arts and antiques are not depreciated and are subject to quinquennial professional valuations.

### 1.5 Intangible assets

Expenditure on computer software licenses lasting more than one year and costing more than £1,000 is capitalised and classified as intangible assets. Software licences are amortised over the shorter of the term of the licence and the useful economic life. Software licences are revalued annually using indices provided by the ONS.

### 1.6 Depreciation/Amortisation

Property, plant and equipment and intangible assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are depreciated from the point at which the asset is brought into use.

Estimated useful lives, which are reviewed regularly, are:

Asset category	Useful Life
Heritage assets	50 years
Art and Antiques	No Depreciation
Leasehold improvements	10 years (or the life of the lease, whichever is least)
Plant and machinery	3 - 25 years
Information Technology	2 - 16 years
Assets under construction	No depreciation
Intangible assets (software licences)	2 - 10 years

### 1.7 Realised Element of Depreciation from Revaluation Reserve

Depreciation and amortisation are charged to expenditure on the re-valued amount of property, plant and equipment and intangibles. An element of depreciation or amortisation therefore arises due to the increase in valuation and is in excess of the depreciation or amortisation that would be charged on the historical cost of assets. The amount relating to this excess is a realised gain on disposal and is transferred from the Revaluation Reserve to the General Fund.

### 1.8 Employee Benefits

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), the PCSPS (NI), the Civil Service and Others Pension Scheme (CSOPS) and CSOPS (NI). These 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 schemes of the amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the pension schemes.

Further details regarding the above schemes are contained in the [Remuneration Report](#).

## 1.9 Early departure costs

The Department is required to meet the additional cost of benefits beyond the normal PCSPS, PCSPS (NI), CSOPS and CSOPS (NI) benefits in respect of employees who retire early, from the date of their retirement until they reach normal pensionable age. The Department provides in full for this cost when the early retirement programme has been announced and this is binding on the Department.

## 1.10 Financing and Operating income

### *Financing*

The Department is primarily resourced by funds approved by Parliament through the annual Supply process. Resources are drawn down each month to meet expenditure requirements.

### *Operating Income*

Operating income is income which relates directly to the operating activities of the Department. It principally comprises monies received in respect of EU grants and National Loans Fund interest.

Operating income also includes charges provided on a full-cost basis to external customers, as well as public repayment work, i.e. professional services provided by the CSO.

Operating income includes not only accruing resources but also income to the Consolidated Fund which in accordance with the FReM is treated as operating income. Operating income is stated net of VAT.

Operating income is split under the following headings depending on its classification:

- Administration income
- Programme income

It excludes funding from Parliamentary Vote, loans from the National Loans Fund and advances from the Contingencies Fund.

## 1.11 Administration and Programme expenditure

The classification of expenditure as administration or as programme follows the definitions set out in HM Treasury's *Consolidated Budgeting Guidance*. Broadly, administrative expenditure reflects the costs of running the Department while programme costs relate directly to service delivery activities.

## 1.12 Grants payable and paid

The Core Department recognises the grants due to its executive Non-Departmental Public Bodies, (the Northern Ireland Human Rights Commission and the Parades Commission), in the period in which they are paid.

The Core Department processes receipts and payments on behalf of the Parades Commission. Grant-in-aid paid during the year, is calculated by recording the details of payments processed and cash that has been paid out.

The Department also makes a small number of grants to a variety of public sector, private sector and voluntary bodies and these are recognised in the period in which there is reasonable assurance that they will be paid and that the conditions attaching them will be complied with.

### 1.13 Leases

#### *Operating leases*

Leases where substantially all of the risks and rewards are held by the lessor are classified as operating leases. Rentals are charged to the Consolidated Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease.

### 1.14 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.

### 1.15 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for Parliamentary 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 Parliament in accordance with the requirements of *Managing Public Money*.

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 Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

### 1.16 Value Added Tax

Most of the activities of the Department are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 1.17 Insurance

Only insurance costs in respect of motor vehicles are charged to the Consolidated Statement of Comprehensive Net Expenditure.

Departments do not generally insure. No insurance is affected against the following: fire, explosion, common law, third party and similar risks. Notional insurance premiums are not charged to the Consolidated Statement of Comprehensive Net Expenditure. Instead, expenditure in connection with uninsured risks is charged as incurred.

### 1.18 Notional charges

Notional charges, in respect of services received from other government departments/agencies, are included to reflect the full economic cost of services.

### 1.19 Staff Costs

Under IAS19 *Employee Benefits*, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the costs of any untaken leave as at the year end. The cost of untaken leave has been determined using data from staff leave records.

### 1.20 Financial Instruments

#### Recognition and de-recognition of financial assets and financial liabilities

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when, and only when, the Department becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Department no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

#### Financial assets

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term (held for trading) or if so designated by management. Financial assets held in this category are initially recognised and subsequently measured at fair value, with changes in value recognised in the Consolidated Statement of Comprehensive Net Expenditure in the line which most appropriately reflects the nature of the item or transaction.

#### Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, with changes in carrying value recognised in the Consolidated Statement of Comprehensive Net Expenditure in a manner which most appropriately reflects the nature of the item or transaction.

#### Trade and other receivables

Financial assets within trade and other receivables are recognised at fair value, which is usually the original invoiced amount. Provisions for bad debt are made specifically where there is objective evidence of a dispute or inability to pay. NIO and CSO only write off debts after all attempts to recover monies have been exhausted.

### *Prepayments*

Prepayments include any expenditure exceeding £500 that has been made in advance of receipt of goods or services and as such are treated as a financial asset to the Department.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and current balances with banks which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

### *Impairment of financial assets*

The Department assesses at each reporting date whether a financial asset or group of financial assets are impaired. Where there is objective evidence that an impairment loss has arisen on assets carried at amortised cost, the carrying amount is reduced with the loss being recognised in the Consolidated Statement of Comprehensive Net Expenditure. The impairment loss is measured as the difference between that asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is only reversed if it can be related objectively to an event after the impairment was recognised and is reversed to the extent that carrying value of the asset does not exceed its amortised cost at the date of reversal.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the Consolidated Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance. If a financial asset is deemed unrecoverable, the amount of the asset is reduced directly and the impairment loss recognised in the Consolidated Statement of Comprehensive Net Expenditure to the extent a provision was not previously recognised.

## **Financial Liabilities**

### *Trade and other payables*

Financial liabilities within trade and other payables are recognised at fair value, which is usually the original invoiced amount.



### *Loans and other borrowings*

Loans and other borrowings are initially recognised at fair value plus directly attributable transaction costs. Where loans and other borrowings contain a separable embedded derivative, the fair value of the embedded derivative is the difference between the fair value of the hybrid instrument and the fair value of the loan or borrowing. The fair value of the embedded derivative and the loan or borrowing is recorded separately on initial recognition.

## **1.21 Critical accounting estimates and key judgements**

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Department's accounting policies. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts are discussed below.

### *(i) – Provisions for compensation*

Provisions have been made for compensation which will be payable at a future date. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. Any difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

### *(ii) – Work in Progress*

The Crown Solicitor's Office recognises the income relating to the cost of solicitor activity in relation to cases that have not completed at the reporting date. This is an estimate of the fees earned as a result of work undertaken up to the reporting date using an estimate of cost based on actual bills issued and an assessment of the progress on the case to date. Account has been taken of the recoverability of the receivable in the calculation. Any differences between the amount charged to the client upon the completion of the case and the value recognised as work in progress will be accounted for in the accounting period when the client invoice is raised.

## **1.22 Accounting standards, interpretations and amendments to published standards adopted in the year ended 31 March 2017**

The Department has reviewed all standards that were effective at the start of the year, and those which became effective during the year, and considered whether these affect the presentation, disclosure and measurement of balances within the financial statements. These changes had no impact on the financial statements.

## **1.23 Accounting standards, interpretations and amendments to published standards not yet effective**

The following new standards, interpretations and amendments, which have been adopted by the EU but are not yet effective, may have an impact on the future Northern Ireland Office accounts:



IFRS 15 – Revenue from Contracts with Customers (IAS 18 Replacement – Revenue Recognition) (effective for financial periods starting 1 January 2017, not yet EU adopted). Until guidance on its adoption is issued by HMT in the FReM, we are unable to provide an assessment on the impact of adopting this Standard.

IFRS 16 – Leases (IAS 17 replacement) (effective 1 January 2019, not yet EU adopted). Until guidance on its adoption is issued by HMT in the FReM, we are unable to provide an assessment on the impact of adopting this Standard.

The above standards to be adopted are not expected to have a material impact on the Northern Ireland Office.

## 2. Statement of Operating Costs by Operating Segment

The Department organises itself by group and reports income and expenditure by group to the Board each month. The current groups are

- Business Delivery Group (BDG);
- Engagement Group (EnG);
- Political Strategy and Implementation Group (PSIG);
- Economy and Constitutional Group (ECG);
- Legacy Group (LG);
- Security and Protection Group (SPG); and
- Crown Solicitor’s Office (CSO).

In 2016-17, the “Economy and Political Group” was renamed as the “Economy and Constitutional Group”

Core staff costs and depreciation were managed centrally by BDG in 2016-17.

Information on amounts paid to the Northern Ireland Consolidated Fund (NICF) is separately reported to the Board on a monthly basis and is therefore included as a separate operating segment below.

The Board received management information containing summary of spend on a monthly basis throughout the year. Information on the same basis is reproduced in the table below.

The Department does not consider that assets and liabilities can be meaningfully allocated to segments, and manages and reports on assets and liabilities in total. Therefore, no breakdown of assets and liabilities is given.

	£000	£000	£000	£000	£000	£000	£000	£000	2016-17 £000
	NICF	BDG	EnG	PSIG	ECG	LG	SPG	CSO	Total
<u>Administration</u>									
Gross administration costs	-	3,862	227	31	104	148	85	4,085	<b>8,542</b>
Receipts	-	(57)	-	-	-	-	(2)	(4,174)	<b>(4,233)</b>
Net Administration Costs	-	3,805	227	31	104	148	83	(89)	<b>4,309</b>
<u>Programme</u>									
Gross programme costs	14,156,000	276	1,339	-	3,773	175	1,074	-	<b>14,162,637</b>
Receipts	-	-	-	-	(111)	-	-	-	<b>(111)</b>
Net programme costs	14,156,000	276	1,339	-	3,662	175	1,074	-	<b>14,162,526</b>
Centrally Managed Costs	-	9,504	-	-	-	-	-	-	<b>9,504</b>
<b>Overall Costs</b>	<b>14,156,000</b>	<b>13,585</b>	<b>1,566</b>	<b>31</b>	<b>3,766</b>	<b>323</b>	<b>1,157</b>	<b>(89)</b>	<b>14,176,339</b>

	£000	£000	£000	£000	£000	£000	£000	£000	2015-16 £000
	NICF	BDG	EnG	PSIG	EPG	LG	SPG	CSO	Total
<u>Administration</u>									
Gross administration costs	-	6,351	175	3	400	151	87	4,026	<b>11,193</b>
Receipts	-	(11)	(36)	-	-	-	(1)	(4,732)	<b>(4,780)</b>
Net Administration Costs	-	6,340	139	3	400	151	86	(706)	<b>6,413</b>
<u>Programme</u>									
Gross programme costs	13,979,000	468	712	-	3,407	3,356	1,288	-	<b>13,988,231</b>
Receipts	-	-	-	-	(57)	(32)	-	-	<b>(89)</b>
Net programme costs	13,979,000	468	712	-	3,350	3,324	1,288	-	<b>13,988,142</b>
Centrally Managed Costs	-	7,917	-	-	-	-	-	-	<b>7,917</b>
<b>Overall Costs</b>	<b>13,979,000</b>	<b>14,725</b>	<b>851</b>	<b>3</b>	<b>3,750</b>	<b>3,475</b>	<b>1,374</b>	<b>(706)</b>	<b>14,002,472</b>

## 2.1 Reconciliation between Operating Segments and Consolidated Statement of Comprehensive Net Expenditure

	2016-17 £000 Total	2015-16 £000 Total
Total net expenditure by operating segment	14,176,339	14,002,472
Reconciling items:		
AME and non voted expenditure not included in analysis	9,357	2,917
Excess cash surrenderable to the consolidated fund	(466)	-
Accounting adjustments	(83)	-
Total net expenditure per statement of comprehensive net expenditure	<b>14,185,147</b>	<b>14,005,389</b>

### 3. Staff costs

Staff numbers and related costs (and relevant disclosures) are relocated to the Remuneration and Staff Report.

Staff costs	2016-17					2015-16
	£000					£000
	Total	Permanently Employed and inward seconded Staff	Others	Ministers	Special Advisors	Total
Wages and salaries	10,795	8,775	1,805	105	110	11,387
Social security costs	1,028	938	67	10	13	878
Other pension costs	1,972	1,879	70	-	23	2,091
<b>Sub Total</b>	<b>13,795</b>	<b>11,592</b>	<b>1,942</b>	<b>115</b>	<b>146</b>	<b>14,356</b>
Less recoveries in respect of outward secondments	(261)	(261)	-	-	-	(285)
<b>Total net costs</b>	<b>13,534</b>	<b>11,331</b>	<b>1,942</b>	<b>115</b>	<b>146</b>	<b>14,071</b>

## 4. Other Administration Costs

	2016-17 £000		2015-16 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
<b>Note</b>				
<b>Rentals under operating leases:</b>				
Hire of plant and machinery	16	16	19	19
Other operating leases	947	947	1,036	1,036
<b>Non-cash items:</b>				
Depreciation and amortisation of non-current assets:				
Property, plant and equipment	7	1,701	1,549	1,549
Intangible assets	8	35	6	6
(Profit)/Loss on disposal of non-current assets	7,8	129	40	40
Impairments	7,8			
Auditor's remuneration and expenses		98	98	98
Provisions:				
Provided in year	15	-	-	-
<b>Other expenditure:</b>				
All other expenditure	3,930	3,930	3,825	3,825
<b>Total</b>	<b>6,856</b>	<b>6,856</b>	<b>6,573</b>	<b>6,573</b>

During the year the department did not purchase any non-audit services from its auditor, the National Audit Office.

## 5. Programme Costs

		2016-17 £000		2015-16 £000	
Note	Core Department	Departmental Group	Core Department	Departmental Group	
<b>Current grants and other expenditure</b>					
	Other expenditure	3,456	3,877	3,746	4,168
	Auditors remuneration and expenses	-	15	-	30
<b>Rentals under operating leases:</b>					
	Hire of plant and machines	167	205	175	196
	Other operating leases	21	22	-	57
<b>Non-cash items:</b>					
	Depreciation	7	84	50	63
	Amortisation	8	6	29	48
	Impairments	7,8	-	-	-
	Revaluation	7,8	-	-	-
	Loss on disposal of non-current assets	7,8	1	-	-
	Provisions:				
	Provided in year	15	-	2,131	2,135
	Written back in year	15	(750)	(28)	(74)
	Auditor's remuneration and expenses	9	9	9	9
<b>Consolidated Fund Standing Services</b>					
	Election Funding	10,021	10,021	3,966	3,966
	Consolidated Fund Standing Services	86	86	76	76
		13,101	13,680	10,154	10,674
Northern Ireland Consolidated Fund :					
	Grant	14,156,000	14,156,000	13,979,000	13,979,000
	National Loans Fund interest	73,362	73,362	75,446	75,446
	EU grants	38,495	38,495	38,938	38,938
		14,267,857	14,267,857	14,093,384	14,093,384
<b>Total</b>		<b>14,280,958</b>	<b>14,281,537</b>	<b>14,103,538</b>	<b>14,104,058</b>

By statute the remuneration and associated employers' earnings-related National Insurance Contributions of the Chief Electoral Officer (CEO) are met directly from the Consolidated Fund, rather than Parliamentary Supply. These costs are included under Other Programme Costs along with election running costs and are referred to as Consolidated Fund Standing Services. As the cash for the CEO's salary does not pass through the Department's accounts, the expenditure is accounted for as a non-cash item.

Pension benefits for the CEO for Northern Ireland are on a broadly by-analogy to the Principal Civil Service Pension Scheme (PCSPS) basis. This provides for benefits on a final salary basis accruing at 1/80<sup>th</sup> of pensionable salary for each year of service and an automatic lump sum of three times the pension. The actual payments come from the Consolidated Fund under section 14 (8) of the Electoral Law Act (NI) 1962.

## 6. Income

Operating income not within the budget (i.e. surrenderable to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not. In 2016-17, all operating income was within the budget.

	2016-17 £000		2015-16 £000	
	Core department	Departmental group	Core department	Departmental group
<b>Administration income:</b>				
Professional Fees	4,528	4,528	4,732	4,732
Other administrative income	105	105	46	46
	<b>4,633</b>	<b>4,633</b>	<b>4,778</b>	<b>4,778</b>
<b>Programme income:</b>				
Operating income	-	-	-	-
Other	177	290	57	151
National Loans Fund interest	73,362	73,362	75,446	75,446
Income from EU for NI programmes	38,495	38,495	38,938	38,938
	<b>112,034</b>	<b>112,147</b>	<b>114,441</b>	<b>114,535</b>
<b>Total</b>	<b>116,667</b>	<b>116,780</b>	<b>119,219</b>	<b>119,313</b>

Note:

Other income relates to the following transactions with the Northern Ireland Consolidated Fund:

- Interest receivable on loans made by the Northern Ireland Office to the Northern Ireland Consolidated Fund. The Northern Ireland Office uses this interest to pay interest due to the NLF in respect of the loans made to the Northern Ireland Office, equal to the amount of loan made from the Northern Ireland Office to the Northern Ireland Consolidated Fund.
- Income from the EU, which is received by the Northern Ireland Office to be paid over directly to the Northern Ireland Consolidated Fund.

Both amounts are offset by an equal and opposite expense as shown in note 5.

## 7. Property, plant and equipment – Departmental Group

	Heritage Assets £000	Antiques £000	Leasehold improvements £000	Plant & Machinery £000	Information Technology £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>							
At 1 April 2016	73,684	2,347	1,156	902	2,207	412	<b>80,708</b>
Additions	-	-	-	138	407	(82)	<b>463</b>
Disposals	-	(143)	-	(14)	(40)	-	<b>(197)</b>
Transfers	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Revaluations	(553)	(500)	25	5	81	-	<b>(942)</b>
Reclassification	-	-	-	(14)	(23)	-	<b>(37)</b>
<b>At 31 March 2017</b>	<b>73,131</b>	<b>1,704</b>	<b>1,181</b>	<b>1,017</b>	<b>2,632</b>	<b>330</b>	<b>79,995</b>
<b>Depreciation</b>							
At 1 April 2016	1,361	-	450	706	1,511	-	<b>4,028</b>
Charged in year	1,337	-	107	53	314	-	<b>1,811</b>
Disposals	-	-	-	(12)	(62)	-	<b>(74)</b>
Transfers	-	-	-	-	-	-	-
Impairment	-	-	-	-	1	-	<b>1</b>
Revaluations	-	-	-	-	-	-	-
Reclassifications	-	-	-	(15)	(1)	-	<b>(16)</b>
<b>At 31 March 2017</b>	<b>2,698</b>	<b>-</b>	<b>557</b>	<b>732</b>	<b>1,763</b>	<b>-</b>	<b>5,750</b>
<b>Carrying Amount at 31 March 2017</b>	<b>70,433</b>	<b>1,704</b>	<b>624</b>	<b>285</b>	<b>869</b>	<b>330</b>	<b>74,245</b>
<b>Carrying Amount at 31 March 2016</b>	<b>72,323</b>	<b>2,347</b>	<b>706</b>	<b>196</b>	<b>696</b>	<b>412</b>	<b>76,680</b>
Of the total:							
Department	<b>70,433</b>	<b>1,704</b>	<b>612</b>	<b>270</b>	<b>834</b>	<b>330</b>	<b>74,183</b>
Other designated bodies	-	-	<b>12</b>	<b>15</b>	<b>35</b>	-	<b>62</b>
<b>Carrying amount at 31 March 2017</b>	<b>70,433</b>	<b>1,704</b>	<b>624</b>	<b>285</b>	<b>869</b>	<b>330</b>	<b>74,245</b>

All of the assets above are fully owned; no finance arrangements are in place.

## 7.1 Property, plant and equipment – Departmental group (continued)

	Heritage Assets £000	Antiques £000	Leasehold improvements £000	Plant & Machinery £000	Information Technology £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>							
At 1 April 2015	68,093	2,347	1,237	1,215	1,843	203	<b>74,938</b>
Additions	-	-	21	106	416	209	<b>752</b>
Disposals	-	-	(185)	(427)	(58)	-	<b>(670)</b>
Transfers	-	-	-	5	(9)	-	<b>(4)</b>
Impairment	-	-	-	-	-	-	-
Revaluations	5,591	-	83	3	15	-	<b>5,692</b>
Reclassification	-	-	-	-	-	-	-
<b>At 31 March 2016</b>	<b>73,684</b>	<b>2,347</b>	<b>1,156</b>	<b>902</b>	<b>2,207</b>	<b>412</b>	<b>80,708</b>
<b>Depreciation</b>							
At 1 April 2015	1,250	-	520	1,049	1,445	-	<b>4,264</b>
Charged in year	1,337	-	106	43	126	-	<b>1,612</b>
Disposals	-	-	(185)	(386)	(59)	-	<b>(630)</b>
Transfers	-	-	-	-	(1)	-	<b>(1)</b>
Impairment	-	-	-	-	-	-	-
Revaluations	(1,226)	-	-	-	-	-	<b>(1,226)</b>
Reclassifications	-	-	9	-	-	-	<b>9</b>
<b>At 31 March 2016</b>	<b>1,361</b>	<b>-</b>	<b>450</b>	<b>706</b>	<b>1,511</b>	<b>-</b>	<b>4,028</b>
<b>Carrying Amount at 31 March 2016</b>	<b>72,323</b>	<b>2,347</b>	<b>706</b>	<b>196</b>	<b>696</b>	<b>412</b>	<b>76,680</b>
<b>Carrying Amount at 31 March 2015</b>	<b>66,843</b>	<b>2,347</b>	<b>717</b>	<b>166</b>	<b>398</b>	<b>203</b>	<b>70,674</b>
Of the total:							
Department	<b>72,323</b>	<b>2,347</b>	<b>691</b>	<b>186</b>	<b>660</b>	<b>412</b>	<b>76,619</b>
Other designated bodies	-	-	<b>15</b>	<b>10</b>	<b>36</b>	-	<b>61</b>
<b>Carrying amount at 31 March 2016</b>	<b>72,323</b>	<b>2,347</b>	<b>706</b>	<b>196</b>	<b>696</b>	<b>412</b>	<b>76,680</b>

Hillsborough Castle has been valued by Land and Property Services in line with standards published by the Royal Institute of Chartered Surveyors (RICS) and the antiques are valued by John Ross and Company for the purposes of these accounts. Valuations are carried out every five years. The most recent valuation was at 31 March 2017.

Heritage assets and antiques comprise Hillsborough Castle and its surrounding estate. It has historical importance as the principal seat in Ireland of the Marquesses of Downshire for well over 200 years. The present building dates from the 1770s with 19<sup>th</sup> and 20<sup>th</sup> century additions. It passed into public ownership in the 1920s and was used, until direct rule, as the residence of the Governors of Northern Ireland. Currently, the Castle is the venue for official functions including supporting many Royal and other distinguished visitors and is also open to the public in the summer months. The Department has recently entered into new arrangements for the running of Hillsborough Castle, however the asset will remain on the Department's Statement of Financial Position.



## 8. Intangible assets – Departmental Group

The Department's intangible assets comprise purchased software licences with a finite life.

	Software Licenses	Software Licenses
	2016-17 £000	2015-16 £000
<b>Cost or valuation</b>		
Opening balance	1,180	1,147
Additions	11	26
Transfer from Assets Under Construction	-	-
Disposals	(1)	-
Transfers	-	4
Impairment	-	-
Revaluation	17	3
Reclassification	(9)	-
<b>Closing balance</b>	<b>1,198</b>	<b>1,180</b>
<b>Amortisation</b>		
Opening balance	1,009	957
Charged in year	65	54
Disposals	(14)	-
Transfers	-	-
Impairment	-	-
Revaluation	4	-
Reclassification	(1)	(2)
<b>Closing balance</b>	<b>1,063</b>	<b>1,009</b>
<b>Carrying Amount at 31 March 2017</b>	<b>135</b>	<b>171</b>
<b>Carrying Amount at 31 March 2016</b>	<b>171</b>	<b>190</b>
Of the total:		
Department	70	98
Other designated bodies	65	73
	<b>135</b>	<b>171</b>

Intangible assets are adjusted to their current value each year by reference to appropriate indices compiled by the Office for National Statistics.

## 9. Capital and Other commitments

### 9.1 Operating leases

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

	2016-17 £000		2015-16 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
<b>Obligations under operating leases for the following periods comprise:</b>				
<b>Buildings:</b>				
Not later than one year	1,000	1,054	1,171	1,231
Later than one year and not later than 5 years	3,119	3,206	3,639	3,780
Later than five years	1,268	1,268	1,613	1,613
	<b>5,387</b>	<b>5,528</b>	<b>6,423</b>	<b>6,624</b>
<b>Other:</b>				
Not later than one year	21	21	6	6
Later than one year and not later than 5 years	-	11	9	9
Later than five years				
	<b>21</b>	<b>32</b>	<b>15</b>	<b>15</b>
<b>Total</b>	<b>5,408</b>	<b>5,560</b>	<b>6,438</b>	<b>6,639</b>

## 10. Financial Instruments

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

## 11. Investments and loans in other public sector bodies

### Department of Finance & Personnel On-lent National Loans Fund Loans

	2016-17 £000	2015-16 £000
Balance at 1 April	2,049,943	1,891,059
Additions	213,710	294,276
Repayments	(147,713)	(135,392)
<b>Balance at 31 March 2017</b>	<b>2,115,940</b>	<b>2,049,943</b>

The balances represent the principal element of National Loans Fund advances on lent by the Secretary of State for Northern Ireland to the Northern Ireland Executive. Interest has been excluded from the disclosure due to the disproportionate amount of work required to calculate an accurate figure, which has as overall nil net impact on the Statement of Financial Position.

The balances above can be further analysed as:

	2016-17 £000	2015-16 £000
Current assets	153,524	164,634
Non-current assets	1,962,416	1,885,309
<b>Balance at 31 March 2017</b>	<b>2,115,940</b>	<b>2,049,943</b>

## 12. Cash and cash equivalents

	2016-17 £000		2015-16 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Balance at 1 April 2016	156,386	156,582	138,225	138,727
Net change in cash balance	33,211	33,264	18,161	17,855
<b>Balance at 31 March 2017</b>	<b>189,597</b>	<b>189,846</b>	<b>156,386</b>	<b>156,582</b>
The following balances at 31 March are held at:				
Government Banking Service	173,003	173,252	155,009	155,009
Commercial banks and cash in hand	16,594	16,594	1,377	1,573
<b>Balance at 31 March 2017</b>	<b>189,597</b>	<b>189,846</b>	<b>156,386</b>	<b>156,582</b>

## 13. Trade receivables, financial and other assets

	2016-17 £000		2015-16 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
<b>Amounts falling due within one year:</b>				
VAT Receivables	86	86	1	1
Trade receivables	1,003	1,085	3,146	3,146
Other receivables	11	11	12	12
Prepayments and accrued income	3,773	3,887	3,625	3,776
	<b>4,873</b>	<b>5,069</b>	<b>6,784</b>	<b>6,935</b>
<b>Amounts falling due after more than one year:</b>	-	-	-	-
<b>Total</b>	<b>4,873</b>	<b>5,069</b>	<b>6,784</b>	<b>6,935</b>

## 14. Trade payables and other current liabilities

	2016-17 £000		2015-16 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
<b>Amounts falling due within one year:</b>				
VAT	-	-	-	-
Taxation and social security	193	223	208	219
Trade payables	1,708	1,761	1,104	1,105
Other payables	-	10	-	1
Accruals and deferred income	5,928	6,063	6,072	6,330
Property, plant and equipment accruals	122	122	220	225
Current element of repayment of National Loans Fund	153,524	153,524	164,634	164,634
Amounts issued from the Consolidated Fund but not spent at year end	189,596	189,596	156,169	156,169
Non-Voted Supply Payable	217	217	217	217
CFER Payables	466	466	-	-
Amounts received due to be paid to the Consolidated Fund	16	16	109	109
	<b>351,770</b>	<b>351,998</b>	<b>328,733</b>	<b>329,009</b>
<b>Amounts falling due after more than one year:</b>				
Repayment of National Loans Fund	1,962,416	1,962,416	1,885,309	1,885,309
<b>Total</b>	<b>2,314,186</b>	<b>2,314,414</b>	<b>2,214,042</b>	<b>2,214,318</b>

## 15. Provisions for liabilities and charges

	2016-17 £000		2015-16 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
<b>Balance at 1 April</b>	758	758	1,821	1,881
Provided in the year	-	60	2,131	2,135
Provisions not required written back	(750)	(750)	(28)	(74)
Provisions utilised in the year	-	-	(3,166)	(3,184)
<b>Balance at 31 March 2017</b>	<b>8</b>	<b>68</b>	<b>758</b>	<b>758</b>

Analysis of expected timing of discounted flows:

	2016-17 £000		2015-16 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Not later than one year	8	68	758	758
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
<b>Balance at 31 March 2017</b>	<b>8</b>	<b>68</b>	<b>758</b>	<b>758</b>

	Compensation Payments	Litigation Claims	Total
Not Later than one year	8	60	68
Later than one year and not later than five years	-	-	-
Later than five years	-	-	-
<b>Balance at 31 March 2017</b>	<b>8</b>	<b>60</b>	<b>68</b>

All provisions represent the best estimate of the expenditure required to settle the obligation at the date of approval of the financial statements.

### 15.1 Compensation Payments: £8k (2015-16: £758k)

The Department provides for future obligations arising from all claims for compensation under the Terrorism Act 2000 and the Justice and Security (Northern Ireland) Act 2007 at the reporting date. All such claims will either be allowed or denied (including abandoned/withdrawn claims). The likely ratio of settled claims together with the potential average value of each allowed claim is estimated in arriving at the total expected future liability.

### 15.2 Provision for Litigation Claims: £60k (2015-16: £0k)

The litigation provision relates to claims against the Department by staff and third parties for damages including contractual supply and industrial tribunal cases. The provision reflects all known claims where it is considered that it is probable that the claim will be successful and the amount can be reliably estimated. The timing of the settlement of claims depends on the circumstances of each case.

## 16. Contingent liabilities disclosed under IAS 37

Listed below are the Department's contingent liabilities that have not been recognised as provisions because their existence will only be confirmed by the occurrence of one or more uncertain future events, not wholly within the Department's control.

### (a) Employment and personnel cases

There are a number of cases pending against the Department. The potential liability has been estimated although there is continuing uncertainty over the expected date of settlement in respect of these cases at the reporting date.

### (b) Others

There are a number of other cases pending against the Department or the Secretary of State for which it is not possible to quantify any potential liability. This includes two ongoing Judicial Reviews, six Judicial Reviews that have not yet been granted for hearing and four other legal cases.

## 17. Related-party transactions

The Northern Ireland Office is the parent Department of two constitutionally separate entities. During the year the NIO has had a number of material transactions with these entities and with other entities which, for financial reporting purposes, are regarded as related parties. These include the Northern Ireland Human Rights Commission and the Northern Ireland Parades Commission.

In addition, the Northern Ireland Office has had a number of material transactions with other government bodies, including the Department of Finance and Personnel, and HM Treasury with regard to National Loans Fund.

With the exception of the above, none of the board members, key managerial staff or other related parties has undertaken any other material transactions with the NIO during the year. The remuneration report sets out compensation paid to management.

## 18. Third-party assets

The Department does not hold as custodian or trustee monies belonging to third parties, over and above those monies disclosed in Note 12 Cash and cash equivalents.

## 19. Entities within the Departmental boundary

The entities within the boundary during 2016-17 were as follows:

### *Executive*

Northern Ireland Parades Commission \*

Northern Ireland Human Rights Commission \*

*Non-executive / Advisory*

Boundary Commission for Northern Ireland

Chief Electoral Officer for Northern Ireland

Civil Service Commissioners for Northern Ireland

Crown Solicitor for Northern Ireland

Sentence Review Commissioners

Independent Commission for the Location of Victims' Remains

District Electoral Areas Commissioner (ad-hoc)

Independent Reviewer of Police and Military Powers under the Justice and Security Act 2007

Remission of Sentences Act Commissioners

Independent Chairman of the Northern Ireland Committee on Protection

\*Separate Annual Accounts are produced by these entities and are available at:

<http://www.paradescommission.org>

and

<http://www.nihrc.org>

**20. Events after the reporting period date**

The Northern Ireland Office's Annual Report and Accounts is laid before the House of Commons by HM Treasury. The Northern Ireland Office is required to disclose the date on which the accounts are authorised for issue.

The Accounting Officer authorised the accounts for issue on the same date as the Comptroller and Auditor General signed the audit certificate.

## **ANNEX: REGULATORY REPORTING**



TABLE 1

<b>Spending by Northern Ireland Office &amp; Northern Ireland Executive 2011-12 to 2019-20</b>									
	2012-13	2013-14	2014-15	2015-16	2016-17	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Plans	Outturn <sup>(7)</sup>	Plans	Plans	Plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Northern Ireland Office Expenditure</b>									
Resource expenditure within Administration Costs	13,351	12,876	11,284	17,722	14,776	13,012	15,676	15,946	16,236
Other resource expenditure	8,765	12,411	13,071	13,379	16,840	17,351	6,604	6,314	6,444
<b>Northern Ireland Office Resource <sup>(2)</sup></b>	<b>22,116</b>	<b>25,287</b>	<b>24,355</b>	<b>31,101</b>	<b>31,616</b>	<b>30,363</b>	<b>22,280</b>	<b>22,260</b>	<b>22,680</b>
<b>Northern Ireland Office Capital</b>	1,284	307	1,897	1,973	561	474	530	270	250
<b>Northern Ireland Office Resource + Capital DEL <sup>(2)</sup></b>	<b>23,400</b>	<b>25,594</b>	<b>26,252</b>	<b>33,074</b>	<b>32,177</b>	<b>30,837</b>	<b>22,810</b>	<b>22,530</b>	<b>22,930</b>
<i>less depreciation &amp; impairments</i>	-1,764	-1,534	-1,577	-1,706	-1,800	-2,266	-2,100	-2,100	-2,100
<b>Northern Ireland Office DEL <sup>(3)</sup></b>	<b>21,636</b>	<b>24,060</b>	<b>24,675</b>	<b>31,368</b>	<b>30,377</b>	<b>28,571</b>	<b>20,710</b>	<b>20,430</b>	<b>20,830</b>
<b>Northern Ireland Executive Expenditure (The Northern Ireland Block) <sup>(6)</sup></b>									
Resource <sup>(8)</sup>	10,127,190	10,160,768	10,188,870	10,161,050	10,625,528	10,484,325	10,524,028	10,533,399	10,556,318
Capital <sup>(8)</sup>	982,675	944,703	1,085,281	765,747	1,048,160	1,005,307	1,209,817	1,251,908	1,311,397
<b>Total Resource + Capital</b>	<b>11,109,865</b>	<b>11,105,471</b>	<b>11,274,151</b>	<b>10,926,797</b>	<b>11,673,688</b>	<b>11,489,632</b>	<b>11,733,845</b>	<b>11,785,307</b>	<b>11,867,715</b>
<i>less depreciation &amp; impairments</i>	-576,938	-450,862	-503,161	-254,883	-687,418	-593,818	-558,085	-573,980	-587,212
<b>Northern Ireland Executive DEL <sup>(3) (5)</sup></b>	<b>10,532,927</b>	<b>10,654,609</b>	<b>10,770,990</b>	<b>10,671,914</b>	<b>10,986,270</b>	<b>10,895,814</b>	<b>11,175,760</b>	<b>11,211,327</b>	<b>11,280,503</b>
(1) Totals may not sum due to roundings.									
(2) Including depreciation & impairments									
(3) Resource + capital - depreciation & impairments (includes Student Loans impairments)									
(4) By convention Departmental Expenditure Limit budgets are expressed as resource and capital less depreciation & impairments. Therefore the									
(5) DEL figures for outturn years have been adjusted to reflect subsequent budgeting changes									
(6) From the 2015 Spending Review, Northern Ireland Office expenditure no longer forms part of the Northern Ireland Block									
(7) Northern Ireland Office outturn data represent final outturn and will accord with the accounts published elsewhere in this document. The Northern Ireland Executive data shows provisional outturn as the Northern Ireland Executive have yet to finalise their accounts									
(8) Resource and Capital figures for 2016-17 reflect classification change of Research & Development (R&D) expenditure from resource to capital (ESA 10)									

<b>TABLE 2</b>									
<b>Changes to Northern Ireland Executive Departmental Expenditure Limit for 2012-13 to 2019-20 since publication of 2015-16 Report &amp; Accounts</b>									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	
	Outturn	Outturn	Outturn	Outturn	Provisional Outturn	Plans	Plans	Plans	
	£million	£million	£million	£million	£million	£million	£million	£million	£million
<b>Capital DEL plus Resource DEL: June 2016</b>	<b>11,009.9</b>	<b>11,105.5</b>	<b>11,274.2</b>	<b>10,929.9</b>	<b>11,438.1</b>	<b>11,618.7</b>	<b>11,660.4</b>	<b>11,742.3</b>	
Interdepartmental transfers									
from DCMS: Digital	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	
from NIO: Account NI	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	
from HO: Immigration Health Surcharge	0.0	0.0	0.0	0.0	1.9	4.2	0.0	0.0	
from HO: Sham marriages/civil partnerships	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
from NIO: Administration	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	
to NIO: Stormont Elections	0.0	0.0	0.0	0.0	-5.7	0.0	0.0	0.0	
Spending Policy									
Stormont House & Fresh Start Agreements	0.0	0.0	0.0	0.0	60.9	0.0	0.0	0.0	
Budget Exchange	0.0	0.0	0.0	0.0	73.2	0.0	0.0	0.0	
Reprofile Financial Transactions Capital	0.0	0.0	0.0	0.0	-55.0	13.0	14.0	14.0	
Coastal Communities Fund	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	
Cash management rebate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Reserve Claim: CFER'd Immigration Health Surcharge	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0	
LIBOR Fines: Northern Ireland Air Ambulance	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	
Student Loans	0.0	0.0	0.0	0.0	155.9	0.0	0.0	0.0	
Block Grant Adjustment for APD	0.0	0.0	0.0	0.0	-2.2	0.0	0.0	0.0	
Barnett Consequentials									
Autumn Statement 2016	0.0	0.0	0.0	0.0	0.9	49.5	74.9	86.2	
Spring Budget 2017	0.0	0.0	0.0	0.0	0.0	48.4	36.0	25.3	
Barnett Consequentials of DCMS Reserve Claim	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	
Departmental outturn (underspend compared to final plans)									
Final Outturn 2015-16	0.0	0.0	0.0	-3.2	0.0	0.0	0.0	0.0	
Provisional Outturn 2016-17	0.0	0.0	0.0	0.0	-184.1	0.0	0.0	0.0	
Budgeting Changes									
none									
<b>Subtotal</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.2</b>	<b>51.5</b>	<b>115.1</b>	<b>124.9</b>	<b>125.4</b>	
<b>Capital DEL plus Resource DEL: June 2017</b>	<b>11,009.9</b>	<b>11,105.5</b>	<b>11,274.2</b>	<b>10,926.8</b>	<b>11,489.6</b>	<b>11,733.8</b>	<b>11,785.3</b>	<b>11,867.7</b>	

(1) Totals may not sum due to roundings

<b>Cash grant paid to the Northern Ireland Consolidated Fund 2015-16: Provision &amp; Final Outturn</b>			
	<b>Original Provision</b>	<b>Final Provision</b>	<b>Outturn</b>
	<b>£million</b>	<b>£million</b>	<b>£million</b>
Departmental Expenditure Limit <sup>(2)</sup>	11,208.7	11,292.4	10,926.8
Annually Managed Expenditure (inc Other AME & Reg Rates)	9,087.2	9,115.9	8,736.4
RRI Borrowing	326.8	296.5	295.1
Expenditure Financed by Regional Rates	651.1	651.1	651.2
<b>Total Managed Expenditure (DEL, AME &amp; Other AME)</b>	<b>21,273.9</b>	<b>21,355.9</b>	<b>20,609.5</b>
Less Non Cash charges	-3,767.6	-3,838.4	-3,381.8
Less Non Voted (DEL, AME & Other AME)	-12,011.8	-11,734.2	-11,306.1
Voted Other Expenditure outside DEL	8,210.0	8,140.5	7,587.8
Utilisation of Provisions	1,176.0	1,305.4	1,299.4
Movement in debtors/creditors	307.2	357.3	68.0
Adjustment for prior years	0.0	0.0	50.8
<b>Supply Expenditure</b>	<b>15,187.7</b>	<b>15,586.4</b>	<b>14,927.5</b>
Repayment of Principle of RRI Loans	79.4	80.2	80.2
Interest Payable	76.7	77.0	75.5
District Council Rates	558.3	570.8	570.8
Consolidated Fund Standing Services	0.0	0.0	9.2
Loans issued	0.0	0.0	31.8
Sums Repaid	0.0	0.0	78.8
Temporary Investments	0.0	0.0	2,297.0
Advances from NI Consolidated Fund	0.0	0.0	65.0
Other Services	8.3	9.2	0.0
<b>Total Expenditure</b>	<b>15,910.4</b>	<b>16,323.7</b>	<b>18,135.8</b>
<b>Income</b>			
Cash received in respect of RRI borrowing	326.8	296.5	294.3
District and Regional Rates	558.3	570.8	570.8
Regional Rates	730.4	731.2	645.1
Interest Receivable	65.1	58.6	57.1
NICF Loan Repaid	0.0	0.0	84.8
Internal Departmental Funds	0.0	0.0	28.8
Temporary Investments	0.0	0.0	2,297.0
Advances from the NI Consolidated Fund	0.0	0.0	65.0
Excess of Capital Receipts over capital issues	0.0	0.0	-0.4
Miscellaneous receipts	25.7	23.0	114.0
<i>NICF Balance</i>	<i>0.4</i>	<i>0.4</i>	<i>0.0</i>
<i>Continental Shelf</i>	<i>1.7</i>	<i>1.7</i>	<i>1.6</i>
<i>Misc - NIHE, Land Annuities etc</i>	<i>0.1</i>	<i>0.1</i>	<i>6.9</i>
<i>Excess Accruing Resources</i>	<i>2.4</i>	<i>2.1</i>	<i>4.7</i>
<i>CFERS</i>	<i>16.5</i>	<i>18.3</i>	<i>43.2</i>
<i>EU CFERS</i>	<i>4.5</i>	<i>0.3</i>	<i>57.7</i>
<b>Total Income</b>	<b>1,706.4</b>	<b>1,680.1</b>	<b>4,156.8</b>
<b>Cash grant payable to the NI Consolidated Fund <sup>(3)</sup></b>	<b>14,204.0</b>	<b>14,643.6</b>	<b>13,979.0</b>
(1) Totals may not sum due to roundings			
(2) Resource and capital DEL including depreciation			
(3) Northern Ireland Act 1998, Section 58			
(4) All components of this calculation refer to expenditure incurred by/income received by the Northern Ireland Executive			

<b>Cash grant paid to the Northern Ireland Consolidated Fund 2016-17: Provision &amp; Estimated Outturn</b>			
	<b>Original Provision</b>	<b>Final Provision</b>	<b>Estimated Outturn <sup>(6)</sup></b>
	<u>£ million</u>	<u>£ million</u>	<u>£ million</u>
Departmental Expenditure Limit (Resource DEL + Capital DEL) <sup>(2) (4)</sup>	11,582.7	11,673.7	11,673.7
Annually Managed Expenditure (inc Other AME)	9,248.3	8,990.3	8,990.3
Expenditure Financed by Regional Rates	585.4	246.4	246.4
Expenditure Financed by RRI Borrowing	357.8	584.3	584.3
<b>Total Managed Expenditure (DEL, AME &amp; Other AME)</b>	<b>21,774.3</b>	<b>21,494.7</b>	<b>21,494.7</b>
Less Non Cash charges	-3,574.8	-3,767.2	-3,767.0
Less Non Voted (DEL, AME & Other AME) <sup>(4)</sup>	-12,023.2	-11,868.0	-11,868.0
Voted Other Expenditure outside DEL	8,012.1	8,183.4	8,183.4
Utilisation of Provisions	1,140.4	1,311.6	1,311.6
Movement in debtors/creditors	155.5	140.5	140.5
<b>Supply Expenditure</b>	<b>15,484.3</b>	<b>15,495.0</b>	<b>15,495.0</b>
Interest Payable	75.5	74.4	74.4
District Council Rates	579.1	586.9	586.9
Repayment of Principal of RRI Loans	92.7	97.0	97.0
Other Services	9.5	9.9	9.9
<b>Total Expenditure</b>	<b>16,241.1</b>	<b>16,263.2</b>	<b>16,263.2</b>
<b>Income</b>			
Add in RRI	357.8	246.4	246.4
District Rates	579.1	586.9	586.9
Regional Rates	678.1	681.3	681.3
Interest Receivable	58.3	52.9	52.9
<b>Miscellaneous receipts</b>	<b>27.7</b>	<b>22.6</b>	<b>22.6</b>
<i>of which:</i>			
<i>NICF Balance</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>
<i>Continental Shelf</i>	<i>1.7</i>	<i>1.5</i>	<i>1.5</i>
<i>Misc - NIHE, Land Annuities etc</i>	<i>0.1</i>	<i>0.1</i>	<i>0.1</i>
<i>Excess Accruing Resources</i>	<i>4.3</i>	<i>1.1</i>	<i>1.1</i>
<i>CFERS</i>	<i>20.8</i>	<i>19.4</i>	<i>19.4</i>
<i>EU CFERS</i>	<i>0.3</i>	<i>0.0</i>	<i>0.0</i>
<b>Total Income</b>	<b>1,701.0</b>	<b>1,590.1</b>	<b>1,590.1</b>
Underspend of cash grant			<b>-517.1</b>
<b>Cash grant payable to the NI Consolidated Fund <sup>(3)</sup></b>	<b>14,540.1</b>	<b>14,673.1</b>	<b>14,156.0</b>
(1) Totals may not sum due to roundings			
(2) Resource and capital DEL including depreciation			
(3) Northern Ireland Act 1998, Section 58			
(4) Includes provision for expenditure implied by Stomont Hose Agreement			
(5) All components of this calculation refer to expenditure incurred by/income received by the Northern Ireland Executive			
(6) A detailed breakdown of the 2016-17 outturn for Northern Ireland Executive Expenditure is not yet available			

<i>TABLE 5</i>		
<b>Cash grant paid to the Northern Ireland Consolidated Fund 2017-18: Provision</b>		
		<b>£ million</b>
Departmental Expenditure Limit (Resource DEL + Capital DEL)		11,733.8
Additional Funding due from Stormont House/Fresh Start Agreement		75.9
Annually Managed Expenditure (inc Other AME)		9,754.8
Expenditure Financed by Regional Rates		585.4
Expenditure Financed by RRI Borrowing		300.0
<b>Total Managed Expenditure (DEL, AME &amp; Other AME)</b>		<b>22,449.9</b>
Less Non Cash charges		-3,935.7
Less Non Voted (DEL, AME & Other AME)		-11,343.0
Voted Other Expenditure outside DEL		8,004.9
Utilisation of Provisions		1,203.7
Movement in debtors/creditors		159.3
<b>Supply Expenditure</b>		<b>16,539.1</b>
Interest Payable		73.4
District Council Rates		594.7
Repayment of Principal of RRI Loans		108.4
Other Services		9.8
<b>Total Expenditure</b>		<b>17,325.4</b>
<b>Income</b>		
Add in RRI		300.0
District Rates		594.7
Regional Rates		693.8
Interest Receivable		51.5
<b>Miscellaneous receipts</b>		<b>19.8</b>
<i>of which:</i>		
	<i>NICF Balance</i>	<i>0.5</i>
	<i>Continental Shelf</i>	<i>1.5</i>
	<i>Misc - NIHE, Land Annuities etc</i>	<i>0.2</i>
	<i>Excess Accruing Resources</i>	<i>0.8</i>
	<i>CFERS</i>	<i>16.8</i>
	<i>EU CFERS</i>	<i>0.0</i>
<b>Total Income</b>		<b>1,659.8</b>
<b>Cash Grant payable to Northern Ireland</b>		<b>15,665.6</b>

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