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**Department of Justice  
Annual Report and Accounts  
For the year ended 31 March 2019**

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

5 July 2019

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## **PERFORMANCE REPORT**

### **OVERVIEW**

The purpose of the Overview is to provide sufficient information to ensure that the remit and purpose of the Department is understood. The Overview includes:

- a statement from the Permanent Secretary providing his perspective on the performance of the Department over the period;
- a statement of the purpose and activities of the Department;
- the key issues and risks that could affect the Department in delivering its objectives; and
- a performance summary.

### **FOREWORD BY PERMANENT SECRETARY**

I am delighted to introduce my first Annual Report and Accounts as Permanent Secretary for the Department of Justice.

The Department of Justice, like its Northern Ireland Civil Service (NICS) counterparts, continues to operate without a Minister or a functioning Northern Ireland Assembly. The *Northern Ireland (Executive Formation and Exercise of Functions) Act 2018* has provided a framework for progressing decisions in the absence of a Minister and this has enabled the work of the Department to continue, although in a more limited environment.

Planning for Brexit readiness also occupied much of the Department's time and resource. A range of plans were developed for different scenarios. While the uncertainty around Brexit was difficult to predict and scenarios were changing on a regular basis, the work done meant we would have been ready to deal with the consequences of leaving when originally projected. We will now ensure we maintain readiness for whatever unfolds.

Against that background, since taking up the post in September 2018, following the retirement of my predecessor Nick Perry, I have been very impressed by the commitment and professionalism of all our teams who continue to deliver public services in very difficult circumstances as well as preparing future legislative and policy options for the next Justice Minister, when appointed.

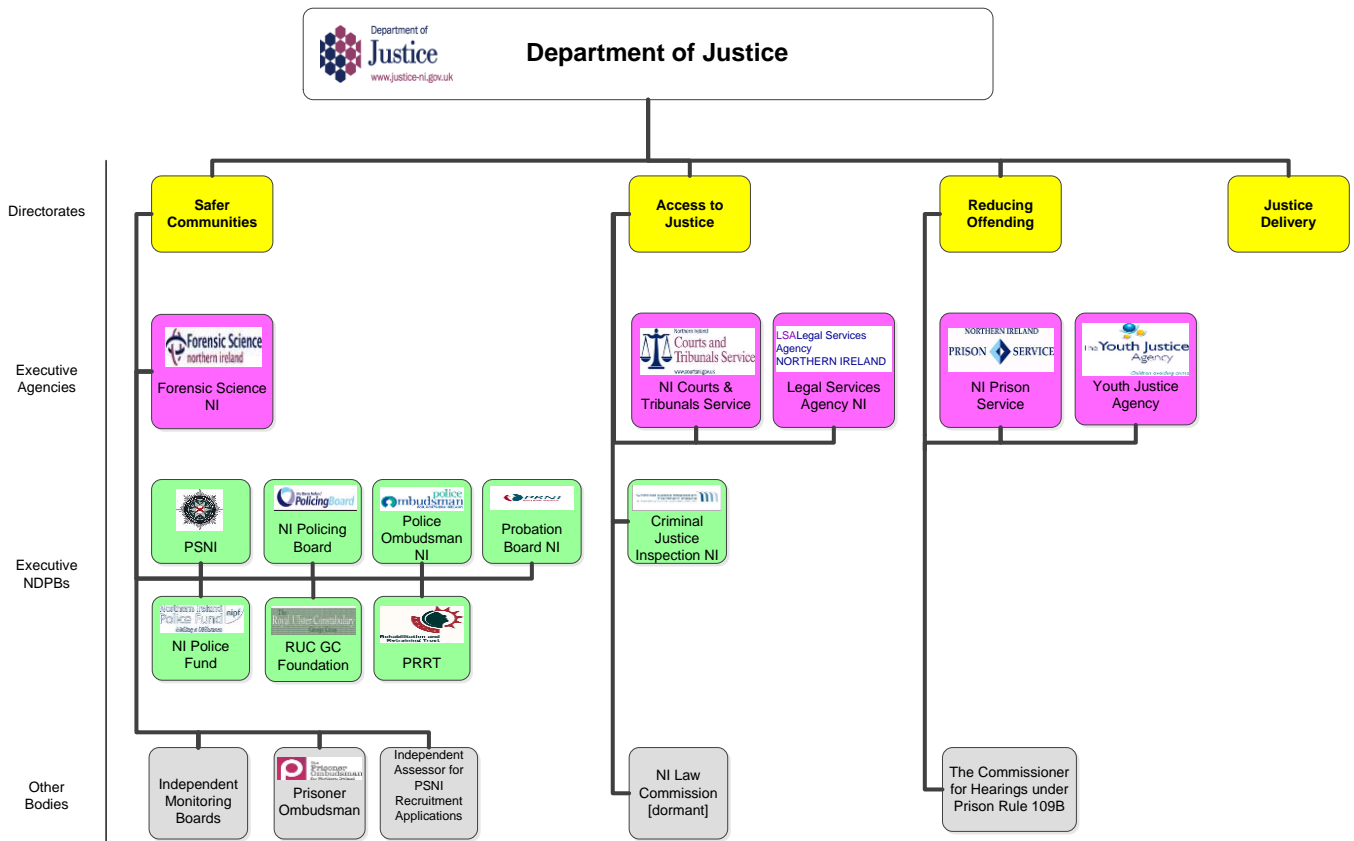
The people in the Department are what will define its success and the Department's People Plan is a key element of how we aim to grow the organisation. This was launched and a series of Task and Finish Groups established with people at all grades to progress a number of work streams. The purpose of the People Plan is to make the Department a great place to work and to identify what improvements are needed to meet future challenges.

STATEMENT OF PURPOSE AND ACTIVITIES

Statutory background

The Department of Justice (the Department or DoJ) has a range of devolved policing and justice functions as set out in the *Northern Ireland Act 1998 (Devolution of Policing and Justice Functions) Order 2010*, including the functions transferred from the Northern Ireland Office and the former Northern Ireland Court Service.

In addition to its statutory functions, the Department provides resources and a legislative framework for its agencies and Non-Departmental Public Bodies (NDPBs), which jointly constitute most of the justice system in Northern Ireland.



Mission and values

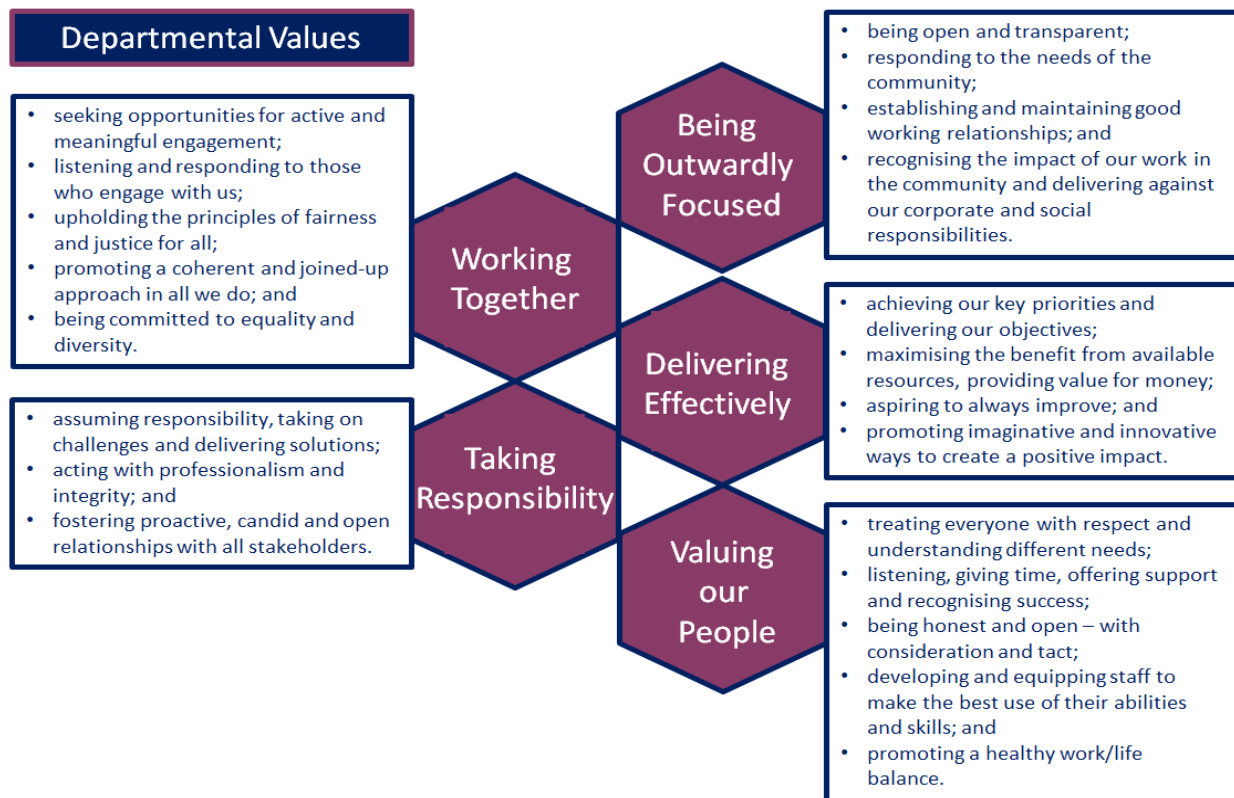
Working collaboratively with its agencies, NDPBs and stakeholders, the Department’s aim is to keep communities safe and reduce crime, make the justice system more effective, and reduce reoffending.

The Department’s statement of purpose is defined as:

***“The Department of Justice is working to create a safe community where we respect the law and each other.”***

References to purpose, mission and values throughout this Annual Report and Accounts relate to what was previously agreed and in place for the 2018-19 financial year. Work to review our mission, values, and Departmental priorities began in the latter part of 2018-19 and the outcomes will be reflected in the 2019-20 Report.





**Departmental boundary**

The Accounts of the Department comprise a consolidation of the income, expenditure, assets and liabilities of those entities within the Departmental resource accounting boundary as follows (see Note 24 to the Accounts for full details):

- Core Department;
- Forensic Science Northern Ireland;
- Legal Services Agency Northern Ireland;
- Northern Ireland Courts and Tribunals Service;
- Northern Ireland Prison Service; and
- Youth Justice Agency.

**Bodies outside of the Departmental boundary**

The Department has lead policy responsibility for the following bodies outside the Departmental boundary that are classified as, or analogous to, an executive NDPB:

- Criminal Justice Inspection Northern Ireland;
- Northern Ireland Police Fund;
- Northern Ireland Policing Board;
- Office of the Police Ombudsman for Northern Ireland;
- Police Rehabilitation and Retraining Trust;
- Police Service of Northern Ireland;
- Probation Board for Northern Ireland; and
- RUC George Cross Foundation.

These entities prepare separate annual reports and accounts that are audited by the Comptroller and Auditor General.

## Departmental reporting cycle

The Estimates for the year to 31 March 2019 are contained in the *Northern Ireland Budget Act 2018* and the *Northern Ireland Budget (Anticipation and Adjustments) Act 2019*. The related Acts, Bills and Department of Finance (DoF) publications containing detailed supporting information are available from The Stationery Office Limited - [www.tso.co.uk](http://www.tso.co.uk).

The Accounts of the year to 31 March 2019 report against the Supplementary Estimates and will be laid in the Assembly.

## Key issues and risks

During the course of this year the Board commissioned a review of the DoJ risk management framework to:

- refresh the approach to active management of risk within the DoJ, including taking into account findings from recent audits of existing procedures and to ensure that risk management procedures reflect best practice guidelines;
- ensure that risk management is understood and embedded as a management tool across the Department; and
- ensure that risk management processes are sufficiently joined-up, both internally and externally with partners, and are being appropriately applied in agencies and arms' length bodies.

The risk escalation process has also been reviewed and as a result, at each quarterly review of the Corporate Risk Register, a separate paper will be submitted to the Board highlighting the DoJ agencies' red risks. These risks are then considered against the Corporate Risk Register to ensure that the agency risks are adequately covered.

The key risks and issues identified in 2018-19 included:

- **Funding** - there is a risk that insufficient funding exists to enable the Department to deliver its core business objectives;
- **Brexit: legislative implications** - there is a risk that DoJ legislation is not appropriately amended or that DoJ may not be able to operate impacted public services satisfactorily;
- **Brexit: operational implications** - lack of certainty requires planning for all scenarios with limited time and resources;
- **Legacy** - a lack of political agreement will delay/prevent the roll-out of Stormont House Agreement institutions and justice agencies will have to cope with unfunded legacy pressures;
- **Absence of an Executive and Minister** - the absence of an Executive and a Minister causes delay in progressing strategy and legislation within the Department.
- **Operational systems** - there is a risk that cyber-attack or other causes of operational failure impact on critical information systems or result in personal data breaches; and
- **Staff resources** - there is a risk that there will be insufficient and/or inadequately skilled staff in the Department to deliver critical business.

The Board agreed that at each Board meeting a deep dive discussion will be conducted on one of the risks as set out in the Corporate Risk Register.

## PERFORMANCE SUMMARY

### Programme for Government (PfG)

In June 2018, NICS published its Outcomes Delivery Plan (ODP) for 2018-19. This set out the actions that departments intended to take during 2018-19 to give effect to the previous Executive's stated objective of "Improving wellbeing for all - by tackling disadvantage and driving economic growth".

The Plan's starting point was the framework of 12 outcomes that was developed by the previous Executive, consulted on and refined during 2016-17. Taken together, these outcomes provide a direction for the work of departments which fully reflects and respects the strategic direction set by the former Executive, has wide political support and is welcomed by people in every sector - public, private, community and voluntary. The outcomes are supported by 49 population and performance indicators which are clear statements for change.

The Department contributes to a number of outcomes and leads on Outcome 7 'We have a safe community where we respect the law and each other'. There are five indicators used to measure the effectiveness of the initiatives being taken forward to deliver Outcome 7.

The Department developed a 2018-19 ODP for Outcome 7 setting out what is already being done and what will be done in collaboration across government, the voluntary and community sector and other external stakeholders. The effectiveness of the actions will be assessed using the underpinning population and performance indicators. The Department also contributes directly to the successful delivery of Outcomes 9, 10 and 12 and, clearly, other Outcomes will impact on delivery of Outcome 7. A key aspect of the Department's response to delivering Outcome 7 is Problem Solving Justice. Further details are provided below in the Departmental Business Plan.

### Departmental Business Plan

Throughout the period of this Annual Report and Accounts the Department operated without the direction of a Minister. In the absence of a Minister, the Permanent Secretary supported by the Departmental Board agreed a Departmental Business Plan based on the draft PfG and the Department's key priorities.

The Business Plan translated the Board's priorities into actions and assigned responsibility and timescales for delivery with the ultimate aim of creating a safe community where people respect the law and each other. The Department is working to:

- keep communities safe and reduce crime;
- make the justice system more effective; and
- reduce reoffending.

### *Keeping Communities Safe*

The work of the Department's Safer Communities Directorate is to promote and contribute to the safety and security of our communities through partnership working with statutory organisations, the third sector, businesses and of course local communities. Over the course of 2018-19 the Directorate has worked with partners to improve the response to modern slavery. We have put in place new arrangements to support multi-agency training and awareness on this issue, with the development and roll out of a modern slavery training plan for Northern Ireland and the publication of revised operational guidance for frontline staff working with adult victims and potential victims of modern slavery.

Working with Police and Community Safety Partnerships (PCSPs), local Councils and statutory partners we have seen the establishment of fully functioning Support/Concern Hubs in five council areas. The aim of Concern or Support Hubs is, working on an inter-agency basis, to provide early intervention and support for individuals and families in crisis. The role of the Hub is threefold: (a) to facilitate, monitor and evaluate effective information sharing across agencies; (b) to enable appropriate actions to be taken to reduce the risk to the individual and their family; and (c) to increase public safety. The focus is firmly on reducing the vulnerability for individuals. Each case referred to the Hub happens with the active agreement of the individual concerned. Indicative evidence has shown that calls to the PSNI, from those vulnerable individuals being supported by these Support Hubs, have reduced on average by 46% with similar reductions in calls to other statutory partners.

In response to a concerted publicity drive and buy-in from key partners we have seen the highest number of Asset Recovery Community Schemes applications in recent years with 187 applications being received. During 2018 we moved away from yearly funding cycles to longer term strategic justice projects seeking funding up to a maximum of three years (ending in March 2021). As a result 50 new projects to prevent crime and reduce the fear of crime were funded within the estimated annual budget. Over £5 million of proceeds from criminal confiscations has been distributed since the scheme began in 2012.

### *Access to Justice*

During 2018-19, the Access to Justice Directorate continued to implement a number of Problem Solving Justice pilots, a key element of the Department's work to create a safe community where we respect the law and each other. Further details on Problem Solving Justice can be found at: <https://www.nidirect.gov.uk/campaigns/problem-solving-justice>.

Significant work also took place to begin the transformation of the NI Courts and Tribunals Service. A Portfolio Mandate and Vision Statement have been agreed and work continues on a Portfolio Business Case. A review of line of business systems and several ICT pilots have also been commissioned and a courts estate workstream is being taken forward.

The development of a new Legal Aid Management System (LAMS) was completed and ready for implementation in April 2019, however this is now due to go live at the beginning of July 2019. Legal aid applications will now be made online through NIDirect once LAMS is operational.

A policy analysis of the recommendations of the Gillen Reviews of Civil and Family Justice was completed and initial actions for delivery were identified. A review of contracting for legal aid was also undertaken and a report produced, however final decisions will need to be taken by a Minister.

The Directorate also led work to secure funding for a new Legacy Inquest Unit which will begin operating in 2019-20.

## **Reducing Crime**

Reducing Offending Directorate is focused on supporting people in custody at the Juvenile Justice Centre and our three prison establishments. We have responsibility for developing innovative policies to reduce the risk of reoffending and to divert people from becoming involved in criminal behaviour. The Directorate also continues to work with a wide range of partner organisation, across the public and voluntary/community sectors to deliver on our commitment to help build a safer community in Northern Ireland.

### ***Northern Ireland Prison Service (NIPS)***

Through Prisons 2020, NIPS has continued to support and challenge those in our care to change. This has included new services to support the most vulnerable in our care; a new family strategy which recognises the importance of positive family connections; a revised estate strategy that includes future provision for a new women's facility at Hydebank; and additional support services for our staff. The work of our staff across the Directorate was recognised when they won four categories in the NICS Awards.

The unannounced inspection report of Maghaberry found the prison had been transformed and was delivering outcomes for men that was rarely seen in other prisons. With Davis House nearing completion, Maghaberry will be further transformed, through its innovative design and use of digital technology.

In our prisons, challenges remain and it is critical that we continue to develop more ways to support vulnerable people in our care. This will be a key priority for the year ahead.

### ***Youth Justice Agency***

2018 also saw perhaps one of the most significant strategic developments in recent years in delivering on our vision for the children's secure estate. Taking forward recommendations from both the Youth Justice Scoping Study and the Department of Health's Review of Regional Facilities for children, work has begun on exploring how we might repurpose the Juvenile Justice Centre at Woodlands as part of the development of a secure Campus.

Alongside this we are also in the process of finalising a new operational model of practice drawn from evidence-based interventions in England and Wales. This new model seeks to move away from an offending/risk management paradigm to a "Children First" model incorporating aspects of best practice relating to Adverse Childhood Experiences theory, Signs of Safety.

In line with proposals flowing from the Scoping Study, we are also continuing to engage with our criminal justice colleagues across the youth justice system to develop a proportionate response to offending by children, based on the best interests of the child, with an increasing focus on Early Stage Intervention.

In June 2018 the Agency also received a hugely positive report from Criminal Justice Inspection Northern Ireland in respect of the Juvenile Justice Centre.

## **Brexit**

The UK's exit from the EU required the Department to take a range of actions working closely with a range of organisations including PSNI. In legislative terms, the Department worked to ensure all the existing legislation would remain fit for purpose at the point of exit. In terms of the current justice co-operation powers enabled by EU membership (such as European Arrest Warrants), the Department has worked with partners in London and Dublin to ensure agreed arrangements for the future of these services. Finally, the Department has played its part in putting in place the civil contingency plans for operational readiness for EU Exit in the event of difficulties arising.

## Forward look

The Department has continued to seek to progress its agenda in line with the draft Programme for Government and outgoing Ministerial priorities.

The *Northern Ireland (Executive Formation and Exercise of Functions) Act 2018* has provided a framework for progressing decisions in the absence of a Minister and this has enabled the work of the Department to continue, although there remain some decisions which cannot be taken. However a number of policy consultations have been conducted to ensure an incoming Minister can react to early decisions on future policy issues.

The Department has prepared a number of pieces of legislation for consideration by an incoming Minister and Executive. These cover domestic abuse, committal reform and a range of criminal justice measures. The plan is to put these Bills before the Assembly. In the event an early return looks unlikely, consideration will be given to other approaches.

The Department is also continuing to progress its transformation agendas through programmes which include:

- Prisons 2020;
- Courts 2020; and
- Legal Aid Management System.

**PERFORMANCE ANALYSIS**

**Performance against Business Plan for 2018-19**

Key Priority Area 1: NICS Work-plan : Outcome 7 - We have a safe community where we respect the law, and each other			
Ref	Theme	What will we do	Position at 31 March 2019
1.1	<p>Indicator 1: Reducing Crime</p> <p>Also contributes to Outcome 10:</p> <p>We have created a place where people want to live and work, to visit and invest</p>	<ul style="list-style-type: none"> <li>• Work across Government to develop new approaches to reducing crime and the harm and vulnerability caused by crime, including the establishment of demonstration programmes (Healthy Places) in collaboration with local councils, and partners across community, voluntary and statutory organisations.                             <ul style="list-style-type: none"> <li>○ One Reducing Crime Outcomes Group (RCOG) meeting and three Task and Finish Group (T&amp;FG) meetings to be held by March 2019.</li> </ul> </li> <li>• To deliver against the NI Executive’s Together: Building a United Community (T:BUC) Strategy, we will work to remove all interfaces by 2023. During 2018-19 we will:                             <ul style="list-style-type: none"> <li>○ by December 2018 - agree ‘Aftercare’ Policy to provide practical assurance measures to homeowners living in proximity to interface structures that are scheduled for reduction or removal;</li> <li>○ by March 2019 - remove three interface structures;</li> <li>○ by March 2019 - commence two schemes to reduce and replace existing interface structures; and</li> <li>○ by March 2019 - secure community consensus to replace two interface gate structures to increase pedestrian and vehicular access.</li> </ul> </li> </ul>	<p><b>Partially achieved.</b> RCOG meeting held. Two of the three T&amp;FGs convened. Work of third group transferred to wider Health and Justice Forum.</p> <p><b>Achieved</b> Aftercare policy agreed. Business case to meet long-term costs submitted to Department of Finance for approval.</p> <p><b>Partially achieved.</b> One interface removed. Community consent secured to remove a second and consultation initiated on a third.</p> <p><b>Partially achieved.</b> Community consent secured. On-site works scheduled on one scheme and awaiting planning approval on second scheme.</p> <p><b>Not achieved.</b> Community consultation process delayed due to interface violence at one location and deferred engagement at a second, based on advice of locally elected and community representatives.</p>

Key Priority Area 1: NICS Work-plan : Outcome 7 - We have a safe community where we respect the law, and each other			
Ref	Theme	What will we do	Position at 31 March 2019
1.2	Indicator 1: Indicator 39 : Problem Solving Justice	<ul style="list-style-type: none"> <li>Co-ordinate, deliver and implement a range of Problem Solving Justice initiatives and evaluation of pilot programmes.</li> </ul>	<p><b>Achieved.</b> A number of Problem Solving Justice pilots have been implemented and are progressing. Evaluations have been built into their design.</p>
1.3	Indicator 39: Reducing Reoffending  Also contributes to Outcome 9:  We are a shared, welcoming and confident society that respects diversity.	<ul style="list-style-type: none"> <li>Develop a strategic approach to support ex-offenders into employment.</li> <li>By March 2019 - improving health within Prisons by:                             <ul style="list-style-type: none"> <li>collaborating with Social Care professionals to improve services for people within NI Prison Service care;</li> <li>delivering a renewed person centred approach to supporting prisoners at risk (SPAR) of suicide and/or self-harm;</li> <li>completing Phase One of the joint health and justice review of vulnerable people in custody and begin implementation of recommendations;</li> <li>developing a strategic approach to support positive family connections for those in our care; and</li> <li>working with criminal justice and third sector partners to develop a draft Adult Restorative Justice Strategy for public consultation and that takes account the findings of the Feasibility Study on a Centre of Restorative Excellence for NI by March 2019.</li> </ul> </li> </ul>	<p><b>Partially achieved.</b> A multi-agency Interventions group under the wider Employability NI Programme, including representation from the voluntary and community sector, has been established to consider and develop a strategic approach to support ex-offenders into employment.</p> <p><b>Achieved.</b> Social care needs have been assessed and met on an individual basis as required.</p> <p><b>Achieved.</b> SPAR Evolution developed and implemented across all business areas.</p> <p><b>Not achieved.</b> The Regulation and Quality Improvement Authority (RQIA) has been commissioned to undertake the review by Department of Health, with the agreement of DoJ, and expects to complete by March 2020.</p> <p><b>Partially achieved.</b> Strengthening Family relations - consultation on the draft Strategy ended on 26 April 2019, 11 responses were received and are currently being analysed. It is envisaged that the Strategy will be launched during Summer 2019.</p> <p><b>Partially achieved.</b> Work underway to finalise draft Adult Restorative Justice Strategy now that the Feasibility Study on the Centre of Restorative Excellence (CORE) has been finalised. CORE implementation Working Group established and timetable of meetings agreed.</p>



### Key Priority Area 1: NICS Work-plan : Outcome 7 - We have a safe community where we respect the law, and each other

1.4	Indicator 38: Increasing the Effectiveness of the Justice System	<ul style="list-style-type: none"> <li>Working with third parties, speed up how the criminal justice system responds to crime through a range of initiatives and reforms.</li> <li>Embed the Indictable Cases Process (ICP).</li> <li>Extend the rollout of proportionate forensic reporting to cybercrime cases.</li> <li>Publish performance data on the performance of the justice system.</li> </ul>	<p><b>Not achieved.</b> Whilst the average time to complete criminal cases has not yet reduced, progress has been made on a range of initiatives that will contribute to this objective.</p> <p>The introduction of Crown Court Performance Groups in March 2019 will provide a local focus on achieving improvement to support the system-wide approach.</p>
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### Key Priority Area 2: Transformation programmes

Ref	Theme	What will we do	Position at 31 March 2019
2.1	Justice Transformation Scoping Study	<ul style="list-style-type: none"> <li>Undertake a Justice Transformation Scoping Study to consider the range of transformation activities across justice, to examine how they could be better co-ordinated, managed effectively and linked to Departmental priorities to ensure successful delivery and, ultimately, a transformed justice system.</li> <li>Report findings from Scoping Study to Departmental Board for further consideration by October 2018.</li> </ul>	<b>Achieved.</b>
2.2	Prisons 2020 and beyond	<ul style="list-style-type: none"> <li>Deliver a continuous improvement programme for the Prison Service, with rehabilitation at its core, under four key themes: <ul style="list-style-type: none"> <li><i>Our People; Our Services; Our Infrastructure; Our Partnerships; and ongoing.</i></li> </ul> </li> <li>Delivery of 'Improving Health within Criminal Justice - Joint Strategy and Action Plan.</li> </ul>	<p><b>Achieved.</b> The delivery plan for 2018-19 (Year 1 of the Prisons 2020 programme) has been successfully completed across all four strands. Detailed report on achievements is being compiled.</p> <p>All the objectives are on target - the Prison Service and Probation Board for Northern Ireland have worked closely together on an Action Plan, overseen by the Reducing Reoffending Strategic Outcomes Group, since publication of the report in May 2018.</p>

Key Priority Area 2: Transformation programmes			
Ref	Theme	What will we do	Position at 31 March 2019
2.3	NI Courts and Tribunals Service (NICTS) Transformation Portfolio	<ul style="list-style-type: none"> <li>• By 31 March 2019 NICTS will establish a Transformation Portfolio Board and seek to develop the following outputs:               <ul style="list-style-type: none"> <li>○ gain Strategic Outline Case approval for the overall Transformation Portfolio;</li> <li>○ develop an Outline Business Case for a pilot Estates Programme;</li> <li>○ develop an Outline Business Case for a pilot Digital Services Programme; and</li> <li>○ conclude the review of the Business Operating Model and develop an associated action plan to incorporate the recommendations of the 2017-18 Court Operations Review.</li> </ul> </li> </ul>	<p><b>Partially achieved.</b> Progress has been made with a Portfolio Mandate and Draft Vision Statement agreed. Work continues on the Portfolio Business Case, detailed surveys have been commissioned to provide essential data on the condition, utilisation and functionality of the NICTS estate, approval has been secured to commence a review of line of business systems and several ICT pilots have been commissioned. Delays in staff recruitment have meant the Estates workstream has not achieved its objectives.</p>
2.4	Youth Justice Transformation Programme	<ul style="list-style-type: none"> <li>• Conduct an initial scoping of the possibility of transforming Woodlands Juvenile Justice Centre and Lakewood Secure Care Centre into a joint multi-purpose Care and Justice Campus by 31 March 2019.</li> </ul>	<p><b>Achieved.</b> The Review of Regional Secure Facilities Report was published in December 2018. The Department of Health, in conjunction with the Department of Justice, has established a Programme Team, under the leadership of a senior programme manager, to lead on the implementation of all the recommendations made in the review. A time-frame of around three and a half years has been set for full implementation of the Report's recommendations. It is expected that design proposals for the new multi-purpose Care and Justice Campus will be fully developed by December 2019.</p>
2.5	Legal Services	<ul style="list-style-type: none"> <li>• Deliver the Legal Services Agency Transformation Programme.</li> </ul>	<p><b>Partially achieved.</b> The development of a new Legal Aid Management System (LAMS) was completed and ready for implementation in April 2019, however this is now due to go live at the beginning of July 2019.</p>

Key Priority Area 2: Transformation programmes			
Ref	Theme	What will we do	Position at 31 March 2019
2.6	Civil Justice and Family Justice	<ul style="list-style-type: none"> <li>• Civil and Family Justice modernisation :               <ul style="list-style-type: none"> <li>○ co-ordinate the delivery of the Gillen Report recommendations;</li> <li>○ produce by 31 March 2019 a cogent analysis of the Gillen Reviews of Civil and Family Justice and a draft policy options paper for consideration by a future Minister;</li> <li>○ develop detailed proposals for a unified Tribunal structure; and</li> <li>○ develop by 31 March 2019 a policy submission with detailed proposals on Tribunal Reform for consideration by a future Minister.</li> </ul> </li> </ul>	<p><b>Partially achieved.</b> A policy analysis of the recommendations of the Gillen Reviews has been undertaken and initial actions for delivery identified.</p> <p><b>Achieved.</b></p>
2.7	Forensic Services Strategy (FSS)	<ul style="list-style-type: none"> <li>• Participate in all FSS governance and project meetings and deliver all actions assigned to the Agency under the Strategy Implementation Plan.</li> <li>• Review the Legacy Implementation Plan to include finance, capacity and resourcing.</li> </ul>	<p><b>Achieved.</b> Forensic Science Northern Ireland (FSNI) has allocated resources to meet the needs of the various projects under the auspices of the Forensic Science Leadership Board and good progress has been achieved with projects gaining momentum.</p> <p><b>Achieved.</b> FSNI have reviewed resources required to support Coroners Legacy cases and an updated bid was resubmitted. In-year FSNI provided significant Forensic support for the Ballymurphy legacy case.</p>
2.8	Legal Aid Reform Programme	<ul style="list-style-type: none"> <li>• Introduce standard fees for civil legal services and for criminal appeals in the Court of Appeal.</li> <li>• Implement statutory registration scheme for legal aid providers.</li> <li>• Conduct review of the use of contracting for legal aid.</li> </ul>	<p><b>Partially achieved.</b> Preparatory work was undertaken for the introduction of standard fees but this cannot be brought to a conclusion as legislation cannot be made.</p> <p>Similarly, the registration scheme cannot be progressed further as legislation cannot be made.</p> <p>A contracting review was undertaken and a report delivered. Final decisions require a Minister.</p>

Key Priority Area 3: Emerging priorities			
Ref	Theme	What will we do	Position at 31 March 2019
3.1	Legacy	<ul style="list-style-type: none"> <li>Support delivery of legislation to establish the Historical Investigations Unit (HIU).</li> <li>Undertake pre-planning/scoping work to give effect to political decisions in relation to the establishment of the Historical Investigations Unit.</li> <li>Establish a fully resourced Legacy Inquest Unit to complete outstanding legacy inquests within a five year period.</li> </ul>	<p><b>Not achieved.</b> HIU related work is wholly dependent on the Northern Ireland Office (NIO) progressing draft legislation to establish the Stormont House Agreement institutions. Preliminary work is underway but cannot progress until the legislative position is settled.</p> <p><b>Partly achieved.</b> Legacy Inquest Unit funding is agreed and Northern Ireland Courts and Tribunals Service and PSNI are recruiting specialist staff to progress the work. This will go live towards the end of 2019-20.</p>
3.2	Brexit	<ul style="list-style-type: none"> <li>Ensure Northern Ireland Justice legislation is legally and operationally coherent on exit.</li> <li>Ensure Day One Delivery Plans are in place to maintain services to an agreed level on Brexit.</li> </ul>	<b>Achieved.</b>

Key Priority Area 4: Supporting the delivery of justice			
Ref	Theme	What will we do	Position at 31 March 2019
4.1	Information Management	<ul style="list-style-type: none"> <li>• Ensure adequate awareness and management tools are available to assist the management of compliance with all information management legal requirements.</li> </ul>	<p><b>Achieved.</b> All information management legal and compliance targets met. Three breaches reported to the Information Commissioner’s Office but no further action taken by them.</p>
4.2	Budget	<ul style="list-style-type: none"> <li>• Manage our budget effectively to maximise efficiency and utilise resources for maximum effectiveness:                             <ul style="list-style-type: none"> <li>○ allocate and monitor budgets to spending areas, with final outturn within 1% of budget; and</li> <li>○ produce financial information in line with DoF and statutory requirements.</li> </ul> </li> </ul>	<p><b>Achieved.</b></p>
4.3	People	<ul style="list-style-type: none"> <li>• Support business areas to meet statutory obligations under Section 75 and Rural Needs Act.</li> <li>• Develop and support Staff Engagement Forum (SEF) members to actively engage in the development and delivery of the people plan.</li> <li>• Develop a people plan that is owned at all levels in the organisation by end October 2018.</li> <li>• Deliver, in partnership with SEF and Senior Civil Service members, and within the specified timelines, the people plan work streams on a range of issues, including:                             <ul style="list-style-type: none"> <li>○ a new induction package;</li> <li>○ culture of learning and development;</li> <li>○ increased diversity and inclusion; and</li> <li>○ wellbeing.</li> </ul> </li> </ul>	<p><b>Achieved.</b> Quality assurance of screening now in place. Equality and Disability action plan enhanced - November 2018.</p> <p><b>Achieved.</b></p> <p><b>Achieved.</b> People plan launched November 2018 and six Task and Finish groups established.</p> <p><b>Achieved.</b> Recommendations from the Task and Finish Groups delivered to Departmental Board in March 2019.</p>

Key Priority Area 4: Supporting the delivery of justice			
Ref	Theme	What will we do	Position at 31 March 2019
4.4	Estates	<ul style="list-style-type: none"> <li>We will conduct a review of the entire DoJ Estate and associated support functions to ensure they are appropriately and cost effectively managed and fit for purpose, reporting findings to the Departmental Board for consideration in three reports presented respectively in December 2018, January and February 2019.</li> </ul>	<p><b>Achieved.</b> Project completed and three reports delivered. Ongoing management established with an Asset Management Board.</p>
4.5	Communications	<ul style="list-style-type: none"> <li>Conduct a review of internal communications and develop an action plan by 31 January 2019.</li> <li>Work in partnership with business areas to promote effective stakeholder relationships, and conduct a stakeholder mapping exercise by end of March 2019.</li> <li>Maximise opportunities to promote the work of the Department through social media and traditional media.</li> <li>Work with business areas to develop a schedule of themed engagement events to be delivered throughout 2019.</li> </ul>	<p><b>Partially achieved.</b> Survey issued and action plan in place at 31 March 2019</p> <p><b>Achieved.</b> Stakeholder mapping exercise put on hold in January 2019 as resources diverted to other work.</p> <p><b>Achieved.</b></p> <p><b>Achieved.</b></p>

## Financial review

The table below summarises the Estimate and Outturn position for 2018-19:

	Estimate £000	Outturn £000	Variance £000
Departmental Expenditure Limit (DEL)	227,640	204,282	23,358
Annually Managed Expenditure (AME)	161,833	100,759	61,074
Non-budget	986,178	965,596	20,582
<b>Net Resource Outturn</b>	<b>1,375,651</b>	<b>1,270,637</b>	<b>105,014</b>

Detailed explanations for the variance between Estimate and Outturn are provided in SOAS 1 within the Accountability Report.

The Department's Net Expenditure for the three most recent financial years is outlined below:

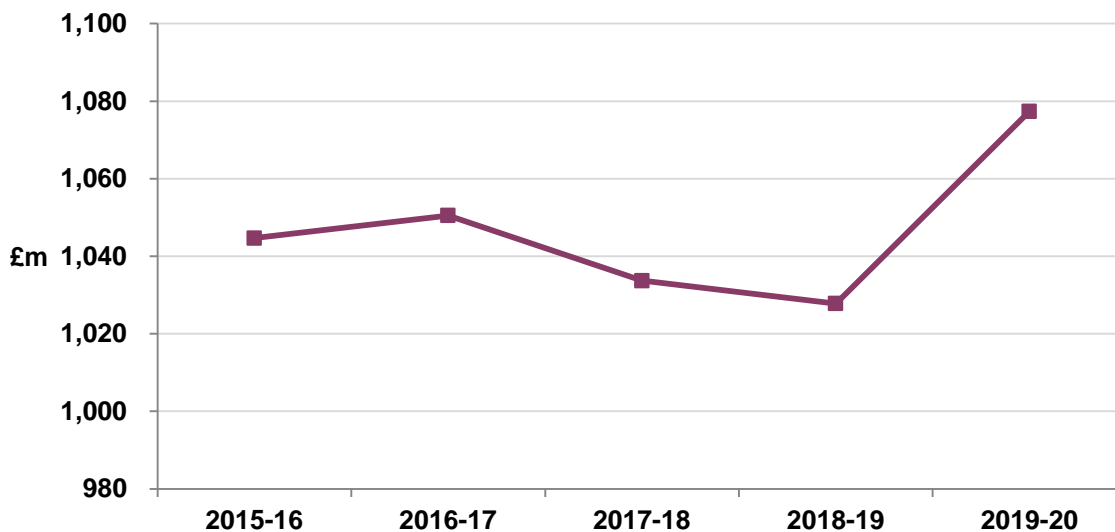
	2018-19 £000	2017-18 £000	2016-17 £000
<b>Total operating income</b>	<b>(50,174)</b>	<b>(47,565)</b>	<b>(44,375)</b>
Staff costs	131,108	125,374	146,146
Purchase of goods and services	109,518	103,888	99,559
Depreciation and impairment charges	23,585	22,201	33,668
Provision expense	101,117	80,752	123,894
Grants	962,775	917,710	922,136
<b>Total operating expenditure</b>	<b>1,328,103</b>	<b>1,249,925</b>	<b>1,325,403</b>
<b>Net operating expenditure</b>	<b>1,277,929</b>	<b>1,202,360</b>	<b>1,281,028</b>
Finance expense	863	921	176
<b>Net expenditure</b>	<b>1,278,792</b>	<b>1,203,281</b>	<b>1,281,204</b>

Long-term expenditure trends

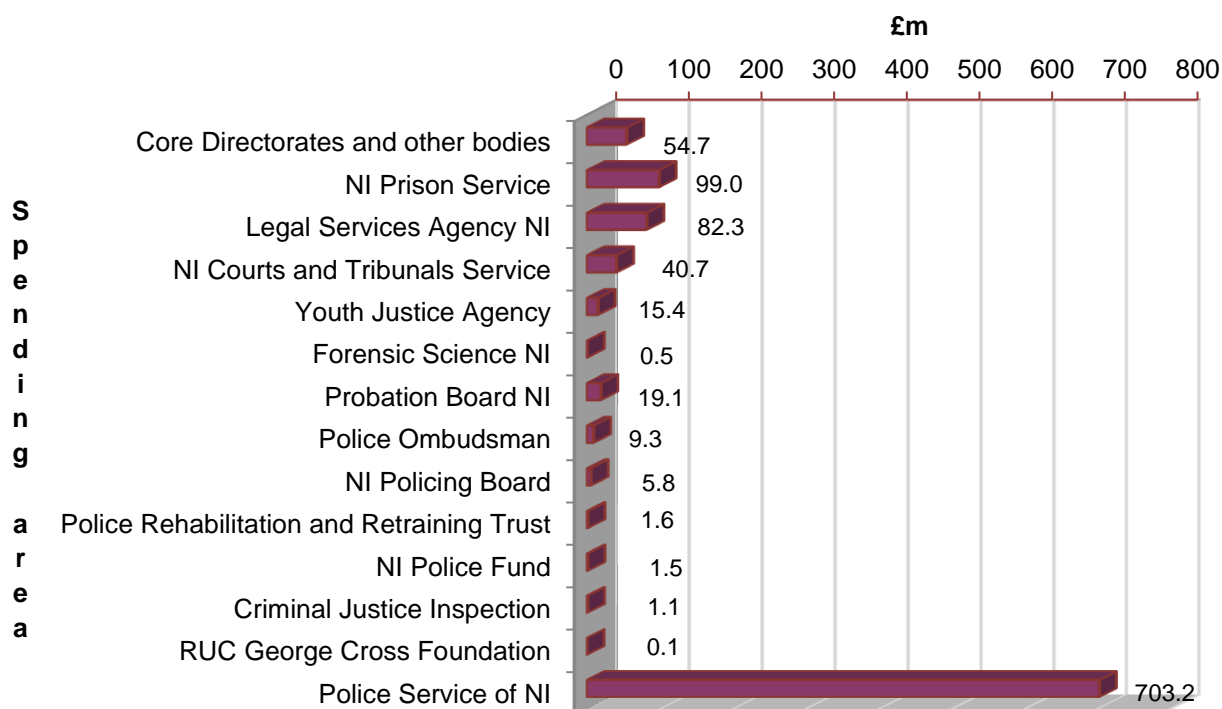
The charts below show:

- **Chart 1:** the movement in the Department of Justice non-ringfenced Resource DEL opening baseline over the period 2015-16 to 2019-20; and
- **Chart 2:** the 2019-20 non-ringfenced Resource DEL budget split by the Core Department, executive agencies and Non-Departmental Public Bodies.

**Chart 1: DoJ Non-Ringfenced Resource DEL opening baselines**



**Chart 2: DoJ 2019-20 Non-Ringfenced Resource DEL Opening Budgets**





### **2017-18 financial year**

In a statement to the House of Commons on 24 April 2017 the Secretary of State for Northern Ireland outlined an indicative Budget position for NI departments. This position was based on the advice of the Head of the NI Civil Service (NICS) in conjunction with the NICS Board. The purpose of this statement was to provide clarity to departments as to the basis for departmental allocations in the absence of an Executive, so that Permanent Secretaries could plan and prepare to take more detailed decisions in that light. The departmental allocations set out by the Secretary of State provided the basis on which departments could plan for 2017-18. The Department's budget was confirmed on 13 November 2017 when the Secretary of State announced a 2017-18 Northern Ireland budget.

The starting point for the Department of Justice's non-ringfenced Resource DEL budget was as follows:

- a 4% cut was applied to the opening budget;
- 25% of the PSNI budget was protected and had no % cut;
- £34m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement; and
- £20m was provided towards pressures identified by the Department.

The Department also accessed £5.1m of funding for tackling paramilitary activity and £0.4m of funding for 'A Shared Future' contained within the 'Fresh Start' Agreement.

### **2018-19 financial year**

The Secretary of State announced a Northern Ireland 2018-19 budget on 8 March 2018.

The starting point for the Department of Justice's non-ringfenced Resource DEL Budget was as follows:

- a 2% cut was applied to the opening budget;
- 25% of the PSNI budget was protected and had no % cut;
- £34m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement; and
- £20m was provided towards pressures identified by the Department.

The Department also accessed £7.4m of funding for tackling paramilitary activity and £0.4m of funding for 'A Shared Future' contained within the 'Fresh Start' Agreement.

### **2019-20 financial year**

The Secretary of State announced a Northern Ireland 2019-20 budget on 28 February 2019.

The Department of Justice's non-ringfenced Resource DEL Budget was as follows:

- a flat cash allocation (2018-19 opening baseline);
- £31.1m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement;
- £11.3m was provided towards pressures identified by the Department;
- £32.0m contribution towards pension pressures; and
- £10.7m of funding for EU Exit costs.

### **Capital investment priorities**

The Department's 2019-20 capital DEL budget is £76.3m. This will allow a number of important projects to be taken forward including completion of a new accommodation block at Maghaberry prison, key capital projects in PSNI, and NICTS digitisation and estates projects.

*Looking ahead - budgets beyond 2019-20*

Preparatory work for 2020-21 and beyond will be taken forward over the coming months and further strategic decisions will need to be made with the aim of having a budget in place as far in advance of the new financial year as possible.

*Summary of expenditure 2014-15 to 2018-19*

The table below provides details of outturn against Budget for resource and capital expenditure in each DoJ organisation during the five most recent financial years. The table also includes a reconciliation of total expenditure to Net Resource Outturn in each year.

	2014-15 Outturn £000	2015-16 Outturn £000	2016-17 Outturn £000	2017-18 Outturn £000	2018-19 Outturn £000
<b>Unringfenced Resource DEL</b>					
Core Department and Compensation Services	62,762	52,884	54,269	50,356	49,781
Forensic Science NI	573	1,769	884	846	1,201
NI Courts and Tribunals Service	40,446	44,565	43,561	41,157	41,282
Legal Services Agency NI	-	95,867	89,447	87,961	88,519
NI Prison Service	103,171	104,737	94,169	94,924	97,194
Youth Justice Agency	18,271	23,253	19,605	21,062	15,370
Agencies total	162,461	270,191	247,666	245,950	243,566
PSNI	709,550	692,528	703,983	691,166	695,629
NI Policing Board	6,692	5,639	5,654	5,547	5,454
Police Ombudsman	8,655	8,443	8,510	8,830	8,981
NI Police Fund	1,625	1,448	1,487	1,455	1,457
RUC George Cross Foundation	136	134	126	122	97
Police Rehabilitation and Retraining Trust	1,808	1,691	1,805	1,604	1,622
Probation Board NI	17,385	17,211	17,287	17,695	18,760
Criminal Justice Inspection NI	1,129	1,054	1,067	1,027	1,049
NI Legal Services Commission	111,393	-	-	-	-
Executive NDPBs total	858,373	728,148	739,919	727,446	733,049
<b>Total Unringfenced Resource DEL</b>	<b>1,083,596</b>	<b>1,051,223</b>	<b>1,041,854</b>	<b>1,023,752</b>	<b>1,026,396</b>
<b>Total Ringfenced Resource DEL</b>	<b>69,123</b>	<b>65,146</b>	<b>61,145</b>	<b>59,526</b>	<b>62,988</b>
<b>Total Resource DEL</b>	<b>1,152,719</b>	<b>1,116,369</b>	<b>1,102,999</b>	<b>1,083,278</b>	<b>1,089,384</b>
<b>Capital DEL</b>					
PSNI	32,652	25,422	32,385	28,726	43,954
NI Prison Service	8,286	9,884	16,423	12,013	35,915
Other	16,577	8,861	8,629	16,542	7,949
<b>Total Capital DEL</b>	<b>57,515</b>	<b>44,167</b>	<b>57,437</b>	<b>57,281</b>	<b>87,818</b>
<b>Total Resource AME</b>	<b>359,094</b>	<b>310,780</b>	<b>290,857</b>	<b>266,286</b>	<b>594,042</b>
<b>Total Capital AME</b>	<b>-</b>	<b>32,532</b>	<b>(988)</b>	<b>-</b>	<b>-</b>
<b>Total Resource and Capital - DEL and AME</b>	<b>1,569,328</b>	<b>1,503,848</b>	<b>1,450,305</b>	<b>1,406,845</b>	<b>1,771,244</b>
Reconciling items	(307,119)	(251,763)	(177,623)	(211,769)	(500,607)
<b>Net Resource Outturn</b>	<b>1,262,209</b>	<b>1,252,085</b>	<b>1,272,682</b>	<b>1,195,076</b>	<b>1,270,637</b>

### Departmental auditor

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

The notional audit fee for the work performed by the staff of the C&AG during the reporting period was £329,500 (2017-18: £315,000) for the Core Department, its agencies and the Northern Ireland Judicial Pension Scheme.

The C&AG may also undertake other statutory activities that are not related to the audit of the body's financial statements, such as Value for Money (VFM) reports. The C&AG issued the following reports relating to the Department:

- Firearms licensing - September 2018; and
- Mental health in the criminal justice system - May 2019.

The Department has reviewed the recommendations contained in these reports and is taking forward the necessary work to address the issues identified.

### Payment of suppliers

The Department's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier. During the financial year, the Department achieved an average of 92.9% (2017-18: 90.0%) of invoices paid to suppliers within 10 working days following receipt of a properly rendered invoice. The Department achieved an average of 97.2% (2017-18: 95.0%) of invoices paid to suppliers within 30 calendar days following receipt of a properly rendered invoice.

## Sustainable development

The Department is committed to continuing its drive on sustainable development and reducing its impact on the environment, by promoting and maintaining a positive and inclusive culture amongst staff and stakeholders. Its aim is to foster governance and leadership in sustainability and work collaboratively to avoid and minimise adverse impacts of Departmental activities on the environment and society, and reduce the Department's carbon footprint.

The Department takes pride in its proactive approach to initiatives which have included continued participation in the Carbon Reduction Commitment Energy Efficiency Scheme. The waste management service introduced in April 2015 has resulted in increased staff awareness and an improvement in the segregation of waste for recycling across the Department.

During 2018-19, the Department continued to make improvements to property which contributes to increasing energy efficiency. Through membership of the Strategic Investment Board's Energy Management Forum the Department contributes to the public sector Energy Management Strategy. In addition the Department is a member of the Cross Departmental Working Group on Climate Change.

## Health and safety

The Department has developed an effective management system based on the HSG65 management model issued by the Health and Safety Executive for Northern Ireland (HSENI). This system ensures that legislative requirements are met and relies on the commitment of management and staff at all levels. The Department also continues to work closely with the HSENI on related matters.

The programme of health and safety inspection audits across the core estate continues on a rolling basis. The aim of these audits is to ensure proactive monitoring of health and safety, and to inform management of legal requirements and best practice. The audits also provide valuable information that contributes to policy development. The audit programme for 2018-19 has been completed.

To complement the inspection programme, the Department continues to monitor performance through the health and safety management checklist which is used at both a local and corporate level to improve the management of health and safety within the Department.

Estates and Security Branch continues to chair the DoJ Health and Safety Forum comprising of health and safety advisors from across the Department including agencies. The purpose of the Forum is to promote continuity in health and safety across the Department.

Basic health and safety training continues to be provided via e-learning including Fire Safety, Office Safety and Display Screen Equipment Awareness. Completion of this suite of courses is mandatory for all staff. Additional training for specialist roles and training needs identified by the risk assessment process will continue to be provided by the Centre for Applied Learning within the NICS.

The Department also continues to promote the importance of reporting all accidents no matter how minor and an annual reminder is issued to staff. Accidents are investigated and appropriate control measures introduced to help avoid reoccurrence.

## Asset management

Over the course of this year, the Department undertook a project to review the estate and asset management arrangements across the justice family. A number of actions were identified and approved by the Departmental Board aimed at improving asset management practice, promoting collaboration and increasing efficiency. These actions will be developed into a programme of work to be overseen by a newly formed Asset Management Board. The purpose of the Asset Management Board is to:

- ensure that property assets owned and funded by the Department are organised and configured in a strategic and sustainable fashion to support the Department's vision and Corporate Plan, delivery of Justice services, NI Draft Programme for Government and the strategic objectives of the NI Executive's Asset Management Strategy;
- on an annual basis, to oversee and support the commissioning and production of a departmental Asset Management Plan; and
- approve and oversee the delivery of an ongoing programme of cross departmental asset management activity aimed at improving the efficiency and utilisation of the DoJ estate as well as embedding asset management best practice across the Department.

## Corporate social responsibility

A Corporate Social Responsibility (CSR) Plan was launched in April 2018. Working in a socially responsible way underpins the Department's values of delivering effectively, valuing our people, working together, being outwardly focused and taking responsibility. The Department continues to build on our CSR approach by:

- promoting and supporting the wellbeing of our staff;
- supporting and promoting diversity and inclusion in the workplace;
- making a positive impact on the wider community through volunteering activities; and
- promoting sustainability and environmental issues.

This plan will be evaluated and reviewed during 2019-20.

## Rural needs

The *Rural Needs Act (Northern Ireland) 2016* came into operation for departments and district councils on 1 June 2017 and for remaining specified public authorities from 1 June 2018. The Act provides a statutory duty on public authorities to "have due regard to rural needs" in the development and delivery of strategies and policies. A Rural Needs Impact Assessment should be carried out in each case.

As required under Section 3 of the Act, nine Rural Needs Impact Assessments were completed by policymakers within the Department of Justice between 1 June 2018 and 31 March 2019. Details of these assessments will be provided to DAERA for publication in the Rural Needs Annual Monitoring Report 2018-19.

## Human rights

Civil servants have a statutory duty to respect, protect and fulfil people's human rights when developing and delivering government policy and services. The Northern Ireland Human Rights Commission (NIHRC) interactive guide to Human Rights is available to staff in the Department to ensure they have knowledge of human rights law and standards and the core principles through which human rights are realised. The training is designed to increase human rights knowledge and strengthen the culture of human rights awareness and good practice within the Department.

Over the past 12 months the Equality Unit has worked to ensure that DoJ fulfils its statutory Section 75 duties in carrying out its functions. The Board agrees annual Departmental Equality and Disability Action Plans which reflect the outcomes and commitments as identified under the draft PfG. This year Equality and Disability actions plans have been more closely aligned with business planning and the draft Programme for Government making it easier to monitor progress and ensure timely consideration of equality issues.

We have worked to provide better advice and support for policy makers and provide a quality assurance function for all screening exercises to ensure relevant evidence is gathered to support decision making. Some awareness training has also been carried out to ensure better understanding of equality issues. This has resulted in an improvement in the quality of screening exercises being undertaken.

## Anti-corruption and anti-bribery

The Department is committed to the values of probity and accountability which foster a positive organisational culture. It is also committed to the elimination of any fraud within the Department, to the rigorous investigation of any prima facie case, and, where fraud or other criminal acts are proven, to ensure that wrongdoers are dealt with appropriately. The Department will take proportionate steps to recover any assets lost as a result of fraud, corruption or theft. The Department has a zero tolerance approach towards acts of bribery and corruption by staff, associated persons and organisations.

Managing the risk of fraud and bribery is seen by the Department in the context of managing a wider range of risks. The Department promotes an anti-fraud and anti-bribery culture by encouraging management to create conditions in which staff members have neither the motivation nor the opportunity to commit fraud or either offer or accept bribes. Professional staff are the first line of defence against these issues, supported by the establishment and maintenance of carefully designed and consistently operated procedures. Managers have prime responsibility for establishing internal control arrangements to minimise the risk of fraud, corruption and other irregularities within their business areas.

## Whistleblowing

The Department has a Whistleblowing policy in place, designed to reassure staff that it is safe and acceptable to speak up, when they have a concern about malpractice. The procedures provide arrangements so that such concerns can be addressed at an early stage and in a fair and proper way. The Head of Internal Audit is involved in conducting independent investigations into issues raised under the policy.

## PERFORMANCE REPORT



**Peter May**  
Accounting Officer

27 June 2019

## **ACCOUNTABILITY REPORT**

The Accountability section of the Annual Report outlines how the Department meets its key accountability requirements to the Assembly and ensures best practice with corporate governance norms and codes. The three sub-sections within the Accountability Report are outlined below.

### **i Corporate Governance Report**

The purpose of this section is to explain the composition and organisation of the Department's governance structures and how they support the achievement of its objectives.

As a minimum, the corporate governance report must include:

- Directors' Report;
- Statement of Accounting Officer's responsibilities; and
- Governance Statement.

### **ii Remuneration and Staff Report**

This section sets out the Department's remuneration policy for directors, reports on how that policy has been implemented and sets out the amounts awarded to directors as salary and pension entitlements.

In addition the report provides information relating to remuneration and staff that the Assembly and other users see as key to accountability.

### **iii Assembly Accountability and Audit Report**

This section brings together the key Assembly accountability documents within the Annual Report and Accounts. It comprises:

- Statement of Assembly Supply and supporting notes;
- regularity of expenditure;
- Assembly accountability disclosures; and
- Certificate and Report of the Comptroller and Auditor General to the Assembly.

## **CORPORATE GOVERNANCE REPORT**

### **DIRECTORS' REPORT**

#### **The Minister**

The Minister of Justice has overall political responsibility and accountability for all the Department's activities. However, the Northern Ireland Assembly was dissolved in January 2017 and the Department has operated without a Minister since then.

#### **The Permanent Secretary**

Peter May succeeded Nick Perry as the Permanent Secretary of the Department of Justice in September 2018. The Permanent Secretary is the most senior civil servant in the Department and the Departmental Accounting Officer. The Permanent Secretary is also responsible for reviewing the performance of the Non-Executive Members of the Board.

#### **Departmental Board**

The Board is chaired by the Permanent Secretary and it is the senior tier for decision making within the Department. Its role is to provide corporate leadership within the policies determined by the Minister and for the establishment and scrutiny of the corporate governance arrangements. The Board operates as a collegiate forum; it takes ownership of the Department's performance and provides advice to the Minister. The Board meets monthly to consider progress on strategic and management issues, including finance and personnel. It also monitors performance against the draft Business Plan on a quarterly basis. It is supported by the Departmental Audit and Risk Committee and Strategic Resources Committee.

Membership of the Board at 31 March 2019 is shown below:

<b>Position</b>	<b>Member</b>
Permanent Secretary	Peter May - Chair
Director, Safer Communities	Anthony Harbinson
Director, Access to Justice	David A Lavery, CB
Director, Reducing Offending	Ronnie Armour
Director, Justice Delivery	Deborah Brown
Non-Executive Member	Clarke Black
Non-Executive Member	Heather Baily

In their role as Board Members, Directors are responsible for the development of strategy and for supporting the delivery of that strategy. They are also the lead Information Asset Owners (IAOs) for all business areas falling within their area of responsibility including effectively managing the relationship with sponsored bodies under their Directorate.

#### **Register of interests**

A register of interests is maintained by the Department and no significant interests are currently held by Board members which may conflict with their management responsibilities.



## Information assurance

Three incidents were reported as breaches to the Information Commissioner's Office (ICO). In two cases the ICO found that no further action was required due to the technical and organisational measures that the Department has in place, as well as the speed and effectiveness of post-incident actions taken by the Department. The third case relates to the running of a public appointment competition to appoint members to the board of the Probation Board for Northern Ireland. During the process, information on candidates was provided to the NIO out-with normal DoJ practice. The ICO has been informed of the incident and is currently considering the case. In the meantime measures have been taken to prevent a reoccurrence.

The Department's Chief Information Officer led a series of workshops focusing on recognising and reporting incidents quickly and fully - 33 sessions were held across the Department and its agencies, attended by nearly 350 staff. To maintain Departmental focus on these risks, the Information Assurance risk register continues to be reviewed at every meeting of the Departmental Information Risk Owners Council (IROC), and the Chief Information Officer presents a report for discussion covering new incidents. Further details regarding Information Assurance are contained in the Governance Statement section of the Accountability Report.

## Complaints

The Department is committed to providing a high quality service across all business areas. Key to demonstrating this commitment is a robust and effective complaints procedure which addresses any customer dissatisfaction fairly, comprehensively and with a view to early resolution. The complaints procedure allows customers to report when they are unhappy with the quality of service provided, and receive redress where appropriate. A review of the DoJ complaints handling process took place in 2018-19, which resulted in the Departmental Board approving a revised Complaints Handling Policy. The revised policy is applicable to both the Core Department and its agencies, and has moved from a three stage to a two stage Complaints Procedure. The policy is available on the DoJ website at <https://www.justice-ni.gov.uk/doj-complaints> and a policy procedure document to assist staff has been developed. Complaints are dealt with by the relevant business area and will receive a detailed form of investigation and response within a specified timescale.

The DoJ Complaints Officer monitors the progress of all complaints to ensure compliance with procedures, including adherence to the timescales contained within the policy, and to ensure the Department operates a transparent and consistent complaints system, with all complaints being treated fairly. There were seven complaints recorded for the Core Department during 2018-19, all of which were upheld. If there are lessons to be learnt these are highlighted by the relevant business area, collated by the Complaints Officer and disseminated accordingly, with a view to improving service delivery and maximising quality.

In 2019-20 a new Complaints Register will be created to monitor all complaints received by the Department and its agencies. A Complaints Officers Forum will also be set up which will include representatives from the agencies. The DoJ Complaints Officer will present an update report on the progress of all complaints to the Departmental Board bi-annually.

Complaints are handled by the DoJ Complaints Officer and can be made:

- in writing to: Standards Unit  
Information Services Division  
Knockview Buildings  
Stormont  
Belfast BT4 3SL;
- by telephone: 028 9037 8631; or
- by e-mailing: [standardsunit@justice-ni.x.gsi.gov.uk](mailto:standardsunit@justice-ni.x.gsi.gov.uk).

## NON-EXECUTIVES' REPORT

I am delighted to be asked to provide input to the Department's Annual Report and Accounts and to be able to support the Board in delivery of its objectives. I am supported in my role as Non-Executive Member on the Departmental Board by my fellow Non-Executive Member Heather Baily, who also assisted in the development of this report.

### *Board effectiveness*

The Departmental Board met 11 times during the course of this year and the work programme included a review of performance against the business plan and a review of the risk register on a quarterly basis. Mid way through this year Nick Perry retired from the role of Permanent Secretary, and Chair of the Departmental Board, and Peter May took up the post. An annual review of effectiveness was conducted and concluded that the Board was operating effectively. Further changes to the Senior Management Team meant that time has been devoted to strengthening and developing this team and this is also benefiting the Departmental Board.

### *Departmental Audit and Risk Committee*

I am also Chair of the Departmental Audit and Risk Committee (DARC) which met four times over the course of the year. I am supported on DARC by fellow Non-Executive Member Heather Baily, and Independent Members Jacqui Durkin and David Reid. The DARC welcomed the unqualified audit opinion on the Accounts and continued to be diligent in reviewing the Department's approach to risk management and financial controls.

### *Meetings with Chairs of NDPB Audit and Risk Committees*

In March 2019 I set up a network of Audit Committee Chairs from across the Department's arm's length bodies (ALBs) including agencies and NDPBs. This network provides line of sight to and from the Department and allows for sharing of best practice.

### *Risk Management*

I have been pleased to see the changes that have been introduced at the Departmental Board to enhance risk management across the Department. The Board review individual risks at each meeting through "deep dive discussions". Deep dives have included preparedness for Brexit, people and HR issues and finance. This ensures that all risks have at least one deep dive discussion during the course of the year. The format of the Departmental Risk Register was also reviewed and updated as was the risk rating matrix. This has been rolled out across the Department and agencies and is now beginning to embed. A new process for escalating risks from the agencies has also been introduced and the Board now considers these alongside the quarterly review of the Risk Register. The Department's Risk Appetite statement is also being reviewed and updated.

During this period we also paid a special attention to the Department's preparedness for Brexit, taking part in bespoke briefings to provide additional assurance that the Department had considered and had planned for the most likely outcomes.

I look forward to working with my fellow Non-Executive Members and the wider Department to continue to provide effective support, challenge and guidance, and to build on the excellent progress made to date.

**Clarke Black**  
**Lead Non-Executive Director**

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Department of Finance, 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 executive agencies;
- 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.

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

So far as the Accounting Officer is aware, there is no relevant information of which the Department's auditors are unaware. The Accounting Officer has taken all the steps that ought to have been taken to be aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

The Permanent Secretary as Accounting Officer confirms that the Annual Report and Accounts as a whole is fair, balanced and understandable and takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

## GOVERNANCE STATEMENT

### 1. Role and responsibilities of the Department

The mission of the Department is to support the Minister of Justice in building a fair, just and safer community for all the people of Northern Ireland. Working collaboratively with its agencies, NDPBs and stakeholders, the Department's aim is to keep communities safe and reduce crime, make the justice system more effective, and reduce reoffending.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department's policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money Northern Ireland*.

### 2. Purpose of the governance framework

The Corporate Governance Framework is the system which ensures the effectiveness of direction and control of the Department. The framework encompasses the following internal controls:

- **governance** - how the Department plans, sets, communicates and monitors its corporate objectives;
- **risk management** - how the Department identifies, considers and manages the risks to the achievement of corporate objectives; and
- **business controls** - how the Department assures itself and its stakeholders that it is in control of its business and the risks to the achievement of its objectives.

The governance framework is designed to manage risk to a reasonable level rather than to eliminate all risk. The framework is based on an ongoing process designed to identify and prioritise the risks to the achievement of Departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

### 3. Governance framework

During 2018-19 the Department complied with the Corporate Governance Code. The key organisational structures which support the delivery of effective corporate governance are:

- Departmental Board;
- Departmental Audit and Risk Committee;
- Strategic Resources Committee;
- Procurement Governance Board;
- Internal Audit; and
- Information Risk Owners Council.

**Departmental Board**

The role of the Board is as set out previously in the Directors' Report. Key work of the Departmental Board during the year included:

- delivery of the Department's key priorities against the draft Business Plan 2018-19 within the constraints of significant financial pressures and political uncertainty;
- contributing to the delivery of the draft Programme for Government;
- monitoring and mitigating against Departmental risks;
- overseeing the management of the Department's resources including staff, information, physical and financial resources including the Department's readiness for the introduction of the General Data Protection Regulations;
- reviewing the Department's Business Continuity Plan;
- working collaboratively with the Department's Strategic HR Business Partner to plan, monitor and address HR issues; and
- monitoring the Department's legislative programme.

Attendance by members is shown below for the 11 meetings of the Board during 2018-19:

<b>Position</b>	<b>Member</b>	<b>Attendance</b>
Permanent Secretary	Peter May - Chair (from 6 September 2018)	7/7
	Nick Perry, CB - Chair (until 5 September 2018)	3/4
Director, Safer Communities	Anthony Harbinson	9/11
Director, Access to Justice	David A Lavery, CB	10/11
Director, Reducing Offending	Ronnie Armour	9/11
Director, Justice Delivery	Deborah Brown (from 5 March 2019)	1/1
	Lianne Patterson (until 5 March 2019)	8/10
Non-Executive Member	Clarke Black	10/11
Non-Executive Member	Heather Baily	8/11

### *Departmental Audit and Risk Committee*

The Departmental Audit and Risk Committee (DARC) is constituted as a sub-committee of the Departmental Board and acts in an advisory capacity. It provides assurance to the Board that effective systems are in place to monitor risk management, internal controls and governance across the Department and its ALBs. The DARC also oversees the performance and work of Internal Audit in those bodies funded by the Department.

The Committee is chaired by an independent Non-Executive Member of the Departmental Board and membership is made up of three other members. Other DARC attendees include the DoJ Directors together with representatives from the Northern Ireland Audit Office (NIAO), Internal Audit, Financial Services Division and the Risk Improvement Manager.

Key work of the DARC included consideration of:

- NIAO audit strategy and reports to those charged with governance;
- Internal Audit's plan including strategy, activity reports and progress updates;
- Head of Internal Audit's annual opinion and report;
- risk management and corporate governance;
- financial governance, fraud reporting and accountability grids;
- annual reports and accounts;
- audit qualification issues and recommendations from Public Accounts Committees and Value for Money reports;
- programme and project management delivery confidence landscape; and
- information assurance report.

Attendance by members is shown below for the four meetings of the Committee during 2018-19:

<b>Position</b>	<b>Member</b>	<b>Attendance</b>
Non-Executive Member	Clarke Black - Chair	4/4
Non-Executive Member	Heather Baily	4/4
Independent Member	Jacqui Durkin (from June 2018)	4/4
Independent Member	David Reid (from June 2018)	3/4

### Strategic Resources Committee

The Strategic Resources Committee is constituted as a sub-committee of the Departmental Board to assist and enhance strategic resource decision making in the Department from a finance and HR perspective. The Committee is responsible and accountable to the Departmental Board for:

- analysing, discussing, and reaching agreement on strategic resourcing issues which face the Department, and bringing forward relevant decisions on key resource strategies to the Departmental Board for discussion and ratification. Where appropriate, recommendations will be made to the Minister;
- assisting the Accounting Officer in judging strategic resourcing priorities in the face of financial and/or operational challenges and competing priorities;
- ensuring a consistent approach to financial and HR management across the Department and enabling standards to be agreed and applied within the Department and its ALBs;
- enhancing the quality, standard and accuracy of resourcing plans, projections and management across the Department and its ALBs;
- providing a forum for senior management to discuss resource matters and recommend courses of action applicable to the Department, including the allocation of budgets, HR resources, value for money targets, cost reduction exercises and capital plans;
- promoting understanding of the roles of Financial Services Division and NICS HR, and the importance of financial and HR management across the whole Department; and
- monitoring performance against targets at a strategic level and advise such as deemed necessary.

Key work of the Committee during the year included:

- reviewing the in-year Departmental funding position and making key decisions to manage cost pressures through the reprioritising of budget allocations, effective cost control and the recycling of proactive savings into front line programmes; and
- planning for the 2019-20 budget, considering PfG and other Departmental priorities and commitments and allocating funding to the Department, its agencies and NDPBs.

Attendance by members is shown below for the seven meetings of the Committee during 2018-19:

Position	Member	Attendance
Permanent Secretary	Peter May - Chair (from 6 September 2018)	3/4
	Nick Perry, CB - Chair (until 5 September 2018)	2/3
Director, Safer Communities	Anthony Harbinson	6/7
Director, Access to Justice	David A Lavery, CB	6/7
Director, Reducing Offending	Ronnie Armour	6/7
Director, Justice Delivery	Deborah Brown (from 5 March 2019)	1/1
	Lianne Patterson (until 5 March 2019)	7/7
Non-Executive Member	Clarke Black	6/7
Non- Executive Member	Heather Baily	5/7
Deputy Director, Finance	Lisa Rocks (from 18 February 2019)	1/1
	Glyn Capper (until 17 February 2019)	5/6

### *Procurement Governance Board*

The Procurement Governance Board provides the governance mechanism for the implementation and delivery of public procurement policy across the Department. The Board takes its lead on policy based on guidance and advice from the NICS Procurement Board, Construction and Procurement Delivery (CPD) within DoF and its Centre of Procurement Excellence.

The Board ensures that the Department has a robust, open and transparent procurement process in compliance with regulations. It has the remit to influence and advise on the activity undertaken by the Department in relation to:

- **procurement policy** - development, adoption and implementation, and the embedding of procurement policies including the approach to Collaborative Opportunities, Social Clauses and Community Benefits;
- **strategic direction** - provision of strategic direction on procurement related activities to the Department through the Procurement Forum including the management of risk;
- **procurement skills** - capacity and capability development through the Procurement Forum, the Intranet and endorsement of training as required; and
- **eProcurement** - through the Department's procurement and contract management database, the CPD run Purchasers Portal, Account NI and Digital Marketplace (G-Cloud).

The Department continues to ensure that best practice is followed across the various business areas with regards the procurement of goods and services, and the management of contracts.

The Department's Procurement Support Team liaises closely with CPD and is the primary point of contact for business areas needing advice and assistance on procurement issues. The Procurement Support Team is also the contact for CPD for the majority of collaborative contracts, ensuring all DoJ business area requirements are covered in the tender documents and that these contracts are managed effectively.

The Procurement Forum includes representatives from the various business areas across the Department, and works to promote best practice, address ongoing matters and inform the Procurement Governance Board of significant issues.

### *Internal Audit*

Internal Audit services to the Department are provided by a Group Internal Audit and Fraud Investigation Service. Internal Audit staff are outposted from DoF to DoJ to deliver the Internal Audit service to the Core Department, its agencies and a number of NDPBs including:

- Criminal Justice Inspection Northern Ireland;
- Northern Ireland Police Fund;
- Police Rehabilitation and Retraining Trust;
- Police Service of Northern Ireland;
- Probation Board for Northern Ireland; and
- RUC George Cross Foundation.

A Memorandum of Understanding and Service Level Agreement (SLA) covering the Internal Audit arrangements have been agreed between DoF and DoJ. Data Sharing Agreements are also in place to ensure compliance with General Data Protection Regulations.



### *Information Risk Owners Council (IROC)*

IROC members are accountable for the management of the information assurance risks in their respective business areas. As a Council it reports to the Senior Information Risk Owner and consults with the Department's Departmental Security Officer. The membership is made up of lead senior representative Information Asset Owners at Senior Civil Service level drawn from across the business areas of the Department, its agencies and ALBs. The DoJ Chief Information Officer attends IROC *ex officio*, as the responsibilities of the post include Data Protection and relations with the Information Commissioner. The role of the Council is to ensure that the value of information the Department holds or uses is identified and utilised to the fullest extent to support the Government's strategic objectives, while understanding the risks to information and ensuring that the necessary controls are in place to protect information from inappropriate use. The members are also responsible for managing all information in their business areas in ways that preserve its confidentiality, integrity and availability appropriately.

Implementation of the new *Data Protection Act* on 25 May 2018 saw the raising of the bar for the assurance of personal data, and IROC had oversight of how this was rolled out within DoJ. During the year, the Chief Information Officer led a General Data Protection Regulation (GDPR) implementation project, to ensure the Department and its agencies were ready for the new data protection regime coming into force. Relevant policies and procedures have been revised, awareness sessions have been conducted and a Data Protection Officer has been appointed.

### *Other assurances*

Additional assurance on various elements of the Department's operations is provided by a range of bodies including Criminal Justice Inspection Northern Ireland, the Office of the Police Ombudsman for Northern Ireland and Prisoner Ombudsman. These bodies tend to focus on specific areas providing additional scrutiny, reporting and in some cases making recommendations for improvement.

Assurance on risk management in the Department's agencies and NDPBs is provided in the form of bi-annual assurance statements and annual governance statements, which are signed by the designated Accounting Officers.

#### 4. Risk management and internal control

The Department aims to assess and manage effectively risk to the achievement of its business objectives. Its capacity to manage risk derives from the experience and ability of managers to operate the fully documented risk management process. The Department's Risk Management Framework is in line with best practice set out in the Northern Ireland Audit Office report on "Good Practice in Risk Management".

The Framework details the Department's approach to risk management, including: risk appetite; the hierarchy for managing risks; the risk identification and escalation process; and the roles and responsibilities of the various levels of management.

This approach allows risks to be identified and managed at all levels and to be escalated as appropriate.

The Departmental Board provides leadership and direction in managing the risk environment in which the Department operates. Each Director provides leadership to the risk management process in their particular areas of responsibility, as well as corporately through their involvement in the Departmental Board, the Departmental Audit and Risk Committee and local management meetings.

Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. Key risks identified at corporate, group and divisional level were documented in risk registers and reviewed during the year. The Corporate Risk Register was updated and reviewed regularly by the Departmental Board at its monthly meetings. It was also routinely provided to Departmental Audit and Risk Committee meetings.

Corporate risks actively monitored and managed by the Departmental Board throughout 2018-19 included:

**i - Funding** - Justice is not administered efficiently and effectively, key service delivery areas have insufficient funding to deliver essential objectives.

*Action taken to mitigate risk:*

- in year monitoring round bids met; and
- Strategic Resources Committee provided regular strategic oversight of key budgetary decisions and monitoring of budget position.

**ii - Brexit: Legislative requirements** - there is a risk that DoJ legislation is not appropriately amended or that DoJ may not be able to operate impacted public services satisfactorily.

*Action taken to mitigate risk:*

- Day 1 Delivery plan in place.

**iii - Brexit: Operational implications** - lack of certainty requires planning for all scenarios with limited time and resources.

*Action taken to mitigate risk:*

- Day 1 Delivery Plans in place to cover four possible scenarios.

**iv - Legacy** - a lack of political agreement will delay/prevent the roll-out of Stormont House Agreement institutions and justice agencies will have to cope with unfunded legacy pressures.

*Action taken to mitigate risk:*

- business case for legacy inquest proposals approved and funding in place;
- Department has provided input into NIO consultation process and is supporting the NIO's consideration of aspects of the draft legislation in light of comments received;
- cross-agency group established to scope out additional costs of legacy litigation and prepare a business case for funding; and
- technical expert appointed to prepare for HIU development.

**v - Absence of an Executive and Minister** - the absence of an Executive and a Minister cause delay in progressing strategy and legislation within the Department.

*Action taken to mitigate risk:*

- Legislative Programme Board meeting to keep situation under regular review;
- preparation of legislation is proceeding to point of being laid;
- secondary legislation (negative resolution) proceeding; and
- work on stalking, child sexual exploitation (CSE) and sentencing continuing with stalking completing its consultation in February 2019 and CSE and sentencing going out to consultation later in 2019.

**vi - Operational systems** - there is a risk that cyber-attack or other causes of operational failure impact on critical information systems or result in personal data breaches.

*Action taken to mitigate risk:*

- complete overhaul of Business Continuity Planning and Table top Test Exercises carried out;
- new Policy and Standards Framework completed in January 2019 and submitted to IROC for approval in February 2019;
- complete overhaul of the DoJ Incident Reporting Scheme underway;
- DoJ leading NICS review of wider Information Systems Governance and Structures; and
- review of SLAs post GDPR.

**vii - Staff resources** - there is a risk that there will be insufficient and /or inadequately skilled staff in the Department to deliver critical business.

*Action taken to mitigate risk:*

- NICSHR business partnering arrangements are in place within business areas, to support workforce planning and enable vacancies to be filled by staff with sufficient and appropriate skills;
- line management discuss individual skills requirements with staff as part of the performance improvement cycle, through personal development planning, and through this any learning and development needs required are identified and met;
- NICSHR produce monthly reports to the departmental board on vacancies and sickness absence levels, enabling any staff shortages in critical delivery areas to be identified and addressed; and
- development and implementation of the DoJ people plan.

## 5. Review of effectiveness of the governance framework

The Accounting Officer has responsibility for reviewing the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit, the internal control framework and comments made by external audit in their reports to those charged with governance and other reports. A sound governance framework has been established across the Department which includes:

- management boards;
- audit committees with independent membership;
- management statement and financial memorandum with sponsored bodies;
- governance reviews;
- sponsor control monitoring;
- annual governance statements;
- stewardship statements; and
- independent reviews by Internal Audit.

Information presented to the Board is fundamental for its assessment and understanding of the performance of the department. The Board receives a variety of standard information, and other papers, which are quality reviewed by the Board secretariat. The information received is considered to be of a high standard and allows the Board to be kept informed of any issues that it needs to be aware of to support decision making and drive improvement. The Board considers that it is fulfilling its governance requirements.

For the period covered by this Annual Report and Accounts the Department operated without a Minister or a functioning Northern Ireland Assembly. No Ministerial Directions were given during the year. The *Northern Ireland (Executive Formation and Exercise of Functions) Act 2018* has provided a framework for progressing decisions in the absence of a Minister and this has enabled the work of the Department to continue, although in a more limited environment.

Planning for Brexit readiness also occupied much of the Department's time and resource. A range of plans were developed for different scenarios. While the uncertainty around Brexit was difficult to predict and scenarios were changing on a regular basis, the work done meant we would have been ready to deal with the consequences of leaving when originally projected. We will now ensure we maintain readiness for whatever unfolds.

## 6. Budget position

In the continuing absence of an Executive and a sitting Assembly the *Northern Ireland Budget Act 2018* was progressed through Westminster, receiving Royal Assent on 20 July 2018, followed by the *Northern Ireland Budget (Anticipation and Adjustments) Act 2019* which received Royal Assent on 15 March 2019. The authorisations, appropriations and limits in these Acts provide the authority for the 2018-19 financial year and a vote on account for the early months of the 2019-20 financial year as if they were Acts of the Northern Ireland Assembly.

## 7. Significant internal control issues

The following sections outline the significant internal control issues at a Departmental level together with details of the plans in place to address any weaknesses identified. Further details regarding the issues for individual agencies and NDPBs are contained in their respective annual reports and accounts.

### Legal Aid

The C&AG qualified the 2018-19 financial statements of LSANI in respect of:

- the level of estimated official error in legal aid payments and a limitation in scope on the regularity of legal aid payments in the period - due to the LSANI being unable to provide sufficient evidence to assure NIAO that a material amount of legal aid expenditure had not been claimed fraudulently or due to claimant error; and
- a limitation in scope regarding the true and fair view of the balance of provisions for legal aid liabilities stated in the Statement of Financial Position and the resulting adjustments required to the annual legal aid expenditure. LSANI was unable to provide sufficient evidence to support its estimate of the provision for legal aid liabilities to the necessary level of accuracy.

LSANI has continued with a work programme to address these qualifications and has been taking this forward in conjunction with both the Department of Justice and the Department for Communities (DfC). A number of the changes required remain dependent on the future digitised Legal Aid Management System (LAMS), which is scheduled to be introduced in the summer of 2019. These elements of the work programme will therefore continue to span a number of financial years.

### Regularity of expenditure

Significant progress has been made, working with DfC, to implement new fraud and error working practices. An initial audit year, focusing on internal error, has been completed by DfC's Standards Assurance Unit (SAU) to refine, test and further develop the audit strategy and methodology. This work will also establish a baseline to assess future error rates against.

Work on the applicant fraud and error continues to be developed and will become fully operational in the coming months. SAU has now extended its work to encompass measurement of applicant error, through a pilot programme of home visits to Assisted Persons. Once all aspects of the work become fully operational the existing Service Level Agreement with SAU will be updated to reflect any additional services provided.

Work has also progressed on plans to develop the practitioner fraud capabilities within the Agency with a view to commencing this work stream in 2019-20.

### Provisions

The LSA continues to support work led by the Department to improve the techniques and methodology used when estimating outstanding liabilities for publicly funded legal services provided by legal practitioners. LAMS will further assist the process through access to much improved management information. The team working on legal aid data migration in preparation for LAMS has also engaged with finance and internal audit colleagues to ensure anticipated provisions reporting and measurement requirements are fully addressed. Given the complex nature of provisions for publicly funded legal services and the range of issues which remain outside the LSA's control, providing the necessary levels of assurance to the NIAO to have this qualification removed remains a significant challenge. The LSA will continue to work with the Department to enhance controls in this area with the aim of removing the qualification in future years.

## **Reports by the Northern Ireland Audit Office and Public Accounts Committee (PAC)**

The C&AG undertakes other statutory activities that are not related to the audit of the body's financial statements, such as Value for Money (VFM) reports. These are then normally considered by the PAC at a public evidence session before a formal report is issued.

The current VFM and PAC Reports that have been issued to DoJ include:

- Managing Legal Aid - January 2017.
- Managing Children who Offend - July 2017;
- Speeding Up Justice: Avoidable Delay in the Criminal Justice System - March 2018; and
- Mental Health and the Criminal Justice System - May 2019.

The Department continues to ensure that appropriate action is taken to implement the recommendations made and progress is reported to the Departmental Audit and Risk Committee as well as the respective Agency Audit Committees.

### **8. Accounting Officer statement on assurance**

The Department has an established and robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity.

In addition, independent assurance is provided by the Department's Internal Audit service, provided by DoF, operating to Public Sector Internal Audit Standards. Internal Audit delivers an agreed prioritised programme of systems based audits covering all Departmental systems over time. The Head of Internal Audit provides me with an Annual Report and Opinion on the level of assurance that can be provided based on the work done. For the 2018-19 year an overall satisfactory assurance was provided. A small number of internal audits provided limited assurance and the implementation of any Priority 1 recommendations relating to these audits will be subject to review by both the Departmental Audit and Risk Committee and Internal Audit.

#### ***NICS Shared Services***

Internal Audit commenced a review of NICS whistleblowing arrangements during 2017-18 and a report has been prepared for the NICS Board. This review identified that the current arrangements within the Department required some improvement in relation to overall responsibility, recording and reporting of whistleblowing concerns raised. The Department has taken steps to update the current Whistleblowing Policy to ensure compliance with best practice and it is anticipated that these new arrangements will come into effect in the near future.

A NICS wide Risk Management Internal Audit review was conducted during 2018-19 and a report for this will be presented to the NICS Board for consideration.

## **REMUNERATION AND STAFF REPORT**

### **REMUNERATION REPORT**

#### **Remuneration policy**

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is normally approved by the Minister of Finance. In the absence of an Executive, the Department of Finance's Permanent Secretary has set the 2018-19 NI public sector pay policy in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. The pay award for SCS staff for 2018-19 has been finalised but not yet paid.

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

#### **Service contracts**

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

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

Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

Clarke Black was appointed as a Non-Executive Member of the Departmental Board on 8 September 2014 for an initial three year period and this was subsequently extended to 7 September 2020. He is also the Chair of the Departmental Audit and Risk Committee (DARC). Heather Baily was appointed as a Non-Executive Member of the Departmental Board on 1 August 2017 for an initial period of three years to 31 August 2020. Non-Executive Members may terminate the appointment by providing one month's notice in writing.

#### **Remuneration and pension entitlements**

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

## Remuneration and pension entitlements - Ministers

There was no Minister in place during 2017-18 and 2018-19.

## Remuneration and pension entitlements - Officials

[Audited information]

Officials and Non-Executive Members	Salary	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	2018-19
				Total
				£000
<b>Peter May</b> Permanent Secretary (from 6 September 2018)	65-70 (full year equivalent 115-120)	-	12	80-85
<b>Nick Perry, CB</b> Permanent Secretary (until 5 September 2018)	60-65 (full year equivalent 125-130)	-	(50)	10-15
<b>Anthony Harbinson</b> Director, Safer Communities	100-105	-	27	125-130
<b>David A Lavery, CB</b> Director, Access to Justice	110-115	-	(1)	110-115
<b>Ronnie Armour</b> Director, Reducing Offending	90-95	-	42	135-140
<b>Deborah Brown</b> Director, Justice Delivery (from 5 March 2019)	5-10 (full year equivalent 85-90)	-	(6)	(0-5)
<b>Lianne Patterson</b> Director, Justice Delivery (until 5 March 2019)	85-90 (full year equivalent 95-100)	-	38	120-125
<b>Clarke Black</b> Non-Executive Member	5-10	1,800	-	10-15
<b>Heather Baily</b> Non-Executive Member	5-10	3,000	-	10-15



## Remuneration and pension entitlements - Officials (continued)

[Audited information]

Officials and Non-Executive Members	Salary	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	2017-18 Total
	£000	£	£000	£000
<b>Nick Perry, CB</b> Permanent Secretary	125-130	-	2	125-130
<b>Anthony Harbinson</b> Director, Safer Communities	95-100	-	3	100-105
<b>David A Lavery, CB</b> Director, Access to Justice	110-115	-	(19)	90-95
<b>Ronnie Armour</b> Director, Reducing Offending	85-90	-	151	235-240
<b>Lianne Patterson</b> Director, Justice Delivery	90-95	-	24	115-120
<b>Clarke Black</b> Non-Executive Member	5-10	1,100	-	10-15
<b>Heather Baily**</b> Non-Executive Member (from 1 August 2017)	5-10	3,900	-	5-10

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

\*\* Payment to the Independent Board Members is on a per diem basis for attendance at meetings and therefore a figure for full year equivalent is not applicable. Amounts disclosed as benefits in kind relate to payments for travel and subsistence.

## Salary

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

The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, there has been no Minister in place in the Department since then.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. The net benefits in kind shown above are in respect of detached duty allowances and expenses, on which the tax payable is met by the Department.

## Fair pay disclosure

[Audited information]

	2018-19	2017-18 <i>Restated**</i>
	Core Department and Agencies	Core Department and Agencies
Band of highest paid Director's Total Remuneration*	£115-120,000	£125-130,000
Median Total Remuneration*	£27,819	£27,163
Ratio	4.2	4.7

\*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 2017-18 Median total remuneration has been re-calculated to reflect consistency with the methodology used for 2018-19.

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 director in Department in the financial year 2018-19 was £115,000 to £120,000 (2017-18: £125,000 to £130,000). This was 4.2 times (2017-18: 4.7 *restated*) the median remuneration of the workforce, which was £27,819 (2017-18: £27,163 *restated*). In 2018-19, four employees (2017-18: three) received remuneration in excess of the highest paid director. Remuneration ranged from £14,000 to £156,000 (2017-18: £16,000 to £154,000). The banded remuneration of the highest paid Director is lower than in 2017-18 due to the change in Permanent Secretary during 2018-19, with the incoming post holder being on a lower salary point than his predecessor.

## Pension entitlements - Ministers

There was no Minister in place during 2017-18 and 2018-19.

## Pension entitlements - Officials

[Audited information]

Officials	Accrued pension at pension age as at 31/3/19 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/19*	CETV at 31/3/18**	Real increase in CETV	Employer contribution to partnership pension account (Nearest £100)
	£000	£000	£000	£000	£000	
<b>Peter May</b> Permanent Secretary (from 6 September 2018)	55-60 plus 65-70 lump sum	0-2.5 plus 0 lump sum	1,031	965	2	-
<b>Nick Perry, CB</b> Permanent Secretary (until 5 September 2018)	45-50 plus 305-310 lump sum	0 plus 132.5-135 lump sum	1,283	1,315	(33)	-
<b>Anthony Harbinson</b> Director, Safer Communities	45-50 plus 135-140 lump sum	0-2.5 plus 5-7.5 lump sum	1,002	889	26	-
<b>David A Lavery, CB</b> Director, Access to Justice	50-55 plus 155-160 lump sum	0-2.5 plus 0-2.5 lump sum	1,195	1,151	(1)	-
<b>Ronnie Armour</b> Director, Reducing Offending	40-45 plus 110-115 lump sum	0-2.5 plus lump sum 0-0.2.5	852	745	25	-
<b>Deborah Brown</b> Director, Justice Delivery (from 5 March 2019)	20-25 plus 40-45 lump sum	0 plus 0 lump sum	335	335	(6)	-
<b>Lianne Patterson</b> Director, Justice Delivery (until 5 March 2019)	25-30 plus 0 lump sum	0-2.5 plus 0 lump sum	369	307	20	-

\* Or earlier on leaving

\*\* Or later on joining

No pension benefits are provided to the Non-Executive Members.

### Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

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

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

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

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Price Index (CPI) figure for the preceding September. The CPI in September 2018 was 2.4% and HM Treasury has announced that public service pensions will be increased accordingly from April 2019.

Employee contribution rates for all members for the period covering 1 April 2019 to 31 March 2020 are as follows:

Annualised rate of Pensionable Earnings (Salary Bands)		% Contribution rate for all members
From	To	
£0	£23,500.99	4.60%
£23,501.00	£54,500.99	5.45%
£54,501.00	£150,000.99	7.35%
£150,001.00 and above		8.05%

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to

the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

<https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

### **Cash Equivalent Transfer Values**

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

### **Real increase in CETV**

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

### **Pension liabilities**

The treatment of pension costs and liabilities is disclosed in the Remuneration Report and Note 1.19 of the Statement of Accounting Policies (Note 1 to the Accounts).

### **Compensation on early retirement or for loss of office**

There were no compensation benefits paid by the Department to any senior staff members during the financial year (2017-18: £Nil).

## STAFF REPORT

## Staff costs

Staff costs for the Core Department and its agencies comprise:

[Audited information]

## Core Department and Agencies

	Permanently Employed Staff*	Others	Minister	2018-19	2017-18
				£000	£000
				Total	Total
Wages and salaries	99,242	2,263	-	101,505	98,574
Social security costs	9,928	3	-	9,931	9,785
Other pension costs	20,680	-	-	20,680	19,983
Pension provision	(1,008)	-	-	(1,008)	(2,968)
<b>Total Gross Costs</b>	<b>128,842</b>	<b>2,266</b>	<b>-</b>	<b>131,108</b>	<b>125,374</b>
Less recoveries in respect of outward secondments	(324)	-	-	(324)	(335)
<b>Total Net Costs**</b>	<b>128,518</b>	<b>2,266</b>	<b>-</b>	<b>130,784</b>	<b>125,039</b>

Of which:	Charged to Administra- tion	Charged to Programme	2018-19	Charged to Administra- tion	Charged to Programme	2017-18
			£000			£000
			Total			Total
Core Department	14,382	5,040	19,422	15,119	4,665	19,784
Agencies	8,498	103,188	111,686	7,497	98,093	105,590
<b>Total Gross Costs</b>	<b>22,880</b>	<b>108,228</b>	<b>131,108</b>	<b>22,616</b>	<b>102,758</b>	<b>125,374</b>

\* Permanently employed staff includes the cost of the Department's Special Adviser where relevant. There were no Special Advisers in post during 2017-18 or 2018-19.

\*\* In addition, staff costs of £975,237 (2017-18: £638,647) have been capitalised in respect of staff directly assigned to major capital projects.

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Department is unable to identify its share of the underlying assets and liabilities. The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2012 scheme valuation was completed by GAD in February 2015. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2015 to 31 March 2019.

For 2018-19, employers' contributions of £20,886,640 were payable to the NICS pension arrangements (2017-18: £19,962,132) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands.

Work was completed on the 2016 valuation, based on the position as at 31 March 2016. The outcome of this scheme valuation informed employer contribution rates for 2019-20. Employer contribution rates payable will range from 28.7% to 34.2% of pensionable pay, based on salary bands. This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% pa above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £25,193 (2017-18: £24,081) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2017-18: 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £1,029; 0.5% (2017-18: £942; 0.5%) of pensionable pay, were payable to the NICS pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

39 persons (2017-18: 49 persons (*restated*)) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £13,212 (2017-18: £95,382).

### **Northern Ireland Courts and Tribunals Service (NICTS)**

Judicial office holders are covered by the provisions of the Judicial Pension Schemes (JPS), the terms of which are set out in (or in some cases are analogous to) the provisions of two Acts of Parliament, (*Judicial Pensions Act 1981* and *Judicial Pensions and Retirement Act 1993 (JUPRA)*), *Judicial Pensions Regulations 2015* and *Judicial Pensions Regulations (Northern Ireland) 2015*. The JPS are unfunded public service schemes, providing pensions and related benefits for members of the Judiciary in eligible offices. The cost of benefits accruing for each year of service is shared between the sponsoring department and the judicial office holders.

The *Judicial Pension Scheme (JPS) 2015* and *Northern Ireland Judicial Pension Scheme (NIJPS) 2015*, were introduced on 1 April 2015. These mirror each other and, as far as possible, other public service career average pension schemes. From 1 April 2015 NICTS pay contributions in relation to salaried and fee-paid excepted and devolved salaried Judicial Office Holders sponsored by DoJ. The employer contribution rate during 2018-19 was 38.45%. This comprised the rate of 38.2% recommended by the Government Actuary's Department (GAD) plus 0.25% of pensionable pay to reflect the cost of scheme administration paid to the Ministry of Justice (MoJ). From 1 April 2019, the employer contribution rate will rise to 51.35%.

The Fee-Paid Judicial Pension Scheme, established under the *Judicial Pensions (Fee-Paid Judges) Regulations 2017*, was implemented from 1 April 2017 to deliver the litigation remedy to eligible fee-paid office-holders in the case of *O'Brien v MoJ* and related litigation, including in Northern Ireland.

### **Public appointments**

The Department is responsible for the Broadly By Analogy (BBA) pension schemes of public appointments within its Departmental boundary and also entities for which it retains lead policy responsibility. A BBA pension arrangement entitles the recipient to benefits similar to the classic scheme in the NICS pension arrangements. The scheme liabilities were calculated by an independent Actuary amounted to £1.225m at 31 March 2019 (2017-18: £1.263m).

## Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the Core Department as well as its agencies and other bodies included within the consolidated Departmental resource account (including senior management, ministers, special advisers, staff on secondment or loan into the Department and agency/temporary staff, but excluding staff on secondment to other organisations).

[Audited information]

Core Department and Agencies	Permanently Employed Staff*	Others	Minister	Special Advisers	2018-19	2017-18
					Total	Restated Total
Safer Communities	284	2	-	-	286	267
Access to Justice	804	63	-	-	867	839
Reducing Offending	1,704	15	-	-	1,719	1,699
Justice Delivery	195	3	-	-	198	215
<b>Total*</b>	<b>2,987</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>3,070</b>	<b>3,020</b>
Of which:						
Core Department	366	3	-	-	369	387
Agencies	2,621	80	-	-	2,701	2,633
<b>Total*</b>	<b>2,987</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>3,070</b>	<b>3,020</b>

\* Of the total, 30 members of staff (2017-18: 15) were engaged on capital projects.

## Staff composition

The number of persons employed at 31 March 2019 by the Core Department and its agencies was as follows:

	Female staff	Male staff	Total staff
Departmental Board	2	5	7
Senior Civil Service	9	14	23
Departmental employees	1,663	1,563	3,226

The breakdown of Senior Civil Service staff by pay scale is as follows:

	Total staff
Pay Scale 1 - £68,961 to £ 79,058	18
Pay Scale 2 - £ 88,596 to £ 101,092	4
Pay Scale 3 - £114,047 to £133,327	1
Pay Scale 4 - £153,933 to £180,496	-



## Managing attendance

Sickness absence reduction remains a priority for the NICS departments. The provisional outturn figure for days lost per staff year due to sickness absence in 2018-19 is 13.9, representing a continuing downward trend from 14.9 days in 2017-18, 15.3 days in 2016-17 and 15.9 days in 2015-16. Figures include uniformed Prison Service staff. Validation of the 2018-19 outturn is still required and it may be the autumn before the official Northern Ireland Statistics and Research Agency figure is available.

Reducing sickness absence continues to be a standing agenda item at the Departmental Board. NICS HR provides a detailed report to the Board and the Department's Strategic HR Business Partner attends monthly Departmental Board Meetings to provide an update on human resource related issues including sick absence.

Managers at all levels have a critical role in addressing the level of sickness absence. HR business partners proactively engage with Directors, Heads of Divisions, Chief Executives, Line Managers and in business areas, offering appropriate advice and support to help manage sickness absence, staff wellbeing and potential measures to reduce absence.

## Staff policies

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

The Northern Ireland Civil Service (NICS) applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all chairs of NICS recruitment panels. The NICS also has mandatory unconscious bias training for all staff. To maintain and promote a diverse and inclusive workforce, the NICS has policies in place to support any alterations to the working environment required by disabled persons.

DoJ is an Equal Opportunity employer and is fully committed to the elimination of all forms of harassment, bullying, discrimination and victimisation. The Department recognises the legal obligations under which it operates and ensures working relationships are based on mutual trust, respect and understanding. This allows the maximum potential to be made of the wide variety of skills, abilities and attributes available within the Department. DoJ aims to ensure that people with a disability suffer no detriment in recruitment and advancement, and that its policies and practices comply with the requirements of the *Disability Discrimination Act 1995*. The consideration and implementation of reasonable adjustments help to ensure that staff with disabilities can fully utilise their skills and abilities.

### *Diversity and inclusion*

The Board continues to support its commitment to diversity; a NICS Diversity Strategy and Action Plan are led by a Board level Champion. The Strategy informs the work of the NICS Diversity Champions Network, which has developed a cross-departmental work programme with commitments to be delivered both corporately and within individual departments.

During 2018-19, the Department, along with our justice partners engaged with the wider public at the Belfast Pride and Mela festivals by providing information to raise awareness of the important work of the Department and its agencies. The Department's stand included information on themes such as hate crime, modern day slavery and human trafficking and drug awareness. The Department also held several events to raise awareness of diversity issues including LGBT, Carers and International Job Shadow Day. The annual Christmas Diversity Giving Campaign for 2018 supported Women's Aid and Barnardos.

### ***Pay, workforce planning and performance management***

All general service staff in the Department have now been on-boarded to HR Connect. This standardises the use of the performance management module on HR Connect for these staff. Work is continuing on a project for the future provision of HR and Payroll services for Prison Service operational, industrial and support Grades.

#### ***Pay policy***

Under the *Civil Service (NI) Order 1999*, DoF is responsible for the pay arrangements of NICS civil servants (apart from those agencies, non-ministerial government departments and other bodies with an agreed pay delegation). The pay award system aims to:

- be a system which will help to recruit, retain and motivate staff to perform efficiently the duties required of them;
- encourage staff to improve their individual performance by providing a direct and regular link between satisfactory performance and pay;
- ensure equity of treatment in respect of pay in accordance with legal requirements and the equal opportunities policy of the NICS;
- secure the confidence of staff that their pay will be determined fairly;
- secure the confidence of the public and their representatives in the system for determining the pay of the staff; and
- enable the Government to reconcile its responsibilities for the control of public expenditure with its responsibilities as an employer.

#### ***Pensions and early departure costs***

Present and past employees of the Department and its agencies are covered by either the NICS pension arrangements, Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC), Teachers' Superannuation Scheme or BBA Pensions. Those entities covered by each 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 benefits in respect of employees who retire early. The Department provides in full for this cost, charged against the Statement of Comprehensive Net Expenditure, when the early retirement programme has been announced. In addition to information contained within the Remuneration and Staff Report, Notes 1.19, 1.20 and 17 to the Accounts provide further detail on how the pension liabilities are calculated.

#### ***Trade union relationships***

DoF is responsible for the policy on how the NICS consults and negotiates with its staff through industrial relations. NICS HR has continued to consult on central matters with all recognised Trade Unions (Non-industrial Trades Unions: Northern Ireland Public Service Alliance, First Division Association, Prison Officers' Association; Industrial Trades Unions: Unite the Union and GMB), throughout the year. Arrangements also exist at local level within each Department to consult on matters specific to that Department or individual business area.

## Staff engagement

The publication of the DoJ People Plan in November 2018 marked a key milestone in the programme of work which the Department has been taking forward as part of its Staff Engagement - Valuing Our People Strategy. This People Plan pulls together the results of months of consultation involving the Senior Civil Service, NICSHR, the Staff Engagement Forum and staff from across the Department in exploring the key priorities emerging from the results of the 2017 People Survey and the results of consultation on the issues highlighted through the NICS People Strategy, published in June of this year.

The DoJ People Plan sets out actions under the themes of the NICS People Strategy:

- Well-led;
- High-performing;
- Outcomes focused; and
- Great place to work with a diverse and inclusive culture.

Six Task and Finish Groups (T&FGs) were formed in December 2018 to consider a number of the recommendations made in the DoJ People Plan. The groups comprised of SCS Forum members, Staff Engagement Forum members, and a number of staff who volunteered from across the Department. The T&FGs were:

- Mentoring, job shadowing and agile working;
- Induction and knowledge transfer;
- Learning and Development;
- Staff ideas, recognition of long service, staff benefits;
- Diversity and Inclusion; and
- Improved Communications.

Recommendations from the T&FGs were presented to the March Board and two new Forums have been formed to take forward the recommendations:

- the Internal Communications Forum will consider:
  - the ongoing intranet review;
  - a 'Journey Through the Justice System' video;
  - revised Board Brief/'Justice Matters' magazine; and
  - revised Team Briefing materials.
- the Personal and Organisational Development Forum will consider:
  - promotion of job shadowing;
  - mentoring pilot programmes;
  - lunchtime seminars/masterclasses;
  - a proposed CPD framework; and
  - an annual report to the Board on investment.

T&FG recommendations not taken forward by the two new Forums will be developed separately, as will a number of People Plan initiatives led by NICSHR.

Examples of the on-going work across the Department includes:

- **Visible leadership** - Permanent Secretary, the Board and Directors continue to hold meetings with staff at different locations throughout the Department. This provides an opportunity to discuss corporate developments, including updates on the political situation, and gain a deeper understanding of key business issues and challenges within business areas.

- **Communication** - the Department published regular staff bulletins, messages from the Permanent Secretary, Board briefings for staff and updates from the Head of Civil Service via e-mail and intranet. Managers also held regular section and team meetings to communicate with staff, receive feedback, and give staff the opportunity to raise any issues for the attention of senior management. Taken together these served as a communications framework to delivery information to staff on a timely basis.
- **Staff Engagement Forum (SEF)** - members have been instrumental in the development of the People Plan through engaging with staff on a range of topics at team meetings and discussion. Those views formed a series of action points which members of the SEF presented to SCS in September 2018. The presentation enabled a valuable dialogue between SEF members and SCS, and subsequent feedback has been built into the final People Plan. Forum members will continue to play an active part in the delivery of the Plan. Other issues raised involve NICS wide policies and while noting our limited control, the Board has undertaken to consider these issues carefully, in consultation with relevant NICS HR business partners, and ensure that staff are informed of outcomes.
- **Wellbeing** - the NICS WELL Programme provides staff with support, education and information on a wide range of health and wellbeing issues as a way of improving our overall health and wellbeing. This is supported by the infrastructure of the NICS Health and Wellbeing Charter, the WELL Support Team, a network of WELL Champions and WELL website, underlining the NICS's commitment to improving the health and wellbeing of its entire staff. The Department's Wellbeing champions supported the delivery of a Wellbeing Week in November 2018 organising a substantial programme of events promoting health messages and initiatives. Further initiatives have been delivered in early 2019.
- **Reward and recognition** - the Department's Valuing Our People Awards were held in March 2018. There were 124 members of staff nominated and awards were presented to the winner in each of the 16 categories. The NICS Awards were held in November 2018 and DoJ were successful in winning awards in 4 categories out of the 12.

The Department launched a campaign to promote and encourage managers to utilise the Honours system and official Garden Party events as a way of rewarding and recognising staff contributions. The Queen's Imperial Service Medal for exemplary service at Administrative Officer level or equivalent was awarded to five former members of staff.

### *Learning and development*

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development. The NICS Centre for Applied Learning (CAL) is responsible for development and delivery of all generic staff training. It offers a variety of learning delivery channels to enable flexible access to learning, blending different learning solutions into coherent learning pathways that are aligned to both corporate need and the NICS Competency Framework.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing. Talent Management is a key theme of the NICS People Strategy and work is underway to develop a more corporate approach to managing talent across the NICS.

The Department continues to be committed to increasing the core skills of staff in line with the NICS and Departmental Corporate Learning and Development priorities by providing generic training and specialist external training.

## Off-payroll payments

[Audited information]

The Department had the following 'off-payroll' engagements during the financial year as per the criteria set by the Department of Finance:

<b>Number of engagements at 1 April 2018</b>	<b>2</b>
New engagements during the year	1
Engagements that have come onto the organisation's payroll during the year	-
Engagements that have come to an end during the year	-
Number whose earnings fell below the threshold in 2018-19	(1)
<b>Number of engagements at 31 March 2019</b>	<b>2</b>

## Expenditure on consultancy

[Audited information]

In 2018-19, the Department paid £43,552 (2017-18: £1,000) to external consultants. This amount is included in Professional and consultancy costs disclosed within Notes 5 and 6 to the financial statements.

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

[Audited information]

Core Department and Agencies	2018-19			2017-18
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	<i>Restated</i> Total number of exit packages by cost band
<b>Exit package cost band</b>				
below £10,000	-	2	2	2
£10,000 - £25,000	-	-	-	1
£25,000 - £50,000	-	5	5	1
£50,000 - £100,000	-	-	-	1
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
over £200,000	-	-	-	-
<b>Total number of exit packages</b>	-	<b>7</b>	<b>7</b>	<b>5</b>
<b>Total resource cost £</b>	-	<b>£198,763</b>	<b>£198,763</b>	<b>£114,089</b>

Redundancy and other departure costs have been paid in accordance with the provisions of the *Civil Service Compensation Scheme (Northern Ireland)*, a statutory scheme made under the *Superannuation (Northern Ireland) Order 1972*. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

**ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT****ASSEMBLY ACCOUNTABILITY****Statement of Assembly Supply (SOAS)**

*[The SOAS and related notes are subject to audit]*

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the *Government Financial Reporting Manual (FReM)* requires the Department to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show Resource Outturn against the Supply Estimate presented to the Assembly, in respect of each Request for Resources.

**Summary of Resource Outturn 2018-19**

		Estimate			Outturn			2018-19 £000	2017-18 £000
								Net Total Outturn compared with Estimate: saving/ (excess)	Net Total Outturn
Note		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total		Net Total
Request for Resources A	SOAS 1	1,425,892	(50,241)	1,375,651	1,320,811	(50,174)	1,270,637	105,014	1,195,076
<b>Total Resources</b>	SOAS 2	<b>1,425,892</b>	<b>(50,241)</b>	<b>1,375,651</b>	<b>1,320,811</b>	<b>(50,174)</b>	<b>1,270,637</b>	<b>105,014</b>	<b>1,195,076</b>
<b>Non-operating cost Accruing Resources</b>				<b>1,527</b>			<b>1,527</b>	-	-

**Net Cash Requirement 2018-19**

		Estimate		Outturn	2018-19 £000	2017-18 £000
					Net Total Outturn compared with Estimate: saving/(excess)	Outturn
Note		Estimate	Outturn			
Net Cash Requirement	SOAS 3	1,324,772	1,276,482	48,290	1,223,232	

**Summary of income payable to the Consolidated Fund**

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

		2018-19 £000		2018-19 £000	
		Forecast Receipts		Outturn Receipts	
Note	Income	Forecast Receipts	Income	Outturn Receipts	
Total	SOAS 4	8,000	<i>8,000</i>	5,935	<i>5,684</i>

Explanations of variances between Estimate and Outturn are given in SOAS 1.

The notes on pages 73 to 123 form part of these Accounts.

## SOAS 1 Analysis of Net Resource Outturn by function

	Outturn						2018-19 £000		2017-18 £000	
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net Total	Net Total compared with Estimate	Estimate	Prior- year Outturn
<b>Departmental Expenditure Limit (DEL):</b>										
Forensic Science Northern Ireland	-	13,604	-	13,604	(9,918)	3,686	3,364	(322)	-	2,923
Access to Justice Directorate	6,787	4,549	7	11,343	(1,450)	9,893	13,285	3,392	3,392	8,836
Compensation Services	-	2,362	-	2,362	(91)	2,271	6,228	3,957	3,957	2,012
Safer Communities Directorate Northern Ireland	7,837	9,720	6,527	24,084	(1,850)	22,234	28,965	6,731	6,409	21,851
Prison Service	11,236	97,045	2,173	110,454	(4,050)	106,404	111,982	5,578	5,578	104,056
Youth Justice Agency	-	15,290	-	15,290	(106)	15,184	15,882	698	698	14,620
Northern Ireland Courts and Tribunals Service	5,607	64,802	-	70,409	(30,077)	40,332	41,189	857	857	39,639
Legal Services Agency Northern Ireland	-	6,889	21	6,910	(2,632)	4,278	6,745	2,467	2,467	4,761
<b>Annually Managed Expenditure (AME):</b>										
Northern Ireland Prison Service	-	3,993	-	3,993	-	3,993	10,266	6,273	6,273	942
Youth Justice Agency	-	(865)	-	(865)	-	(865)	(857)	8	8	(2,934)
Access to Justice Directorate	-	(683)	-	(683)	-	(683)	245	928	928	1,056
Compensation Services	-	11,341	-	11,341	-	11,341	32,100	20,759	20,759	9,023
Northern Ireland Courts and Tribunals Service	-	1,384	-	1,384	-	1,384	17,464	16,080	16,080	(225)
Legal Services Agency Northern Ireland	-	85,442	-	85,442	-	85,442	102,545	17,103	17,021	68,970
Forensic Science Northern Ireland	-	102	-	102	-	102	20	(82)	-	(128)
Safer Communities Directorate	-	45	-	45	-	45	50	5	5	225
<b>Non Budget:</b>										
Police Service of Northern Ireland	-	-	750,794	750,794	-	750,794	761,335	10,541	10,541	724,404
Police Pensions	-	-	165,706	165,706	-	165,706	170,524	4,818	4,818	147,796
Office of the Police Ombudsman for Northern Ireland	-	-	8,989	8,989	-	8,989	9,327	338	338	8,859
Northern Ireland Policing Board	-	-	5,648	5,648	-	5,648	5,648	-	-	4,959
Probation Board for Northern Ireland	-	-	18,727	18,727	-	18,727	20,284	1,557	1,557	18,051

The notes on pages 73 to 123 form part of these Accounts.

## SOAS 1 Analysis of Net Resource Outturn by function (continued)

	Outturn						2018-19 £000		2017-18 £000	
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net Total Total	Net Total Outturn compared with Estimate	Estimate	Prior- year Outturn
Criminal Justice Inspection	-	-	1,024	1,024	-	1,024	1,085	61	61	1,021
Northern Ireland RUC George Cross Foundation	-	-	131	131	-	131	131	-	-	125
Northern Ireland Police Fund	-	-	1,463	1,463	-	1,463	1,463	-	-	1,426
Police Rehabilitation and Retraining Trust	-	-	1,565	1,565	-	1,565	1,665	100	100	1,827
Notional Charges	11,549	-	-	11,549	-	11,549	14,716	3,167	3,167	10,981
<b>Resource Outturn</b>	<b>43,016</b>	<b>315,020</b>	<b>962,775</b>	<b>1,320,811</b>	<b>(50,174)</b>	<b>1,270,637</b>	<b>1,375,651</b>	<b>105,014</b>	<b>105,014</b>	<b>1,195,076</b>

## Explanation of the variation between Estimate and Outturn

The analysis above shows that a saving of £105.0m was made on the Net Total Outturn compared with the Estimate (before virements). This is made up of a number of elements including:

- Departmental Expenditure Limit (DEL) - saving of £23.3m;
- Annually Managed Expenditure (AME) - saving of £61.1m; and
- Non-budget - saving of £20.6m.

The main reasons for these variances are outlined below.

*Spending in Departmental Expenditure Limits*

The most significant element of the variance is the fact that the Department had surplus ringfenced resource DEL (non-cash) funding that cannot be used in other areas.

This is the main reason for the variance in the following areas:

- Access to Justice Directorate;
- Safer Communities Directorate; and
- Northern Ireland Prison Service.

The main reasons for the other variances are:

Compensation Services - a number of compensation cases settled for less than forecast, and other cases were not settled by year end as expected.

Legal Services NI - a budgetary reclassification releasing DEL budget.

The notes on pages 73 to 123 form part of these Accounts.



**SOAS 1 Analysis of Net Resource Outturn by function (continued)*****Spending in Annually Managed Expenditure***

NI Prison Service - the saving was mainly due to underspends in provisions for legal costs which were lower than forecast during 2018-19 plus the impact of the revaluation of land and buildings in the prison estate.

Compensation Services - the saving was mainly due to underspends in provisions, specifically in relation to individually significant cases.

NI Courts and Tribunals Service – the saving was mainly due to underspends in provisions.

Legal Services NI - the saving was mainly due to underspends in provisions, specifically in relation to individually significant cases.

***Spending in Non-Budget***

Police Service of Northern Ireland - the saving mainly relates to the timing of cash drawdowns to service payables at the year end.

Police Pensions - the excess was mainly due to higher than forecast pension payments.

Notional Charges - the savings was due to lower than anticipated notional charges for shared service costs from the Department of Finance.

**SOAS 2 Reconciliation of Net Resource Outturn to Net Expenditure**

				2018-19 £000	2017-18 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS 1	1,270,637	1,375,651	105,014	1,195,076
Non-supply expenditure*	6	8,155	-	(8,155)	8,205
<b>Net Expenditure in SCNE</b>		<b>1,278,792</b>	<b>1,375,651</b>	<b>98,859</b>	<b>1,203,281</b>

\* Non-supply expenditure comprises costs in respect of Judicial Salaries.

The notes on pages 73 to 123 form part of these Accounts.

**SOAS 3 Reconciliation of Net Resource Outturn to Net Cash Requirement**

	Note	Estimate	Outturn	2018-19 £000 Net Total Outturn compared with Estimate: saving/ (excess)
<b>Resource Outturn</b>	SOAS 1	1,375,651	1,270,637	105,014
<b>Capital:</b>				
Acquisition of non-current assets	8, 9	46,410	44,120	2,290
Financial assets	11	-	(18)	18
<b>Non-operating Accruing Resources:</b>				
Net book value of asset disposals	12	(1,527)	(1,527)	-
<b>Accruals to cash adjustments:</b>				
Depreciation, impairments and revaluations	4	(42,270)	(23,585)	(18,685)
New provisions and adjustments to previous provisions	4	(158,763)	(100,109)	(58,654)
Notional charges	5,6	(14,716)	(11,551)	(3,165)
Other non-cash items		-	(1,144)	1,144
Movement in working capital		14,450	(6,739)	21,189
Use of provision	17	105,537	106,390	(853)
Excess cash receipts surrenderable to the Consolidated Fund	SOAS 4	-	8	(8)
<b>Net Cash Requirement</b>		<b>1,324,772</b>	<b>1,276,482</b>	<b>48,290</b>

**SOAS 4 Income payable to the Consolidated Fund****SOAS 4.1 Analysis of income payable to the Consolidated Fund**

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

	Note	Forecast 2018-19 £000		Outturn 2018-19 £000	
		Income	Receipts	Income	Receipts
Operating income and receipts - excess Accruing Resources	SOAS 5	-	-	-	-
Non-operating income and receipts - excess Accruing Resources	SOAS 6	-	-	8	8
		-	-	8	8
Other non-operating income and receipts not classified as Accruing Resources		-	-	79	81
Amounts collected on behalf of the Consolidated Fund	SOAS 4.2	-	-	5,345	5,345
Excess cash surrenderable to the Consolidated Fund		-	-	503	250
<b>Total income payable to the Consolidated Fund</b>		<b>8,000</b>	<b>8,000</b>	<b>5,935</b>	<b>5,684</b>

The notes on pages 73 to 123 form part of these Accounts.

**SOAS 4.2 Consolidated Fund Income**

This note provides details of income collected by the Northern Ireland Courts and Tribunals Service (NICTS) acting as an agent for the Northern Ireland Consolidated Fund (NICF). The related financial information will be separately disclosed in Trust Statements prepared by NICTS in line with an Accounts Direction issued by the Department of Finance. It is expected that the Trust Statements for 2018-19 will be audited and published before the end of 2019.

NICTS accepts payment for fines imposed in the Magistrates and Crown courts for onward transmission to the NICF via the Core Department. Amounts imposed can be cleared either by payment or by means other than payment including committal to prison. NICTS also receives payment for penalties that are imposed externally to the courts including fixed penalties imposed for motoring offences. These penalties are accounted for as NICF income from date of imposition.

Consolidated Fund Income shown in SOAS 4.1 includes amounts collected by the Department in the instances described above, as 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) are outlined below.

The net revenue payable to the consolidated fund consists of the following elements:

*[Unaudited information]*

	<b>2018-19</b> <b>£000</b>	<b>2017-18</b> <b>£000</b> <i>Restated</i>
<b>Revenue</b>		
Fines and penalties	10,954	8,842
Confiscation orders	2,775	1,076
	<b>13,729</b>	<b>9,918</b>
<b>Less</b>		
Expenditure	(2,592)	(1,720)
Disbursements	(2,581)	(3,031)
	<b>(5,173)</b>	<b>(4,751)</b>
<b>Net Revenue for the Consolidated Fund</b>	8,556	5,167
Movement in working capital adjustment	(3,211)	1,129
<b>Amount payable to the Consolidated Fund</b>	<b>5,345</b>	<b>6,296</b>
Balance held on Trust at 1 April	266	647
Payments into the Consolidated Fund	(5,347)	(6,677)
<b>Balance held on Trust at 31 March</b>	<b>264</b>	<b>266</b>

The notes on pages 73 to 123 form part of these Accounts.

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

	Note	2018-19 £000	2017-18 £000
Operating income	7	50,174	47,565
Adjustment for transactions between Requests for Resources		-	-
<b>Gross income</b>		<b>50,174</b>	<b>47,565</b>
Income authorised to be Accruing Resources	SOAS 1	(50,174)	(47,565)
<b>Operating income payable to the Consolidated Fund</b>	SOAS 4.1	<b>-</b>	<b>-</b>

### SOAS 6 Non-operating income - Excess Accruing Resources

	Note	2018-19 £000	2017-18 £000
Proceeds on disposal of property, plant and equipment		8	9
<b>Non-operating income - excess Accruing Resources</b>	SOAS 4.1	<b>8</b>	<b>9</b>

The notes on pages 73 to 123 form part of these Accounts.

## OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES

## Losses and Special Payments

[Audited information]

**Losses statement**

Core Department and Agencies	2018-19		2017-18	
	Number of cases	£000	Number of cases	£000
Cash losses	12	1	5	3
Claims abandoned	-	-	-	-
Administrative write-offs	228	245	168	769
Fruitless payments	3	1	8	1
<b>Total</b>	<b>243</b>	<b>247</b>	<b>181</b>	<b>773</b>

There were no individual losses in either year exceeding £0.250m.

**Special payments**

Core Department and Agencies	2018-19		2017-18 <i>Restated</i>	
	Number of cases	£000	Number of cases	£000
Compensation payments	271	1310	1,933	16,951
Miscarriages of justice	-	-	1	213
Ex gratia	1	1	-	-
<b>Total</b>	<b>272</b>	<b>1,311</b>	<b>1,934</b>	<b>17,164</b>

**Compensation payments**

During 2018-19, final compensation payments were made in 1,304 cases (2017-18: 1,468) by Compensation Services. The total amount of compensation paid in these cases was £13.018m (2017-18: £12.274m).

Included in the litigation provision in Note 17 are special payments made by the Northern Ireland Prison Service. Amounts utilised during the year included 248 compensation payments (2017-18: 396 *restated*) totalling £1.003m (2017-18: £1.359m *restated*). There were no individual payments exceeding £0.250m in 2018-19 (2017-18: None).

During 2018-19, final compensation payments were made in 21 cases (2017-18: 43 cases) by Northern Ireland Courts and Tribunals Service. The total amount of compensation paid in these cases was £0.289m (2017-18: £1.764m). There were no individual payments in excess of £0.250m during 2018-19. In 2018-19, one payment of £0.325m was in relation to a longstanding Official Solicitor's Office fraud case which settled during the year. Another payment of £1.128m was settlement for a case successfully taken by a number of judicial office holders to an Industrial Tribunal under the *Part Time Workers (Prevention of Less Favourable Treatment) Regulations (Northern Ireland) 2000*.

The notes on pages 73 to 123 form part of these Accounts.

## Fees and charges

[Audited information]

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

	2018-19 £000			2017-18 £000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Restated Surplus/ (deficit)
AccessNI	3,658	(2,261)	1,397	3,498	(2,701)	797
NI Courts and Tribunals Service	22,578	(27,828)	(5,250)	22,168	(26,659)	(4,491)
Forensic Science NI	10,622	(13,976)	(3,354)	10,521	(13,038)	(2,517)
<b>Total</b>	<b>36,858</b>	<b>(44,065)</b>	<b>(7,207)</b>	<b>36,187</b>	<b>(42,398)</b>	<b>(6,211)</b>

The above information is provided for fees and charges purposes, and not for IFRS 8 *Operating Segments* purposes.

### AccessNI

AccessNI commenced operations on 1 April 2008, delivering a criminal history disclosure service for Northern Ireland under powers legislated in Part V of the *Police Act 1997*. The AccessNI Business Model requires the organisation to operate on a Full Cost Recovery Basis in compliance with the requirements set out in *Managing Public Money Northern Ireland*. Volunteers are not charged for AccessNI checks.

### Northern Ireland Courts and Tribunals Service

The civil business fee recovery target above is based on expenditure net of exemptions and remissions. Applicants in receipt of certain means-tested benefits are entitled to automatic fee exemption. Figures for 2017-18 has been restated to take into consideration that cost recovery calculation now excludes subsidised fees, as well as exemptions and remissions. Total fee exemptions during 2018-19 amounted to £0.061m (2017-18: £0.072m). Remission of fees is considered on an individual basis and is granted in cases of hardship. Total fees remitted during 2018-19 amounted to £0.005m (2017-18: £0.006m). Fees are partially or fully subsidised for certain types of cases and amounted to £0.471m in 2018-19 (2017-18: £0.430m).

### Forensic Science Northern Ireland (FSNI)

FSNI is working towards the financial aim of full cost recovery and to this end is currently renegotiating contracts with customers on a transactional pricing basis. Whilst there is a deficit of £3.354m (2017-18: £2.517m) on its Statement of Comprehensive Net Expenditure, this is offset by non-cash charges. Funding is provided by the Department to reflect the fact that the current pricing arrangement with customers was agreed prior to the introduction of resource accounting and therefore did not include depreciation.

The notes on pages 73 to 123 form part of these Accounts.

## Remote contingent liabilities

*[Audited information]*

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Department had no significant remote contingent liabilities during 2018-19 that require disclosure. Note 18 provides further details regarding the contingent liabilities that are included within the financial statements.

## ACCOUNTABILITY REPORT



**Peter May**  
Accounting Officer

**27 June 2019**

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

### Opinion on financial statements

I certify that I have audited the financial statements of the Department of Justice for the year ended 31 March 2019 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2019 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2019 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Department of Justice in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

### Other Information

The Accounting Officer is responsible for the other information. The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in the report as having been audited, and my audit certificate and report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



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

### Opinion on other matters

In my opinion:

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

### Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY****Matters on which I report by exception**

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

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

**Report**

I have no observations to make on these financial statements.



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

*3 July 2019*

## FINANCIAL STATEMENTS

### Consolidated Statement of Comprehensive Net Expenditure

For the year ended 31 March 2019

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

		2018-19 £000	2017-18 £000
		<b>Core Department and Agencies</b>	<b>Restated Core Department and Agencies</b>
	<b>Note</b>	<b>Core Department and Agencies</b>	<b>Restated Core Department and Agencies</b>
Revenue from contracts with customers	3	(46,369)	(43,569)
Other operating income	3	(3,805)	(3,996)
<b>Total operating income</b>		<b>(50,174)</b>	<b>(47,565)</b>
Staff costs	3	131,108	125,374
Purchase of goods and services	3	109,518	103,888
Depreciation and impairment charges	3	23,585	22,201
Provisions expense	3	101,117	80,752
Grants	3	962,775	917,710
<b>Total operating expenditure</b>		<b>1,328,103</b>	<b>1,249,925</b>
<b>Net operating expenditure</b>		<b>1,277,929</b>	<b>1,202,360</b>
Finance expense	3	863	921
<b>Net expenditure for the year</b>		<b>1,278,792</b>	<b>1,203,281</b>
<b>Other comprehensive net expenditure</b>			
Items that will not be reclassified to Net operating expenditure:			
- net (gain)/loss on revaluation of property, plant and equipment	8	(25,315)	(28,731)
- net (gain)/loss on revaluation of intangibles	9	(131)	(200)
- actuarial (gain)/loss on pension liability	17	12,159	10,818
<b>Comprehensive net expenditure for the year</b>		<b>1,265,505</b>	<b>1,185,168</b>

The notes on pages 73 to 123 form part of these Accounts.

## Consolidated Statement of Financial Position

As at 31 March 2019

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

		2019 £000	2018 £000
	Note	Core Department and Agencies	<i>Restated</i> Core Department and Agencies
<b>Non-current assets</b>			
Property, plant and equipment	8	549,476	504,529
Intangible assets	9	16,299	15,103
Trade and other receivables	15	1	1
Financial assets	11	6	23
<b>Total non-current assets</b>		<b>565,782</b>	<b>519,656</b>
<b>Current assets</b>			
Assets classified as held for sale	12	60	1,760
Inventories	13	1,396	992
Trade and other receivables	15	15,110	21,915
Financial assets	11	19	17
Cash and cash equivalents	14	3,035	3,828
<b>Total current assets</b>		<b>19,620</b>	<b>28,512</b>
<b>Total assets</b>		<b>585,402</b>	<b>548,168</b>
<b>Current liabilities</b>			
Cash and cash equivalents	14	(7,060)	(12,580)
Trade and other payables	16	(58,380)	(50,694)
Provisions	17	(92,449)	(91,203)
<b>Total current liabilities</b>		<b>(157,889)</b>	<b>(154,477)</b>
<b>Total assets less current liabilities</b>		<b>427,513</b>	<b>393,691</b>
<b>Non-current liabilities</b>			
Provisions	17	(140,603)	(136,315)
Other payables	16	(12,313)	(13,797)
<b>Total non-current liabilities</b>		<b>(152,916)</b>	<b>(150,112)</b>
<b>Total assets less total liabilities</b>		<b>274,597</b>	<b>243,579</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		48,266	33,573
Revaluation reserve		226,331	210,006
<b>Total equity</b>		<b>274,597</b>	<b>243,579</b>

**Peter May**  
Accounting Officer

27 June 2019

The notes on pages 73 to 123 form part of these Accounts.

## Consolidated Statement of Cash Flows

For the year ended 31 March 2019

The Statement shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Department. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to the Department's future public service delivery.

		2018-19 £000	2017-18 £000 <i>Restated</i>
	Note	Core Department and Agencies	Core Department and Agencies
<b>Cash flows from operating activities</b>			
Net expenditure for the year		(1,278,792)	(1,203,281)
Adjustment for non-cash transactions	4	136,382	112,298
(Increase)/decrease in trade and other receivables	15	6,805	(6,683)
<i>Movement in receivables relating to items not passing through the SCNE</i>		(8,350)	4,902
(Increase)/decrease in inventories	13	(404)	181
Increase/(decrease) in trade and other payables	16	6,202	(20,021)
<i>Movement in payables relating to items not passing through the SCNE</i>		(7,766)	27,286
Use of provisions	17	(106,734)	(115,440)
<b>Net cash outflow from operating activities</b>		<b>(1,252,657)</b>	<b>(1,200,758)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(28,587)	(26,069)
Purchase of intangible assets		(3,889)	(3,953)
Proceeds of disposal of property, plant and equipment		8	9
Proceeds of disposal of assets held for sale		1,527	-
Loans to Other Bodies		(1)	-
Repayments from other bodies	11	19	62
<b>Net cash outflow from investing activities</b>		<b>(30,923)</b>	<b>(29,951)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year		1,272,111	1,211,398
From the Consolidated Fund (Supply) - prior year		11,835	(20,399)
From the Consolidated Fund (non-Supply)		8,500	8,790
Capital element of payments in respect of "on-balance sheet" (SoFP) PPP/PFI contracts		(1,395)	(1,305)
<b>Net financing</b>		<b>1,291,051</b>	<b>1,198,484</b>
<b>Net (decrease)/increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>7,471</b>	<b>(32,225)</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		5,676	15,442
Payments of amounts due to the Consolidated Fund		(8,420)	(13,056)
<b>Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>4,727</b>	<b>(29,839)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	14	<b>(8,752)</b>	<b>21,087</b>
<b>Cash and cash equivalents at the end of the period</b>	14	<b>(4,025)</b>	<b>(8,752)</b>

The notes on pages 73 to 123 form part of these Accounts.

## Consolidated Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2019

This statement shows the movement in the year on the different reserves held by the Department, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Fund represents the total assets less liabilities of the Department, to the extent that the total is not represented by other reserves and financing items.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
<b>Balance at 31 March 2017</b>		<b>(3,341)</b>	<b>188,778</b>	<b>185,437</b>
Net Assembly Funding - drawn down		1,190,999	-	1,190,999
Net Assembly Funding - deemed		20,399	-	20,399
Consolidated Fund Standing Services		8,790	-	8,790
Supply (payable) adjustment	16	11,835	-	11,835
Excess Accruing Resources	16	(9)	-	(9)
Comprehensive net expenditure for the year		(1,214,099)	28,931	(1,185,168)
Auditor's remuneration	5, 6	315	-	315
Other notionals		10,981	-	10,981
Transfer between reserves		7,703	(7,703)	-
<b>Balance at 31 March 2018</b>		<b>33,573</b>	<b>210,006</b>	<b>243,579</b>
Net Assembly Funding - drawn down		1,283,946	-	1,283,946
Net Assembly Funding - deemed		(11,835)	-	(11,835)
Consolidated Fund Standing Services		8,500	-	8,500
Supply receivable adjustment	15	4,371	-	4,371
Excess Accruing Resources	16	(8)	-	(8)
Comprehensive net expenditure for the year		(1,290,951)	25,446	(1,265,505)
Auditor's remuneration	5, 6	330	-	330
Other notionals	5, 6	11,219	-	11,219
Transfer between reserves		9,121	(9,121)	-
<b>Balance at 31 March 2019</b>		<b>48,266</b>	<b>226,331</b>	<b>274,597</b>

The notes on pages 73 to 123 form part of these Accounts.

## Notes to the Accounts

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2018-19 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department of Justice for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

In addition to the primary statements prepared under IFRS, the *FReM* also requires the Department to prepare one additional primary statement. The *Statement of Assembly Supply* and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

#### 1.1 Accounting convention

These Accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and certain financial assets and liabilities.

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).

#### 1.2 Basis of consolidation

These Accounts comprise a consolidation of the non-agency parts of the Department (the Core Department) and those entities which fall within the Departmental boundary as defined in the *FReM*, interpreted for Northern Ireland. Transactions between entities included in the consolidation are eliminated.

A list of the entities within the Departmental boundary is given at Note 24.

#### 1.3 Property, plant and equipment

Property, plant and equipment comprises land, buildings, vehicles, plant and machinery, information technology and assets under construction.

The Department of Justice occupies a number of properties within the Northern Ireland Executive Estate. These are managed by DoF. The costs of occupancy of such properties are recovered on a notional basis from the Department of Justice by DoF. Terms of occupancy of these buildings are outlined in an agreement known as the 'Memorandum of Terms of Occupancy'.

### **Consolidation of asset categories**

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

- plant and machinery;
- motor vehicles;
- furniture and fittings;
- office equipment;
- security equipment; and
- antiques.

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

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 *Property, Plant and Equipment*, subsequent expenditure on an asset which does not meet the criteria of enhancement or improvement is treated as revenue.

On initial recognition property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

All property, plant and equipment are carried at fair value. Professional valuations of land and buildings are carried out independently by Land and Property Services (LPS) within the Department of Finance. Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Institute of Revenues Rating and Valuation and the Incorporated Society of Valuers and Auctioneers. Land and buildings are restated to current value using professional valuations, in accordance with IAS 16, every five years and in the intervening years by the use of indices provided by LPS, specific to the Northern Ireland property sector.

In addition, a number of properties owned by the Department have been valued by LPS for the purposes of these Accounts. Properties regarded as operational are valued on the basis of existing use, unless there is no market for the property or they are deemed to be specialised, in which case they are valued on a depreciated replacement cost basis.

NIPS has considered the impact of analysing property, plant and equipment assets into identifiable components with different useful lives and accounting for them separately. NIPS has componentised new buildings and significant enhancements to existing buildings and added them to the property, plant and equipment register from 1 April 2010 analysed between building structure, engineering systems, equipment and security installations and external works.

FSNI has depreciated separately identified components of its buildings assets according to the useful life of that component, with individual lives applied to each component.

Antiques held by NICTS are included in the furniture and fittings classification and are professionally valued every five years. The valuation was carried out at 31 March 2019 by John Ross & Co.

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



## 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.

All intangible assets are carried at fair value. Software licences are revalued annually using appropriate indices provided by the Office for National Statistics (ONS).

## 1.6 Depreciation and amortisation

All property, plant and equipment and intangible assets are depreciated/amortised 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 when the asset is brought into use.

Estimated useful lives, which are reviewed regularly, are:

Asset category	Useful Life
Land	No depreciation
Buildings (including temporary buildings)	10 - 80 years
Vehicles, plant and machinery	2 - 40 years
Information technology	1 - 16 years
Assets under construction	No depreciation
Intangible assets (software and licences)	1 - 15 years

## 1.7 Realised element of depreciation from Revaluation Reserve

Depreciation is charged to expenditure on the revalued amount of property, plant and equipment. An element of depreciation therefore arises due to the increase in valuation and is in excess of the depreciation 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 Assets classified as held for sale

Assets are classified as held for sale if their carrying amount will be recovered through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and it should be expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation is not charged once an asset has been classified as held for sale.

## 1.9 Inventories

Inventories shown on the Statement of Financial Position relate to essential inventories held by the Northern Ireland Prison Service and Forensic Science Northern Ireland. These are valued at the lower of cost or net realisable value. Inventories which are deemed consumable are written off in the year of purchase.

In addition, Forensic Science Northern Ireland holds exhibits on behalf of a third-party but the exhibits are not included in the financial statements of either the Agency or the Department.

Assets seized by the Enforcement of Judgments Office (within Northern Ireland Courts and Tribunals Service) are not included in inventories on the basis that they are not owned by the Department, but are held for resale in settlement of third-party creditors. Third-party assets held by the Enforcement of Judgments Office at the year end are disclosed in Note 23.

## 1.10 Value Added Tax (VAT)

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

## 1.11 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 Statement of Comprehensive Net Expenditure on a straight-line basis over the period of the lease.

### **Finance leases**

Leases of property, plant and equipment where the Department holds substantially all the risks and rewards of ownership are classified as finance leases.

Finance lease assets are capitalised at the commencement of the lease term at the lower of the present value of the minimum lease payments or the fair value of the leased asset. The corresponding lease commitment is included in the Statement of Financial Position as a finance lease obligation. Depreciation on capitalised leased assets is charged in line with the depreciation policy for similar assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding obligation so as to achieve a constant rate of interest on the remaining balance of the liabilities.

## 1.12 Public Private Partnership (PPP)/Public Finance Initiatives (PFI) transactions

Where the balance of control of the PPP/PFI scheme is borne by the Department, the scheme is recognised as a non-current asset and the liability to pay for it is accounted for as a finance lease, in accordance with IFRIC 12 *Service Concession Arrangements*. Contract payments are apportioned between an imputed finance lease charge and a service charge. The services received under the contract are recorded as operating expenses. Further details of current ongoing agreements are shown in Note 20 to the Accounts.

## 1.13 Provisions

Provision is made for legal or constructive obligations, which are of uncertain timing or amount at the reporting date, on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the general provision discount rates as set out by HM Treasury which varies by the term of the liability, as shown in the table below:

Rate	Term	Nominal Rate
Short-term	Up to 5 years	0.76%
Medium-term	5 to 10 years	1.14%
Long-term	Over 10 years	1.99%

### 1.14 Contingent liabilities

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses as contingent liabilities, potential future obligations arising from past obligating events where the existence of such obligations remain uncertain pending the outcome of future events outside the Department's control, unless their likelihood is considered to be remote.

In addition, the Department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*.

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

### 1.15 Third-party assets

Third-party assets are assets for which the Department acts as custodian or trustee, but in which neither the Department nor Government more generally has a direct beneficial interest. Third-party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of the Departments third-party assets are provided in Note 23.

### 1.16 Administration and programme analysis

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs under the administrative cost control regime set by the Department of Finance. Broadly, administration expenditure reflects the costs of running the Department while programme costs relate directly to service delivery activities.

For the purposes of these financial statements, income and expenditure relating to Forensic Science Northern Ireland, Legal Services Agency Northern Ireland and Youth Justice Agency is regarded as programme whilst Northern Ireland Prison Service and Northern Ireland Courts and Tribunals Service are regarded as both administrative and programme.

### 1.17 Income recognition

The Department recognises income as follows:

#### Financing

The Department is primarily resourced by funds approved by the Assembly through the annual Supply process. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund. In addition, the Department is financed by non-supply funding from the Northern Ireland Consolidated Fund in respect of the costs relating to Judicial Salaries.

**Revenue from contracts with customers**

Revenue is recognised at an amount that reflects the consideration to which the Department is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Department: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

***Fees, levies and charges***

This principally comprises fees and charges for services provided on a full cost basis to external customers as well as public repayment work. Further details are contained in Note 2 Statement of Operating Expenditure by Operating Segment.

Revenue from fees, levies and charges is recognised over time as the services are rendered based on either a fixed price or an agreed rate.

***Sale of goods and services***

Revenue from the sale of goods is recognised either:

- at the point in time when the customer obtains control of the goods, which is generally at the time of delivery; or
- over time as the services are rendered based on either a fixed price or an agreed rate.

**Other operating income**

Other operating income is income which relates directly to the operating activities of the Department. It includes both income classified as Accruing Resources and income due to the Consolidated Fund, which in accordance with the *FReM*, is treated as operating income.

***Rental income***

Rent revenue from properties is recognised on a straight-line basis over the lease term.

***Other income***

Other revenue is recognised when it is received or when the right to receive payment is established.

**Consolidated Fund Extra Receipts (CFERs)**

CFERs which do not fall to be treated as operating income are payable directly to the Consolidated Fund. These amounts comprise sundry receipts which have not been incorporated into the Estimate due to their irregular nature and/or uncertainty of receipt. Fines income received by Northern Ireland Courts and Tribunals Service is not treated as Accruing Resources for the purposes of these Accounts. All fine income is payable to the Northern Ireland Consolidated Fund via the Department as consolidated fund extra receipts. Further details are contained in SOAS 4.2.

### 1.18 Staff costs

Under IAS 19 *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 reporting date. The cost of untaken leave has been determined from a sample of staff leave records.

### 1.19 Pension costs

Past and present employees of the Department are covered by the provisions of the NICS pension arrangements, which are defined benefit schemes. The defined benefit schemes are unfunded. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the NICS pension arrangements. In respect of defined contribution schemes, the Department recognises the contributions payable for the year.

The Department is responsible for the Broadly By Analogy (BBA) pension schemes of public appointments within its Departmental boundary and also entities for which it retains lead policy responsibility. A BBA pension arrangement entitles the recipient to benefits similar to the classic schemes in the NICS pension arrangements. The Department and members are obliged to make contributions in line with the NICS pension scheme. Provision has been made for the future cost of benefits under these schemes.

Further details regarding the above schemes are contained in the Staff Report and Note 17 to the Accounts.

### 1.20 Early departure costs

The Department and its agencies are required to meet the additional cost of benefits beyond the normal NICS pension arrangements and NILGOSC benefits in respect of employees who retire early by paying the required amounts annually to the NICS pension arrangements and NILGOSC over the period between early departure and normal retirement age, and in some cases for the lifetime of the retired staff member and his/her spouse. The Department and its agencies provide for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

### 1.21 Grants payable and paid

The Department recognises grants due to its executive Non-Departmental Public Bodies in the period in which they are paid.

The Department also makes a number of grants to a variety of public sector, private sector and voluntary bodies. These grants are recognised at the point in which an authorised request is received from the recipient body, in accordance with the relevant financial memoranda.

### 1.22 Notional charges

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

### 1.23 Segmental reporting

Under the requirements of IFRS 8 *Operating Segments*, the Department must disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business in which it engages and the economic environment in which it operates. 'Total Assets' are only required to be disclosed in reporting segments where total assets for segments are regularly reported to the Chief Operating Decision Maker. As total assets for segments are not regularly reported to the Chief Operating Decision Maker the Department has adopted this option. This does not have a material impact on the Department's financial statements. Full details of the reporting segments are contained within Note 2.

### 1.24 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 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 measure at fair value, with changes in value recognised in the income statement 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 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 initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective method less provisions for doubtful receivables. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

#### ***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.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents are as defined above net of outstanding bank overdrafts.

***Impairment of financial assets***

The Department recognises a loss allowance for expected credit losses on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Department always recognises lifetime expected credit losses for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate.

**Financial liabilities*****Trade and other payables***

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest method.

***Loans and other borrowings***

Loans and other borrowings are initially recognised at fair value plus directly attributable transactions 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.

## 1.25 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. The Department continually evaluates its 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 legal aid***

The Legal Services Agency Northern Ireland (LSANI) continually evaluates its estimates, assumptions and judgements for the calculation of legal aid provisions based on available information and experience.

There are a number of key assumptions applied in the calculation of the provisions which are detailed below:

- lifecycle of certificates - an analysis of the reports authorised for payment, aged to the certificate granted date to determine a lifecycle per certificate within each business area of the LSANI;
- average costs - based on an analysis of historical payment values and volumes a series of average costs within defined bands are calculated by category within each business area. This series of averages is then applied to the certificate volume to be provided in line with the latest historical payment profile; and
- no bills adjustments - this specifically relates to Civil legal aid certificates and cases that are concluded with a Direct Authority designation. These are cases where the legally aided party wins the case and their legal costs are met by the non-legally aided party and not by the legal aid fund. An analysis of historical data determines a percentage reduction covering the expected incidence of Direct Authority cases which is then incorporated in the provisions calculations.

### ***(ii) - Provisions for compensation payments made by Compensation Services***

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.

### ***(iii) - Pension and other post-retirement benefits***

The Department accounts for pension and other post-retirement benefits in accordance with IAS 19. In determining the pension cost and the defined benefit obligation of the pension schemes a number of assumptions are used which include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates.

### ***(iv) - Depreciation of property, plant and equipment and amortisation of intangible assets***

Depreciation and amortisation is provided in the consolidated accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.6.

Other than as noted above, no material accounting estimates or judgements were made by the Department in preparing these accounts.



### 1.26 Accounting standards, amendments, interpretations or other updates that were issued and effective for the 2018-19 financial year

<b>Standard</b>	IFRS 9 <i>Financial Instruments</i>
<b>Effective date</b>	1 January 2018 (EU endorsed 22 November 2016)
<b>FReM application</b>	2018-19
<b>Description of revision</b>	IFRS 9 includes several improvements, and introduces greater disclosure requirements, to the previous IAS 39 which includes: <ul style="list-style-type: none"> <li>• a single approach to classification and measurement</li> <li>• a new forward-looking 'expected loss' impairment model; and</li> <li>• a revised approach to hedge accounting.</li> </ul>
<b>Comments</b>	IFRS 9 will affect all public-sector bodies that have any financial Instruments (including trade receivables, lease receivables, loan commitments and contract assets).

<b>Standard</b>	IFRS 15 <i>Revenue from Contracts with Customers</i>
<b>Effective date</b>	1 January 2018 (EU endorsed 31 October 2017)
<b>FReM application</b>	2018-19
<b>Description of revision</b>	IFRS 15 introduces a new five stage model for assessing and recognising revenue from contracts with customers. It also introduces substantially greater disclosure requirements to address the shortcomings of the previous Standards (IAS 1 and IAS 18).
<b>Comments</b>	IFRS 15 will affect all public-sector bodies.

#### Review of Financial Process:

<b>Standard</b>	<b>Comments</b>
IFRS 10 - <i>Consolidated Financial Statements</i> IFRS 11 - <i>Joint Arrangements</i> IFRS 12 - <i>Disclosure of Interests in Other Entities</i>	<p>The International Accounting Standards Board (IASB) issued new and amended Standards (IFRS 10, IFRS 11 and IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These Standards were effective with EU adoption from 1 January 2014.</p> <p>Accounting boundaries for IFRS purposes are currently adapted in the <i>FReM</i> so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by HM Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may have changed as a result of the new Standards.</p>

### 1.27 Accounting standards, interpretations and amendments to published Standards not yet effective

The Department has considered those new Standards, interpretations and amendments to existing Standards which have been published and are mandatory for the Department's accounting periods beginning on or after 1 April 2019 or later periods, but which the Department has not adopted early. Other than as outlined below, the Department considers that these Standards are not relevant or material to its operations.

<b>Standard</b>	IFRS 16 <i>Leases</i> (replaces IAS 17 <i>Leases and related interpretations</i> )
<b>Effective date</b>	January 2019 (EU endorsed 31 October 2017)
<b>FReM application</b>	2020-21
<b>Description of revision</b>	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted for those entities applying IFRS 15.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases, unless they qualify for low value or short-term exemptions. In addition, there are updated disclosure requirements.</p> <p>The lessor accounting model is generally unchanged from IAS 17 but entities should be aware of the introduction and impacts of IFRS 9 <i>Financial Instruments</i>, enhanced disclosure requirements and that a sub-lessor now determines whether a lease is finance or operating based on the right of use asset it subleases.</p>
<b>Comments</b>	IFRS 16 <i>Leases</i> replaces IAS 17 <i>Leases</i> and is effective with EU adoption from 1 January 2019. In line with the requirements of the <i>FReM</i> , IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2020.

### 1.28 Financial reporting - future developments

The Department has considered the accounting initiatives identified by HM Treasury for which the Standards are under development and considers that these changes are not relevant or material to its operations.

## 1.29 Prior year restatements

(i) - the Statement of Financial Position has been restated for figures disclosed as Cash and cash equivalents as outlined below.

	2017-18 Published Accounts	Reclassifi- cation	2017-18 Restated
	£000	£000	£000
Current assets	3,775	53	3,828
Current liabilities	(12,527)	(53)	(12,580)
	<b>(8,752)</b>	<b>-</b>	<b>(8,752)</b>

This represents a reclassification from current liabilities to current assets in order to correctly disclose a bank balance which had previously been netted off against an overdrawn balance. There is no change in the overall total of Cash and cash equivalents at 31 March 2018 disclosed in Note 14.

(ii) - the Statement of Cash Flows has been restated for figures disclosed as capital accruals:

	2017-18 Published Accounts	Reclassifi- cation	2017-18 Restated
	£000	£000	£000
<b>Cash flows from operating activities</b>			
Movement in payables relating to items not passing through the SCNE	28,325	(1,039)	27,286
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(27,108)	1,039	(26,069)

This reflects a reclassification of accruals for the purchase of property, plant and equipment at 31 March 2018 which had previously not been separately identified.

(iii) - following the introduction of IFRS 15 *Revenue from contracts with customers* the Department reviewed the reclassification of its Income and restated the 2017-18 financial information as follows:

	2017-18 Published Accounts	IFRS 15 adjustment	2017-18 Restated
	£000	£000	£000
Revenue from contracts with customers	(2,640)	(40,929)	(43,569)
Other operating income	(44,925)	40,929	(3,996)
	<b>(47,565)</b>	<b>-</b>	<b>(47,565)</b>

Note 7 provides further detailed analysis of Income.

## 2. Statement of Operating Expenditure by Operating Segment

The following operating segments are reported to the Departmental Board and Strategic Resources Committee for financial management purposes:

- Safer Communities Directorate;
- Access to Justice Directorate;
- Reducing Offending Directorate; and
- Justice Delivery Directorate.

The segmental analysis below includes an elimination of £1.094m (2017-18: £0.901m (*restated*)) in respect of intra-departmental income and £2.008m (2017-18: £1.875m (*restated*)) in respect of intra-departmental expenditure transactions occurring between bodies within the Departmental boundary for accounts purposes.

					2018-19 £000
	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	Core Department and Agencies
Gross expenditure	985,909	181,616	127,811	33,630	1,328,966
Income	(10,318)	(32,708)	(2,706)	(4,442)	(50,174)
<b>Net expenditure</b>	<b>975,591</b>	<b>148,908</b>	<b>125,105</b>	<b>29,188</b>	<b>1,278,792</b>

					2017-18 £000
	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	Core Department and Agencies
Gross expenditure	939,194	161,003	119,720	30,929	1,250,846
Income	(10,382)	(30,382)	(2,520)	(4,281)	(47,565)
<b>Net expenditure</b>	<b>928,812</b>	<b>130,621</b>	<b>117,200</b>	<b>26,648</b>	<b>1,203,281</b>

## 2. Statement of Operating Expenditure by Operating Segment (continued)

### Description of segments

(i) - **Safer Communities Directorate** is responsible for the lead interface with PSNI and for work on Community Safety.

Financial information relating to the following agency and NDPBs is reported within this segment:

- Forensic Science Northern Ireland;
- Northern Ireland Police Fund;
- Northern Ireland Policing Board;
- Office of the Police Ombudsman for Northern Ireland;
- Police Rehabilitation and Retraining Trust;
- Police Service of Northern Ireland;
- Probation Board for Northern Ireland; and
- RUC George Cross Foundation.

(ii) - **Access to Justice Directorate** is responsible for criminal justice policy and legislation, and improving access to justice through design of the court and tribunal structures and reform of the legal aid system.

Financial information relating to the following agency and NDPBs is reported within this segment:

- Criminal Justice Inspection Northern Ireland;
- Northern Ireland Courts and Tribunals Service; and
- Legal Services Agency Northern Ireland.

(iii) - **Reducing Offending Directorate** is responsible for the oversight of the Prison Service, responsible for the management of offenders in custody and the reform and operation of prisons across Northern Ireland, and the Youth Justice Agency. It also leads the development of Reducing Offending policy in the Department.

Financial information relating to the following agencies is reported within this segment:

- Northern Ireland Prison Service; and
- Youth Justice Agency.

(iv) - **Justice Delivery Directorate** provides Finance, HR, IT and other central services to the Department. Financial information relating to AccessNI and Compensation Services for victims of crime is included in this segment.

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

	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	2018-19 £000 Core Department and Agencies
Total net expenditure reported for Operating Segments	975,591	148,908	125,105	29,188	1,278,792
Reconciling items	-	-	-	-	-
<b>Total net expenditure per Statement of Comprehensive Net Expenditure</b>	<b>975,591</b>	<b>148,908</b>	<b>125,105</b>	<b>29,188</b>	<b>1,278,792</b>

	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	2017-18 £000 Core Department and Agencies
Total net expenditure reported for Operating Segments	928,812	130,621	117,200	26,648	1,203,281
Reconciling items	-	-	-	-	-
<b>Total net expenditure per Statement of Comprehensive Net Expenditure</b>	<b>928,812</b>	<b>130,621</b>	<b>117,200</b>	<b>26,648</b>	<b>1,203,281</b>

## 2.2 Reconciliation between Operating Segments and Consolidated Statement of Financial Position

'Total Assets' are only required to be disclosed in reporting segments where total assets for segments are regularly reported to the Chief Operating Decision Maker. As total assets for segments are not regularly reported to the Chief Operating Decision Maker, the Department has adopted this option. This does not have a material impact on the Department's financial statements.

## 3. Summary of operating income and expenditure

		2018-19 £000		
		Core Department and Agencies		
	Note	Administration	Programme	and Agencies
Revenue from contracts with customers	7	(350)	(46,019)	(46,369)
Other operating income	7	(455)	(3,350)	(3,805)
<b>Total operating income</b>		<b>(805)</b>	<b>(49,369)</b>	<b>(50,174)</b>
Staff costs	5, 6	22,880	108,228	131,108
Purchase of goods and services	5, 6	16,274	93,244	109,518
Depreciation and impairment charges	5, 6	1,516	22,069	23,585
Provisions expense	6	-	101,117	101,117
Grants	6	-	962,775	962,775
<b>Total operating expenditure</b>		<b>40,670</b>	<b>1,287,433</b>	<b>1,328,103</b>
<b>Net operating expenditure</b>		<b>39,865</b>	<b>1,236,064</b>	<b>1,277,929</b>
Finance expense	5, 6	-	863	863
<b>Net expenditure for the year</b>		<b>39,865</b>	<b>1,238,927</b>	<b>1,278,792</b>

		2017-18 £000		
		Core Department and Agencies		
	Note	Administration	Programme	and Agencies
Revenue from contracts with customers	7	(274)	(43,295)	(43,569)
Other operating income	7	(460)	(3,536)	(3,996)
<b>Total operating income</b>		<b>(734)</b>	<b>(46,831)</b>	<b>(47,565)</b>
Staff costs	5, 6	22,616	102,758	125,374
Purchase of goods and services	5, 6	14,967	88,921	103,888
Depreciation and impairment charges	5, 6	1,338	20,863	22,201
Provisions expense	6	-	80,752	80,752
Grants	6	-	917,710	917,710
<b>Total operating expenditure</b>		<b>38,921</b>	<b>1,211,004</b>	<b>1,249,925</b>
<b>Net operating expenditure</b>		<b>38,187</b>	<b>1,164,173</b>	<b>1,202,360</b>
Finance expense	5, 6	(1)	922	921
<b>Net expenditure for the year</b>		<b>38,186</b>	<b>1,165,095</b>	<b>1,203,281</b>

## 4. Non-cash costs

				2018-19 £000
	Note	Administration	Programme	Core Department and Agencies
Pension provision and employer service cost	6	-	(1,008)	(1,008)
Purchase of goods and services	5, 6	9,205	3,486	12,691
Depreciation and impairment charges	5, 6	1,516	22,069	23,585
Provisions expense	6	-	101,117	101,117
Finance expense	5, 6	-	(3)	(3)
<b>Total</b>		<b>10,721</b>	<b>125,661</b>	<b>136,382</b>

				2017-18 £000
	Note	Administration	Programme	Core Department and Agencies
Pension provision and employer service cost	6	-	(2,968)	(2,968)
Purchase of goods and services	5, 6	8,733	3,590	12,323
Depreciation and impairment charges	5, 6	1,338	20,863	22,201
Provisions expense	6	-	80,752	80,752
Finance expense	5, 6	-	(10)	(10)
<b>Total</b>		<b>10,071</b>	<b>102,227</b>	<b>112,298</b>



## 5. Other administration expenditure

		2018-19 £000	2017-18 £000 <i>Restated</i>
	Note	Core Department and Agencies	Core Department and Agencies
<b>Staff costs*</b>			
Wages and salaries		17,206	17,085
Social security costs		1,766	1,733
Other pension costs		3,908	3,798
		<b>22,880</b>	<b>22,616</b>
<b>Purchase of goods and services</b>			
Staff related costs		777	647
Rentals under operating leases		174	172
Accommodation costs, maintenance and utilities		403	581
IT, communications and office services		1,246	1,247
Contracted out and managed services		3,439	2,884
Professional and consultancy costs		884	629
Other		146	74
		<b>7,069</b>	<b>6,234</b>
<b>Non-cash items:</b>			
Loss on disposal of non-current assets	8, 9	2	-
Auditor's remuneration and expenses		212	201
Notional charges		8,991	8,532
		<b>9,205</b>	<b>8,733</b>
		<b>16,274</b>	<b>14,967</b>
<b>Depreciation and impairment charges</b>			
Depreciation	8	763	767
Amortisation	9	753	607
Revaluation released to SCNE	8, 9	-	(36)
		<b>1,516</b>	<b>1,338</b>
<b>Finance expense</b>		<b>-</b>	<b>(1)</b>
<b>Total administration expenditure</b>		<b>40,670</b>	<b>38,920</b>

\* Further analysis of Staff costs is located in the Staff Report within the Accountability Report.

## 6. Programme expenditure

		2018-19 £000	2017-18 £000
	Note	Core Department and Agencies	Core Department and Agencies
<b>Staff costs*</b>			
Wages and salaries		84,299	81,489
Social security costs		8,165	8,052
Other pension costs		16,772	16,185
Pension provision		(1,008)	(2,968)
		<b>108,228</b>	<b>102,758</b>
<b>Purchase of goods and services</b>			
Staff related costs		2,225	2,296
Rentals under operating leases		1,429	1,320
Accommodation costs, maintenance and utilities		16,458	17,203
IT, communications and office services		6,342	5,344
Contracted out and managed services		9,600	8,791
PFI service charges		3,015	2,953
Professional and consultancy costs		6,352	4,900
Consumables, materials and equipment costs		2,820	2,712
Commissions and Tribunals costs		10,970	7,983
Client and other programme operating costs		15,083	14,355
Judicial costs		7,014	6,866
Judicial costs - Consolidated Fund		8,155	8,205
Other		295	2,403
		<b>89,758</b>	<b>85,331</b>
<b>Non-cash items:</b>			
Loss on disposal of non-current assets	8, 9	2	209
Auditor's remuneration and expenses		118	114
Notional charges		2,228	2,449
(Decrease)/increase in impairment of trade receivables		1,138	818
		<b>3,486</b>	<b>3,590</b>
		<b>93,244</b>	<b>88,921</b>
<b>Depreciation and impairment charges</b>			
Depreciation	8	20,376	18,902
Amortisation	9	2,005	2,779
Revaluation released to SCNE	8, 9	(312)	(818)
		<b>22,069</b>	<b>20,863</b>
<b>Provisions expense</b>			
Provided in year	17	116,307	107,758
Written back in year	17	(16,332)	(27,948)
Borrowing costs	17	1,142	942
		<b>101,117</b>	<b>80,752</b>
<b>Grants</b>			
Grant-in-aid to NDPBs		954,047	908,468
Other grants		8,728	9,242
		<b>962,775</b>	<b>917,710</b>
<b>Finance expense</b>			
		<b>863</b>	<b>922</b>
<b>Total programme expenditure</b>		<b>1,288,296</b>	<b>1,211,926</b>

\* Further analysis of Staff costs is located in the Staff Report within the Accountability Report.

## 7. Income

	2018-19 £000	2017-18 £000
	Core Department and Agencies	<i>Restated</i> Core Department and Agencies
<b><u>Administration income</u></b>		
<b>Revenue from contracts with customers</b>		
Sales of goods and services	275	243
Fees, levies and charges	75	31
	<b>350</b>	<b>274</b>
<b>Other operating income</b>		
Rental income	123	123
Other non-trading income	8	2
Seconded costs	324	335
	<b>455</b>	<b>460</b>
<b>Administration income</b>	<b>805</b>	<b>734</b>
<b><u>Programme income</u></b>		
<b>Revenue from contracts with customers</b>		
Sales of goods and services	2,602	2,410
Fees, levies and charges	43,417	40,885
	<b>46,019</b>	<b>43,295</b>
<b>Other operating income</b>		
Rental income	579	592
Other non-trading income	2,770	2,944
Grant income	1	-
	<b>3,350</b>	<b>3,536</b>
<b>Programme income</b>	<b>49,369</b>	<b>46,831</b>
<b>Total operating income</b>	<b>50,174</b>	<b>47,565</b>

## 7. Income (continued)

Disaggregation of Revenue from contracts with customers per operating segment is as follows:

	<b>Safer Communities Directorate</b>	<b>Access to Justice Directorate</b>	<b>Reducing Offending Directorate</b>	<b>Justice Delivery Directorate</b>	<b>2018-19 £000 Core Department and Agencies</b>
Sales of goods and services	34	-	2,602	241	2,877
Fees, levies and charges	10,283	29,554	-	3,655	43,492
<b>Revenue from contracts with customers</b>	<b>10,317</b>	<b>29,554</b>	<b>2,602</b>	<b>3,896</b>	<b>46,369</b>

	<b>Safer Communities Directorate</b>	<b>Access to Justice Directorate</b>	<b>Reducing Offending Directorate</b>	<b>Justice Delivery Directorate</b>	<b>2017-18 £000 Core Department and Agencies</b>
Sales of goods and services	35	-	2,410	208	2,653
Fees, levies and charges	10,347	27,074	-	3,495	40,916
<b>Revenue from contracts with customers</b>	<b>10,382</b>	<b>27,074</b>	<b>2,410</b>	<b>3,703</b>	<b>43,569</b>

## 8. Property, plant and equipment

	Land £000	Buildings £000	Vehicles, Plant and Machinery £000	Information Technology £000	Assets Under Construction £000	2018-19 Core Department and Agencies £000
<b>Cost or valuation</b>						
At 1 April 2018	36,041	473,886	37,007	9,619	27,368	583,921
Additions	-	1,678	3,863	1,584	33,145	40,270
Disposals	-	(155)	(723)	(391)	-	(1,269)
Reclassification	-	4,658	(83)	(23)	(4,728)	(176)
Revaluation released to SCNE	137	197	3	-	-	337
Revaluation	5,902	(11,800)	(231)	(14)	-	(6,143)
<b>At 31 March 2019</b>	<b>42,080</b>	<b>468,464</b>	<b>39,836</b>	<b>10,775</b>	<b>55,785</b>	<b>616,940</b>
<b>Depreciation</b>						
At 1 April 2018	-	48,202	23,510	7,680	-	79,392
Charged in year	-	18,158	2,075	906	-	21,139
Disposals	-	(155)	(716)	(387)	-	(1,258)
Reclassification	-	-	(151)	(52)	-	(203)
Revaluation released to SCNE	-	(149)	1	-	-	(148)
Revaluation	-	(30,378)	(1,056)	(24)	-	(31,458)
<b>At 31 March 2019</b>	<b>-</b>	<b>35,678</b>	<b>23,663</b>	<b>8,123</b>	<b>-</b>	<b>67,464</b>
<b>Carrying amount at 31 March 2019</b>	<b>42,080</b>	<b>432,786</b>	<b>16,173</b>	<b>2,652</b>	<b>55,785</b>	<b>549,476</b>
<b>Carrying amount at 31 March 2018</b>	<b>36,041</b>	<b>425,684</b>	<b>13,497</b>	<b>1,939</b>	<b>27,368</b>	<b>504,529</b>
<b>Asset financing:</b>						
Owned	42,080	390,772	16,173	2,652	55,785	507,462
PPP/PFI contracts	-	42,014	-	-	-	42,014
<b>Carrying amount at 31 March 2019</b>	<b>42,080</b>	<b>432,786</b>	<b>16,173</b>	<b>2,652</b>	<b>55,785</b>	<b>549,476</b>
<b>Of the total:</b>						
Core Department	825	6,975	495	151	-	8,446
Agencies	41,255	425,811	15,678	2,501	55,785	541,030
<b>Carrying amount at 31 March 2019</b>	<b>42,080</b>	<b>432,786</b>	<b>16,173</b>	<b>2,652</b>	<b>55,785</b>	<b>549,476</b>

## 8. Property, plant and equipment (continued)

	Land £000	Buildings £000	Vehicles, Plant and Machinery £000	Information Technology £000	Assets Under Construction £000	2017-18 Core Department and Agencies £000
<b>Cost or valuation</b>						
At 1 April 2017	37,739	422,260	57,067	12,199	20,916	550,181
Additions	-	2,012	1,240	226	20,769	24,247
Disposals	-	(112)	(18,095)	(2,960)	(24)	(21,191)
Reclassification	(1,730)	17,712	(3,574)	(4)	(14,293)	(1,889)
Revaluation released to SCNE	(8)	988	(5)	-	-	975
Revaluation	40	31,026	374	158	-	31,598
<b>At 31 March 2018</b>	<b>36,041</b>	<b>473,886</b>	<b>37,007</b>	<b>9,619</b>	<b>27,368</b>	<b>583,921</b>
<b>Depreciation</b>						
At 1 April 2017	-	26,658	41,567	9,484	-	77,709
Charged in year	-	15,892	2,732	1,045	-	19,669
Disposals	-	(2)	(18,016)	(2,955)	-	(20,973)
Reclassification	-	2,884	(2,884)	(1)	-	(1)
Revaluation released to SCNE	-	113	5	3	-	121
Revaluation	-	2,657	106	104	-	2,867
<b>At 31 March 2018</b>	<b>-</b>	<b>48,202</b>	<b>23,510</b>	<b>7,680</b>	<b>-</b>	<b>79,392</b>
<b>Carrying amount at 31 March 2018</b>	<b>36,041</b>	<b>425,684</b>	<b>13,497</b>	<b>1,939</b>	<b>27,368</b>	<b>504,529</b>
<b>Carrying amount at 31 March 2017</b>	<b>37,739</b>	<b>395,602</b>	<b>15,500</b>	<b>2,715</b>	<b>20,916</b>	<b>472,472</b>
<b>Asset financing:</b>						
Owned	36,041	387,966	13,497	1,939	27,368	466,811
PPP/PFI contracts	-	37,718	-	-	-	37,718
<b>Carrying amount at 31 March 2018</b>	<b>36,041</b>	<b>425,684</b>	<b>13,497</b>	<b>1,939</b>	<b>27,368</b>	<b>504,529</b>
<b>Of the total:</b>						
Core Department	825	6,755	614	634	66	8,894
Agencies	35,216	418,929	12,883	1,305	27,302	495,635
<b>Carrying amount at 31 March 2018</b>	<b>36,041</b>	<b>425,684</b>	<b>13,497</b>	<b>1,939</b>	<b>27,368</b>	<b>504,529</b>

## 8. Property, plant and equipment (continued)

### Notes:

- (i) Core Department - land and buildings were externally valued by the Land and Property Services (LPS) at 1 April 2016 in accordance with the RICS Appraisal and Valuation Manual on the basis of existing use value, market value and depreciated replacement cost as appropriate to the individual assets. The next valuation of LPS will be effective from 1 April 2021. Indexation is applied between asset revaluations to update the asset register, taking into account the general market in land and property values and building costs.
- (ii) Forensic Science Northern Ireland - a full valuation of land and buildings was carried out by LPS at 31 December 2018 in accordance with the RICS Appraisal and Valuation Manual. The valuation was on a depreciated replacement cost basis.
- (iii) Northern Ireland Courts and Tribunals Service - land and buildings were valued as at 31 March 2019 by LPS. The valuation was carried out by LPS in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. All Buildings are valued on a depreciated replacement cost basis with the exception of two Courthouses that were revalued at market value, due to their non-operational status, one of which is classified as held for sale (Note 12). Antiques have been included in the Furniture and Fittings classification and are professionally valued every five years. The valuation was carried out at 31 March 2019 by John Ross & Co.
- (iv) Northern Ireland Prison Service - a full valuation of land and buildings was carried out by LPS at 1 April 2016 in accordance with the RICS Appraisal and Valuation Manual and on a componentised basis. The next full valuation of land and buildings will be 1 April 2021.
- (v) Youth Justice Agency - a full valuation of land and buildings was carried out by LPS at 31 March 2019 in accordance with the RICS Appraisal and Valuation Manual. LPS valued the land and building at Juvenile Justice Centre at 31 March 2019 at depreciated replacement cost using Building Cost Information Service indices.
- (vi) Other property, plant and equipment were adjusted to their current value by reference to the appropriate indices compiled by the Office for National Statistics.

## 9. Intangible assets

	Software and Licences £000	Assets Under Construction £000	2018-19 Core Department and Agencies £000
<b>Cost or valuation</b>			
At 1 April 2018	42,851	5,915	48,766
Additions	1,113	2,737	3,850
Disposals	(259)	-	(259)
Reclassification	456	(495)	(39)
Revaluation	246	-	246
<b>At 31 March 2019</b>	<b>44,407</b>	<b>8,157</b>	<b>52,564</b>
<b>Amortisation</b>			
At 1 April 2018	33,663	-	33,663
Charged in year	2,758	-	2,758
Disposals	(258)	-	(258)
Reclassification	(13)	-	(13)
Revaluation	115	-	115
<b>At 31 March 2019</b>	<b>36,265</b>	<b>-</b>	<b>36,265</b>
<b>Carrying amount at 31 March 2019</b>	<b>8,142</b>	<b>8,157</b>	<b>16,299</b>
<b>Carrying amount at 31 March 2018</b>	<b>9,188</b>	<b>5,915</b>	<b>15,103</b>
<b>Asset financing:</b>			
Owned	8,142	8,157	16,299
<b>Carrying amount at 31 March 2019</b>	<b>8,142</b>	<b>8,157</b>	<b>16,299</b>
<b>Of the total:</b>			
Core Department	2,174	-	2,174
Agencies	5,968	8,157	14,125
<b>Carrying amount at 31 March 2019</b>	<b>8,142</b>	<b>8,157</b>	<b>16,299</b>



## 9. Intangible assets (continued)

	Software and Licences £000	Assets Under Construction £000	2017-18 Core Department and Agencies £000
<b>Cost or valuation</b>			
At 1 April 2017	40,380	6,414	46,794
Additions	644	3,269	3,913
Disposals	(2,650)	-	(2,650)
Transfers	-	-	-
Reclassification	3,897	(3,768)	129
Revaluation	580	-	580
<b>At 31 March 2018</b>	<b>42,851</b>	<b>5,915</b>	<b>48,766</b>
<b>Amortisation</b>			
At 1 April 2017	32,546	-	32,546
Charged in year	3,386	-	3,386
Disposals	(2,650)	-	(2,650)
Reclassification	-	-	-
Revaluation released to SCNE	1	-	1
Revaluation	380	-	380
<b>At 31 March 2018</b>	<b>33,663</b>	<b>-</b>	<b>33,663</b>
<b>Carrying amount at 31 March 2018</b>	<b>9,188</b>	<b>5,915</b>	<b>15,103</b>
<b>Carrying amount at 31 March 2017</b>	<b>7,834</b>	<b>6,414</b>	<b>14,248</b>
<b>Asset financing:</b>			
Owned	9,188	5,915	15,103
<b>Carrying amount at 31 March 2018</b>	<b>9,188</b>	<b>5,915</b>	<b>15,103</b>
<b>Of the total:</b>			
Core Department	2,123	-	2,123
Agencies	7,065	5,915	12,980
<b>Carrying amount at 31 March 2018</b>	<b>9,188</b>	<b>5,915</b>	<b>15,103</b>

## 10. Financial instruments

### 10.1 Disclosures

Due to the non-trading nature of its activities and the way in which Government departments are financed, the Department of Justice is not exposed to the degree of financial risk faced by business entities. The Department has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change risks facing the Department in undertaking its activities.

#### ***Classification of financial instruments***

All Departmental financial instruments are measured at amortised cost. The Department's financial assets are classified as loans and receivables and comprise trade and other receivables (Note 15) and cash and cash equivalents (Note 14). The Department's financial liabilities comprise payables excluding tax assets, accruals and deferred income (Note 16). The carrying value of these financial assets and liabilities, as disclosed in the notes to the Accounts, approximates to fair value because of their short maturities. The Department recognises the components of net gain/loss through the Statement of Comprehensive Net Expenditure. Interest on financial instruments is recognised as a finance expense under Programme Costs in Note 6.

#### ***Risk Management***

Financial risks include credit risk, liquidity risk and market risks (interest rate and currency).

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Department is exposed to credit risk in relation to the carrying amounts of the trade receivables carried in the Statement of Financial Position. The size of the risk is reflected in the receivables impairment (Note 15.1).

#### ***Liquidity risk***

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. The Department's net revenue resource requirements are financed by resources voted annually by the Assembly, as is capital expenditure. The Department is therefore not exposed to significant liquidity risks.

#### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Department's financial assets and liabilities carry nil or fixed rates of interest. The Department is therefore not exposed to any interest rate risk.

#### ***Currency risk***

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Department does not have the authority to manage currency risk through hedging.

**Embedded derivatives**

In accordance with IFRS 9 *Financial Instruments*, the Department reviews contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. In relation to the Laganside PFI contract for NICTS, there is a payment mechanism that determines the charge that NICTS will pay from 2009 to 2026 which is based on the UK Retail Price Index (RPI) and UK Gross Domestic Product Index (GDP). The embedded derivative is deemed to be closely related to the host contract as the amounts charged are in relation to the economic environment in which NICTS operates.

**Northern Ireland Prison Service Housing Loans**

In accordance with IFRS 9 balances in respect of Northern Ireland Prison Service (NIPS) Home Loans are stated in the statement of financial position at their amortised cost, being the carrying amount discounted to present value at the effective rate of interest of 3.7%. Further details are disclosed in Note 11. They have not been affected by current credit risk as repayments are deducted directly from payroll and are not considered a significant medium or long-term risk to NIPS.

**10.2 Financial guarantees, indemnities and letters of comfort**

The Department has not entered into any unquantifiable guarantees, indemnities or provided letters of comfort. There are no contingent liabilities within the meaning of IFRS 9 since the likelihood of a transfer of economic benefit in settlement is too remote.

The Department has not entered into any quantifiable guarantees, indemnities or provided letters of comfort that fall to be measured under IFRS 9.

**11. Financial assets**

	2018-19 £000	2017-18 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Balance at 1 April	40	92
Additions	1	-
Repayments	(19)	(62)
Revaluations	3	10
<b>Carrying amount at 31 March</b>	<b>25</b>	<b>40</b>

The figures represent the principal element of the Northern Ireland Prison Service Housing Loans. These are classified as loans and receivables and are included in the Statement of Financial Position with their carrying value being discounted to present value at the effective rate of interest of 3.7%.

Balances for Financial assets are disclosed in the Statement of Financial Position as follows:

	2018-19 £000	2017-18 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Current assets	19	17
Non-current assets	6	23
<b>Balance at 31 March</b>	<b>25</b>	<b>40</b>

**12. Assets classified as held for sale**

	2018-19 £000	2017-18 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Balance at 1 April	1,760	-
Disposals	(1,527)	-
Reclassification from Property, plant and equipment	-	1,760
Impairment	(173)	-
<b>Carrying amount at 31 March</b>	<b>60</b>	<b>1,760</b>

**13. Inventories**

	2018-19 £000	2017-18 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Raw materials and consumables	1,083	821
Fuel	313	171
<b>Total</b>	<b>1,396</b>	<b>992</b>

**14. Cash and cash equivalents**

	2018-19 £000	2017-18 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Balance at 1 April	(8,752)	21,087
Net change in cash and cash equivalent balances	4,727	(29,839)
<b>Balance at 31 March</b>	<b>(4,025)</b>	<b>(8,752)</b>

The following balances at 31 March are held at:

Commercial banks and cash in hand	(4,025)	(8,752)
<b>Balance at 31 March</b>	<b>(4,025)</b>	<b>(8,752)</b>

Balances for Cash and cash equivalents are disclosed in the Statement of Financial Position as follows:

	2018-19 £000	2017-18 £000 <i>Restated</i>
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Current assets	3,035	3,828
Current liabilities	(7,060)	(12,580)
<b>Total</b>	<b>(4,025)</b>	<b>(8,752)</b>

**15. Trade receivables, financial and other assets**

	2018-19 £000	2017-18 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
<b>Amounts falling due within one year:</b>		
Trade receivables	2,380	2,629
Other receivables	1,581	1,241
Prepayments and accrued income	4,883	4,227
VAT recoverable	1,895	1,983
Amounts due from the Consolidated Fund in respect of supply	4,371	11,835
	<b>15,110</b>	<b>21,915</b>
<b>Amounts falling due after more than one year:</b>		
Other receivables	1	1
	<b>1</b>	<b>1</b>
<b>Total</b>	<b>15,111</b>	<b>21,916</b>

Included within 'Other receivables' is £502,505 (2017-18: £251,864) that will be due to the Consolidated Fund once the debts are collected.

**15.1 Impairment**

Trade receivables are stated net of the following impairment:

	2018-19 £000	2017-18 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Balance at 1 April	6,993	6,175
Increase in impairment during the year	1,875	1,743
Impairment written back during the year	(737)	(925)
<b>Balance at 31 March</b>	<b>8,131</b>	<b>6,993</b>

**16. Trade payables, financial and other liabilities**

	2018-19 £000	2017-18 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
<b>Amounts falling due within one year:</b>		
Trade payables	2,104	1,739
Other payables	1,742	2,273
Accruals and deferred income	52,200	41,952
Current part of imputed finance lease element of "on-balance sheet" (SoFP) PPP/PFI contracts	1,485	1,395
Consolidated Fund Extra Receipts to be paid to the Consolidated Fund:		
Received	338	3,074
Receivable	503	252
Excess accruing resources	8	9
	<u>58,380</u>	<u>50,694</u>
<b>Amounts falling due after more than one year:</b>		
Imputed finance lease element of "on-balance sheet" (SoFP) PPP/PFI contracts	12,313	13,797
	<u>12,313</u>	<u>13,797</u>
<b>Total</b>	<u>70,693</u>	<u>64,491</u>

Included within 'Consolidated Fund Extra Receipts to be paid to the Consolidated Fund: Received' is £263,612 (2017-18: £265,480) held on trust on behalf of the Consolidated Fund in respect of fines and other income collected by Northern Ireland Courts and Tribunals Service. See SOAS 4.2 for further details.

## 17. Provisions for liabilities and charges

						2018-19 £000
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Core Department and Agencies
Balance at 1 April	135,666	52,761	25,610	10,784	2,697	<b>227,518</b>
Provided in the year	90,734	2,508	19,091	3,974	-	<b>116,307</b>
Actuarial loss/(gain)	-	12,184	-	-	(25)	<b>12,159</b>
Provisions not required written back	(6,438)	(64)	(7,749)	(2,081)	(1,008)	<b>(17,340)</b>
Provisions utilised in the year	(84,229)	(5,216)	(14,211)	(2,262)	(471)	<b>(106,389)</b>
Provisions settled from Consolidated Fund	-	(345)	-	-	-	<b>(345)</b>
Borrowing costs	-	1,110	-	-	32	<b>1,142</b>
<b>Balance at 31 March</b>	<b>135,733</b>	<b>62,938</b>	<b>22,741</b>	<b>10,415</b>	<b>1,225</b>	<b>233,052</b>
						2017-18 £000 <i>Restated</i>
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Core Department and Agencies
Balance at 1 April	146,056	43,478	32,243	12,989	19,590	<b>254,356</b>
Provided in the year	88,360	1,342	13,568	4,488	10,099	<b>117,857</b>
Actuarial loss/(gain)	-	13,264	-	-	(2,446)	<b>10,818</b>
Provisions not required written back	(19,518)	(600)	(4,545)	(3,285)	(13,067)	<b>(41,015)</b>
Provisions utilised in the year	(79,232)	(5,002)	(15,656)	(3,408)	(11,557)	<b>(114,855)</b>
Provisions settled from Consolidated Fund	-	(585)	-	-	-	<b>(585)</b>
Borrowing costs	-	864	-	-	78	<b>942</b>
<b>Balance at 31 March</b>	<b>135,666</b>	<b>52,761</b>	<b>25,610</b>	<b>10,784</b>	<b>2,697</b>	<b>227,518</b>



**17. Provisions for liabilities and charges (continued)****17.1 Analysis of expected timing of discounted flows**

	Legal Aid	Early Departure Costs	Compensation Payments	Litigation Claims	Pensions	2018-19 £000 Core Department and Agencies
Due within one year	69,931	5,888	12,670	3,915	45	92,449
Due later than one year and not later than five years	57,598	8,303	10,071	6,500	182	82,654
Due later than five years	8,204	48,747	-	-	998	57,949
<b>Balance at 31 March</b>	<b>135,733</b>	<b>62,938</b>	<b>22,741</b>	<b>10,415</b>	<b>1,225</b>	<b>233,052</b>

	Legal Aid	Early Departure Costs	Compensation Payments	Litigation Claims	Pensions	2017-18 £000 <i>Restated</i> Core Department and Agencies
Due within one year	64,944	4,375	12,669	7,737	1,478	91,203
Due later than one year and not later than five years	61,627	9,703	12,941	3,047	177	87,495
Due later than five years	9,095	38,683	-	-	1,042	48,820
<b>Balance at 31 March</b>	<b>135,666</b>	<b>52,761</b>	<b>25,610</b>	<b>10,784</b>	<b>2,697</b>	<b>227,518</b>

**17.2 Legal aid - £135.733m (2017-18: £135.666m)**

The balance in respect of civil legal services and criminal legal aid is based on the estimated provision calculated for existing certificates issued by Legal Services Agency Northern Ireland. This amount does not represent the forecast funding requirements within and after one year, as there will also be the costs of new certificates authorised post 31 March 2019 that would fall due for payment in due course.

The payment of civil legal services and criminal legal aid is determined by when solicitors or counsel submit their final bill after a case has concluded. The timing of each submission is outside the direct control of the LSANI, but every effort is made to encourage legal representatives to submit their bills as expeditiously as possible. The LSANI continues to seek to limit the duration of emergency certificates as far as is practical to minimise the debt which arises if the recipient proves to be financially ineligible for legal aid or fails to co-operate with the assessment process.

**17.3 Early departure costs - £62.938m (2017-18: £52.761m)****(i) NICS and NILGOSC costs - £1.817m (2017-18: £1.955m)**

The Department and its agencies meet the additional costs of benefits beyond the normal NICS pension arrangements and NILGOSC benefits in respect of employees who retire early by paying the required amounts annually to the NICS pension arrangements and NILGOSC over the period between early departure and normal retirement date, and in some cases for the lifetime of the retired staff member and his/her spouse. The Department and its agencies provide for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

**(ii) Northern Ireland Prison Service - injury on duty awards - £52.820m (2017-18: £41.070m)**

From 1 April 2006 all benefits payable under the Civil Service Injury Benefit Scheme (Northern Ireland) relating to the Northern Ireland Prison Service (NIPS) are charged to NIPS by Civil Service Pensions (Northern Ireland) on a monthly basis. The allowance is payable to the former employee for life.

The Northern Ireland Prison Service has provided for the costs payable for the period between the date the allowance was awarded and 70 years of age. Provision is made for the costs of providing injury awards to employees based on the current number of injury awards, and also on estimated life expectancy of these pensioners.

The injury awards were valued under IAS 19 by the Government Actuary's Department. IAS 19 requires the employer to value the expected injury awards for active members, who may become injured in the future, and include the value in the Accounts.

**(iii) Northern Ireland Prison Service - Voluntary Early Retirement (VER) Scheme - £3.105m (2017-18: £5.644m)**

This provision relates to the early retirement payments arising in respect of employees who leave under the VER Scheme. The provision consists of additional pension costs due to the NICS pension arrangements, which the Northern Ireland Prison Service provides for when the VER becomes binding by establishing a provision for the estimated payments. These costs are payable over the period between early departure and normal retirement date for the respective employees. The provision runs through to 2021-22.

**(iv) Judicial Service Awards (JSA) - £5.196m (2017-18: £4.092m)**

Provision has been made for a JSA entitlement for salaried and eligible fee paid judicial office holders who are members of a JPS. The JSA was created to equalise the tax position of judicial pensions affected by the provisions of the *Finance Act 2004*. Following a ruling by the UK Supreme Court on 6 February 2013 that a retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder, a provision has been recognised in the NICTS Accounts in respect of JSA liabilities relating to fee paid judges.

The provision has been estimated by GAD and takes into account the number of reckonable years served and an estimate of the projected final salaries of existing members. The result has then been discounted to present value using the rates set by HM Treasury. The net service award that members receive is the same as the tax paid on the lump sum and is itself an employee benefit that is subject to income tax and national insurance. The liability for the service award is grossed-up for the income tax (at an assumed marginal rate) and additional employer's NI is then payable by NICTS on the service awards. The provision includes estimated amounts due to Judiciary funded by both NICTS and the Consolidated Fund.

In January 2017, an Employment Tribunal ruled that a group of judges had been subject to age discrimination when they were transferred to the new career average Judicial Pension Schemes (JPS

2015 and NIJPS) in April 2015. MoJ subsequently appealed this ruling, but this was rejected, with the Court of Appeal upholding the ruling that the protections afforded to a Judge up to 14 years from normal pension age were unlawful. MoJ has lodged an application seeking leave to appeal to the Supreme Court. A provision has been created in the pension accounts of JPS 2015 and NIJPS. NICTS may be impacted in relation to future JSAs, as any increase in future benefits payable may increase the value of future lump sums and in turn, the value of JSA payable. GAD have provided an estimate of £1.200m in respect of additional JSAs that might be payable as a result of the litigation ruling if it is not successfully appealed.

#### **17.4 Compensation payments - £22.741m (2017-18: £25.610m)**

The Core Department provides for future obligations arising from all claims for compensation held at the reporting date by the Compensation Services. All such claims will either be allowed or denied (including abandoned/withdrawn claims). Estimates are made of the likely ratio of allowances to denials and also estimates of the potential average value of each allowed claim. The total expected future liability is then calculated for each of the compensation schemes operated.

#### **17.5 Provision for litigation claims - £10.415m (2017-18: £10.784m)**

The litigation provision relates to claims against the Department and its agencies by staff, prisoners and third parties for injuries and other damages including fair employment 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.

**17.6 Pensions - £1.225m (2017-18: £2.697m)****(i) Youth Justice Agency (YJA) - NILGOSC pension liability - £Nil (2017-18: £1.434m)**

Prior to 1 April 2015, YJA made employer contributions to the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Scheme, which is a funded scheme of the defined benefit type. However, a policy decision was taken by Corporate HR within DoF to recruit all new entrants to the Agency on Northern Ireland Civil Service terms and conditions. Subsequently it was deemed more appropriate for staff previously contributing to the NILGOSC scheme to transfer to the NICS pension arrangements.

The NILGOSC Scheme closed on 31 March 2015 for YJA employees but the accrued pension benefits of NILGOSC for pensioners and deferred members will remain in NILGOSC.

Current members of YJA staff were given the option to retain their accrued pension benefits up to 31 March 2015 in NILGOSC or transfer to NICS pension arrangements by way of a bulk transfer. Final amounts payable to both NILGOSC and NICS pension schemes were agreed during the year and payments were made to settle all remaining liabilities. This bulk transfer process is now completed and a contingent liability disclosure in Note 18 is no longer required.

	2018-19 £000	2017-18 £000
NILGOSC - cessation payment	-	1,066
NICS pension - shortfall payment	-	368
	<u>-</u>	<u>1,434</u>

**NILGOSC - IAS 19 disclosures**

The NILGOSC Scheme is governed by the Northern Ireland Government Officers' Superannuation Committee. No employee of the Youth Justice Agency sits on this committee. Under the Local Government Pension Scheme Regulations (Northern Ireland), an actuarial valuation of the NILGOSC Scheme must be completed every three years. Following these valuations, the Committee agrees the level of Employer Contributions. As the Youth Justice Agency no longer admits new employees to the NILGOSC Scheme, an individual employer contribution is calculated for the Agency.

Since 2006-07 it has been possible to define the Agency's share of the Fund's assets and liabilities and as a result the following disclosures are provided in line with IAS 19. The latest actuarial valuation of the Scheme was carried out at 31 March 2010. The actuarial valuation of the scheme as at 31 March 2013 was finalised after 31 March 2014. The liability and cost calculations are based on actuarial assumptions as at 31 March 2018.

**(i) Youth Justice Agency - NILGOSC pension liability (continued)**

The market value of assets in the scheme and the expected rate of return were:

	Value at 31/03/19 £000	Value at 31/03/18 £000	Value at 31/03/17 £000
Equities	-	71,234	67,268
Property	-	10,234	9,481
Gilts	-	12,642	10,384
Cash	-	6,221	3,160
Total value of assets	-	100,331	90,293
Defined benefit obligation	-	(101,397)	(92,093)
<b>Defined benefit asset/(liability)</b>	-	<b>(1,066)</b>	<b>(1,800)</b>
Restriction to defined benefit asset due to asset ceiling	-	-	-
Unfunded liabilities	-	-	-
<b>Total defined benefit asset/(liability)</b>	-	<b>(1,066)</b>	<b>(1,800)</b>
Related deferred tax (liability)/asset	No allowance	No allowance	No allowance
<b>Net asset/(liability)</b>	-	<b>(1,066)</b>	<b>(1,800)</b>
<b>Assumptions</b>	<b>2018-19</b> %	<b>2017-18</b> %	<b>2016-17</b> %
Discount rate	-	2.60	2.50
Future Increase in RPI	-	3.05	3.20
Future Increase in CPI	-	2.05	2.20
Rate of increase in salaries	-	3.55	3.70
Rate of increase in pensions in payment			
- Guaranteed Minimum Pension (CPI max 3%)	-	1.85	1.95
- Excess pension (CPI)	-	2.05	2.20
<b>Assumptions - average expected future life at age 65 for:</b>	<b>2018-19</b> Years	<b>2017-18</b> Years	<b>2016-17</b> Years
Male staff currently aged 65	-	23.0	21.0
Female staff currently aged 65	-	25.5	23.4
Male staff currently aged 45	-	24.8	22.7
Female staff currently aged 45	-	27.4	25.3
<b>Reconciliation of the value of the assets</b>		<b>2018-19</b> £000	<b>2017-18</b> £000
Scheme assets at 1 April		100,331	90,293
Expected return		-	2,237
Actuarial gains/(losses)		-	2,621
Bulk transfer payment to NICS pension scheme		(665)	-
Employer contributions		(16,925)	6,800
Benefits paid		58	(1,620)
Value of assets on exit		(82,799)	-
<b>Closing value of assets at 31 March</b>		<b>-</b>	<b>100,331</b>

**(i) Youth Justice Agency - NILGOSC pension liability (continued)**

Return on scheme assets	2018-19 £000	2017-18 £000
Actual return on scheme assets	-	4,858

Analysis of movement in scheme liabilities	2018-19 £000	2017-18 £000
Opening defined benefit obligation	101,397	92,093
Interest cost	-	2,282
Actuarial (gains)/losses	-	91
Adjustment for final settlement	(18,598)	8,551
Benefits paid	-	(1,620)
Value of liabilities on exit	(82,799)	-
<b>Closing defined benefit obligation at 31 March</b>	<b>-</b>	<b>101,397</b>

Expense to be recognised in the Statement of Comprehensive Net Expenditure	2018-19 £000	2017-18 £000
Bulk transfer payment to NICS pension scheme	665	-
Adjustment for final settlement	(1,673)	8,551
Interest charged/(credited) in respect of defined benefit liability/(asset)	-	45
	<b>(1,008)</b>	<b>8,596</b>

Actuarial (gain)/loss to be recognised in the Statement of Changes in Taxpayers' Equity	2018-19 £000	2017-18 £000
Actuarial gain/(loss)	-	2,530

History of liabilities/assets and experience (gains)/losses	2018-19 £000	2017-18 £000	2016-17 £000	2015-16 £000	2014-15 £000
Defined benefit obligation	-	(101,397)	(92,093)	(68,793)	(71,539)
Fair value of assets	-	100,331	90,293	72,116	65,608
<b>Surplus/(deficit)</b>	<b>-</b>	<b>(1,066)</b>	<b>(1,800)</b>	<b>3,323</b>	<b>(5,931)</b>
Experience adjustment on liabilities - gain/(loss)	-	-	-	-	2,547
Experience adjustment on assets - gain/(loss)	-	2,621	11,667	168	5,468

**(ii) Broadly By Analogy pension schemes - £1.225m (2017-18: £1.263m)**

The Department is responsible for the BBA pension schemes of public appointments within its Departmental boundary and also entities for which it retains lead policy responsibility. A BBA pension arrangement entitles the recipient to benefits similar to the classic scheme in the NICS pension arrangements. The Department and members are obliged to make contributions in line with the NICS pension arrangements and the Department is responsible for paying accrued benefits.

The BBA pension provision is unfunded, with benefits being paid as they fall due and guaranteed by the Department for service provided. There is no fund, and therefore no surplus or deficit. The scheme liabilities at 31 March 2019 were £1.263m (31 March 2018: £1.190m) as per the actuarial valuation.

<b>Present value of scheme liabilities</b>	<b>2018-19</b> <b>£000</b>	<b>2017-18</b> <b>£000</b>	<b>2016-17</b> <b>£000</b>
Current pensioners	1,225	1,263	1,190
<b>Total</b>	<b>1,225</b>	<b>1,263</b>	<b>1,190</b>

Liabilities are valued on an actuarial basis using the Projected Unit Method.

<b>Assumptions</b>	<b>2018-19</b> <b>%</b>	<b>2017-18</b> <b>%</b>	<b>2016-17</b> <b>%</b>
Discount rate	2.90	2.55	2.80
Future increase in CPI	2.60	2.45	2.55
Discount rate (net of CPI)	0.29	0.1	0.25
Future rate of pension increases in payment	2.60	2.45	2.55
Salary growth	4.60	4.45	4.55

**Assumptions - Life expectancy at Retirement**

<b>Current Pensioners</b>	<b>2018-19</b> <b>Years</b>	<b>2017-18</b> <b>Years</b>	<b>2016-17</b> <b>Years</b>
Exact Age:			
Male officers currently aged 65	24.2	24.2	24.2
Female officers currently aged 65	26.4	26.4	26.4
Male officers currently aged 45	26.4	26.4	26.4
Female officers currently aged 45	29.0	29.0	29.0

**Analysis of movement in scheme liability**

	<b>2018-19</b> <b>£000</b>	<b>2017-18</b> <b>£000</b>
At 1 April	1,263	1,190
Interest cost	32	33
Actuarial(gain)/loss	(25)	84
Benefits paid	(45)	(44)
<b>Closing value of liability</b>	<b>1,225</b>	<b>1,263</b>

**Expense to be recognised in the Statement of Comprehensive Net Expenditure**

	<b>2018-19</b> <b>£000</b>	<b>2017-18</b> <b>£000</b>
Service cost	-	-
Interest cost	32	33
<b>Total expense/(income)</b>	<b>32</b>	<b>33</b>

**(ii) Broadly By Analogy pension schemes (continued)**

Actuarial (gain)/loss to be recognised in the Statement of Changes in Taxpayers' Equity	2018-19 £000	2017-18 £000
Changes in financial assumptions	(37)	28
Experience losses/(gains)	12	56
<b>Total actuarial(gain)/loss</b>	<b>(25)</b>	<b>84</b>

History of experience (gains)/losses	2018-19	2017-18	2016-17	2015-16	2014-15
Experience (gain)/loss arising on the scheme liabilities:					
Amount (£000)	12	56	(18)	9	(9)
Percentage of scheme liabilities at the end of year	1.0%	4.4%	(1.5%)	0.9%	(0.9%)

The remaining members of the BBA scheme are current pensioners and therefore there are no future contributions payable to the scheme.

**Sensitivity Analysis**

The key assumptions used to calculate the IAS 19 liabilities are: discount rate, salary growth, inflation and mortality.

The sensitivity of the liabilities to these assumptions is as follows:

Assumption	Change in assumption	Increase/(Decrease) in liabilities
Discount rate	Increase by 0.1%	(£19,000)
	Decrease by 0.1%	£19,000
CPI inflation	Increase by 0.1%	£19,000
	Decrease by 0.1%	(£18,000)
Life expectancy	Increase by 1 year	£37,000



## 18. Contingent liabilities

The Department has the following contingent liabilities with settlement dates unknown in all cases:

### ***(i) Judicial Review on Fine Enforcement within NICTS***

NICTS has processed a total of 929 claims, relating to the previous Divisional Court decision in 2013 that the enforcement of unpaid fines and other monetary penalties in Northern Ireland was unlawful. From this, 58 offers of settlement have been issued. The majority of claims were rejected as they fell outside the one year limitation period pursuant to Section 7(5) of the Human Rights Act 1998. Currently, a total of 171 writs and civil bills have been issued challenging the decision of NICTS to refuse compensation. A case before the County Court in September 2018 tested the one year limitation period but this was struck out. Another case arguing the same point of law was heard in May 2019 and adjourned to allow for revised submissions.

Further to this, in 2018-19 leave was sought to judicially review the decision to imprison fine defaulters under the interim arrangements that were put in place following the 2013 Divisional Court decision. The leave hearing has been listed before a divisional court on 9 September 2019.

If either of these were to succeed, there may be significant financial implications in the future for NICTS and the Department. As yet these are unquantifiable.

### ***(ii) Fee paid judicial office holders' pension rights and other non-pension entitlements within NICTS***

There is continuing litigation regarding the pension liability for fee paid judges. Following the judgment of the Court of Justice of the European Union (CJEU) in December 2018, it has been determined that additional pension benefits are payable to eligible fee paid judges in respect of service incurred prior to the date (7 April 2000) that the Part-Time Worker Directive should have been transposed into domestic law. MoJ have made provisions for the potential liabilities arising from this case, which includes increased JSA and the requirement to make payments in lieu of pension and associated interest charges. NICTS does not have any increased liability from the December 2018 ruling as these additional liabilities are pre devolution.

It is not possible to estimate the total number of additional claimants who may be eligible for a remedy, subject to the outcome of the Supreme Court case and Tribunal Reform. There are therefore further potential liabilities for JSA, payments in lieu of pension and associated interest costs, in addition to the provisions recognised, which cannot be quantified at this stage

### ***(iii) Discount rate for compensation claimants***

The discount rate which courts in England and Wales must take into account when awarding compensation for future financial losses in a lump sum in personal injury cases changed to (0.75%) in March 2017. The Government subsequently legislated to change how the rate in England and Wales is set and there will now be a review of the rate in that jurisdiction under the new legal framework introduced by the Civil Liability Act 2018. The Department of Justice has power to prescribe the discount rate for Northern Ireland (in consultation with the Government Actuary and the Department of Finance).

Secondary legislation to change the discount rate for Northern Ireland under the current legal framework has not been taken forward in the absence of a Minister, although the Department of Justice is keeping the rate under review in the context of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 and having regard to ongoing legislative developments in the rest of the UK. In these circumstances, it has not been possible at this time to quantify the potential impact on the Department of any change in the discount rate. Changing the legal framework for setting the rate in Northern Ireland would require primary legislation.

**18. Contingent liabilities (continued)*****(iv) Court of Appeal judgment on backdated holiday pay***

On 17 June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's judgment.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the judgment; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for the Northern Ireland Civil Service (NICS) and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

***(v) Supplier contracts, employment, personnel and legal cases outstanding against the Department***

These claims have not been provided for in the Department's financial statements as they are considered unlikely to be successful.

## 19. Leases

### 19.1 Operating leases

£1.603m (2017:18: £1.492m) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure.

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

	2018-19 £000	2017-18 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
<b>Obligations under operating leases comprise:</b>		
<i>Land and buildings</i>		
Due within one year	1,647	1,600
Due later than one year and not later than five years	4,061	3,475
Due later than five years	23	95
	<u>5,731</u>	<u>5,170</u>
<i>Photocopiers and vehicles:</i>		
Due within one year	1	7
Due later than one year and not later than five years	-	4
Due later than five years	-	-
	<u>1</u>	<u>11</u>
<b>Total</b>	<u>5,732</u>	<u>5,181</u>

### 19.2 Finance leases

The Department has no obligations under finance leases other than the PPP/PFI commitments contained in Note 20.

## 20. Commitments under PPP/PFI contracts

### 20.1 On-Balance Sheet (SoFP)

The following PPP/PFI transactions have been accounted for in accordance with IFRIC 12 *Service Concession Arrangements* as being "on-balance sheet".

#### Northern Ireland Courts and Tribunals Service (NICTS) - Laganside Complex

In February 1999, NICTS entered into a Public Finance Initiative (PFI) agreement with a private sector provider for the provision and maintenance of a high quality court complex in Belfast. In accordance with the agreement, service charges became payable with effect from February 2002 to December 2026 and these are charged to the Statement of Comprehensive Net Expenditure. The court complex has been accounted for as an asset and included in the Accounts as Property, plant and equipment.

The liabilities to pay for the assets are in substance finance lease obligations and therefore contractual payments comprise two elements - imputed finance lease charges and service charges.

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of "on-balance sheet" (SoFP) transactions was £3.015m (2017-18: £2.953m). Total future obligations under "on-balance sheet" arrangements are given in the table below for each of the following periods:

	2018-19 £000	2017-18 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Minimum lease payments:		
Due within one year	2,182	2,182
Due later than one year and not later than five years	8,728	8,728
Due later than five years	5,937	8,119
	<b>16,847</b>	<b>19,029</b>
Less interest element	(3,049)	(3,837)
<b>Present value of obligations</b>	<b>13,798</b>	<b>15,192</b>
Service elements due in future periods:		
Due within one year	1,640	1,503
Due later than one year and not later than five years	6,738	6,166
Due later than five years	4,758	5,971
<b>Total service elements due in future periods</b>	<b>13,136</b>	<b>13,640</b>
<b>Total commitments</b>	<b>26,934</b>	<b>28,832</b>

## 21. Capital and other commitments

### 21.1 Capital commitments

	2018-19 £000	2017-18 £000 <i>Restated</i>
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Contracted capital commitments at 31 March not otherwise included in these financial statements:		
Property, plant and equipment	8,252	24,600
Intangible assets	1,256	697
<b>Total</b>	<b>9,508</b>	<b>25,297</b>

### 21.2 Other financial commitments

The payments to which the agencies are committed are as follows:

	2018-19 £000	2017-18 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Due within one year	2,473	2,606
Due later than one year and not later than five years	2,417	826
Due later than five years	846	25
<b>Total</b>	<b>5,736</b>	<b>3,457</b>

Causeway is a strategically important IT system which supports the operation of the criminal justice system in Northern Ireland by sharing information electronically between the five main criminal justice organisations. The new Causeway IT contract was awarded in November 2017 to Fujitsu Services for an initial seven year term from 1 April 2019 for the delivery and enhancement of the Causeway messaging system, with the Department of Finance Enterprise Shared Services providing and supporting the Causeway infrastructure. The new Causeway services commenced in March 2019 following a 16 month implementation phase.

The Youth Justice Agency has entered into non-cancellable contracts (which are not leases or PFI contracts) for reception, security duties and planned maintenance at the Juvenile Justice Centre, service fees relating to its leasehold properties, and funding payable to certain voluntary and community sector organisations for the delivery of programmes and initiatives.

## 22. Related party transactions

The Department of Justice is the parent Department of a number of entities. During the year the Department 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:

Executive agencies:

- Forensic Science Northern Ireland;
- Legal Services Agency Northern Ireland;
- Northern Ireland Courts and Tribunals Service;
- Northern Ireland Prison Service; and
- Youth Justice Agency.

Executive Non-Departmental Public Bodies:

- Criminal Justice Inspection Northern Ireland;
- Northern Ireland Police Fund;
- Northern Ireland Policing Board;
- Office of the Police Ombudsman for Northern Ireland;
- Police Rehabilitation and Retraining Trust;
- Police Service of Northern Ireland;
- Probation Board for Northern Ireland; and
- RUC George Cross Foundation.

In addition, the Department had various material transactions with other Government departments and other central government bodies. Most of these transactions have been with the Department of Finance.

The Director of Access to Justice is a Visiting Professor in Regulatory Reform and Law, at the Ulster Business School which is part of the Ulster University.

Details of related party transactions for staff members working in agencies within the Departmental boundary are separately disclosed in the individual annual report and accounts of each agency.

### 23. Third-party assets

The Department holds as custodian or trustee monies belonging to third parties, over and above those monies disclosed in Note 14 Cash and cash equivalents.

#### **Compensation Services**

Bank balances for minors under the *Criminal Injuries Compensation (Northern Ireland) Order 2002* are held until the minors attain the age of 18. These balances attract compound interest at variable rates that are dependent on the outstanding balance.

#### **Legal Services Agency Northern Ireland (LSANI)**

Awards for damages to funded clients may be required by LSANI to offset any liability to the Legal Aid Fund. LSANI places these funds on deposit in separate individual client bank accounts until the liability to the Fund, if any, is determined. Any remaining balance of the damages awarded is refunded once the liability to the Fund has been settled. The amounts retained to cover any shortfall to the Fund are recorded in income as 'Damages retained'.

#### **Northern Ireland Prison Service**

All prisoners have a private account (Prisoners' Private Cash - PPC) into which prison earnings and cash received from visits or through the post are lodged. These accounts are also used by prisoners to fund all purchases from the prison tuckshop. When prisoners are finally discharged they are paid the full balance of their PPC account. Each prison establishment also administers a Prisoners' Amenities Fund. Payments from the fund are used for the welfare/benefit of all prisoners. Fund receipts include income from the sale of tuck shop items, phone credits and donations.

#### **Northern Ireland Courts and Tribunals Service (NICTS)**

NICTS provides a banking and investment service, through the Court Funds Office, for funds that are deposited in court. The investment service is carried out by an external service provider. Examples of the types of funds include monies held for minors, certain assets of some mental health patients, and payments into court in satisfaction of a claim as well as statutory deposits and unclaimed balances in court.

There are third party bank accounts maintained by the various court offices and Official Solicitor's Office. These are not NICTS assets and are not included in the accounts. The assets held at the reporting date to which it was practical to ascribe monetary values, comprised monetary assets such as bank balances and monies on deposit, and listed securities. Further details are set out in the table below.

The Court Funds Office prepares separate annual reports and accounts that are audited by the Comptroller and Auditor General.

#### **Youth Justice Agency**

Young people in custody have a private cash facility for the lodgement of their pocket money and funding of tuckshop purchases. When the young people are discharged they are paid in full the balance on their account. Where a youth conference plan requires a young person to compensate a victim, the money is collected by the Agency and also held in a separate bank account until it is paid over to the victim.

**23. Third-party assets (continued)****Assets held**

The monies noted above are not Departmental assets and not included in the Accounts. The assets held at 31 March to which it was practical to ascribe monetary values are set out in the table below and comprise monetary assets such as bank balances, monies on deposit and listed securities.

<b>Core Department and Agencies</b>	<b>31 March 2018 £000</b>	<b>Gross Inflows £000</b>	<b>Gross Outflows £000</b>	<b>31 March 2019 £000</b>
Monetary assets such as bank balances and monies on deposit	104,091	93,083	(85,073)	112,101
Listed securities	199,803	21,906	(26,435)	195,274
<b>Total</b>	<b>303,894</b>	<b>114,989</b>	<b>(111,508)</b>	<b>307,375</b>

The Official Solicitor may be appointed to act as a financial controller for persons deemed by the courts to be incapable of managing their financial affairs and assets. In such capacity the Official Solicitor acts as custodian of a number of property assets. Title deeds for property may also be held by NICTS as security for bails in relation to legal actions. The Enforcement of Judgments Office provides a centralised enforcement service for civil court judgments. A number of cases result in property repossessions.

Other significant assets held at the balance sheet date to which it was not practical to ascribe monetary values comprised:

<b>Core Department and Agencies</b>	<b>2018-19 Number of cases</b>	<b>2017-18 Number of cases</b>
Property assets	1,587	925



## 24. Entities within the Departmental boundary

The entities within the boundary during 2018-19 were as follows:

### Executive agencies:

- Forensic Science Northern Ireland;
- Legal Services Agency Northern Ireland;
- Northern Ireland Courts and Tribunals Service;
- Northern Ireland Prison Service; and
- Youth Justice Agency.

The annual reports and accounts of these executive agencies are published separately.

### Other entities:

- Care Tribunal;
- Charity Tribunal;
- Commissioner for Hearings under Prison Rule 109B;
- Criminal Injuries Compensation Appeals Panel Northern Ireland;
- Health and Personal Social Services Disqualification Tribunal;
- Independent Assessor of PSNI Recruitment Vetting;
- Independent Monitoring Boards;
- Lands Tribunal;
- Mental Health Review Tribunal;
- Northern Ireland Health and Safety Tribunal;
- Northern Ireland Traffic Penalty Tribunal;
- Northern Ireland Valuation Tribunal;
- Parole Commissioners;
- Pensions Appeal Tribunal;
- Planning Appeals Commission;
- Prisoner Ombudsman;
- Social Security and Child Support Commissioners;
- Special Educational Needs and Disability Tribunal;
- State Pathologist; and
- Water Appeals Commission.

## 25. Events after the reporting period

There were no events after the reporting period date that required disclosure.

### Date for authorisation of issue

The Accounting Officer authorised these financial statements for issue on 3 July 2019.

## ACRONYMS

Acronym	Details
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
BBA	Broadly By Analogy
C&AG	Comptroller and Auditor General
CARE	Career Average Revalued Earnings
CETV	Cash Equivalent Transfer Value
CORE	Centre of Restorative Excellence
CPD	Construction and Procurement Delivery
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
CSE	Child Sexual Exploitation
DAERA	Department of Agriculture, Environment and Rural Affairs
DARC	Departmental Audit and Risk Committee
DEL	Departmental Expenditure Limit
DoF	Department of Finance
DoJ	Department of Justice
FReM	Financial Reporting Manual
FSNI	Forensic Science Northern Ireland
FSS	Forensic Services Strategy
GAD	Government Actuary's Department
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
HIU	Historical Investigations Unit
HR	Human Resources
HSENI	Health and Safety Executive for Northern Ireland
IAO	Information Asset Owner
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICO	Information Commissioner's Office
ICP	Indictable Cases Process
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IROC	Information Risk Owners' Council
JPS	Judicial Pension Scheme
JSA	Judicial Service Awards
LAMS	Legal Aid Management System
LSANI	Legal Services Agency Northern Ireland
LPS	Land and Property Services
MoJ	Ministry of Justice
NDPB	Non-Departmental Public Body
NIAO	Northern Ireland Audit Office
NICF	Northern Ireland Consolidated Fund
NICS	Northern Ireland Civil Service
NICSHR	Northern Ireland Civil Service Human Resources
NICTS	Northern Ireland Courts and Tribunals Service
NIHRC	Northern Ireland Human Rights Commission
NILGOSC	Northern Ireland Local Government Officers' Superannuation Committee
NIO	Northern Ireland Office
NIPS	Northern Ireland Prison Service
ODP	Outcomes Delivery Plan
ONS	Office for National Statistics
PAC	Public Accounts Committee
PfG	Programme for Government
PFI	Public Finance Initiatives
PPC	Prisoners' Private Cash
PPP	Public Private Partnership
PSNI	Police Service of Northern Ireland

**ACRONYMS (continued)**

<b>Acronym</b>	<b>Details</b>
RCOG	Reducing Crime Outcomes Group
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Price Index
RQIA	Regulation and Quality Improvement Authority
SCNE	Statement of Comprehensive Net Expenditure
SCS	Senior Civil Service
SEF	Staff Engagement Forum
SLA	Service Level Agreement
SOAS	Statement of Assembly Supply
SoFP	Statement of Financial Position
SPAR	Supporting People At Risk
T&FG	Task and Finish Group
VAT	Value Added Tax
VER	Voluntary Early Retirement
VFM	Value for Money
YJA	Youth Justice Agency