



Northern
Ireland
Office

ANNUAL REPORT AND ACCOUNTS 2015-16

Northern Ireland Office

Annual Report and Accounts 2015-16

(For the year ended 31 March 2016)

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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 2015-16 and planned expenditure for 2016-17



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STATEMENT FROM THE SECRETARY OF STATE FOR NORTHERN IRELAND

By the Right Honourable Theresa Villiers MP

I am pleased to contribute this foreword to the Northern Ireland Office Annual Report and Accounts 2015-16.

This has been another exceptionally busy year for the department, as we have sought to take forward the manifesto commitments on which this Government was elected in May 2015. These include making politics work, building a stronger economy and shared society, and doing all we can to people in Northern Ireland safe and secure.

The Fresh Start Agreement that we concluded with the Northern Ireland Executive and the Irish Government in November after ten weeks of cross party talks has put politics on a more stable footing than for a number of years. The economy continues to grow with more than 50,000 more people in employment than in 2010. To help counter the ongoing threat from dissident republican terrorists this Government is providing the police with £160 million of additional security funding.

Over the next twelve months the department will be no less busy as we face the challenges and the opportunities for Northern Ireland presented by the decision by the UK electorate to leave the European Union. My priority throughout the detailed negotiations that lie ahead will be to ensure that Northern Ireland's interests are protected and advanced. To that end I will be working closely with the Executive and, as appropriate the Irish Government.

I would like to thank my officials in the Northern Ireland Office, led by Sir Jonathan Stephens, for all their dedication and support over the year. They have helped to make a real difference to people's lives across Northern Ireland.

Finally I would like to express again my sincere condolences to the family and friends of prison officer Adrian Ismay, murdered by terrorists in May. Under this Government there will be no let-up in our efforts to ensure that terror never succeeds

PERFORMANCE REPORT

Foreword



Sir Jonathan Stephens KCB

Permanent Secretary for the Northern Ireland Office and Principal Accounting Officer

Over the last 12 months Northern Ireland faced risks to the existence of the devolved institutions. Against a background of financial challenges, strained political relationships and continuing paramilitary activity, a new round of cross party talks got underway in Autumn 2015.

Less than 12 months since the Stormont House Agreement talks concluded, the Secretary of State convened a fresh round of discussions at Stormont House in Belfast with the main political parties. The Irish Government were involved, as appropriate, in accordance with the three-stranded principles. The culmination of those talks, November's Fresh Start Agreement, delivered the two main objectives set out at the beginning: unblocking progress on implementation of the Stormont House Agreement and an agreement on measures to tackle paramilitary activity. Extra spending power for the Executive was also agreed.

Since then we have been driving progress on implementation, working closely with the Executive. UK legislation extending welfare reform to Northern Ireland is in place, a Joint Agency Task Force has been created to reinforce efforts to tackle cross border organised crime, a panel has been appointed to make recommendations to end paramilitary activity, we have brought forward legislation to introduce a new pledge of office for the Assembly, and we have introduced measures to improve fiscal transparency in future Executive budgets.

Although it was not possible to agree implementation of the new legacy institutions, the Government remains committed to working with all interested parties to find agreement.

The progress will continue in to the next reporting period, but these substantial steps forward are tangible examples of how we are delivering on our core priorities: making politics work; a more secure Northern Ireland; a growing economy and a stronger society.

We have also made the Northern Ireland Office fit for the future by introducing new technology, expanding our open plan accommodation and renewing our staffing structures with a focus on making the department more effective and efficient. I would like to thank all my colleagues who worked so professionally and enthusiastically throughout the last year.

Who we are and what we do

Who we are

The Northern Ireland Office employs around 130 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-sponsored the Independent Commission for the Location of Victims' Remains.

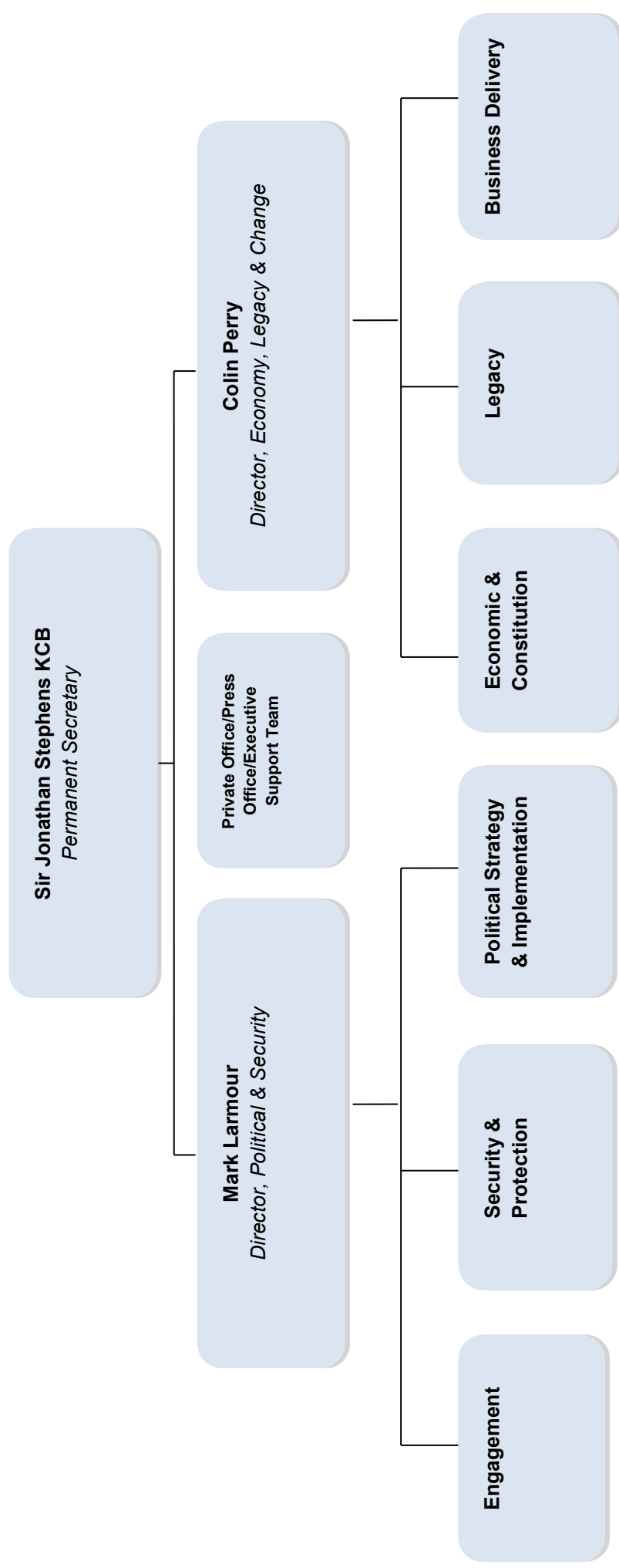
In addition, our Ministers are responsible, together with the Irish Government, for appointing the Board of the International Fund for Ireland (IFI). The IFI is governed by a fully independent Board, funded by international donors and administered by the British and Irish Governments. The Department also provides support for the British-Irish Intergovernmental Secretariat.

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.

How we are structured



Our Ministers

The following Ministers had responsibility for the Northern Ireland Office during 2015-16:



The Rt Hon. Theresa Villiers MP
Secretary of State for Northern Ireland

Theresa Villiers was appointed Secretary of State for Northern Ireland in September 2012. She is the Conservative MP for Chipping Barnet.

She leads on:

- National security and counter-terrorism
- Implementation of the Stormont House Agreement
- Building a more prosperous Northern Ireland
- Political stability and relations with the Northern Ireland Executive
- International interest in Northern Ireland, including relations with the Irish Government
- Human rights
- Addressing the legacy of the past



Ben Wallace MP¹
Parliamentary Under Secretary of State for
Northern Ireland

Ben Wallace was appointed Parliamentary-Under Secretary of State for Northern Ireland in May 2015. He is the Conservative MP for Wyre and Preston North.

Minister Wallace leads on the following portfolio, reporting to the Secretary of State:

- Security-related casework
- Electoral law
- Assisting the Secretary of State on development and passage of the Stormont House implementation legislation through Parliament
- Delivery of the Economic Pact: [Building a prosperous and united community](#)
- Parliamentary liaison with Northern Ireland MPs and peers, the Northern Ireland Affairs Committee, and other interested parliamentarians
- Engagement and outreach to community groups, including around parading, and the business community.
- Commemorations
- Liaison with the new councils in Northern Ireland

¹ Following the 2015 general election, Ben Wallace replaced Dr Andrew Murrison MP.

Our leaders and their responsibilities



Sir Jonathan Stephens
Permanent Secretary

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



Colin Perry
Director

Colin was appointed Director (Legacy, Economy and Change) in December 2014. He leads on issues relating to the Northern Ireland economy 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 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 Trinity House, Frimley Health NHS Foundation Trust and the Chartered Institute of Public Finance and Accountancy.



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 DCMS. He is currently Chairman of the Trustees of HighGround and a 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.

Changes to our Non-Executive Board members

Following the devolution of policing and justice functions in 2010 the Board operated with a single Non-Executive Board Member; however the Northern Ireland Office Review in 2014 recommended that a further non-executive should be made to the Board. David Brooker was appointed to this role on 4 January 2016.

Our Performance

Northern Ireland Office's priorities

The Northern Ireland Office publishes its objectives and commitments on GOV.UK

GOV.UK also provides new and updates on progress of work undertaken by the Northern Ireland Office, including details of announcements of achievements on the [Northern Ireland Office Website](#)

Progress on our key objectives during 2015-16 is summarised below:

Making politics work

The Fresh Start Agreement will unlock up to £500 million of additional financial support.

The Northern Ireland Office continued to work with Whitehall partners and the Northern Ireland Executive to support and implement the Stormont House 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 facilitated talks that culminated in the Fresh Start Agreement. 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.

A more secure Northern Ireland

An additional £25 million has been committed over the next 5 years to tackling paramilitary activity.

During 2015-16 the Northern Ireland Office worked 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 provided additional funding to bring an end to paramilitary activity following the Fresh Start Agreement. 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 have also taken 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 1.4 percent during 2015-16.

The Northern Ireland Office has supported the Government's long-term economic plans for Northern Ireland. To achieve this objective the Northern Ireland Office worked closely with the Executive to implement commitments in the 2013 economic pact to rebalance the economy and to build a more united and stronger society. We have also continued to coordinate work with partners to allow the devolution of corporation tax rate setting powers to the Northern Ireland Executive. A number of commitments from the Stormont House and Fresh Start Agreements have been delivered that are helping the Executive to deliver efficiencies.

A stronger society

The Government has extended its commitment of £50 million a year for 10 years to fund integrated and shared education projects

The Northern Ireland Office continued to work the Executive and partners to support reconciliation and the Executive's objective of building a shared future for all, while 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. We continued to work with the Executive, political parties, victims groups and the Irish Government to achieve sufficient consensus to introduce legislation to establish institutions to address the legacy of the past.

Northern Ireland Office fit for the future

We successfully delivered efficiency savings of 10% in 2015-16

The Northern Ireland Office is committed to supporting Government becoming more efficient, effective and accountable. Since 2010, we have continued to 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. During 2015-16, we further reduced the size of our estate and related services; improved the way we operate by introducing a more flexible and mobile IT system and expanding our open plan accommodation, and made the Northern Ireland Office fit for the future by reviewing our structure and changing the way we work to allow for greater flexibility in the deployment of staff resources to meet key objectives.

Performance on business plan objectives 2015-16

The section below sets out the range of Business Plan objectives and how we have delivered these during 2015-16.

Objective 1: Making politics work

In September 2015 the Secretary of State convened cross-party talks involving the UK Government, the parties represented in the Northern Ireland Executive and the Irish Government (participating as appropriate in accordance with the three-stranded principles). The purpose of these talks was to secure full implementation of the Stormont House Agreement and to deal with the impact of continued paramilitary activity in Northern Ireland. The outcome was the Fresh Start Agreement which gives the Executive a stable and sustainable budget, including welfare reform, underpinned by further UK Government financial support of up to £500million. It also unblocks progress on important elements of the Stormont House Agreement, including institutional reforms and, on paramilitary activity, reaffirms support for the rule of law and places fresh obligations on Northern Ireland's political representatives to work together to rid society of paramilitary activity and groups.

Good progress has been made on the implementation of the Fresh Start Agreement. We now have in place UK legislation extending welfare reform to Northern Ireland; a Joint Agency Task Force to reinforce efforts to tackle cross jurisdictional organised crime; a three person panel has made recommendations for a broad ranging strategy to bring an end to paramilitary activity and Assembly legislation has been passed reducing the number of Executive departments from April 2016 and reducing the number of Assembly MLAs from the next election. In addition to this, the Northern Ireland Office has recently taken legislation through Parliament to make provision for the establishment of an Independent Reporting Commission to promote progress towards ending paramilitary activity; measures to improve fiscal transparency in future Executive budgets and statutory undertakings by Executive Ministers and MLAs to give unequivocal support for the rule of law and to work collectively to achieve a society free of paramilitarism.

In the implementation of the Stormont House and Fresh Start Agreements, and more widely, the Northern Ireland Office has continued to work closely with the Northern Ireland Executive. The Northern Ireland Office has also maintained its close and productive relationship with the Irish Government and other international partners. The United States Government, including the engagement of its Special Envoy Senator Gary Hart, continues to be a helpful and supportive partner, particularly during times of political challenge.

We re-activated the Boundary Commission for Northern Ireland in late 2015 in order to deliver the 2018 Boundary Review and began work to stream-line the Electoral Office for Northern Ireland, taking advantage of the planned introduction of digital registration in late 2016.

We have continued to work closely with Whitehall and Executive colleagues to ensure Northern Ireland devolution issues are well managed in Westminster and Assembly legislation and have ensured Northern Ireland interests are considered in proposed changes to the Scotland and Wales devolution settlements and introduction of “English Votes for English Laws”.

Objective 2: A more secure Northern Ireland

Over the last 12 months small groups of dissident republican terrorists have continued in their attempts to undermine Northern Ireland’s democratic institutions through the use of violence. The Police Service of Northern Ireland (PSNI) and MI5 have worked tirelessly to limit the threat they are able to pose. Because of these efforts the vast majority of Northern Ireland’s population are able to go about their daily lives untroubled by terrorism. Overall the number of national security attacks remains broadly comparable with previous years. There were 16 national security attacks in the 2015 calendar year.

During this period, the Northern Ireland Office in conjunction with our partners has worked to refresh our strategic approach to tackle the enduring threat from Northern Ireland Related Terrorism (NIRT). It seeks to make Northern Ireland a safer place and to support all parts of the community in rejecting terrorism, violence and paramilitary activity. In November 2015 the Spending Review confirmed additional support of £160m for the Police Service of Northern Ireland to combat the threat from dissident terrorism. This was due to our continued commitment to ensuring that the PSNI has sufficient resources to tackle the terrorist threat.

In addition to work to tackle the terrorist threat in October 2015 the Secretary of State delivered the assessment of paramilitary groups in Northern Ireland which paved the way for the commitments within the Fresh Start Agreement to bring an end to paramilitarism, including the creation of a new reporting body and through close cooperation with strategic security partners and the Irish Government. This includes our commitment to provide an addition £25 million over the next five years to tackle continuing paramilitary activity as part of the Fresh Start Agreement and a further £3m over four years to establish and fund the new Independent Reporting Commission.

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.

Objective 3: A growing economy

The Government’s long-term economic plan continues to deliver for Northern Ireland. The Northern Ireland Office working alongside the Northern Ireland Executive and other Government departments has made significant progress on rebalancing the Northern Ireland economy. The Northern Ireland economy grew by 1.4%. The Northern Ireland private sector was estimated to have grown by 0.7% over the first quarter, by 2.0% over the year to Quarter 4 2015, and by

2.3% for the whole of 2015, compared to 2014. The Public sector jobs index is now at its lowest level since the series began in 2002 and the private sector was up 16,940 jobs over year.

A progress report on the economic pact, *Building a Prosperous and United Community*, was published in March 2016. This set out progress on Green Investment Bank investments of £70m; delivery of the British-Irish Visa scheme to allow people to visit Northern Ireland more easily and the gifting of 59 surplus Ministry of Defence properties to be used for shared housing.

Preparatory work to allow the devolution of corporation tax rate setting powers to Northern Ireland has continued. In December 2015 a Memorandum of Understanding (MoU) was signed between HM Revenue and Customs and the Department for Finance and Personnel setting out arrangements for developing IT and administrative systems.

The Government has also made significant strides to help support the Executive to deliver a stable and sustainable budget. Welfare reform legislation has passed through Westminster paving the way for the implementation of reforms that had proved a significant block to the Executive balancing their budget. The Government has also passed legislation to ensure that the Executive budget cannot rely on more funding than the Government expects to provide.

The Department has delivered on a number of further commitments from the Fresh Start and Stormont House Agreements have been delivered. £43m of funding has been released to allow the construction of shared and integrated schools; funding for infrastructure investment and £200m of borrowing for a Voluntary Exit Scheme that is helping the Executive to deliver efficiencies.

Objective 4: A stronger society

Throughout the year, additional borrowing provided through the Economic Pact between the UK Government and Northern Ireland Executive has continued to fund shared future projects across Northern Ireland. This has included capital investment in two integrated primary schools and support for the Feldon shared housing scheme in Newtownabbey.

Following the round of political talks that resulted in the Fresh Start Agreement the Government extended its commitment of £50m a year for 10 years to fund integrated and shared education projects and shared housing projects. An initial raft of school projects in line to benefit from the capital investment has now been announced.

Additional funding of £12m a year for five years was also provided by the Government as part of the Fresh Start Agreement to ensure that the Executive expedited its commitments in the 'Together: Building a United Community (TBUK) Strategy' in 2013. The UK Government is particularly keen to encourage investment in interface areas that could lead to the removal of barriers (both physical structures and in terms of the community tensions that exist). Such barriers continue to divide neighbours along sectarian lines.

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, which led to intensive work during the first part of the year to prepare a draft Bill. The political talks that resulted in the Fresh Start Agreement provided an opportunity to discuss the draft Bill in detail with the parties and agreement was reached on a number of important issues relating to the draft legislation. Ultimately, it was not possible to agree all elements of the draft Bill during the talks. As a result, it has not yet been possible to introduce this legislation to the UK Parliament. The UK Government remains committed to establishing the institutions and the Secretary of State has continued to discuss the outstanding issues with political parties, victims and their representatives, and other stakeholders, with the intention of resolving the remaining differences and bringing forward the legislation as soon as there is sufficient consensus.

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:

- Releasing staff under a Voluntary Exit Scheme
- Reducing the costs of accommodation in both London and Belfast, while expanding our open plan accommodation
- Reducing the size and cost of back-office functions through greater use of contractual, outsourced and shared services
- The use of Continuous Improvement to review processes and engage staff in identifying ways to work more efficiently.

We have also reinvested part of the savings achieved to help create a Northern Ireland Office fit for the future. For example, with support from the government's Organisational Development and Design team, we have reviewed our departmental structure and introduced ways to increase staff capacity and capability. This includes utilising a project based approach to allow greater flexibility in the deployment of suitably skilled staff to meet Ministerial priorities.

The Government Digital Services' Common Technology Services team, IT Assist and Northern Ireland Civil Service have supported us in designing, building and installing a new IT system, "Office Everywhere" which is enabling our staff to work more flexibly and in new ways.

Spending summary highlights for 2015-16

	2015-16	2014-15	Variance
	£millions	£millions	£millions
Spend By Budget Type			
Resource DEL (Voted) (Departmental operations including depreciation)	22.2	20.3	1.9
Resource DEL (Non-Voted) (Election Funding*)	4.0	3.3	0.7
AME (Non-Cash accounting provisions for legal liabilities)	(1.1)	(0.1)	(1.0)
Capital DEL (Expenditure on Departmental non-current assets)	1,973	1,897	76
Non Budget (NI Executive funding)	13,979	13,963	16

* This represents funding of the European Elections in 2014-15 and the UK General Elections in 2015-16

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

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

During 2015-16 the Northern Ireland Office changed its provision of ICT and made changes that have reduced the Department's 'footprint':

- Switched to modern laptops
- Introduced a completely mobile IT solution

We also made preparations to enable a move to cloud services at a later date. The use of modern laptops and the eventual use of cloud service 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 TW3 programme.

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 will be further 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 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 2015-16 Supplementary Estimates are available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/499032/PU1893_final_web_pdfa.pdf

Departmental Expenditure Limit (DEL): £30,093,000 (including non-voted expenditure of £4,350,000)

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;
- 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 and 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): (£750,000)

Expenditure arising from change in provisions.

Non-Budget Expenditure: £14,643,600,000

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 2015-16 was £14,671m (2014-15: £14,931m) and the Department's final capital Estimate for 2015-16 was £2.150m (2014-15: £1.491m)

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 2015-16 was £14,004m (2014-15: £13,987m) compared with the Estimate of £14,671m (2014-15: £14,931m). This is a variance of £667m (2014-15: £944m).

The main reasons for this variance are:

- (£664.6m) funds anticipated to be required by the Northern Ireland Executive were not drawn down from the Consolidated Fund;
- a variance of £0.4m against the AME Estimate which resulted from lower than anticipated levels of accounting provisions for legacy legal cases;
- a variance of £0.3m in respect of lower than anticipated costs for the 2015 General;
- a variance of £0.4m in the Crown Solicitor's Office resulting from higher than anticipated income and lower than anticipated staff costs due to difficulties in recruiting staff;
- a variance of £0.1m occurred in the ring-fenced depreciation budget; and
- other variances across the remainder of the Department and its ALBs resulted largely from lower than anticipated staff costs, legal costs and a low level of unutilised contingency.

Capital

The net capital outturn for 2015-16 was £1.97m (2014-15: £1.90m) compared with the Estimate of £2.15m (2014-15: £1.49m). This is a variance of £0.18m (2014-15: (£0.4m)).

This variance resulted from lower than anticipated capital expenditure on accommodation and IT projects in the last quarter of the year.

Net Cash Requirement

The net cash requirement (note SOPS3) outturn was £14,000m (2014-15 £13,982m) compared with the Estimate of £14,667m (2014-15: £14,929m). This is a variance of £667m (2014-15: (£947m)). 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 DFP. Each of the Northern Ireland departments, including DFP, 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 2016 of £75m (2014-15: £69m) principally comprise property, plant and equipment of which Hillsborough Castle and its surrounding estate is £74.6m (2014-15: £69m) as the remainder of the other assets and liabilities offset.

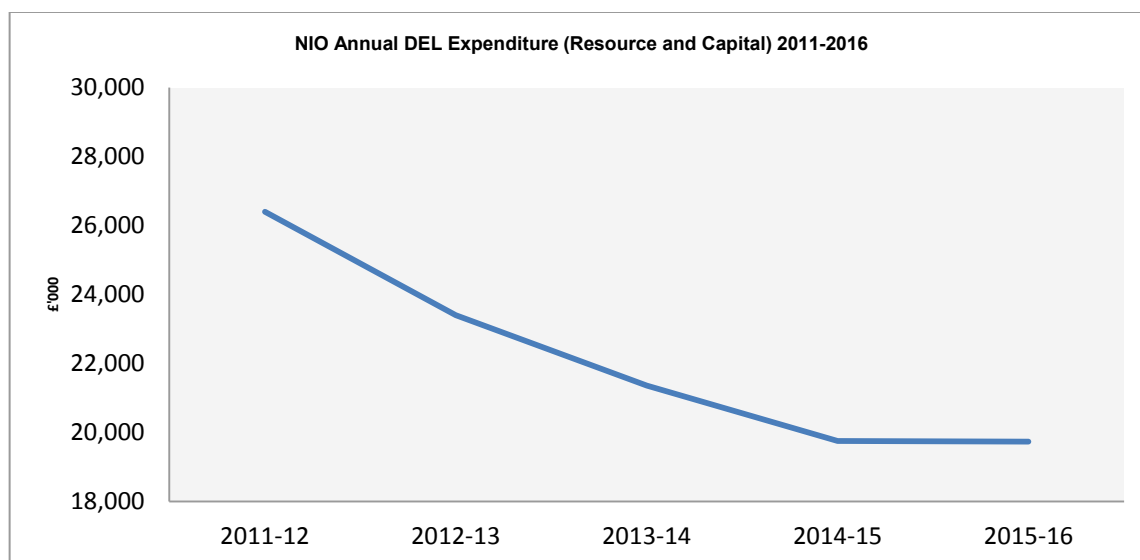
The financial assets include loans issued to DFP under the National Loans Fund, but these are balanced by corresponding amounts in current and non-current liabilities.

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 2014-15 resulted in a group audit fee of £136,500 (cash audit fee £30,000, non-cash audit fee £106,500) (2014-15 £135,000; cash fee £28,500, 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 and the General Election in 2014-15 and 2015-16 respectively.

Sir Jonathan Stephens KCB
Accounting Officer
5 July 2016

THE ACCOUNTABILITY REPORT

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



Introduction

As lead non-executive director and Chair of the Northern Ireland Office's Audit and Risk Committee, I am pleased to present my annual report on activity during 2015-16. My reflection on the work of the Audit and Risk Committee has been prepared in line with HM Treasury guidance.

During this reporting period, the Northern Ireland Office's Management Board has reviewed its composition to become both slimmer and more strategically focussed, with Board sub-committees taking on responsibility for operational delivery. The non-executive directors have been fully involved in supporting the formation of the new structure and helping to define the Board's future agenda to achieve this focus, whilst also maintaining oversight of governance, performance and corporate policies and initiatives. This has included ensuring the Department has appropriate oversight of its Arm's Length Bodies.

I have had an active role in Senior Civil Service and Public Appointment recruitment panels which, whilst bringing an independent view to those activities, has provided closer and valuable insight on the working of the Department and the activities of its sponsored bodies. I was delighted to be involved in the recruitment of our additional non-executive director, David Brooker, who joined the Board in January 2016, bringing valuable experience and fresh ideas to discussions and additional scrutiny to the Board's decision making.

Audit and Risk Committee

The Audit and Risk Committee is a sub-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 Treasury's Audit and Risk Assurance Handbook issued in April 2013, which defines the policy principles for

Audit Committees in central government bodies. The key messages and minutes from each Committee meeting are presented to the Northern Ireland Office's Board.

The current Terms of Reference were formally ratified by the Management Board as part of its wider review of Board and Committee structures in January 2016. They will be reviewed again during the current financial year to take account of revised guidance recently issued by the Treasury.

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 Management Board and Chair of the Audit and Risk Committee
Ben Connah	External Member, Deputy Director – Children's Services Policy, Department of Education.
Ian Summers	Independent Member with public sector finance background and experience of working with both Whitehall departments and devolved government.

Regular attendees at the Audit and Risk Committee meetings included:

- Director, Northern Ireland Office
- Deputy Director, Business Delivery Group Northern Ireland Office
- Head of Finance, Northern Ireland Office
- National Audit Office
- Head of Internal Audit, Ministry of Justice
- Internal Auditor, Ministry of Justice

In addition to the regular attendees, the Departmental Accounting Officer normally attends at least one meeting a year.

Relationships with other Audit Committees

The Northern Ireland Office sponsor two Non-Departmental Public Bodies (NDPB); 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 through regular updates from NAO and Departmental sponsors. I met with the Chairs of the Audit Committees for both the Northern Ireland Human Rights Commission and the Parades Commission for Northern Ireland in May 2015. I also attended a meeting of the Parades Commission's Audit Committee in May 2015 during which their accounts for 2014-15 were discussed.

Audit and Risk Committee activity

The Committee met in April, June, September 2015 and in January 2016. At these meetings 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, Gifts and Hospitality, ALB management, Internal Audit and National Audit Office (external audit) and updates from other the Board and other sub committees and projects.

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

Towards the end of 2015, the Committee completed a self-assessment of performance and 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 were satisfied that they were fulfilling their terms of reference. A number of minor recommendations were agreed with the aim of enhancing the Committee's effectiveness. These included: strengthening liaison arrangements with external audit; inviting officials to meetings that cover items relevant to their business area; encouraging the Accounting Officer to attend a minimum of two meetings per year and the Committee having sight of the minutes and matters arising from all Departmental Board and sub-Committee meetings. I also carried out individual performance assessments on Committee members to ensure their contributions were acknowledged and maximised.

Main matters arising

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

2014-15 Accounts

The Committee scrutinised and questioned management on the 2014-15 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 Committee noted significant improvements had been made to the year-end audit process which largely ran smoothly and to time.

The Committee also noted the issues with the treatment of claims for compensation under the Terrorism Act 2000 and a classification regarding a substantial payment made to Historical Royal Palaces. The Committee was satisfied that the Department acted appropriately in respect of the compensation claims based on assurances provided by the Independent Assessor although it was disappointing that subsequent delays in the assessment of the claims obliged the C&AG to issue a technical qualification to the accounts. On the handling of the payment made to Historic Royal Palaces which resulted in an overspend of the capital DEL authorised by Parliament, the Committee was disappointed both by the fact that it had occurred and that it was not identified until late in the audit process. Going forward the Committee will want to seek assurance from the National Audit Office that all such major issues are identified at the earliest opportunity.

The Committee acknowledges that the Northern Ireland Office and National Audit Office intend to build on the lessons learned from the preparation of the 2014-15 accounts and are planning to deliver the 2015-16 accounts by early July 2016.

On other Departmental group accounts, the Committee monitored progress on the Returning Officers' Expenses for 2014-15. These were laid in Parliament on 20 July 2015. 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 any issues raised by the National Audit Office. The Parades Commission for Northern Ireland presented their 2014-15 report to Parliament on 2 July 2015 and the Northern Ireland Human Rights Commission laid their report on 16 July 2015.

Information Assurance and Data Protection

The Committee received updates on progress to review and refresh Information Assurance policies. 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, noting the work taken forward to improve and strengthen the close working arrangements with its sponsored bodies and to explore the sharing of services. The Committee will continue to monitor the sponsorship arrangements in the next reporting year to ensure that they are robust.

The Northern Ireland Office's arrangements for managing risk have been regularly reported to the Committee, including the review of how to improve risk management reporting to the Board. The Committee is satisfied that the Department is actively engaging on risk management and welcomes the development of a new Risk Management Policy that will help staff understand their responsibilities in respect of identifying and managing risk.

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 for: Governance Arrangements; Crown Solicitor's Office – Strategic Financial Planning and the Northern Ireland Office's Central Purchase Order System.

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 2015-16.

External Audit

Representatives from the National Audit Office have attended all of the Committee's meetings. During this reporting period the Committee reviewed the audit strategy and timetable for the Northern Ireland Office's 2015-16 accounts, Returning Officers' Expenses and associated bodies' accounts, including the key risks highlighted, and has 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 with an assurance:

- on all accounts it has reviewed, subject to the satisfactory conclusions of any matters raised by the National Audit Office;
- on the high level system of internal controls; and
- on 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 an assurance on the effectiveness of managing risk and embedding risk management;
- monitoring finance functions to ensure the delivery of future accounts are accurate, complete and meet agreed timescales;
- continual monitoring of progress and sign off of audit recommendations; and
- scrutinising sponsorship arrangements for the Northern Ireland Office's ALBs.

Acknowledgements

As Chair of the Committee, I am pleased to commend the 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 7.

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 8.

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**

Chairman: Les Allamby
Director: Virginia McVea

- **The Parades Commission for Northern Ireland**

Chairman: 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 2015-16, the number of vacancies filled was 19. 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 central 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 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 2015-16 and we will continue to work closely with the NICS to ensure the secondment arrangements deliver maximum flexibility and mutual benefits.

During 2015-16 the Northern Ireland Office also offered young people the opportunity to enhance their employability through the Apprenticeships programme and one apprentice joined the Department.

Public Appointments

As at 31 March 2016, 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. In addition the Northern Ireland Office oversees the public appointments for the Equality Commission for Northern Ireland.

Between 1 April 2015 and 31 March 2016, 18 new appointments were made, of which 11 were given to women. The Chief Electoral Officer for Northern Ireland was also re-appointed for a further one year term of office during this period.

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, 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 results of the survey are used to measure levels of engagement at the local and corporate level.

Managing Attendance

Throughout 2015-16, 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.

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 relevant protected characteristic and persons who do not share it; and
- fostering good relations between persons who share a relevant 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 Management Code and build on the legal obligations under Northern Ireland, national and European law.

The Northern Ireland Office took steps in 2015-16 to increase awareness of diversity issues through the introduction of a 'Diversity blog' and information published on the Departmental intranet. We also reviewed our Bullying and Harassment policies and communicated 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.

Employment, training and advancement of disabled persons

The Northern Ireland Office has adopted MOJ policies for staff-related matters, including making reasonable adjustments where necessary for staff with disabilities and the Guaranteed Interview Scheme. During the year we reviewed and published our 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 NI Principal Civil Service Pension Scheme (PCSPS). Those organisations within the boundary covered by the scheme meet the costs of pensions provided for the staff they employ 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 2015-16 we moved to more cross-team and flexible ways of working and commenced work to develop a suite of template documents to provide staff with the tools and 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 year 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 to develop an effective health and safety regime. During 2015-16, there were five minor accidents none 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 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 through promoting mental well-being by providing information on work-life balance options to staff 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. Accommodation and an 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.

In 2015-16 the Northern Ireland Office further reduced the accommodation space it leases in London and modernised its premises in Belfast.

Payment of suppliers

During the year, the Northern Ireland Office paid 88% 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 the [GOV.UK website](#)

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 2015-16 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 2015-16.

Freedom of Information requests

Statistics on Freedom of Information requests in central government are published quarterly here: [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 2015 nos.632 and 2062 (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 is 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 covers the core department and sets out the governance structures, the internal control and risk management procedures that have operated within the Northern Ireland Office during the financial year 2015-16 and up to the date of approval of the Annual Report and Accounts, and is in accordance with the HM Treasury guidance. Each of the Northern Ireland Office's 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 the minister, 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 which the Department's objectives are set and monitored.

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. As such, our Ministers do not generally sit on the Board. 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 2015-16

Chair:

- Sir Jonathan Stephens

Executive Membership:

- Colin Perry
- Mark Larmour

Non-executive membership:

- Dawn Johnson
- David Brooker *from 4 January 2016*

The Northern Ireland Office Board

The Northern Ireland Board is responsible for:

- Planning and Performance – agreeing the Departmental Plan, especially the Department's strategic aims and objectives and allocation of human and financial resources to achieve them; 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 expertise and outside perspectives to challenge and hold the Department to account.
- Resources and Change – approving large projects or programmes; drawing on advice from the Change and Resources Committee and the Audit and Risk Committee, 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 – ensuring that the Department has the capability to deliver and to plan to meet current and future needs.
- Risk – drawing on advice from the Audit and Risk Committee, setting the Department’s approach to risk management and ensuring that effective and proportionate controls are in place to manage 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 continued to consolidate the reformed structure that was implemented towards the end of the last reporting period and introduce improvements by: increasing the strategic focus of the Board meetings; holding discussions of strategic people issues; building on operating better as a team and inducting the new non-executive director.

The Board’s agenda included regular updates from the Chairs of the Audit and Risk Committee, Changes and Resources Committee and People Committee. A regular scene setting and horizon scanning slot provided an opportunity for Board members to be updated on recent developments and the priorities of the Department and stakeholders.

The Board discussed the Department’s performance, including the delivery of projects and the staff survey results, through the year.

The role of the Board, its membership, and its relationship to other committees will be reviewed, and an evaluation of the Board’s effectiveness will be completed in the next reporting period.

Board composition and attendance

During the year a second non-executive director, David Brooker, was appointed to the Board.

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
10 June 2015	Colin Perry
15 January 2016	Sir Jonathan Stephens

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. As such, our Ministers do not sit on the Board.

Northern Ireland Office Audit and Risk Committee

The Northern Ireland Office Audit and Risk Committee (ARC) is a Board Committee, supporting 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 ARC is chaired by the lead non-executive director, Dawn Johnson. The ARC has two members: Ben Connah, Deputy Director, Department of Education and Ian Summers who is an independent external member.

The Committee met four times this year. Its meetings were attended by all members except for the following:

Meeting	Apologies
10 April 2015	Ben Connah
24 June 2015	Dawn Johnson

Work of the Audit and Risk Committee (ARC)

The primary function of the ARC is to test and challenge 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 ARC acts in an advisory capacity and has no executive powers. Assurances are provided to the Accounting Officer and the Board by the Chair of the ARC who is also a Board member.

Further information on the work of the ARC during the reporting period is included in the Northern Ireland Office's Lead Non-Executive Board Member's report.

People Committee

The People Committee is a subcommittee of the Northern Ireland Office Board and is chaired by Mark Larmour. It advises the Permanent Secretary and the Board on people issues, including learning and development, diversity and inclusion. It also has a pivotal role in the Department's strategy for leadership and ensuring the right people with the right skills are recruited and retained.

Change and Resources Committee

The Change and Resources Committee is a subcommittee of the Northern Ireland Office Board and is chaired by Colin Perry. It advises the Permanent Secretary and the Board on identifying efficiency savings, change management initiatives and the adoption of new ways of working to be able to deliver and meet the policy challenges set out by the Government. It has an important role for delivering a flexible and more streamlined Department that can live within the Spending Review 2015 settlement.

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 Ministry of Justice, 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 ARC and then agreed with the Accounting Officer.

The 2015-16 audit plan included: Governance Arrangements; Crown Solicitor's Office – Strategic Financial Planning; Central Purchase Order System.

The status of internal audit recommendations was reported to the ARC 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 2015-16 reports a moderate² level of assurance. Some improvements are required to enhance the adequacy and effectiveness of control arrangements. Management action has been initiated to improve the effectiveness of the control arrangements. Updates against the implementation of internal audit recommendations will continue to be monitored by the ARC.

Capacity to handle risk

During the year the ARC 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 the Departmental Risk Management policy.

The Northern Ireland 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. The Northern Ireland Office's top level risk register aligns closely with the 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.

Information and tools for effective risk management are available to all staff. This includes maintaining risk registers and clear risk escalation, mitigation and communication processes. Guidance and a recommended template for risk registers are published on the Department's intranet. 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. This 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 a period of comprehensive and continuous restructuring and a challenging political environment.

² Definition of *moderate*: Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.

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 quarterly 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.

During 2015-16, 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 access to CSL, to access and complete the relevant training. During 2015-16, no information assurance incidents were reported.

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 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.

Arm's Length Bodies (ALBs)

During 2015-16, the Northern Ireland Office continued to work closely with all of its sponsored bodies to strengthen governance arrangements. Regular meetings between senior management and the sponsored bodies were held supported by the Corporate Governance Team and Finance Team as necessary. The Corporate Governance Team 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 by Directors 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 ARC also received quarterly updates on the management of the governance

arrangements of the sponsored bodies, including details of internal audits completed and progress on the implementation of recommendations.

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, however, work will continue in the next reporting period on further enhancing the risk management process.

Summary of effectiveness

For the period 2015-16, 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 NDPBs, the interim accounts presented no material issues and we anticipate timely publication of the 2015-16 accounts.

Sir Jonathan Stephens KCB
Accounting Officer
5 July 2016

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.

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 requires 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 at www.civilservicecommission.org.uk.

The Department has two non-executive directors, a second non-executive Director having been appointed in January 2016.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the ministers and senior management 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) ¹		Total (to nearest £1,000)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Minister 1 The Rt Hon Theresa Villiers MP – Secretary Of State	67,505	67,505	-	-	30,000	22,000	98,000	90,000
Minister 2 Ben Wallace MP – Parliamentary Under-Secretary of State (from 12 May 2015)	19,848 (22,375 FTE)	-	-	-	6,000	-	26,000	-
Minister 3 The Rt Hon Andrew Robathan MP – Minister of State (from 7 October 2013 to 15 July 2014)	-	18,480 (32,344 FTE)	-	-	-	3,000	-	21,000
Minister 4 The Rt Hon Dr. Andrew Murrison MP- Parliamentary Under-Secretary of State (from 15 July 2014 to 11 May 2015)	8,120 ² (22,375 FTE)	14,917 (22,375 FTE)	-	-	1,000	6,000	9,000	21,000

¹ 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.

²Includes 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) ³		Total (£'000)	
	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15	15-16	14-15
Director General Sir Julian King (to 15 June 2014)	-	20-25 (110-115 FTE)	-	15	-	330	-	5,000	-	40-45
Permanent Secretary Sir Jonathan Stephens (from 2 June 2014)	155-160	130-135 (155-160 FTE)	-	-	17,174	17,150	-	-	170-175	135-140
Director Richard Penman (to 19 September 2014)	-	45-50 (FTE 100-105)	-	-	-	-	-	43,000	-	85-90
Director Colin Perry (from 15 December 2014)	85-90	25-30 (85-90 FTE)	-	-	-	-	146,000	66,000	230-235	90-95
Director Mark Larmour (from 01 December 2014)	85-90	25-30 (85-90 FTE)	-	-	-	-	34,000	11,000	115-120	-
Non-Executive Director Dawn Johnson	5-10	5-10	-	-	-	-	-	-	5-10	5-10
Non-Executive Director David Brooker (from 4 January 2016)	0-5	-	-	-	-	-	-	-	0-5	-

³The 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 (£67,060 from 1 April 2014, £74,000 from 8 May 2015) and various allowances to which they are entitled are borne centrally.

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 2015-16 relate to performance in 2015-16 and the comparative bonuses reported for 2014-15 relate to the performance in 2014-15.

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 2015-16 was £170,000 - £175,000 (2014-15, £170,000 - £175,000). This was 5.64 times (2014-15, 5.34) the median remuneration of the workforce, which was £30,600 (2014-15, £32,313).

In 2015-16, no (2014-15 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 largely to a decrease in the median remuneration of the workforce. This reduction is a result of the significant restructuring of the Department carried out in 2015-16.

Pension Benefits

[Audited]

Minister	Accrued pension at age 65 as at 31/3/16	Real increase in pension at age 65	CETV at 31/3/16	CETV at 31/3/15	Real increase in CETV
	£000s	£000s	£000s	£000s	£000s
The Rt Hon Theresa Villiers MP – Secretary Of State	8,586	1,916	106,484	81,964	14,461
Ben Wallace MP – Parliamentary Under-Secretary of State	793	400	8,961	4,757	2,001
The Rt Hon Dr. Andrew Murrison MP- Parliamentary Under-Secretary of State	1,601	64	24,301	22,743	618

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 at <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 31/03/16 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/16	CETV at 31/03/15	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Mark Larmour Director (from 1 December 2014)	0-5	0-2.5 plus lump sum of 0-2.5	29	7	2	-
Colin Perry Director (from 15 December 2014)	30-35 plus lump sum of 100-105	5-10 plus lump sum of 15-20	658	489	124	-

*The number of disclosures has significantly reduced this year as the Department has restructured its Management Board with Deputy Directors no longer attending Management Board meetings. No pension benefits are provided to non-executive directors.

One of the Department's Directors has remained within the "Classic" pension scheme with the other transferring into the "Alpha" scheme at the start of the year. 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. 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 1.5% and 6.85% of pensionable earnings for **classic** and 3.5% and 8.85% for **premium**, **classic plus** and **nuvos**. 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 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (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 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 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 value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

No payments for compensation on early retirement or for loss of office have been made under the terms of an approved Compensation Scheme. The Department did run a Voluntary Exit Scheme in 2015-16 (details are provided on page 60).

Staff Report

	2015-16					2014-15
	Total	Permanently Employed and inward seconded Staff	Others	Ministers	Special Advisors	Total
	£000					£000
Wages and salaries	11,387	9,796	1,412	96	83	11,022
Social security costs	878	813	45	8	12	845
Other pension costs	2,091	2,023	54	-	14	1,875
Sub Total	14,356	12,632	1,511	104	109	13,742
Less recoveries in respect of outward secondments	(285)	(285)	-	-	-	(249)
Total net costs*	14,071	12,347	1,511	104	109	13,493
Of which:						
Core department	12,755	11,491	1,051	104	109	12,126
Other designated bodies	1,316	856	460	-	-	1,367

Pensions

The Principal Civil Service Pension Scheme (PCSPS), PCSPS (NI) and the Civil Servant and other Pension Scheme (CSOPS), CSOPSNI are unfunded multi-employer defined benefit schemes in which the Northern Ireland Office is unable to identify its share of the underlying assets and liabilities. Full actuarial valuations of both the PCSPS and PCSPS (NI) were carried out as at 31 March 2012. No actuarial valuations have yet been carried out for CSOPS and CSOPSNI. Details of the PCSPS and CSOPS can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions). Details of the PCSPS (NI) are available in the PCSPS (NI) resource accounts.

For 2015-16, total employers' contributions of £1,748,000 (2014-15: £1,785,300) were payable at rates in the range 20.0 to 24.5 per cent of pensionable pay for CSP and 20.8 to 26.3 per cent 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 2015-16 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 (2014-15: £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 (2014-15: 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 (2014-15: £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) (2014-15: 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 (2014-15: Nil persons) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £nil (2014-15 £nil).

Staff Numbers

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

[Audited]

						2015-16 Number	2014-15 Number
	Total	Permanent Staff	Inward Secondments	Others	Ministers	Special Advisors	Total
NIO Core Department	129	105	21	-	2	1	136
NIO sponsored NDPBs	28	11	8	9	-	-	32
Other NIO sponsored ALBs*	127	-	127	-	-	-	135
Total	284	116	156	9	2	1	303

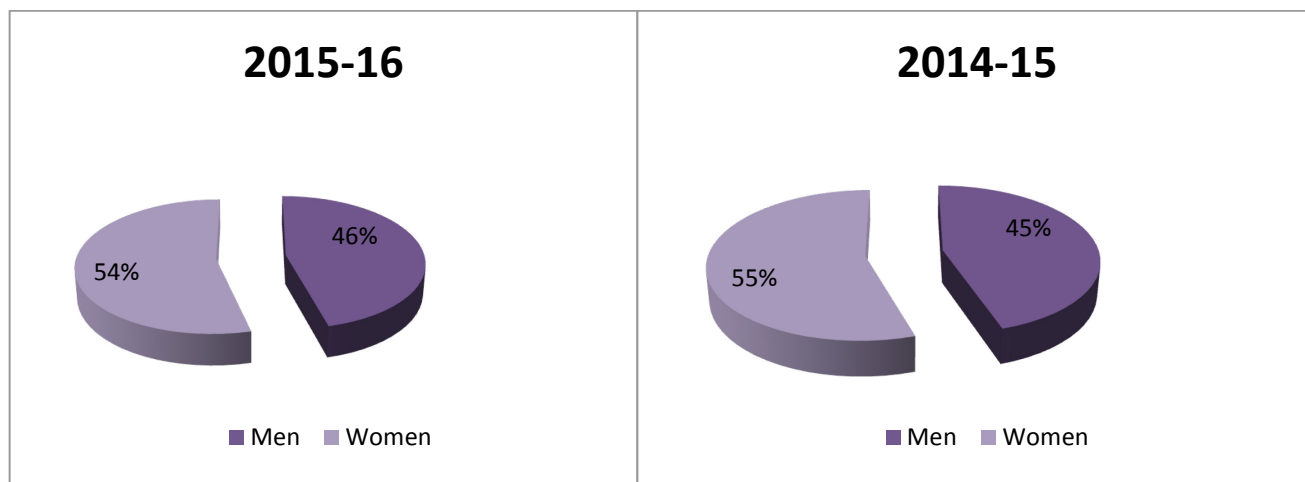
* These figures include staff employed in the Crown Solicitor's Office, by the Chief Electoral Officer for Northern Ireland and other sponsored bodies.

Staff Composition

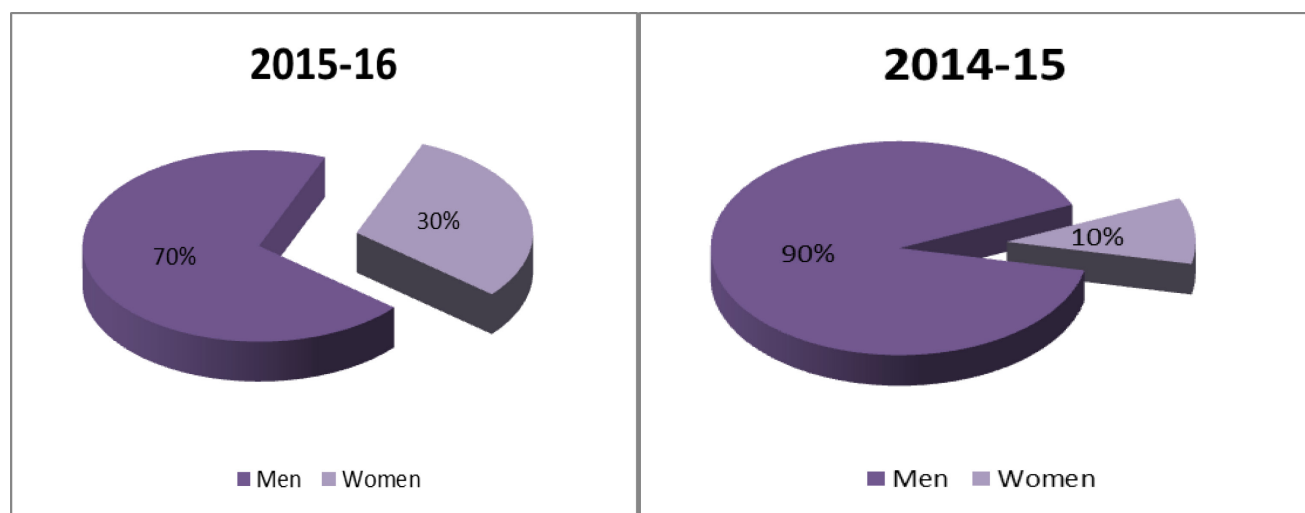
Senior Civil Service by Grade

	2015-16	2014-15
Permanent Secretary	1	1
Director	2	2
Deputy Director	7	7
Total	10	10

Staff Composition (Gender Analysis)



Senior Civil Service Staff Composition (Gender Analysis)



Sickness Absence

Throughout 2015-16, 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 2015 shows that the Northern Ireland Office had an average working days lost figure of 6.9, below the 7.4 Civil Service wide average. 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 2015-16

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		[Audited]
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	nil (nil)	nil (nil)	nil (nil)
£10,000-£25,000	nil (nil)	5 (nil)	5 (nil)
£25,000-£50,000	nil (nil)	7 (1)	7 (1)
£50,000-£100,000	nil (nil)	6 (nil)	6 (nil)
£100,000-£150,000	nil (nil)	nil (nil)	nil (nil)
£150,000-£200,000	nil (nil)	nil (nil)	nil (nil)
Total number of exit packages	nil (nil)	18 (1)	18 (1)
Total resource cost /£	nil (nil)	651,000 (30,000)	651,000 (30,000)

Exit package cost band	Departmental Group		[Audited]
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	nil (nil)	nil (nil)	nil (nil)
£10,000-£25,000	nil (nil)	5 (nil)	5 (nil)
£25,000-£50,000	nil (nil)	7 (1)	7 (1)
£50,000-£100,000	nil (nil)	6 (nil)	6 (nil)
£100,000-£150,000	nil (nil)	nil (nil)	nil (nil)
£150,000-£200,000	nil (nil)	nil (nil)	nil (nil)
Total number of exit packages	nil (nil)	18 (1)	18 (1)
Total resource cost /£	nil (nil)	651,000 (30,000)	651,000 (30,000)

Figures in brackets relate to 2014-15.

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

STATEMENT OF PARLIAMENTARY SUPPLY (AUDITED)

Summary of Resource and Capital Outturn 2015-16

SoPS Note	Estimate			Outturn			2015-16 £000	2014-15 £000	
	Voted	Non-Voted	Total	Voted	Non-Voted	Total	Voted Outturn compared with Estimate: saving	Total	
Departmental Expenditure Limit									
Resource	1.1	23,593	4,350	27,943	22,221	4,042	26,263	1,372	23,645
Capital	1.2	2,150	-	2,150	1,973	-	1,973	177	1,897
Annually Managed Expenditure									
Resource	1.1	(750)	-	(750)	(1,124)	-	(1,124)	374	(142)
Total Budget Non-Budget Resource		24,993	4,350	29,343	23,070	4,042	27,112	1,923	25,400
Resource	1.1	14,643,600	-	14,643,600	13,979,000	-	13,979,000	664,600	13,963,000
Total		14,668,593	4,350	14,672,943	14,002,070	4,042	14,006,112	666,523	13,988,400
Total Resource		14,666,443	4,350	14,670,793	14,000,097	4,042	14,004,139	666,346	13,986,503
Total Capital		2,150	-	2,150	1,973	-	1,973	177	1,897
Total		14,668,593	4,350	14,672,943	14,002,070	4,042	14,006,112	666,523	13,988,400

Net cash requirement 2015-16

SoPS Note	2015-16 £'000 Estimate	2015-16 £'000 Outturn	2015-16 £'000 Outturn compared with Estimate: saving/(excess)	2014-15 £'000 Outturn
3	14,667,363	14,000,106	667,257	13,982,158

Administration Costs 2015-16

2015-16 £'000 Estimate	2015-16 £'000 Outturn	2014-15 £'000 Outturn
13,412	12,963	11,284

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

The notes on pages 77 to 99 form part of these accounts.

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

SOPS1. Net Outturn

SOPS1.1 Analysis of net resource outturn by section

											2015-16 £000	2014-15 £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		
Spending in Departmental Expenditure Limits (DEL)												
Voted:												
A - Northern Ireland Office	17,741	(4,778)	12,963	7,574	(57)	7,517	20,480	21,555	1,075	1,075	18,074	
B - Northern Ireland Human Rights Commission	-	-	-	1,026	-	1,026	1,026	1,215	189	189	1,278	
C - Parades Commission	-	-	-	715	-	715	715	823	108	108	959	
Non-voted:												
D - Funding of elections	-	-	-	4,042	-	4,042	4,042	4,350	308	308	3,334	
	17,741	(4,778)	12,963	13,357	(57)	13,300	26,263	27,943	1,680	1,680	23,645	
Annually Managed Expenditure (AME)												
Voted												
E - Northern Ireland Office	-	-	-	(1,124)	-	(1,124)	(1,124)	(750)	374	374	(142)	
	-	-	-	(1,124)	-	(1,124)	(1,124)	(750)	374	374	(142)	
Non-budget												
F - Grant Payable to the Northern Ireland Consolidated Fund	-	-	-	13,979,000	-	13,979,000	13,979,000	14,643,600	664,600	664,600	13,963,000	
Total	17,741	(4,778)	12,963	13,991,233	(57)	13,991,176	14,004,139	14,670,793	666,654	666,654	13,986,503	

SOPS1.2 Analysis of net capital outturn by section

	2015-16 £000			2014-15 £000			
	Outturn		Estimate	Outturn		Outturn	
	Gross	Income	Net	Net	Net Total Outturn Compared with estimate	Net total compared to Estimate, adjusted for virements	Net
Spending in Departmental Expenditure Limits (DEL)							
Voted:							
A - Northern Ireland Office	1,948	(37)	1,911	2,150	239	177	1,883
B - Northern Ireland Human Rights Commission	57	-	57	-	(57)	-	4
C - Parades Commission	5	-	5	-	(5)	-	10
Non-voted:							
D - Funding of elections							-
	2,010	(37)	1,973	2,150	177	177	1,897
Total	2,010	(37)	1,973	2,150	177	177	1,897

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

	Note	2015-16	2014-15
		£000	£000
		Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply			
Budget	1.1	25,139	23,503
Non-budget	1.1	13,979,000	13,963,000
		14,004,139	13,986,503
Capital Grant HRP		1,250	1,750
Net Operating Costs in Consolidated Statement of Comprehensive Net Expenditure		14,005,389	13,988,253

SOPS3. Reconciliation of Net Resource Outturn to Net Cash Requirement

		Estimate	Outturn	Net total outturn Compared with Estimate: saving/(exc ess) £000
	Note	£000	£000	£000
Resource Outturn	SOPS 1.1	14,670,793	14,004,139	666,654
Capital Outturn	SOPS 1.2	2,150	1,973	177
Accruals to cash adjustments:				
<i>Adjustment to remove non-cash items:</i>				
Depreciation/Amortisation		(1,796)	(1,634)	(162)
New Provisions and adjustments to previous provisions		(2,370)	(2,103)	(267)
Other non-cash items	4,5	(130)	(570)	440
<i>Adjustments for NDPBs:</i>				
Remove voted resource and capital		(2,038)	(1,805)	(233)
Add Cash grant-in-aid		1,984	1,867	117
<i>Adjustments to reflect movements in working balances:</i>				
Increase/(decrease) in receivables	14	-	298	(298)
(Increase)/decrease in payables	15	-	(1,368)	1,368
Use of provisions	16	3,120	3,166	(46)
		14,671,713	14,003,963	667,750
Removal of non-voted budget items:				
Consolidated Fund Standing Services		(4,350)	(3,966)	(384)
Non-Voted Supply Payable		-	109	(109)
Net cash requirement		14,667,363	14,000,106	667,257

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 2015-16		Outturn 2014-15	
	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	-	-	-	-
Total income payable to the Consolidated Fund	-	-	-	-

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:

	2015-16	2014-15
	£000	£000
Income from Election Office activities funded by the Consolidated Fund	109	20
Amount payable to the Consolidated Fund	109	20
Balance held at the start of the year	21	1
Payments into the Consolidated Fund	(21)	-
Balance held in trust at the end of the year	109	21

All income shown above had been received at 31 March 2016.

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 2016 (2014-15: 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:

	2015-16 £000			2014-15 £000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Revised Surplus/ (deficit)
Crown Solicitor's Office	4,732	(4,028)	704	5,144	(4,030)	1,114
Total	4,732	(4,028)	704	5,144	(4,030)	1,114

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.

Sir Jonathan Stephens KCB

Accounting Officer

5 July 2016

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 2016 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 2015. 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.

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 2016 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 2016 and of the Department's net operating cost and 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: 6 July 2016

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

Consolidated Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2016

	Note	2015-16		2014-15	
		£000	£000	£000	£000
		Core Dept	Departmental Group	Core Dept	Departmental Group
Income	6	(119,219)	(119,313)	(171,519)	(171,523)
Total operating income		(119,219)	(119,313)	(171,519)	(171,523)
Staff costs	3	12,755	14,071	12,126	13,493
Other costs	4,5	14,110,111	14,110,631	14,145,408	14,146,283
Grant in aid to NDPBs		1,867	-	2,295	-
Total operating expenditure		14,124,733	14,124,702	14,159,829	14,159,776
Net Operating expenditure for the year ended 31 March 2016		14,005,514	14,005,389	13,988,310	13,988,253
Other Comprehensive Net Expenditure					
Items that will not be reclassified to net operating costs:					
Net (gain)/loss on:					
Revaluation of property, plant and equipment	7	(6,918)	(6,918)	(5,994)	(5,994)
Revaluation of Intangibles	8	(3)	(3)	(2)	(5)
Total comprehensive net expenditure for the year ended 31 March 2016		13,998,593	13,998,468	13,982,314	13,982,254

The notes on pages 77 to 99 form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31 March 2016**

		31 March 2016		31 March 2015	
Note	£000 Core Department	£000 Departmental Group	£000 Core Department	£000 Departmental Group	
Non-current assets					
Property, plant and equipment	7	76,619	76,680	70,628	70,674
Intangible assets	8	98	171	123	190
Financial Assets	11	1,885,309	1,885,309	1,758,279	1,758,279
Total non-current assets		1,962,026	1,962,160	1,829,030	1,829,143
Current assets					
Trade and other receivables	13	6,784	6,935	6,486	6,589
Financial assets	11	164,634	164,634	132,780	132,780
Cash and cash equivalents	12	156,386	156,582	138,225	138,727
Total current assets		327,804	328,151	277,491	278,096
Total assets		2,289,830	2,290,311	2,106,521	2,107,239
Current Liabilities					
Trade and other payables	14	328,733	329,009	277,187	277,757
Provisions	15	758	758	1,821	1,841
Total current liabilities		329,491	329,767	279,008	279,598
Non-current assets plus/less net current assets/liabilities		1,960,339	1,960,544	1,827,513	1,827,641
Non-current liabilities					
Provisions	15	-	-	-	40
Other payables	14	1,885,309	1,885,309	1,758,279	1,758,279
Total non-current liabilities		1,885,309	1,885,309	1,758,279	1,758,319
Total assets less liabilities		75,030	75,235	69,234	69,322
Taxpayers' equity					
General fund		45,508	45,713	46,633	46,716
Revaluation reserve		29,522	29,522	22,601	22,606
Total equity		75,030	75,235	69,234	69,322

Signed:**Accounting Officer: Sir Jonathan Stephens KCB****Date: 5 July 2016**

The notes on pages 77 to 99 form part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS**For the Year Ended 31 March 2016**

	Note	2015-16		2014-15	
		Core Dept	Departmental Group	Core Dept	Departmental Group
		£000	£000	£000	£000
Cash flows from operating activities					
Net operating cost		(14,005,514)	(14,005,389)	(13,988,310)	(13,988,253)
Adjustment for non-cash transactions	4,5	3,884	3,874	1,688	1,713
(Increase)/decrease in trade and other receivables	13	(298)	(346)	469	503
Increase/(decrease) in trade payables	14	178,576	178,282	9,214	9,394
<i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	14	(177,211)	(177,216)	(8,260)	(8,215)
Use of provisions	15	(3,166)	(3,184)	-	(112)
Other adjusting item for NDPB's		6	7	4	2
Net cash outflow from operating activities		(14,003,723)	(14,003,972)	(13,985,195)	(13,984,968)
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(429)	(460)	(60)	(115)
Purchase of intangible assets	8	-	(26)	-	(2)
Loans to other bodies	11	(294,276)	(294,276)	(259,243)	(259,243)
Repayment from other bodies	11	135,392	135,392	133,142	133,142
Net cash outflow from investing activities		(159,313)	(159,370)	(126,161)	(126,218)
Cash flows from financing activities					
From the Consolidated Fund (Supply) – current year		14,018,267	14,018,267	13,864,262	13,864,262
From the Consolidated Fund (Supply) – prior year		-	-	-	-
From the Consolidated Fund (non-supply)		4,176	4,176	3,334	3,334
Loans received from the National Loans Fund	11	294,276	294,276	259,243	259,243
Repayments of loans from the National Loans Fund	11	(135,392)	(135,392)	(133,142)	(133,142)
Net financing		14,181,327	14,181,327	13,993,697	13,993,697
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund					
		18,291	17,985	(117,659)	(117,489)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		(109)	(109)	(20)	(20)
Payments of amounts due to the Consolidated Fund		(21)	(21)	-	-
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		18,161	17,855	(117,679)	(117,509)
Cash and cash equivalents at the beginning of the period	12	138,225	138,727	255,904	256,236
Cash and cash equivalents at the end of the period	12	156,386	156,582	138,225	138,727

The notes on pages 77 to 99 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For year ended 31 March 2016 – Core Department

	General Fund	Revaluation Reserve	Taxpayers equity
Note	£000	£000	£000
Balance at 31 March 2014	49,344	16,605	65,949
	49,344	16,605	65,949
Net Parliamentary Funding - drawn down	13,864,262	-	13,864,262
Net Parliamentary Funding - deemed	255,904	-	255,904
Consolidated Fund Standing Services	5 3,334	-	3,334
Unspent Supply payable to the Consolidated Fund	14 (138,008)	-	(138,008)
	13,985,492	-	13,985,492
Changes in taxpayers equity for 2014-15			
Net gain on revaluation of property, plant and equipment	-	5,994	5,994
Net (loss) on revaluation of intangible assets	-	2	2
Non-cash charges - auditor's remuneration	4,5 107	-	107
Net operating cost for the year	(13,988,310)	-	(13,988,310)
Total recognised income and expense for 2014-15	(13,988,203)	5,996	(13,982,207)
Balance at 31 March 2015	46,633	22,601	69,234
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)
	14,004,282	-	14,004,282
Changes in taxpayers equity for 2015-16			
Net gain on revaluation of property, plant and equipment	-	6,918	6,918
Net gain on revaluation of intangible assets	-	3	3
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	(14,005,514)	-	(14,005,514)
Total recognised income and expense for 2015-16	(14,005,407)	6,921	(13,998,486)
Balance at 31 March 2016	45,508	29,522	75,030

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 77 to 99 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For year ended 31 March 2016 – Departmental Group

	General Fund	Revaluation Reserve	Total Reserves
Note	£000	£000	£000
Balance at 31 March 2014	49,369	16,607	65,976
	49,369	16,607	65,976
Net Parliamentary Funding - drawn down	13,864,262	-	13,864,262
Net Parliamentary Funding - deemed	255,904	-	255,904
Consolidated Fund Standing Services	5 3,334	-	3,334
Unspent Supply payable to the Consolidated Fund	14 (138,008)	-	(138,008)
	13,985,492	-	13,985,492
Changes in taxpayers equity for 2014-15			
Net gain on revaluation of property, plant and equipment	-	5,994	5,994
Net (loss) on revaluation of intangible assets	-	5	5
Non-cash charges - auditor's remuneration	4,5 107	-	107
Net operating cost for the year	(13,988,253)	-	(13,988,253)
Adjustment for NDPB's	1	-	1
Total recognised income and expense for 2014-2015	(13,988,145)	5,999	(13,982,146)
	46,716	22,606	69,322
Balance at 31 March 2015	46,716	22,606	69,322
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)
	14,004,282	-	14,004,282
Changes in taxpayers equity for 2015-16			
Net gain on revaluation of property, plant and equipment	-	6,918	6,918
Net gain on revaluation of intangible assets	-	3	3
Non-cash charges - auditor's remuneration	4,5 107	-	107
Non-cash charges - other notional	4,5 -	-	-
Net operating cost for the year	(14,005,389)	-	(14,005,389)
Adjustment for NDPB's	(3)	(5)	(8)
Total recognised income and expense for 2015-16	(14,005,285)	6,916	(13,998,369)
	45,713	29,522	75,235
Balance at 31 March 2016	45,713	29,522	75,235

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 77 to 99 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 2015-16 *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 2016

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 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);
- Economic and Political Group (EPG);
- Legacy Group (LG);
- Security and Protection Group (SPG); and
- Crown Solicitor’s Office (CSO).

In 2014-15, the work of PSIG and EPG was carried out by the Constitutional and Political Group (CPG) and Economy Group. The organisation structure was reorganised at the start of 2015-16.

Core staff costs and depreciation were managed centrally by BDG in 2015-16.

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	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	11,193
Receipts	-	(11)	(36)	-	-	-	(1)	(4,732)	(4,780)
Net Administration Costs	-	6,340	139	3	400	151	86	(706)	6,413
<u>Programme</u>									
Gross programme costs	13,979,000	468	712	-	3,407	3,356	1,288	-	13,988,231
Receipts	-	-	-	-	(57)	(32)	-	-	(89)
Net programme costs	13,979,000	468	712	-	3,350	3,324	1,288	-	13,988,142
Centrally Managed Costs	-	7,917	-	-	-	-	-	-	7,917
Overall Costs	13,979,000	14,725	851	3	3,750	3,475	1,374	(706)	14,002,472

	£000	£000	£000	£000	£000	£000	£000	£000	2014-15 £000
	NICF	BDG	EnG	CPG	EG	LG	SPG	CSO	Total
<u>Administration</u>									
Gross administration costs	-	7,832	810	845	195	1,574	1,280	4,057	16,593
Receipts	-	(40)	(39)	-	-	-	(10)	(5,144)	(5,233)
Net Administration Costs	-	7,792	771	845	195	1,574	1,270	(1,087)	11,360
<u>Programme</u>									
Gross programme costs	13,963,000	3,693	994	4,002	-	715	1,583	(82)	13,973,905
Receipts	-	-	-	(147)	-	-	-	-	(147)
Net programme costs	13,963,000	3,693	994	3,855	-	715	1,583	(82)	13,973,758
Overall Costs	13,963,000	11,485	1,765	4,700	195	2,289	2,853	(1,169)	13,985,118

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

	2015-16 £000 Total	2014-15 £000 Total
Total net expenditure by operating segment	14,002,472	13,985,118
Reconciling items:		
AME and non voted expenditure not included in analysis	2,917	3,192
Accounting adjustments	-	(57)
Total net expenditure per statement of comprehensive net expenditure	14,005,389	13,988,253

3. Staff costs

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

Staff costs	2015-16					2014-15
	£000					£000
	Total	Permanently Employed and inward seconded Staff	Others	Ministers	Special Advisors	Total
Wages and salaries	11,387	9,796	1,412	96	83	11,022
Social security costs	878	813	45	8	12	845
Other pension costs	2,091	2,023	54	-	14	1,875
Sub Total	14,356	12,632	1,511	104	109	13,742
Less recoveries in respect of outward secondments	(285)	(285)	-	-	-	(249)
Total net costs*	14,071	12,347	1,511	104	109	13,493

4. Other Administration Costs

	Note	2015-16 £000		2014-15 £000	
		Core Department	Departmental Group	Core Department	Departmental Group
Rentals under operating leases:					
Hire of plant and machinery		19	19	27	27
Other operating leases		1,036	1,036	1,025	1,025
Non-cash items:					
Depreciation and amortisation of non-current assets:					
Property, plant and equipment	7	1,549	1,549	1,496	1,496
Intangible assets	8	6	6	-	-
(Profit)/Loss on disposal of non-current assets	7,8	40	40	9	9
Impairments	7,8			-	-
Auditor's remuneration and expenses		98	98	94	94
Provisions:					
Provided in year	15			-	-
Other expenditure:					
Auditor's remuneration and expenses		-	-	-	-
All other expenditure		3,825	3,825	3,600	3,600
Total		6,573	6,573	6,251	6,251

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

5. Programme Costs

		2015-16 £000		2014-15 £000	
Note	Core Department	Departmental Group	Core Department	Departmental Group	
Current grants and other expenditure					
	Other expenditure	3,746	4,168	6,338	7,003
	Auditors remuneration and expenses		30	-	29
Rentals under operating leases:					
	Hire of plant and machines	175	196	179	179
	Other operating leases		57	79	235
Non-cash items:					
	Depreciation	7	50	63	108
	Amortisation	8	29	48	21
	Impairments	7,8		-	-
	Revaluation	7,8		-	-
	Loss on disposal of non-current assets	7,8		3	2
	Provisions:				
	Provided in year	15	2,131	2,135	15
	Written back in year	15	(28)	(74)	(45)
	Auditor's remuneration and expenses		9	13	13
Consolidated Fund Standing Services					
	Election Funding	3,966	3,966	3,261	3,261
	Consolidated Fund Standing Services	76	76	73	73
		10,154	10,674	10,019	10,894
Northern Ireland Consolidated Fund :					
	Grant	13,979,000	13,979,000	13,963,000	13,963,000
	National Loans Fund interest	75,446	75,446	76,674	76,674
	EU grants	38,938	38,938	89,464	89,464
		14,093,384	14,093,384	14,129,138	14,129,138
Total		14,103,538	14,104,058	14,139,157	14,140,032

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 1/80th 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 2015-16, all operating income was within the budget.

	2015-16 £000		2014-15 £000	
	Core department	Departmental group	Core department	Departmental group
Administration income:				
Professional Fees	4,732	4,732	5,144	5,144
Other administrative income	46	46	90	90
	4,778	4,778	5,234	5,234
Programme income:				
Operating income				
Other	57	151	147	151
National Loans Fund interest	75,446	75,446	76,674	76,674
Income from EU for NI programmes	38,938	38,938	89,464	89,464
	114,441	114,535	166,285	166,289
Total	119,219	119,313	171,519	171,523

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

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
Cost or valuation							
At 1 April 2014	63,230	2,347	1,072	2,854	2,927	193	72,623
Additions	-	-	-	9	86	10	105
Disposals	-	-	(20)	(298)	(2,781)	-	(3,099)
Transfers	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Revaluations	4,863	-	-	9	12	-	4,884
Reclassifications	-	-	185	(1,359)	1,599	-	425
At 31 March 2015	68,093	2,347	1,237	1,215	1,843	203	74,938
Depreciation							
At 1 April 2014	1,153	-	250	2,453	2,609	-	6,465
Charged in year	1,207	-	105	140	152	-	1,604
Disposals	-	-	(20)	(291)	(2,778)	-	(3,089)
Impairment	-	-	-	-	-	-	-
Revaluations	(1,110)	-	-	-	-	-	(1,110)
Reclassifications	-	-	185	(1,253)	1,462	-	394
At 31 March 2015	1,250	-	520	1,049	1,445	-	4,264
Carrying Amount at 31 March 2015	66,843	2,347	717	166	398	203	70,674
Carrying Amount at 31 March 2014	62,077	2,347	822	401	318	193	66,158
Of the total:							
Department	66,843	2,347	707	162	366	203	70,628
Other designated bodies	-	-	10	4	32	-	46
Carrying amount at 31 March 2015	66,843	2,347	717	166	398	203	70,674

Notes

a. 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 2012.

b. 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 19th and 20th 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
	2015-16 £000	2014-15 £000
Cost or valuation		
Opening balance	1,147	1,956
Additions	26	2
Transfer from Assets Under Construction	-	-
Disposals	-	(102)
Transfers	4	10
Impairment	-	-
Revaluation	3	3
Reclassification	-	(722)
Closing balance	1,180	1,147
Amortisation		
Opening balance	957	1,759
Charged in year	54	21
Disposals	-	(99)
Transfers	-	-
Impairment	-	-
Revaluation	-	(2)
Reclassification	(2)	(722)
Closing balance	1,009	957
Carrying Amount at 31 March 2016	171	190
Carrying Amount at 31 March 2015	190	197
Of the total:		
Department	98	123
Other designated bodies	73	67
	171	190

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.

	2015-16 £000		2014-15 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Obligations under operating leases for the following periods comprise:				
Buildings:				
Not later than one year	1,171	1,231	1,218	1,240
Later than one year and not later than 5 years	3,639	3,780	3,709	3,746
Later than five years	1,613	1,613	2,420	2,420
	6,423	6,624	7,347	7,406
Other:				
Not later than one year	6	6	22	22
Later than one year and not later than 5 years	9	9	-	-
Later than five years			-	-
	15	15	22	22
Total	6,438	6,639	7,369	7,428

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

	2015-16 £000	2014-15 £000
Balance at 1 April	1,891,059	1,764,958
Additions	294,276	259,243
Repayments	(135,392)	(133,142)
Balance at 31 March 2016	2,049,943	1,891,059

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:

	2015-16 £000	2014-15 £000
Current assets	164,634	132,780
Non-current assets	1,885,309	1,758,279
Balance at 31 March 2016	2,049,943	1,891,059

12. Cash and cash equivalents

	2015-16 £000		2014-15 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Balance at 1 April 2015	138,225	138,727	255,904	256,236
Net change in cash balance	18,161	17,855	(117,679)	(117,509)
Balance at 31 March 2016	156,386	156,582	138,225	138,727
The following balances at 31 March are held at:				
Government Banking Service	155,009	155,009	135,357	135,688
Commercial banks and cash in hand	1,377	1,573	2,868	3,039
Balance at 31 March 2016	156,386	156,582	138,225	138,727

£14,550 of candidate deposits were held in Electoral office bank accounts at 31 March 2016. These balances have not been included as they relate to the Assembly Elections in May 2016.

13. Trade receivables, financial and other assets

	2015-16 £000		2014-15 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Amounts falling due within one year:				
VAT Receivables	1	1	2	2
Trade receivables	3,146	3,146	3,001	3,032
Other receivables	12	12	13	13
Prepayments and accrued income	3,625	3,776	3,470	3,542
	6,784	6,935	6,486	6,589
Amounts falling due after more than one year:	-	-	-	-
Total	6,784	6,935	6,486	6,589

14. Trade payables and other current liabilities

	2015-16 £000		2014-15 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Amounts falling due within one year:				
VAT	-	-	-	-
Taxation and social security	208	219	203	216
Trade payables	1,104	1,105	830	836
Other payables	-	1	-	8
Accruals and deferred income	6,072	6,330	4,986	5,529
Property, plant and equipment accruals	220	225	142	142
Current element of repayment of National Loans Fund	164,634	164,634		
			132,780	132,780
Amounts issued from the Consolidated Fund but not spent at year end	156,169	156,169	138,008	138,008
Non-Voted Supply Payable	217	217	217	217
Amounts received due to be paid to the Consolidated Fund	109	109		
			21	21
	328,733	329,009	277,187	277,757
Amounts falling due after more than one year:				
Repayment of National Loans Fund	1,885,309	1,885,309	1,758,279	1,758,279
Other Payables			-	-
Total	2,214,042	2,214,318	2,035,466	2,036,036

15. Provisions for liabilities and charges

	2015-16 £000		2014-15 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Balance at 1 April	1,821	1,881	1,821	2,023
Provided in the year	2,131	2,135	-	15
Provisions not required written back	(28)	(74)	-	(45)
Provisions utilised in the year	(3,166)	(3,184)	-	(112)
Balance at 31 March 2016	758	758	1,821	1,881

Analysis of expected timing of discounted flows:

	2015-16 £000		2014-15 £000	
	Core Department	Departmental Group	Core Department	Departmental Group
Not later than one year	758	758	1,821	1,841
Later than one year and not later than five years			-	40
Later than five years			-	-
Balance at 31 March 2016	758	758	1,821	1,881

	Compensation Payments	Litigation Claims	Total
Not Later than one year	758	-	758
Later than one year and not later than five years			
Later than five years			
Balance at 31 March 2016	758	-	758

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: £758k (2014-15: £1,821k)

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: £0k (2014-15: £60k)

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.

Dawn Johnson is a non-executive director of CIPFA Business Limited. The NIO occasionally purchases minor services from CIPFA, though Dawn has had no involvement in any of these transactions.

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 2015-16 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 result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

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

Spending by Northern Ireland Office & Northern Ireland Executive 2011-12 to 2019-20

	2011-12	2012-13	2013-14	2014-15	2015-16	2015-16	2016-17	2017-18	2018-19	2019-20
	Outturn	Outturn	Outturn	Outturn	Plans	Outturn ⁽⁷⁾	Plans	Plans	Plans	Plans
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Northern Ireland Office Expenditure										
Resource expenditure within Administration Costs	14,641	13,351	12,876	11,284	13,412	12,959	15,526	15,676	15,946	16,236
Other resource expenditure	11,601	8,765	12,374	13,071	14,531	13,304	11,863	6,204	6,314	6,444
Northern Ireland Office Resource ⁽²⁾	26,242	22,116	25,250	24,355	27,943	26,263	27,389	21,880	22,260	22,680
Northern Ireland Office Capital	162	1,284	307	1,897	2,150	1,973	340	480	270	250
Northern Ireland Office Resource + Capital DEL ⁽²⁾	26,404	23,400	25,557	26,252	30,093	28,236	27,729	22,360	22,530	22,930
<i>less depreciation & impairments</i>	-1,858	-1,764	-1,533	-1,577	-1,850	-1,666	-2,100	-2,100	-2,100	-2,100
Northern Ireland Office DEL ⁽³⁾	24,546	21,636	24,024	24,675	28,243	26,570	25,629	20,260	20,430	20,830
Northern Ireland Executive Expenditure (The Northern Ireland Block) ⁽⁶⁾										
Resource ⁽⁸⁾	9,862,039	10,040,967	10,174,627	10,188,870	10,504,349	10,164,187	10,300,272	10,480,779	10,507,015	10,544,778
Capital ⁽⁸⁾	1,000,301	968,898	930,844	1,085,281	788,073	765,761	1,137,819	1,137,953	1,153,359	1,197,504
Total Resource + Capital	10,862,340	11,009,865	11,105,471	11,274,151	11,292,422	10,929,948	11,438,091	11,618,732	11,660,374	11,742,282
<i>less depreciation & impairments</i>	-420,519	-576,938	-450,862	-503,161	-550,363	-255,678	-528,216	-558,085	-573,980	-587,212
Northern Ireland Executive DEL ^{(3) (5)}	10,441,821	10,432,927	10,654,609	10,770,990	10,742,059	10,674,270	10,909,875	11,060,647	11,086,394	11,155,070
(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 resource and										
(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)										

TABLE 2										
Changes to Northern Ireland Executive Departmental Expenditure Limit for 2011-12 to 2019-20 since publication of 2014-15 Report & Accounts										
	2011-12	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	Plans	
	£million	£million	£million	£million	£million	£million	£million	£million	£million	£million
Capital DEL plus Resource DEL: June 2015	10,862.340	11,009.865	11,105.471	11,271.700	11,208.748	0.000	0.000	0.000	0.000	0.000
Spending Review										
2015 Spending Review Outcome	0.000	0.000	0.000	0.000	0.000	11,428.587	11,550.125	11,584.827	11,664.505	
Interdepartmental transfers										
from BIS: Open University	0.000	0.000	0.000	0.000	3.300	2.500	2.500	2.500	2.500	
from DCMS: Superfast Broadband	0.000	0.000	0.000	0.000	4.713	0.000	0.000	0.000	0.000	
from Home Office: Health Migrant Levy	0.000	0.000	0.000	0.000	0.466	3.335	0.000	0.000	0.000	
from NIO: Security	0.000	0.000	0.000	0.000	0.131	0.000	0.000	0.000	0.000	
to DCMS: Super Connected Cities	0.000	0.000	0.000	0.000	-0.461	0.000	0.000	0.000	0.000	
to NIO: Electoral Office	0.000	0.000	0.000	0.000	-0.001	0.000	0.000	0.000	0.000	
to NIO: Stormont Elections	0.000	0.000	0.000	0.000	0.000	-5.269	0.000	0.000	0.000	
to NIO: Stormont Rent	0.000	0.000	0.000	0.000	-0.046	0.000	0.000	0.000	0.000	
Spending Policy										
Distribution of Tampon Tax to Women's Charities	0.000	0.000	0.000	0.000	0.000	0.118	0.000	0.000	0.000	
Budget Exchange	0.000	0.000	0.000	0.000	61.048	0.000	0.000	0.000	0.000	
Coastal Communities Fund	0.000	0.000	0.000	0.000	0.644	0.000	0.000	0.000	0.000	
Cash management charge	0.000	0.000	0.000	0.000	-0.104	0.000	0.000	0.000	0.000	
Support for Charities	0.000	0.000	0.000	0.000	0.003	0.000	0.000	0.000	0.000	
Barnett Consequentials										
Summer Budget 2015	0.000	0.000	0.000	0.000	2.669	0.000	0.000	0.000	0.000	
Budget 2016	0.000	0.000	0.000	0.000	0.000	8.820	66.107	73.047	75.277	
2014-15 Council Tax Freeze	0.000	0.000	0.000	0.000	5.098	0.000	0.000	0.000	0.000	
Floods (Storms Desmond & Eva)	0.000	0.000	0.000	0.000	6.214	0.000	0.000	0.000	0.000	
Departmental outturn (underspend compared to final plans)										
Final Outturn 2014-15	0.000	0.000	0.000	2.451	0.000	0.000	0.000	0.000	0.000	
Provisional Outturn 2015-16	0.000	0.000	0.000	0.000	-362.474	0.000	0.000	0.000	0.000	
Budgeting Changes										
none										
Subtotal	0.000	0.000	0.000	2.451	-278.800	11,438.091	11,618.732	11,660.374	11,742.282	
Capital DEL plus Resource DEL: June 2016	10,862.340	11,009.865	11,105.471	11,274.151	10,929.948	11,438.091	11,618.732	11,660.374	11,742.282	

(1) Totals may not sum due to roundings

TABLE 3			
Cash grant paid to the Northern Ireland Consolidated Fund 2014-15: Provision and Final Outturn			
	Original Provision	Final Provision	Final Outturn
	£ million	£ million	£ million
Departmental Expenditure Limit ⁽²⁾	11,208.7	11,364.3	11,274.2
Annually Managed Expenditure (inc Other AME & Reg Rates)	9,564.7	9,738.0	9,305.9
RRI Borrowing	300.0	264.9	258.4
Total Managed Expenditure (DEL, AME & Other AME)	21,073.4	21,367.2	20,838.4
Less Non Cash charges	-3,332.9	-3,401.5	-3,361.9
Less Non Voted (DEL, AME & Other AME)	-10,995.2	-11,733.5	-11,506.1
Voted Other Expenditure outside DEL	7,638.4	8,191.0	7,710.3
Utilisation of Provisions	1,096.8	1,107.4	1,103.9
Movement in debtors/creditors	199.2	302.3	9.0
			-25.3
Supply Expenditure	15,679.7	15,832.9	14,768.4
Interest Payable	79.2	77.4	76.8
District Council Rates	532.0	539.9	539.9
Consolidated Fund Standing Services			8.9
Loans Issued			48.9
Sums Repaid			154.7
Temporary Investments			1,799.0
Advances from NI Consolidated Fund			38.5
Other Services	9.0	8.9	0.0
Total Expenditure	16,300.0	16,459.1	17,435.0
Income			
Add in RRI	300.0	264.9	259.2
District and Regional Rates	1,198.6	1,201.5	1,175.1
Interest Receivable	70.3	64.1	62.5
NICF Loan Repaid			85.4
Internal Departmental Funds			25.8
Temporary Investments			1,799.0
Advances from NI Consolidated Fund			38.5
Excess of Capital Receipts over Capital Issues			0.2
Miscellaneous receipts	111.4	23.4	26.2
<i>of which:</i>			
<i>NICF Balance</i>	0.0	0.5	0.0
<i>Continental Shelf</i>	1.6	1.7	1.8
<i>Misc - NIHE, Land Annuities etc</i>	7.2	0.1	0.1
<i>Excess Accruing Resources</i>	2.6	3.2	2.4
<i>CFERS</i>	90.9	11.9	17.4
<i>EU CFERS</i>	9.1	6.0	4.5
Total Income	1,680.3	1,554.0	3,472.0
Cash grant payable to the NI Consolidated Fund ⁽³⁾	14,619.7	14,905.2	13,963.0
(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			

Cash grant paid to the Northern Ireland Consolidated Fund 2015-16: Provision & Estimated Outturn			
	Original Provision	Final Provision	Estimated Outturn ⁽⁴⁾
	£million	£million	£million
Departmental Expenditure Limit ⁽²⁾	11,208.7	11,292.4	11,292.4
Annually Managed Expenditure (inc Other AME & Reg Rates)	9,087.2	9,115.9	9,115.9
RRI Borrowing	326.8	296.5	296.5
Expenditure Financed by Regional Rates	651.1	651.1	651.1
Total Managed Expenditure (DEL, AME & Other AME)	21,273.9	21,355.9	21,355.9
Less Non Cash charges	-3,767.6	-3,838.4	-3,838.4
Less Non Voted (DEL, AME & Other AME)	-12,011.8	-11,734.2	-11,734.2
Voted Other Expenditure outside DEL	8,210.0	8,140.5	8,140.5
Utilisation of Provisions	1,176.0	1,305.4	1,305.4
Movement in debtors/creditors	307.2	357.3	357.3
Supply Expenditure	15,187.7	15,586.4	15,586.4
Repayment of Principle of RRI Loans	79.4	80.2	80.2
Interest Payable	76.7	77.0	77.0
District Council Rates	558.3	570.8	570.8
Other Services	8.3	9.2	9.2
Total Expenditure	15,910.4	16,323.7	16,323.7
Income			
Cash received in respect of RRI borrowing	326.8	296.5	296.5
District and Regional Rates	558.3	570.8	570.8
Regional Rates	730.4	731.2	731.2
Interest Receivable	65.1	58.6	58.6
Miscellaneous receipts	25.7	23.0	23.0
<i>NICF Balance</i>	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>
<i>Continental Shelf</i>	<i>1.7</i>	<i>1.7</i>	<i>1.7</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>2.4</i>	<i>2.1</i>	<i>2.1</i>
CFERS	16.5	18.3	18.3
EU CFERS	4.5	0.3	0.3
Total Income	1,706.4	1,680.1	1,680.1
Underspend of cash grant			-664.6
Cash grant payable to the NI Consolidated Fund ⁽³⁾	14,204.0	14,643.6	13,979.0
(1) Totals may not sum due to roundings			
(2) Resource and capital DEL including depreciation			
(3) Northern Ireland Act 1998, Section 58			
(4) A detailed breakdown of the 2015-16 outturn for Northern Ireland Executive Expenditure is not yet available			
(5) All components of this calculation refer to expenditure incurred by/income received by the Northern Ireland Executive			

<i>TABLE 5</i>			
Cash grant paid to the Northern Ireland Consolidated Fund 2016-17: Provision			
			<u>£ million</u>
Departmental Expenditure Limit (Resource DEL + Capital DEL) ^{(2) (4)}		11,582.7	
Annually Managed Expenditure (inc Other AME)		9,248.3	
Expenditure Financed by Regional Rates		585.4	
Expenditure Financed by RRI Borrowing		357.8	
Total Managed Expenditure (DEL, AME & Other AME)		21,774.3	
Less Non Cash charges		-3,574.8	
Less Non Voted (DEL, AME & Other AME) ⁽⁴⁾		-12,023.2	
Voted Other Expenditure outside DEL		8,012.1	
Utilisation of Provisions		1,140.4	
Movement in debtors/creditors		155.5	
Supply Expenditure		15,484.3	
Interest Payable		75.5	
District Council Rates		579.1	
Repayment of Principal of RRI Loans		92.7	
Other Services		9.5	
Total Expenditure		16,241.1	
Income			
Add in RRI		357.8	
District Rates		579.1	
Regional Rates		678.1	
Interest Receivable		58.3	
Miscellaneous receipts		27.7	
<i>of which:</i>			
<i>NICF Balance</i>		0.5	
<i>Continental Shelf</i>		1.7	
<i>Misc - NIHE, Land Annuities etc</i>		0.1	
<i>Excess Accruing Resources</i>		4.3	
<i>CFERS</i>		20.8	
<i>EU CFERS</i>		0.3	
Total Income		1,701.0	
Cash grant payable to the NI Consolidated Fund ⁽³⁾		14,540.1	
(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			

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