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**Department of Justice  
Annual Report and Accounts  
For the year ended 31 March 2015**

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

*3 July 2015*

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## STRATEGIC REPORT

### 1. Aim and Objectives

The mission of the Department is to support the Minister of Justice in building a fair, just and safer community. To underpin this mission, the Minister has set a number of thematic priorities as follows:

- **faster, fairer justice** - to promote faster, fairer justice through cross cutting policy, procedural and structural reforms;
- **safer, shared communities** - to promote and contribute to safer communities through partnership working with statutory organisations, communities, the third sector and businesses; and
- **rehabilitating offenders** - to have a prisons delivery model that is capable of withstanding changes in both prisoner population size and needs.

### 2. 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 22 to the Accounts for full details):

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

### 3. 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 non-departmental public body (NDPB):

- Criminal Justice Inspection Northern Ireland (CJINI);
- Northern Ireland Legal Services Commission (NILSC);
- 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 (PSNI);
- 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.

Following the dissolution of the Northern Ireland Legal Services Commission, the Legal Services Agency Northern Ireland was established on 1 April 2015 as an executive agency within the Department of Justice. In accordance with IFRS 3 *Business Combinations under Common Control*, this will be accounted for as a 'transfer by absorption' in the Department's accounts for 2015-16.

**4. Departmental Reporting Cycle**

The Estimates for the year to 31 March 2015 are contained in the Budget Act (Northern Ireland) 2014 and the Budget (No 2) Act (Northern Ireland) 2014. The Supplementary Estimates are contained in the Budget Act (Northern Ireland) 2015. The related Acts, Bills and Department of Finance and Personnel (DFP) publications containing detailed supporting information are available from The Stationery Office Limited - [www.tso.co.uk](http://www.tso.co.uk).

The annual accounts for the year to 31 March 2015 report against the Supplementary Estimates and will be laid in the Assembly.

**5. Service Delivery**

***Performance against the Programme for Government 2011-15***

On 12 March 2012, the First Minister and deputy First Minister published the Programme for Government (PfG) 2011-2015. The PfG identifies the actions the Executive will take to deliver its number one priority - a vibrant economy that can transform our society while dealing with the deprivation and poverty which has affected some of our communities for generations. The PfG has been subsequently extended to 31 March 2016.

The Department of Justice has seven commitments in the PfG and performance against these commitments during 2014-15 was as follows:

<b>I. Substantially complete the construction of the new Police, Prison, and Fire Training College</b>	
<b>Progress</b>	<p>Following advice and recommendations from the Programme Board, the Steering Group of the Northern Ireland Community Safety College concluded in October 2014 that it would not be prudent to press ahead with the project as then defined. As a result, a two-stage review was commissioned to clarify the training needs of the three Services given the changed financial climate.</p> <p>The findings from Stage 1 were considered by the Steering Group in November 2014 together with advice from the Programme Board and the Centre of Procurement Expertise. It was concluded that the current procurement process should not be discontinued at that stage.</p> <p>An interim report was provided to the Steering Group in February 2015 detailing the Programme Board’s reassessment of the training requirements of the three Services as part of Stage 2 of the review. On the basis of that report, the Ministers of Justice and Health, Social Services and Public Safety (DHSSPS) jointly put a paper to the Executive, seeking agreement to recommendations on the way forward. The matter is currently with the Executive for consideration.</p>

<b>II. Reduce the level of serious crime</b>	
<b>Progress</b>	<p>The Department produced a desistance strategy and action plan entitled Supporting Change. This work was informed by research and consultation with key stakeholders, and its scope involves the wider criminal justice system. The Department also produced a report on the joined up oversight and evaluation of Reducing Offending interventions that reflects the work taken forward since the publication of the Strategic Framework for Reducing Offending in May 2013.</p> <p>Work continued with partner organisations and key stakeholders to finalise and publish</p>

	<p>the Stopping Domestic and Sexual Violence and Abuse in Northern Ireland Strategy and associated documentation. It is anticipated that the publication of the Strategy and action plan will take place in Summer 2015.</p> <p>Work against the current Action Plan for Domestic and Sexual Violence includes:</p> <ul style="list-style-type: none"> <li>• conclusion of a successful pilot of a specialist listing arrangement for domestic violence and abuse cases in Derry/Londonderry Magistrates’ Court. A positive evaluation report in late 2014 has recommended that these measures and initiatives remain in Derry/Londonderry and consideration be given to their introduction in other courts; and</li> <li>• expansion of the 24 Hour Domestic Violence Freephone Helpline in 2014 to offer support services to victims of sexual violence. The 24 Hour Domestic and Sexual Violence Helpline is available to all women and men affected by domestic and sexual violence.</li> </ul>
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**III. Tackle crime against older and vulnerable people by more effective and appropriate sentences and other measures**

<b>Progress</b>	<p>Progress continues to be made on the delivery of the fear of crime commitments outlined in the Community Safety Strategy for Northern Ireland. An annual report detailing progress made in 2014-15 and action plans for 2015-16, were submitted to the Justice Committee in April 2015.</p> <p>Actions progressed in 2014-15 include: capacity building with Policing and Community Safety Partnerships (PCSPs) around inter-generational approaches at a regional and local level via Linking Generations Northern Ireland, with PCSPs running a range of local initiatives aimed at tackling fear of crime and building relationships between generations; and the promotion of a ‘Feel Safe’ guide providing crime prevention advice for older people, produced and distributed by Age Sector Platform.</p>
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**IV. Improve community safety by tackling anti-social behaviour**

<b>Progress</b>	<p>Performance against the Anti-Social Behaviour (ASB) action plan arising from the Community Safety Strategy is monitored by the Department. Details of the actions taken forward at a central level, by a multi-agency delivery group, to tackle ASB are available in the publication section of the Department of Justice website - <a href="http://www.dojni.gov.uk">www.dojni.gov.uk</a>. These actions include the delivery of awareness-raising events for practitioners and the development of literature detailing the range of powers available to organisations to tackle ASB.</p> <p>Details of actions being taken forward at a community level to resolve local concerns about ASB are available on PCSP websites accessible through local Council websites.</p> <p>An annual report detailing progress made in 2014-15 was submitted to the Justice Committee in April 2015. Action plans for 2015-16 have been developed and were submitted to the Justice Committee alongside the progress reports.</p> <p>PSNI figures indicate that there has been a general downward trend in the number of ASB incidents recorded since the data series began in 2006-07, although the twelve months to February 2015 shows an increase on the level recorded in 2013-14.</p>
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<b>V. Improve access to justice</b>	
<b>Progress</b>	A Commencement Order for the Legal Aid and Coroners' Courts Act 2014 was made along with the associated subordinate legislation to allow the Legal Services Agency Northern Ireland to take on responsibility for the delivery of legal aid from 1 April 2015. Further reforms, which focus on the arrangements for the provision of legal aid and the fee structure to ensure value for money and reduce administration are proceeding. In addition the Access to Justice Review (Part II) has been commissioned and will report in Summer 2015.

<b>VI. Actively seek local agreement to reduce the number of 'peace walls'</b>	
<b>Progress</b>	<p>Good progress has been achieved on interfaces in ensuring that there is an appropriate level of support and engagement within relevant government departments, key statutory and other agencies responsible for safety and security and through partnership programmes such as the International Fund for Ireland (IFI), Belfast City Council, and the Northern Ireland Housing Executive. The Department is also working with the Office of the First Minister and deputy First Minister (OFMDFM) on the wider interface proposals in the Together Building a United Community Strategy.</p> <p>The overall number of Departmental structures has been reduced from 59 to 52, with parts of three other structures removed, and engagement initiated on 40 of the remaining 52 structures. The Department continues to work with IFI through their peace walls programme which has funded eight projects in Belfast and Derry resulting in action plans being developed covering 24 structures.</p> <p>The Ulster University (UU) and Department are undertaking a 12 month knowledge exchange partnership to support and develop policy and practice, enabling the removal of peace walls in Northern Ireland. The University team are acting as a 'critical friend', as formative evaluators of a current policy implementation process, and as a provider of evidence-based research to the Interface Action Team. Part of this work has seen a re-run of the UU Attitudes to Peace Wall Research Report of June 2012. Surveys were issued at the end of March 2015 with a proposed report by the end of May/June 2015.</p> <p>A business case has been agreed for a normalisation scheme to provide protective measures for homes in close proximity to an interface structure where that structure is going to be substantially altered or removed.</p>

<b>VII. Reform and modernise the Prison Service</b>	
<b>Progress</b>	<p>At 31 March 2015, 20 of the 40 Prison Review Team (PRT) recommendations had been signed off by the Prison Review Oversight Group, which is chaired by the Justice Minister. Additionally, the Oversight Group had referred a further 11 recommendations to Criminal Justice Inspection Northern Ireland and six recommendations to the Regulation and Quality Improvement Authority for independent assessment, bringing to 37 the total number of recommendations signed off or under assessment. The process of independent assessment was agreed by the Oversight Group to provide additional, independent assessment of agreed recommendations.</p> <p>Work will continue to rationalise the management of the benefits realisation process for the Programme and preparations will begin for the transfer from the Oversight Group to the Prison Service Management Board of ownership of benefits realisation.</p>

**Performance against Business Plan for 2014-15**

In tandem with the Programme for Government, the Department developed a Business Plan for 2014-15. The purpose of the Business Plan was to translate the priorities, as set out by the Minister, into a set of objectives and targets for the Department and to set out how these would be delivered in 2014-15.

The Department consists of four directorates, as follows:

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

The main aims of each directorate along with some highlights from the 2014-15 financial year and key strategic priorities for the year ahead are set out below.

**ACCESS TO JUSTICE DIRECTORATE**

The Access to Justice Directorate is responsible for the Department's policy and legislative programme and works in collaboration with the justice agencies, wider Government and voluntary sector to improve the performance of the justice system.

**Achievements in 2014-15****Criminal Justice**

The Justice Bill was introduced into the Assembly during 2014-15 and contains reforms to improve the experiences of victims and witnesses of crime, speed up case processing and improve the efficiency of the criminal justice process.

A new Victim Charter was launched, pilot Registered Intermediaries Schemes were positively evaluated, and the other remaining actions in the 2013-15 Action Plan under the five-year Victim and Witness Strategy were completed. Youth Engagement Clinics were rolled out across Northern Ireland, following a successful pilot in Belfast, and an Indictable Cases pilot was launched with the aim of improving processing times in Crown Court cases.

Policy developments included the preparation for a Bill in 2015-16 to put in place a new system for collecting fines. Jointly with the DHSSPS, the Department progressed the Mental Capacity Bill for introduction in early 2015-16.

A consultation paper on the law on abortion was published in October 2014, and a new law was brought forward on sexual and violent harm. A consultation on the law on unduly lenient sentencing was also published, and the Department contributed to a joint review of Animal Welfare Law.

**Civil Justice**

A major reform of the Judicial Pension Scheme was delivered and paved the way for the new Judicial Pensions Scheme to be in place in April 2015.

The Legal Aid and Coroners Courts Act 2014 included provisions which will allow the Lord Chief Justice to be made President of the Coroners' Courts to provide improved judicial leadership for that court tier.

The Department brought forward Regulations to ensure compliance with important European Union (EU) legislation on the enforcement of court orders in Northern Ireland which have been made elsewhere in

the EU. In addition, the European Unit continued to support the Department's commitment to drawdown European funding within the justice network.

### **Public Legal Services**

New arrangements for remuneration of Crown Court cases are at an advanced stage and will be implemented shortly. Significant work has been done on the development of new civil fee arrangements and these are currently the subject of discussion with the legal profession. The Department has also taken forward the development of a Statutory Registration Scheme for those who wish to undertake legally aided work.

The Legal Aid and Coroners' Courts Act was granted Royal Assent in November 2014, which enabled the transfer of functions and staff of the Northern Ireland Legal Services Commission to the Legal Services Agency Northern Ireland on 1 April 2015.

The Access to Justice Review (Part II) was commissioned, which will contribute to the development of the vision for the future of publicly funded legal services including identifying and prioritising services, considering delivery models and identifying potential areas for improved efficiency.

### **Legacy**

Following a review of justice legacy arrangements, a new Legacy Unit was established in June 2014 to take forward issues relating to the legacy of the Past. The Unit coordinated and prepared Action Plans in response to European Court of Human Rights judgments, and gave evidence to the European Committee of Ministers. It also directly contributed to the development of elements of the Stormont House Agreement and is currently developing the necessary legislation to be published in summer 2015.

### **Key Priorities for 2015-16**

#### **Criminal Justice**

Statutory time limits are to be introduced in the Youth Court to improve the timeliness of cases involving young people. The Justice Bill will be enacted and a number of its provisions commenced. A Digital Blueprint will also be produced to enable the justice sector to exploit new opportunities for digital working.

Responses to the abortion and unduly lenient sentences consultation exercises will be published.

Legislation will be introduced jointly with DHSSPS on mental capacity and a Bill to establish new fine collection arrangements will also be introduced.

#### **Civil Justice**

Improving the inquest process as agreed in the Stormont House Agreement will be a major focus for the incoming year. The Executive is committed to taking the appropriate steps to improve the way in which the legacy inquest function is conducted.

The Department will be involved in preparations for the potential incoming transfer of responsibility for the Industrial Tribunals and the Fair Employment Tribunal as part of the departmental reorganisations.

In addition, a review of the jurisdiction, organisation and functions of the High Court and County Courts will be undertaken.

**Public Legal Services**

The demand for legal aid continues to exceed the available budget and urgent steps will be taken early in the year to reduce the scope of legal aid.

The Department will develop its response to the Access to Justice Review (Part II) and develop a programme of reform to give effect to its recommendations.

Work will continue on the development of the civil fee structure with continued engagement with the legal profession. The reform will impact on all court tiers and is a significant piece of policy development. The Department will also continue to develop the policy that introduces a Statutory Registration Scheme for solicitors and barristers undertaking legally aided work in Northern Ireland.

**Legacy**

The Legacy Unit will be directly involved in establishing the new Historical Investigations Unit, to become operational in autumn 2016 and work will continue to improve the conduct of Legacy Inquests.

**SAFER COMMUNITIES DIRECTORATE**

Safer Communities Directorate works to help build better communities with lower levels of crime and anti-social behaviour, and where the rights of everyone are respected, including examining the steps that can be taken to address problems at interfaces.

**Achievements in 2014-15****Policing Policy and Strategy**

Tripartite arrangements between the Department, Northern Ireland Policing Board and PSNI continued to ensure effective arrangements were in place to deliver efficient policing in Northern Ireland. There was a continued focus on ensuring effective financial management and corporate governance oversight of the PSNI and policing arm's length bodies, particularly in the context of in-year budget reductions and planning for a reduced budget in 2015-16.

In line with his statutory responsibilities, the Minister approved the Policing Board's appointment of a new Chief Constable in 2014 and Deputy Chief Constable in 2015.

A review of police officers' terms and conditions was carried out leading to shorter pay scales, streamlined allowances, improved management practices and savings over the next five years.

A new career average police pension scheme was introduced by the making of the Police Pensions Regulations (Northern Ireland) 2015 on 2 March 2015. Section 30 of the Public Sector Pensions (NI) Act 2014 was also implemented which, from 1 July 2014, gave all police widows the right to retain, or have reinstated, their pensions upon remarriage.

The European Directive on the right to information in criminal proceedings was transposed into Northern Ireland domestic law. This ensures that Northern Ireland is now fully compliant with the directive of this European Court ruling.

The Northern Ireland Appropriate Adult Scheme (NIAAS) was renewed which ensures that juveniles and those who are mentally vulnerable will continue to benefit from the presence of an appropriate adult during interview.

The State Pathologist's Department continued to deliver approximately 1,200 post mortem examinations as directed by the Coroners Service.

A Forensic Services Strategy was completed in March 2014. The Department worked with stakeholders throughout the year to progress the actions recommended to enhance how forensic services are delivered into the future. Construction of a new laboratory, as a result of major capital investment by the Department, has progressed and is due to be fully operational in 2016.

### **Community Safety**

Annual progress reports on the delivery of the Community Safety Strategy and Action Plans for the period 2015-17 were prepared for Justice Committee consideration.

The Department has developed, in partnership with DHSSPS, a new Domestic and Sexual Violence and Abuse Strategy which is scheduled for publication later in 2015. Following the Report of the Inquiry into Child Sexual Exploitation in Northern Ireland a Departmental specific Action Plan, informed by the wider criminal justice response, was developed in March 2015.

The 26 existing Policing and Community Safety Partnerships (PCSPs) and four District PCSPs began the process of preparing to reconstitute as 11 partnerships from 1 April 2015, in keeping with the reorganisation under local government reform. The process to appoint members to the new partnerships began in autumn 2014 and is expected to be completed by June 2015.

A Criminal Justice Inspection Northern Ireland (CJINI) report, published in December 2014 following a review of the governance, performance and accountability of PCSPs, made a number of strategic and operational recommendations which will be implemented by the Department and the Northern Ireland Policing Board. The thrust of the recommendations is to enhance effectiveness and efficiency and ensure that PCSPs play a key role in the community planning structures which will come into effect from 1 April 2015.

### **Protection and Organised Crime**

During 2014-15, the Department worked closely with Lord Morrow on the Human Trafficking and Exploitation (Criminal Justice and Support for Victims) Act (Northern Ireland) 2015 which received Royal Assent in January 2015. The Act strengthens the law on slavery and human trafficking. Measures in the Westminster Modern Slavery Bill have also been extended to Northern Ireland.

Preventative work has included the roll-out of the Modern Slavery television campaign to Northern Ireland, and the delivery of training and awareness raising to key sectors. The Department also co-hosted a cross-border conference on forced labour.

Assembly agreement was achieved in February 2014 for the introduction of Westminster legislation enabling the National Crime Agency (NCA) to operate fully in Northern Ireland. This was the result of lengthy negotiations between the Department, local political parties, NCA, Policing Board and PSNI. In addition, a Legislative Consent Motion was passed allowing various parts of the Serious Crime Act to extend to Northern Ireland.

A CJINI inspection on “how the criminal justice system deals with serious and organised crime in Northern Ireland” was overwhelmingly positive. It stated that there is strong evidence of partnership working and positive outcomes and that the existence and value added by the structures of the Organised Crime Taskforce are a significant benefit.

During the year Compensation Services received a total of 5,643 new claims - 5,468 claims were cleared and compensation totalling approximately £11 million was awarded. In December 2014, the Minister launched a public consultation on proposals to reform the Criminal Damage and Criminal Injuries Schemes. The proposals acknowledge the continuing need for statutory compensation schemes and aim to direct compensation towards victims who are the most seriously impacted by violent crime.

During 2014-15, AccessNI processed approximately 125,000 applications for disclosure. On 31 March 2015, it successfully launched its new IT system which will deliver a number of significant improvements, including the availability of on-line applications in Northern Ireland. The Justice Bill 2014 includes a number of further measures designed to modernise aspects of the criminal records disclosure arrangements.

Following the Review of the Strategic Framework Arrangements for Search and Rescue in Northern Ireland, the Department developed an implementation plan, in partnership with policy and practitioner groups, aimed at strengthening and developing the structure of land search and rescue in Northern Ireland.

A total of 66 firearms appeals and prohibition cases were decided by the Minister during the year.

## **Key Priorities for 2015-16**

### **Policing Policy and Strategy**

The Northern Ireland Community Safety College remains a Programme for Government commitment and, subject to the agreement of the Executive, the Department will continue to work with DHSSPS, the Strategic Investment Board and the three Services involved to bring forward options and recommendations as to what is appropriate, affordable and deliverable in the current financial climate. The Department will also continue to work with the PSNI and Policing Board to ensure adequate resources are in place to support the delivery of safe and effective policing.

The Department launched a public appointment competition on 26 March 2015 to appoint/reappoint nine independent members of the Policing Board. The independent members are expected to take up post in the summer.

It is planned to introduce new regulations to reform police discipline and unsatisfactory performance procedures in Northern Ireland as well as consolidate the 1987 and 1988 police pension regulations in conjunction with the Home Office.

Work continues towards the introduction of new Injury on Duty Regulations. It is currently envisaged that this will take place in the latter part of 2015. The Police Pensions (Consequential) Regulations are to be amended following the making of the Pensions Act (Northern Ireland) by the Department for Social Development (DSD). Work also continues to put the appointment, remit and powers of the Prisoner Ombudsman for Northern Ireland (the Prisoner Ombudsman) on a statutory footing through the Fines and Enforcement Bill.

### **Community Safety**

The EU Victims Directive will be transposed and the Victim Charter will be placed on a statutory footing. A number of actions from the new 2015-18 Victim and Witness Action Plan will also be progressed. This includes extending the pilot Registered Intermediaries Scheme, enabling vulnerable individuals to give their best evidence to the police and at court. Work will begin on a new Witness Charter, setting out the entitlements of witnesses of crime and the services they should receive as they move through the criminal justice system. The Department will also progress work on video-recorded cross examination and re-examination of witnesses.

Work will focus on delivery of the commitments in the 2015-16 Community Safety Strategy Action Plans. Ongoing communications with partner organisations will be vital throughout this period to ensure that all funding opportunities are explored and utilised efficiently to ensure achievement of key priorities.

Liaison will continue with partner organisations to take forward work to finalise and publish the 'Stopping Domestic and Sexual Violence and Abuse in Northern Ireland' Strategy and associated documentation.

Progress on the Departmental specific Child Sexual Exploitation Action Plan will be monitored throughout 2015-16 and the Department will work to develop a response on a cross-departmental basis by June 2015.

Key priorities for PCSPs for 2015-16 include maintaining front line delivery of policing and community safety initiatives between 1 April 2015 and late June 2015, when the new partnerships will be formed, and implementing the CJINI recommendations.

Work to develop an interface programme aimed at delivering on the Together Building a United Community (TBUC) commitment around removal of interface structures by 2023 will be taken forward in conjunction with a range of statutory, community and voluntary stakeholders. To support this work, and TBUC commitments, a thematic group on interfaces will be established to assist with implementation.

### **Protection and Organised Crime**

The Department will continue to work with relevant partners in Northern Ireland, Republic of Ireland and Great Britain to tackle slavery and trafficking. The focus will be on the implementation of the Human Trafficking and Exploitation (Criminal Justice and Support for Victims) Act (Northern Ireland) 2015. This includes secondary legislation and guidance required under the Act, and the development and implementation of an annual human trafficking and exploitation strategy for Northern Ireland.

Recommendations made about a review of the National Referral Mechanism will also be progressed, as well as the relevant provisions in the Westminster Modern Slavery Bill.

The Department intends to draft, consult and publish new Codes of Practice in relation to the Proceeds of Crime Act 2002 following a number of amendments which have been made to the Act. The intention is to have the Codes in place by the end of 2015.

Compensation Services will deliver a new on-line application process and case management system for the management of claims in mid-2016. It will also analyse the responses received following the public consultation exercise on the Review of the Criminal Damage and Criminal Injuries Schemes, and will aim to publish a report by autumn 2015, which may lead to new legislation.

The Department will continue to take forward work to modernise the arrangements for the disclosure of criminal records by AccessNI. The operation of the filtering scheme will be reviewed, and, subject to Assembly approval, guidance will be developed setting out the detail of how the filtering review mechanism will operate. Work will continue to drive forward the programme of work with partners and stakeholders to enhance search and rescue arrangements in Northern Ireland.

The Department will also conclude its consultation on changes to firearms legislation in relation, in particular, to fees and the age of young shooters by summer 2015.

### **REDUCING OFFENDING DIRECTORATE**

The Reducing Offending Directorate was established on 1 September 2014 and is responsible for sponsorship of the Northern Ireland Prison Service (NIPS) and the Youth Justice Agency (YJA). The Directorate also has responsibility for operational policy development of reducing offending initiatives.

NIPS is an agency within the Department and has responsibility for the operation and delivery of services within the Northern Ireland prison system. Its main statutory duties are set out in the Prison Act (Northern Ireland) 1953. NIPS has defined its statement of purpose as “improving public safety by reducing the risk of reoffending, through the management and rehabilitation of offenders in custody”.

NIPS has now completed the fourth year of its major reform programme, informed by the Prison Review Team (PRT) report published in October 2011. The Report findings helped to map out the strategic

direction for the future of the Service, and the Minister has set out three strategic aims for NIPS:

- safe, secure and decent custody;
- reform and modernise to create an effective and efficient Service; and
- reduce the risk of re-offending.

YJA is an agency within the Department of Justice and its statement of purpose is to “make communities safer by helping children to stop offending”. In doing so, YJA delivers a range of services, both within the community and within custody, with an emphasis on:

- helping children to address their offending behaviour;
- diverting them from crime;
- assisting their integration into the community; and
- meeting the needs of victims of crime.

### **Achievements in 2014-15**

#### **Prison Reform Programme**

At 31 March 2015, 20 of the 40 PRT recommendations had been signed off by the Prison Review Oversight Group, which is chaired by the Justice Minister. Additionally, the Oversight Group had referred a further 11 recommendations to Criminal Justice Inspection Northern Ireland and six recommendations to the Regulation and Quality Improvement Authority for independent assessment, bringing to 37 the total number of recommendations signed off or under assessment. This process of independent assessment was agreed by the Oversight Group to provide additional, independent assessment of agreed recommendations.

#### **Capital Estates Programme**

The NIPS Capital Estates Programme has four PRT recommendations as outlined below:

- reconfiguration of the Maghaberry prison site including building a new 360 bed residential block and a new visits facility;
- a replacement of Magilligan prison on the existing site;
- a new facility for women prisoners; and
- improvements to the physical environment at Hydebank Wood in support of the development of a College.

Work is underway to build a new six bed Step-Down Facility for Women at Hydebank Wood. Further improvements were made to facilities for female prisoners at Hydebank Wood during the year. This resulted in the development of a multi-purpose facility, known as Ornella, with training rooms, a meeting room, multi-faith centre, hairdressing and beauty salon and a training kitchen.

#### **Opening of Burren House**

The Working Out Unit (WOU), Burren House, opened on 21 May 2014 to provide support and supervision for prisoners transitioning from long sentences to the community.

The facility can house up to 22 prisoners and is managed as a satellite of Maghaberry Prison. Whilst there, prisoners participate in a phased programme during which they work in the community and return to the unit at night. As prisoners progress they can be permitted to live part-time and then full-time at an approved address in the community.



To date the WOU has engaged with 12 different voluntary and community organisations for work placements. This includes NIACRO and Extern Works. During this period seven prisoners in the WOU scheme have successfully obtained paid employment in the community.

### **CJINI and HMIP Inspection of Magilligan Prison**

In a report, published in February 2015 following an unannounced inspection of Magilligan by Her Majesty's Inspectorate of Prisons (HMIP), the prison achieved the highest mark possible for prisoner resettlement, a first for any prison in Northern Ireland.

Magilligan Prison also achieved positive outcomes in three of the four healthy prison tests and the Inspectors highlighted staff prisoner relationships, levels of safety, and resettlement as areas where good work is being delivered.

### **Accredited Training**

Within NIPS, 336 Custody Prison Officers have now achieved the Certificate of Competence accredited by Ulster University, with 225 staff having completed development programmes at Senior Officer and Main Grade Officer level. Senior staff in both discipline and administrative roles have completed leadership training provided via the business school at Queen's University Belfast.

### **Implementation of New Prisoner Development Model**

A new Prisoner Development Model has been implemented with each prisoner having a Personal Development Plan (PDP). This will be used to coordinate outcomes, to reduce the risk of reoffending on release and promote successful resettlement.

### **Learning and Skills - a new delivery model**

NIPS has concluded work to outsource learning and skills provision to Colleges NI through Belfast Metropolitan College and North West College from 1 April 2015.

### **Establishment of Secure College**

This year has been a most productive period for Hydebank Wood College with significant developments including the regime, work placements, industries, curriculum, timetabling, social enterprise and funding. The daily regime now reflects the majority of students attending off-wing activities on a daily basis.

### **Key Priorities for 2014-15**

#### **Prison Reform Programme**

NIPS is now entering the final six months of the formal PRT Programme, and remains on track to meet the Programme for Government commitment of having a minimum of 90% of the recommendations completed within the agreed timescales. However, NIPS is committed to ensuring that the end of the formal Programme in October 2015, and the closure of the Oversight structures, will not mean the end of reform or that NIPS will slip back to where it came from. The PRT Programme Team is drawing up a detailed benefits management plan and this will be monitored and measured on a regular and ongoing basis by the Prison Service Management Board.

NIPS will also continue to strengthen its partnership working across government, particularly with the Probation Board for Northern Ireland and DHSSPS, looking at current service provision and how the organisations can work together more effectively to reduce reoffending.

### **Implementation of the Estates Strategy**

During 2015-16 the Capital Estates Programme (CEP) will continue to take forward the implementation of the NIPS Estate Strategy and the estate-related recommendations contained in the PRT report.

NIPS will continue to implement the Outline Estate Strategy, and the CEP, chaired by the Director General, will take forward the major projects including the preparation of relevant business cases.

### **Financial Management and Accountability**

The Corporate Governance Framework will continue to be reviewed and updated as necessary when changes in the structure of NIPS require it, whilst still ensuring compliance with the Framework. It will also be important to continue to ensure that procurement is conducted in line with the relevant guidance, and business cases are completed and evaluated in accordance with Northern Ireland Guide to Expenditure, Appraisal and Evaluation (NIGEAE).

### **Tackling Substance Misuse**

There is a real and concerted effort by NIPS to address substance misuse based around a three strand approach to restrict supply, reduce demand and assist recovery. A key priority for NIPS in 2015-16 is to deliver and operationalise a new strategy for tackling substance misuse in prisons.

### **Co-design of Purchased Services**

In 2015-16 NIPS will complete a review of existing service provision provided by external providers. This review will seek to ensure service provision is based on need and delivers outcomes which are regularly reviewed.

### **Develop Interventions Strategy**

Once the final recommendations of the Psychology Review have been implemented, NIPS will need to develop an Interventions Strategy reflecting the totality of services provided by all disciplines and organisations. The purpose should be to promote a 'whole prison approach' ensuring best use of resources maximising coordination, collaboration and coherency.

### **Support and Staff Engagement Model**

Prison staff are now central to the new Prisoner Development Model. Whilst staff have some experience in past roles as sentence managers they are, in the main, the primary workers within the new model. NIPS will now develop a Support and Staff Engagement Model for Prisoner Development Unit staff to encourage and support staff development and exchanges about the challenges and opportunities and training needs in their new role as PDP coordinator.

## **JUSTICE DELIVERY DIRECTORATE**

Justice Delivery Directorate ensures that the Department of Justice is effectively enabled to achieve its objectives. The Directorate manages the interface with the Minister of Justice, the Executive and the Assembly. In addition, it supports and facilitates all aspects of the Department's business through the resourcing and delivery of high quality personnel, financial, information technology, procurement, accommodation, information management and logistical services to its customers. Through this service delivery it supports and facilitates all aspects of the Department's business.

The Directorate also provided a sponsorship role for Forensic Science Northern Ireland and the State Pathologist's Department until January 2015.

## **Achievements in 2014-15**

### **Financial Services**

2014-15 was the final year of the four year Budget 2011-15 period and effective management of the Department's budget continued to be challenging given the combination of significant pressures and in-year budget cuts. During 2014-15, Financial Services Division also led work across the Department on the Budget 2015-16 process. Further details regarding financial performance are contained in Section 3 of the Strategic Report.

The Department of Justice is now the largest NICS department using Account NI and this platform has enabled the Department to take forward a project to develop financial shared services. As a result, financial services for the Core Department and its executive agencies will in future be provided by Financial Services Division.

Financial Services Division also took forward a number of initiatives to deliver continuing professional development events for accountants within the Core Department, agencies and NDPBs. The aim of these has been to improve the awareness of financial issues that affect the whole Department and develop the capability of accountants to provide expert financial advice to senior management.

### **Information Services**

Information Services Division (ISD) met all service level agreement and contracted targets for Information Communication Technologies (ICT) support services across the Departmental family and also took forward a number of successful initiatives and major changes as outlined below:

- Northern Ireland Legal Services Commission - ICT Infrastructure services, including all PCs, network and servers, were migrated from a private sector supplier to the NICS shared service supplier IT Assist;
- a transfer of all core telephony services and most agencies from the old unsupported technology to new Internet Protocol Technology (IPT) as part of the shared services agenda was completed successfully;
- a major project to refresh and replace all Causeway technology including the relocation to two new data centres in England was completed successfully on schedule and within budget;
- working closely with establishment staff in Northern Ireland Prison Service, ISD staff installed Skype technology in Magilligan Prison to enable 'virtual visits'. This has now also been installed in Hydebank Wood Young Offenders Centre; and
- ICT staff developed a system for the Parole Commissioners to help manage the process for release and recall of Life Sentence Prisoners.

The Department achieved annual compliance of 96.5% for all Freedom of Information (FOI) and 97% for all Data Protection Act (DPA) requests during the financial year. A significant amount of support work on training and awareness as well as policy and standards has been completed during the year for Information Assurance purposes. No breaches of information security have been required to be reported to the Information Commissioner's Office.

The Department maintained an excellent track record in facilitating Assembly Questions, achieving a 99.82% success rate in answering all Assembly Questions on time, and continued to provide a successful Media Monitoring shared service to the whole Northern Ireland Civil Service.

A new Public Appointments Unit was established to offer advice and guidance to business areas contemplating and engaged in public appointment competitions and Independent Board Member (IBM) appointments.

## Personnel and Office Services

Following last year's successful delivery of the on-boarding of the Northern Ireland Courts and Tribunals Service to HR Connect, work commenced in the latter part of the year to further develop the shared services approach across the Core Department and agencies. In addition, work took place throughout the year to have a shared service arrangement in place for the Legal Services Agency Northern Ireland to take effect from the establishment of the agency on 1 April 2015.

Progress was also made in reaching an agreed way forward on the terms and conditions for non-general service staff in the Youth Justice Agency.

In 2014-15 the Department's Estate Strategy Programme Board considered two projects, the feasibility of a new headquarters to include the Core Department, its agencies and NDPBs, and also how the service delivery elements of the estate throughout Northern Ireland can be used to better effect. Both projects had the full support of the organisations involved and will progress further in 2015-16.

## Key Priorities for 2015-16

### Financial Services

Delivering planned savings will be vital for the Department to live within its 2015-16 budget. In addition, planning for the next spending review and prioritising the Department's work to live within a reduced budget will be a key challenge and priority in 2015-16.

The continued implementation of financial shared services will also be important - both to deliver efficiencies and to continue to develop the Department's finance function and service to senior management.

### Information Services

Information Services Division will continue to:

- meet all service level agreements and contracted targets for ICT support and development services across the Department, its agencies and relevant arm's length bodies;
- ensure that FOI and DPA legal compliance requirements are met across the Department;
- provide ICT support and input across a range of change projects and initiatives for the Department and its agencies;
- provide effective programme and project management support and establish a Project/Stage Manager Forum;
- manage Information Assurance policy and advice requirements for the Department;
- provide effective support for the Minister and monitor and support Assembly Question responses;
- provide an effective Press Office and Media Monitoring service to the NICS; and
- continue to support shared services and strategic change across the Department.

### Personnel and Office Services

One of the key priorities will be to continue the programme of work to align the Department's HR and payroll functions to the NICS shared services for the remaining areas that have separate arrangements.

Subject to business case approval for a potential new headquarters for the Department, work will commence on the design of a building that optimises space, is modern, fit for purpose offering increased collaboration across the organisations, thereby improving service integration and adopting a joined up approach to tackling justice in Northern Ireland.

A key priority will also be the management of sickness absence. In addition, the Department will implement the NICS Voluntary Exit Scheme and the subsequent redeployment programme to match staff resources to agreed business priorities. Learning and Development Unit will provide support for people to keep well in work through the upcoming period of unprecedented change and to ensure staff are appropriately skilled following the HR redeployment programme.

## **6. Financial Performance**

In order to achieve the Department's financial objectives for 2014-15, a combination of business planning, budgetary monitoring and control systems operated throughout the Core Department and its agencies. Other organisations outside the Departmental boundary were subject to financial control and accountability arrangements set down in the relevant Accounting Officer designations, Management Statements and Financial Memoranda. Cost pressures during the year were met, following approval by the Strategic Resources Committee, by the reprioritisation of budget allocations, effective cost control at directorate level and recycling of efficiency savings into front line programmes.

The Department developed its risk management approach to business planning, which incorporated financial and other risks into the planning and performance management framework. The risk management arrangements are described more fully in the Governance Statement which forms part of these Accounts.

### ***The Department of Justice Budget***

The Department's opening baseline for 2014-15 was £1.173 billion (Resource Departmental Expenditure Limit) and £84.3million (Capital Departmental Expenditure Limit).

As provided for in the Hillsborough Castle Agreement, the Department also accessed additional funding in 2014-15 for the Police Service of Northern Ireland of £41.7 million towards security funding and £15 million End Year Flexibility.

### ***Outturn against Estimate***

The Net Resource Outturn for the year to 31 March 2015 was £1.262 billion against a Spring Supplementary Estimate of £1.361 billion. The Estimate is based on the figures contained in the Budget Act (Northern Ireland) 2014 (containing the Supplementary Estimates). This resulted in an underspend of £99.2 million or 7.3%.

SOAS 2 provides detailed explanations for the variance between Estimate and Outturn.

**Reconciliation of resource expenditure between Estimates, Accounts and Budgets**

	2014-15 £000	2013-14 £000 <i>Restated</i>
<b>Net Resource Outturn (Estimates)</b>	<b>1,262,209</b>	<b>1,364,170</b>
<i>Adjustments:</i>		
Non-voted expenditure in the Statement of Comprehensive Expenditure	8,041	8,063
NDPB non-budget to resource consumption adjustment	251,658	129,011
<i>Other adjustments:</i>		
Consolidated Fund Extra Receipts in resource budget	(3,132)	(1,413)
Prior period adjustment and change in accounting policy	-	(1,540)
<b>Total Resource Budget Outturn</b>	<b>1,518,776</b>	<b>1,498,291</b>
<i>of which:</i>		
<i>Departmental Expenditure Limits (DEL)</i>	<i>1,151,899</i>	<i>1,243,773</i>
<i>Annually Managed Expenditure (AME)</i>	<i>366,877</i>	<i>254,518</i>
<i>Adjustments to Net Operating Cost:</i>		
NDPB non-budget to resource consumption adjustment	(251,658)	(129,011)
Consolidated Fund Extra Receipts in the Operating Cost Statement	3,132	1,413
<b>Net Operating Cost (Accounts)</b>	<b>1,270,250</b>	<b>1,370,693</b>

**Budget 2011-15 period**

2014-15 was the final year of the Budget 2011-15 period. The Chancellor's Spending Review announcement on 20 October 2010 set the Northern Ireland Executive's Departmental Expenditure Limit for the four year period from 2011-12 to 2014-15. As changes to the level of funding for Northern Ireland are automatically determined by changes in funding for comparable spending programmes in Whitehall departments, the UK Government deficit reduction plan has led to a significant reduction in the level of funding available to the Executive.

During the Budget 2011-15 period, the Department was ringfenced. That did not mean that the budget was protected. Instead, the Department received the direct Barnett consequential from changes in the funding levels of the Home Office and Ministry of Justice as a result of the UK spending review settlement for Whitehall departments. The Department's unringfenced Resource Departmental Expenditure Limit (DEL) fell by 7.2% from 2011 to 2015. Taking into account the effect of inflation, the real terms impact was significantly greater.

2014-15 was a particularly challenging year in relation to financial planning. In total, the Department was required to deliver additional in-year savings of 4.4% (£47.5m). Subsequently, as part of the October in-year monitoring round, the Department received additional funding of £29m for PSNI and legal aid pressures.

**2015-16 budget**

During 2014-15, the Department's 2015-16 budget was finalised, as part of the Executive's 2015-16 Budget process.

The outcome for the Department was as follows:

- the starting point for all Departmental spending areas was a reduction of 15.1% from 2014-15 opening baselines;
- an allocation of £70.2m was provided by the Executive as part of the Draft Budget (equivalent to 6.4% of the Department's opening baseline);
- in some areas, this funding has been used to offset specific demand led pressures. In other areas it has been used to offset the impact of baseline cuts and so some areas have cuts lower than 15.1%. Conversely, some areas have higher cuts so that funding can be reallocated to front line priorities;
- a further allocation of £20.0m was provided by the Executive as part of the Final Budget. This is solely for PSNI pressures; and
- a further allocation of £29.5m relates to a separate PSNI security funding stream from HM Treasury. This is specific funding for a specific, non-baseline, purpose so cannot be used to offset the impact of cuts.

In allocating resource DEL budgets across the Department for 2015-16, the Minister's high level priorities were as follows:

- protecting frontline policing as far as possible;
- ensuring PSNI has adequate additional security funding; and
- protecting other frontline areas across the Department as far as possible, with the aim of protecting outcomes for the public.

In making final budget allocations, the Department sought to use the additional £70.2m of funding provided by the Executive to offset the impact of baseline cuts as far as possible, in line with the above priorities. Core Directorates have been asked to make baseline savings of 22% so that funding can be released to front line priorities.

The PSNI had a final savings target of 5.7%, which was lower than the Department's other large spending areas. This reflects the priority to protect front line policing as far as possible.

**Capital investment priorities**

Excluding HM Treasury security funding, the Department's capital baseline will fall from £55m in 2014-15 to £42m in 2015-16 - a reduction of 24%. This funding will allow a number of important projects to be taken forward, including a new accommodation block at Maghaberry Prison and the completion of new forensic science accommodation.

During 2014-15, the Department worked closely with the Strategic Investment Board to consider requirements for both headquarters accommodation and service delivery accommodation for the Department, its agencies and arm's length bodies. This work will continue during 2015-16.

**Additional Security Funding**

The UK Government agreed to guarantee up to an additional £199.5 million required by the PSNI to help protect the community and to tackle the threat from terrorism over the Budget 2011-15 period. Taken together with an additional £45 million funding provided by the Executive, the Department has the resources available which the PSNI needs if it is to be fully effective in tackling the threat to peace and stability in our community and to continue with their day to day policing responsibilities. During 2014-15,

the Department accessed £41.7 million of the additional security funding from the UK Government. In 2015-16, the Department has access to £31m of additional security funding (£29.5m resource and £1.5m capital).

### **Savings Measures**

By March 2015, the Department delivered savings totalling £109.9 million against a target of £108.6m. Detailed savings delivery plans covering all areas of the Department have been prepared and are published on the Department's internet site. These are monitored and progress against the targets is reported on a six monthly basis.

The Department has also published a detailed savings delivery plan for the 2015-16 financial year.

## **7. Contingent Liabilities**

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Department had no significant remote contingent liabilities during 2014-15 that require disclosure. Note 18 provides further details regarding the contingent liabilities that are included within the financial statements.

## **8. Complaints**

The Department's Complaints Procedure is designed to address complaints regarding the quality of service provided by its officials. Its aim is to enhance and improve the level of service provided to customers. The findings of the Inter-Departmental Steering Group on Complaint Handling have been approved as best practice across the NICS and the Department's Complaints Procedure is currently being updated to incorporate these findings.

There were nine complaints recorded for the Core Department during 2014-15 and these were mainly concerned with process or delay. Of these, eight have been resolved and a review is ongoing in one. In addition, over 300 complaints were received regarding the consultation process for the draft police pension regulations. These complaints were submitted in the form of a common template and these have been dealt with in line with the Departmental procedure.

Complaints are handled by the Department's Central Management Unit and can be made:

- in writing to:  
*Central Management Unit*  
*Knockview Buildings*  
*Stormont*  
*Belfast BT4 3SG;*
- by telephone: 028 9052 8138; or
- by e-mailing: [info.cmu@dojni.x.gsi.gov.uk](mailto:info.cmu@dojni.x.gsi.gov.uk).

## **9. Sustainable Development**

The Department is committed to continuing its drive on sustainable development 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 NICS contract for



Recycling of Dry Office Waste is also widely utilised throughout the Department.

During 2014-15, the Department continued to make improvements to property which contributes to increasing energy efficiency. However, an increase in base occupancy rates of shared buildings such as Castle Buildings may mean no real change in the Department's overall carbon footprint.

## 10. Corporate Social Responsibility

The Department delivered its Corporate Social Responsibility programme with a focus on the following three aims to:

- encourage staff and team development through volunteering and community engagement;
- support and learn more about the community we serve; and
- engage in corporate social responsibility in a way that supports the Department's business objectives.

These commitments are delivered by the Department in partnership with Business in the Community, providing support to and engagement with a range of local communities, charities and schools, through both individual and team challenges.

The Department undertook a total of nine team challenges during 2014-15 and placed a particular emphasis on matching business areas to challenges which had a tangible business link with their area of work. The volunteering opportunities have also been used to develop a range of key skills and knowledge for staff, and to encourage more collaborative working across the Department.

## 11. 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 and this resulted in the Department organising two Carbon Monoxide Awareness events for staff.

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.

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.

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.

In keeping with other NICS departments, the Department has addressed the issue of work related stress using the HSENI Management Standards Approach. The Department also continues to promote the importance of reporting all accidents no matter how minor. Accidents are investigated and appropriate control measures introduced to help avoid reoccurrence.

In April 2014 the Department participated in the NICS Well-being at Work Survey. The Survey was based on the HSENI's Management Standards, covering seven key areas of work design that, if not properly managed, can be associated with poor health and well-being, lower productivity and increased

sick absence. The survey results have been used to inform a series of measures which will be introduced to better support our staff to keep them well while in work. These include the development of business area specific well-being plans and the introduction of a Departmental well-being programme, a “one stop shop” for staff, providing information on statutory support available and detailing a range of Departmental well-being events and initiatives. The Department also continues to promote access to wider opportunities through the NICS WELL portal.

## 12. Employees

### Employment of Disabled Persons

The Department 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 and amendments made under the Act. The consideration and implementation of reasonable adjustments help to ensure that staff with disabilities can fully utilise their skills and abilities.

### Equal Opportunities and Diversity

The policy of the NICS and the Department is that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for work. Under the policy, everyone has a right to equality of opportunity and to a good and harmonious working environment and atmosphere where they are treated with dignity and respect. We aim to provide opportunities for all sections of the community and continue to strive to create an inclusive working environment in which difference is recognised and valued.

The Department 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.

The Departmental Board continues to support its commitment to diversity through a Diversity Steering Group which is chaired by a member of the Board. The aim of the Group is to:

- promote diversity as a Departmental Value, and develop and deliver a diversity strategy and action plan;
- make links between the diversity agenda and the delivery of Departmental business objectives;
- shape internal and external diversity events to raise awareness of diversity issues; and
- support staff through the existence of staff diversity networks.

In 2014-15 the Steering Group implemented Phase 3 of its Diversity Action Plan which includes key objectives to more closely align Diversity activities to business delivery goals and maintain a continued focus on engagement. A series of internal staff awareness events were delivered to promote better understanding of different culture groups, including topics such as hate crime and homelessness. The Department had a presence at both Belfast Pride and Mela festival for the fourth consecutive year, receiving an award for its contribution to the Pride Village. The Department also attended the inaugural Disability Pride event in September 2014.

### Learning and Development

The Department continued its commitment to increase the core skills of staff in line with the NICS and Departmental Corporate Training Priorities.

Divisions and agencies were required to develop costed training plans for all their learning and development activities. These plans, along with the Learning and Development Unit shared learning

database, continued to assist with the provision of accurate reporting and increased the visibility of learning and development activities and costs to the Board. The Department continued to procure its specialist, line of business training from external providers and maintained a strong working relationship with the Centre for Applied Learning, who deliver the Department's suite of generic training. It also worked collaboratively with business areas and ALBs across the Department to identify common learning needs and share good governance practice.

The Department delivered a series of mandatory NICS policy commitments via e-learning, including managing sick absence, health and safety and data protection, and developed corporate training programmes to raise financial awareness and provide additional support to line managers.

The Department conducted a number of talent management initiatives to support staff, which included NVQ Level 2 and 3 apprenticeship programmes, with staff working towards nationally recognised qualifications in literacy, numeracy and business administration. During the year the Department also delivered an in-house staff mentoring programme and an assistance to study scheme to support staff through further education.

### **Pay, Workforce Planning and Performance Management**

Pay and grading issues for the Department are the responsibility of the Department of Finance and Personnel. The Department continues work to strengthen its approach to workforce planning. Departmental HR has been working closely with finance colleagues, business areas and arm's length bodies to establish appropriate workforce numbers within a reducing paybill budget.

All staff (excluding uniformed prison grades) in the Department use the performance management module on HR Connect. Staff can either access the performance management form online or in a downloadable format. Prison Officers use a slightly adapted system to suit the specific operational nature of their role.

### **Pensions and Early Departure Costs**

Present and past employees of the Department and its agencies are covered by either the Principal Civil Service Pension Scheme Northern Ireland (PCSPS(NI)), the Principal Civil Service Pension Scheme (PCSPS), Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC), Teachers' Superannuation Scheme or Broadly By Analogy (BBA) Pensions. Those entities within the boundary 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 Report, Notes 1.12, 1.13, 3 and 17 to the Accounts provide further detail on how the pension liabilities are calculated.

### **Employee Involvement**

During 2014-15 the Department published regular staff bulletins, messages from the Permanent Secretary and Board briefings for staff 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 deliver information to staff on a timely basis.

**Off-Payroll Payments**

The Department had the following 'off-payroll' engagements during the financial year:

<b>Number of engagements at 1 April 2014</b>	<b>4</b>
New engagements during the year*	3
Engagements that have come onto the organisation's payroll during the year	-
Engagements that have come to an end during the year	(2)
<b>Number of engagements at 31 March 2015</b>	<b>5</b>

*\*all new engagements started before 1 October 2014*

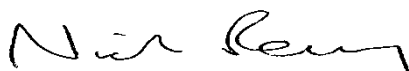
**13. Payment of Suppliers**

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 89.0% (2013-14: 85.9%) of invoices paid to suppliers within 10 working days following receipt of a properly rendered invoice. The Department achieved an average of 95.1% (2013-14: 95.2%) of invoices paid to suppliers within 30 calendar days following receipt of a properly rendered invoice.

**14. Departmental Auditor**

The notional audit fee for the work performed by the staff of the Comptroller and Auditor General during the reporting period was £251,500 (2013-14: £248,200) for the Core Department and its agencies. The 2014-15 fee includes an estimated cost of £32,000 (2013-14: £32,000) for the audit of the Trust Statements prepared by Northern Ireland Courts and Tribunals Service.

In addition, the Department paid £8,625 (2013-14: £Nil) to the Northern Ireland Audit Office for services provided in respect of the National Fraud Initiative.



**Nick Perry**  
Accounting Officer

**24 June 2015**

**DIRECTORS' REPORT****1. Introduction**

The Department of Justice presents its annual report and accounts for the financial year ended 31 March 2015.

The Department 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.

The role of the Department is to support the Minister of Justice, David Ford MLA, to help build a fair, just and safer community in Northern Ireland. In addition to its statutory functions, the Department provides resources and a legislative framework for its agencies and arm's length bodies (ALBs), which jointly constitute most of the justice system in Northern Ireland. Together with these organisations, the Department is responsible for ensuring there is a fair and effective justice system in Northern Ireland and for increasing public confidence in that system.

**2. The Minister**

The Minister has overall political responsibility and accountability for all the Department's activities. David Ford MLA was first appointed Minister of Justice on 12 April 2010. He was re-appointed Justice Minister by a cross community vote following the Assembly election in May 2011.

**3. The Permanent Secretary**

Nick Perry has been Permanent Secretary of the Department of Justice from its inception on 12 April 2010. The Permanent Secretary is the Minister's principal adviser on all aspects of the Department's responsibilities as well as being the Departmental Accounting Officer.

**4. Departmental Board**

The work of the Department is coordinated and monitored by the Departmental Board. The role of the Departmental Board is to provide corporate leadership within policies determined by the Minister. The Board meets monthly to consider progress on key policy and management issues, including finance and personnel.

Membership of the Board is shown below - members were in post for the period covered by these accounts unless otherwise stated:

<b>Position</b>	<b>Member</b>
Permanent Secretary	Nick Perry - Chair of the Departmental Board
Director, Access to Justice	David A Lavery CB
Director, Safer Communities	Anthony Harbinson
Director, Reducing Offending	Sue McAllister
Director, Justice Delivery	Lian Patterson
Independent Board Members	Rotha Johnston - Chair of the Departmental Audit and Risk Committee
	Colm McKenna (interim until 25 July 2014)
	Clarke Black (from 8 September 2014)

## 5. Appointment of Senior Officials

The appointments of the Permanent Secretary and Directors have been made in terms consistent with the Civil Service Management Code. They were appointed by a variety of means, namely inter-departmental transfers, promotion and direct recruitment.

## 6. Departmental Structure

The Department consists of four directorates, as follows:

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

Further details regarding the services provided by these directorates are contained in Section 5 of the Strategic Report and Note 2 to the Accounts.

## 7. Pension Liabilities

The treatment of pension costs and liabilities is disclosed in the Remuneration Report and Note 1.12 of the Statement of Accounting Policies (Note 1 to the Accounts).

## 8. Managing Attendance

Sickness absence reduction targets for the NICS departments are in place for the period up to March 2015. The targets for the Department of Justice include uniformed staff in the Prison Service. Provisional outturn statistics at the end of April 2015 indicate that the average number of working days lost in 2014-15 due to sickness absence amounted to 14.6 days against the target of 9.2 days. This figure shows an increase when compared to the outturn of 11.6 days against the target of 9.7 days for 2013-14. Validation of the 2014-15 outturn is still required and it may be the autumn before the official Northern Ireland Statistics and Research Agency figure is available.

The management of sickness absence continues to be one of the key priorities for the Department and is a standing item at meetings of the Departmental Board and Strategic Resources Committee. A high priority is also placed on the health and well-being of staff with a strong emphasis on preventing staff from becoming ill in the first instance by offering a range of work-life balance initiatives and healthy lifestyle programmes.

Given the absence rates in the Department, work continues to gain a better understanding of the reasons and to address workforce issues that may impact upon sickness absence. In response to the 2014 NICS Well-being at Work Survey, a targeted approach is being taken by Departmental HR, working with business areas to analyse their specific survey results and develop bespoke well-being improvement plans to address issues raised. The NICS HR policy on managing sickness absence is applied across the Department. An improvement action plan following last year's peer review exercise has recently been implemented which includes inviting line managers to attend sickness absence review meetings along with the staff member to encourage more proactive line management engagement in the process. The HR Forum continues to meet regularly and case conferencing across the Departmental organisations has been introduced to support sharing of best practice and consistency of approach across all business areas.

Staff in the Department are supported by both Welfare and the NICS Employee Assistance Programme. Feedback from staff continues to be very positive on the support provided by Welfare Services and the advice and professional counselling services provided by Carecall. All staff who are on long term sickness or any stress related absences are encouraged to contact these services.

Customised training has been delivered to managers on mental resilience and also having difficult conversations. Whilst responsibility for recording sickness absence rests with line managers, decisions on the action to be taken, for example the issue of an inefficiency warning, rests with Departmental HR working closely with staff and line managers.

Sickness absence compliance targets were introduced in 2014-15 to monitor compliance to the sickness absence policy. A range of reports are being developed and will be incorporated into reports to the Departmental Board.

## 9. Register of Interests

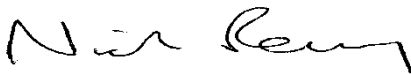
A register of interests is maintained by the Department and no significant interests are currently held by Board members which may conflict with their management responsibilities.

## 10. Auditors

The financial statements are audited by the Comptroller and Auditor General (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. 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. No remuneration was paid to the auditors for non-audit work during 2014-15 (2013-14: £Nil).

## 11. Disclosure of Audit Information

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.



**Nick Perry**  
Accounting Officer

24 June 2015

## REMUNERATION REPORT

### 1. Remuneration Policy

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

### 2. Service Contracts

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

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

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

Rotha Johnston was appointed as an Independent Board Member on 12 April 2010 for an initial three year period to 1 April 2013 and this has been subsequently extended to 31 March 2016. Colm McKenna was appointed as an interim Independent Board Member from 28 June 2013 to 25 July 2014. Clarke Black was appointed as an Independent Board Member on 8 September 2014 for an initial three year period to 7 September 2017. The Department and the Independent Board Members may terminate the appointments by giving one month's notice in writing.

### 3. Salary and pension entitlements

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

#### A Remuneration (including salary) and pension entitlements:

[Audited information]

Minister	2014-15				2013-14			
	Salary £	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	Total (to nearest £1,000)	Salary £	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	Total (to nearest £1,000)
David Ford MLA	38,000	-	13,000	51,000	38,000	-	19,000	57,000

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



[Audited information]

Officials	Salary	Bonus payments	Benefits in kind	*Pension Benefits	2014-15
	(to nearest £100)	(to nearest £100)	(to nearest £100)	(to nearest £100)	Total
	£000	£000	£100	£000	£000
Nick Perry Permanent Secretary	115-120	-	-	41	155-160
David A Lavery CB** Director, Access to Justice	110-115	-	-	27	140-145
Anthony Harbinson Director, Safer Communities	90-95	-	-	30	120-125
Sue McAllister Director, Reducing Offending	100-105	-	16,800	39	155-160
Lian Patterson Director, Justice Delivery	85-90	-	-	19	105-110
Rotha Johnston Independent Board Member	15-20	-	-	-	15-20
Colm McKenna*** Independent Board Member (until 25 July 2014)	0-5	-	100	-	0-5
Clarke Black*** Independent Board Member (from 8 September 2014 )	0-5	-	-	-	0-5

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

\*\*In line with the SCS pay award arrangements staff who, after assimilation to the new pay scales, received less than 1% consolidated increase to their salary received a non-consolidated pensionable payment to bring them up to the equivalent value of 1%.

\*\*\* 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.

[Audited information]

Officials	Salary	Bonus payments	Benefits in kind (to nearest £100)	*Pension Benefits	2013-14 Total
	£000	£000	£100)	£000	£000
	Nick Perry Permanent Secretary	110-115	-	-	19
David A Lavery CB** Director, Access to Justice	110-115	-	-	7	120-125
Anthony Harbinson Director, Justice Delivery (until 14 May 2013); Director, Safer Communities (from 15 May 2013)	90-95	-	-	7	95-100
Peter May Director, Safer Communities (until 14 May 2013)	10-15 (80-85 full year equivalent)	-	-	56	65-70
Sue McAllister Director, Northern Ireland Prison Service	100-105	-	16,800	38	150-155
Lian Patterson Director, Justice Delivery (from 2 September 2013)	45-50 (85-90 full year equivalent)	-	-	1	45-50
Mark McGuckin Director (Acting), Justice Delivery (from 15 May 2013 to 1 September 2013)	20-25 (80-85 full year equivalent)	-	-	18	40-45
Rotha Johnston Independent Board Member	15-20	-	-	-	15-20
Colm McKenna*** Independent Board Member (from 28 June 2013)	0-5	-	200	-	0-5

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

\*\*In line with the SCS pay award arrangements staff who, after assimilation to the new pay scales, received less than 1% consolidated increase to their salary received a non-consolidated pensionable payment to bring them up to the equivalent value of 1%.

\*\*\* 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.

[Audited information]

Officials	2014-15			2013-14		
	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)	Salary £000	Bonus payments £000	Benefits in kind (to nearest £100)
Band of Highest Paid	115-120			115-120		
Director's Total Remuneration						
Median Total Remuneration	£26,391			£26,086		
Ratio	4.5			4.6		

### 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 gratia payments.

The Department of Justice was under the direction and control of David Ford MLA during the financial year. His salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this resource account. These amounts do not include costs relating to the Minister's role as MLA which are disclosed elsewhere.

### Bonuses

Bonuses are no longer payable to members of the Senior Civil Service.

### Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HM Revenue and Customs as a taxable emolument. The 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.

### Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in Department in the financial year 2014-15 was £115,000 - £120,000 (2013-14: £115,000 - £120,000). This was 4.5 times (2013-2014: 4.6) the median remuneration of the workforce, which was £26,391 (2013-14: £26,086). In 2014-15, 4 employees (2013-14: 3) received remuneration in excess of the highest paid director. Remuneration ranged from £16,300 to £156,863 (2013-14: £16,300 to £178,264).

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

**B Pension Benefits:***[Audited information]*

Minister	Accrued pension at pension age as at 31/3/15 £000	Real increase in pension at pension age £000	CETV at 31/03/15 £000	CETV at 31/03/14 £000	Real increase in CETV £000
David Ford MLA	2.5-5	0-2.5	95	75	12

**Ministerial pensions**

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member.

Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 7% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 21.6% of the Ministerial salary.

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

**Cash Equivalent Transfer Value (CETV)**

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

**Real increase in the value of the CETV**

This is the increase in accrued pension due to the Department's contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using common market valuation factors for the start and end of the period.

[Audited information]

Officials	Accrued pension at pension age as at 31/3/15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/15	CETV at 31/3/14	Real increase in CETV	Employer contribution to partnership pension account (Nearest £100)
	£000	£000	£000	£000	£000	
Nick Perry Permanent Secretary	45-50 plus 145-150 lump sum	0-2.5 plus 5-10 lump sum	1,005	921	36	-
David A Lavery CB Director, Access to Justice	45-50 plus 145-150 lump sum	0-2.5 plus 2.5-5 lump sum	1,052	978	25	-
Anthony Harbinson Director, Safer Communities	35-40 plus 105-110 lump sum	0-2.5 plus 5-10 lump sum	664	607	22	-
Sue McAllister Director, Reducing Offending	5-10 plus 0 lump sum	0-2.5 plus 0 lump sum	83	50	21	-
Lian Patterson Director, Justice Delivery	15-20 plus 0 lump sum	0-2.5 plus 0 lump sum	205	180	9	-

No pension benefits are provided to the Independent Board Members.

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

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

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

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

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

Pay band - assessed each pay period		Contribution rates - classic members	Contribution rates - classic plus, premium, nuvos and alpha members
From	To	From 1 April 2015 to 31 March 2016	From 01 April 2015 to 31 March 2016
£0	£15,000.99	3.00%	4.60%
£15,001.00	£21,000.99	4.60%	4.60%
£21,001.00	£47,000.99	5.45%	5.45%
£47,001.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

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

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

### Cash Equivalent Transfer Values

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

### Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits

transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

**Compensation for Loss of Office**

There were no compensation benefits paid by the Department to any senior staff members during the financial year (2013-14: £Nil).



**Nick Perry**  
**Accounting Officer**

**24 June 2015**

**STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES**

1. Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department of Finance and Personnel has directed the Department of Justice to prepare, for each financial year, resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its net resource outturn, the application of resources, changes in taxpayers' equity and cash flows for the financial year.
2. 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 and Personnel, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
  - make judgements and estimates on a reasonable basis;
  - state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts; and
  - prepare the accounts on a going concern basis.
3. The Department of Finance and Personnel 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 Personnel and published in *Managing Public Money Northern Ireland*.



## GOVERNANCE STATEMENT

### 1. Role and responsibilities of the Department

The role of the Department is to support the Minister of Justice to help build a fair, just and safer community in Northern Ireland. In addition to its statutory functions, the Department provides resources and a legislative framework for its agencies and arm's length bodies (ALBs), which jointly constitute most of the justice system in Northern Ireland. Together with these organisations, the Department is responsible for ensuring there is a fair and effective justice system in Northern Ireland and for increasing public confidence in that system.

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*.

On 12 March 2012, the First Minister and deputy First Minister published the Programme for Government (PfG) 2011-2015. The PfG identifies the actions the Executive will take to deliver its number one priority - a vibrant economy that can transform our society while dealing with the deprivation and poverty which has affected some of our communities for generations.

The Department of Justice has seven commitments in the PfG:

Against Priority Three, "Protecting Our People, the Environment, and Creating Safer Communities", the commitments are:

- substantially complete the construction of the new Police, Prison and Fire Training College;
- reduce the level of serious crime;
- tackle crime against older and vulnerable people by more effective and appropriate sentences and other measures;
- improve community safety by tackling anti-social behaviour; and
- improve access to justice.

Against Priority Four, "Building a Strong and Shared Community", the commitments are:

- actively seek local agreement to reduce the number of 'peace walls'; and
- reform and modernise the Prison Service.

In addition to its PfG commitments, the Department developed a Business Plan for 2014-15. Further details regarding performance against the objectives and targets for both the PfG and Business Plan are contained in the Strategic Report section of the Annual Report and Accounts.

### 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 2014-15 the Department complied with the 2013 Corporate Governance Code. The key organisational structures which support the delivery of effective corporate governance in the Department are the:

- Departmental Board;
- Departmental Audit and Risk Committee; and
- Strategic Resources Committee.

**Departmental Board**

The Minister is supported by the staff of the Department, led by the Permanent Secretary and a Departmental Board. The Board leads the management of the Department in the delivery of the Minister’s objectives and is responsible for the establishment and monitoring of the corporate governance arrangements of the Department. Subject to Ministerial agreement, the Board prioritises the allocation of resources to match development and delivery requirements, and is accountable for Departmental performance.

In addition to the Permanent Secretary, the Board is made up of four executive members and two independent members. The independent members provide constructive challenge to the Board’s business, an external objective perspective and a different range of experience to complement the executive Board members.

Attendance by members is shown below for the 11 meetings of the Departmental Board during 2014-15:

Position	Member	Attendance
Permanent Secretary (Chair)	Nick Perry	11
Director, Access to Justice	David A Lavery CB	8
Director, Safer Communities	Anthony Harbinson	8
Director, Reducing Offending	Sue McAllister	9
Director, Justice Delivery	Lian Patterson	9
Independent Board Members	Rotha Johnston	8
	Colm McKenna (interim until 25 July 2014)	3
	Clarke Black (from 8 September 2014)	7

Key work of the Departmental Board during the year included:

- a review of Ministerial and Executive priorities;
- reprioritising of essential pieces of work to ensure delivery of the PfG commitments and the Departmental objectives within the constraints of significant financial pressures;
- a review of resourcing implications and discussions on efficiency savings across the Department;
- a review of HR issues including the introduction of proactive measures to reduce sick absence;
- monitoring of the legislative programme; and
- development of an estates strategy.

Given the current financial climate a number of in-depth discussions were held between the Minister, Permanent Secretary and Departmental Board members on the challenges facing the Department in the delivery of its business priorities. Funding and prioritisation decisions have been required that will have

an impact on the wider justice system and the services the Department provides. However, the Minister has sought to protect front line services, public safety and outcomes for the public as far as possible within a reduced funding envelope.

### 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 by two other independent members. Other DARC attendees include the Directors of Safer Communities, Justice Delivery and Reducing Offending together with representatives from the Northern Ireland Audit Office (NIAO) and the Department's Internal Audit Services, Financial Services Division and Risk Improvement Manager.

Attendance by members is shown below for the four meetings of the Departmental Audit and Risk Committee during 2014-15:

Position	Member	Attendance
Independent Board Member (Chair)	Rotha Johnston	4
Independent Board Member	Colm McKenna (interim until 25 July 2014)	1
Independent Board Member	Clarke Black (from 8 September 2014)	3
Independent Member	David Small	4

Key work of the DARC included:

- 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;
- annual reports and accounts;
- Departmental assurance mapping; and
- fraud reporting and accountability grids.

There were also presentations from various business areas relating to information assurance, procurement and contract management, AccessNI and the Counter Fraud Unit in the NILSC.

### 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 resource issues, bringing forward recommendations on key resource strategies to the Board and Minister as appropriate;
- assisting the Accounting Officer in judging strategic resourcing priorities;
- ensuring a consistent approach for financial and HR management across the Department;
- 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, including the allocation of budgets, HR resources, value for money targets, cost reduction plans and capital allocations; and
- monitoring performance against targets at a strategic level.

Attendance by members is shown below for the seven meetings of the Strategic Resources Committee during 2014-15:

Position	Member	Attendance
Permanent Secretary (Chair)	Nick Perry	5
Director, Access to Justice	David A Lavery CB	6
Director, Safer Communities	Anthony Harbinson	6
Director, Reducing Offending	Sue McAllister	6
Director, Justice Delivery	Lian Patterson	7
Independent Board Members	Rotha Johnston	7
	Colm McKenna (interim until 25 July 2014)	2
	Clarke Black (from 8 September 2014)	3
Head of Personnel and Office Services Division	Declan McGeown (until 19 October 2014)	4
	Mary Madden (from 20 October 2014)	2
Head of Financial Services Division	Glyn Capper	7

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 efficiency savings into front line programmes. This included the review and approval of updates to the Department's Savings Delivery Plans;
- reviewing and discussion of the Departmental financial position for the remainder of the Budget 2011-15 period; and
- reviewing strategic HR issues, including resourcing data and litigation updates.

### 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, Central Procurement Directorate within DFP 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 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. The Department's Procurement team liaises closely with Central Procurement Directorate and is the primary point of contact for business areas needing advice and assistance on procurement issues.

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.

## Internal Audit

The Department's Internal Audit Services provided the internal audit service to the Core Department, its agencies and a number of ALBs including:

- Criminal Justice Inspection Northern Ireland;
- Northern Ireland Legal Services Commission;
- Northern Ireland Police Fund;
- Police Rehabilitation and Retraining Trust;
- Prisoner Ombudsman;
- Probation Board for Northern Ireland; and
- RUC George Cross Foundation.

Service Level Agreements covering the internal audit service arrangements have been agreed with each of the ALBs involved.

## Information assurance

The Department has a robust Information Assurance governance structure that is managed by the Department's Information Risk Owners' Council (IROC). The IROC is chaired by the Senior Information Risk Owner and memberships includes the Departmental Security Officer, the Departmental Information Manager and lead Information Asset Owners (IAOs), nominated to represent all departmental business areas, agencies and ALBs. Supporting the work of the IROC is the Accreditation Panel, the Security Managers' Forum, the Records and Information Management Group and the IT Security Forum. Membership of IROC is reviewed periodically to ensure that it includes as many relevant parties as possible for maximum distribution and consistency of best practice in policy application and implementation across the Departmental family.

IROC is a critical mechanism for championing the security and management of information assets. IROC has directed significant work in policy, guidance and the implementation of the new Government Classification Scheme. The change to the Government Classification Scheme, for all new information created from 2 April 2014, impacted on the Department and resulted in the writing of guidance, implementation of training for staff (both e-learning and classroom based) and specialist training for IAOs.

Information assurance incidents have reduced from 40 in 2013-14 to 32 in 2014-15; 28 were due to physical processes, three to technical (ICT) processes and one to a personnel process. The majority of incidents (over 95%) related to physical files. However, no breaches of security resulted from incidents and therefore none have been reported to the Information Commissioner's Office. The key message coming out of all incidents is the requirement to address risks related to physical files and paper handling. Focus has shifted to risk management and assurance mechanisms for the paper information held on-site in Departmental buildings and a specific best practice Standard for Physical File Management has been implemented. To maintain focus on major risks an Information Assurance risk register was established and is reviewed at every meeting of IROC.

## 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 and the Office of the Police Ombudsman for Northern Ireland. These bodies tend to focus on specific areas providing additional scrutiny, reporting and in some cases making recommendations for improvement.

#### 4. Risk management and internal control

Risk management is embedded into the business planning process in the Department at both strategic and operational levels in line with DFP guidance. The system of internal control is designed to maintain risk at a manageable level, based on a risk appetite agreed by the Departmental Board, in order to provide a reasonable assurance of effectiveness. The Department's risk appetite will vary according to the perceived importance of risks and their timing.

Risks to the delivery of Departmental aims and objectives are considered by the Board on an ongoing basis. The likelihood of risks being realised and the likely impact of realisation of those risks are considered in order to inform decisions on how to manage risk effectively.

The Board monitors the mitigation of strategic risks throughout the year. These include risks of a sufficient magnitude to threaten organisational success and reputation, or a scenario of combined risks that would have an impact. The corporate risk register is amended throughout the year to reflect changes to the assessment of risk and to take account of emerging risk areas. This supports the Accounting Officer in ensuring that there is regular and timely assurance on the issues that are important to organisational success; in particular, the proportionate management of risks that threaten the successful achievement of business outcomes and objectives.

Board assessments on the effectiveness of internal controls and emerging issues are informed by:

- reports to those charged with governance provided by the Northern Ireland Audit Office as part of their annual audit work;
- findings of Internal Audit reviews;
- bi-annual stewardship statements by Heads of Division, agencies and ALBs;
- reports provided by the DARC; and
- feedback from the Information Risk Owners Council and Procurement Governance Board.

Assurance on risk management in the Department's agencies and ALBs is provided in the form of bi-annual assurance statements and annual governance statements, which are signed by the designated Accounting Officers. The quality of the information received by the Board proved satisfactory.

The risk management process in the Department is dynamic, with evidence of regular review and re-assessment of risks to identify where risk assessments have increased or decreased, as well as identifying emerging risks to be considered and managed. The Head of Internal Audit attends Audit Committees across the Departmental family and, as a result, is able to provide satisfactory assurance on the active and dynamic operation of effective risk identification and management.

The Department is subject to public expenditure controls, and its expenditure forms part of the Departmental Expenditure Limit and Annually Managed Expenditure. Decisions on allocations to the Department rest within the Executive's agreed allocations and controls.

The Board received statistical data in relation to trends across the justice system and metrics in relation to Departmental performance.

#### 5. Review of effectiveness of the governance framework

As Accounting Officer, I have 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;
- quarterly governance reviews;
- sponsor control monitoring;
- annual governance statements;
- stewardship statements; and
- independent reviews by Internal Audit.

Board effectiveness was evaluated in March 2013 with the outcome being that the Board is fulfilling its governance requirements. The next evaluation exercise is due to be completed during 2015-16.

There were no Ministerial Directions given during the year.

## **6. 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.

### **Fine Collection and Enforcement**

NICTS is responsible for the collection of financial penalties which are payable to the Northern Ireland Consolidated Fund. This includes responsibility for arrangements to impose and enforce fines and other monetary penalties which will potentially impact the collectability of outstanding debt. As reported in previous Governance Statements issues have arisen in respect of fine default hearings and Trust Statements.

#### ***Fine default hearings and fine collection***

In March 2013, the Divisional Court found that a number of long established processes for imposing and enforcing fines and confiscation orders failed to comply fully with legislative provisions. The court held that there should be further 'default' court hearings at which the defendant can attend and make representations before a decision is made as to how any outstanding fine should be enforced. Default hearings commenced in the Crown Court in January 2014 under existing legislative provisions and in the Magistrates' Court in June 2014 under new court rules. An internal project team has been established to respond to the judgment and develop future processes; remedy existing fines; amend line of business systems; and provide appropriate training and guidance.

Five Judicial Reviews have been converted to writs and are currently listed before the Queen's Bench Division of the High Court to consider preliminary issues. The claims will be robustly defended however if, following the substantive hearing the court finds NICTS to be liable and proceeds to consider an award of damages against NICTS, it may be possible to invite the court to use these test cases to establish a scale which could be applied to future claims thereby avoiding the need for unnecessary litigation. The cases have been listed for review on 19 June 2015. Depending on the outcome of the test cases, there may be financial implications for the Department, arising from compensation payments from claims which cannot yet be estimated with any accuracy.

The Department has established the Fine Collection and Enforcement Programme Board, sponsored by the Criminal Justice Board, to improve the collection and enforcement of fines in line with Ministerial priorities. Membership of the Programme Board includes representatives from the Core Department, NICTS, PSNI, NIPS and PBNI. Legislative provisions to allow for a civilianised fine collection and enforcement service are included in the Fines and Enforcement Bill which is due to be introduced to the Assembly before the summer recess and have the provisions in law before the end of this Assembly mandate. This legislation, and related regulations, is required to enable the new service to be operational by the end of 2016.

***Trust Statement***

The Trust Statement for 2014-15 is expected to be qualified on the basis of a limitation of scope arising from insufficient evidence that material error does not exist within the estimate of impairment and collectability of overdue debt. Resolving this qualification issue will take time as the estimate requires past historical trend data, however default hearings only commenced during 2014. New powers being introduced in the Fines and Enforcement Bill will also affect trends and will require data to be collected and analysed in relation to collection and default rates under the new regime.

It is also expected that the 2014-15 Trust Statement will be qualified on the basis that there was insufficient evidence to substantiate that material fraud did not occur. There are inherent difficulties and risks associated with the collection of warrant monies. However, PSNI has developed and implemented new policies and procedures to mitigate, where possible, these risks since recommencing the execution and collection of fine warrants in November 2014. PSNI is working alongside NICTS and the Department to implement a civilianised fine collection and enforcement service based on a 'Fine Officer' model and largely removing police from fine enforcement.

The Public Accounts Committee (PAC) held an evidence session on the Trust Statement in October 2014. This followed the qualification of the Trust Statement by the Northern Ireland Audit Office (NIAO) for a number of years. The PAC published a report on the matter in January 2015 calling for reform of the financial penalties collection system. The Department is working with NICTS and PSNI to implement the six PAC recommendations and the Memorandum of Reply was presented to the Assembly in March 2015. A number of the recommendations have already been implemented and the remaining recommendations will be addressed with the reform of the existing fine legislation and introduction of the new service at the end of 2016.

**Legal Aid**

Following the dissolution of the Northern Ireland Legal Services Commission (NILSC), the Legal Services Agency Northern Ireland (LSANI) was established on 1 April 2015 as an executive agency within the Department. The following issues were reported in the 2014-15 Governance Statement of NILSC and any issues arising will be taken forward by LSANI.

***Financial forecasting and funding***

The Commission continued to face financial challenges due to demand-led legal aid pressures. In order to address these matters, work has been undertaken in conjunction with the Department to develop and improve the accuracy of the financial forecasting process and respond to external factors impacting on legal aid forecasting.

***Accounts qualifications***

The 2014-15 accounts will be qualified in respect of the two areas that have been the subject of qualification since 2003. Firstly, a limitation of scope in respect of insufficient evidence to support the assumptions and rationale used when calculating provisions. Secondly, a limitation of scope qualification in respect of the regularity of expenditure on the basis that there is insufficient evidence available to support the eligibility of applicants, the legal aid payments made to the profession and the potential scope of fraud.

LSANI is seeking to improve the estimating techniques and disclosures used when calculating outstanding liabilities for services provided by legal practitioners to legal aid claimants at each financial year end. Significant analysis work is being undertaken on payment profiles and the life cycle of claims to inform the provisions estimates. This work will be assisted by the proposed introduction of standard fees across civil legal aid.



A Financial Eligibility Team has been introduced, following a pilot run, to review and assess whether applicants remain eligible for legal aid taking into account their current financial circumstances. The fraud reporting process is now well established with monthly reporting to NIAO and DFP, and quarterly reporting to the Departmental Audit and Risk Committee (DARC).

Given the complex nature of legal aid provisions and the range of issues outside the organisation's control, providing the necessary levels of assurance to have the accounts qualification removed remains a significant challenge. LSANI will continue to work towards enhancing controls during 2015-16.

### **Reports by Northern Ireland Audit Office and Public Accounts Committee**

#### ***Managing and Protecting Funds Held in Court***

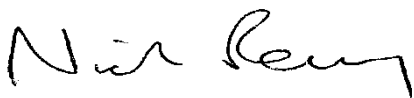
The NIAO published a Value for Money report in July 2014 making a number of recommendations aimed at modernising the service provided by the Court Funds Office. The PAC held an evidence session on the matter in February 2015 and published a report in May 2015 calling for the overhaul of the Court Funds Office. NICTS will work to address the PAC recommendations once these are agreed.

#### ***Financial audit qualification***

In addition to the qualifications noted above in respect of the Trust Statements and Northern Ireland Legal Services Commission, the Comptroller and Auditor General (C&AG) qualified the 2014-15 accounts for the Youth Justice Agency (YJA). The audit opinion on regularity was qualified on the grounds of a limitation of scope in respect of payments to the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) pension scheme. The circumstances giving rise to the qualification are detailed in the report by the C&AG contained within the YJA financial statements. The Agency is working with the Department to resolve this matter.

### **7. 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 and by the Department's Internal Audit Services operating to Public Sector Internal Audit Standards. They deliver 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 his professional opinion on the level of assurance that he can provide based on the work done. For the 2014-15 year he has provided overall satisfactory assurance.



**Nick Perry**  
**Accounting Officer**

**24 June 2015**

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

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

**Respective responsibilities of the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

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

**Opinion on regularity**

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2015 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Opinion on financial statements**

In my opinion:

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

**Opinion on other matters**

In my opinion:

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

**Matters on which I report by exception**

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

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

**Report**

I have no observations to make on these financial statements.



*KJ Donnelly*  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*106 University Street*  
*Belfast*  
*BT7 1EU*  
*29 June 2015*

## Statement of Assembly Supply

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 2014-15

		Estimate			Outturn			2014-15 £000	2013-14 £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		
Request for Resources A	SOAS 2	1,409,930	(48,479)	1,361,451	1,309,849	(47,640)	1,262,209	99,242	1,364,170
<b>Total Resources</b>	SOAS 3	<b>1,409,930</b>	<b>(48,479)</b>	<b>1,361,451</b>	<b>1,309,849</b>	<b>(47,640)</b>	<b>1,262,209</b>	<b>99,242</b>	<b>1,364,170</b>
<b>Non-operating cost Accruing Resources</b>				<b>87</b>			<b>87</b>	<b>-</b>	<b>3,484</b>

### Net cash requirement 2014-15

	Note	Estimate	Outturn	2014-15 £000	2013-14 £000
				Net Total Outturn compared with Estimate: saving/(excess)	Outturn
Net cash requirement	SOAS 4	1,321,858	1,254,168	67,690	1,370,626

### 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):

	Note	Income	2014-15 £000 Forecast Receipts	Income	2014-15 £000 Outturn Receipts
Total	SOAS 5	11,500	<i>11,500</i>	7,632	<i>7,646</i>

Explanations of variances between Estimate and Outturn are given in SOAS 2 and in the Strategic Report.

The notes on pages 62 to 121 form part of these accounts.

## Notes to the Statement of Assembly Supply

### SOAS 1 Statement of accounting policies

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

#### SOAS 1.1 Accounting Convention

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

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

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

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

#### SOAS 1.2 Comparison with IFRS-based Accounts

Many transactions are treated in the same way in National Accounts and IFRS-based accounts, but there are a number of differences as detailed below.

#### SOAS 1.3 PFI and other Service Concession arrangements

The National Accounts basis for recognising service concession arrangements is broadly similar to UK-GAAP, applying a risk-based test to determine the financial reporting. IFRS-based recognition of service concession arrangements (IFRIC 12) is determined using control tests, which can result in a different on/off balance sheet treatment.

#### SOAS 1.4 Prior Period Adjustments (PPAs)

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

The notes on pages 62 to 121 form part of these accounts.

## SOAS 2 Analysis of Net Resource Outturn by function

						2014-15 £000	2013-14 £000			
						Estimate				
						Net Total	Net Total compared with Estimate	Net Total Outturn compared with Estimate, adjusted for virements	Prior-year Outturn	
Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Outturn Net Total					
<b>Departmental Expenditure Limit:</b>										
Forensic Science Northern Ireland	-	11,843	-	11,843	(10,572)	1,271	1,057	(214)	-	918
Access to Justice Directorate	10,887	6,577	2,611	20,075	(1,196)	18,879	25,309	6,430	6,430	21,805
Compensation Services	-	3,035	-	3,035	(111)	2,924	2,741	(183)	-	2,772
Safer Communities Directorate	10,541	12,756	7,237	30,534	(3,473)	27,061	36,975	9,914	7,858	25,301
Northern Ireland Prison Service	12,335	100,346	2,274	114,955	(3,035)	111,920	110,261	(1,659)	-	118,436
Youth Justice Agency	-	16,120	-	16,120	(147)	15,973	16,783	810	810	16,937
NI Courts and Tribunals Service	3,758	63,202	-	66,960	(29,106)	37,854	38,408	554	554	36,736
<b>Annually Managed Expenditure:</b>										
Safer Communities Directorate	-	-	-	-	-	-	-	-	-	518
Northern Ireland Prison Service	-	990	-	990	-	990	13,716	12,726	12,726	1,959
Youth Justice Agency	-	2,337	-	2,337	-	2,337	32,148	29,811	29,782	854
Access to Justice Directorate	-	6,839	-	6,839	-	6,839	19,072	12,233	12,233	1,107
Compensation Services	-	12,360	-	12,360	-	12,360	15,663	3,303	3,303	8,922
NI Courts and Tribunals Service	-	621	-	621	-	621	839	218	218	1,107
Forensic Science Northern Ireland	-	29	-	29	-	29	-	(29)	-	39
<b>Non Budget:</b>										
Police Service of Northern Ireland	-	-	745,663	745,663	-	745,663	772,951	27,288	21,123	865,019
Police Pensions	-	-	119,837	119,837	-	119,837	114,782	(5,055)	-	99,981
Office of the Police Ombudsman for Northern Ireland	-	-	8,781	8,781	-	8,781	8,791	10	10	9,556
Northern Ireland Policing Board	-	-	6,754	6,754	-	6,754	6,941	187	187	6,587
Probation Board for Northern Ireland	-	-	16,918	16,918	-	16,918	18,305	1,387	1,387	21,643
Criminal Justice Inspection NI	-	-	1,090	1,090	-	1,090	1,417	327	327	1,307
NI Legal Services Commission	-	-	113,848	113,848	-	113,848	112,838	(1,010)	-	110,454

The notes on pages 62 to 121 form part of these accounts.

## SOAS 2 Analysis of Net Resource Outturn by function (continued)

	Outturn						2014-15 £000 Estimate	2013-14 £000		
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net Total Outturn compared with Estimate	Net Total Outturn compared with Estimate adjusted for virements	Prior-year Outturn	
RUC George Cross Foundation	-	-	162	162	-	162	247	85	85	146
Northern Ireland Police Fund	-	-	1,627	1,627	-	1,627	1,527	(100)	-	1,580
Police Rehabilitation and Retraining Trust	-	-	1,700	1,700	-	1,700	2,267	567	567	2,070
Causeway PFI Charges	-	-	-	-	-	-	-	-	-	(299)
Notional Charges	6,771	-	-	6,771	-	6,771	8,413	1,642	1,642	7,175
Prior period adjustments	-	-	-	-	-	-	-	-	-	1,540
<b>Resource Outturn</b>	<b>44,292</b>	<b>237,055</b>	<b>1,028,502</b>	<b>1,309,849</b>	<b>(47,640)</b>	<b>1,262,209</b>	<b>1,361,451</b>	<b>99,242</b>	<b>99,242</b>	<b>1,364,170</b>

**Explanation of the variation between Estimate and Outturn**

This analysis shows a saving of £99.242m was made on the Net Total Outturn as compared to Estimate with regard to the consolidated figures. The Resource Outturn saving is made up of a number of elements including:

- Departmental Expenditure Limit (DEL) saving of £15.652m;
- Annually Managed Expenditure (AME) saving of £58.262m; and
- Non-budget saving of £25.328m.

The main reasons for these savings are outlined below.

The DEL savings primarily arose due to underspend in ringfenced Resource DEL budgets and further details are provided below.

The AME savings largely relates to reduced provisions for pension realignment and legal claims, many of which are outside the Department's control and are dependent, for example, on the timing of court cases.

The non-budget savings mainly relate to reduced Police Service of Northern Ireland working capital requirements.

The notes on pages 62 to 121 form part of these accounts.

**SOAS 2 Analysis of Net Resource Outturn by function (continued)****Spending in Departmental Expenditure Limits**

Forensic Science Northern Ireland - the excess was mainly due to overspends relating to non-staff expenditure.

Access to Justice Directorate - the saving was mainly due to the fact that the Department had surplus ringfenced resource DEL (non-cash) funding that cannot be used in other areas.

Compensation Services - the excess was mainly due to a number of small overspends across the business area.

Safer Communities Directorate - the saving was mainly due to the fact that the Department had surplus ringfenced resource DEL (non-cash) funding that cannot be used in other areas.

NI Prison Service - the excess was mainly due to overspends relating to staff expenditure.

Youth Justice Agency - the saving was mainly due to underspends across the Agency in staff, non-staff and non-cash expenditure.

NI Courts and Tribunals Service - the saving was mainly due to lower than anticipated non-cash expenditure.

**Spending in Annually Managed Expenditure**

NI Prison Service - the saving was mainly due to underspends in provisions for legal costs and lower costs than anticipated relating to the impairment of fixed assets.

Youth Justice Agency - the saving was mainly due to a forecast provision relating to pension realignment costs that was subsequently not required in-year.

Access to Justice Directorate - the saving was mainly due to an underspend in forecast provisions that were subsequently not required in-year.

Compensation Services - the saving relates to a reduction in provisions for personal injury and criminal damage claims.

NI Courts and Tribunals Service - the saving relates to lower than forecast provisions required in-year.

Forensic Science Northern Ireland - the excess was due to an increase in provisions being higher than estimated in-year.

The notes on pages 62 to 121 form part of these accounts.



**SOAS 2 Analysis of Net Resource Outturn by function (continued)****Spending in Non-Budget**

Police Service of Northern Ireland - the saving was largely due to underspends within staff and non-staff expenditure and the timing of cash drawdowns to service payables at the year end.

Police Pensions - the excess was due to higher than anticipated commutation costs due to more leavers.

Office of the Police Ombudsman for Northern Ireland - the saving was due to lower than budgeted staff and non-staff costs.

Northern Ireland Policing Board - the saving was mainly due to lower than forecast expenditure on Policing and Community Safety Partnerships.

Probation Board for Northern Ireland - the saving relates to the impact of higher year end accruals combined with underspends in staff and capital expenditure.

Criminal Justice Inspection NI - the savings relates to the impact of higher year end accruals and combined underspends within staff and non-staff expenditure.

NI Legal Services Commission - the excess relates to increased expenditure on legal aid approved by the Department in the final quarter of 2014-15.

RUC George Cross Foundation - the saving relates to the timing of year end capital accruals.

Northern Ireland Police Fund - the excess was due to specific programme funding that was initially held within the Safer Communities Directorate and subsequently allocated to the Fund.

Police Rehabilitation and Retraining Trust - the saving primarily relates to reduced working capital requirements and other programme and capital underspends.

Notional Charges - the saving relates to lower than anticipated notional charges for IT Assist.

Further details regarding financial performance are contained within Section 6 of the Strategic Report.

The notes on pages 62 to 121 form part of these accounts.

**SOAS 3 Reconciliation of Outturn to Net Operating Cost and against Administration Budget****SOAS 3.1 Reconciliation of Net Resource Outturn to Net Operating Cost**

	Note	Outturn	Supply Estimate	2014-15 £000 Outturn compared with Estimate	2013-14 £000 Outturn
Net Resource Outturn	SOAS 2	1,262,209	1,361,451	99,242	1,364,170
Non-supply expenditure*	5	8,041	8,357	316	8,063
Prior period adjustment per 2013-14 accounts		-	-	-	(1,540)
<b>Net Operating Cost</b>		<b>1,270,250</b>	<b>1,369,808</b>	<b>99,558</b>	<b>1,370,693</b>

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

**SOAS 3.2 Outturn against final Administration Budget**

	Budget	2014-15 £000 Outturn	2013-14 £000 Outturn
Gross Administration Budget	49,353	44,292	47,832
Income allowable against the Administration Budget	(2,163)	(1,991)	(1,534)
<b>Net outturn against final Administration Budget</b>	<b>47,190</b>	<b>42,301</b>	<b>46,298</b>

The notes on pages 62 to 121 form part of these accounts.

## SOAS 4 Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Estimate	Outturn	2014-15 £000 Net Total Outturn compared with Estimate: saving/ (excess)
<b>Resource Outturn</b>	SOAS 2	1,361,451	1,262,209	99,242
<b>Capital:</b>				
Acquisition of non-current assets	7, 8	27,142	23,739	3,403
Financial assets	12	-	(303)	303
<b>Non-operating Accruing Resources:</b>				
Proceeds of non-current asset disposal		(87)	(87)	-
<b>Accruals to cash adjustments:</b>				
Depreciation and amortisation	4,5	(42,181)	(21,724)	(20,457)
New provisions and adjustments to previous provisions	5	(79,888)	(21,268)	(58,620)
Other non-cash items	4,5	(8,663)	(8,981)	318
Changes in working capital other than cash		31,152	(6,484)	37,636
Changes in other payables falling due after more than one year	16	-	1,124	(1,124)
Use of provision	17	32,932	25,943	6,989
<b>Net Cash Requirement</b>		<b>1,321,858</b>	<b>1,254,168</b>	<b>67,690</b>

**Explanation of the variation between Estimate and Outturn**

An explanation of the Resource Outturn variance is included within SOAS 2.

The reasons for the main variances in the Reconciliation of Resource Outturn to Net Cash Requirement are outlined below:

Depreciation and amortisation - the excess relates to lower than forecast provisions required in-year and savings in depreciation costs. Within the Department's ringfenced budget, it has surplus non-cash funding that cannot be used in other areas.

New provisions and adjustments to previous provisions - the saving relates to forecast provisions which were subsequently not required. Many of these are outside of the Department's control and dependent on, for example, the timing of court cases.

Changes in working capital other than cash - the saving largely relates to the timing of working capital requirements at 31 March 2015.

The notes on pages 62 to 121 form part of these accounts.

**SOAS 5 Income payable to the Consolidated Fund****SOAS 5.1 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 2014-15 £000		Outturn 2014-15 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts - excess Accruing Resources	SOAS 6	-	-	-	-
Non-operating income and receipts - excess Accruing Resources	SOAS 7	-	-	1	1
		-	-	1	-
Other non-operating income and receipts not classified as Accruing Resources		-	-	57	71
Amounts collected on behalf of the Consolidated Fund	SOAS 5.2	11,500	<i>11,500</i>	7,574	<i>7,574</i>
<b>Total income payable to the Consolidated Fund</b>		<b>11,500</b>	<b><i>11,500</i></b>	<b>7,632</b>	<b><i>7,646</i></b>

**SOAS 5.2 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 and Personnel. It is expected that the Trust Statements for 2014-15 will be audited and published before the end of 2015.

NICTS accepts payment for fines imposed in the Magistrates and Crown courts for onward transmission to the NICF via the Core Department. Fines imposed can be cleared either by payment or by means other than payment including committal to prison. NICTS also receives payments for fines that are imposed externally to the Courts including fixed penalties imposed for motoring offences.

Consolidated Fund Income shown in SOAS 5.1 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 notes on pages 62 to 121 form part of these accounts.

**SOAS 5.2 Consolidated Fund Income (continued)***[Unaudited information]*

	2014-15 £000	2013-14 £000 <i>Restated</i>
<b><u>Income payable to Consolidated Fund</u></b>		
Fines and penalties	15,150	14,509
Confiscation orders	3,132	1,413
	18,282	15,922
<b><u>Less</u></b>		
Costs of collection	(3,373)	(2,604)
Uncollectible debts	(7,335)	(7,334)
	<b>7,574</b>	<b>5,984</b>
<b>Amounts payable to Consolidated Fund</b>		
Balance held on Trust at 1 April	539	860
Payments into the Consolidated Fund	(7,458)	(6,305)
	<b>655</b>	<b>539</b>
<b>Balance held on Trust at 31 March</b>		

**SOAS 6 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund**

	Note	2014-15 £000	2013-14 £000
Operating income	6	47,640	49,737
Income authorised to be Accruing Resources	SOAS 2	(47,640)	(49,737)
<b>Operating income payable to the Consolidated Fund</b>	SOAS 5.1	-	-

**SOAS 7 Non-operating income - Excess Accruing Resources**

	Note	2014-15 £000	2013-14 £000
Proceeds on disposal of property, plant and equipment		1	29
<b>Non-operating income - excess Accruing Resources</b>	SOAS 5	<b>1</b>	<b>29</b>

The notes on pages 62 to 121 form part of these accounts.

## Consolidated Statement of Comprehensive Net Expenditure

For the year ended 31 March 2015

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

	Note	2014-15 £000				2013-14 £000			
		Staff Costs	Other Costs	Core Department Income	Staff Costs	Other Costs	Core Department Consolidated	Consolidated	
<b>Administration costs</b>									
Staff costs	3	17,653			27,650		18,294	30,084	
Other administration costs	4		8,347			16,519	8,065	17,213	
Operating income	6			(1,766)		(1,991)	(1,310)	(1,534)	
<b>Programme costs</b>									
Staff costs	3	6,371			115,512		6,508	119,450	
Programme costs	5		1,063,009			1,158,209	1,153,952	1,253,683	
Income	6			(3,229)		(45,649)	(3,063)	(48,203)	
<b>Totals</b>		<b>24,024</b>	<b>1,071,356</b>	<b>(4,995)</b>	<b>143,162</b>	<b>1,174,728</b>	<b>(47,640)</b>	<b>1,182,446</b>	<b>1,370,693</b>
<b>Net Operating Cost</b>	SOAS 3			<b>1,090,385</b>		<b>1,270,250</b>	<b>1,182,446</b>	<b>1,370,693</b>	

### Other Comprehensive Net Expenditure

		2014-15 £000		2013-14 £000	
		Core Department	Consolidated	Core Department	Consolidated
<b>Items that will not be reclassified to Net Operating Costs:</b>					
Net (gain)/loss on revaluation of property, plant and equipment	7	(110)	(27,232)	(700)	(10,694)
Net (gain)/loss on revaluation of intangibles	8	(33)	(110)	(24)	(190)
Actuarial (gain)/loss on pension liability	17	118	1,819	86	(975)
Machinery of Government	23	-	-	36,577	-
<b>Other Comprehensive Expenditure</b>		<b>(25)</b>	<b>(25,523)</b>	<b>35,939</b>	<b>(11,859)</b>
<b>Total Comprehensive Net Expenditure</b>		<b>1,090,360</b>	<b>1,244,727</b>	<b>1,218,385</b>	<b>1,358,834</b>

All income and expenditure is derived from continuing operations.

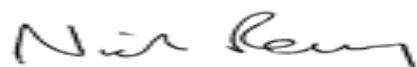
The notes on pages 62 to 121 form part of these accounts.

## Consolidated Statement of Financial Position

As at 31 March 2015

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.

		2014-15 £000		2013-14 £000	
	Note	Core Department	Consolidated	Core Department	Consolidated
<b>Non-current assets</b>					
Property, plant and equipment	7	9,998	457,818	12,024	428,359
Intangible assets	8	3,978	10,466	2,197	9,502
Trade and other receivables	15	-	10	-	14
Financial assets	12	-	323	-	585
<b>Total non-current assets</b>		<b>13,976</b>	<b>468,617</b>	<b>14,221</b>	<b>438,460</b>
<b>Current assets</b>					
Assets classified as held for sale	9	-	-	-	-
Inventories	13	-	1,381	-	1,885
Trade and other receivables	15	4,713	11,429	5,721	10,198
Financial assets	12	-	236	-	266
Cash and cash equivalents	14	71	1,932	779	2,877
<b>Total current assets</b>		<b>4,784</b>	<b>14,978</b>	<b>6,500</b>	<b>15,226</b>
<b>Total assets</b>		<b>18,760</b>	<b>483,595</b>	<b>20,721</b>	<b>453,686</b>
<b>Current Liabilities</b>					
Cash and cash equivalents	14	(976)	(6,566)	-	(787)
Trade and other payables	16	(12,776)	(44,370)	(8,848)	(43,916)
Provisions	17	(17,431)	(27,845)	(20,360)	(29,828)
<b>Total current liabilities</b>		<b>(31,183)</b>	<b>(78,781)</b>	<b>(29,208)</b>	<b>(74,531)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>(12,423)</b>	<b>404,814</b>	<b>(8,487)</b>	<b>379,155</b>
<b>Non-current liabilities</b>					
Provisions	17	(18,386)	(59,671)	(13,653)	(57,650)
Other payables	16	-	(17,715)	-	(18,839)
<b>Total non-current liabilities</b>		<b>(18,386)</b>	<b>(77,386)</b>	<b>(13,653)</b>	<b>(76,489)</b>
<b>Assets less liabilities</b>		<b>(30,809)</b>	<b>327,428</b>	<b>(22,140)</b>	<b>302,666</b>
<b>Taxpayers' equity</b>					
General fund		(33,401)	159,180	(24,667)	156,347
Revaluation reserve		2,592	168,248	2,527	146,319
<b>Total taxpayers' equity</b>		<b>(30,809)</b>	<b>327,428</b>	<b>(22,140)</b>	<b>302,666</b>



**Nick Perry**  
Accounting Officer

**24 June 2015**

The notes on pages 62 to 121 form part of these accounts.

## Consolidated Statement of Cash Flows

For the year ended 31 March 2015

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. Cash flows arising from financing activities include Assembly Supply and other cash flows, including borrowing.

	Note	2014-15 £000	2013-14 £000
<b>Cash flows from operating activities</b>			
Net Operating Cost		(1,270,250)	(1,370,693)
Adjustment for non-cash transactions	4	51,973	48,488
(Increase)/decrease in trade and other receivables	15	(1,227)	10,535
<i>less movement in receivables relating to items not passing through the SCNE</i>	15	5,270	(10,600)
Decrease in inventories	13	504	10
(Decrease) in trade payables	16	(670)	(24,354)
<i>less movements in payables relating to items not passing through the SCNE</i>	16	374	4,082
Use of provisions	17	(26,201)	(26,260)
<b>Net cash outflow from operating activities</b>		<b>(1,240,227)</b>	<b>(1,368,792)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(18,233)	(9,657)
Purchase of intangible assets		(3,363)	(2,949)
Proceeds of disposal of property, plant and equipment		88	2,848
Proceeds of disposal of intangibles		-	427
Proceeds of disposal of assets held for sale		-	238
Repayments from other bodies	12	303	447
<b>Net cash outflow from investing activities</b>		<b>(21,205)</b>	<b>(8,646)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year		1,248,818	1,372,109
From the Consolidated Fund (Supply) - prior year		(1,483)	7,436
From the Consolidated Fund (non-Supply)		8,299	8,426
Capital element of payments in respect of "on-balance sheet" (SoFP) PPP/PFI contracts		(1,034)	(1,584)
<b>Net financing</b>		<b>1,254,600</b>	<b>1,386,387</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>(6,832)</b>	<b>8,949</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		7,645	6,211
Payments of amounts due to the Consolidated Fund		(7,537)	(7,789)
<b>Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>(6,724)</b>	<b>7,371</b>
<b>Cash and cash equivalents at the beginning of the period</b>	14	<b>2,090</b>	<b>(5,281)</b>
<b>Cash and cash equivalents at the end of the period</b>	14	<b>(4,634)</b>	<b>2,090</b>

The notes on pages 62 to 121 form part of these accounts.



## Consolidated Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2015

This statement shows the movement in the year on the different reserves held analysed between; General Fund Reserves - reflecting a contribution from the Consolidated Fund together with financing and the balance from the provision of services; Revaluation Reserves - reflecting the change in asset values that have not been recognised as income or expenditure.

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Balance at 31 March 2013</b>		<b>132,577</b>	<b>142,477</b>	<b>275,054</b>
Net Assembly Funding - drawn down		1,372,109	-	1,372,109
Net Assembly Funding - deemed		-	-	-
Consolidated Fund Standing Services		8,426	-	8,426
Supply (payable)/receivable adjustment	15	(1,483)	-	(1,483)
Excess Accruing Resources	16	(29)	-	(29)
Comprehensive net expenditure for the year		(1,370,693)	-	(1,370,693)
Other comprehensive expenditure		975	10,884	11,859
Non-cash adjustments:				
Auditor's remuneration	4, 5	248	-	248
Other notionals		7,175	-	7,175
Transfers between reserves		7,042	(7,042)	-
<b>Balance at 31 March 2014</b>		<b>156,347</b>	<b>146,319</b>	<b>302,666</b>
Net Assembly Funding - drawn down		1,247,335	-	1,247,335
Net Assembly Funding - deemed		1,483	-	1,483
Consolidated Fund Standing Services		8,299	-	8,299
Supply (payable)/receivable adjustment	16	5,350	-	5,350
Excess Accruing Resources	16	(1)	-	(1)
Comprehensive net expenditure for the year		(1,270,250)	-	(1,270,250)
Other comprehensive expenditure		(1,819)	27,342	25,523
Non-cash adjustments:				
Auditor's remuneration	4, 5	252	-	252
Other notionals		6,771	-	6,771
Transfer between reserves		5,413	(5,413)	-
<b>Balance at 31 March 2015</b>		<b>159,180</b>	<b>168,248</b>	<b>327,428</b>

The notes on pages 62 to 121 form part of these accounts.

## Core Department Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2015

This statement shows the movement in the year on the different reserves held analysed between; General Fund Reserves - reflecting a contribution from the Consolidated Fund together with financing and the balance from the provision of services; Revaluation Reserves - reflecting the change in asset values that have not been recognised as income or expenditure.

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Balance at 31 March 2013</b>		<b>(873)</b>	<b>3,467</b>	<b>2,594</b>
Prior year consolidation adjustment - excess Accruing Resources		(1,179)	-	(1,179)
Net Assembly Funding - drawn down		1,190,848	-	1,190,848
Comprehensive net expenditure for the year		(1,182,446)	-	(1,182,446)
Other comprehensive expenditure		(36,673)	734	(35,939)
Non-cash adjustments:				
Auditor's remuneration	4, 5	71	-	71
Other notionals		3,911	-	3,911
Items paid by Core Department on behalf of Agencies		-	-	-
Transfers between reserves		1,674	(1,674)	-
<b>Balance at 31 March 2014</b>		<b>(24,667)</b>	<b>2,527</b>	<b>(22,140)</b>
Prior year consolidation adjustment - excess Accruing Resources		(29)	-	(29)
Net Assembly Funding - drawn down		1,077,959	-	1,077,959
Comprehensive net expenditure for the year		(1,090,385)	-	(1,090,385)
Other comprehensive expenditure		(118)	143	25
Non-cash adjustments:				
Auditor's remuneration	4, 5	71	-	71
Other notionals		3,846	-	3,846
Items paid by Core Department on behalf of Agencies		(156)	-	(156)
Transfer between reserves		78	(78)	-
<b>Balance at 31 March 2015</b>		<b>(33,401)</b>	<b>2,592</b>	<b>(30,809)</b>

The notes on pages 62 to 121 form part of these accounts.

## Notes to the Accounts

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2014-15 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance and Personnel. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department 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 22.

#### 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 the Department of Finance and Personnel (DFP). The costs of occupancy of such properties are recovered on a notional basis from the Department of Justice by DFP. Terms of occupancy of these buildings are outlined in an agreement known as the 'Memorandum of Terms of Occupancy (MOTO)'.

**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 and intangible assets 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.

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, 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 5 years and in the intervening years by the use of indices provided by Land and Property Services (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.

Northern Ireland Prison Service (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.

Antiques held by Northern Ireland Courts and Tribunals Service have been included in the furniture and fittings classification and are professionally valued every five years. The valuation was carried out at 31 March 2014 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.

## 1.6 Research and development

Expenditure on research is not capitalised, but expensed as it occurs. Expenditure on development is capitalised if it meets the criteria specified in IAS 38 *Intangible Assets*. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

## 1.7 Donated assets

The Department does not have any donated assets.

## 1.8 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 at which 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 - 55 years
Vehicles, plant and machinery	3 - 25 years
Information technology	3 - 16 years
Assets under construction	No depreciation
Intangible assets (software licences)	1 - 10 years

## 1.9 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.

## 1.10 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.

### 1.11 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 21.

### 1.12 Pension costs

Past and present employees of the Department are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS(NI)), which is a defined benefit scheme. The defined benefit schemes are unfunded. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS(NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS(NI). In respect of 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 PCSPS(NI). The Department and members are obliged to make contributions in line with the PCSPS(NI) scheme. Provision has been made for the future cost of benefits under these schemes.

The Youth Justice Agency makes employer contributions to the Northern Ireland Local Government Officers Superannuation Committee Scheme (NILGOSC). NILGOSC is able to identify the Agency's share of the assets and liabilities of the scheme and as a result a liability is recognised for the Agency's share of the deficit in the scheme. As the Youth Justice Agency no longer admits new employees to the NILGOSC Scheme, an individual employer contribution is calculated for the Agency.

The Teachers' Superannuation Scheme is a contributory scheme administered by the Department of Education on behalf of the Youth Justice Agency. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1998, and subsequent amendments apply to the scheme.

Further details regarding the above schemes are contained in Notes 3 and 17 to the Accounts.

### 1.13 Early departure costs

The Department and its agencies are required to meet the additional cost of benefits beyond the normal PCSPS(NI) and NILGOSC benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS(NI) 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.

## 1.14 Financing and Operating income

### *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.

### *Operating Income*

Operating income is income which relates directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full cost basis to external customers as well as public repayment work. 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. Operating income is stated net of VAT.

Operating income is split under the following headings in the Statement of Comprehensive Net Expenditure:

- Administration costs; and
- Programme costs.

Consolidated Fund Extra Receipts 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 5.2.

## 1.15 Administration and Programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs under the administrative cost control regime set by the Department of Finance and Personnel. 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 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.

## 1.16 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.

## 1.17 Leases

### *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.

### *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.

## 1.18 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 10.3 to the accounts.

## 1.19 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	Real Rate
Short-term	Up to 5 years	(1.50%)
Medium-term	5 to 10 years	(1.05%)
Long-term	Over 10 years	2.20%



## 1.20 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, 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.

## 1.21 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction.

## 1.22 Value Added Tax

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

## 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 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.

## 1.25 Staff costs

Under IAS19 (revised) *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.

## 1.26 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 21.

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

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment

of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

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

## **Financial Liabilities**

### ***Trade and other payables***

Financial liabilities within trade and other payables are 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.

## 1.28 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) - 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 1.5.

### ***(ii) - Impairment of property, plant and equipment***

Where there is an indication that the carrying value of items of property, plant and equipment may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.

### ***(iii) - Injury on duty awards - life expectancy***

Benefits payable under the Civil Service Injury Benefit Scheme (Northern Ireland) relating to the Northern Ireland Prison Service are payable to former employees for life. 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 are valued in accordance with IAS 19 *Employee Benefits* by the Government Actuary's Department. IAS 19 requires the employer to value the expected injury awards for active members, who are currently uninjured but who may become injured in the future, and include the value in the accounts.

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

The Department accounts for pension and other post retirement benefits in accordance with IAS 19 *Employee Benefits*. 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.

### ***(v) - 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.

### ***(vi) - Provisions for litigation claims including miscarriages of justice***

The decision to provide for, and the amounts provided for, compensation claims and associated legal costs is based on legal advice to determine a best estimate of the outcome of each case (the likely compensation and legal costs payable) from an assessment of the latest information.

**(vii) - Fee paid judicial office holders**

The provisions for Judicial Service Award, compensatory interest and legal claims that relate to fee paid judicial office holders’ employment terms and conditions, are subject to a degree of uncertainty as they are calculated using assumptions, many of which are due to be appealed at the Employment Appeal Tribunal. In addition, as the provisions relating to the Judicial Service Award and the compensatory interest are derived from the Judicial Pension Scheme fee paid pension entitlement, a level of uncertainty also stems from the pension liability actuarial assumptions adopted.

**(viii) - Deferred income**

NICTS accounts for deferred income in accordance with IAS 18 *Revenue Recognition*. Fee income or revenue is recognised in the accounting period in which services are rendered. Any fee income which is received prior to delivery of the service is treated as deferred income within the accounts. The calculation of deferred income is based on estimates of the time taken to dispose of cases (within High Court, County Court and Magistrates Court) and the duration of enforcement activity (within the Enforcement of Judgments Office). Average time statistics for the different case types are obtained annually.

**1.29 Accounting standards, interpretations and amendments to published standards and *FReM* - issued and effective in 2014-15 for the first time**

Standard	Comments
IFRS 10 - <i>Consolidated Financial Statements</i>	<p>The International Accounting Standards Board (IASB) have issued new and amended Standards that affect the consolidation and reporting of subsidiaries, associates, joint ventures and investment entities. These standards are 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 Treasury. A review of the Northern Ireland (NI) financial process, which will bring NI departments under the same adaptation, has been presented to the Executive, but a decision has yet to be made. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. Arm’s Length Bodies (ALBs) apply IFRS in full and their consolidation boundary may change as a result of the new Standards.</p> <p>With the continuation of current adaptations, the impact on departments mainly relates to the disclosure requirements under IFRS 12.</p>
IFRS 11 - <i>Joint Arrangements</i>	
IFRS 12 - <i>Disclosure of Interests in Other Entities</i>	
IAS 27 - <i>Separate Financial Statements</i>	
IAS 28 - <i>Investments in Associates and Joint Ventures</i>	

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

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Department's accounting periods beginning on or after 1 April 2015 or later periods, but which the Department has not adopted early. Other than as outlined in the below, the Department considers that these standards are not relevant to its operations.

<b>Standard</b>	IFRS 13 - <i>Fair Value Measurement</i> (new)
<b>Description of revision</b>	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise).</p> <p>The standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements. The standard requires fair value be measured using the most reliable data and inputs available to determine the exit price for an asset / liability. This exit price is taken to be the price that two market participants (a buyer and seller) would settle on - based on a hierarchy for input quality. Entities are required to use the most appropriate inputs available to them in determining fair value. The inference is that the higher the quality, the more appropriate the input.</p> <p>IFRS 13 requires additional disclosures where Level 3 inputs are used to assess fair value, to give readers an understanding of the sensitivity of the valuation to changes in those inputs.</p>
<b>Effective date</b>	1 January 2013 (EU adopted) - <i>FReM</i> 2015-16.
<b>Comments</b>	Although IFRS 13 is applied without adaptation, IAS 16 and IAS 38 have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.

<b>Standard</b>	IAS 36 - <i>Impairment of assets - recoverable amount disclosures</i> (amendment)
<b>Description of revision</b>	This amendment, which seeks to address the implications of references to IFRS 13, modifies some of the disclosure requirements regarding measurement of the recoverable amount of impaired assets. It clarifies the scope of certain disclosures and removes burdensome and unintended disclosures requirements without reducing the relevance and understand-ability of the financial information.
<b>Effective date</b>	1 January 2014 (EU adopted) - with a view to include in the final version of the 2015-16 <i>FReM</i> .
<b>Comments</b>	To be considered by HM Treasury with the expectation that it will be applied when IFRS 13 is introduced in the <i>FReM</i> . Any adaptations or interpretations will follow due process and be included in the final version of 2015-16 <i>FReM</i> .

## 1.31 Financial Reporting - Future Developments

In addition to the changes identified above, there are a number of future developments that will impact the Department including:

Standard (amendment/new)	Effective date and <i>FReM</i> application	Description of revision	Comments
IFRS 15 - <i>Revenue from Contracts with Customers</i>  (IAS 18 replacement - <i>Revenue Recognition and Liabilities Recognition</i> )	1 January 2017 (not yet EU adopted) but could be 1 January 2018.  With a view to include in the 2017-18 <i>FReM</i> .	The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements for accounting for contract costs.	The introduction of IFRS 15 is subject to analysis and review by HM Treasury and other Relevant Authorities. A work plan recently began to assess the impact on the public sector.
IFRS 9 - <i>Financial Instruments</i> (new)	1 January 2018 (not yet EU adopted).  With a view to include in the 2018-19 <i>FReM</i> .	The objective of the new standard is to provide users with more useful information about an entity's expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date of financial instruments.	The introduction of IFRS 9 is subject to analysis and review by HM Treasury and other relevant Authorities. A work plan has recently started to assess the impact on the public sector.
IAS 17 <i>Leases</i> (replacement)	The IASB plans to issue the new Standard before the end of 2015.  <i>FReM</i> inclusion will be subject to consultation.	The current proposals include the elimination of the current operating lease categorisation for virtually all leases. Instead, assets and liabilities will be recognised on a 'right of use' basis. Two possible exemptions are anticipated, one being for short leases (less than 1 year) and the second being for small value assets.  The latest update emphasises that service contracts are not required to be capitalised on the balance sheet and that the new Standard will include accompanying guidance to help entities assess whether a contract is (or contains) a lease.	HM Treasury has continued to analyse this process including the project update and consideration of practical implications.  HM Treasury and Relevant Authorities will review the implications and follow due process once there is a final Standard.

Standard (amendment/new)	Effective date and <i>FReM</i> application	Description of revision	Comments
IAS 1 - <i>Disclosure Initiative</i> (amendment)	1 January 2016 (not yet EU adopted)  With a view to include in the 2016-17 <i>FReM</i> .	These amendments encourage professional judgement to be used in determining what information to disclose in financial statements, and where and in what order information is presented in the financial disclosures. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.	HM Treasury and other Relevant Authorities will review the implications of this amendment and follow due process nearer to the EU adoption date. Any substantive changes to the <i>FReM</i> will follow normal due process.
IAS 16 and IAS 38 - <i>Clarification of acceptable methods of depreciation and amortisation</i> (amendment)	1 January 2016 (not yet EU adopted)  With a view to include in the 2016-17 <i>FReM</i> .	This amendment prohibits revenue-based depreciation methods and generally presumes that such methods are an inappropriate basis for amortising intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.	HM Treasury and other Relevant Authorities will review the implications of these changes and follow due process nearer to the EU adoption date. Any substantive changes to the <i>FReM</i> will follow normal due process.

The Department has considered the remaining additional or revised accounting standards and new (or amendments to) interpretations contained within *FReM* 2015-16. The Department considers that these changes are not relevant to its operations.



## 2. Statement of Operating Costs by Operating Segment

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

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

The segmental analysis below includes an elimination of £0.639m (2013-14: £0.761m) in respect of intra-departmental income and £1.412m (2013-14: £0.491m) in respect of intra-departmental expenditure transactions occurring between bodies within the Departmental boundary for Resource Accounts purposes.

CONSOLIDATED	Access to Justice Directorate	Safer Communities Directorate	Reducing Offending Directorate	Justice Delivery Directorate	2014-15
					£000
					Total
Gross Expenditure	209,301	950,239	136,922	21,428	<b>1,317,890</b>
Income	(29,756)	(13,609)	(3,182)	(1,093)	<b>(47,640)</b>
<b>Net Expenditure</b>	<b>179,545</b>	<b>936,630</b>	<b>133,740</b>	<b>20,335</b>	<b>1,270,250</b>

CONSOLIDATED	Access to Justice Directorate	Safer Communities Directorate	Reducing Offending Directorate	Justice Delivery Directorate	2013-14
					Restated £000
					Total
Gross Expenditure	205,894	1,050,384	146,553	17,599	<b>1,420,430</b>
Income	(32,244)	(13,494)	(3,058)	(941)	<b>(49,737)</b>
<b>Net Expenditure</b>	<b>173,650</b>	<b>1,036,890</b>	<b>143,495</b>	<b>16,658</b>	<b>1,370,693</b>

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

### Description of segments

**i - Access to Justice Directorate** works in collaboration with the justice agencies, wider Government and voluntary sector to improve the performance of the justice system; to improve the experience of people who come into contact with the justice system as litigants, victims of crime or witnesses; and to support people in obtaining access to justice.

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
- Northern Ireland Legal Services Commission.

**ii - Safer Communities Directorate** works to help build better communities with lower levels of crime and anti-social behaviour, and where the rights of everyone are respected, including examining the steps that can be taken to address problems at interfaces.

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.

**iii - Reducing Offending Directorate** works to have a rehabilitation and resettlement delivery model within both custody and the community that is capable of withstanding changes in both prisoner population size and needs. In addition it also has responsibility for operational policy development of reducing offending initiatives.

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

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

**iv - Justice Delivery Directorate** ensures that the Department is effectively enabled to achieve its objectives. The Directorate manages the interface with the Minister of Justice, the Executive and the Assembly. In addition, it supports and facilitates all aspects of the Department's business through the resourcing and delivery of high quality personnel, financial, information technology, procurement, accommodation, information management and logistical services to its customers.

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

CONSOLIDATED	Access to Justice Directorate	Safer Communities Directorate	Reducing Offending Directorate	Justice Delivery Directorate	2014-15 £000
					Total
Total net expenditure reported for Operating Segments	179,545	936,630	133,740	20,335	1,270,250
Reconciling items	-	-	-	-	-
<b>Total net expenditure per Statement of Comprehensive Net Expenditure</b>	<b>179,545</b>	<b>936,630</b>	<b>133,740</b>	<b>20,335</b>	<b>1,270,250</b>

CONSOLIDATED	Access to Justice Directorate	Safer Communities Directorate	Reducing Offending Directorate	Justice Delivery Directorate	2013-14 £000
					Total
Total net expenditure reported for Operating Segments	173,650	1,036,890	143,495	16,658	1,370,693
Reconciling items	-	-	-	-	-
<b>Total net expenditure per Statement of Comprehensive Net Expenditure</b>	<b>173,650</b>	<b>1,036,890</b>	<b>143,495</b>	<b>16,658</b>	<b>1,370,693</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. Staff numbers and related costs

#### 3.1 Staff costs

Staff costs comprise:

CONSOLIDATED				2014-15	2013-14
	Permanently Employed Staff*	Others	Minister	£000 Total	£000 Total
Wages and salaries	110,912	1,299	38	112,249	118,456
Social security costs	8,283	7	4	8,294	9,095
Other pension costs	19,459	-	8	19,467	20,519
Employer service costs - present	1,182	-	-	1,182	1,464
Pension provision	1,970	-	-	1,970	-
<b>Total Gross Costs</b>	<b>141,806</b>	<b>1,306</b>	<b>50</b>	<b>143,162</b>	<b>149,534</b>
Less recoveries in respect of outward secondments	(777)	-	-	(777)	(805)
<b>Total Net Costs**</b>	<b>141,029</b>	<b>1,306</b>	<b>50</b>	<b>142,385</b>	<b>148,729</b>

Of the total:	Charged to Administration	Charged to Programme	2014-15 £000	Charged to Administration	Charged to Programme	2013-14 £000
Core Department	17,653	6,371	24,024	18,294	6,508	24,802
Agencies	9,997	109,141	119,138	11,790	112,942	124,732
<b>Total Gross Costs</b>	<b>27,650</b>	<b>115,512</b>	<b>143,162</b>	<b>30,084</b>	<b>119,450</b>	<b>149,534</b>

\* Permanently employed staff includes the cost of the Department's Special Adviser. The holder of this post during the year was paid in the pay band £59,037 - £91,809 (2013-14: £58,452 - £91,809).

\*\* In addition, staff costs of £654,914 (2013-14: £452,856 restated) have been capitalised in respect of staff directly assigned to major capital projects.

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but the Department is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. The valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting dates of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £19,041,173 were payable to the NICS pension arrangements (2013-14: £20,391,646) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2015-16, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £32,407 (2013-14: £62,241 restated) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related

and range from 3% to 12.5% (2013-14: 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £1,189 (0.8%) (2013-14: £2,281; 0.8%) of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

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

43 persons (2013-14: 37 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £92,084 (2013-14: £66,534).

### ***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 PCSPS(NI). The scheme liabilities were calculated by the Government Actuary's Department in April 2015 and amount to £1.039m at 31 March 2015 (2013-14: £0.976m).

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

The Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC) is a defined benefits scheme, and the fund is invested in suitable investments, managed by the Committee. For 2014-15 the employers' contribution rate was 23.3% (2013-14: 20%) and the employees' contribution rate was in the range 5.5% to 7.5% (2013-14: 5.5% to 7.5%).

The pension costs are assessed in accordance with the advice of an independent qualified actuary using the market led approach. The latest formal actuarial valuation of the Fund was carried out as at 31 March 2015.

The assets of the Scheme are held separately from the Agency. Pension Scheme assets are measured at market value. Pension Scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the liability. The increase in the present value of the liabilities of the Agency's defined benefit pension scheme arising from employee service in the period is charged to the Statement of Comprehensive Net Expenditure.

The expected return on the Scheme's assets and the increase during the year in the present value of the Scheme's liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in the Statement of Changes in Taxpayers' Equity.

The current service cost charged to the Statement of Comprehensive Net Expenditure in 2014-15 was £1.182m (2013-14: £1.464m). There were no past service costs charged to the Statement of Comprehensive Net Expenditure in 2014-15 (2013-14: £nil). The total employer contributions paid under the Scheme was £2.725m (2013-14: £1.325m).

The Teachers' Superannuation Scheme is a contributory scheme administered by the Department of Education. The conditions of the Superannuation (NI) Order 1972, the Teachers' Superannuation Regulations (NI) 1998, and subsequent amendments apply to the Scheme. The Scheme is presently notionally funded.

The rate of the employer's contribution is determined from time to time by the Government Actuary and advised by the Department of Finance and Personnel. For 2014-15, the contribution rates were 13.6%

for employers, and 6.4% for employees (2013-14: 13.6% and 6.4% respectively). The total employer pension cost during the year was £0.048m (2013-14: £0.051m).

### **Northern Ireland Courts and Tribunals Service**

Judicial office holders are covered by the provisions of the Judicial Pension Scheme (JPS). The terms of most of the pension arrangements are set out in (or in some cases are analogous to) the provisions of two Acts of Parliament, the Judicial Pensions Act 1981 and the Judicial Pensions & Retirement Act 1993 (JUPRA). The JPS is an unfunded public service scheme, providing pensions and related benefits for members of the Judiciary. The costs of benefits accruing for each year of service are shared between the Appointing Bodies and the judicial office-holders.

For the Appointing Bodies their contributions rate was 32.15% of pensionable pay (2013-14: 32.15%), this includes an element of 0.25% (2013-14: 0.25%) as a contribution towards the administration costs of the scheme. For judicial office-holders their share was 1.8% or 2.4% of pensionable pay (2013-14: 1.8% or 2.4%). Judicial office holders in the 1981 scheme pay contributions of 2.4% for a maximum of 15 years or 1.8% for 20 years and those in the 1993 scheme pay contributions of 1.8% for a maximum of 20 years (subject to an earnings cap).

The Pensions Act 2011 amended the judicial pension legislation to allow the taking of contributions towards the cost of the personal pension for those judicial office holders who have not yet accrued full service. The Judicial Pensions (Contributions) Regulations 2012 determined the rate of the personal pension contribution (PPC) which was 1.28% of gross salary (the pension cap does not apply to the PPC). The contributions commenced from 1 April 2012 in line with other public service pension schemes. Those members who had accrued full service prior to 1 April 2012 did not have PPC. The PPC increased to 2.56% from 1 April 2013 and increased further to 3.2% from 1 April 2014 in accordance with Statutory Instrument 2013 no.484 The Judicial Pensions (Contributions) (Amendment) Regulations 2014. Although the JPS is a defined benefit scheme, NICTS accounts for the scheme as a defined contribution scheme and recognises employer contributions payable as an expense in the year they are incurred.

Following the Hutton Review on Public sector pensions, two new pension schemes, New Judicial Pension Scheme and Northern Ireland Judicial Pension Scheme have been introduced from 1 April 2015. These mirror each other and other public sector career average pension schemes. From 1 April 2015 NICTS pay contributions in relation to salaried excepted and devolved salaried Judicial Office Holders and excepted fee paid Judicial Office Holders.

### **Provisions included within Note 3 - Staff costs**

CONSOLIDATED	Note	2014-15 £000	2013-14 £000
Employer service costs - present	17	1,182	1,464
Pension provision	17	1,970	-
<b>Pension provisions provided in year (non-cash)</b>	<b>4</b>	<b>3,152</b>	<b>1,464</b>

### 3.2 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 Department as well as in 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).

CONSOLIDATED	Permanently Employed Staff*	Others	Minister	Special Adviser	2014-15	2013-14
					£000	£000
					Total	Total
Access to Justice	775	14	-	-	789	821
Safer Communities	388	6	-	-	394	383
Reducing Offending	2,128	33	-	-	2,161	2,308
Justice Delivery	230	-	1	1	232	242
<b>Total*</b>	<b>3,521</b>	<b>53</b>	<b>1</b>	<b>1</b>	<b>3,576</b>	<b>3,754</b>
Of which:						
Core Department	507	6	1	1	515	523
Agencies	3,014	47	-	-	3,061	3,231
<b>Total*</b>	<b>3,521</b>	<b>53</b>	<b>1</b>	<b>1</b>	<b>3,576</b>	<b>3,754</b>

\* Of the total, 12 members of staff (2013-14: 4) were engaged on capital projects.

## 3.3 Reporting of compensation and exit packages for all staff

CONSOLIDATED

Exit package cost band	2014-15			2013-14
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	1	1	-
£10,000 - £25,000	-	1	1	2
£25,000 - £50,000	1	7	8	-
£50,000 - £100,000	-	-	-	5
£100,000 - £150,000	-	-	-	5
£150,000 - £200,000	-	2	2	-
over £200,000	-	11	11	8
<b>Total number of exit packages</b>	<b>1</b>	<b>22</b>	<b>23</b>	<b>20</b>
<b>Total resource cost £</b>	<b>£25,224</b>	<b>£3,544,187</b>	<b>£3,569,411</b>	<b>£2,827,840</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.

The consolidated figures for the Department include 14 departures (2013-14: 18) at a cost of £3,158,805 (2013-14: £2,791,918) relating to the Voluntary Early Retirement Scheme within the Northern Ireland Prison Service. This relates to the early retirement payments arising in respect of employees who depart early from the Service under the Scheme. Further details are contained in Note 17.



## 4. Other administration costs

		2014-15 £000		2013-14 £000 <i>Restated</i>	
	Note	Core Department	Consolidated	Core Department	Consolidated
<b>Cash items:</b>					
Staff related costs		276	1,120	358	1,412
Rentals under operating leases		174	484	169	571
Accommodation costs		414	1,183	217	1,144
Office services		574	1,606	496	1,744
Contracted out services		1,109	1,754	964	1,572
Professional costs		796	1,088	847	1,035
Consultancy costs		134	160	43	156
Managed services		-	832	-	1,045
Other		(76)	361	273	587
		<b>3,401</b>	<b>8,588</b>	<b>3,367</b>	<b>9,266</b>
<b>Non-cash items:</b>					
Depreciation	7	549	850	549	877
Amortisation	8	171	231	181	240
Revaluation released to SCNE	7, 8, 9	359	359	-	(1)
Loss on disposal of non-current assets	SOAS 7, 8, 9	-	46	36	36
Auditor's remuneration and expenses		71	207	71	205
Notional charges		3,796	6,239	3,861	6,590
Increase/(decrease) in provision for bad debts		-	(1)	-	-
		<b>4,946</b>	<b>7,931</b>	<b>4,698</b>	<b>7,947</b>
<b>Total</b>		<b>8,347</b>	<b>16,519</b>	<b>8,065</b>	<b>17,213</b>

## Summary of Non-cash items

		2014-15 £000		2013-14 £000 <i>Restated</i>	
	Note	Core Department	Consolidated	Core Department	Consolidated
Pension provisions provided in year	3	-	3,152	-	1,464
Minister's salary	3	50	50	50	50
Administration costs	4	4,946	7,931	4,698	7,947
Programme costs	5	20,182	40,840	14,944	39,027
<b>Total non-cash transactions</b>		<b>25,178</b>	<b>51,973</b>	<b>19,692</b>	<b>48,488</b>

## 5. Programme costs

		2014-15 £000		2013-14 £000 <i>Restated</i>	
	Note	Core Department	Consolidated	Core Department	Consolidated
<b>Cash items:</b>					
Grant-in-aid to NDPBs		1,016,380	1,016,380	1,118,344	1,118,344
Other grants		11,347	12,122	10,131	10,921
		<b>1,027,727</b>	<b>1,028,502</b>	<b>1,128,475</b>	<b>1,129,265</b>
Staff related costs		91	2,072	133	3,283
Rentals under operating leases		291	1,666	292	1,830
Accommodation costs		549	15,467	578	16,602
Office services		2,234	4,285	2,546	4,978
Contracted out services		81	10,902	62	10,939
PFI service charges		-	2,456	2,312	4,733
Professional costs		1,625	3,795	1,515	3,911
Consultancy costs		(8)	12	79	80
Managed services		2,220	2,229	-	20
Consumables and materials		403	2,282	388	2,558
Interest payable and similar charges		941	2,127	24	1,304
Commissions and Tribunals costs		-	8,154	-	8,841
Intra-departmental hard charges		404	-	404	-
Client and other programme operating costs		2,749	15,194	1,984	10,833
Judicial costs		-	6,259	-	6,763
Judicial costs - Consolidated Fund		-	8,041	-	8,063
Other		3,520	3,926	216	653
		<b>15,100</b>	<b>88,867</b>	<b>10,533</b>	<b>85,391</b>
<b>Non-cash items:</b>					
Depreciation	7	607	17,648	4,085	22,481
Amortisation	8	663	2,995	309	2,883
Revaluation released to SCNE	7, 8	2	(1,601)	-	(2,505)
Impairment of non-current assets	7, 8, 9	-	-	-	1
Loss on disposal of non-current assets	SOAS 7, 8, 9	31	42	4	80
Auditor's remuneration and expenses		-	45	-	43
Notional charges		-	482	-	535
(Decrease)/increase in provision for doubtful debts		-	(28)	-	18
Interest charges	12	-	(11)	-	(59)
Provisions:					
Provided in year	17	24,366	30,785	13,984	27,234
Written back in year	17	(5,569)	(10,005)	(3,514)	(12,321)
Borrowing costs	17	82	466	76	615
Administration costs	17	-	22	-	22
		<b>20,182</b>	<b>40,840</b>	<b>14,944</b>	<b>39,027</b>
<b>Total</b>		<b>1,063,009</b>	<b>1,158,209</b>	<b>1,153,952</b>	<b>1,253,683</b>

## 6. Income

## 6.1 Analysis of operating income

	2014-15 £000		2013-14 £000 <i>Restated</i>	
	Core Department	Consolidated	Core Department	Consolidated
<b>Administration income:</b>				
Other rentals	123	123	123	123
Sales of goods and services	567	603	506	577
Other non-trading income	428	488	4	46
Seconded costs	433	777	339	788
Intra-departmental income	215	-	338	-
	<b>1,766</b>	<b>1,991</b>	<b>1,310</b>	<b>1,534</b>
<b>Programme income:</b>				
Other rentals	-	346	7	1,113
Sales of goods and services	-	2,746	-	2,722
Fees, levies and charges	3,118	37,016	2,973	38,040
Other non-trading income	111	5,526	83	6,263
Grant income	-	15	-	48
Seconded costs	-	-	-	17
	<b>3,229</b>	<b>45,649</b>	<b>3,063</b>	<b>48,203</b>
<b>Total</b>	<b>4,995</b>	<b>47,640</b>	<b>4,373</b>	<b>49,737</b>

## 6.2 Fees and charges

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

	2014-15 £000			2013-14 £000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
AccessNI	2,895	(3,159)	(264)	2,765	(2,936)	(171)
NI Courts and Tribunals Service	22,693	(21,828)	865	24,431	(23,263)	1,168
Forensic Science NI	10,996	(12,128)	(1,132)	11,039	(11,948)	(909)
<b>Total</b>	<b>36,584</b>	<b>(37,115)</b>	<b>(531)</b>	<b>38,235</b>	<b>(38,147)</b>	<b>88</b>

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

## 6.2 Fees and charges (continued)

### **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*.

### **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. Total fee exemptions during 2014-15 amounted to £0.068m (2013-14: £0.063m). Remission of fees is considered on an individual basis and is granted in cases of hardship. Total fees remitted during 2014-15 amounted to £0.005m (2013-14: £0.004m).

### **Forensic Science Northern Ireland**

Forensic Science Northern Ireland (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 £1.132m (2013-14: £0.909m) 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.

Funding was also provided to FSNI for the Budget 2011-15 period to allow the Agency to maintain capacity in specific areas without recharging these costs to customers.

## 7. Property, plant and equipment

## CONSOLIDATED

	Land £000	Buildings £000	Vehicles, Plant and Machinery £000	Information Technology £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2014	36,893	393,396	45,768	40,024	10,799	526,880
Additions	-	1,139	2,736	560	15,811	20,246
Disposals	-	(2)	(1,807)	(26,707)	(46)	(28,562)
Transfers	-	-	156	(156)	-	-
Reclassification	-	1,569	371	1,963	(4,490)	(587)
Impairment	-	-	-	-	-	-
Revaluation released to SCNE	(30)	1,032	4	(3)	-	1,003
Revaluation	62	29,930	400	4	-	30,396
<b>At 31 March 2015</b>	<b>36,925</b>	<b>427,064</b>	<b>47,628</b>	<b>15,685</b>	<b>22,074</b>	<b>549,376</b>
<b>Depreciation</b>						
At 1 April 2014	-	26,026	34,891	37,604	-	98,521
Charged in year	-	14,308	2,797	1,393	-	18,498
Disposals	-	(2)	(1,755)	(26,629)	-	(28,386)
Transfers	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Revaluation released to SCNE	-	(242)	4	(1)	-	(239)
Revaluation	-	2,909	253	2	-	3,164
<b>At 31 March 2015</b>		<b>42,999</b>	<b>36,190</b>	<b>12,369</b>	<b>-</b>	<b>91,558</b>
<b>Carrying amount at 31 March 2015</b>	<b>36,925</b>	<b>384,065</b>	<b>11,438</b>	<b>3,316</b>	<b>22,074</b>	<b>457,818</b>
<b>Carrying amount at 31 March 2014</b>	<b>36,893</b>	<b>367,370</b>	<b>10,877</b>	<b>2,420</b>	<b>10,799</b>	<b>428,359</b>
<b>Asset financing:</b>						
Owned	36,925	347,238	11,438	3,316	22,074	420,991
PPP/PFI contracts	-	36,827	-	-	-	36,827
<b>Carrying amount at 31 March 2015</b>	<b>36,925</b>	<b>384,065</b>	<b>11,438</b>	<b>3,316</b>	<b>22,074</b>	<b>457,818</b>
<b>Of the total:</b>						
Core Department	598	6,502	740	2,158	-	9,998
Agencies	36,327	377,563	10,698	1,158	22,074	447,820
<b>Carrying amount at 31 March 2015</b>	<b>36,925</b>	<b>384,065</b>	<b>11,438</b>	<b>3,316</b>	<b>22,074</b>	<b>457,818</b>

Capital additions during the year were £Nil (2013-14: £1.802m) in respect of PFI contracts (Note 10.3) for information technology and £Nil (2013-14: £1.201m) for intangible assets.

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

## CONSOLIDATED

	Land £000	Buildings £000	Vehicles, Plant and Machinery £000	Information Technology £000	Assets Under Construction £000	Total <i>Restated</i> £000
<b>Cost or valuation</b>						
At 1 April 2013	32,451	405,465	44,525	49,601	6,705	<b>538,747</b>
Additions	-	1,632	1,288	393	6,868	<b>10,181</b>
Disposals	-	(75)	(1,010)	(9,944)	(45)	<b>(11,074)</b>
Transfers	-	-	-	-	-	-
Reclassification	-	2,509	98	(4)	(2,729)	<b>(126)</b>
Impairment	-	(1)	-	-	-	<b>(1)</b>
Revaluation released to SCNE	(381)	2,352	(3)	(7)	-	<b>1,961</b>
Revaluation	4,823	(18,486)	870	(15)	-	<b>(12,808)</b>
<b>At 31 March 2014</b>	<b>36,893</b>	<b>393,396</b>	<b>45,768</b>	<b>40,024</b>	<b>10,799</b>	<b>526,880</b>
<b>Depreciation</b>						
At 1 April 2013	-	36,414	32,520	38,414	-	<b>107,348</b>
Charged in year	-	14,258	2,765	6,335	-	<b>23,358</b>
Disposals	-	(45)	(976)	(7,091)	-	<b>(8,112)</b>
Transfers	-	-	-	-	-	-
Reclassification	-	(15)	18	(31)	-	<b>(28)</b>
Impairment	-	-	-	-	-	-
Revaluation released to SCNE	-	(550)	11	(4)	-	<b>(543)</b>
Revaluation	-	(24,036)	553	(19)	-	<b>(23,502)</b>
<b>At 31 March 2014</b>	<b>-</b>	<b>26,026</b>	<b>34,891</b>	<b>37,604</b>	<b>-</b>	<b>98,521</b>
<b>Carrying amount at 31 March 2014</b>	<b>36,893</b>	<b>367,370</b>	<b>10,877</b>	<b>2,420</b>	<b>10,799</b>	<b>428,359</b>
<b>Carrying amount at 31 March 2013</b>	<b>32,451</b>	<b>369,051</b>	<b>12,005</b>	<b>11,187</b>	<b>6,705</b>	<b>431,399</b>
<b>Asset financing:</b>						
Owned	36,893	332,373	10,877	2,420	10,799	<b>393,362</b>
PPP/PFI contracts	-	34,997	-	-	-	<b>34,997</b>
<b>Carrying amount at 31 March 2014</b>	<b>36,893</b>	<b>367,370</b>	<b>10,877</b>	<b>2,420</b>	<b>10,799</b>	<b>428,359</b>
<b>Of the total:</b>						
Core Department	503	7,032	719	1,121	2,649	<b>12,024</b>
Agencies	36,390	360,338	10,158	1,299	8,150	<b>416,335</b>
<b>Carrying amount at 31 March 2014</b>	<b>36,893</b>	<b>367,370</b>	<b>10,877</b>	<b>2,420</b>	<b>10,799</b>	<b>428,359</b>

**7. Property, plant and equipment (continued)***Notes:*

- a. Core Department - land and buildings were externally valued by the Land and Property Services (LPS) at 1 April 2011 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. In addition the Maryfield complex was externally valued by the Land and Property Services as at 31 March 2015. The next valuation of LPS will be effective from 1 April 2016. 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.
- b. Forensic Science Northern Ireland - a full valuation of land and buildings was carried out by LPS at 31 March 2014 in accordance with the RICS Appraisal and Valuation Manual.
- c. Northern Ireland Courts and Tribunals Service - land and buildings were valued as at 31 March 2014 by LPS. The valuation was carried out by LPS in accordance with the RICS Appraisal and Valuation Manual. In accordance with the accounting policy the land and buildings have been revalued using appropriate indices as provided by LPS. Indices for assets other than land and buildings were obtained from ONS MM22 Price Index Numbers for Current Cost Accounting as at March 2015. All Buildings are valued at Depreciated Replacement Cost with the exception of two courthouses that were valued at 31 March 2015 at market value, due to their non-operational status. 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 2014 by John Ross & Co.
- d. Northern Ireland Prison Service - a full valuation of land and buildings was carried out by LPS at 1 April 2011 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 2016. It is intended that the Prison Service College will be disposed of once the Northern Ireland Community Safety College is operational. Until this time, on the basis that all lands at Millisle will be sold together, the property at Lisnevin has been valued at its pro-rata replacement cost.
- e. Youth Justice Agency - a full valuation of land and buildings was carried out by LPS at 31 March 2012 in accordance with the RICS Appraisal and Valuation Manual.
- f. Other property, plant and equipment were adjusted to their current value by reference to the appropriate indices compiled by the Office for National Statistics.

## 8. Intangible assets

## CONSOLIDATED

	Software and Licences £000	Assets Under Construction £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2014	33,466	1,727	35,193
Additions	548	2,945	3,493
Disposals	(2,136)	-	(2,136)
Reclassification	2,188	(1,601)	587
Impairment	-	-	-
Revaluation released to SCNE	18	-	18
Revaluation	298	-	298
<b>At 31 March 2015</b>	<b>34,382</b>	<b>3,071</b>	<b>37,453</b>
<b>Amortisation</b>			
At 1 April 2014	25,691	-	25,691
Charged in year	3,226	-	3,226
Disposals	(2,136)	-	(2,136)
Reclassification	-	-	-
Impairment	-	-	-
Revaluation released to SCNE	18	-	18
Revaluation	188	-	188
<b>At 31 March 2015</b>	<b>26,987</b>	<b>-</b>	<b>26,987</b>
<b>Carrying amount at 31 March 2015</b>	<b>7,395</b>	<b>3,071</b>	<b>10,466</b>
<b>Carrying amount at 31 March 2014</b>	<b>7,775</b>	<b>1,727</b>	<b>9,502</b>
<b>Asset financing:</b>			
Owned	7,395	3,071	10,466
PPP/PFI contracts	-	-	-
<b>Carrying amount at 31 March 2015</b>	<b>7,395</b>	<b>3,071</b>	<b>10,466</b>
<b>Of the total:</b>			
Core Department	2,048	1,930	3,978
Agencies	5,347	1,141	6,488
<b>Carrying amount at 31 March 2015</b>	<b>7,395</b>	<b>3,071</b>	<b>10,466</b>



## 8. Intangible assets (continued)

## CONSOLIDATED

	Software and Licences £000	Assets Under Construction £000	Total <i>Restated</i> £000
<b>Cost or valuation</b>			
At 1 April 2013	32,910	-	32,910
Additions	1,412	1,727	3,139
Transfers	(1,442)	-	(1,442)
Reclassification	126	-	126
Impairment	-	-	-
Revaluation released to SCNE	30	-	30
Revaluation	430	-	430
<b>At 31 March 2014</b>	<b>33,466</b>	<b>1,727</b>	<b>35,193</b>
<b>Amortisation</b>			
At 1 April 2013	23,285	-	23,285
Charged in year	3,123	-	3,123
Disposals	(1,013)	-	(1,013)
Reclassification	28	-	28
Impairment	-	-	-
Revaluation released to SCNE	28	-	28
Revaluation	240	-	240
<b>At 31 March 2014</b>	<b>25,691</b>	<b>-</b>	<b>25,691</b>
<b>Carrying amount at 31 March 2014</b>	<b>7,775</b>	<b>1,727</b>	<b>9,502</b>
<b>Carrying amount at 31 March 2013</b>	<b>9,625</b>	<b>-</b>	<b>9,625</b>
<b>Asset financing:</b>			
Owned	7,775	1,727	9,502
PPP/PFI contracts	-	-	-
<b>Carrying amount at 31 March 2014</b>	<b>7,775</b>	<b>1,727</b>	<b>9,502</b>
<b>Of the total:</b>			
Core Department	950	1,247	2,197
Agencies	6,825	480	7,305
<b>Carrying amount at 31 March 2014</b>	<b>7,775</b>	<b>1,727</b>	<b>9,502</b>

## 9. Assets classified as held for sale

	2014-15 £000		2013-14 £000	
	Core Department	Consolidated	Core Department	Consolidated
<b>Cost or valuation</b>				
At 1 April	-	-	238	238
Disposals	-	-	(238)	(238)
Transfer to Property, plant and equipment	-	-	-	-
Revaluation	-	-	-	-
<b>Carrying amount at 31 March</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

These represent properties identified for disposal as part of the Department's Estates Strategy.

**10. Capital and other commitments****10.1 Capital commitments**

	2014-15 £000		2013-14 £000	
	Core Department	Consolidated	Core Department	Consolidated
Contracted capital commitments at 31 March not otherwise included in these financial statements:				
Property, plant and equipment	-	5,765	138	17,450
Intangible assets	68	320	2,338	2,385
<b>Total</b>	<b>68</b>	<b>6,085</b>	<b>2,476</b>	<b>19,835</b>

**10.2 Commitments under leases****10.2.1 Operating leases**

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

	2014-15 £000		2013-14 £000 <i>Restated</i>	
	Core Department	Consolidated	Core Department	Consolidated
<b>Obligations under operating leases comprise:</b>				
<i>Land and buildings</i>				
Not later than one year	320	1,899	326	2,023
Later than one year and not later than five years	322	4,104	783	5,174
Later than five years	-	1,546	-	2,108
	<b>642</b>	<b>7,549</b>	<b>1,109</b>	<b>9,305</b>
<i>Photocopiers and vehicles:</i>				
Not later than one year	23	109	38	126
Later than one year and not later than five years	-	45	-	86
Later than five years	-	-	-	-
	<b>23</b>	<b>154</b>	<b>38</b>	<b>212</b>
<b>Total</b>	<b>665</b>	<b>7,703</b>	<b>1,147</b>	<b>9,517</b>

**10.2.2 Finance leases**

The Department has no obligations under finance leases other than the PPP/PFI commitments contained in Note 10.3.

### 10.3 Commitments under PPP/PFI contracts

#### 10.3.1 On-Balance Sheet (SoFP)

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

#### Core Department - Causeway Programme

The Causeway Programme was established to deliver significant improvements to the effectiveness and efficiency of criminal justice in Northern Ireland through improved integration of information systems. Following a tendering process advertised in the Official Journal of European Communities (OJEC), a PPP contract was let with Fujitsu Services in August 2003 to deliver a managed service for information exchange and storage over a ten year period to February 2014, with an option to extend for a further five years.

Causeway subsequently renegotiated its contract with Fujitsu Services to extend managed services until March 2019 for the original contract and the technology refresh completed in March 2014. The contract extension no longer includes a capital investment from the private sector as the new capital investment has been provided by the Department. As a result this changes the substance of the contract and it is no longer accounted for as a PFI but rather as Other financial commitments in Note 10.4.

#### Northern Ireland Courts and Tribunals Service - Laganside Complex

During February 1999, the Department entered into a Public Private Partnership (PPP) agreement with a private sector provider for the provision and maintenance of a high quality new 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.

#### Disclosures

The PFI assets described above are included in the Department's accounts as Property, plant and equipment and Intangible assets. 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.

Details of the imputed finance lease charges are given in the table below for each of the following periods:

	2014-15		2013-14	
	£000		£000	
			<i>Restated</i>	
	Core Department	Consolidated	Core Department	Consolidated
Rentals due within one year	-	2,182	95	2,277
Rentals due later than one year and not later than five years	-	8,728	-	8,728
Rentals due later than five years	-	14,665	-	16,847
	-	<b>25,575</b>	<b>95</b>	<b>27,852</b>
Less interest element	-	(6,740)	-	(7,888)
<b>Present value of obligations</b>	-	<b>18,835</b>	<b>95</b>	<b>19,964</b>

Details of the minimum service charge are given in the table below for each of the following periods:

	2014-15 £000		2013-14 £000 <i>Restated</i>	
	Core Department	Consolidated	Core Department	Consolidated
Service charge due within one year	-	1,457	-	1,429
Service charge due later than one year and not later than five years	-	5,957	-	5,834
Service charge due later than five years	-	10,519	-	11,851
<b>Total</b>	-	<b>17,933</b>	-	<b>19,114</b>

### 10.3.2 Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of "on-balance sheet" (SoFP) PFI transactions was £2.456m (2013-14: £4.733m restated) and the payments to which the Department and its agencies are committed are as follows:

	2014-15 £000		2013-14 £000 <i>Restated</i>	
	Core Department	Consolidated	Core Department	Consolidated
Not later than one year	-	2,452	-	2,398
Later than one year and not later than five years	-	9,980	-	9,594
Later than five years and not later than ten years	-	17,454	-	20,647
<b>Total</b>	-	<b>29,886</b>	-	<b>32,639</b>

### 10.4 Other financial commitments

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

CONSOLIDATED	2014-15 £000	2013-14 £000 <i>Restated</i>
Not later than one year	6,653	7,847
Later than one year and not later than five years	7,050	12,189
Later than five years	141	185
<b>Total</b>	<b>13,844</b>	<b>20,221</b>

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.

Northern Ireland Courts and Tribunals Service has entered into a five year contract with Fujitsu Services for the provision of ICT services which is due to expire on 31 December 2015. The future commitments in revenue terms for the remaining nine months of this contract from April 2015 to December 2015 is approximately £3.2m (at 31 March 2014: £8.0m remained on the contract up to December 2015).

## 11. Financial Instruments

### 11.1 Disclosures

IFRS 7 *Financial Instruments: Disclosures* requires disclosure that enables evaluation of the significance of financial instruments for the Department's financial position and performance, the nature and extent of risks arising from financial instruments to which the Department is exposed during the period and at the reporting date, and how the Department manages those risks. As a result of 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 in finance costs under Programme Costs in Note 5.

#### ***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 not exposed to significant credit risk and manages its exposure via credit risk management policies which require review of the credit history of the organisations that the Department wishes to trade with. Publically available credit information from recognised providers is utilised for this purpose where available. The maximum exposure to credit risk is represented by the carrying amounts of the trade receivables carried in the statement of financial position.

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

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.

#### ***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.

**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.

**Embedded Derivatives**

In accordance with IAS 39 *Financial Instruments: Recognition and measurement*, the Department review 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 the Northern Ireland Courts and Tribunals Service, there is a payment mechanism that determines the charge the Agency 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 within which the Agency operates.

**Northern Ireland Prison Service Housing Loans**

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement* balances in respect of Northern Ireland Prison Service 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 3.5%. Further details are disclosed in Note 12.

These financial assets represent 0.24% of the Agency's total asset value on the Statement of Financial Position. 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 the Northern Ireland Prison Service.

**11.2 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 IAS 39 *Financial Instruments: Recognition and Measurement* 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 IAS 39 *Financial Instruments: Recognition and Measurement*.

## 12. Financial assets

	2014-15 £000		2013-14 £000	
	Core Department	Consolidated	Core Department	Consolidated
Balance at 1 April	-	851	-	1,239
Disposals	-	-	-	-
Repayments	-	(303)	-	(447)
Impairments	-	-	-	-
Revaluations	-	11	-	59
<b>Carrying amount at 31 March</b>	<b>-</b>	<b>559</b>	<b>-</b>	<b>851</b>

The Consolidated 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 2.2%.

The Consolidated balances above can be further analysed as:

	2014-15 £000	2013-14 £000
Current assets	236	266
Non-current assets	323	585
<b>Balance at 31 March</b>	<b>559</b>	<b>851</b>
<b>Balance at 31 March comprises:</b>		
Carrying value	592	896
Less: Discount	(18)	(36)
Less: Impairment	(15)	(9)
<b>Amortised amount (fair value)</b>	<b>559</b>	<b>851</b>

**13. Inventories**

	2014-15 £000		2013-14 £000	
	Core Department	Consolidated	Core Department	Consolidated
Raw materials and consumables	-	1,139	-	1,390
Fuel	-	212	-	435
Work in progress	-	30	-	60
<b>Total</b>	<b>-</b>	<b>1,381</b>	<b>-</b>	<b>1,885</b>

**14. Cash and cash equivalents**

	2014-15 £000		2013-14 £000	
	Core Department	Consolidated	Core Department	Consolidated
Balance at 1 April	779	2,090	117	(5,281)
Net change in cash and cash equivalent balances	(1,684)	(6,724)	662	7,371
<b>Balance at 31 March</b>	<b>(905)</b>	<b>(4,634)</b>	<b>779</b>	<b>2,090</b>
The following balances at 31 March are held at:				
Commercial banks and cash in hand	(905)	(4,634)	779	2,090
<b>Balance at 31 March</b>	<b>(905)</b>	<b>(4,634)</b>	<b>779</b>	<b>2,090</b>

Cash and cash equivalent balances are disclosed in the Statement of Financial Position as follows:

	2014-15 £000		2013-14 £000	
	Core Department	Consolidated	Core Department	Consolidated
Current assets	71	1,932	779	2,877
Current liabilities	(976)	(6,566)	-	(787)
<b>Total</b>	<b>(905)</b>	<b>(4,634)</b>	<b>779</b>	<b>2,090</b>



## 15. Trade receivables and other current assets

## 15.1 Analysis by type

	2014-15 £000		2013-14 £000	
	Core Department	Consolidated	Core Department	Consolidated
<b>Amounts falling due within one year:</b>				
Trade receivables	758	1,065	1,030	1,109
Other receivables	3,608	1,191	3,923	2,579
Prepayments and accrued income	347	3,823	288	4,690
Current part of PPP/PFI and other service concession arrangements prepayment	-	-	95	95
VAT	-	-	385	1,725
Amounts due from the Consolidated Fund in respect of supply	-	5,350	-	-
	<b>4,713</b>	<b>11,429</b>	<b>5,721</b>	<b>10,198</b>
<b>Amounts falling due after more than one year:</b>				
Other receivables	-	10	-	14
	<b>-</b>	<b>10</b>	<b>-</b>	<b>14</b>
<b>Total</b>	<b>4,713</b>	<b>11,439</b>	<b>5,721</b>	<b>10,212</b>

**15. Trade receivables and other current assets (continued)****15.2 Intra-Government Balances**

Amounts falling due within one year	2014-15 £000	2013-14 £000
Balances with other central government bodies	8,901	6,716
Balances with local authorities	3	9
Balances with NHS bodies	50	65
Balances with public corporations and trading funds	-	-
<i>Subtotal: Intra-government balances</i>	8,954	6,790
Balances with bodies external to government	2,475	3,408
<b>Total Receivables at 31 March</b>	<b>11,429</b>	<b>10,198</b>

Amounts falling due after one year	2014-15 £000	2013-14 £000
Balances with other central government bodies	-	-
Balances with local authorities	-	-
Balances with NHS bodies	-	-
Balances with public corporations and trading funds	-	-
<i>Subtotal: Intra-government balances</i>	-	-
Balances with bodies external to government	10	14
<b>Total Receivables at 31 March</b>	<b>11,439</b>	<b>10,212</b>

Included within 'Other receivables' is £107,712 (2013-14: £121,403) that will be due to the Consolidated Fund once the debts are collected.

## 16. Trade payables and other current liabilities

## 16.1 Analysis by type

	2014-15 £000		2013-14 £000	
	Core Department	Consolidated	Core Department	Consolidated
<b>Amounts falling due within one year:</b>				
VAT	3,395	1,111	-	-
Other taxation and social security	-	373	-	286
Trade payables	217	477	100	145
Other payables	2,626	2,488	2,916	1,041
Accruals and deferred income	6,507	37,977	5,717	39,107
Current part of imputed finance lease element of "on- balance sheet" (SoFP) PPP/PFI contracts	-	1,124	95	1,130
Amounts issued from the Consolidated Fund for supply but not yet spent at year end	-	-	-	1,483
Consolidated Fund Extra Receipts to be paid to the Consolidated Fund:				
Received	31	715	20	579
Receivable	-	104	-	116
Excess Accruing Resources	-	1	-	29
	<b>12,776</b>	<b>44,370</b>	<b>8,848</b>	<b>43,916</b>
<b>Amounts falling due after more than one year:</b>				
Imputed finance lease element of "on-balance sheet" (SoFP) PPP/PFI contracts	-	17,711	-	18,834
Consolidated Fund Extra Receipts receivable and due to be paid to the Consolidated Fund	-	4	-	5
	<b>-</b>	<b>17,715</b>	<b>8,848</b>	<b>18,839</b>
<b>Total</b>	<b>12,776</b>	<b>62,085</b>	<b>8,848</b>	<b>62,755</b>

Included within 'Consolidated Fund Extra Receipts to be paid to the Consolidated Fund: Received' is £654,529 (2013-14: £539,060) 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 5.2 for further details.

**16. Trade payables and other current liabilities (continued)****16.2 Intra-Government Balances**

<b>Amounts falling due within one year</b>	<b>2014-15 £000</b>	<b>2013-14 £000</b>
Balances with other central government bodies	8,415	5,451
Balances with local authorities	1,602	1,935
Balances with NHS bodies	194	250
Balances with public corporations and trading funds	8	80
<i>Subtotal: Intra-government balances</i>	<u>10,219</u>	<u>7,716</u>
Balances with bodies external to government	34,151	36,200
<b>Total Payables at 31 March</b>	<b><u>44,370</u></b>	<b><u>43,916</u></b>
<b>Amounts falling due after one year</b>	<b>2014-15 £000</b>	<b>2013-14 £000</b>
Balances with other central government bodies	4	5
Balances with local authorities	-	-
Balances with NHS bodies	-	-
Balances with public corporations and trading funds	-	-
<i>Subtotal: Intra-government balances</i>	<u>4</u>	<u>5</u>
Balances with bodies external to government	17,711	18,834
<b>Total Payables at 31 March</b>	<b><u>17,715</u></b>	<b><u>18,839</u></b>

## 17. Provisions for liabilities and charges

CORE DEPARTMENT	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Others	2014-15	2013-14
						£000	£000
						Total	Total
Balance at 1 April	1,019	29,355	1,978	976	685	34,013	8,749
Machinery of Government transfer	-	-	-	-	-	-	36,336
Provided in the year	335	15,798	2,138	-	6,095	24,366	13,984
Actuarial loss/(gain)	54	-	-	64	-	118	86
Provisions not required written back	-	(3,438)	(139)	-	(1,992)	(5,569)	(3,514)
Provisions utilised in the year	(249)	(11,281)	(1,229)	(43)	(4,391)	(17,193)	(21,704)
Borrowing costs	40	-	-	42	-	82	76
<b>Balance at 31 March</b>	<b>1,199</b>	<b>30,434</b>	<b>2,748</b>	<b>1,039</b>	<b>397</b>	<b>35,817</b>	<b>34,013</b>
<b>CONSOLIDATED</b>							
	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Others	2014-15 £000 Total	2013-14 £000 Total
Balance at 1 April	30,802	29,355	14,258	7,530	5,533	87,478	97,699
Provided in the year	2,819	15,798	5,212	3,567	6,563	33,959	28,720
Actuarial loss/(gain)	1,124	-	-	957	(262)	1,819	(975)
Provisions not required written back	(23)	(3,438)	(3,882)	(393)	(2,269)	(10,005)	(12,321)
Provisions utilised in the year	(3,880)	(11,281)	(3,331)	(2,769)	(4,682)	(25,943)	(25,897)
Provisions settled from Consolidated Fund	-	-	-	-	(258)	(258)	(363)
Borrowing costs	52	-	-	318	96	466	615
<b>Balance at 31 March</b>	<b>30,894</b>	<b>30,434</b>	<b>12,257</b>	<b>9,210</b>	<b>4,721</b>	<b>87,516</b>	<b>87,478</b>

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

CORE DEPARTMENT	Early Departure Costs	Compensation Payments	Litigation Claims	Pensions	Others	2014-15	2013-14
						£000	£000
						Total	Total
Not later than one year	104	14,894	1,993	43	397	17,431	20,360
Later than one year and not later than five years	363	15,540	755	173	-	16,831	12,208
Later than five years	732	-	-	823	-	1,555	1,445
<b>Balance at 31 March</b>	<b>1,199</b>	<b>30,434</b>	<b>2,748</b>	<b>1,039</b>	<b>397</b>	<b>35,817</b>	<b>34,013</b>

CONSOLIDATED	Early Departure Costs	Compensation Payments	Litigation Claims	Pensions	Others	2014-15	2013-14
						£000	£000
						Total	Total
Not later than one year	4,011	14,894	7,851	75	1,014	27,845	29,828
Later than one year and not later than five years	13,525	15,540	4,406	8,110	1,759	43,340	34,867
Later than five years	13,358	-	-	1,025	1,948	16,331	22,783
<b>Balance at 31 March</b>	<b>30,894</b>	<b>30,434</b>	<b>12,257</b>	<b>9,210</b>	<b>4,721</b>	<b>87,516</b>	<b>87,478</b>

**17.2 Early Departure Costs - £30.894m (2013-14: £30.802m)****(i) PSCPS(NI) and NILGOSC £1.782m (2013-14: £1.705m)**

The Department and its agencies meet the additional costs of benefits beyond the normal PCSPS(NI) and NILGOSC benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS(NI) 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 benefits £14.041m (2013-14: £12.821m)**

From 1 April 2006 all benefits payable under the Civil Service Injury Benefit Scheme (CSIBS) (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. An estimated life expectancy of 70 years has been applied.

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 *Employee Benefits* by the Government Actuary's Department. IAS 19 requires the employer to value the expected injury awards for active members, who

are currently uninjured but who may become injured in the future, and include the value in the accounts.

**(iii) Northern Ireland Prison Service - Voluntary Early Retirement (VER) Scheme £15.071m (2013-14: £16.276m)**

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 PCSPS(NI), 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.

**17.3 Compensation Payments - £30.434m (2013-14: £29.355m)**

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.

**17.4 Provision for Litigation Claims - £12.257m (2013-14: £14.258m)**

**(i) Miscarriages of justice £0.340m (2013-14: £1.518m)**

When a person has been convicted of a criminal offence and their conviction has subsequently been reversed or they have been pardoned on the ground that a new or newly discovered fact shows beyond reasonable doubt that there has been a miscarriage of justice, the Department shall pay compensation for the miscarriage of justice. Compensation is payable under section 133 of the Criminal Justice Act 1988, to the person who suffered punishment as a result of such conviction or, if that person is dead, to their personal representatives, unless the non-disclosure of the unknown fact was wholly or partly attributable to the person convicted. If the Department determines that there is a right to such compensation, the amount shall be assessed by an assessor appointed by the Department.

**(ii) Other provisions for litigation claims £11.917m (2013-14: £12.740m)**

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.

**17.5 Pensions - £9.210m (2013-14: £7.530m)****(i) NILGOSC Pension Deficit £5.931m (2013-14: £6.283m)**

The Youth Justice Agency makes employer contributions to the Northern Ireland Local Government Officers Superannuation Committee Scheme (NILGOSC) which is a funded scheme of the defined benefit type. As the Youth Justice Agency no longer admits new employees to the NILGOSC Scheme, an individual employer contribution is calculated for the Agency.

It is possible to define the Youth Justice 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 liability and cost calculations based on assumptions carried forward from the latest valuation are shown below. The actuarial valuation of the scheme as at 31 March 2013 was finalised after 31 March 2014.

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

	Value at 31/03/15 £000	Value at 31/03/14 £000	Value at 31/03/13 £000
Equities	44,286	37,792	43,606
Property	9,841	8,398	3,078
Gilts	8,201	6,999	4,104
Cash	3,280	2,799	511
Total value of scheme assets	65,608	55,988	51,299
Present value of funded scheme liabilities	(71,539)	(62,271)	(61,240)
<b>Funded scheme deficit</b>	<b>(5,931)</b>	<b>(6,283)</b>	<b>(9,941)</b>
Irrecoverable surplus	-	-	-
Unfunded liabilities	-	-	-
<b>Total deficit</b>	<b>(5,931)</b>	<b>(6,283)</b>	<b>(9,941)</b>
Related deferred tax (liability)/asset	No allowance	No allowance	No allowance
<b>Net liability</b>	<b>(5,931)</b>	<b>(6,283)</b>	<b>(9,941)</b>
<b>Assumptions</b>	<b>*Long term rate of return expected at 31/03/15 %</b>	<b>Long term rate of return expected at 31/03/14 %</b>	<b>Long term rate of return expected at 31/03/13 %</b>
Equities	-	7.80	7.30
Property	-	6.80	6.30
Gilts	-	3.20	2.30
Cash	-	0.50	0.50

\*No longer required to be disclosed per IAS 19



<b>Assumptions</b>	<b>2014-15</b> %	<b>2013-14</b> %	<b>2012-13</b> %
Rate of increase in salaries	3.50	3.80	3.80
Rate of increase in pensions in payment	2.00	2.30	2.40
Discount rate	3.20	4.40	4.25
Future Increase in RPI	3.00	3.30	3.30
Future Increase in CPI	2.00	2.30	2.40

<b>Assumptions - average expected future life at age 65 for:</b>	<b>2014-15</b> Years	<b>2013-14</b> Years	<b>2012-13</b> Years
Male staff currently aged 65	21.6	21.9	21.9
Female staff currently aged 65	24.0	24.5	24.5
Male staff currently aged 45	23.3	24.1	24.1
Female staff currently aged 45	26.0	26.6	26.6

<b>Analysis of movement in scheme assets</b>	<b>2014-15</b> £000	<b>2013-14</b> £000
Scheme assets at 1 April	55,988	51,299
Movement in the year:		
Expected return	2,467	2,191
Actuarial gains/(losses)	5,468	2,161
Employer contributions	2,725	1,325
Member contributions	484	506
Benefits paid	(1,524)	(1,494)
<b>Scheme assets at 31 March</b>	<b>65,608</b>	<b>55,988</b>

<b>Return on scheme assets</b>	<b>2014-15</b> £000	<b>2013-14</b> £000
Actual return on scheme assets	<b>7,935</b>	<b>4,352</b>

The overall expected return on scheme assets have been derived as the weighted average of the expected returns on the categories of assets held by the Fund at the reporting date. The asset allocation used has been based on the most recent information available and the notional assets at the reporting date.

<b>Analysis of movement in scheme liabilities</b>	<b>2014-15</b> £000	<b>2013-14</b> £000
Scheme liabilities at 1 April	62,271	61,240
Movement in the year:		
Service cost	1,182	1,464
Administration expenses	22	22
Member contributions	484	506
Interest on scheme liabilities	2,743	2,613
Actuarial losses/(gains) - demographic assumptions	6,361	(2,080)
Actuarial losses/(gains) - from experience	-	-
Benefits paid	(1,524)	(1,494)
<b>Scheme liabilities at 31 March</b>	<b>71,539</b>	<b>62,271</b>

<b>Expense to be recognised in the Statement of Comprehensive Net Expenditure</b>	<b>2014-15 £000</b>	<b>2013-14 £000</b>
Employer Service Costs	1,182	1,464
Administration expenses	22	22
	<b>1,204</b>	<b>1,486</b>

<b>Analysis of amount charged to other finance costs</b>	<b>2014-15 £000</b>	<b>2013-14 £000</b>
Interest charged/(credited) in respect of defined benefit liability/(asset)	276	422

<b>Actuarial loss/(gain) to be recognised in the Statement of Changes in Taxpayers' Equity</b>	<b>2014-15 £000</b>	<b>2013-14 £000</b>
Actuarial (loss)/gain	(893)	4,241

<b>Cumulative loss recognised in the Statement of Changes in Taxpayers' Equity</b>	<b>2014-15 £000</b>	<b>2013-14 £000</b>
Cumulative (loss)/gain	(1,463)	(570)

<b>History of liabilities/assets and experience (gains)/losses</b>	<b>2014-15 £000</b>	<b>2013-14 £000</b>	<b>2012-13 £000</b>	<b>2011-12 £000</b>	<b>2010-11 £000</b>
Scheme liabilities	(71,539)	(62,271)	(61,240)	(52,446)	(45,327)
Scheme assets	65,608	55,988	51,299	43,759	41,799
<b>Surplus/(deficit)</b>	<b>(5,931)</b>	<b>(6,283)</b>	<b>(9,941)</b>	<b>(8,687)</b>	<b>(3,528)</b>
Experience adjustment on liabilities - gain/(loss)	2,547	-	(14)	(1)	(36)
Experience adjustment on assets - gain/(loss)	5,468	2,161	4,951	(999)	1,271

### **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 are as follows:

<b>Assumption</b>	<b>Change in assumption</b>	<b>Increase/(Decrease) in liabilities</b>
Discount Rate	Increase by 0.5%	(8%)
	Decrease by 0.5%	9%
Salary Growth	Increase by 0.5%	2%
	Decrease by 0.5%	(2%)
CPI Inflation (excluding salary growth impact)	Increase by 0.5%	6%
	Decrease by 0.5%	(5%)
Life Expectancy	Increase by 1 year	2%

The sensitivity analysis has been calculated using an approximate switching method based on the split of the liabilities between active, deferred and pensioner members and the average duration of the various categories.

**(ii) NILGOSC bulk transfer £1.969m (2013-14: £Nil)**

A policy decision was taken by the Department of Finance and Personnel (DFP) Corporate HR to recruit all new entrants to the Youth Justice Agency on NICS terms and conditions. Subsequently it was deemed more appropriate for staff previously contributing to the NILGOSC scheme to transfer to the Principal Civil Service Pension Scheme (PCSPS) NI. This transfer took effect on 1 April 2015 and as such a provision for the transfer value was created. The provision of £1.969m represents the best estimate of the potential shortfall should all members elect to transfer their past service benefits to the PCSPS (NI). The provision of £1.969m is in addition to the £5.931m IAS19 liability in Note 17 (i). There are however, inherent uncertainties in this transfer value and Note 18 to the Accounts provide further detail on these uncertainties.

**(iii) Broadly By Analogy Pension Schemes £1.039m (2013-14: £0.976m)**

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 PCSPS (NI). The Department and members are obliged to make contributions in line with the PCSPS (NI) 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 2015 were £1.039m (31 March 2014: £0.976m) as calculated by the Government Actuary's Department.

Present value of scheme liabilities	2014-15 £000	2013-14 £000
Current pensioners	1,039	976
<b>Total</b>	<b>1,039</b>	<b>976</b>

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

Assumptions	2014-15 %	2013-14 %	2012-13 %
Rate of increase in salaries	4.20	4.50	3.95
Rate of increase for pensions in payment	2.20	2.50	1.70
Rate used to discount scheme liabilities	3.55	4.35	4.10
CPI Inflation assumption	2.20	2.50	1.70

**Assumptions - Life expectancy at Retirement**

Current Pensioners	2014-15 Years	2013-14 Years	2012-13 Years
Exact Age:			
Male officers currently aged 60	29.1	29.0	28.6
Female officers currently aged 60	31.3	31.2	30.7
Male officers currently aged 65	24.2	24.1	23.9
Female officers currently aged 65	26.4	26.2	25.8

Analysis of movement in scheme liability	2014-15 £000	2013-14 £000
Scheme liability at 1 April	976	897
Movement in the year:		
Interest cost	42	36
Actuarial loss/(gain)	64	85
Benefits paid	(43)	(42)
<b>Scheme liability at 31 March</b>	<b>1,039</b>	<b>976</b>

Expense to be recognised in the Statement of Comprehensive Net Expenditure	2014-15 £000	2013-14 £000
Past service cost	-	-
Interest cost	42	36
<b>Total expense/(income)</b>	<b>42</b>	<b>36</b>

Actuarial (gain)/loss to be recognised in the Statement of Changes in Taxpayers' Equity	2014-15 £000	2013-14 £000
Experience (gain)/loss arising on the scheme liabilities	(9)	12
Changes in assumptions underlying the present value of the scheme liabilities	73	73
<b>Total actuarial loss/(gain)</b>	<b>64</b>	<b>85</b>

History of experience (gains)/losses	2014-15	2013-14	2012-13	2011-12	2010-11
Experience (gain)/loss arising on the scheme liabilities:					
Amount (£000)	(9)	12	3	27	5
Percentage of scheme liabilities at the end of year	(0.9%)	1.2%	0.3%	1.9%	0.4%

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

### Sensitivity Analysis

The sensitivity analysis of the main actuarial assumptions indicates the following:

- increasing the discount rate by 0.5% would result in a corresponding decrease in liabilities of approximately 7.0% or £73,000;
- increasing the CPI inflation assumption by 0.5% would result in a corresponding increase in liabilities of approximately 7.0% or £73,000; and
- increasing assumed life expectancies in retirement by around one year would result in a corresponding increase in liabilities of approximately 3.0% or £30,000.

The opposite changes in assumptions to those set out above will produce approximately equal and opposite changes in the liability. Similarly, doubling the changes in the assumptions will produce approximately double the changes in the liability. The sensitivities show the change in each assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between them, the impacts of such changes may offset each other to some extent.

**(iv) Fee Paid Office Holders Pension £0.271m (2013-14: £0.271m)****Judicial Service Award**

Following a ruling against the Ministry of Justice (MOJ) 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 for the Judicial Service Award, which compensates retirees for the tax paid on pension lump sums paid on retirement, that will become payable in future years to fee paid judicial office holders who have claimed, or are eligible to claim, pension entitlements.

As there are currently appeals lodged in the Employment Appeal Tribunal in relation to pension entitlement, there is a degree of uncertainty surrounding the quantum of the pension to which eligible fee paid office holders are entitled. As such, the Judicial Service Award provision for fee paid office holders has been calculated based on the pension entitlement as informed by the latest available judgments from the Employment Tribunal and Employment Appeal Tribunal.

The provision of the service award for each member has been calculated based on their lump sum at retirement. For pensioner members, the provision includes interest accrued on the Judicial Service Award, calculated in line with the Preston model. The net service award that members receive is the same as the tax paid on the lump sum. The service award is itself an employee benefit that is subject to income tax and national insurance (NI). The NICTS liability for the service award is grossed up for both the income tax (at an assumed marginal rate) and employer NI payable by NICTS on the service awards.

**Compensatory Interest**

In respect of retired fee paid office holders, compensatory interest has been estimated to account for any financial loss to these office holders resulting from the non-payment of their pension entitlements. JPS does not have authority to make these payments therefore, this responsibility falls to NICTS. A provision has been recognised for compensatory interest and has been calculated by GAD using the Preston Index which applies an assumed interest rate to the approximate arrears of pension and lump sum due to retired fee paid office holders.

**Non-pension entitlements**

The lead case in the O'Brien litigation has set the precedent for other stayed cases, which in addition to pension entitlements, has extended to non-pension entitlements relating to fee paid judicial office holders' employment terms and conditions, such as annual leave, sick pay and training fees. The case was remitted to the Employment Tribunal to determine the quantum of the liability to the eligible fee paid judicial office holders.

During 2013-14 hearings held by the Employment Tribunal and Employment Appeal Tribunal addressed claims for non-pension entitlements relating to the terms and conditions of fee paid judicial office holders. A provision has been recognised which reflects the best estimate of the amount required to settle those claims which have been lodged within the time limit provided by the latest available judgments. These non-pension entitlement claims were disclosed as a non-monetary contingent liability in the 2013-14 accounts. During 2014-15 MOJ began the process to settle the majority of the claims that relate to fee paid judicial office holders' employment terms and conditions that historically have not matched salaried comparators. However, the Department has not conceded this point and it will be deliberated in the NI Employment Tribunal.

**17.6 Others - £4.721m (2013-14: £5.533m)*****(i) Judicial Service Award £4.324m (2013-14: £4.500m)***

Provision has been made for a Judicial Service Award for salaried judicial office holders who are members of JPS. The purpose of the Judicial Service Award is that, subject to any future changes in legislation, the award will compensate for any tax or National Insurance charges on lump sums payable from the deregistered judicial pension schemes on retirement. The provision has been estimated by the 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 provision includes estimated amounts due to Judiciary funded by both NICTS and the Consolidated Fund.

***(ii) Criminal Appeals £0.397m (2013-14: £0.686m)***

Provisions have been made by the Core Department for criminal appeals claims which are with the Taxing Master pending judicial direction. The Taxing Master is a Supreme Court judge and has complete discretion in deciding how much should be paid out in respect of claims put before him. As each case is assessed on an individual basis a provision has been created for each case currently received and under assessment.

***(iii) Court Funds Office (CFO) £Nil (2013-14: £0.330m)***

Provision was made last year for reimbursement of stockbroker management fees which were charged to CFO client accounts without the appropriate authorisation between 1996 and 2010. The legal and administrative process to determine which fees had been deducted lawfully was long and complex, but this completed in March 2015 when repayment was made to the Court Funds Office clients to discharge this obligation in full. The details of this are more fully disclosed in the Courts Funds Office (CFO) accounts.

***(iv) Other Provisions £Nil (2013-14: £0.017m)***

This includes a £Nil (2013-14: £0.017m) contractor provision.

## 18. Contingent liabilities disclosed under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

The Department has the following contingent liabilities:

**(i) Description of liability:** *Supplier contracts, employment, personnel and legal cases outstanding against the Department.*

Expected date of Settlement: Settlement dates are unknown.

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

**(ii) Description of liability:** *Miscarriage of justice applications which the Department considers will not be successful and result in payment.*

Expected date of Settlement: Settlement dates are unknown.

Uncertainties/major assumptions: These claims have not been provided for in the financial statements as they are considered unlikely to be successful. If further information concludes payment is probable and it can be reliably estimated, this will be provided for when necessary.

**(iii) Description of liability:** *Voluntary Exit Scheme (VES)*

Expected date of Settlement: Settlement date unknown.

The Northern Ireland Civil Service launched a Voluntary Exit Scheme (VES) across all departments on 2 March 2015. The closing date for applications was 27 March 2015. At the reporting date, there is a possible obligation on the Department which may give rise to a liability should any of the Department's employees apply and be successful. It is not possible, at the reporting date, to quantify what this potential liability may be.

**(iv) Description of liability:** *Members of staff who have applied to leave under the terms of the Voluntary Early Retirement (VER) Scheme within the Northern Ireland Prison Service.*

Expected date of Settlement: Settlement date unknown.

Uncertainties/major assumptions: Staff have been advised that their applications are still under consideration but that they were not selected for departure as at this financial year end. No obligation has arisen for these employees and no provision has been made for potential payments due to these individuals on departure from the service. Staff have been advised that the VER Scheme Panel will consider their applications again in due course. Until such times as this review has taken place and some or all of those staff have been offered early retirement, NIPS disclose this possible obligation as a contingent liability.

**(v) Description of liability:** *Litigation claims against the Northern Ireland Prison Service (NIPS) that are expected to be unsuccessful.*

Expected date of Settlement: 2015 onwards

Uncertainties/major assumptions: NIPS has estimated contingent liabilities of £0.398m (2013-14: £0.590m) in respect of litigation claims. These claims have not been provided in the financial statements as NIPS believes it unlikely that they will be successful.

**(vi) Description of liability:** *Fee paid judicial office holders' pension rights within the Northern Ireland Courts and Tribunals Service (NICTS).*

Expected date of Settlement: Settlement date unknown.

Uncertainties/major assumptions: There are estimated contingent liabilities of £0.135m arising from pension and non-pension claims which have been lodged outside the time limit provided by the latest available judgments. These judgments allow for the Employment Tribunal to use discretion and extend this time limit if it rules that it is just and equitable to do so. As cases in Northern Ireland have been further postponed until September 2015, awaiting the outcome of the related litigation in England and Wales, there is currently no evidence in respect of the number of claims that the Employment Tribunal will allow and therefore NICTS has no present obligation in relation to claims lodged outside the timeframe.

**(vii) Description of liability:** *Judicial Review on Fine Enforcement within the Northern Ireland Courts and Tribunals Service (NICTS).*

Expected date of Settlement: Settlement date unknown.

Uncertainties/major assumptions: A court hearing to consider five Judicial Review applications challenging imposing and enforcing fines has resulted in the court finding many of the processes to be flawed. One of the significant points to be found was that the court should not consider how to deal with default at the point of sentence but should only do so after the default has occurred. These Judicial Reviews have been converted to writs and are currently listed before the Queen's Bench Division of the High Court to consider preliminary issues. Depending on the outcome of the test cases there may be financial implications but the quantum is unknown at this stage.

**(viii) Description of liability:** *Youth Justice Agency - NILGOSC bulk transfer*

Expected date of Settlement: Settlement date unknown.

Uncertainties/major assumptions: The transfer of staff to the PCSPS (NI) on 1 April 2015 may give rise to an increase in the estimated shortfall for the cost of the bulk transfer as there is uncertainty in respect of the number of members who are likely to transfer their past service. In addition there may be further costs to buy in to the PCSPS (NI) dependent on the specific assumptions. As these amounts are dependent on members electing to transfer their past service, it is not possible to quantify the exact liability at the reporting date.



**19. Losses and special payments****19.1 Losses Statement**

The total value of losses did not exceed £0.250m and therefore no disclosure is required.

**19.2 Special Payments**

CONSOLIDATED	Number of cases	2014-15 £000	Number of cases	2013-14 £000
Compensation payments	2,075	11,363	2,615	14,334
Miscarriages of justice	5	1,094	5	1,099
Ex-gratia	-	-	-	-
<b>Total</b>	<b>2,080</b>	<b>12,457</b>	<b>2,620</b>	<b>15,433</b>

***Compensation Payments***

During 2014-15, final compensation payments were made in 1,770 cases (2013-14: 2,437) by Compensation Services. The total amount of compensation paid in these cases was £10.438m (2013-14: £13.504m).

Included in the litigation provision in Note 17 are special payments made by the Northern Ireland Prison Service. Amounts utilised during the year included 300 compensation payments (2013-14: 176) totalling £0.887m (2013-14: £0.826m). No individual payment exceeded £0.250m.

The remaining 5 cases in 2014-15 (2013-14: 2) relate to the Core Department and amount to £0.038m (2013-14: £0.004m)

***Miscarriages of Justice***

Miscarriage of justice payments exceeded £0.250m in 2 cases during 2014-15 (2013-14: 3). Further details are contained in Note 17.4 (i).

## 20. 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;
- 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 Legal Services Commission;
- 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 and Personnel.

The wife of the Director of Access to Justice is a fee paid office holder of the Mental Health Review Tribunal and the Appeals Tribunals. During the 2014-15 financial year she received fees totalling £46,144 (2013-14: £67,920). The Director of Access to Justice is a Visiting Professor in Regulatory Reform & Law at the Ulster Business School which is part of the Ulster University.

An Independent Board Member is Pro-Chancellor at Queen's University Belfast. The spouse of this Independent Board Member is a Director of a firm that provides services to the Police Rehabilitation and Retraining Trust.

An Independent Board Member was also the Chief Executive of the Ulster Farmers Union until his retirement from that role in April 2015. During 2014-15, the Department and the Ulster Farmers Union jointly sponsored a Rural Crime Conference with a contribution from the Department of £3,187 (2013-14: £Nil).

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.

## 21. 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.

### **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**

The Northern Ireland Courts and Tribunals Service, through the Court Funds Office, provides a banking and investment service 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.

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.

### **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.

CONSOLIDATED	31 March 2014 £000	Gross Inflows £000	Gross Outflows £000	31 March 2015 £000
Monetary assets such as bank balances and monies on deposit	138,201	117,089	(126,721)	128,569
Listed securities	169,373	46,506	(28,912)	186,967
<b>Total</b>	<b>307,574</b>	<b>163,595</b>	<b>(155,633)</b>	<b>315,536</b>

**21. Third-party assets (continued)**

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 the Northern Ireland Courts and Tribunals Service as security or bails in relation to legal actions.

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

<b>CONSOLIDATED</b>	<b>2014-15 Number of cases</b>	<b>2013-14 Number of cases</b>
Property assets	964	1,839

## 22. Entities within the Departmental boundary

The entities within the boundary during 2014-15 were as follows:

### Executive agencies:

- Forensic Science 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:

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

**23. Events after the reporting date**

The Stormont House Agreement contains a commitment to reduce the number of NICS Departments from twelve to nine following the Assembly election in May 2016, which will involve functions transferring from some departments to others. The number, names and high level functions of the new departments are currently being considered by Ministers. It is anticipated that staff working in the affected areas will move with the function. The proposed nine-departmental model outlines a machinery of government change where the functions of the Department of Justice will remain unchanged other than the transfer of the Northern Ireland Fire and Rescue Service from DHSSPS.

Since 31 March 2015, applications for the Voluntary Exit Scheme are being processed, communicated and agreed with staff based on conditional offers. This will result in an obligation arising on the Department, since the reporting date, but the value of the liability cannot be quantified at this stage. This is a non-adjusting event and consequently, the 2014-15 accounts have not been adjusted. It is expected that payments to settle this liability will be made during the 2015-16 financial year.

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

**Date for authorisation of issue**

The Accounting Officer authorised these financial statements for issue on 29 June 2015.

## ACRONYMS

Acronym	Details
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
AMPS	Assembly Members' Pension Scheme
ASB	Anti-Social Behaviour
BBA	Broadly by analogy
C&AG	Comptroller and Auditor General
CARE	Career Average Revalued Earnings
CEP	Capital Estates Programme
CETV	Cash Equivalent Transfer Value
CF	Consolidated Fund
CFO	Court Funds Office
CJINI	Criminal Justice Inspection Northern Ireland
CPD	Central Procurement Directorate
CPI	Consumer Prices Index
CSIBS	Civil Service Injury Benefit Scheme
CSP	Civil Service Pensions
DARC	Departmental Audit and Risk Committee
DEL	Department Expenditure Limits
DFP	Department of Finance and Personnel
DHSSPS	Department of Health, Social Services and Public Safety
DOJ	Department of Justice
DPA	Data Protection Act
EJO	Enforcement of Judgments Office
EU	European Union
FOI	Freedom of Information
FReM	Financial Reporting Manual
FSNI	Forensic Science Northern Ireland
GDP	Gross Domestic Product
HMIP	Her Majesty's Inspectorate of Prisons
HR	Human Resources
HSENI	Health and Safety Executive for Northern Ireland
IAO	Information Asset Owner
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBM	Independent Board Member
ICT	Information and Communication Technology
IFI	International Fund for Ireland
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IPT	Internet Protocol Telephony
IROC	Information Risk Owner Council
ISD	Information Services Division
IT	Information Technology
JPS	Judicial Pension Scheme
LSANI	Legal Services Agency Northern Ireland
LPS	Land and Property Services
MLA	Member of the Legislative Assembly
MOJ	Ministry of Justice
MOTO	Memorandum of Terms of Occupancy
NCA	National Crime Agency
NDPB	Non-Departmental Public Body
NHS	National Health Service
NIAO	Northern Ireland Audit Office
NIASS	Northern Ireland Appropriate Adult Scheme
NICF	Northern Ireland Consolidated Fund
NICS	Northern Ireland Civil Service
NICTS	Northern Ireland Courts and Tribunals Service
NIGEAE	Northern Ireland Guide to Expenditure, Appraisal and Evaluations
NILSC	Northern Ireland Legal Services Commission

**ACRONYMS (continued)**

<b>Acronym</b>	<b>Details</b>
NILGOSC	Northern Ireland Local Government Officers' Superannuation Committee
NIPS	Northern Ireland Prison Service
OFMDFM	Office of the First Minister and deputy First Minister
OJEC	Official Journal of European Communities
PAC	Public Accounts Committee
PBNI	Probation Board for Northern Ireland
PCSPs	Policing and Community Safety Partnerships
PCSPS	Principal Civil Service Pension Scheme
PCSPS(NI)	Principal Civil Service Pension Scheme (Northern Ireland)
PDP	Personal Development Plan
PfG	Programme for Government
PFI	Public Finance Initiatives
POSD	Personnel and Office Services Division
PPA	Prior Period Adjustment
PPC	Prisoners' Private Cash
PPC	Personal Pension Contribution
PPP	Public Private Partnership
PRRT	Police Rehabilitation and Retraining Trust
PRT	Prison Review Team
PSNI	Police Service of Northern Ireland
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Prices Index
RUC	Royal Ulster Constabulary
SCNE	Statement of Comprehensive Net Expenditure
SCS	Senior Civil Service
SOAS	Statement of Assembly Supply
SOFP	Statement of Financial Position
TBUC	Together Building a United Community
UK	United Kingdom
UU	Ulster University
VAT	Value Added Tax
VER	Voluntary Early Retirement
WOU	Working Out Unit
YJA	Youth Justice Agency







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