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**Department of Justice  
Annual Report and Accounts  
For the year ended 31 March 2021**

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

*on*

*8 July 2021*

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Department of  
**Justice**

An Roinn Dlí agus Cirt

Máinnystrie O tha Laa

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## **PERFORMANCE REPORT**

### **OVERVIEW**

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

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

### **FOREWORD BY PERMANENT SECRETARY**

I am pleased to introduce the Annual Report and Accounts for 2020-21 for the Department of Justice (DoJ).

Over the past year, the Covid-19 pandemic has created unprecedented challenges to the delivery of Departmental business and our key services as well as challenging all of those who work in the Department at both a professional and personal level. In responding to those challenges, I have been hugely impressed by, and grateful for, the professional, committed and pacy response which colleagues across the Department demonstrated. Through flexibility, innovation and a lot of hard work, we have maintained key services as well as advancing the Justice Minister's policy and legislative agenda.

The impact of, and response to, Covid-19 will continue to shape the focus of the Department for some time. As part of this, we will want to build on the innovative ways of delivering our business which we have developed this year, as well as taking account of how the impact on wider society will affect the work of the Department going forward.

Over the past year, the Department has also had a focus on the significant preparatory work undertaken to mitigate the risks resulting from EU Exit and to ensure contingency arrangements were in place in the event that a deal was not reached between the UK Government and the EU.

At its heart, the Department of Justice is a service delivery organisation and like all service delivery organisations it relies on its people to ensure there is a responsive, fair and efficient service delivered. I have seen many examples over the past year where people have gone beyond what would normally be asked of them, either to maintain service delivery or to find alternative ways of achieving the same end. In return, we have ensured a safe working environment, additional equipment and technology where required as well as providing regular communications and having a focus on the health and wellbeing of staff by providing access to a range of support mechanisms.

Alongside meeting the challenges described above, I have also been proud to be part of an organisation which has substantially advanced the support and protection available to some of the most vulnerable in our society such as those who suffer from domestic abuse or those who are victims of crime. These steps, combined with others planned for this year, will in due course have a transformative effect on the lives of some.

## STATEMENT OF PURPOSE AND ACTIVITIES

### Statutory background

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

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

### Mission and values

Our mission is working in partnership to create a fair, just and safe community where we respect the law and each other.

We recognise that we can only deliver effectively by working together with our delivery partners across the wider justice system, with other Government departments, and with the community and voluntary sector.

Together with delivery partners we committed in 2020-21 to work to:

- Support safe and resilient communities;
- Address harm and vulnerability;
- Challenge offending behaviours and support rehabilitation;
- Deliver an effective justice system; and
- Secure confidence in the justice system.

In seeking to deliver these objectives, we sought to uphold the Northern Ireland Civil Service (NICS) values of:

- Integrity;
- Honesty;
- Objectivity; and
- Impartiality.

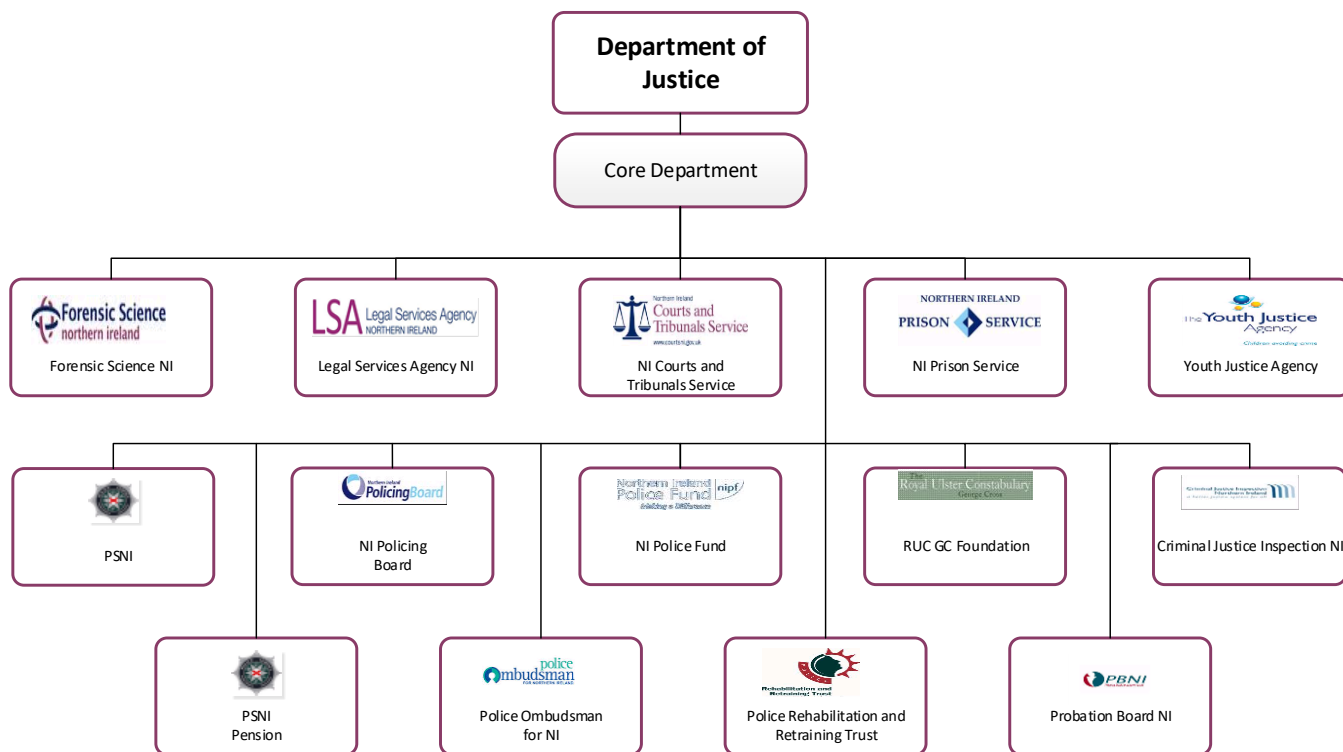
In addition, we committed to the following Departmental values to:

- Make a difference;
- Empower and innovate; and
- Embrace diversity.



**Departmental boundary**

The overall structure of the Department is outlined below:



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 23 to the Accounts for full details):

- Core Department - consisting of four Directorates: Access to Justice, Justice Delivery, Reducing Offending and Safer Communities;
- Forensic Science Northern Ireland (FSNI);
- Legal Services Agency Northern Ireland (LSANI);
- Northern Ireland Courts and Tribunals Service (NICTS);
- Northern Ireland Prison Service (NIPS); and
- Youth Justice Agency (YJA).

**Bodies outside of the Departmental boundary**

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

- Criminal Justice Inspection Northern Ireland (CJINI);
- 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) and PSNI Police Pensions;
- 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.

## Key risks and issues

A Departmental Risk Register and Issues log is maintained within the Department and regularly considered by the Departmental Management Board. The key risks identified in 2020-21 included:

- **Resources** - insufficient resources to effectively balance emerging pressures, including Covid-19, with operational delivery, Departmental commitments and business as usual needs;
- **Capability** - insufficient skills, training and succession planning to ensure appropriately skilled people to meet business need as it emerges or changes;
- **Capacity** - insufficient availability of staff resource at all grades to fill identified vacancies to effectively balance operational delivery, operational commitments and business as usual needs;
- **Covid-19** - long term restrictions imposed due to the Covid-19 pandemic limiting the operational delivery, Departmental commitments and business as usual needs;
- **Accommodation** - insufficient accommodation available due to Covid-19 social distancing requirements, potential building closures during the pandemic and general structural issues impacting operational delivery, and the ending of leases;
- **Collaboration** - inability to identify and gain commitment on shared priorities with other departments and key strategic partners reduces opportunities to maximise the delivery of services to meet the needs of the community and deliver on Departmental priorities;
- **Community confidence** - lack of a shared strategic narrative on justice priorities and their administration, and engagement with the public on that narrative, fails to secure community buy-in to key policies and programmes, impacting service delivery and confidence in the justice system; and
- **Information** - a threat such as a pandemic, fire, flood, cyber-attack or other causes of operational failure impact on critical infrastructure or line of business information systems or records resulting breaches to the availability, accuracy or confidentiality of information.

The key issues faced during 2020-21 included:

- Responding to the Covid-19 pandemic;
- Implications of EU Exit;
- Legacy issues;
- Implementation of the Troubles Permanent Disablement Payment Scheme; and
- Damage to the main building used by FSNI.

The most significant issue that arose for the Department was the Covid-19 pandemic. In response, the Department produced a Departmental Recovery Plan which was subsequently integrated with normal business planning processes. Although the pandemic was a significant issue for the Department, key services continued to be delivered through an innovative and flexible response across the entire Department. The arrangements put in place in response to the initial outbreak of the pandemic ensured a prompt response to further waves and business continuity procedures were updated accordingly.

Responding to the UK's exit from the EU has been an ongoing issue for the Department throughout the year. The Department continued to work with its counterparts in the UK Government, other devolved administrations and operational partners across the criminal justice system in Northern Ireland to ensure readiness for arrangements at the end of the Implementation Period.

Further details are provided in the Performance Analysis section in relation to the risks faced by the Department and how these were mitigated against. The Governance Statement also provides an overview of the Department's risk management and internal control system.

## PERFORMANCE SUMMARY

### Programme for Government

Since June 2018, and in the absence of an Executive and a finalised Programme for Government (PfG), the NICS Outcomes Delivery Plan (ODP) became a key strategic document, setting out the actions that departments had put in place to give effect to the objective of improving wellbeing for all by tackling disadvantage and driving economic growth. A revised ODP was published in December 2019 as a more responsive 'live' document that could be amended or added to as priorities and actions change. The refreshed ODP sets out the actions that departments intend to take to continue to give effect to the previous Executive's stated objective of "Improving wellbeing for all - by tackling disadvantage and driving economic growth".

The Department contributes to a number of the 12 outcomes, contained within the ODP, and has led on Outcome 7 - 'We have a safe community where we respect the law and each other'. The refreshed ODP, published in December 2019, developed plans for future actions in collaboration across government, the voluntary and community sector and other external stakeholders. The Key Strategic Areas defined under Outcome 7 are:

- Problem solving justice;
- Reduce crime;
- Reduce reoffending;
- Respect cultural identity;
- Reduce avoidable delay; and
- Supporting vulnerable children with complex needs.

Five indicators are used to measure the effectiveness of the initiatives being taken forward to deliver Outcome 7. Recent data has shown a positive change against baseline data for both Indicator 1, Crime Pervallence Rate and Indicator 26, A Respect Index. No significant change has occurred in Indicator 35, Percentage of people who believe their cultural identity is respected and Indicator 39, Reoffending Rate. There has, however, been a negative change in Indicator 28, Average time taken to complete criminal cases against baseline data.

The development of a new Strategic PfG has progressed during the year, led by the Executive Office. The Department assisted in the development of a draft Outcomes Framework document which was issued for public consultation in January 2021. The draft Outcomes Framework proposed 9 outcomes to replace the 12 outcomes in the current ODP. This will inform the development of any PfG which will be subject to Executive approval.

## Departmental Business Plan

The 2020-21 Departmental Business Plan was approved by the Minister in July 2020. The Business Planning process for 2020-21 had been originally paused due to the onset of the Covid-19 pandemic in March 2020. The plan reflected the Minister's key priorities and what could realistically be achieved in the context of the Covid-19 pandemic.

The Business Plan translated the Minister's priorities into actions and assigned responsibility and timescales for delivery. The key focus of the Department for the financial year was to respond to the pandemic and nine separate actions were developed to progress this priority. In addition, further actions were developed under the Department's priority areas:

- Support safe and resilient communities;
- Address harm and vulnerability;
- Challenge offending behaviours and support rehabilitation;
- Deliver an effective justice system; and
- Secure confidence in the justice system.

These five priorities were translated into 52 actions for delivery across the Department's organisational business areas.

### *Support safe and resilient communities*

The Department's priority of supporting safe and resilient communities continued to make significant progress during the year. Through the objective of tackling paramilitarism, criminality and organised crime, the Executive supported Tackling Paramilitarism Programme secured funding and developed proposals and an action plan to extend the programme to March 2024. The 2021-2024 Organised Crime Strategy was also published in March 2021 following a consultation process. Legislative proposals for new offences to tackle organised crime have been analysed and will be taken forward under the Organised Crime Strategy.

The restrictions, introduced as a result of the pandemic, impacted on progress with the removal of interface structures. However, construction work which had stalled at the start of the year commenced in June 2020 leading to the removal of three interface structures and reduction of a further interface structure. The delivery of Aftercare Schemes was also severely impacted but as restrictions ease and inspections are completed, it is envisaged that the works will be undertaken in 2021. Work continues towards all other reduction, removal and reclassification targets.

Summer violence in interface areas in 2020 has had a detrimental impact on community confidence in some areas and ongoing tensions has the potential to negatively impact progress in 2021. A Community Safety Board aimed at linking the strategic and operational response to community safety issues was established. This provides mechanisms for partners to highlight local community safety issues and agree collective action. An ad hoc Community Response Group dealt with a number of issues over the summer and subsequent period including youth diversion requirements due to Covid and increasing anti social behaviour. Work also continued to develop and embed appropriate partnership delivery structures to support the themes of 'place', 'people' and 'powers' and to ensure Policing and Community Safety Partnerships are fully integrated into delivery models.

## Departmental Business Plan (continued)

### Addressing harm and vulnerability

Work was advanced to put in place the necessary administrative arrangements for implementation of the Troubles Permanent Disablement Payment (TPDP) Scheme following designation by The Executive Office (TEO). That includes development of an application form, an on-line IT system and engaging with relevant organisations on arrangements for evidence retrieval. The Northern Ireland Judicial Appointments Commission also arranged the appointment of 26 members to the Victims' Payments Board. It is currently anticipated that the scheme will open for applications from 31 August 2021.

The Department is also the designated department with responsibility to carry out the administrative functions of the Historical Institutional Abuse (HIA) Redress Board. As such, the Department established a payment team to process awards of compensation to victims and survivors, on foot of determinations issued by the Redress Board. During the 2020-21 financial year the Redress Board made payments totalling £10.5m. This is comprised of 434 final and initial payments covering 420 applications.

The administrative costs incurred by the Department in relation to the TPDP Scheme and HIA Redress Board are recharged to TEO. This is regarded as income and expenditure of the Department from both a Budgetary and Accounts perspective, and accounted for in the Statement of Comprehensive Net Expenditure. The pension and compensation payments associated with the TPDP Scheme and HIA Redress Board are paid by the Department on behalf of TEO and subsequently recouped from TEO. As such these are not regarded as income or expenditure of the Department from a Budgetary or Accounts perspective.

The Department has progressed an extensive legislative programme over the course of the year and a Domestic Abuse and Civil Proceedings Act completed its passage through the Northern Ireland Assembly. This creates *inter alia* a new domestic abuse offence, capturing patterns of controlling and coercive behaviour, against a partner, former partner or family member. The legislation closes a gap in the law and ensure that protection is not limited to physically violent behaviour, as at present. The Act also regulates the conduct of civil proceedings, prohibiting cross examination in person by a domestic abuse offender or where there is evidence of domestic abuse. It also provides for eligibility of victims of domestic abuse for civil legal aid, in certain proceedings, and for proposals to be brought forward as to the availability of civil legal aid.

In addition, stalking legislation has been introduced in the Assembly and the Department has further legislated to prevent the cross examination of victims of domestic abuse in family courts by perpetrators.

In November 2020 the Department published a multi-agency action plan in response to CJINI's report on the Care and Treatment of Victims and Witnesses in Northern Ireland. The Minister also approved the development of a new Victim and Witness Strategy. Work is well progressed against this three year strategy and the final strategy is expected to be published in 2021-22 following a consultation exercise.

A multi-agency Gillen Implementation Plan was published in July 2020 setting out 14 strategic priority areas for implementation that focus on improving the complainant's experience in the criminal justice system. Progress against the 253 Gillen recommendations within the Gillen Review is well underway, with almost 75% of recommendations either fully implemented or in train (14% completed; 60% actively in train and at various stages of development). Key developments to date include the establishment of two temporary Remote Evidence Centres in Belfast and Craigavon, with progress towards a longer-term facility in Belfast; and the launch of a pilot to provide free legal advice to complainants in serious sexual offence cases.

A business case has been completed for a Drug Recovery Unit in Maghaberry. However, this project has been paused in light of the pandemic and further discussions will take place with the South Eastern Health and Social Care Trust.

### Departmental Business Plan (continued)

During 2020-21 specialist equipment for the detection of trafficked substances and items has been researched, procured and deployed, and extensive work has also been carried out to scope the installation and deployment of X-Ray Body scanners in the prison establishments at Maghaberry, Magilligan and Hydebank.

Supporting People at Risk Evolution, a new approach to reducing incidents of suicide and self-harm, has been jointly developed and implemented. This person centred approach across all three prisons has facilitated a reduction in the number of individuals who complete acts of self-harm.

### *Challenge reoffending and support rehabilitation*

The programme to develop a regional Care and Justice Campus, in conjunction with the Department of Health (DoH), was temporarily halted due to the Covid-19 pandemic response, with work recommencing late July 2020. A public consultation on proposals for the Campus closed in January 2021, with 73 responses received from a wide range of individuals and organisations. A consultation analysis report has been completed and it is the intention to publish this report in the near future. Informed by the responses to the consultation, the joint DoH/DoJ Programme Team is continuing to engage with stakeholders to develop detailed policy proposals on the operation of a new integrated Campus, for consideration by the Justice and Health Ministers and their Executive colleagues. The Departments are aiming to have the initial campus model in place by December 2022.

A Justice Early Intervention Group has been established to co-ordinate the best approach in helping children avoid entry into the formal justice system. This has enabled justice partners to map current Early Intervention services, exchange information and best practice, and develop strategic priorities.

The Access to Justice Directorate continued to coordinate a number of Problem Solving Justice pilots during 2020-21. A Problem Solving Justice 5 Year Strategic Plan was completed and presented to the Justice Committee in October 2020. Further details on Problem Solving Justice is available from: [www.nidirect.gov.uk/campaigns/problem-solving-justice](http://www.nidirect.gov.uk/campaigns/problem-solving-justice).

The Reducing Offending Directorate conducted a consultation on an Adult Restorative Justice Strategy. The initial findings were reported to the Minister and to the Justice Committee in January 2021 with a Strategy and Action Plan expected to be published in September 2021. A further consultation on a justice-wide strategy to support and challenge women (and girls) in contact with the justice system closed in March 2021. Reviews of the existing support available to short sentence prisoners, foreign nationals and older persons in their journey through custody are also being progressed, while the needs of females will be addressed through the strategy to support and challenge women and girls in contact with the justice system.

**Departmental Business Plan (continued)*****Deliver an effective justice system***

The Legal Services Agency Transformation Programme has continued to be delivered during the year with a review by Business Consultancy Services (BCS), part of the Department of Finance, commissioned on fraud. Preliminary findings have been shared and an action plan developed and implemented. BCS's recommendations have been incorporated within the Agency's overarching fraud and error action plan which reflects a strategic partnership with Department for Communities to estimate the official error rate. The Action Plan is updated each month and monitored by the Agency's Board and the Legal Aid Strategy Group, which is chaired by the Permanent Secretary and provides strategic direction to legal aid reform. The Agency is currently reviewing a draft final report from BCS to inform wider transformation within the Agency. As part of its overall transformation programme the Agency has supported the development of a new provisions model to address a longstanding qualification on its accounts. The new methodology has been deployed in the preparation of the 2020-21 annual accounts.

On 23 March 2021, the Minister made a statement in the Assembly on her plans to modernise civil and family justice. The plans take account of the recommendations from the Gillen Review of civil and family justice and the Access to Justice Reviews. The Minister's statement will be supported by a delivery plan to be published early in the 2021-22 business year.

Reform of Legal Aid has continued to progress including the completion of a consultation on expert witnesses and a 12 month pilot launched in January 2021. Good progress has been made on the family fees project and a public consultation on proposals will issue in June 2021. The statutory registration project has been re-initiated and pre-consultation engagement with the Bar Council and Law Society through a stakeholder reference group is ongoing.

A Damages (Return on Investment) Bill was introduced in the Assembly in March 2021, which will legislate for levels of compensation in personal injury cases and is currently at Committee Stage.

The NIPS Estates Strategy continues to progress through submission of outline business cases for a new Female Facility, a new Welcome and Visits Centre at Maghaberry and the redevelopment of Magilligan Prison. An independent review was completed and a report on support service for retired prison officers was published by the Minister in January 2021. The report contained six recommendations which are being taken forward as part of an implementation group chaired by the NIPS Director General.

***Secure confidence in the justice system***

Findings on the public consultation on the Review of Sentencing in Northern Ireland have been published and an action plan is under development. A way forward report has been completed and will be published following presentation to the Justice Committee. Reform of the criminal justice system has continued to progress during the year and the Criminal Justice (Committal Reform) Bill was introduced to the Assembly in November 2020. Further progress has included the completion of an interim evaluation of Indictable Cases Process and research into summons process issues in the Crown Court and magistrates' court.

## Covid-19

The Department entered the financial year under lockdown measures imposed by the Northern Ireland Executive, *The Health Protection (Coronavirus, Restrictions) (Northern Ireland) Regulations 2020*. This placed significant restrictions on the movement of people and the operation of businesses as a means of reducing the community transmission of the virus.

The Department's Senior Management Team conducted a desktop exercise of business continuity arrangements in March 2020, which informed what emergency planning structures required to be put in place to respond to the pandemic. A further exercise was conducted in September 2020. The need to resource those structures and focus on our immediate response, together with the need to implement social distancing measures, had an immediate impact across the Department, Agencies and NDPBs. Where possible, arrangements were put in place quickly to facilitate staff to work remotely, although in the early stages of the pandemic a small number of staff were unable to work at home or on site. In operational areas, which required business to continue to be conducted on site, risk assessments were completed and a range of measures put in place to ensure the continued delivery of essential business in a safe and secure environment. It was necessary to re-prioritise some areas of work in the Department to focus on the Covid-response.

The Department's mobilisation in response to Covid-19 included the establishment of an Operations Centre which submitted daily situation reports to a NI Hub. The report covered critical service delivery issues (including those requiring escalation in order to address fully), systemic risks, media issues and assessments of delivery capability. An Emergency Response Team was established to support the Department in maintaining business continuity. The establishment of these teams led to the temporary redeployment of staff at the outset of the pandemic. In addition, the Department also introduced:

- a regular Senior Management Team meeting focused on Covid-19 including Agency Chief Executives;
- a meeting of DoJ Agencies, larger NDPBs and the Public Prosecution Service (PPS); and
- a meeting of Business Continuity Managers from each Directorate and Agency.

The Executive's Strategy for Covid-19 was formed at the end of March 2020 and the DoJ took the lead on two actions; to 'ensure the safe operation of custodial environments'; and, to develop 'respectful arrangements to respect the dignity of the deceased'. At that early stage, it was anticipated that the pandemic could overwhelm mortuary capacity and the main action for Project Dignity was to create a temporary resting place at Kinnegar.

In response to the pandemic there has been an increased focus on staff engagement due to the increased requirement for some staff to work remotely. That included regular communications issued from the Permanent Secretary with messaging informed by views offered by the Department's Internal Communications Forum. Further Departmental and local engagement events have been conducted throughout the year remotely, via Webex, as the Department has recognised the need to maintain contact with staff. On-line learning and development initiatives have also been made available to staff to support new ways of working with a focus on health and wellbeing. This included a short series of webinars delivered across the Department as part of a Leadership and Wellbeing toolkit.

A key focus throughout the year has been recovery with the aim of ensuring that full service delivery can be resumed as well as delivering policy development functions. A recovery plan was developed for the Department focused on services, people and learning from the innovations that had been implemented during the pandemic. All Departmental buildings completed appropriate risk assessments to support those areas who cannot work from home, these assessments have been regularly reviewed throughout the year.



### Covid-19 (continued)

The Criminal Justice Board continues to oversee recovery of the criminal justice system. A range of new ways of working have been implemented, including, for example, the sharing of digital evidence between PSNI and PPS. New live performance information has been developed for the first time from the upgraded Causeway system and is used to monitor demand, volumes and backlogs in the system. There is ongoing, regular engagement with key stakeholders to provide recovery updates, including Victim Support NI, the Law Society, Bar Council and CJINI.

After reverting to a five court hub model at the start of the pandemic, the majority of court venues became fully operational again in August 2020. Video conferencing facilities were installed in courtrooms and hearing rooms to cater for remote and hybrid hearings. Jury courtrooms were reconfigured to enable jury trials to recommence. All operational buildings were formally risk assessed in line with Government and Public Health Agency (PHA) guidance, and 'Working Safely' guidelines were published for staff and court users. An additional Nightingale court venue was opened in the International Conference Centre, Belfast and work commenced to re-open Banbridge Courthouse. Further administrative accommodation was also secured in the Richmond Building, Londonderry and Marlborough House, Craigavon.

NIPS has followed the advice of the PHA and worked closely with the South Eastern Health and Social Care Trust to implement an extensive range of precautionary measures. These included the suspension of in-person visits and forms of temporary release, significantly restricting access to prison establishments, and the introduction of house based routines to support social distancing. Further to these specific measures there are robust arrangements in place for the isolation of individuals committed to custody or who become symptomatic. NIPS also has well developed and embedded procedures for prisoners and staff to be tested for Covid-19. In addition, Prisons have very extensive arrangements for the supply and appropriate use of personal protective equipment and for handwashing.

The Juvenile Justice Centre at Woodlands also made a number of changes to operations within the Centre to ensure ongoing service delivery to young people in their care. New procedures were put in place in relation to admissions, whereby medical staff temperature test new admissions and should any symptoms be displayed testing can be completed on site. Woodlands fully utilised IT available to ensure continuity of services for young people. Videolink is also being utilised for some courts, with a further four video conferencing systems set up within the Centre to deal with PACE appearances, legal consultations, professional meetings and family visits.

## Covid-19 (continued)

Total Covid-19 expenditure during 2020-21 amounted to £46.155m comprising Non-ringfenced Resource Departmental Expenditure Limit (DEL) £43.728m and Capital DEL £2.427m as outlined below:

Non-ringfenced Resource DEL	Outturn £000	Funded by Executive allocation £000	Funded from DoJ budget £000
PSNI - maintain critical services	21,427	6,355	15,072
NICTS - maintain critical services	9,635	500	9,135
NIPS - maintain critical services	6,325	5,660	665
DoJ Core and associated NDBPs - maintain critical services	1,042	-	1,042
Personal Protective Equipment (PPE) *	4,729	5,030	(301)
Project Dignity - NI Temporary Resting Place **	570	666	(96)
<b>Total Non-ringfenced Resource DEL</b>	<b>43,728</b>	<b>18,211</b>	<b>25,517</b>

\* An underspend occurred as it was difficult to predict the amount of PPE required, advice around use and type of PPE changed during the year in line with health regulations, and the unit costs of some PPE reduced throughout the year.

\*\* The underspend relating to the NI Temporary Resting Place was spent on PPE for funeral directors and is included in the outturn figure for PPE.

Capital DEL	Outturn £000	Funded by Executive allocation £000	Funded from DoJ budget £000
PSNI - maintain critical services	247	-	247
NICTS - maintain critical services	183	-	183
DoJ Core and associated NDBPs - maintain critical services	58	-	58
Project Dignity - NI Temporary Resting Place	1,939	-	1,939
<b>Total Capital DEL</b>	<b>2,427</b>	<b>-</b>	<b>2,427</b>

## EU Exit

The Department has worked closely with criminal justice partners, Northern Ireland departments and Whitehall in advance of the end of the Transition Period on 31 December 2020 to ensure that the specific Northern Ireland related impacts of EU Exit were identified and mitigated as much as possible. Since then, work has concentrated on monitoring the impact of the Law Enforcement and Judicial Cooperation provisions contained within the Trade and Cooperation Agreement including preparation of a gap analysis. This will inform further work to refine the provisions and to contribute to Home Office analysis of new arrangements that may be required, including bi-lateral arrangements between the UK and individual Member States.

Total EU Exit expenditure during 2020-21 amounted to £18.751m comprising Non-ringfenced Resource DEL £18.033m and Capital DEL £0.718m as outlined below:

Non-ringfenced Resource DEL	Staff Resources FTE	Outturn £000	Funded by Executive allocation £000	Funded from DoJ budget £000
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DoJ Core and Agencies - staff costs	9	560	580	-
PSNI - staff costs	309	17,473	14,280	3,193

<b>Total Non-ringfenced Resource DEL</b>	<b>318</b>	<b>18,033</b>	<b>14,860</b>	<b>3,193</b>
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Capital DEL	Staff Resources FTE	Outturn £000	Funded by Executive allocation £000	Funded from DoJ budget £000
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PSNI - capital works *	-	718	1,065	-
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<b>Total Capital DEL</b>	<b>-</b>	<b>718</b>	<b>1,065</b>	<b>-</b>
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\* The underspend is due to delays in capital works at the various ports as a result of the impact of Covid-19 and contractor/supply issues.

## Equality of delivery of services to different groups in society

In carrying out its functions relating to Northern Ireland the Department is required to have due regard to the need to promote equality of opportunity between:

- persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- men and women generally;
- persons with a disability and persons without; and
- persons with dependants and persons without.

In addition, without prejudice to the obligations above, in carrying out its functions in relation to Northern Ireland, the Department is required to have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

Schedule 9, Paragraph 4 (1) of the *Northern Ireland Act 1998* requires the Department of Justice, as a designated public authority, to set out in an Equality Scheme how it proposes to fulfil the duties imposed by Section 75 in relation to its relevant functions. This Equality Scheme fulfils that statutory requirement. It is both a statement of arrangements for fulfilling the Section 75 statutory duties and the plan for their implementation.

Some of the arrangements for assessing the Department's compliance with the Section 75 statutory duties are outlined in relevant parts of the DoJ Equality Scheme. Key arrangements for compliance include: consulting; assessing, monitoring and publishing the impact of policies; ensuring and assessing public access to information and services; and the complaints procedure.

The DoJ Equality Unit provides quality assurance through reviewing Section 75 Screening forms from policy areas that are developing or revising a policy or strategy. Two-way discussion between the Equality Unit and policy areas ensures due regard is taken to the needs of Section 75 categories throughout the policy development process and to ensure equality is mainstreamed.

## Forward look

Looking forward, the continued response and recovery from the Covid-19 pandemic remains the key priority for the Department. Alongside this sits the recovery of the justice system which has been significantly impacted by the impact of restrictions.

While all essential services continued to be delivered throughout the Covid-19 pandemic, the priority now is for the Department to continue to assist in the recovery of the justice system and deliver Ministerial priorities before the end of the mandate.

A number of innovations were implemented during the pandemic that we will continue to use during this business year. That includes the use of technology as evidenced by the introduction of virtual visits for those in custody, greater use of remote hearings in Courts and the ability for many staff to work effectively from home.

The Department will also support the Justice Minister's ambitious legislation programme during 2021-22 in the areas of stalking, committal reform, damages legislation and implementation of recommendations from the Gillen Review.

**PERFORMANCE ANALYSIS****Performance against Business Plan for 2020-21**

<b>Key Priority Area 1: Departmental response to Covid-19</b>			
<b>Ref</b>	<b>Objective</b>	<b>Action</b>	<b>Position at 31 March 2021</b>
1.1	To ensure that statutory services can be maintained during Covid-19	Develop a recovery plan that supports the safe working of staff within the DoJ in line with social distancing guidelines where appropriate, to support delivery of key services.	Achieved.
1.2	To ensure Departmental continuity can be maintained	Develop a Departmental Business Continuity Plan that takes on board lessons learned from the Department's response to Covid-19.	Achieved.
1.3	To ensure an effective emergency response capability	Implement effective emergency preparedness planning to ensure an appropriate response capability for critical threats including development of a Strategic Plan for Excess Deaths and Mass Fatalities.	Achieved.
1.4	To ensure the safe operation of custodial environments	Review and adapt prison operating regimes in light of public health advice and changes to the situation with Covid-19.	Achieved.
1.5	To ensure access to justice can be maintained while protecting the safety of all users	As part of the wider approach to recovery of the justice system in conjunction with the Office of the Lord Chief Justice, develop and implement a plan for recovery of Courts and Tribunals business in response to Covid-19 and taking account of public health advice.	Achieved.
1.6	Recovery of the criminal justice system from Covid-19	Develop and implement a plan for recovery of the criminal justice system in response to Covid-19 to ensure that the system recovers in a co-ordinated way and retains the benefits of new practices that have been implemented.	Achieved.
1.7	To ensure that learning and new innovations informs and shapes delivery of the Department's business.	Develop a DoJ Innovation Plan that will support longer-term improvements in service delivery, building on technology developments and new ways of working developed in response to Covid-19.	Achieved.

Key Priority Area 1: Departmental response to Covid-19			
Ref	Objective	Action	Position at 31 March 2021
1.8	To ensure prompt payment of legal aid to support a sustainable supplier base	Review the Interim Payment Scheme to the legal profession, advise on the continuing need for the Scheme, and put in place continuing measures as necessary.	Achieved.
1.9	To build capacity and confidence of staff	Implement actions within the DoJ People Plan that promote leadership and support learning and development.	Achieved.

Key Priority Area 2: Support safe and resilient communities			
Ref	Objective	Action	Position at 31 March 2021
2.1	Tackling paramilitarism, criminality and organised crime	Delivery of the DoJ commitments within the Executive Action Plan on Tackling Paramilitarism, Criminality and Organised Crime, including management of the associated funding.	Achieved.
		Following consultation, publish a new Northern Ireland Organised Crime Strategy and develop legislative proposals for new offences to tackle organised crime.	Achieved.
		Commence relevant NI provisions of the Criminal Finances Act 2017 and develop associated Codes of Practice.	Achieved.
		Develop mechanisms to understand the impact and co-ordinate the organised crime response to EU Exit transition.	Achieved.
2.2	Improving community relations through removal of interface structures	<p>Continue to engage with communities to:</p> <ul style="list-style-type: none"> <li>• agree and install aftercare measures to complement three interface reduction and removal schemes;</li> <li>• remove three interface structures with one further structure removed through reclassification for non-security purposes;</li> <li>• complete one scheme to reduce an existing interface structure;</li> <li>• achieve sufficient community consensus to replace/reconfigure two interface gate structures to increase pedestrian and vehicular access; and</li> <li>• achieve sufficient community consensus to extend the opening times of 10 pedestrian and/or vehicular access gates at interface locations.</li> </ul>	<p>Partially achieved.</p> <p>The delivery of Aftercare Schemes was severely impacted by Covid-19 restrictions. As restrictions ease and inspections are completed, it is envisaged that the works will be undertaken in 2021. However, one interface structure was removed (Hazelbrook) with the reduction of a further interface structure (Hillman) in North Belfast.</p> <p>In Derry/Londonderry, one security structure was reconfigured permitting 24/7 pedestrian access along Bishop Street for the first time since the 1970s. New pedestrian and vehicular access gates are in place at North Howard Street as well as a replacement security gate at Flax Street, North Belfast. DoJ owned interface structures on North Queen Street in North Belfast and Margretta Park in Lurgan have also been removed.</p> <p>The opening times of three interface gates have been extended representing a 13% increase in opening times of vehicular and pedestrian</p>

Key Priority Area 2: Support safe and resilient communities			
Ref	Objective	Action	Position at 31 March 2021
			access gates between the Falls and Shankill (North Howard Street and Northumberland Street) and a 60% increase in the opening times of pedestrian gates in Derry/Londonderry.
2.3	Providing effective public protection arrangements to monitor all offenders while on license	Complete market engagement exercise, agree Statement of Requirements and launch procurement competition for a new electronic monitoring contract.	Partially achieved. Planned pre-market engagement with potential service providers was delayed due to the pandemic. The procurement competition has been developed and key project documentation has been drafted. Given the extensive stakeholder engagement required, some of the work will roll over into 2021-22.
		Enhance the arrangements for managing terrorist related offenders in the community by testing a prototype risk assessment tool to underpin delivery model to implement enhanced arrangements.	Achieved.
2.4	Support safe and resilient communities through collaborative working	Establish a Community Safety Board aimed at linking the strategic and operational response to community safety issues and establishing mechanisms for partners to highlight community safety issues and agree collective action. Strengthen existing mechanisms by further improving the effectiveness and connectivity of Policing and Community Safety Partnerships.	Achieved.



Key Priority Area 3: Address harm and vulnerability			
Ref	Objective	Action	Position at 31 March 2021
3.1	To support the Victims' Payments Board when established to carry out its functions effectively	Develop administrative functions for the Victims' Payments Board, on the Board's behalf, to support administration of the Troubles Permanent Disablement Payment Scheme (Victims' Payments Scheme).	Achieved.
3.2	Protecting communities, businesses and individuals from the harm caused by crime, organised crime and domestic violence and abuse	Establish a Domestic Homicide Review seeking opportunities for learning from cases of homicide resulting from domestic violence and abuse.	Achieved.
		Pass a Domestic Abuse Bill through the Northern Ireland Assembly to create a domestic abuse offence for Northern Ireland.	Achieved.
		Introduce a new Stalking Bill to the Northern Ireland Assembly that includes provisions for a new offence of stalking and Stalking Prevention Orders in NI.	Achieved.
		Legislate to prevent the cross examination of victims of domestic abuse in family courts by perpetrators.	Achieved.
		Progress a procurement tender exercise to secure a service provider to operate a new advocacy support service for victims of domestic and sexual violence and/or abuse (for implementation in 2020-21).	Achieved.
		Develop a three year action plan for victims and witnesses.	Achieved.
		Finalise a multi-agency implementation plan for delivery of the Gillen recommendations to support transformation of the criminal justice system for victims of sexual offences.	Achieved.

Key Priority Area 3: Address harm and vulnerability			
Ref	Objective	Action	Position at 31 March 2021
		Establish a working group and scope best options to deliver a model akin to the “Barnahus” concept appropriate for Northern Ireland to provide children with access to justice whilst avoiding re-traumatisation.	Partially achieved. Work to progress individual elements of the Gillen recommendations on support continued. The Minister agreed to bring the extension of the judge-led U13 ‘fast-track’ protocol under the remit of the Gillen Review Implementation Programme. To date, this work has been progressed as individual projects rather than establishment of a comprehensive working group to deliver a Barnahus-type model. A Draft Terms of Reference for a ‘Support for Children’ steering group to co-ordinate work under the individual projects has been developed.
		Commence work to develop Departmental response and an action plan for relevant recommendations of the review of Hate Crime Legislation (due to be received by the Department by 30 November 2020).	Achieved.
3.3	Maintain the safety and wellbeing of people in our care	Deliver a new drugs strategy and action plan within the NI Prison Service including scoping the potential for a pilot Drugs Recovery Unit in Maghaberry and implementation of a supply reduction infrastructure at each prison establishment.	Partially achieved. The specification and business case for a proposed Drug Recovery Unit for Maghaberry are complete and pending further consultation with South Eastern HSC Trust prior to progression of procurement. Work on the implementation of supply reduction infrastructure has progressed and remains ongoing.
		Supporting “at risk” people in our care by embedding the SPAR Evolution (Supporting People At Risk) programme across the organisation, conducting an evaluation of the programme and enhancing provision to support early intervention mental wellbeing.	Partially achieved. SPAR Evolution has been implemented across the NI Prison Service. The evaluation is due to be delivered by 30 September 2021.

Key Priority Area 3: Address harm and vulnerability			
Ref	Objective	Action	Position at 31 March 2021
		<p>Work across government to further develop and implement actions in support of improved health (including mental health) within the justice system including:</p> <ul style="list-style-type: none"> <li>• implementation of recommendations within the Northern Ireland Audit Office (NIAO) Report on 'Mental Health in the Criminal Justice System' to be completed;</li> <li>• implementation of the joint DoH/DoJ Improving Health within Justice Strategy and Action Plan; and</li> <li>• progression of initiatives within the Executive Mental Wellbeing, Resilience and Suicide Prevention Working Group and DoH led Mental Health Strategy.</li> </ul>	<p>Partially achieved.</p> <p>Substantial progress has been made in respect of the implementation of recommendations within the NIAO Report on Mental Health in the Criminal Justice System. In the region of 78% of the actions within the joint DoH/DoJ Improving Health within Justice Strategy and action plan are on track for completion, complete, or embedded in business as usual activities.</p> <p>The Department has fully supported the work of the Executive Working Group on Mental Wellbeing, Resilience and Suicide Prevention and engaged in the work led by the DoH to develop a new Mental Health Strategy for 2021 and beyond.</p>

Key Priority Area 4: Challenge offending behaviour and support rehabilitation			
Ref	Objective	Action	Position at 31 March 2021
4.1	Caring for children in a safe, secure, therapeutic, child-centred environment	In conjunction with DoH, complete a public consultation on co-produced service design proposals for a new Care and Justice Campus to support those vulnerable children with complex needs and analyse consultation responses to refine the Campus design proposals in preparation for implementation.	Partially achieved. The work programme was temporarily halted due to the pandemic response with work recommencing late July 2020. The public consultation launched in October 2020 and concluded in mid-January 2021. Work is ongoing to finalise a consultation analysis report. Pending completion of that report, a number of proposals, based on high level analysis of the consultation responses, were put to Programme Board in March 2021 for agreement.
4.2	To ensure a coherent approach to early intervention through the development and coordination of criminal justice partners' early intervention policies and practices	Develop a strategic Departmental approach to Early Intervention that includes extending a Children's Diversion Forum, working collaboratively with other statutory agencies, to co-ordinate the best approach in helping children avoid entry into the formal justice system.	Achieved.
4.3	Improving outcomes for individuals by helping them address the root cause of offending behaviour and reduce the rate of offending	Continued delivery of a range of Problem Solving Justice pilots including: Support Hubs; Motorcycle Awareness Programme; Domestic Abuse Behavioural Change Programme (Health Trust Based); Substance Misuse Court; and Enhanced Combination Orders and complete evaluations in line with the Problem Solving Justice Five Year Strategic Plan.	Achieved.

Key Priority Area 4: Challenge offending behaviour and support rehabilitation			
Ref	Objective	Action	Position at 31 March 2021
4.4	Improving outcomes for people in our care through enhancing opportunities to address individual needs	Review and make recommendations for focused pathways aimed at improving outcomes for specific groups of prisoners including: short-sentence prisoners, foreign nationals, older persons and female prisoners and implement all accepted recommendations by March 2021.	Partially achieved. Reviews of the existing supports available to short sentenced prisoners, foreign nationals and older persons in their journey through custody are being progressed and recommendations for improvement are being developed for consideration and implementation. The needs of females will be addressed through the strategy to support and challenge women and girls in contact with the justice system.
		Launch a consultation on a justice-wide strategy to support and challenge women (and girls) in contact with the justice system.	Achieved.
4.5	Development of an Adult Restorative Justice Strategy	Complete a consultation on the Adult Restorative Justice Strategy and publish an action plan and implementation timeframe.	Partially achieved. The consultation concluded in September 2020 with initial findings reported to the Minister and Justice Committee. The Strategy and Action Plan is expected to be published in September 2021.

Key Priority Area 5: Deliver an effective justice system			
Ref	Objective	Action	Position at 31 March 2021
5.1	Ensuring effective future relations with the EU	Prepare Northern Ireland's criminal justice system and partners for the end of the transition period including policy advice to inform the UK Government negotiating position, ensure readiness of the criminal justice system, and prepare for a range of negotiated and non-negotiated outcome scenarios.	Achieved.
5.2	Ensuring effective civil and family justice arrangements with EU	Ensure legislation is in place to facilitate litigation of civil and family disputes with parties in EU states.	Achieved.
5.3	Transforming delivery of NICTS	Review the NICTS Estate in advance of a consultation on an Overall Estates Strategy in 2021 by carrying out building condition and functionality surveys and pre-consultation engagement, taking account of public health advice and implications of Covid-19.	Partially achieved. The development of a NICTS Estates Strategy and stakeholder engagement were impacted by other Covid related priorities with key members of staff diverted to business recovery activities. Measured, condition, and functional surveys were completed across the court estate and sustainability, accessibility and conservation surveys were completed at a number of buildings.
5.4	Modernising and transforming the civil and criminal justice system	Continue Delivery of the Legal Services Agency Transformation Programme.	Achieved.
		Continue implementation of recommendations from the Gillen Review of civil and family justice and the Access to Justice Reviews including: <ul style="list-style-type: none"> <li>• initiate a consultation on a strategic framework for Enabling Access to Justice drawing on the key principles of the Gillen and Access to Justice Reviews;</li> <li>• launch a private family law action plan in conjunction with DoH;</li> <li>• consult on introducing registered intermediaries in civil and family courts; and</li> <li>• initiate procurement of a pilot separating parent's education programme.</li> </ul>	Partially achieved. Work in this area was impacted due to other priorities, including Covid-19 and staff resource pressures, however progress has been made including: an initial draft framework document that was considered by the Legal Aid Strategy Group; a Private Family Law Action Plan agreed with both the Justice and Health Ministers. Options for delivery of an education programme have been explored in the context of Covid-19 social restrictions but are delayed until face-to-face delivery is possible again.

Key Priority Area 5: Deliver an effective justice system			
Ref	Objective	Action	Position at 31 March 2021
		<p>Continue with the reform of Legal Aid including:</p> <ul style="list-style-type: none"> <li>• launch of a 12 month pilot to test the use of standard legal aid fees and a more streamlined process for appointing expert witnesses in the Family Proceedings Court;</li> <li>• complete pre-consultation on the introduction of standard legal aid fees in the most common family law cases;</li> <li>• initiate pre-consultation on options for replacing the current system of taxation in civil legal aid; and</li> <li>• prepare draft legislation on a statutory registration scheme and initiate pre-consultation.</li> </ul>	<p>Partially achieved.</p> <p>Progress was impacted because of Covid-19 and staff resource pressures, however progress has included: completion of a consultation on an expert witnesses' pilot and 23-month pilot launched; a project assurance review on the family fees project identified a number of issues that are being addressed and public consultation on proposals will issue early in the new business year; pre-consultation on the replacement of taxation in civil legal aid has been initiated; and, the statutory registration project has been re-initiated as well as pre-consultation engagement with the Bar Council and Law Society through a stakeholder reference group.</p>
		<p>Launch a consultation on a new-framework for the Personal Injury Discount Rate for calculating the levels of compensation in personal injury cases and implement required legislative changes by March 2021.</p>	<p>Achieved.</p>
		<p>Launch consultations on legislation regarding the settlement of civil claims by minors.</p>	<p>Partially achieved.</p> <p>A consultation relating to increasing the financial jurisdiction of the county courts launched as planned. A consultation on settlement of civil claims by minors was delayed as particular complexities emerged around the policy in addition to other priorities emerging and is expected to issue in summer 2021.</p>
5.5	Dealing with the Past	<p>When there is political agreement on the way forward, necessary actions will be put in place to facilitate implementation of any aspects falling to the Department of Justice.</p>	<p>Achieved.</p>
		<p>Provide administrative support to the Historical Institutional Abuse Redress Board and process payments within agreed target dates.</p>	<p>Achieved.</p>

Key Priority Area 5: Deliver an effective justice system			
Ref	Objective	Action	Position at 31 March 2021
5.6	Modernising NIPS to transform the delivery of services to people in our care	Progress delivery of the NIPS Estates Strategy through the completion of outline business cases and submission to the DoJ for a new Female Facility, a new Welcome and Visits Centre at Maghaberry and the Redevelopment of Magilligan Prison that takes account of Covid-19 implications.	Achieved.
		Deliver Year Three of the Prisons 2020 Continuous Improvement Programme harnessing new opportunities emerging from the emergency response to Covid-19.	Partially achieved. Work continued on the delivery of the Year Three programme with a particular focus on maximising new opportunities such as virtual visits and virtual learning methods. In view of the demands posed by managing the ongoing Covid response, an extension was agreed to October 2021.
5.7	Supporting the effective delivery of front-line operational services	Undertake a review of the support available to former Prison Officers and report findings and recommendations.	Achieved.
		Support PSNI in bringing forward business cases for transformational change through increasing police officer numbers, estates modernisation and digital technology.	Achieved.
		Conduct a stocktake of policing oversight arrangements through engagement with delivery partners and other key stakeholders.	Partially achieved. The Minister has engaged with a range of key stakeholders around a draft discussion paper.
		Launch a consultation on a statutory increase to the County Court jurisdiction.	Achieved.
5.8	Promote sustainability and reduction of carbon footprint	Promotion and management of the sustainability agenda and carbon reduction across the DoJ including developing an appropriate DoJ Sustainability Strategy, establish a collective sustainability management structure and produce a corporate sustainability action plan.	Partially achieved. Work has commenced in this area with the establishment of a DoJ Sustainability Group, with representatives from across the Department. A dedicated resource has been identified but was supporting other Covid-19 priorities so work had to be largely paused.



Key Priority Area 5: Deliver an effective justice system			
Ref	Objective	Action	Position at 31 March 2021
5.9	Providing scientific expertise in partnership and supporting the justice system	To develop FSNI's Forensic Science Services to meet the needs of all customers and stakeholders and support delivery of an updated NI Forensic Services Strategy with PSNI and FSNI Leadership Board.	Achieved.
5.10	Enabling employers and voluntary organisations to make safer recruitment decisions, especially where roles involve looking after children and vulnerable adults	Process application for criminal record checks in line with the service level agreement and published targets.	Achieved.
5.11	Supporting the effective delivery of justice, through prioritisation of funding to PfG, modernisation and frontline operational services	Manage effectively the Department's budget to maximise efficiency, and utilise resources for maximum effectiveness, ensuring underspend of less than 2%, and that funding is prioritised for PfG/NICS Outcomes Delivery Plan initiatives.	Achieved.
5.12	Reduction in legal aid fraud and error	To enhance systems to detect and prevent fraud and error within the legal aid system to support reduction in the fraud and error level.	Partially achieved. An official error work stream is embedded in the legal aid system with enhanced payment checks and financial eligibility checks monitored on a weekly basis. An initial pilot on applicant error was due to be rolled out in 2020 but had to be delayed due to Covid. Proposals are being developed to sample files as part of practitioner fraud and error which is due to be introduced as a pilot in the first quarter of 2021-22.

Key Priority Area 6: Secure confidence in the justice system			
Ref	Objective	Action	Position at 31 March 2021
6.1	Increasing public confidence in sentencing process	Report on the findings of the public consultation of sentencing policy in Northern Ireland and develop an action plan in response.	Achieved.
6.2	Reform of the criminal justice system	<p>To continue to reform the criminal justice system including:</p> <ul style="list-style-type: none"> <li>• introduce a Committal Reform Bill to the Northern Ireland Assembly;</li> <li>• review options to roll out the use of the Indictable Cases Process (ICP);</li> <li>• hold two series of Crown Court Cases Performance Groups across four court regions; and</li> <li>• complete research and analysis into summons process issues in the Crown Court and magistrates' court.</li> </ul> <p>Complete an interim evaluation of the role of Case Progression Officers.</p>	<p>Partially achieved.</p> <p>Progress in this area has been impacted by Covid-19 and it was not possible to hold Crown Court Cases Performance Groups. An interim evaluation of the ICP was completed but an interim evaluation of Case Progression Officers was deferred due to pressures. A Criminal Justice (Committal Reform) Bill was introduced to the Assembly and research into summons process issues in the Crown Court and magistrates' court was completed.</p>
6.3	Explaining Departmental priorities to internal and external stakeholders	Develop and promote mechanisms for increasing staff engagement including a focus on enhancing internal communications, particularly in response to Covid-19.	Achieved.
		Continue implementation of the DoJ-wide social media strategy that highlights the role and purpose of the Department and its delivery agents to external stakeholders, with a focus on promoting the rehabilitative and innovative work.	Achieved.

## Risk Management

The Department's Management Board considers the Departmental Risk Register on a quarterly basis and risk management continued to focus on:

- active management of risk within the Department, including taking into account findings from recent audits of existing procedures and to ensure that risk management procedures reflect best practice guidelines;
- ensuring that risk management is understood and embedded as a management tool across the Department; and
- ensuring that risk management processes are sufficiently joined-up, both internally and externally with partners, and are being appropriately applied in Agencies and Arm's Length Bodies.

A risk management workshop held in October 2020 in line with the revised Orange Book, considered and reviewed the risk appetite statement (previously approved by the Board in May 2019), reviewed the Department's approach to Risk Management, and populated a new risk register focussing on the strategic risks linked to delivery of Business Plan. The Department operates an 'open' attitude to risk and has controls in place to mitigate the potential impacts of risks identified. As previously outlined in the Overview, the key risks identified in 2020-21 included:

- Resources;
- Capability;
- Capacity;
- Covid-19;
- Accommodation;
- Collaboration;
- Community confidence; and
- Information.

An issues log continues to operate within the Department to capture the live risks being actively managed which are outside of the Department's control and are recorded alongside the Departmental Risk Register. The key issues that have been faced during 2020-21 included implications of EU Exit, legacy issues and responding to the Covid-19 pandemic.

## **FINANCIAL REVIEW**

### **Budgeting framework**

The Department of Finance (DoF) is responsible for management of the NI Executive Budget process in line with a budgetary framework set by HM Treasury.

The total amount a department spends is referred to as the Total Managed Expenditure; which is split into:

- Annually Managed Expenditure (AME); and
- Departmental Expenditure Limit (DEL).

Treasury, and in turn DoF, do not set firm AME budgets. They are volatile or demand-led in a way that departments cannot control. Departments monitor AME forecasts closely and this facilitates reporting to DoF, who in turn report to HM Treasury.

As DEL budgets are understood and controllable, HM Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive departments.

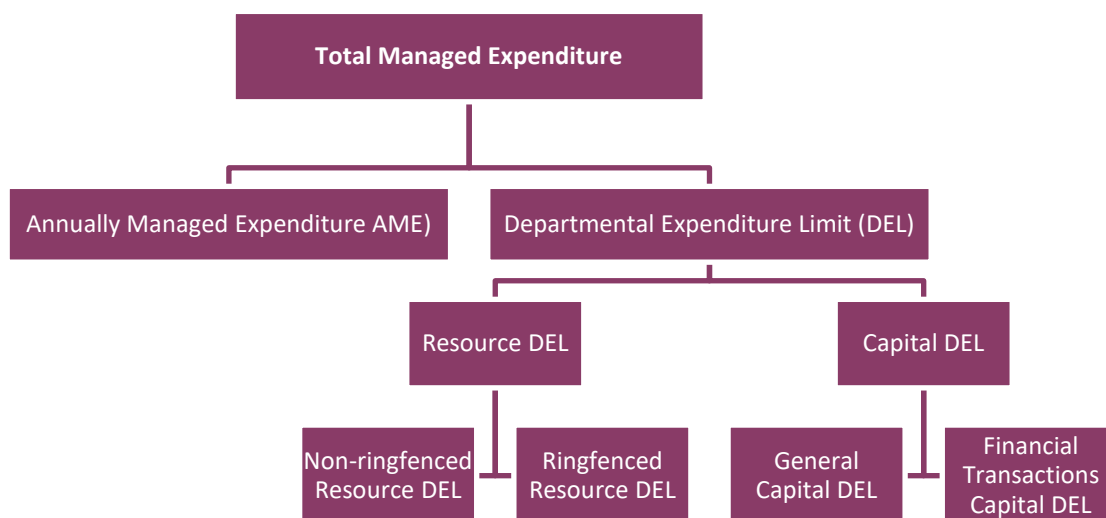
DEL budgets are classified into resource and capital:

- Resource budgets are further split into non-ringfenced resource that pays for programme delivery and departmental running costs, and separately ringfenced resource that covers non-cash charges for depreciation and impairment of assets; and
- Capital DEL is split into 'financial transactions' for loans given or shares purchased and 'general capital' for spending on all other assets or investments.

The information contained within budgetary controls does not currently read directly to financial information presented in Financial Statements due to a number of misalignments. It is intended that the Executive's Review of Financial Process will help address these differences and improve transparency.

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by Treasury:

[www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022](http://www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022).

**FINANCIAL REVIEW (CONTINUED)****Budget structure****Budgetary performance**

Details of the Department's performance against Budgetary Control totals is set out in the table below for 2020-21.

Category of expenditure	Final Plan £000	Provisional Outturn £000	Underspend/ (Overspend) £000
Resource DEL			
<i>Non-ringfenced (cash)</i>	1,138,515	1,125,898	12,617
<i>Ringfenced (non-cash)</i>	76,862	77,684	(822)
Capital DEL			
<i>General Capital</i>	75,063	71,767	3,296
<i>Financial transactions</i>	-	-	-
Total DEL	1,290,440	1,275,349	15,091
Resource AME	418,907	340,962	77,945
<b>Total Managed Expenditure</b>	<b>1,709,347</b>	<b>1,616,311</b>	<b>93,036</b>

The main reasons for the variances are outlined below and further details are provided in the Statement of Outturn against Assembly Supply: SOAS1 - Outturn detail by Estimate line.

The above variances relate to Provisional Outturn and therefore may change when Final Outturn is prepared.

## **FINANCIAL REVIEW (CONTINUED)**

### **Budgetary performance (continued)**

#### ***Resource Departmental Expenditure Limit (Resource DEL)***

##### *Non-ringfenced Resource DEL (cash)*

The non-ringfenced resource DEL underspend of £12.6m (1.1% of total budget) was mainly due to:

- Core Department - mainly in relation to underspends in staff costs due to slippage in filling vacancies and non-staff costs, and the impact of Covid-19 on the claims processed by Compensation Services;
- NI Prison Service - mainly due to staff costs;
- NI Courts and Tribunals Service - mainly relates to underspends in non-pay expenditure due to the impact of Covid-19 restrictions, underspends in modernisation and estates professional fees, and recruitment delays in contract security; and
- PSNI - mainly due to underspends in cash payment of provisions resulting from delays in injury on duty claims.

##### *Ringfenced Resource DEL (non-cash)*

This is a technical budget that can only be used for costs such as depreciation. The total Departmental overspend of £0.8m (1.1% of total budget) was due to an overspend in PSNI of £3.0m as a result of impairment costs of PSNI vehicles and higher depreciation costs than expected, offset by ringfenced underspends of £2.2m across a number of areas in the Department.

#### ***Capital Departmental Expenditure Limit (Capital DEL)***

##### *General Capital DEL*

The Capital underspend of £3.3m (4.4% of total budget) was mainly due to:

- NI Prison Service - mainly as a result of delays in work across the Estate given the ongoing Covid-19 restrictions; and
- PSNI - mainly relates to reduced orders for vehicles and delays in capital projects due to the impact of Covid-19 restrictions.

#### ***Annually Managed Expenditure (AME)***

The AME underspend of £77.9m (18.6% of total budget) comprises the following main components:

- Legal Services Agency NI £49.0m - underspend relates mainly to lower provisions than anticipated in respect of the ongoing refinement of the legal aid provision and a reduced level of debt impairment; and
- PSNI £28.5m - underspend mainly relates to headroom for the implications of a legal ruling and lower provisions movements than expected. DoF advice is that Estimates should provide sufficient provision to cover activities that might occur, or liabilities or provision that might be incurred.

**FINANCIAL REVIEW (CONTINUED)****Estimates framework**

The Statement of Outturn against Assembly Supply (SOAS) is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision for resource and cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details Supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. The final Estimate, normally the Spring Supplementary Estimate, forms the basis of the SOAS.

**Estimates performance**

The Estimates for the year to 31 March 2021 are contained in the *Budget (No 3) Act (Northern Ireland) 2020* and the *Budget Act (Northern Ireland) 2021*. The related Acts, Bills and Department of Finance (DoF) publications containing detailed supporting information are available from The Stationery Office Limited - [www.tso.co.uk](http://www.tso.co.uk). The Accounts for the year ending 31 March 2021 report against the Spring Supplementary Estimates and will be laid in the Assembly.

The outturn and underspend reported in the Accounts against Estimates is different to that reported against Budgets for a number of reasons including:

- Accounts and Estimates include cash grants paid to NDPBs but Budgets reflect actual income and expenditure for NDPBs; and
- Budgets include cash utilisation of provisions for outturn purposes but this is excluded for Accounts and Estimates purposes.

The table below summarises the Outturn and Estimate position for 2020-21:

Category of expenditure	Estimate £000	Outturn £000	Outturn vs Estimate saving/ (excess) £000
Departmental Expenditure Limit (DEL)	257,720	243,424	14,296
Annually Managed Expenditure (AME)	163,105	108,583	54,522
Non-budget expenditure	1,054,415	995,331	59,084
<b>Net Resource Outturn</b>	<b>1,475,240</b>	<b>1,347,338</b>	<b>127,902</b>

Detailed explanations for the variance between Estimate and Outturn are provided in SOAS 1 within the Accountability Report but in summary the main reasons for the variances were:

**Departmental Expenditure Limit (DEL)** - non-ringfenced Resource DEL savings relate mainly to the Asset Recovery Incentive Scheme, staff costs and non-staff costs including Covid-19 related expenditure;

**Annually Managed Expenditure (AME)** - the most significant variance relates to Legal Services Agency NI with the £49.0m saving (before Virements) being due to lower provisions than anticipated in respect of the ongoing refinement of the legal aid provision and a reduced level of debt impairment; and

**Non-budget expenditure** - the PSNI saving of £38.3m was mainly due to an underspend against the working capital forecast and the Police Pensions saving of £14.2m was due to both lower payments and higher income received than forecast.

**FINANCIAL REVIEW (CONTINUED)****Accounts framework**

The Annual Report and Accounts ('the Accounts') provides a comprehensive view of the Department's financial position and performance. The requirement for all NICS departments to produce Accounts is set out in legislation (*Government Resources and Accounts Act (Northern Ireland) 2001*), and every year departments must prepare a set of Accounts, have them audited by NIAO and lay them in the Assembly. The Accounts are prepared in accordance with the Government Financial Reporting Manual (*FReM*) and in line with International Financial Reporting Standards.

**Accounts performance**

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

<b>Core Department and Agencies</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Total operating income</b>	<b>(46,341)</b>	<b>(52,343)</b>	<b>(50,174)</b>
Staff costs	159,581	145,138	131,106
Purchase of goods and services	102,942	109,735	109,525
Depreciation and impairment charges	28,892	24,619	23,584
Provision expense	113,329	117,683	99,974
Grants	995,332	992,048	962,776
<b>Total operating expenditure</b>	<b>1,400,076</b>	<b>1,389,223</b>	<b>1,326,965</b>
<b>Net operating expenditure</b>	<b>1,353,735</b>	<b>1,336,880</b>	<b>1,276,791</b>
Finance expense	2,175	2,563	2,001
<b>Net expenditure</b>	<b>1,355,910</b>	<b>1,339,443</b>	<b>1,278,792</b>

Grants can be further analysed as follows:

<b>Core Department and Agencies</b>	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Grant-in-aid:</b>			
Police Service of Northern Ireland	806,857	794,674	750,794
Police Pensions	137,543	145,626	165,706
Office of the Police Ombudsman for Northern Ireland	9,435	10,357	8,989
Northern Ireland Policing Board	5,663	6,286	5,648
Probation Board for Northern Ireland	22,646	20,389	18,727
Criminal Justice Inspection Northern Ireland	1,080	1,124	1,024
RUC George Cross Foundation	132	97	131
Northern Ireland Police Fund	1,340	1,471	1,463
Police Rehabilitation and Retraining Trust	1,880	1,685	1,565
	986,576	981,709	954,047
<b>Other grants including voluntary and community sector</b>	<b>8,756</b>	<b>10,339</b>	<b>8,729</b>
	<b>995,332</b>	<b>992,048</b>	<b>962,776</b>

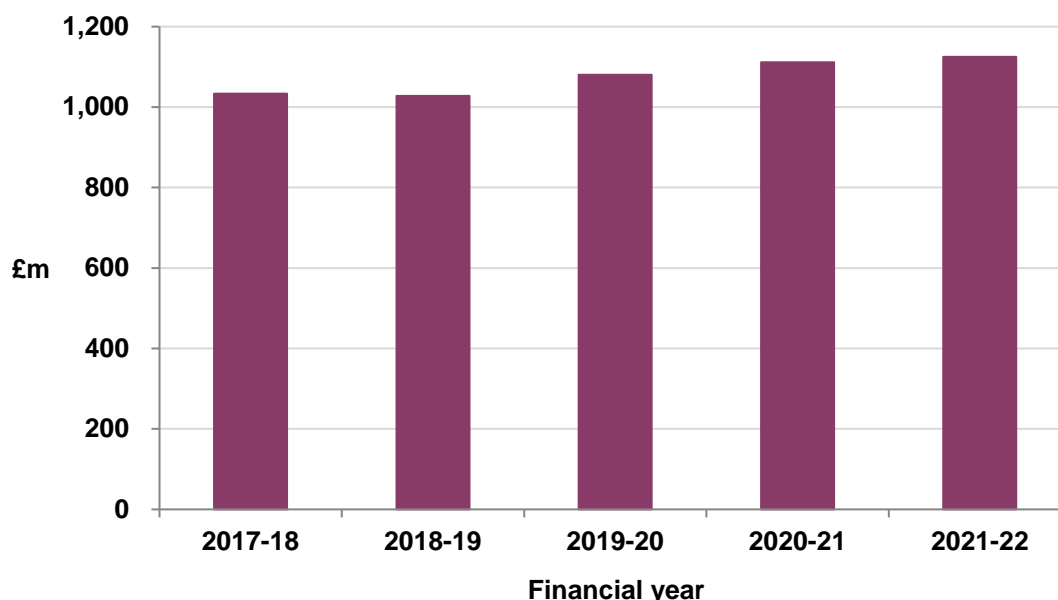
Further details of Income and Expenditure are contained in Notes 5, 6 and 7 to the Accounts.



**FINANCIAL REVIEW (CONTINUED)****Long-term expenditure trends**

The chart below shows the movement in the Department of Justice opening baseline for non-ringfenced Resource DEL over the period 2017-18 to 2021-22.

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

**2020-21 financial year**

On 31 March 2020, the Finance Minister set out the 2020-21 budgets for Northern Ireland departments which have been agreed by the Executive.

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

- a flat cash allocation (2019-20 opening baseline);
- £29.7m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement;
- £22.5m was provided towards pressures identified by the Department;
- £5.0m contribution towards Legacy costs; and
- £10.7m of funding for EU Exit costs.

**2021-22 financial year**

On 1 April 2021 the Finance Minister set out the 2021-22 budget for Northern Ireland departments which have been agreed by the Executive.

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

- a flat cash allocation (2020-21 opening baseline);
- £31.2m of additional security funding for the PSNI;
- £10.7m of funding for EU Exit costs;
- £7.7m of Covid-19 allocation;
- £4.2m contribution towards Legacy costs; and
- £0.7m of Technical Adjustments.

**FINANCIAL REVIEW (CONTINUED)*****Capital investment priorities***

The Department's 2021-22 capital DEL budget is £96.4m. This will allow a number of important projects to continue to be taken forward including key capital projects in PSNI, NIPS, and NICTS.

***Looking ahead - budgets beyond 2021-22***

Preparatory work for 2022-23 and beyond will be taken forward over the coming months and further strategic decisions will need to be made with the aim of having a budget in place as far in advance of the new financial year as possible.

**FINANCIAL REVIEW (CONTINUED)****Summary of expenditure 2016-17 to 2020-21**

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

	2016-17 Final Outturn £000	2017-18 Final Outturn £000	2018-19 Final Outturn £000	2019-20 Final Outturn £000	2020-21 Provisional Outturn £000
<b>Unringfenced Resource DEL</b>					
Core Department	54,269	49,725	49,064	44,628	45,132
Forensic Science NI	884	1,163	1,679	1,466	2,120
NI Courts and Tribunals Service	43,561	41,231	41,270	45,537	52,329
Legal Services Agency NI	89,447	87,917	88,517	88,734	81,638
NI Prison Service	94,169	95,249	97,347	103,169	113,086
Youth Justice Agency	19,605	20,983	15,301	14,877	14,703
Agencies total	247,666	246,543	244,114	253,783	263,876
PSNI (Main and Pensions)	703,983	691,180	695,630	744,925	775,669
NI Policing Board	5,654	5,560	5,451	5,833	5,464
Police Ombudsman	8,510	8,825	9,061	9,763	9,462
NI Police Fund	1,487	1,447	1,457	1,407	1,404
RUC George Cross Foundation	126	116	91	(66)	129
Police Rehabilitation and Retraining Trust	1,805	1,626	1,619	1,709	1,739
Probation Board NI	17,287	17,695	18,722	20,207	21,896
Criminal Justice Inspection NI	1,067	1,027	1,049	1,081	1,127
Executive NDPBs total	739,919	727,476	733,080	784,859	816,890
<b>Total Unringfenced Resource DEL</b>	<b>1,041,854</b>	<b>1,023,744</b>	<b>1,026,258</b>	<b>1,083,270</b>	<b>1,125,898</b>
<b>Total Ringfenced Resource DEL</b>	<b>61,145</b>	<b>59,320</b>	<b>62,759</b>	<b>66,980</b>	<b>77,684</b>
<b>Total Resource DEL</b>	<b>1,102,999</b>	<b>1,083,064</b>	<b>1,089,017</b>	<b>1,150,250</b>	<b>1,203,582</b>
<b>Capital DEL</b>					
PSNI	32,385	28,726	43,954	49,150	52,578
NI Prison Service	16,423	23,239	35,910	18,501	11,156
Other	8,629	5,339	7,950	8,916	8,033
<b>Total Capital DEL</b>	<b>57,437</b>	<b>57,304</b>	<b>87,814</b>	<b>76,567</b>	<b>71,767</b>
<b>Total Resource AME</b>	<b>290,857</b>	<b>264,625</b>	<b>590,867</b>	<b>437,927</b>	<b>340,962</b>
<b>Total Capital AME</b>	<b>(988)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Resource and Capital - DEL and AME</b>	<b>1,450,305</b>	<b>1,404,993</b>	<b>1,767,698</b>	<b>1,664,744</b>	<b>1,616,311</b>
Reconciling items	(177,623)	(209,917)	(497,061)	(333,839)	(268,973)
<b>Net Resource Outturn</b>	<b>1,272,682</b>	<b>1,195,076</b>	<b>1,270,637</b>	<b>1,330,905</b>	<b>1,347,338</b>

## FINANCIAL REVIEW (CONTINUED)

### Departmental auditor

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

The notional audit fee for the work performed by the staff of the C&AG during the reporting period was £372,900 (2019-20: £360,700) for the Core Department, its Agencies and the Northern Ireland Judicial Pension Scheme.

The C&AG may also undertake other statutory activities that are not related to the audit of the body's financial statements, such as Value for Money (VFM) reports. The C&AG issued the following reports relating to the Department during 2020-21:

- Reducing costs in the Police Service of Northern Ireland - April 2020; and
- Managing children who offend - follow up report - December 2020.

The Department has considered the recommendations contained in these reports and will take forward the necessary work to address the issues identified.

The Department attended a Public Accounts Committee (PAC) Evidence Session on 20 May 2021 in relation to the NIAO report 'Speeding Up Justice: Avoidable Delay in the Criminal Justice System' that was published in March 2018. The Department has already implemented a series of measures to address the recommendations and will continue to deliver improvements to address the issues raised in the NIAO report alongside the PAC recommendations once these are agreed.

### 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 93.6% (2019-20: 94.1%) of invoices paid to suppliers within 10 working days following receipt of a properly rendered invoice. The Department achieved an average of 97.2% (2019-20: 97.2%) of invoices paid to suppliers within 30 calendar days following receipt of a properly rendered invoice.

## PERFORMANCE REPORT



**Peter May**  
Accounting Officer

**30 June 2021**

## **ACCOUNTABILITY REPORT**

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

### **i Corporate Governance Report**

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

The Corporate Governance Report includes:

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

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

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

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

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

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

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

## **CORPORATE GOVERNANCE REPORT**

### **DIRECTORS' REPORT**

#### **The Minister**

Naomi Long MLA, as the Minister of Justice, has overall political responsibility and accountability for all of the Department's activities.

#### **The Permanent Secretary**

Peter May is the Permanent Secretary of the DoJ. He is the most senior civil servant in the Department and the Departmental Accounting Officer. The Permanent Secretary is also responsible for reviewing the performance of the Non-Executive Members of the Board.

#### **Departmental Board**

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

Membership of the Board at 31 March 2021 is shown below:

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

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

#### **Register of interests**

Declaring conflicts of interest is a standing agenda item at all Departmental Board and Board Committee meetings. In addition, an annual exercise is commissioned to all senior management, including NEMs, reminding them of their responsibilities in regard to declaring interests and requesting them to update their declaration of interests. A register of interests for Departmental Board members is available on the Department's website at [DoJ Board Register of Interests](#). No significant interests are currently held by Board members which may conflict with their management responsibilities.

## Complaints

The Department is committed to providing a high quality service across all business areas. Key to demonstrating this commitment is a robust and effective complaints procedure which addresses any customer dissatisfaction fairly, comprehensively and with a view to early resolution. The complaints procedure allows customers to report when they are unhappy with the quality of service provided, and receive redress where appropriate. The policy is available on the Department's website at [www.justice-ni.gov.uk/doj-complaints](http://www.justice-ni.gov.uk/doj-complaints) and a policy procedure document to assist staff is in place. Complaints are dealt with by the relevant business area and receive a detailed form of investigation and response within a specified timescale.

The Department's Complaints Officer monitors the progress of all complaints to ensure compliance with procedures, including adherence to the timescales contained within the policy, and to ensure the Department operates a transparent and consistent complaints system, with all complaints being treated fairly. The Complaints Officer will request that the relevant business area dealing with a complaint documents any lessons learned, which will be collated and listed in the bi-annual update report to the Departmental Board to note, and take action where necessary. Any recommendations based on the lessons learnt made by the Board are passed to the Complaints Officer to amend the Department's complaints procedure, and communicated to staff. There were six complaints recorded for the Core Department during 2020-21, three of which were upheld. In instances where issues have been noted and lessons learned, these are taken forward by the relevant business area with a view to improving service delivery and maximising quality.

Complaints are handled by the Department's Complaints Officer and can be made:

- in writing to: Department of Justice  
Complaints Officer - Governance Unit  
Corporate Engagement and Communications Division  
Room B5.16, 5th Floor  
Castle Buildings  
Stormont Estate  
Belfast BT4 3SG;
- by telephone: 028 9052 3731; or
- by e-mail: [Governance.Unit@justice-ni.gov.uk](mailto:Governance.Unit@justice-ni.gov.uk).

## Whistleblowing

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

An NICS Whistleblowing policy is currently being developed and the Department's procedures will be reviewed following publication of the NICS policy. Two whistleblowing concerns were raised and investigated by the Department during 2020-21.

## Anti-corruption and anti-bribery

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

Managing the risk of fraud and bribery is seen by the Department in the context of managing a wider range of risks. The Department promotes an anti-fraud and anti-bribery culture by encouraging management to create conditions in which staff members have neither the motivation nor the opportunity to commit fraud or either offer or accept bribes. Professional staff are the first line of defence against these issues, supported by the establishment and maintenance of carefully designed and consistently operated procedures. Managers have prime responsibility for establishing internal control arrangements to minimise the risk of fraud, corruption and other irregularities within their business areas. Other than as outlined below there were no instances of fraud reported within the Department during the financial year (2019-20: 3 cases). The prior year cases related to the theft of money and were investigated with the fraud department of the Bank involved, resulting in full recovery of monies in two cases and a substantial recovery of money in the third case.

### Legal Services Agency Northern Ireland (LSANI)

In line with the Department's commitment to anti-corruption and anti-bribery, LSANI adopts a zero tolerance to fraud and continues to be proactive in preventing, detecting and responding to any suspicion of fraud or corruption. During the period 1 April 2020 to 31 March 2021, LSANI received 231 referrals (2019-20: 364) which were investigated for fraud offences. Of these referrals 167 investigations (2019-20: 338) were completed and cases closed due to insufficient evidence for LSANI to pursue a criminal investigation via the Police. The reduction of 133 cases from 2019-20 to 2020-21 is due mainly to the suspension of investigations by Benefit Security Division (part of the Department for Communities) and limited referrals during the Covid-19 pandemic.

The categories under each heading in the tables below relate to the failure to fully declare the appropriate information or misrepresentation and relate to either the applicant or practitioner.

The total referrals were as follows:

<u>Number of cases received</u>	Earnings	Capital	Co-habiting	Property	False Statement	Supplier	Other	Total
2020-21	105	35	25	7	28	26	5	<b>231</b>
2019-20	223	48	23	4	35	27	4	<b>364</b>

Of the 64 cases outstanding at 31 March 2021, these are being investigated for evidence of criminality and are categorised as:

<u>Number of cases outstanding</u>	Earnings	Capital	Co-habiting	Property	False Statement	Supplier	Other	Total
At 31 March 2021	23	15	1	1	11	8	5	<b>64</b>
At 31 March 2020	3	15	-	1	4	2	1	<b>26</b>

LSANI continues to seek opportunities to enhance its procedures in the area of prevention, detection and response to fraud with an emphasis upon procedures, controls and accountability from all staff in LSANI and has recently implemented further changes.



## Rural needs

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

As required under Section 3 of the Act, six Rural Needs Impact Assessments were completed by policymakers within the Department of Justice between 1 April 2020 and 31 March 2021. Details of these assessments are provided to the Department of Agriculture, Environment and Rural Affairs (DAERA) for publication in the Rural Needs Annual Monitoring Report 2020-21.

## Corporate social responsibility

Corporate social responsibility (CSR) has been integrated as an important aspect of the Department's People Plan. Working in a socially responsible way underpins the Department's values of delivering effectively, valuing our people, working together, being outwardly focused and taking responsibility. The Department continues to build on our approach by:

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

Throughout the 2020-21 period, the Department has been hampered by the ongoing Covid pandemic in its CSR efforts but has continued to promote wellbeing, diversity and inclusion. This has taken the shape of signposting staff to a bank of wellbeing resources, developed by NICS Corporate HR. There is a vast amount of information, links and resources available on its information hub, on a variety of topics, from mental and physical health to advice for line managers and events/training. The Department has published articles and delivered webinars on specific wellbeing topics, including a session run by Parenting NI on Teen Mental Health, a session on Dealing with Cancer, a number of articles published on the staff intranet including an article on Isolation, and promotion of Parenting week in September 2020.

Corporate fundraising has continued albeit in a very different, virtual capacity: the Annual Christmas Diversity Appeal, in support of Trussell Trust and NexusNI, raised £1,200. A Departmental Charity Committee is being established to bring about a more focused approach to charitable work.

## Health and safety

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

The programme of health and safety inspection audits across the core estate continues on a rolling basis. The aim of these audits is to ensure proactive monitoring of health and safety, and to inform management of legal requirements and best practice. The audits also provide valuable information that contributes to policy development. The audit programme for 2020-21 has been completed as scheduled by 31 March 2021 despite Covid-19 restrictions. 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.

Covid-19 restrictions were introduced by the Government on 23 March 2020. In response a detailed risk assessment process was introduced to cover DoJ premises. Control measures required are as follows:

- enhanced cleaning regimes;
- provision of sanitisation products;
- provision of personal protective equipment (PPE);
- social distancing floor/seating plans;
- informative signage;
- provision of screens in reception areas;
- regular checks by Premises Officers;
- staff/management updates; and
- monitoring/review of measures.

Current workplace restrictions have resulted in a large number of staff working from home. In order to meet the resulting legislative requirements, a working from home guidance document with associated self-risk assessment was issued to all staff for information, completion and return to management.

Control measures introduced have been working well and the processes are continually monitored and updated as and when government guidance dictates.

Estates and Sustainability Branch continues to chair the Department's Health and Safety Forum comprising of health and safety advisors from across the Department including Agencies. The purpose of the Forum is to promote continuity in health and safety across the Department.

Basic health and safety training continues to be provided via e-learning including Fire Safety, Office Safety and Display Screen Equipment Awareness. Completion of this suite of courses is mandatory for all staff. Additional training for specialist roles and training needs identified by the risk assessment process will continue to be provided by the Centre for Applied Learning within the NICS; however face-to-face training is currently on hold due to Covid-19 restrictions.

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

## Asset management

The Department's Asset Management Board has a work programme aimed at improving asset management practice, promoting collaboration and increasing efficiency. A sub-group has been established to co-ordinate a joined-up approach on sustainability efforts within the Department to harness and build on much good work being done in the Agencies and Arm's Length Bodies (ALBs).

The purpose of the Asset Management Board is to:

- ensure that property assets owned and funded by the Department are organised and configured in a strategic and sustainable fashion to support the Department's vision and Corporate Plan, delivery of Justice services, draft Programme for Government and the strategic objectives of the NI Executive's Asset Management Strategy;
- on an annual basis, to oversee and support the commissioning and production of a Departmental Asset Management Plan;
- put in place a programme of work that identifies potential actions and projects which can enable the more effective and efficient operation of the property assets owned and/or funded by the Department and its ALBs, managing operational risk and achieving better justice outcomes;
- approve and oversee the delivery of an ongoing programme of cross departmental asset management activity aimed at improving the efficiency and utilisation of the Department's estate as well as embedding asset management best practice across the Department; and
- embed a future-focussed, whole-DoJ approach to asset management within the DoJ family through challenging the current thinking.

## Records Management

The NICS Information Management Council, chaired by the DoJ Chief Information Officer, continues its work to standardise and improve information management activities across the NICS, including implementation of responses to the Renewable Heat Incentive Report.

Despite the disruption caused by Covid-19, business areas continued to respond to requests for information, and DoJ obtained overall compliance rates of 84% for Freedom of Information requests and 90% for 'subject access requests' under the Data Protection Act.

The DoJ Data Protection Officer (DPO) issued guidance to assist staff with compliance on all aspects of the Data Protection Act 2018 and the General Data Protection Regulations. The DPO resolved 18 complaints during the period from members of the public in relation to how their personal data has been processed by the Department.

The DPO and records managers provided advice to a number of business areas including Historical Institutional Abuse Redress Board, Legacy Inquests, Gillen Review, Hate Crime Review, Substance Misuse Court, Domestic Violence Perpetrator Programme and implementation of the Legal Aid Management System.

Guidance to ensure that DoJ's information continues to be protected while remote working is in place has been issued to all staff.

## NON-EXECUTIVE MEMBERS' REPORT

I am delighted to be asked to provide input to the Department's Annual Report and Accounts and to be able to support the Board in the delivery of its objectives. I have been supported in my role as Non-Executive Member on the Departmental Board by my fellow Non-Executive Member David Brown who took up his role in April 2020.

### Board effectiveness

The Departmental Board met 10 times during the course of this year and the work programme included a review of performance against the Business Plan and a review of the risk register on a quarterly basis. An annual review of effectiveness was completed in January 2021 and concluded that the Board was operating effectively. As part of the review it was agreed that the Board would conduct a trial to hold their meetings every six weeks (rather than monthly) from April 2021.

### Departmental Audit and Risk Committee

I am also Chair of the Departmental Audit and Risk Committee (DARC) which met four times over the course of the year, April 2020 to March 2021. Brigitte Worth and Graeme Wilkinson are the two Independent Members of the Committee, both having attended their first DARC meeting in March 2020. The Committee welcomed David Brown as the new Non-Executive Member at the June meeting. The DARC welcomed the unqualified audit opinion for the Department's Accounts, and continued to be diligent in reviewing the Department's approach to risk management and financial controls.

### Risk Management

I am pleased that the Departmental Board has continued to make progress throughout the year in the enhancement of risk management across the Department. The Board regularly reviewed individual risks associated with the preparedness for the EU Transition arrangements, the recovery planning associated with the ongoing Covid-19 pandemic and matters surrounding people and HR issues.

A Risk Management workshop was held in October 2020. This was led by the Director of Justice Delivery and was attended by senior representatives from across the Department, Agencies and Internal Audit. As a result of this workshop the Risk Register was revised and updated, and rolled out across the Department and Agencies. The issues log developed last year has been successful and continues in operation.

During this period we also paid a special attention to the Department's preparedness for EU Exit, leading up to the proposed transition at 31 December 2020, taking part in bespoke briefings to provide additional assurance that the Department had considered and had planned for the most likely outcomes.

The Covid-19 pandemic has had a tremendous impact on the Department. However, I am pleased with how the Department has successfully implemented many new and innovative arrangements to deal with this ongoing event and maintained an effective service delivery under unprecedented circumstances.

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

**Clarke Black**  
**Chair, Departmental Audit and Risk Committee**

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

- observe the Accounts Direction issued by the Department of Finance, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ensure that the Department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by Executive Agencies;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Accounts;
- prepare the Accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

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

## GOVERNANCE STATEMENT

### 1. Role and responsibilities of the Department

The mission of the Department is to support the Minister of Justice by working in partnership to create a fair, just and safe community, where we respect the law and each other. Working collaboratively with its Agencies, NDPBs and stakeholders, the Department's aim is to keep communities safe and reduce crime, make the justice system more effective, and reduce reoffending.

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

### 2. Purpose of the governance framework

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

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

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

### 3. Governance framework

During 2020-21 the Department complied with the Corporate Governance Code. The key organisational structures which support the delivery of effective corporate governance are:

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

### Departmental Board

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

- delivery of the Department's key priorities against the Business Plan within the constraints of significant financial pressures and political uncertainty;
- contributing to the delivery of the relevant outcomes within the Outcomes Delivery Plan;
- monitoring and mitigating against Departmental risks;
- overseeing the management of the Department's resources including staff, information, physical and financial resources;
- responding to the Covid-19 pandemic;
- working collaboratively with the Department's Strategic HR Business Partner to plan, monitor and address HR issues; and
- monitoring the Department's legislative programme.

Attendance by members is shown below for the 10 meetings of the Board during 2020-21:

Position	Member	Attendance
Permanent Secretary	Peter May - Chair	10/10
Director, Access to Justice	Anthony Harbinson (August 2020 onwards)	7/7
	Glyn Capper (April to July 2020)	3/3
Director, Justice Delivery	Deborah Brown	10/10
Director, Reducing Offending	Ronnie Armour	9/10
Director, Safer Communities	Julie Harrison	9/10
Non-Executive Member	Clarke Black	10/10
Non-Executive Member	David Brown	10/10

### Conflicts of Interest

During 2020-21, no declared interests were deemed to conflict with the overall conduct of Departmental business.

### *Departmental Audit and Risk Committee*

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

The Committee is chaired by an independent Non-Executive Member of the Departmental Board and membership is made up of three other members (two of which are Senior Civil Servants). Other DARC attendees include the Department's Directors together with representatives from the Northern Ireland Audit Office (NIAO), Internal Audit, Financial Services Division and Corporate Engagement and Communications Division.

Key work of the DARC included consideration of:

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

Attendance by members is shown below for the four meetings of the Committee during 2020-21:

<b>Position</b>	<b>Member</b>	<b>Attendance</b>
Non-Executive Member	Clarke Black - Chair	4/4
Non-Executive Member	David Brown	4/4
Independent Member	Brigitte Worth - Senior Civil Servant in Department of Health	2/4
Independent Member	Graeme Wilkinson - Senior Civil Servant in Department for the Economy	3/4



### Strategic Resources Committee

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

- analysing, discussing, and reaching agreement on strategic resourcing issues which face the Department and bringing forward relevant recommendations on key resource strategies and decisions to the Departmental Board for discussion and ratification. Where appropriate, recommendations will be made to the Minister (through the Departmental Board);
- assisting the Accounting Officer in judging strategic resourcing priorities in the face of financial and/or operational challenges and competing priorities;
- ensuring a consistent approach to financial management across the Department and enabling standards to be agreed and applied within the Department and its Arm's Length Bodies;
- ensuring there is a co-ordinated approach to HR management across the Department including oversight of the Departmental Strategic Workforce Plan and to provide a forum for ensuring that HR resources are allocated in line with business needs;
- enhancing the quality, standard and accuracy of resourcing plans, projections and management within the Department and its Arm's Length Bodies;
- providing a forum for senior management to discuss resourcing matters and to recommend courses of action applicable to the Department, including the allocation of budgets, HR resources, value for money targets, cost reduction exercises and capital plans; and
- monitoring performance against targets at a strategic level and advising such action as deemed necessary.

Key work of the Committee during the year included:

- reviewing the in-year Departmental funding position and making key decisions to manage cost pressures through the reprioritising of budget allocations, effective cost control and the recycling of proactive savings into front line programmes; and
- planning for the 2021-22 budget, considering PfG and other Departmental priorities and commitments and allocating funding to the Department, its Agencies and NDPBs.

Attendance by members is shown below for the nine meetings of the Committee during 2020-21:

Position	Member	Attendance
Permanent Secretary	Peter May - Chair	9/9
Director, Access to Justice	Anthony Harbinson (August 2020 onwards)	8/8
	Glyn Capper (April to July 2020)	1/1
Director, Justice Delivery	Deborah Brown	9/9
Director, Reducing Offending	Ronnie Armour	9/9
Director, Safer Communities	Julie Harrison	9/9
Non-Executive Member	Clarke Black	9/9
Non- Executive Member	David Brown	9/9
Deputy Director, Finance	Lisa Rocks	7/9

### *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 meets twice a year and takes its lead on policy based on guidance and advice from the NICS Procurement Board, Construction and Procurement Delivery (CPD) within DoF and its Centre of Procurement Excellence.

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

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

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

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

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

### *Internal Audit*

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

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

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

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

IROC members are accountable for the management of the information assurance risks in their respective business areas. As a Council it reports to the Senior Information Risk Owner and consults with the Department's Departmental Security Officer. The membership is made up of lead Senior Information Asset Owners at Senior Civil Service level, drawn from across the business areas of the Department, its Agencies and ALBs. The Department's Chief Information Officer and Data Protection Officer attend ex-officio, as their responsibilities include Data Protection and relations with the Information Commissioner.

The role of the Council is to ensure that the value of information the Department holds or uses is identified and utilised to the fullest extent to support the Government's strategic objectives, while understanding the risks to information and ensuring that the necessary controls are in place to protect information from inappropriate use. The members are also responsible individually for managing all information in their business areas in ways that preserve its confidentiality, integrity and availability appropriately. IROC also provides a channel for communication and co-ordination between the Department and NICS corporate initiatives. IROC oversees the ongoing embedding of the GDPR regime within the Department.

### *Information assurance*

The Incident Reporting Policy was updated following review, allowing minor, low risk incidents to be handled in-house by business areas with only major incidents being reported to the Information Security (IS) Team. For such incidents the business area must record the detail required by the European Data Protection Board and be able to produce this detail when requested by the IS Team or the Information Commissioner's Office (ICO).

106 incidents were reported in 2020-21, a substantial fall on previous years. This may be partially explained by the extensive incident awareness sessions that were rolled out by the records management team, and the fact that working from home (with more business done electronically) may lead to less potential for incidents.

One incident, which was reported in 2019-20 and one new incident reported during 2020-21, remain under consideration by the ICO.

The Information Assurance risk register continues to be reviewed at every meeting of the Departmental IROC and the Chief Information Officer presents a report for discussion covering all incidents.

### *Other assurances*

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

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

#### 4. Risk management and internal control

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

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

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

The Departmental Board provides leadership and direction in managing the risk environment in which the Department operates. Each Director provides leadership to the risk management process in their particular areas of responsibility, as well as corporately through their involvement in the Departmental Board, the Departmental Audit and Risk Committee and local management meetings. Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. Key risks identified at corporate, group and divisional level were documented in risk registers and reviewed during the year.

A risk management workshop held in October 2020 considered and reviewed the risk appetite statement, reviewed the Department's approach to Risk Management and populated a new risk register focussing on the strategic risks linked to the delivery of the Business Plan.

The Corporate risks identified through this process included:

- Resources;
- Capability;
- Capacity;
- Covid-19;
- Accommodation;
- Collaboration;
- Community confidence; and
- Information.

The Corporate Risk Register continues to be reviewed regularly by the Departmental Board at its monthly meetings. It was also routinely provided to Departmental Audit and Risk Committee meetings.

In addition to the Risk Register, an Issues log was also developed during the course of this year and issues included:

- EU Exit;
- Legacy;
- Response to the Covid-19 pandemic;
- Implementation of the Troubles Permanent Disablement Payment Scheme; and
- Damage to the main building used by FSNI.

Although the Covid-19 pandemic has continued to be a significant issue for the Department, key services have continued to be delivered through an innovative and flexible response across the Department.

## 5. Review of effectiveness of the governance framework

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

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

An independently facilitated review of effectiveness of the Board was conducted in January 2021. A number of minor process improvements were identified and these have largely been implemented.

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

The Department worked closely with criminal justice partners, Northern Ireland departments and Whitehall in advance of the end of the Transition Period on 31 December 2020 to ensure that the specific Northern Ireland related impacts of EU Exit were identified and mitigated as much as possible. Since then, work has concentrated on monitoring the impact of the Law Enforcement and Judicial Cooperation provisions contained within the Trade and Cooperation Agreement including preparation of a gap analysis. This will inform further work to refine the provisions and to contribute to Home Office analysis of new arrangements that may be required, including bi-lateral arrangements between the UK and individual Member States.

## 6. Budget position

The Assembly passed the *Budget Act (Northern Ireland) 2021* in March 2021 which authorised the cash and use of resources for all departments for the 2020-21 year, based on the Executive's final expenditure plans for the year. The *Budget Act (Northern Ireland) 2021* also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2021-22 financial year. This will be followed by the 2021-22 Main Estimates and the associated *Budget (No. 2) Bill* before the summer recess which will authorise the cash and resource balance to complete for the remainder of 2021-22 based on the Executive's 2021-22 Final Budget.

## 7. Significant internal control issues

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

### Legal Services Agency Northern Ireland (LSANI)

The C&AG qualified the 2020-21 financial statements of LSANI in respect of:

- the level of estimated official error in legal aid payments and a limitation in scope on the regularity of legal aid payments in the period - due to the Agency being unable to provide sufficient evidence to assure NIAO that material fraud and error by legal aid claimants and legal practitioners did not exist within eligibility assessments of legal aid applicants and in expenditure from legal aid funds; and
- a limitation in scope regarding the true and fair view of the balance of provisions for legal aid liabilities stated in the Statement of Financial Position - LSA was unable to provide sufficient evidence to support the assumptions and judgements used in the determination of the year end provision for legal aid liabilities and the resulting adjustments required to the annual legal aid expenditure.

LSANI has continued with a work programme to address these qualifications and has been taking this forward in conjunction with both DoJ and Department for Communities (DfC). A number of the changes required will continue to span a period of financial years.

### Regularity of expenditure

The Agency has continued with a range of initiatives to address this qualification.

A Memorandum of Understanding was established, from April 2017 with DfC to measure official error rates. 2019 represents the first full year of testing under the agreed methodology and will act as a benchmark for future years. The outcomes for 2019 and 2020 calendar years are set out below:

<u>2020</u>	Estimated Monetary Value of Error	Lower Confidence Interval	Upper Confidence Interval
<b>Total error</b>	£5,573,318	£2,067,580	£9,079,055
<b>Overpayments</b>	£4,356,129	£917,643	£7,794,614
<b>Underpayments</b>	£1,217,189	£459,342	£1,975,037
<b>Total excluding deemed errors</b>	£3,999,730	£2,458,145	£5,541,316

<u>2019</u>	Estimated Monetary Value of Error	Lower Confidence Interval	Upper Confidence Interval
<b>Total error</b>	£8,296,498	£6,575,225	£10,017,771
<b>Overpayments</b>	£6,196,971	£4,513,359	£7,880,583
<b>Underpayments</b>	£2,099,527	£1,576,881	£2,622,173
<b>Total excluding deemed errors</b>	£5,761,904	£4,256,774	£7,267,035

**Regularity of expenditure (continued)**

For 2020, a sample of 695 cases (2019: 893) was independently assessed by the Standards Assurance Unit (SAU), within DfC, and the amount of legal aid estimated to have been paid incorrectly due to official error was projected at £5,573,318 over the review period (2019: £8,296,498). Looking at the confidence intervals, the true amount paid incorrectly is likely to lie within the range £2,067,580 to £9,079,055 (2019: £6,575,225 to £10,017,771).

The overall amount estimated to have been paid incorrectly due to official error is £5,573,318 (2019: £8,296,498); this is the combination of the estimated value of overpayments, £4,356,129, (2019: £6,196,971) and that of underpayments, £1,217,189 (2019: £2,099,527). While the Agency accepts that all error is equally valid these extrapolated figures represent over and underpayments and hence are compensatory. The net overpayment estimated due to official error is therefore £3,138,940 (2019: £4,097,444).

The results are split into actual and deemed errors. Deemed errors are defined as instances where monitoring officers required further information to complete their review and where that information was not provided by the year end reporting date. Excluding deemed errors, the amount of legal aid estimated to be paid incorrectly due to official error reduces to £3,999,730 (£2,458,145 to £5,541,316) over the review period (2019: £5,761,904 (£4,256,774 to £7,267,035)).

In those cases in which the monitoring officers identified an actual underpayment or overpayment, the Agency has a process to adjust the fees and make recoupments to address the incorrect errors. Underpayments due to the practitioner will be notified and an additional payment made under the case. Recoupments from the practitioner are likewise tracked against the case and will be offset within the Agency's Legal Aid Management System (LAMS) from future payments due to the same supplier under other cases. No recoupment is made of deemed errors as the accuracy or otherwise of the payment cannot be proved due to the lack of information. All underpayments and recoupments are processed in keeping with the Agency's policy covering Error Corrections.

LSANI has appointed a dedicated team to deal with the work arising from the error work programme. They respond to deemed errors by providing information requested, analysing the source of the errors, identifying underlying issues and recommending remedial action to address. This may take the form of operational change whether through the ongoing revision to desk instructions, clarification of the interpretation of legislation or improved interface with other criminal justice organisations.

The methodology for addressing applicant fraud and error, through home visits to Assisted Persons, was implemented during 2019-20. However this work had to cease due to the Covid-19 restrictions and recommenced for samples drawn from January 2021, delivered on a remote basis. LSANI review the ongoing financial eligibility of individuals who remain in receipt of civil legal aid and SAU will commence testing in live cases from January 2022. This work is termed Future Overpayment Prevention. The Agency is also designing and introducing intermittent checks in ongoing cases to prove continuing financial eligibility.

Considerable work has been undertaken in year to develop more extensive access for the Agency to HM Revenue and Customs and DfC tax and benefit information which will improve financial eligibility assessment and drive down error. While some progress has been made this has highlighted the need for legal gateways to enable usage and discussion is ongoing as to the means to develop a legislative vehicle to take this forward.

Work has also progressed on developing practitioner fraud and error testing with a view to implementation in autumn 2021.

## **Provisions**

The Agency continues to work with FSD to improve the techniques and methodology used when estimating outstanding liabilities for publicly funded legal services provided by legal practitioners. The introduction of LAMS and associated auto-closure functionality has greatly enhanced the ability of the Agency to identify the relevant cases and calculate robust average costs. The Qlik reporting tools provides underlying reporting from the system so eliminating much of the intensive manual work previously conducted.

The LAMS based methodology has been refined during 2020-21 and also reflects recommendations arising from a review by internal audit. A body of work will be conducted during 2021-22 to address inactive migrated cases and successful completion will be fundamental in providing evidence to the C&AG in deciding if this part of the qualification can be removed.

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

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

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

- Managing children who offend: follow up report - December 2020;
- Reducing costs in the Police Service of Northern Ireland - April 2020;
- Injury on duty schemes covering the Police Service of Northern Ireland and the Northern Ireland Prison Service - March 2020;
- Mental Health and the Criminal Justice System - May 2019;
- Speeding Up Justice: Avoidable Delay in the Criminal Justice System - March 2018;
- Managing Children who Offend - July 2017; and
- Managing Legal Aid - January 2017.

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

Legal Services Agency NI updates the PAC in writing on a six monthly basis with a progress update against recommendations from the Managing Legal Aid report. On 11 March 2021, the LSANI Chief Executive and Director of Operations attended the Justice Committee to provide oral evidence on the Agency's work programme to address the NIAO qualifications. The Committee were provided with an update on progress made to date to address the audit qualifications and embed a performance culture to drive up the accuracy rate. This was an opportunity to fully explain the causes of error focusing on changes to legislation, revised policies and processes and behaviours of staff and the profession, the actions being taken to address them and the journey that the Agency is on to have the qualification removed.

The Department attended a PAC Evidence Session on 20 May 2021 in relation to the NIAO report 'Speeding Up Justice: Avoidable Delay in the Criminal Justice System' that was published in March 2018. The Department has already implemented a series of measures to address the recommendations and will continue to deliver improvements to address the issues raised in the NIAO report alongside the PAC recommendations once these are agreed.



### Priority 1 recommendations from Internal Audit

In 2020-21 there were thirty-six satisfactory reports and two limited reports issued across the Core Department and Agencies. The implementation of any Priority 1 recommendations relating to these audits are subject to review by both Internal Audit and the Audit and Risk Committee for the relevant business area.

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

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

In addition, independent assurance is provided by the Department's Internal Audit service, provided by DoF, operating to Public Sector Internal Audit. Standards. Internal Audit delivers an agreed prioritised programme of systems based audits covering all Departmental systems over time. The Head of Internal Audit provides me with an Annual Report and Opinion on the level of assurance that can be provided based on the work done. For the 2020-21 year an overall satisfactory assurance was provided.

The Department has maintained a framework of control to ensure that there are sufficient control processes in place to provide assurance over financial and operational risks, as well as performing a regular review of the effectiveness of the system of internal control. I am therefore satisfied that I have effective governance arrangements and the necessary policies and procedures in place to provide a sound system of internal control to support the Department of Justice in delivering its statutory duties and to meet the aims and objectives set by the Minister, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my letter of delegation and in Managing Public Money Northern Ireland.

## **REMUNERATION AND STAFF REPORT**

### **REMUNERATION REPORT**

#### **Remuneration policy**

The pay remit for the Northern Ireland public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 has been finalised but not yet paid.

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

#### **Service contracts**

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

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

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

Clarke Black was appointed as a Non-Executive Member of the Departmental Board on 8 September 2014 for an initial three-year period and this was subsequently extended to 31 July 2021. He is also the Chair of the Departmental Audit and Risk Committee (DARC). David Brown was appointed as a Non-Executive Member of the Departmental Board on 1 April 2020 for a temporary period which has been extended to 31 July 2021. Non-Executive Members may terminate the appointment by providing one month's notice in writing.

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

The following sections provide details of the remuneration and pension interests of the Minister and most senior management (i.e. Board Members) of the Department.

## Remuneration and pension entitlements - Minister

[Audited information]

## Single total figure of remuneration

Ministers	2020-21				2019-20			
	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) £
Naomi Long MLA	38,000	-	15,000	53,000	8,479	-	3,000	11,000

\*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 exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

## Remuneration and pension entitlements - Officials

[Audited information]

**Single total figure of remuneration**

Officials and Non-Executive Members	Salary	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	2020-21 Total
	£000	£000	£000	£000
<b>Peter May</b> Permanent Secretary	130-135	-	34	165-170
<b>Anthony Harbinson</b> Director, Access to Justice**	105-110	-	41	145-150
<b>Glyn Capper</b> Acting Director, Access to Justice** (from 6 May until 2 August 2020)	20-25 (full year equivalent 90-95)	-	25	45-50
<b>Deborah Brown</b> Director, Justice Delivery	95-100	-	94	185-190
<b>Ronnie Armour</b> Director, Reducing Offending	100-105	-	70	170-175
<b>Julie Harrison</b> Director, Safer Communities	100-105	-	47	150-155
<b>Clarke Black</b> Non-Executive Member	10-15	0.3	-	10-15
<b>David Brown</b> Non-Executive Member (from 1 April 2020)	10-15	0.7	-	10-15

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

\*\* Mr Anthony Harbinson was seconded to the NI Covid-19 Hub as Acting Chief of Staff from March to July 2020. In line with the guidance from DoF on the budgetary treatment of short-term loans of staff of up to six months within the civil service, the salary costs for Mr Harbinson were borne in full by the Department of Justice. Mr Capper was temporarily promoted to Acting Director of Access to Justice for a period during the secondment of Mr Harbinson.

## Remuneration and pension entitlements - Officials (continued)

[Audited information]

<i>Single total figure of remuneration</i>				2019-20
Officials and Non-Executive Members	Salary	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	Total
	£000	£000	£000	£000
<b>Peter May</b> Permanent Secretary	125-130	-	32	155-160
<b>Anthony Harbinson</b> Director, Safer Communities (until 31 August 2019)	105-110	-	38	140-145
Director, Access to Justice (from 1 September 2019)				
<b>David A Lavery, CB</b> Director, Access to Justice (until 31 August 2019)	45-50 (full year equivalent 110-115)	-	(2)	40-45
<b>Deborah Brown</b> Director, Justice Delivery	85-90	-	8	95-100
<b>Ronnie Armour</b> Director, Reducing Offending	95-100	-	51	150-155
<b>Julie Harrison</b> Director, Safer Communities (from 20 January 2020)	20-25 (full year equivalent 100-105)	-	8	25-30
<b>Clare Archbold</b> Director, Safer Communities (from 1 September 2019 until 19 January 2020)	35-40 (full year equivalent 90-95)	-	4	40-45
<b>Clarke Black</b> Non-Executive Member	10-15	1.2	-	10-15
<b>Heather Baily</b> Non-Executive Member	5-10	7.9	-	10-15

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

## Remuneration and pension entitlements - Officials (continued)

### 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 severance or ex gratia payments.

The Department of Justice was under the direction and control of Naomi Long MLA during the financial year. Her salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in these accounts. These amounts do not include costs relating to the Minister's role as MLA which are disclosed in the appropriate legislature accounts.

### Benefits in kind

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

### Pay multiples

[Audited information]

	<b>2020-21 Core Department and Agencies</b>	<b>2019-20 Core Department and Agencies</b>
Band of highest paid Director's Total Remuneration*	£125-130,000**	£120-125,000
Median Total Remuneration*	£28,730	£28,167
Ratio	4.44	4.35

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

\*\*The salary band of the highest paid Director shown in the above table is different from remuneration band disclosed under remuneration and pension entitlements due to the payment of salary arrears in July 2020.

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 2020-21 was £125,000 to £130,000 (2019-20: £120,000 to £125,000). This was 4.44 times (2019-20: 4.35) the median remuneration of the workforce, which was £28,730 (2019-20: £28,167). In 2020-21, three employees (2019-20: three) received remuneration in excess of the highest paid director. Remuneration ranged from £16,000 to £125,000 to £130,000 (2019-20: £16,000 to £158,000). The remuneration band of the highest paid Director is lower than the banded salary included as the 'single total figure of remuneration' due to the inclusion of salary arrears in the latter.

**Pension entitlements - Minister**

	Accrued pension at pension age as at 31/3/21 £000	Real increase in pension at pension age £000	CETV* at 31/3/21 £000	CETV at 31/3/20 £000	Real increase in CETV £000
Naomi Long MLA	0-5	0-2.5	13	2	8

\* Cash Equivalent Transfer Value

**Ministerial pensions**

Pension benefits for Ministers are provided by the *Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS)*. In 2011, the Assembly passed the *Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011* establishing a Panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. In April 2016 the Independent Financial Review Panel issued the *Assembly Members (Pensions) Determination (Northern Ireland) 2016* which introduced a Career Average Revalued Earnings scheme for new and existing members. The scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016. Assembly Members aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 will retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The McCloud judgement found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on Members who missed out on the Transitional Protection policy in the Assembly Members' Pension Scheme because of their age but the applicability and approach to the McCloud judgement in this scheme is still under consideration.

As Ministers are Members of the Legislative Assembly they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided 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. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLAs' benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 9% 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 14.4% of the Ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension age aligned to their State Pension Age

**Pension entitlements - Minister (continued)*****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 office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with the *Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended)* 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 valuation factors for the start and end of the period.



## Pension entitlements - Officials

[Audited information]

Officials	Accrued pension at pension age as at 31/3/21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/21**	CETV at 31/3/20*	Real increase in CETV	Employer contribution to partnership pension account (Nearest £100)
	£000	£000	£000	£000	£000	£000
<b>Peter May</b> Permanent Secretary	65-70 plus 70-75 lump sum	0-2.5 plus nil lump sum	1,230	1,201	19	8.4
<b>Anthony Harbinson</b> Director, Access to Justice	50-55 plus 150-155 lump sum	0-2.5 plus 5-7.5 lump sum	1,179	1,093	41	-
<b>Glyn Capper</b> Acting Director, Access to Justice (from 6 May until 2 August 2020)	25-30 plus nil lump sum	0-2.5 plus nil lump sum	344	326	16	-
<b>Deborah Brown</b> Director, Justice Delivery	25-30 plus 45-50 lump sum	2.5-5.0 plus 0-2.5 lump sum	436	362	55	-
<b>Ronnie Armour</b> Director, Reducing Offending	50-55 plus 115-120 lump sum	2.5-5 plus 2.5-5 lump sum	1,017	929	52	-
<b>Julie Harrison</b> Director, Safer Communities	0-5 plus nil lump sum	0-2.5 plus nil lump sum	36	6	28	-

\* Or date of joining if later.

\*\* Or date of leaving if earlier.

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

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

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

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

## Pension entitlements - Officials (continued)

Discrimination identified by the courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relates to the different schemes eg classic, alpha etc and is not the monetary benefits received. This is known as the 'McCloud Remedy' and will impact many aspects of the CSP schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available at [www.finance-ni.gov.uk/publications/dof-resource-accounts](http://www.finance-ni.gov.uk/publications/dof-resource-accounts).

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

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

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

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

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

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

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2020 was 0.5% and HM Treasury has announced that public service pensions will be increased accordingly from April 2021.

### Pension entitlements - Officials (continued)

Employee contribution rates for all members for the period covering 1 April 2021 to 31 March 2022 are as follows:

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution Rates - all members
From	To	
£0	£24,199.99	4.60%
£24,200.00	£55,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

### Cash Equivalent Transfer Values

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

### Real increase in CETV

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

### Compensation for loss of office

There were no compensation benefits paid by the Department to any senior staff members during the financial year (2019-20: £Nil).

## STAFF REPORT

## Staff costs

Staff costs for the Core Department and its Agencies comprise:

[Audited information]

## Core Department and Agencies

	Permanently Employed **Staff	Others	Minister	2020-21	2019-20
				£000	£000
				Total	*Restated Total
Wages and salaries	113,468	3,752	38	117,258	106,813
Social security costs	12,225	-	5	12,230	10,898
Other pension costs	31,074	-	5	31,079	28,516
Pension provision	-	-	-	-	-
<b>Total Gross Costs</b>	<b>156,767</b>	<b>3,752</b>	<b>48</b>	<b>160,567</b>	<b>146,227</b>
Less recoveries in respect of outward secondments	(310)	-	-	(310)	(347)
<b>Total Net Costs</b>	<b>156,457</b>	<b>3,752</b>	<b>48</b>	<b>160,257</b>	<b>145,880</b>

## Of which:

	Charged to	Charged to	Sub-total	Charged to	2020-21
	Administra- tion	Programme	Charged to SCNE	Capital Projects	£000 Total
	Note 5	Note 6	Note 3		
Core Department	17,942	5,638	23,580	151	23,731
Agencies	10,098	125,903	136,001	835	136,836
<b>Total Gross Costs</b>	<b>28,040</b>	<b>131,541</b>	<b>159,581</b>	<b>986</b>	<b>160,567</b>

	Charged to	Charged to	Sub-total	Charged to	2019-20
	Administra- tion	Programme	Charged to SCNE	Capital Projects	£000 Total
	Note 5	Note 6	Note 3		
Core Department	16,109	5,242	21,351	116	21,467
Agencies	9,495	114,292	123,787	973	124,760
<b>Total Gross Costs</b>	<b>25,604</b>	<b>119,534</b>	<b>145,138</b>	<b>1,089</b>	<b>146,227</b>

\* Figures for 2019-20 have been restated to include staff costs capitalised in respect of staff directly assigned to major capital projects.

\*\* Permanently employed staff includes the cost of the Department's Special Adviser. The holder of this post during 2019-20 and 2020-21 was paid within Pay-band 1 (up to £54,999 per annum) in line with the Special Adviser Code, as agreed by the Executive on 20 January 2020.

### Staff costs (continued)

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Department is unable to identify its share of the underlying assets and liabilities.

The *Public Service Pensions Act (NI) 2014* provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance have also commissioned a consultation in relation to the Cost Cap Valuation which will close on 25 June 2021. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. On completion of the consultation the 2016 Valuation will be completed and the final cost cap results will be determined.

For 2020-21, employers' contributions of £30,631,537 were payable to the NICS pension arrangements (2019-20: £28,491,111) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £28,140 (2019-20: £40,774) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2019-20: 8% to 14.75%) of pensionable pay.

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

Employer contributions of £1,928; 0.5% (2019-20: £1,952; 0.5%) of pensionable pay, were payable to the NICS pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

12 persons (2019-20: 44 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £25,891 (2019-20: £4,697).

## Staff costs (continued)

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

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

The JPS 2015 and Northern Ireland Judicial Pension Scheme (NIJPS) 2015, were introduced on 1 April 2015. These mirror each other and, as far as possible, other public service career average pension schemes. From 1 April 2015 NICTS pay contributions in relation to salaried and fee-paid excepted and devolved salaried Judicial Office Holders sponsored by DoJ. The employer contribution rate during 2020-21 was 51.35%. This comprised the rate of 51.1% recommended by the GAD plus 0.25% of pensionable pay to reflect the cost of scheme administration paid to the Ministry of Justice (MoJ).

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

### *Public appointments*

The Department is responsible for the Broadly By Analogy (BBA) pension schemes of public appointments within its Departmental boundary and also entities for which it retains lead policy responsibility. A BBA pension arrangement entitles the recipient to benefits similar to the classic scheme in the NICS pension arrangements. The scheme liabilities were calculated by an independent Actuary amounted to £1.453m at 31 March 2021 (2019-20: £1.376m) as detailed in Note 16.

## Average number of persons employed

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

[Audited information]

Core Department and Agencies					2020-21	2019-20
	Permanently Employed Staff	Others	Minister	Special Advisers	Total	Total
Safer Communities	292	10	-	-	302	285
Access to Justice	731	97	-	-	828	773
Reducing Offending	1,781	9	-	-	1,790	1,729
Justice Delivery	349	21	1	1	372	334
<b>Total</b>	<b>3,153</b>	<b>137</b>	<b>1</b>	<b>1</b>	<b>3,292</b>	<b>3,121</b>
Of which:						
Core Department	401	13	1	1	416	377
Agencies	2,752	124	-	-	2,876	2,744
<b>Total*</b>	<b>3,153</b>	<b>137</b>	<b>1</b>	<b>1</b>	<b>3,292</b>	<b>3,121</b>

\* Of the total, 23 members of staff (2019-20: 25) were engaged on capital projects.

## Staff composition

The number of persons employed at 31 March 2021 by the Core Department and its Agencies was as follows:

	Female staff	Male staff	Total staff
Departmental Board	2	5	7
Senior Civil Service	10	14	24
Departmental employees	1,843	1,683	3,526

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

	Total staff
Pay Scale 1 - £70,522 to £80,847	19
Pay Scale 2 - £90,601 to £103,379	4
Pay Scale 3 - £116,627 to £136,343	1
Pay Scale 4 - £157,415 to £184,580	-

## Managing attendance

The Department had an overall sickness absence rate of 13.5 days lost per employee in 2020-21 compared to 15.5 days lost per employee in 2019-20. Annual sickness absence figures can be found in the “*Sickness Absence in the Northern Ireland Civil Service 2020/21*” report at [Sickness Absence Statistics Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](https://www.nisra.gov.uk/Sickness-Absence-Statistics-Northern-Ireland-Statistics-and-Research-Agency). Figures for the 2020-21 financial year were published on 29 June 2021.

NICSHR (which is the NICS centralised human resources function that falls under the responsibility of DoF) provides a detailed report to the Departmental Board and the Department’s Strategic HR Business Partner attends monthly Departmental Board Meetings to provide an update on human resource related issues including sick absence. Managers at all levels have a critical role in addressing the level of sickness absence. HR business partners proactively engage with Directors, Heads of Divisions, Chief Executives, Line Managers and in business areas, offering appropriate advice and support to help manage sickness absence, staff wellbeing and potential measures to reduce absence.

## Staff policies

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

The NICS applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all members of NICS recruitment panels. Unconscious bias training is available to all staff.

To maintain and promote a diverse and inclusive workforce, the NICS has policies in place to support adjustments to the working environment required by disabled persons.

The NICS has a wide and active network of Diversity Champions and one of its Deputy Secretaries is the NICS Diversity Lead for Disability. The NICS has a Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. During 2020-21 the NICS established a Disability Staff Network. This Network plays a key role in promoting disability equality and inclusion across the NICS.

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS promotes a number of schemes for disabled people, including a Work Experience Scheme for People with Disabilities.

### *Staff diversity, inclusiveness and equality*

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

During 2020-21, the Department, along with justice partners engaged with the wider public at the virtual Belfast Pride and Mela festivals by providing information to raise awareness of the important work of the Department and its Agencies. The Department’s on-line contribution included information on themes such as domestic abuse and violence, hate crime, modern day slavery and human trafficking. The annual Christmas Diversity Giving Campaign for 2020 supported the Trussel Trust and Nexus NI. Due to the Covid-19 pandemic, this year has proved much more difficult for some people with the added pressures of being confined to home and perhaps having lost a job. These situations have led to more people using foodbanks than ever before and more people suffering from domestic abuse. The charities supported by DoJ this year have seen their resources stretched to the limit.



### *Staff diversity, inclusiveness and equality (continued)*

In the NICS, we are committed to building an inclusive workplace culture where diversity is truly valued at all levels, where you are valued for who you are and where you can bring your true self to work. We want to make use of all the talent that exists across the NICS to ensure we are a well-led, high performing, outcome-focused Service and a Service that is a great place to work.

The [NICS People Strategy](#) includes a range of actions that will help accelerate our ambition of a truly inclusive NICS, which reflects the society we serve.

As a key element of the People Strategy, our ambitious diversity and inclusion programme of work is delivered through the implementation of an annual NICS Diversity Action Plan, and overseen by the leadership of the NICS Board, the NICS Diversity Champions Network, Departmental Diversity Champions and Thematic Diversity Champions, NICS colleague networks and NICS HR, as well as through partnership working with stakeholder organisations.

The NICS Diversity Action Plan sets out our priorities for action by diversity and inclusion theme, cross-cutting priorities, departmental priorities and includes supporting plans on communications and outreach. Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. The NICS commitment to equality of opportunity is outlined in its [Equality, Diversity and Inclusion Policy](#).

Covid-19 has impacted on the capacity of the Department to deliver a programme of Diversity and Inclusion events over 2020-21 particularly in the first half of the year. However, DoJ is now in the final stages of developing a Wellbeing and Diversity Calendar for 2021-22. We have been working with the Get Real project, based in NIACRO to deliver two on-line sessions on Cultural Awareness and Cultural Competency. This has been targeted in the first instance to front line staff in Prison Service who work with a range of people of different nationalities. There has been a great deal of interest in the training which has also been delivered in Probation Board and PSNI. We hope to develop this further.

The Department usually plays an active part in both Pride and Mela each year, however in 2020 both were virtual celebrations. DoJ submitted a video for the virtual Belfast Pride, with the Minister talking about what Pride means to her, with follow up communication highlighting the services and partnerships that DoJ are involved in to support the LGBT community (Rainbow Advocacy Service) and for Mela, a number of monetary contributions were made to support Hate Crime and Domestic Violence in the virtual Mela Bazaar, as well as promotion of the event on the DoJ Intranet.

As part of the NICS efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of [NICS human resource statistics](#). The annual "Equality Statistics for the Northern Ireland Civil Service" reports work force composition and trends over time and, where appropriate, makes comparisons with the wider labour market and the Civil Service in Great Britain.

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI, both of which assess the composition of the NICS workforce and the composition of applicants and appointees. In addition, the NICS conducts a similar formal review of the gender profile of its workforce. The findings are published in the NICS [Article 55 and Gender Reviews](#). The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the Department's equality scheme is available at [Department of Justice](#).

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

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

#### *Pay policy*

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

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

#### *Pensions and early departure costs*

Present and past employees of the Department and its Agencies are covered by either the NICS pension arrangements, Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC), Teachers' Superannuation Scheme or BBA Pensions. Those entities covered by each scheme meet the costs of pensions provided for the staff they employ by the payment of charges called Accrued Superannuation Liability Charges. This is charged to the Statement of Comprehensive Net Expenditure on an accrued basis annually.

The Department is also required to meet the additional cost of benefits beyond the normal benefits in respect of employees who retire early. The Department provides in full for this cost, charged against the Statement of Comprehensive Net Expenditure, when an early retirement programme has been announced. In addition to information contained within the Remuneration and Staff Report, Notes 1.19, 1.20 and 16 to the Accounts provide further detail on how the pension liabilities are calculated.

#### *Trade union relationships*

The Department of Finance (DoF) is responsible for the NICS Industrial Relations Policy. NICS HR consults on HR policy with all recognised Trade Unions and local Departmental arrangements are in place to enable consultation on matters specific to the Department or individual business area.

### Staff engagement

The DoJ People Plan 2020-21 plan was significantly altered due to the Covid-19 pandemic and remote working, with the focus on supporting staff as they carried out their roles from home. A number of actions were completed during the 2020-21 year as a direct result of the action plan, including:

- Senior Management Q&A sessions with staff (on-line via Webex);
- piloting of a Leadership and Wellbeing Toolkit programme, offered to all grades across DoJ;
- provision of On-line Support and Wellbeing resources;
- delivery of a number of webinars on a variety of topics relating to mental and physical health and remote working;
- appointment of a dedicated Internal Communications Manager; and
- development of an Internal Communications Strategy including implementation of new internal communication tools, redesigned/rebranded staff communications and e-zine.

These actions were taken forward in partnership with the DoJ Staff Engagement Forum and Internal Communications Forum.

It was not possible to run a repeat of Wellbeing Week (as in 2019) due to the pandemic, but a number of sessions/resources were publicised to staff including:

- Mental Health Awareness week;
- Little book of working remotely;
- managing isolation;
- top wellbeing tips;
- Parenting week and links;
- issue of a Health/wellbeing message each month to Wellbeing Champions across the DoJ for dissemination to all staff in their respective business areas;
- Charity for Civil Servants also sends out regular messages to those people on their mailing list; and
- ongoing Leadership and Wellbeing Toolkit will allow staff to register for sessions, one of which specifically focuses on wellbeing.

The DoJ Core was accredited with silver Investors in People (IIP) status in December 2019 and it is intended that the learning from this will be rolled out to Agencies along with the opportunity to gain accreditation at a later date. The People Plan uses the IIP version 6 model, and the recommendations from the IIP assessment, which provides a useful framework to structure our actions.

In the coming year there will be a particular focus on:

- Engagement - further developing staff engagement mechanisms at a local level;
- Leadership - delivery of a leadership interventions; and
- Learning and Development - developing a more strategic approach to Learning and Development and a learning culture within DoJ.

### Staff engagement scores

The 2020 NICS People Survey was conducted by NISRA (Northern Ireland Statistics and Research Agency) across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. For the DoJ there were 3,378 (2019: 3,343) staff invited to complete the survey, of which 1,091 individuals participated, including temporary/agency workers (2019: 1,366); a response rate of 31.3% (2019: 41.4%) excluding temporary/agency workers. Due to the short timeframe for completion of the 2020 survey it was not possible to put in place the necessary arrangements to allow full participation by NIPS operational staff which impacted on response rates.

The Employee Engagement Index (EEI) is the weighted average of responses to the five employee engagement questions, and it ranges from 0% to 100%. DoJ responses indicated an EEI of 55% (2019: 51%), compared to the NICS average of 57% (2019: 51%). Details of the Benchmark Scores can be accessed at [www.finance-ni.gov.uk/publications/nics-people-survey-results](http://www.finance-ni.gov.uk/publications/nics-people-survey-results).

### Learning and development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development.

Development and delivery of generic staff training is centralised in NICS HR. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

The NICS offers a wide range of career development opportunities through mentoring, secondment and interchange opportunities, elective transfers, temporary promotion, job rotation and job shadowing.

### Staff turnover

Based on information provided by NISRA the level of staff turnover for 2020-21 was as follows:

	Departmental Turnover Rate	General Turnover Rate
Core Department and Agencies	6.4%	3.2%

The Turnover Rate % is calculated as the number of leavers within the year divided by the average number of staff in post over the year. The definitions employed for Turnover are: 'Departmental Turnover' (staff leaving the NI Civil Service or a particular department) and 'General Turnover' (staff leaving the NI Civil Service as a whole). 2020-21 is the first financial year that disclosures for staff turnover are required by *FReM* and comparative information for 2019-20 is not available.

## Off-payroll payments

[Audited information]

The Department had the following 'off-payroll' engagements during the financial year as per the criteria set by the Department of Finance. None of the Departmental Board Members are paid 'off payroll'.

Temporary off-payroll worker engagements as at 31 March 2021:

	Core Department	Agencies	Total
Number of existing engagements as of 31 March 2021	3	15	18
<i>Of which have:</i>			
Existed for less than one year at time of reporting	2	-	2
Existed for between one and two years at time of reporting	-	-	-
Existed for between two and three years at time of reporting	-	-	-
Existed for between three and four years at time of reporting	-	-	-
Existed for four or more years at time of reporting	1	15	16

All temporary off-payroll workers engaged at any point during the year ended 31 March 2021:

	Core Department	Agencies	Total
Number of off-payroll workers engaged during the year ended 31 March 2021	3	22	25
<i>Of which:</i>			
Number determined as out-of-scope of IR35	3	22	25
Number determined as in-scope of IR35	-	-	-
Number of engagements reassessed for compliance or assurance purposes during the year	-	-	-
<i>Of which: Number of engagements that saw a change to IR35 status following review</i>	-	-	-
Number of engagements where the status was disputed under provisions in the off-payroll legislation	-	-	-
<i>Of which: Number of engagements that saw a change to IR35 status following review</i>	-	-	-

## Expenditure on consultancy

[Audited information]

In 2020-21, the Department paid £8,700 (2019-20: £21,350) to external consultants. This amount is included in Professional and consultancy costs disclosed within Notes 5 and 6 to the financial statements.

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

[Audited information]

Core Department and Agencies		2020-21	2019-20
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
below £10,000	-	-	-
£10,000 - £25,000	-	-	1
£25,001 - £50,000	1	-	1
£50,001 - £100,000	1	-	1
£100,001 - £150,000	-	-	-
£150,001 - £200,000	-	-	-
over £200,000	-	-	-
<b>Total number of exit packages</b>	<b>2</b>	<b>-</b>	<b>3</b>
<b>Total resource cost £</b>	<b>£103,609</b>	<b>-</b>	<b>£119,177</b>

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

## ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

### ASSEMBLY ACCOUNTABILITY

#### Statement of Outturn against Assembly Supply (SOAS)

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the Government Financial Reporting Manual (*FReM*) requires the Department of Justice to prepare a Statement of Outturn against Assembly Supply (SOAS) and supporting notes.

The SOAS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

The SOAS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision for resource and cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details Supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SOAS.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the DoF website.

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (Note 1); a reconciliation of Outturn to Net Expenditure in the SCNE, to tie the SOAS to the financial statements (Note 2); a reconciliation of Net Resource Outturn to Net Cash Requirement (Note 3); an analysis of income payable to the Consolidated Fund (Note 4); a reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (Note 5); and detail on non-operating income - excess accruing resources (Note 6).

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided in the Financial Review section of the Performance Report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in Chapter 1 of the Consolidated Budgeting Guidance, available from:

<https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022>.

The SOAS provides a detailed view of financial performance, in a form that is voted on and recognised by the Assembly. The Financial Review, in the Performance Report, provides a summarised discussion of Outturn against Estimate and functions as an introduction to the SOAS disclosures.

*Key to information presented in the Statement of Outturn against Assembly Supply:*

Colour	Type of expenditure
	Outturn
	Estimate
	Outturn vs Estimate saving/(excess)

The notes on pages 101 to 154 form part of these Accounts.

**Summary tables - mirror Part II and III of the Estimates**

**Summary Table 2020-21 - all figures presented in £000**

Type of spend	Note	Outturn			Estimate			Outturn vs Estimate saving/ (excess)	Prior Year Outturn Total 2019-20
		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Net Total	
Request for Resources A	SOAS 1	1,393,679	(46,341)	1,347,338	1,526,776	(51,536)	1,475,240	127,902	1,330,905
<b>Total Resources</b>	<b>SOAS 2</b>	<b>1,393,679</b>	<b>(46,341)</b>	<b>1,347,338</b>	<b>1,526,776</b>	<b>(51,536)</b>	<b>1,475,240</b>	<b>127,902</b>	<b>1,330,905</b>
Non-operating Accruing Resources				-			183	183	-

**Net Cash Requirement 2020-21 - all figures presented in £000**

Item	Note	Outturn	Estimate	Outturn vs Estimate saving/ (excess)	Prior Year Outturn Total 2019-20
Net Cash Requirement	SOAS 3	1,314,703	1,396,457	81,754	1,303,461

**Summary of income payable to the Consolidated Fund - all figures presented in £000**

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).

Item	Note	Forecast 2020-21		Outturn 2020-21	
		Income	Receipts	Income	Receipts
<b>Total amount payable to the Consolidated Fund</b>	<b>SOAS 4</b>	8,000	<i>8,000</i>	4,746	<i>4,417</i>

The notes on pages 101 to 154 form part of these Accounts.



## Notes to the Statement of Outturn against Assembly Supply 2020-21 - all figures presented in £000

This note mirrors Part II of the Estimates: (Revised) Subhead Detail and Resource to Cash Reconciliation.

## SOAS1 Outturn detail by Estimate line

Type of spend	Resource Outturn						Estimate			Outturn vs Estimate (including virements) saving/ (excess)	Prior Year Outturn Total 2019-20
	Admin	Other Current	Grants	Gross Expenditure	Accruing Resources	Net Total	Net Total	Vire-ments*	Net Total incl. virement		
<b><u>Departmental Expenditure Limit (DEL)</u></b>											
Forensic Science Northern Ireland	-	15,006	-	15,006	(10,307)	4,699	4,582	117	4,699	-	3,977
Access to Justice Directorate	8,480	1,854	2,424	12,758	(1,565)	11,193	12,292	-	12,292	1,099	8,050
Compensation Services	-	1,960	-	1,960	(582)	1,378	1,642	(117)	1,525	147	1,931
Safer Communities Directorate	8,885	11,799	4,245	24,929	(1,251)	23,678	28,504	-	28,504	4,826	25,200
Northern Ireland Prison Service	12,560	117,068	2,077	131,705	(4,530)	127,175	133,518	-	133,518	6,343	114,357
Youth Justice Agency	-	15,346	-	15,346	(112)	15,234	15,784	-	15,784	550	15,325
Northern Ireland Courts and Tribunals Service	6,363	71,561	-	77,924	(25,606)	52,318	53,936	(287)	53,649	1,331	44,547
Legal Services Agency Northern Ireland	-	10,127	10	10,137	(2,388)	7,749	7,462	287	7,749	-	7,418
<b>Total spending in DEL</b>	<b>36,288</b>	<b>244,721</b>	<b>8,756</b>	<b>289,765</b>	<b>(46,341)</b>	<b>243,424</b>	<b>257,720</b>	<b>-</b>	<b>257,720</b>	<b>14,296</b>	<b>220,805</b>
<b><u>Annually Managed Expenditure (AME)</u></b>											
Northern Ireland Prison Service	-	1,642	-	1,642	-	1,642	6,560	-	6,560	4,918	9,221
Youth Justice Agency	-	(48)	-	(48)	-	(48)	240	-	240	288	533
Access to Justice Directorate	-	2,030	-	2,030	-	2,030	5,582	-	5,582	3,552	799
Compensation Services	-	30,296	-	30,296	-	30,296	21,154	9,142	30,296	-	7,156
Northern Ireland Courts and Tribunals Service	-	586	-	586	-	586	1,854	-	1,854	1,268	1,390
Legal Services Agency Northern Ireland	-	74,008	-	74,008	-	74,008	123,045	(9,176)	113,869	39,861	99,788
Forensic Science Northern Ireland	-	54	-	54	-	54	20	34	54	-	382
Safer Communities Directorate	-	15	-	15	-	15	4,650	-	4,650	4,635	31
<b>Total spending in AME</b>	<b>-</b>	<b>108,583</b>	<b>-</b>	<b>108,583</b>	<b>-</b>	<b>108,583</b>	<b>163,105</b>	<b>-</b>	<b>163,105</b>	<b>54,522</b>	<b>119,300</b>

Type of spend	Resource Outturn						Estimate			Outturn vs Estimate (including virements) saving/ (excess)	Prior Year Outturn Total 2019-20
	Admin	Other Current	Grants	Gross Expenditure	Accruing Resources	Net Total	Net Total	Virements*	Net Total incl. virement		
<b>Non-Budget</b>											
Police Service of Northern Ireland	-	-	806,857	806,857	-	806,857	845,193	-	845,193	38,336	794,674
Police Pensions	-	-	137,543	137,543	-	137,543	151,720	-	151,720	14,177	145,626
Office of the Police Ombudsman for Northern Ireland	-	-	9,435	9,435	-	9,435	9,944	-	9,944	509	10,357
Northern Ireland Policing Board	-	-	5,663	5,663	-	5,663	5,855	-	5,855	192	6,286
Probation Board for Northern Ireland	-	-	22,646	22,646	-	22,646	23,509	-	23,509	863	20,389
Criminal Justice Inspection Northern Ireland	-	-	1,080	1,080	-	1,080	1,192	-	1,192	112	1,124
RUC George Cross Foundation	-	-	132	132	-	132	156	-	156	24	97
Northern Ireland Police Fund	-	-	1,340	1,340	-	1,340	1,473	-	1,473	133	1,471
Police Rehabilitation and Retraining Trust	-	-	1,880	1,880	-	1,880	2,035	-	2,035	155	1,685
Notional Charges	8,755	-	-	8,755	-	8,755	13,338	-	13,338	4,583	9,091
<b>Total spending in Non-Budget</b>	<b>8,755</b>	<b>-</b>	<b>986,576</b>	<b>995,331</b>	<b>-</b>	<b>995,331</b>	<b>1,054,415</b>	<b>-</b>	<b>1,054,415</b>	<b>59,084</b>	<b>990,800</b>
<b>Resource Outturn</b>	<b>45,043</b>	<b>353,304</b>	<b>995,332</b>	<b>1,393,679</b>	<b>(46,341)</b>	<b>1,347,338</b>	<b>1,475,240</b>	<b>-</b>	<b>1,475,240</b>	<b>127,902</b>	<b>1,330,905</b>

\* Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail and delegates to DoF). Further information on virements are provided in the *Supply Estimates in Northern Ireland Guidance Manual*, available on the DoF website.

The Outturn vs Estimate column is based on the total including virements. The Estimate total before virements have been made is included so that users can reconcile this Estimate back to the Estimates approved by the Assembly.

The notes on pages 101 to 154 form part of these Accounts.

## Explanation of the variation between Estimate and Outturn

The table below summarises the Outturn and Estimate position for 2020-21:

Category of expenditure	Estimate £000	Outturn £000	Outturn vs Estimate saving/ (excess) £000
Departmental Expenditure Limit (DEL)	257,720	243,424	14,296
Annually Managed Expenditure (AME)	163,105	108,583	54,522
Non-budget expenditure	1,054,415	995,331	59,084
<b>Net Resource Outturn</b>	<b>1,475,240</b>	<b>1,347,338</b>	<b>127,902</b>

The main reasons for these variances are outlined below.

### Spending in Departmental Expenditure Limits

Safer Communities Directorate - underspends mainly related to Asset Recovery Incentive Scheme and other underspends in non-staff costs.

Access to Justice Directorate - underspends mainly relate to staff costs.

NI Prison Service - underspends mainly relate to staff and non-staff costs including Covid-19 related expenditure.

NI Courts and Tribunals Service - underspends in non-staff costs, offset by less income than anticipated.

### Spending in Annually Managed Expenditure

Legal Services Agency NI - the £49.0m saving (before Virements) is due to lower provisions than anticipated in respect of the ongoing refinement of the legal aid provision and a reduced level of debt impairment.

NI Prison Service - the savings was mainly due to lower impairment costs for the Prison estate than forecast and a reduced provision for holiday pay.

Access to Justice Directorate and Safer Communities Directorate - the saving was mainly due to lower than anticipated provisions required for legal cases.

### Spending in Non-Budget

Police Service of Northern Ireland - the saving was mainly due to an underspend against the working capital forecast included in the Spring Supplementary Estimates.

Police Pension - the saving was mainly due to lower payments and higher income received than forecast.

Notional Charges - the saving was mainly due to lower than anticipated notional charges for DoF Shared Services.

The notes on pages 101 to 154 form part of these Accounts.

**SOAS2 Reconciliation of Net Resource Outturn to Net Expenditure**

Item	Note	Outturn	Estimate	Outturn vs Estimate saving/ (excess)	Prior Year Outturn Total 2019-20
Net Resource Outturn	SOAS 1	1,347,338	1,475,240	127,902	1,330,905
Non-supply expenditure*	6	8,572	8,575	3	8,538
<b>Net Expenditure in Consolidated Statement of Comprehensive Net Expenditure</b>		<b>1,355,910</b>	<b>1,483,815</b>	<b>127,905</b>	<b>1,339,443</b>

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

As noted in the introduction to the SOAS above, Outturn and Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the Resource Outturn to Net Expenditure, linking the SOAS to the financial statements.

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

This note mirrors Part II of the Estimates: Resource to Cash Reconciliation.

Item	Note	Outturn	Estimate	Outturn vs Estimate saving/ (excess)
<b>Resource Outturn</b>	SOAS 1	<b>1,347,338</b>	<b>1,475,240</b>	<b>127,902</b>
<b>Capital:</b>				
Acquisition of non-current assets	8, 9	17,253	23,130	5,877
Financial assets		(6)	-	6
<b>Non-operating Accruing Resources:</b>				
Net book value of asset disposals		-	(183)	(183)
<b>Net capital</b>		<b>17,247</b>	<b>22,947</b>	<b>5,700</b>
<b>Accruals to cash adjustments:</b>				
<b>Adjustments to remove non-cash items:</b>				
Depreciation, impairments and revaluations	3	(28,892)	(32,501)	(3,609)
New provisions and adjustments to previous provisions	3	(113,329)	(161,305)	(47,976)
Notional charges	5, 6	(8,755)	(13,338)	(4,583)
Other non-cash items		4,486	-	(4,486)
Movement in working capital		8,522	16,525	8,003
Use of provisions	15, 16	88,086	88,889	803
<b>Total accruals to cash adjustment</b>		<b>(49,882)</b>	<b>(101,730)</b>	<b>(51,848)</b>
<b>Net Cash Requirement</b>		<b>1,314,703</b>	<b>1,396,457</b>	<b>81,754</b>

As noted in the introduction to the SOAS above, Outturn and Estimates are compiled against the budgeting framework, not on a cash basis. This reconciliation bridges the Resource Outturn to the Net Cash Requirement.

The notes on pages 101 to 154 form part of these Accounts.

**SOAS 4 Income payable to the Consolidated Fund**

This note mirrors Part III of the Estimates: Extra Receipts Payable to the Consolidated Fund.

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

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

Item	Note	Forecast 2020-21		Outturn 2020-21	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts - excess accruing resources	SOAS 5	-	-	-	-
Other operating income and receipts not classified as accruing resources		-	-	-	-
		-----		-----	
Non-operating income and receipts - excess accruing resources	SOAS 6	-	-	30	30
Amounts collected on behalf of the Consolidated Fund		8,000	<i>8,000</i>	4,716	<i>4,387</i>
Excess cash surrenderable to the Consolidated Fund		-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>8,000</b>	<b><i>8,000</i></b>	<b>4,746</b>	<b><i>4,417</i></b>

The notes on pages 101 to 154 form part of these Accounts.

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

Item	Note	Outturn	Prior Year Outturn Total 2019-20
Operating income	7	46,341	52,343
Adjustment for transactions between Requests for Resources		-	-
<b>Gross income</b>		<b>46,341</b>	<b>52,343</b>
Income authorised to be Accruing Resources		(46,341)	(52,343)
<b>Operating income payable to the Consolidated Fund</b>		<b>-</b>	<b>-</b>

**SOAS 6 Non-operating income - excess accruing resources**

Item	Note	Outturn	Prior Year Outturn Total 2019-20
Proceeds on disposal of property, plant and equipment		30	15
<b>Non-operating income - excess accruing resources</b>		<b>30</b>	<b>15</b>

The notes on pages 101 to 154 form part of these Accounts.

## OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES

## Losses and Special Payments

[Audited information]

## Losses statement

Core Department and Agencies	2020-21		2019-20	
	Number of cases	£000	Number of cases	£000
Cash losses	-	-	6	5
Claims abandoned	-	-	1	10
Administrative write-offs	153	468	150	291
Fruitless payments	17	11	2	1
Stores losses	-	-	2	45
<b>Total</b>	<b>170</b>	<b>479</b>	<b>161</b>	<b>352</b>

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

## Special payments

Core Department and Agencies	2020-21		2019-20	
	Number of cases	£000	Number of cases	£000
Compensation payments	903	7,663	1,269	8,884
Miscarriages of justice	-	-	-	-
Ex gratia	-	-	-	-
<b>Total</b>	<b>903</b>	<b>7,663</b>	<b>1,269</b>	<b>8,884</b>

## Compensation payments

During 2020-21, final compensation payments were made in 777 cases (2019-20: 1,063) by Compensation Services. The total amount of compensation paid in these cases was £6.182m (2019-20: £7.258m).

Included in the litigation provision in Note 15 are special payments made by the Northern Ireland Prison Service. Amounts utilised during the year included 80 compensation payments (2019-20: 166) totalling £1.028m (2019-20: £1.108m). There were no individual payments exceeding £0.250m in 2020-21 (2019-20: None).

During 2020-21, final compensation payments were made in 44 cases (2019-20: 39 cases) by Northern Ireland Courts and Tribunals Service. The total amount of compensation paid in these cases was £0.438m (2019-20: £0.518m). There were no individual payments in excess of £0.250m during 2020-21 (2019-20: None).

The notes on pages 101 to 154 form part of these Accounts.

## Fraud and error

[Audited information]

The Agency administers legal aid payments on behalf of DoJ. The complexity of the legislation, the degree of discretion and inherent risks associated with adjudication, assessment and payment of bills can result in inaccurate payments being made in a proportion of cases.

Legal aid expenditure therefore may not be applied for the purposes intended by the Assembly or conform to the authorities which govern them due to:

- Official error - where an error can be attributed to the actions or inactions of the Agency;
- Errors made by legal aid applicants and legal practitioners; and
- Fraud.

Estimates of official error within individual sampled legal aid payments are provided by the SAU, within the DfC, under a Memorandum of Understanding. 2019 was the first full year of measurement of official error for legal aid and has been used to establish a formal baseline rate against which future annual performance is measured.

The estimated level of overpayments in legal aid expenditure resulting from official error in 2020-21 is £4.4m (2019-20: £6.2m), whilst the estimated level of underpayments is £1.2m (2019-20: £2.1m). All overpayments are considered irregular as the expenditure has not been applied in accordance with the purposes intended by the Assembly. Underpayments resulting from official error are not considered to have conformed to the authorities which govern them as the corresponding transactions have not been processed in accordance with the applicable legislation. Therefore this expenditure is considered to be incorrect.

Currently, LSANI does not produce an estimate of the likely scale of overpayments or underpayments made to legal practitioners resulting from fraud and error by applicants or practitioners.

## Fees and charges

[Audited information]

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

Core Department and Agencies	2020-21 £000			2019-20 £000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
AccessNI	3,050	(2,364)	686	3,481	(2,322)	1,159
NI Courts and Tribunals Service	18,941	(29,774)	(10,833)	23,246	(30,483)	(7,237)
Forensic Science NI	10,948	(15,355)	(4,407)	11,066	(15,047)	(3,981)
<b>Total</b>	<b>32,939</b>	<b>(47,493)</b>	<b>(14,554)</b>	<b>37,793</b>	<b>(47,852)</b>	<b>(10,059)</b>

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

The notes on pages 101 to 154 form part of these Accounts.



### **AccessNI**

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

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

NICTS is committed to achieving full cost recovery for the services it provides in respect of civil court business. The target of full cost recovery takes account of measures in place to protect access to justice, namely the operation of a court fee exemption and remission policy and also the subsidisation of fees in the family and children's arenas. The income for 2020-21 represents 64% of cost recovery (2019-20: 76%).

### **Forensic Science Northern Ireland (FSNI)**

Whilst there is a deficit of £4.407m (2019-20: £3.981m) on the Statement of Comprehensive Net Expenditure, this is offset by non-cash charges and funding provided by the DoJ.

### **Remote contingent liabilities**

*[Audited information]*

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Department is required to report liabilities for which the likelihood of economic benefit in settlement is too remote to meet the definition of a contingent liability. The Department has no such liabilities.

Note 17 provides further details regarding the contingent liabilities that are included within the financial statements.

## **ACCOUNTABILITY REPORT**



**Peter May**  
Accounting Officer

**30 June 2021**

The notes on pages 101 to 154 form part of these Accounts

**CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY****Opinion on financial statements**

I certify that I have audited the financial statements of the Department of Justice for the year ended 31 March 2021 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Consolidated Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the Statement of Outturn against Assembly Supply, and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2021 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

**Emphasis of matter**

I draw attention to Note 8 of the financial statements, which describes material valuation uncertainties for Land and Buildings due to the consequences of the Covid-19 pandemic. My opinion is not modified in respect of the matter.

**Opinion on regularity**

In my opinion, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2021 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Basis for opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of Department of Justice in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

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

### Conclusions relating to going concern

In auditing the financial statements, I have concluded that Department of Justice's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department of Justice's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Department of Justice is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

### Other Information

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

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

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

In the light of the knowledge and understanding of the Department of Justice and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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

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

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

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Department of Justice's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Department of Justice will not continue to be provided in the future.

**CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (CONTINUED)****Auditor's responsibilities for the audit of the financial statements**

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department of Justice through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001;
- making enquires of management and those charged with governance on Department of Justice's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Department of Justice's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: expenditure recognition, grants, provisions and management override from posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- communicating with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements;

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

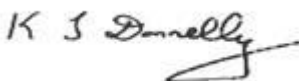
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against 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 Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

**Report**

I have no observations to make on these financial statements.



*KJ Donnelly*  
*Comptroller and Auditor General*  
*Northern Ireland Audit Office*  
*1 Bradford Court*  
*Galwally*  
*BELFAST*  
*BT8 6RB*

6 July 2021

## FINANCIAL STATEMENTS

### Consolidated Statement of Comprehensive Net Expenditure

#### For the year ended 31 March 2021

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.

		2020-21 £000	2019-20 £000
	Note	Core Department and Agencies	Core Department and Agencies
Revenue from contracts with customers	3	(42,242)	(49,314)
Other operating income	3	(4,099)	(3,029)
<b>Total operating income</b>		<b>(46,341)</b>	<b>(52,343)</b>
Staff costs	3	159,581	145,138
Purchase of goods and services	3	102,942	109,735
Depreciation and impairment charges	3	28,892	24,619
Provisions expense	3	113,329	117,683
Grants	3	995,332	992,048
<b>Total operating expenditure</b>		<b>1,400,076</b>	<b>1,389,223</b>
<b>Net operating expenditure</b>		<b>1,353,735</b>	<b>1,336,880</b>
Finance expense	3	2,175	2,563
<b>Net expenditure for the year</b>		<b>1,355,910</b>	<b>1,339,443</b>
<b>Other comprehensive net expenditure</b>			
Items that will not be reclassified to Net operating expenditure:			
- net (gain)/loss on revaluation of property, plant and equipment	8	(323)	(19,846)
- net (gain)/loss on revaluation of intangibles	9	(127)	(240)
- actuarial (gain)/loss on provisions and pension liability	15, 16	12,331	23,611
<b>Comprehensive net expenditure for the year</b>		<b>1,367,791</b>	<b>1,342,968</b>

The notes on pages 101 to 154 form part of these Accounts.

## Consolidated Statement of Financial Position

As at 31 March 2021

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.

		2021 £000	2020 £000
	Note	Core Department and Agencies	Core Department and Agencies
<b>Non-current assets</b>			
Property, plant and equipment	8	559,474	570,879
Intangible assets	9	15,863	15,941
Trade and other receivables	13	21	22
Financial assets		13	11
<b>Total non-current assets</b>		<b>575,371</b>	<b>586,853</b>
<b>Current assets</b>			
Assets classified as held for sale		60	60
Inventories	11	1,195	1,249
Trade and other receivables	13	20,564	11,050
Financial assets		5	7
Cash and cash equivalents	12	4,727	3,625
<b>Total current assets</b>		<b>26,551</b>	<b>15,991</b>
<b>Total assets</b>		<b>601,922</b>	<b>602,844</b>
<b>Current liabilities</b>			
Trade and other payables	14	(56,911)	(59,443)
Provisions	15	(88,201)	(100,032)
Pension liabilities	16	(47)	(47)
<b>Total current liabilities</b>		<b>(145,159)</b>	<b>(159,522)</b>
<b>Total assets less current liabilities</b>		<b>456,763</b>	<b>443,322</b>
<b>Non-current liabilities</b>			
Provisions	15	(228,318)	(177,628)
Pension liabilities	16	(1,406)	(1,329)
Other payables	14	(9,072)	(10,738)
<b>Total non-current liabilities</b>		<b>(238,796)</b>	<b>(189,695)</b>
<b>Total assets less total liabilities</b>		<b>217,967</b>	<b>253,627</b>
<b>Taxpayers' equity and other reserves</b>			
General Fund		(10,294)	16,073
Revaluation Reserve		228,261	237,554
<b>Total equity</b>		<b>217,967</b>	<b>253,627</b>

**Peter May**  
Accounting Officer

30 June 2021

The notes on pages 101 to 154 form part of these Accounts.



## Consolidated Statement of Cash Flow

### For the year ended 31 March 2021

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.

		2020-21 £000	2019-20 £000
	Note	Core Department and Agencies	Core Department and Agencies
<b>Cash flows from operating activities</b>			
Net expenditure for the year		(1,355,910)	(1,339,443)
Adjustment for non-cash transactions	4	146,490	153,511
(Increase)/decrease in trade and other receivables	13	(9,513)	4,039
<i>Movement in receivables relating to items not passing through the SCNE</i>		6,572	(4,853)
Decrease in inventories	11	54	147
(Decrease) in trade and other payables	14	(4,637)	(3,111)
<i>Movement in payables relating to items not passing through the SCNE</i>		276	5,579
Use of provisions	15, 16	(88,217)	(97,081)
<b>Net cash outflow from operating activities</b>		<b>(1,304,885)</b>	<b>(1,281,212)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(13,506)	(27,491)
Purchase of intangible assets		(3,438)	(2,153)
Proceeds of disposal of property, plant and equipment		30	15
Proceeds of disposal of assets held for sale		(7)	-
Loans to and repayments from Other Bodies		6	7
<b>Net cash outflow from investing activities</b>		<b>(16,915)</b>	<b>(29,622)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year		1,315,543	1,304,124
From the Consolidated Fund (Supply) - prior year		(663)	4,371
From the Consolidated Fund (non-Supply)		8,703	8,873
Capital element of payments in respect of 'on-balance sheet' (SoFP) PPP/PFI contracts		(1,575)	(1,485)
<b>Net financing</b>		<b>1,322,008</b>	<b>1,315,883</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>208</b>	<b>5,049</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		4,387	6,472
Payments of amounts due to the Consolidated Fund		(3,932)	(6,470)
<b>Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>663</b>	<b>5,051</b>
<b>Cash and cash equivalents at the beginning of the period</b>	12	<b>1,026</b>	<b>(4,025)</b>
<b>Cash and cash equivalents at the end of the period</b>	12	<b>1,689</b>	<b>1,026</b>

The notes on pages 101 to 154 form part of these Accounts.

## Consolidated Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2021

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

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
<b>Balance at 31 March 2019</b>		<b>48,265</b>	<b>226,336</b>	<b>274,601</b>
Net Assembly Funding - drawn down		1,308,495	-	1,308,495
Net Assembly Funding - deemed		(4,371)	-	(4,371)
Consolidated Fund Standing Services		8,873	-	8,873
Supply (payable) adjustment	14	(663)	-	(663)
Excess accruing resources	14	(15)	-	(15)
Comprehensive net expenditure for the year		(1,363,054)	20,086	(1,342,968)
Auditor's remuneration	5, 6	361	-	361
Other notionals		8,720	-	8,720
Minister's remuneration		10	-	10
<b>Movement in reserves:</b>				
Transfer between reserves		8,868	(8,868)	-
Other	8	584	-	584
				-
<b>Balance at 31 March 2020</b>		<b>16,073</b>	<b>237,554</b>	<b>253,627</b>
Net Assembly Funding - drawn down		1,314,880	-	1,314,880
Net Assembly Funding - deemed		663	-	663
Consolidated Fund Standing Services		8,703	-	8,703
Supply (payable) adjustment	14	(840)	-	(840)
Excess accruing resources	14	(30)	-	(30)
Comprehensive net expenditure for the year		(1,368,241)	450	(1,367,791)
Auditor's remuneration	5, 6	373	-	373
Other notionals	5, 6	8,334	-	8,334
Minister's remuneration		48	-	48
<b>Movement in reserves:</b>				
Transfer between reserves		9,743	(9,743)	-
<b>Balance at 31 March 2021</b>		<b>(10,294)</b>	<b>228,261</b>	<b>217,967</b>

The notes on pages 101 to 154 form part of these Accounts.

## Notes to the Accounts

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (*FReM*) issued by the Department of Finance. The accounting policies contained in the *FReM* apply 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 Outturn against 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 23.

#### 1.3 Property, plant and equipment

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

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

### **Consolidation of asset categories**

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

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

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

Expenditure on property, plant and equipment of over £1,000 is capitalised. Within the Core Department the grouping of a range of property, plant and equipment has also been undertaken in respect of some personal computers, printers, office furniture and equipment. In compliance with IAS 16 *Property, Plant and Equipment*, subsequent expenditure on an asset which does not meet the criteria of enhancement or improvement is treated as revenue.

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

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

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

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

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

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

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

## 1.5 Intangible assets

Expenditure on case management systems including supplier design and implementation costs and internal project team staff salary costs, has been capitalised and classified as an intangible asset. Expenditure on computer software licenses lasting more than one year and costing more than £1,000 is capitalised and classified as intangible assets. Software licences are amortised over the shorter of the term of the licence and the useful economic life.

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

## 1.6 Depreciation and amortisation

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

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

## 1.7 Realised element of depreciation from Revaluation Reserve

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

## 1.8 Assets classified as held for sale

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

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

## 1.9 Inventories

Inventories shown on the Statement of Financial Position relate to essential inventories held by the Northern Ireland Prison Service and Forensic Science Northern Ireland. These are valued at the lower of cost or net realisable value. Inventories which are deemed consumable are written off in the year of purchase. In addition, Forensic Science Northern Ireland holds exhibits on behalf of a third-party but the exhibits are not included in the financial statements of either the Agency or the Department.

Assets seized by the Enforcement of Judgments Office (within Northern Ireland Courts and Tribunals Service) are not included in inventories on the basis that they are not owned by the Department, but are held for resale in settlement of third-party creditors. Third-party assets held by the Enforcement of Judgments Office at the year end are disclosed in Note 22.

## 1.10 Value Added Tax (VAT)

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

## 1.11 Leases

### *Operating leases*

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

### *Finance leases*

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

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

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

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

Where the balance of control of the PPP/PFI scheme is borne by the Department, the scheme is recognised as a non-current asset and the liability to pay for it is accounted for as a finance lease, in accordance with IFRIC 12 *Service Concession Arrangements*. Contract payments are apportioned between an imputed finance lease charge and a service charge. The services received under the contract are recorded as operating expenses. Further details of current ongoing agreements are shown in Note 19 to the Accounts.

## 1.13 Provisions

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

Rate	Term	Nominal Rate
Short-term	Up to 5 years	(0.02)%
Medium-term	5 to 10 years	0.18%
Long-term	Over 10 years	1.99%

### 1.14 Contingent liabilities

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

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

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

### 1.15 Third-party assets

Third-party assets are assets for which the Department acts as custodian or trustee, but in which neither the Department nor Government more generally has a direct beneficial interest. Third-party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of the Departments third-party assets are provided in Note 22.

### 1.16 Administration and programme analysis

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

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

### 1.17 Income recognition

The Department recognises income as follows:

#### Financing

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

**Revenue from contracts with customers**

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

***Fees, levies and charges***

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

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

***Sale of goods and services***

Revenue from the sale of goods is recognised either:

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

**Other operating income**

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

***Rental income***

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

***Other income***

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

**Consolidated Fund Extra Receipts (CFERs)**

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



### 1.18 Staff costs

Under IAS 19 *Employee Benefits*, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the costs of any untaken leave as at the reporting date. The cost of untaken leave has been determined from a sample of staff leave records.

### 1.19 Pension costs

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

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

Further details regarding the above schemes are contained in the Staff Report and Note 16 to the Accounts.

### 1.20 Early departure costs

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

### 1.21 Grants payable and paid

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

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

### 1.22 Notional charges

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

### 1.23 Segmental reporting

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

### 1.24 Financial instruments

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

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

#### **Financial assets**

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

#### ***Loans and receivables***

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

#### ***Trade and other receivables***

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective method less provisions for doubtful receivables. Provisions are made specifically where there is objective evidence of a dispute or inability to pay.

#### ***Cash and cash equivalents***

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

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

***Impairment of financial assets***

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

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

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

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

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

***Loans and other borrowings***

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

## 1.25 Critical accounting estimates and key judgements

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

### ***(i) - Provisions for legal aid***

The determination of provisions remains a key area where management's judgement is required. There are a number of key assumptions applied in the calculation of the provisions and full details are contained in Note 15.2.

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

The determination of provisions remains a key area where management's judgement is required. There are a number of key assumptions applied in the calculation of the provisions and full details are contained in Note 15.4.

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

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

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

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

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

## 1.26 Accounting standards, amendments, interpretations or other updates that were issued and effective for the 2020-21 financial year

The Department has considered those new Standards, interpretations and amendments to existing Standards which have been published and are mandatory for the Department's accounting periods beginning on or after 1 April 2020 or later periods, but which the Department has not adopted early. Other than as outlined below, the Department considers that these are not relevant or material to its operations.

### Review of Financial Process:

Standard	Comments
<p>IFRS 10 - <i>Consolidated Financial Statements</i></p> <p>IFRS 11 - <i>Joint Arrangements</i></p> <p>IFRS 12 - <i>Disclosure of Interests in Other Entities</i></p>	<p>The International Accounting Standards Board (IASB) issued new and amended Standards (IFRS 10, IFRS 11 and IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These Standards were effective with EU adoption from 1 January 2014.</p> <p>Accounting boundaries for IFRS purposes are currently adapted in the <i>FReM</i> so that the Westminster departmental accounting boundary is based on control criteria, as designated by HM Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2022-23, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may have changed as a result of these Standards.</p>

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

The Department has considered those new Standards, interpretations and amendments to existing Standards which have been published and are mandatory for the Department's accounting periods beginning on or after 1 April 2021 or later periods, but which the Department has not adopted early. Other than as outlined below, the Department considers that these Standards are not relevant or material to its operations.

<b>Standard</b>	IFRS 16 <i>Leases</i> (replaces IAS 17 <i>Leases and related interpretations</i> )
<b>Effective date</b>	January 2019 (EU endorsed 31 October 2017)
<b>FReM application</b>	2022-23
<b>Description of revision</b>	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted for those entities applying IFRS 15.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases, unless they qualify for low value or short-term exemptions. In addition, there are updated disclosure requirements.</p> <p>The lessor accounting model is generally unchanged from IAS 17 but entities should be aware of the introduction and impacts of IFRS 9 <i>Financial Instruments</i>, enhanced disclosure requirements and that a sub-lessor now determines whether a lease is finance or operating based on the right of use asset it subleases.</p>
<b>Comments</b>	<p>IFRS 16 <i>Leases</i> replaces IAS 17 <i>Leases</i> and is effective with EU adoption from 1 January 2019. In line with the requirements of the <i>FReM</i>, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022.</p> <p>The Department has undertaken a preliminary assessment of the potential impact of IFRS 16 on its future financial statements. It is currently considered that approximately £4.3m of leases will be capitalised on the Statement of Financial Position in 2022-23 and it is not expected to have a material impact on the Statement of Comprehensive Net Expenditure.</p>

### 1.28 Financial reporting - future developments

The Department has considered the accounting initiatives identified by HM Treasury covering amendments or interpretations from the 2018-20 Annual improvement cycle, and projects where standards, amendments or interpretations are in development. The Department considers that these changes are not relevant or material to its operations.

## 2. Statement of Operating Expenditure by Operating Segment

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

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

The segmental analysis below includes an elimination of £1.152m (2019-20: £1.102m) in respect of intra-Departmental income and £2.163m (2019-20: £2.131m) in respect of intra-Departmental expenditure transactions occurring between bodies within the Departmental boundary for accounts purposes.

					2020-21 £000
	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	Core Department and Agencies
Gross expenditure	1,020,183	99,459	146,141	136,468	1,402,251
Income	(10,333)	(25,947)	(3,416)	(6,645)	(46,341)
<b>Net expenditure</b>	<b>1,009,850</b>	<b>73,512</b>	<b>142,725</b>	<b>129,823</b>	<b>1,355,910</b>
					2019-20 £000
	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	Core Department and Agencies
Gross expenditure	1,017,124	94,178	141,329	139,155	1,391,786
Income	(10,855)	(32,344)	(2,970)	(6,174)	(52,343)
<b>Net expenditure</b>	<b>1,006,269</b>	<b>61,834</b>	<b>138,359</b>	<b>132,981</b>	<b>1,339,443</b>

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

### Description of segments

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

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

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

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

Financial information relating to the following Agency and NDPB is reported within this segment:

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

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

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

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

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

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

- Legal Services Agency Northern Ireland.



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

					2020-21 £000
	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	Core Department and Agencies
Total net expenditure reported for Operating Segments	1,009,850	73,512	142,725	129,823	1,355,910
Reconciling items	-	-	-	-	-
<b>Total net expenditure per Statement of Comprehensive Net Expenditure</b>	<b>1,009,850</b>	<b>73,512</b>	<b>142,725</b>	<b>129,823</b>	<b>1,355,910</b>

					2019-20 £000
	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	Core Department and Agencies
Total net expenditure reported for Operating Segments	1,006,269	61,834	138,359	132,981	1,339,443
Reconciling items	-	-	-	-	-
<b>Total net expenditure per Statement of Comprehensive Net Expenditure</b>	<b>1,006,269</b>	<b>61,834</b>	<b>138,359</b>	<b>132,981</b>	<b>1,339,443</b>

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

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

## 3. Summary of operating income and expenditure

		2020-21 £000		
	Note	Administration	Programme	Core Department and Agencies
Revenue from contracts with customers	7	(390)	(41,852)	(42,242)
Other operating income	7	(422)	(3,677)	(4,099)
<b>Total operating income</b>		<b>(812)</b>	<b>(45,529)</b>	<b>(46,341)</b>
Staff costs	5, 6	28,040	131,541	159,581
Purchase of goods and services	5, 6	13,638	89,304	102,942
Depreciation and impairment charges	5, 6	1,605	27,287	28,892
Provisions expense	6	-	113,329	113,329
Grants	6	-	995,332	995,332
<b>Total operating expenditure</b>		<b>43,283</b>	<b>1,356,793</b>	<b>1,400,076</b>
<b>Net operating expenditure</b>		<b>42,471</b>	<b>1,311,264</b>	<b>1,353,735</b>
Finance expense	5, 6	-	2,175	2,175
<b>Net expenditure for the year</b>		<b>42,471</b>	<b>1,313,439</b>	<b>1,355,910</b>

		2019-20 £000		
	Note	Administration	Programme	Core Department and Agencies
Revenue from contracts with customers	7	(349)	(48,965)	(49,314)
Other operating income	7	(467)	(2,562)	(3,029)
<b>Total operating income</b>		<b>(816)</b>	<b>(51,527)</b>	<b>(52,343)</b>
Staff costs	5, 6	25,604	119,534	145,138
Purchase of goods and services	5, 6	14,390	95,345	109,735
Depreciation and impairment charges	5, 6	1,444	23,175	24,619
Provisions expense	6	-	117,683	117,683
Grants	6	-	992,048	992,048
<b>Total operating expenditure</b>		<b>41,438</b>	<b>1,347,785</b>	<b>1,389,223</b>
<b>Net operating expenditure</b>		<b>40,622</b>	<b>1,296,258</b>	<b>1,336,880</b>
Finance expense	5, 6	-	2,563	2,563
<b>Net expenditure for the year</b>		<b>40,622</b>	<b>1,298,821</b>	<b>1,339,443</b>

## 4. Non-cash costs

		2020-21 £000		
	Note	Administration	Programme	Core Department and Agencies
Minister's remuneration		48	-	48
Purchase of goods and services	5, 6	6,948	(4,221)	2,727
Depreciation and impairment charges	5, 6	1,605	27,287	28,892
Provisions expense	6	-	113,329	113,329
Finance expense	6	-	1,494	1,494
<b>Total</b>		<b>8,601</b>	<b>137,889</b>	<b>146,490</b>

		2019-20 £000		
	Note	Administration	Programme	Core Department and Agencies
Minister's remuneration		10	-	10
Purchase of goods and services	5, 6	7,200	2,227	9,427
Depreciation and impairment charges	5, 6	1,444	23,175	24,619
Provisions expense	6	-	117,683	117,683
Finance expense	6	-	1,772	1,772
<b>Total</b>		<b>8,654</b>	<b>144,857</b>	<b>153,511</b>

## 5. Other administration expenditure

		2020-21 £000	2019-20 £000
	Note	Core Department and Agencies	Core Department and Agencies
<b>Staff costs*</b>			
Wages and salaries		19,794	18,278
Social security costs		2,224	1,958
Other pension costs		6,022	5,368
		<b>28,040</b>	<b>25,604</b>
<b>Purchase of goods and services</b>			
Accommodation costs, maintenance and utilities		575	560
IT, communications and office services		1,372	1,225
Consumables, equipment and transport costs		56	127
Contracted out and managed services		3,023	3,046
Professional and consultancy services		816	985
Rentals under operating leases		190	174
Staff related costs		519	911
Other costs		123	150
Commissions, Panels and Tribunals costs		16	12
		<b>6,690</b>	<b>7,190</b>
<b>Non-cash items</b>			
Loss on disposal of non-current assets	8, 9	1	1
Auditor's remuneration and expenses		243	237
Notional charges		6,704	6,962
		<b>6,948</b>	<b>7,200</b>
		<b>13,638</b>	<b>14,390</b>
<b>Depreciation and impairment charges</b>			
Depreciation	8	1,125	892
Amortisation	9	480	553
Revaluation released to SCNE	8, 9	-	(1)
		<b>1,605</b>	<b>1,444</b>
<b>Finance expense</b>			
		-	-
<b>Total administration expenditure</b>		<b>43,283</b>	<b>41,438</b>

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

## 6. Programme expenditure

		2020-21 £000 Core Department and Agencies	2019-20 £000 Core Department and Agencies
	Note		
<b>Staff costs*</b>			
Wages and salaries		96,767	87,753
Social security costs		9,931	8,858
Other pension costs		24,843	22,923
		<b>131,541</b>	<b>119,534</b>
<b>Purchase of goods and services</b>			
Accommodation costs, maintenance and utilities		19,091	17,256
IT, communications and office services		3,887	3,996
Consumables, equipment and transport costs		4,181	2,952
Contracted out and managed services		12,437	10,968
Professional and consultancy services		6,056	5,289
Client and other programme operating costs		15,775	16,336
Rentals under operating leases		1,928	1,467
Staff related costs		1,953	2,497
Other costs		860	1,021
Commissions, Panels and Tribunals costs		6,807	11,178
PFI service charges		2,854	2,515
Judicial costs		9,124	9,105
Judicial costs - Consolidated Fund		8,572	8,538
		<b>93,525</b>	<b>93,118</b>
<b>Non-cash items</b>			
Loss on disposal of non-current assets	8, 9	264	15
Auditor's remuneration and expenses		130	124
Notional charges		1,630	1,758
Other non-cash items		(6,245)	330
		<b>(4,221)</b>	<b>2,227</b>
		<b>89,304</b>	<b>95,345</b>
<b>Depreciation and impairment charges</b>			
Depreciation	8	24,529	21,260
Amortisation	9	2,703	2,250
Revaluation released to SCNE	8, 9	55	(335)
		<b>27,287</b>	<b>23,175</b>
<b>Provisions expense</b>			
Provided in year	15	124,500	121,619
Written back in year	15	(11,171)	(3,936)
		<b>113,329</b>	<b>117,683</b>
<b>Grants</b>			
Grant-in-aid to NDPBs		986,576	981,709
Other grants		8,756	10,339
		<b>995,332</b>	<b>992,048</b>
<b>Finance expense</b>			
Interest payable and similar charges		682	792
Borrowing costs on provisions	15	1,469	1,736
Pension liability interest charges	16	24	35
		<b>2,175</b>	<b>2,563</b>
<b>Total programme expenditure</b>		<b>1,358,968</b>	<b>1,350,348</b>

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

## 7. Income

	2020-21 £000	2019-20 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
<b><u>Administration income</u></b>		
<b>Revenue from contracts with customers</b>		
Fees, levies and charges	157	68
Sales of goods and services	233	281
	<u>390</u>	<u>349</u>
<b>Other operating income</b>		
Seconded costs	310	347
Rental income	111	117
Other non-trading income	1	3
	<u>422</u>	<u>467</u>
<b>Administration income</b>	<u>812</u>	<u>816</u>
<b><u>Programme income</u></b>		
<b>Revenue from contracts with customers</b>		
Fees, levies and charges	38,521	46,140
Sales of goods and services	3,331	2,825
	<u>41,852</u>	<u>48,965</u>
<b>Other operating income</b>		
Rental income	636	529
Other non-trading income	3,011	2,013
Grant income	30	20
	<u>3,677</u>	<u>2,562</u>
<b>Programme income</b>	<u>45,529</u>	<u>51,527</u>
<b>Total operating income</b>	<u>46,341</u>	<u>52,343</u>

## 7. Income (continued)

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

					2020-21 £000
	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	Core Department and Agencies
Fees, levies and charges	10,307	25,324	-	3,047	38,678
Sales of goods and services	26	49	3,282	207	3,564
<b>Revenue from contracts with customers</b>	<b>10,333</b>	<b>25,373</b>	<b>3,282</b>	<b>3,254</b>	<b>42,242</b>

					2019-20 £000
	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	Core Department and Agencies
Fees, levies and charges	10,820	31,907	-	3,481	46,208
Sales of goods and services	35	-	2,824	247	3,106
<b>Revenue from contracts with customers</b>	<b>10,855</b>	<b>31,907</b>	<b>2,824</b>	<b>3,728</b>	<b>49,314</b>

## 8. Property, plant and equipment

	2020-21 £000					
	Land	Buildings	Vehicles, Plant and Machinery	Information Technology	Assets Under Construction	Core Department and Agencies
<b>Cost or valuation</b>						
At 1 April 2020	42,080	542,043	44,011	10,470	20,005	658,609
Additions	-	594	2,091	1,205	10,380	14,270
Disposals	(90)	(177)	(2,618)	(252)	-	(3,137)
Reclassification	-	12,053	340	70	(12,459)	4
Revaluation released to SCNE	-	-	(1)	-	-	(1)
Revaluation	-	(389)	189	23	-	(177)
<b>At 31 March 2021</b>	<b>41,990</b>	<b>554,124</b>	<b>44,012</b>	<b>11,516</b>	<b>17,926</b>	<b>669,568</b>
<b>Depreciation</b>						
At 1 April 2020	-	56,513	25,092	6,125	-	87,730
Charged in year	-	21,795	2,714	1,145	-	25,654
Disposals	-	(97)	(2,500)	(246)	-	(2,843)
Reclassification	-	-	-	(1)	-	(1)
Revaluation released to SCNE	-	54	-	-	-	54
Revaluation	-	(613)	95	18	-	(500)
<b>At 31 March 2021</b>	<b>-</b>	<b>77,652</b>	<b>25,401</b>	<b>7,041</b>	<b>-</b>	<b>110,094</b>
<b>Carrying amount at 31 March 2021</b>	<b>41,990</b>	<b>476,472</b>	<b>18,611</b>	<b>4,475</b>	<b>17,926</b>	<b>559,474</b>
<b>Carrying amount at 31 March 2020</b>	<b>42,080</b>	<b>485,530</b>	<b>18,919</b>	<b>4,345</b>	<b>20,005</b>	<b>570,879</b>
<b>Asset financing:</b>						
Owned	41,990	435,604	18,611	4,475	17,926	518,606
PPP/PFI contracts*	-	40,868	-	-	-	40,868
<b>Carrying amount at 31 March 2021</b>	<b>41,990</b>	<b>476,472</b>	<b>18,611</b>	<b>4,475</b>	<b>17,926</b>	<b>559,474</b>
<b>Of the total:</b>						
Core Department	825	9,610	701	81	-	11,217
Agencies	41,165	466,862	17,910	4,394	17,926	548,257
<b>Carrying amount at 31 March 2021</b>	<b>41,990</b>	<b>476,472</b>	<b>18,611</b>	<b>4,475</b>	<b>17,926</b>	<b>559,474</b>

\* Further details regarding the Department's PFI contract are contained in Note 19.



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

	2019-20 £000					
	Land	Buildings	Vehicles, Plant and Machinery	Information Technology	Assets Under Construction	Core Department and Agencies
<b>Cost or valuation</b>						
At 1 April 2019	42,080	468,465	39,838	10,775	55,785	616,943
Opening balance adjustment*	-	478	29	100	-	607
Additions	-	951	3,095	2,257	16,361	22,664
Disposals	-	(15)	(1,086)	(2,680)	-	(3,781)
Reclassification	-	50,411	1,739	(10)	(52,141)	(1)
Revaluation released to SCNE	-	589	1	-	-	590
Revaluation	-	21,164	395	28	-	21,587
<b>At 31 March 2020</b>	<b>42,080</b>	<b>542,043</b>	<b>44,011</b>	<b>10,470</b>	<b>20,005</b>	<b>658,609</b>
<b>Depreciation</b>						
At 1 April 2019	-	35,678	23,664	8,122	-	67,464
Opening balance adjustment*	-	21	-	2	-	23
Charged in year	-	19,162	2,352	638	-	22,152
Disposals	-	(15)	(1,077)	(2,664)	-	(3,756)
Reclassification	-	(2)	(1)	2	-	(1)
Revaluation released to SCNE	-	106	1	-	-	107
Revaluation	-	1,563	153	25	-	1,741
<b>At 31 March 2020</b>	<b>-</b>	<b>56,513</b>	<b>25,092</b>	<b>6,125</b>	<b>-</b>	<b>87,730</b>
<b>Carrying amount at 31 March 2020</b>	<b>42,080</b>	<b>485,530</b>	<b>18,919</b>	<b>4,345</b>	<b>20,005</b>	<b>570,879</b>
<b>Carrying amount at 31 March 2019</b>	<b>42,080</b>	<b>432,787</b>	<b>16,174</b>	<b>2,653</b>	<b>55,785</b>	<b>549,479</b>
<b>Asset financing:</b>						
Owned	42,080	443,167	18,919	4,345	20,005	528,516
PPP/PFI contracts**	-	42,363	-	-	-	42,363
<b>Carrying amount at 31 March 2020</b>	<b>42,080</b>	<b>485,530</b>	<b>18,919</b>	<b>4,345</b>	<b>20,005</b>	<b>570,879</b>
<b>Of the total:</b>						
Core Department	825	7,062	504	146	1,001	9,538
Agencies	41,255	478,468	18,415	4,199	19,004	561,341
<b>Carrying amount at 31 March 2020</b>	<b>42,080</b>	<b>485,530</b>	<b>18,919</b>	<b>4,345</b>	<b>20,005</b>	<b>570,879</b>

\* The opening balance adjustment relates to a prior period adjustment in the financial statements of NI Courts and Tribunals Service which is not sufficiently material to adjust the prior period in financial statements.

\*\* Further details regarding the Department's PFI contract are contained in Note 19.

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

### Notes:

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

### Covid-19

As a result of Covid-19, LPS considers that, as at 31 March 2021 there is an absence of relevant/sufficient market evidence on which to base their judgements. The valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation - Global Standards.

Consequently, in respect of the valuations less certainty and a higher degree of caution should be attached to the valuation figures than would normally be the case.

However this does not mean that the valuations cannot be relied upon. Rather, this 'material valuation uncertainty' declaration has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinions were prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of Covid-19, LPS highlight the importance of the valuation dates.

## 9. Intangible assets

	2020-21 £000		
	Software and Licences	Assets Under Construction	Core Department and Agencies
<b>Cost or valuation</b>			
At 1 April 2020	49,346	954	50,300
Additions	1,762	1,221	2,983
Disposals	(498)	-	(498)
Reclassification	294	(298)	(4)
Revaluation released to SCNE	-	-	-
Revaluation	201	-	201
<b>At 31 March 2021</b>	<b>51,105</b>	<b>1,877</b>	<b>52,982</b>
<b>Amortisation</b>			
At 1 April 2020	34,359	-	34,359
Charged in year	3,183	-	3,183
Disposals	(497)	-	(497)
Reclassification	-	-	-
Revaluation released to SCNE	-	-	-
Revaluation	74	-	74
<b>At 31 March 2021</b>	<b>37,119</b>	<b>-</b>	<b>37,119</b>
<b>Carrying amount at 31 March 2021</b>	<b>13,986</b>	<b>1,877</b>	<b>15,863</b>
<b>Carrying amount at 31 March 2020</b>	<b>14,987</b>	<b>954</b>	<b>15,941</b>
<b>Asset financing:</b>			
Owned	13,986	1,877	15,863
<b>Carrying amount at 31 March 2021</b>	<b>13,986</b>	<b>1,877</b>	<b>15,863</b>
<b>Of the total:</b>			
Core Department	1,326	-	1,326
Agencies	12,660	1,877	14,537
<b>Carrying amount at 31 March 2021</b>	<b>13,986</b>	<b>1,877</b>	<b>15,863</b>

## 9. Intangible assets (continued)

	2019-20 £000		
	Software and Licences	Assets Under Construction	Core Department and Agencies
<b>Cost or valuation</b>			
At 1 April 2019	44,407	8,157	52,564
Additions	745	1,613	2,358
Disposals	(4,826)	-	(4,826)
Reclassification	8,816	(8,816)	-
Revaluation released to SCNE	(147)	-	(147)
Revaluation	351	-	351
<b>At 31 March 2020</b>	<b>49,346</b>	<b>954</b>	<b>50,300</b>
<b>Amortisation</b>			
At 1 April 2019	36,265	-	36,265
Charged in year	2,803	-	2,803
Disposals	(4,820)	-	(4,820)
Reclassification	-	-	-
Revaluation released to SCNE	-	-	-
Revaluation	111	-	111
<b>At 31 March 2020</b>	<b>34,359</b>	<b>-</b>	<b>34,359</b>
<b>Carrying amount at 31 March 2020</b>	<b>14,987</b>	<b>954</b>	<b>15,941</b>
<b>Carrying amount at 31 March 2019</b>	<b>8,142</b>	<b>8,157</b>	<b>16,299</b>
<b>Asset financing:</b>			
Owned	14,987	954	15,941
<b>Carrying amount at 31 March 2020</b>	<b>14,987</b>	<b>954</b>	<b>15,941</b>
<b>Of the total:</b>			
Core Department	1,592	-	1,592
Agencies	13,395	954	14,349
<b>Carrying amount at 31 March 2020</b>	<b>14,987</b>	<b>954</b>	<b>15,941</b>

## 10. Financial instruments

### 10.1 Disclosures

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

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

All Departmental financial instruments are measured at amortised cost. The Department's financial assets are classified as loans and receivables and comprise trade and other receivables (Note 13), cash and cash equivalents (Note 12) and financial assets. The Department's financial liabilities comprise payables excluding tax assets, accruals and deferred income (Note 14). The carrying value of these financial assets and liabilities, as disclosed in the notes to the Accounts, approximates to fair value because of their short maturities. The Department recognises the components of net gain/loss through the Statement of Comprehensive Net Expenditure. Interest on financial instruments is recognised as a finance expense under Programme Costs in Note 6.

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

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

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Department is exposed to credit risk in relation to the carrying amounts of the trade receivables carried in the Statement of Financial Position. The size of the risk is reflected in the receivables impairment (Note 13.1).

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

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

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

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

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

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

## 10. Financial instruments (continued)

### *Embedded derivatives*

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

### *Northern Ireland Prison Service Housing Loans*

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

## 10.2 Financial guarantees, indemnities and letters of comfort

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

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

## 11. Inventories

	2020-21 £000	2019-20 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Raw materials and consumables	922	952
Fuel	273	297
<b>Total</b>	<b>1,195</b>	<b>1,249</b>

## 12. Cash and cash equivalents

	2020-21 £000	2019-20 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Balance at 1 April	1,026	(4,025)
Net change in cash and cash equivalent balances	663	5,051
<b>Balance at 31 March</b>	<b>1,689</b>	<b>1,026</b>

The following balances at 31 March are held at:

NI banking pool	1,658	990
Commercial banks and cash in hand	31	36
<b>Balance at 31 March</b>	<b>1,689</b>	<b>1,026</b>

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

		2020-21 £000	2019-20 £000
	<b>Note</b>	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Current assets		4,727	3,625
Current liabilities	14	(3,038)	(2,599)
<b>Total</b>		<b>1,689</b>	<b>1,026</b>

### 13. Trade receivables, financial and other assets

		2020-21 £000	2019-20 £000
	Note	Core Department and Agencies	Core Department and Agencies
<b>Amounts falling due within one year:</b>			
VAT recoverable		2,233	1,597
Trade receivables	13.1	9,753	2,248
Other receivables		1,892	949
Prepayments and accrued income		6,686	6,256
Amounts due from the Consolidated Fund in respect of supply		-	-
		<u>20,564</u>	<u>11,050</u>
<b>Amounts falling due after more than one year:</b>			
Other receivables		21	22
		<u>21</u>	<u>22</u>
<b>Total</b>		<u>20,585</u>	<u>11,072</u>

Included within 'Other receivables' is £679,520 (2019-20: £351,230) that will be due to the Consolidated Fund once the debts are collected.

#### 13.1 Impairment

Trade receivables are stated net of the following impairment:

		2020-21 £000	2019-20 £000
	Note	Core Department and Agencies	Core Department and Agencies
Trade receivables at 31 March - Gross		<u>11,970</u>	<u>10,708</u>
Balance at 1 April		8,460	8,130
Increase in impairment during the year		537	1,272
Impairment written back during the year		(6,780)	(942)
Impairment at 31 March		<u>2,217</u>	<u>8,460</u>
Trade receivables at 31 March - Net	13	<u>9,753</u>	<u>2,248</u>

£2.146m of the total impairment at 31 March 2021 relates to the Legal Services Agency Northern Ireland (LSANI). Following a review of the statutory charge debt recovered in 2020-21, the Agency's assessment is that an impairment is no longer required for this category of debt as the debt is secured as a result of the charge placed. This revised assessment is the main reason for the decrease in impairment noted above for 2020-21. As it is a change of estimate, not accounting policy, a prior year adjustment has not been made by either LSANI or the Department.



## 14. Trade payables, financial and other liabilities

		2020-21 £000	2019-20 £000
	Note	Core Department and Agencies	Restated Core Department and Agencies
<b>Amounts falling due within one year:</b>			
Bank overdraft	12	3,038	2,599
Trade payables		919	452
Other payables		1,508	1,373
Accruals and deferred income		47,412	52,067
Current part of imputed finance lease element of 'on-balance sheet' (SoFP)		1,666	1,575
PPP/PFI contracts			
Amounts due the Consolidated Fund in respect of supply		840	663
Consolidated Fund Extra Receipts to be paid to the Consolidated Fund:			
Received		818	348
Receivable		680	351
Excess accruing resources		30	15
		<b>56,911</b>	<b>59,443</b>
<b>Amounts falling due after more than one year:</b>			
Imputed finance lease element of 'on-balance sheet' (SoFP)		9,072	10,738
PPP/PFI contracts			
		<b>9,072</b>	<b>10,738</b>
<b>Total</b>		<b>65,983</b>	<b>70,181</b>

Included within 'Consolidated Fund Extra Receipts to be paid to the Consolidated Fund: Received' is £773,474 (2019-20: £293,046) held on trust on behalf of the Consolidated Fund in respect of fines and other income collected by Northern Ireland Courts and Tribunals Service. Further details about the Northern Ireland Courts and Tribunals Service Trust Statement can be found at [www.justice-ni.gov.uk/courts-and-tribunals](http://www.justice-ni.gov.uk/courts-and-tribunals).

## 15. Provisions for liabilities and charges

	2020-21 £000				
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Core Department and Agencies
Balance at 1 April	152,354	85,348	21,381	18,577	277,660
Provided in the year	77,844	2,508	36,472	7,676	124,500
Provisions not required written back/ re-measurement of opening balance	2,418	(84)	(6,176)	(7,329)	(11,171)
Provisions utilised in the year	(75,214)	(4,655)	(6,572)	(1,598)	(88,039)
Borrowing costs	-	1,469	-	-	1,469
Actuarial loss/(gain)	-	12,231	-	-	12,231
Provisions settled from Consolidated Fund	-	(131)	-	-	(131)
<b>Balance at 31 March</b>	<b>157,402</b>	<b>96,686</b>	<b>45,105</b>	<b>17,326</b>	<b>316,519</b>
					<b>2019-20 £000</b>
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Core Department and Agencies
Balance at 1 April	135,732	62,938	22,741	10,416	231,827
Provided in the year	95,521	2,484	10,799	12,815	121,619
Provisions not required written back/ re-measurement of opening balance	3,185	(735)	(3,642)	(2,744)	(3,936)
Provisions utilised in the year	(82,084)	(4,189)	(8,517)	(1,910)	(96,700)
Borrowing costs	-	1,736	-	-	1,736
Actuarial loss/(gain)	-	23,449	-	-	23,449
Provisions settled from Consolidated Fund	-	(335)	-	-	(335)
<b>Balance at 31 March</b>	<b>152,354</b>	<b>85,348</b>	<b>21,381</b>	<b>18,577</b>	<b>277,660</b>

## 15.1 Analysis of expected timing of discounted flows

	2020-21 £000				
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Core Department and Agencies
Due within one year	61,814	2,897	12,611	10,879	88,201
Due later than one year and not later than five years	92,111	12,900	32,494	6,447	143,952
Due later than five years	3,477	80,889	-	-	84,366
<b>Balance at 31 March</b>	<b>157,402</b>	<b>96,686</b>	<b>45,105</b>	<b>17,326</b>	<b>316,519</b>
					<b>2019-20 £000</b>
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Core Department and Agencies
Due within one year	78,431	5,093	12,667	3,841	100,032
Due later than one year and not later than five years	64,704	9,750	8,714	14,001	97,169
Due later than five years	9,219	70,505	-	735	80,459
<b>Balance at 31 March</b>	<b>152,354</b>	<b>85,348</b>	<b>21,381</b>	<b>18,577</b>	<b>277,660</b>

## 15.2 Legal aid - £157.402m (2019-20: £152.354m)

### How the figures are derived

The Agency estimates the value of unbilled 'live' cases each year to arrive at the amounts disclosed as a provision within the financial statements. 'Live' cases are deemed to be those that are ongoing, based on the information available to the Agency, and within the statutory time limits. A provisions model is used to estimate the volume of cases and costs required to settle any obligations at the end of the reporting period.

### Summary position

The legal aid provisions at the reporting date can be summarised as follows:

	2020-21 £000	2019-20 £000
Civil legal services	106,334	102,478
Criminal legal aid	51,068	49,875
<b>Total</b>	<b>157,402</b>	<b>152,354</b>

	2020-21		2019-20	
	Volume of cases	£000	Volume of cases	£000
Cases costed at an average cost	61,607	126,567	58,879	122,090
Cases costed where an average cost is not applicable	596	30,835	734	30,264
<b>Total</b>	<b>62,203</b>	<b>157,402</b>	<b>59,613</b>	<b>152,354</b>

### Volumes

The Agency's new Legal Aid Management System (LAMS) came into operation on 1 July 2019. A feature of this new case management system includes auto-closure functionality, which closes cases when a set of predefined conditions have been satisfied including payment in full. This functionality has become fully operational throughout the 2020-21 reporting period and has cleansed the volume of cases held on LAMS. As a result, the requirement for manual intervention and assumptions historically applied to the data reported from the system has reduced significantly.

Further analysis of the volume has taken place throughout the reporting period and a population of cases that met data migration rules are currently being reviewed due to continuing inactivity since LAMS was introduced in conjunction with their age profile. A data management project team has been established to determine if these cases still have an outstanding liability attached to them.

An adjustment of 11,599 cases has been made to the volume reported from the system to reflect those cases which fall under the scope of this project team's work i.e. where a case has been inactive since LAMS inception and the case falls outside the lifecycles previously applied to the individual case nature.

## 15.2 Legal aid - £157.402m (2019-20: £152.354m) (continued)

### Costs

There are two categories of costs applied to the volume of 'live' cases in LAMS at the end of the reporting period in order to calculate an estimated cost of the provision:

#### i. cases costed at an average cost

The provisions model extracts a volume of 'live' cases from LAMS per primary nature/matter and applies an average cost to each case to determine a provision value.

A new average cost report was developed during the financial year which is now fully operational. The report generates an average cost from the volume and payment information of all completed and assessed closed cases held on LAMS.

#### ii. cases costed where an average cost is not applicable

The majority of legal aid provisions are estimated using LAMS volumes and average costs, however other case types have been separately reviewed. There are three categories of cases which require segregation for review as the average cost methodology above is not applicable:

- **Exceptional Funding (previously known as Statutory Exceptional Grant Payment Scheme)** - the Agency records and continuously monitors a list of Exceptional Funding cases. Each case is separately reviewed and costed;
- **Exceptionality** - the Agency records and continuously monitors a list of Exceptionality criminal cases. Each case is separately reviewed and costed; and
- **Court of Appeal** - the Taxing Master provides a list of the cases currently held along with the associated claimed and assessed value. This is reviewed by the Agency and the liability is calculated using the information provided.

### Judgements made by management

The determination of provisions remains a key area where management's judgement is required. There are a number of key assumptions applied in the calculation of the provisions which are detailed below:

- **average costs** - based on an analysis of historical payment values and volumes of closed cases, a series of average costs are calculated by primary nature and matter within each legal aid level of service. This series of averages is then applied to the open certificate volume provided in line with the latest historical payment profile;
- **no report adjustments** - this relates to legal aid certificates and cases that are concluded with no report on case assessed for payment. These cases are within the closed case population and are excluded from calculating the average cost of a case. A percentage reduction is calculated based on an analysis of the volumes of historical closed cases with no reports. This is then applied to the open certificate volume provided; and
- **lifecycle of certificates** - an analysis of the reports authorised for payment, aged to the certificate granted date to determine a lifecycle per certificate within each business area of the Agency.

## 15.2 Legal aid - £157.402m (2019-20: £152.354m) (continued)

### Uncertainties

#### *Inactivity*

The Agency introduced the new LAMS case management system on 1 July 2019. A phased approach was taken when introducing the system, which resulted in key functionality such as auto-closure and inactivity prompts not being activated initially. Within the current reporting period the auto-closure functionality has now been fully implemented. This has significantly cleansed the volume of cases held on LAMS and the accuracy of "live" cases reported by the system.

Further analysis of the volume has identified cases that met the initial rules of data migration but have been inactive since LAMS went live in summer 2019. These cases are currently under investigation. The lack of activity may indicate that the case did not proceed or has been settled outside court and hence there may be no further liability to the fund. A project team has been established to analyse these cases and communicate with suppliers to establish if an outstanding liability remains or the cases can be manually closed.

Given the uncertainty regarding inactive cases, the following approach is taken for calculating provisions:

- where a case is identified as inactive and is also outside the lifecycles previously applied to cleanse volume i.e. it is older than the average case duration, the possibility that no further liability exists is considered higher and the case is removed from the provisions liability calculation; or
- where a case is identified as inactive but is within the lifecycles previously applied, the case is included within the provisions liability calculation.

#### *Reporting*

The average costs are now fully calculated from the information held on closed cases on LAMS. A report has been developed which reviews all cases closed on the system and the value of any assessed payments. A substantial number of cases have now closed on the new system, and having analysed and tested the values produced from LAMS information the average costs are considered to be consistent and reasonable. As the dataset of historical payment information on closed cases continues to grow the average costs produced become more robust.

A suite of provision reports have been developed from LAMS throughout the financial year which have improved and refined the provisions methodology. The new reports ensure that the data is driven directly from the system and manual intervention is kept to a minimum.

## 15.2 Legal aid - £157.402m (2019-20: £152.354m) (continued)

### *Timings*

The timing of the payment of civil legal services and criminal legal aid is determined by when solicitors or counsel submit their final bill after a case has concluded. The timing of each submission is outside the direct control of LSANI, but every effort is made to encourage legal representatives to submit their bills as expeditiously as possible. There is a statutory obligation for practitioners to submit claims within a three month time limit after the conclusion of the proceedings to which the criminal aid or civil legal services certificate relates or from the date the last legal advice and assistance was provided. The bill of costs for taxed certificates will be presented to the Taxing Master's Office for assessment initially, and following approval, submitted to the Agency for payment. Considerations of the timeliness of these bills is solely a matter for the Master and taxed bills can be received many years after the conclusion of a case.

The Agency has power to extend the statutory time limit and to entertain a claim if there is "good reason" for the late submission or if there is not "good reason" the Agency may only extend time in "exceptional circumstances". In this event, the relevant legislation also requires the Agency to consider whether it is reasonable in the circumstances to reduce the costs of cases if time is extended for exceptional circumstances.

Only a small proportion of provisions will be paid more than five years after the reporting date and given the underlying uncertainties and assumptions already applied to volumes and costs, the Agency has not discounted future cash flows disclosed in the financial statements.

### 15.3 Early departure costs - £96.686m (2019-20: £85.348m)

#### *(i) - Northern Ireland Prison Service - injury on duty awards - £88.730m (2019-20: £76.560m)*

Benefits payable under the Civil Service Injury Benefit Scheme relating to NIPS are charged to NIPS by Civil Service Pensions on a monthly basis. The allowance is payable to the former employee 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 individuals.

The injury awards are valued under IAS 19 by the Government Actuary's Department (GAD). IAS 19 requires the employer to value the expected injury awards for active members, who may become injured in the future, and include the value in the Accounts. The relevant assumptions underpinning the actuarial valuation of the liability were as follows for both 2019-20 and 2020-21:

- rate of future injury award - 3.5%; and
- current service cost - 6%.

#### **Covid-19 implications**

As with the 2019-20 financial statements, the 2020-21 disclosures are being produced when the UK continues to deal with the Covid-19 pandemic. GAD have considered the potential implications of how this pandemic could impact on the actuarial calculations required.

The assumptions for the discount rate and pension increases are specified by HM Treasury in the Public Expenditure System (PES) (2020) 12 Revised, dated 18 December 2020, and remain unchanged for these accounts. The PES assumptions reflect market conditions at the previous 30 November and are typically not amended for any changes between November and the accounting date.

The long-term salary assumption is intended to be an average over the future careers of scheme members, with a recognition that increases in any particular year may be lower or higher than the assumption. The assumption allows for a reduction in GAD's view of the long-term salary increases as well as lower short-term forecasts from the Office for Budget Responsibility.

The current population mortality projections make no specific allowance for the impact of Covid-19 or any other pandemics. The starting rates of mortality improvement are based on projections of past trends in UK mortality and the effects of past pandemics will already be reflected in these trends. In general, the effects of pandemics on mortality rates are usually expected to be short term, with rates going back to what they would have been before the pandemic after a year or two, unless the pandemic remains over several years. GAD's view is that it is too early to determine whether Covid-19 changes the long-term view of life expectancy in the UK. It is therefore not unreasonable to retain the existing mortality assumptions. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain over the next year's accounts.

#### *(ii) - NICS and NILGOSC costs - £1.872m (2019-20: £1.886m)*

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



**15.3 Early departure costs - £96.240m (2019-20: £85.348m) (continued)****(iii) - Northern Ireland Prison Service - Voluntary Early Retirement (VER) Scheme - £0.214m (2019-20: £1.214m)**

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

**(iv) - Judicial Service Awards (JSA) - £5.870m (2019-20: £5.688m)**

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

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

In January 2017, an Employment Tribunal ruled that a group of judges had been subject to age discrimination when they were transferred to the new career average Judicial Pension Schemes (JPS 2015 and NIJPS) in April 2015. MoJ subsequently appealed this ruling, but this was rejected, with the Court of Appeal upholding the ruling that the protections afforded to a Judge up to 14 years from normal pension age were unlawful. A written ministerial statement made by the Chief Secretary to the Treasury on 15 July 2019 set out the government's intention to remedy this discrimination across all public sector pension schemes. It is understood that legislation to address the discrimination will be taken forward as soon as Parliamentary time allows. A provision has been created in the pension accounts of JPS 2015 and NIJPS. NICTS may be impacted in relation to future JSAs, as any increase in future benefits payable may increase the value of future lump sums and in turn, the value of JSA payable. GAD have provided an estimate of £1.8m (2019-20: £1.5m) in respect of additional JSAs that might be payable as a result of the litigation ruling.

A District Judge brought a claim to the UK Employment Tribunal in relation to mistreatment, having acted as a 'whistle blower'. The significant point was whether, as a judicial office holder, she was a 'worker' under the Employment Rights Act, 1996. It would then follow that judicial office holders were entitled to a workplace pension under the Pensions Act 2008. NICTS has a number of both legal and non-legal devolved officers who may be impacted by this case. MoJ has accepted that eligible Tribunal Members are entitled to a workplace pension under auto-enrolment. DoJ are still waiting on legal advice as to the position in Northern Ireland regarding auto-enrolment. DoJ are developing a plan and timetable to manage the assessment and enrolment of eligible officers and have recognised a provision of £0.250m (2019-20: £0.187m) to meet the estimated potential backdated costs.

## 15.4 Compensation payments - £45.105m (2019-20: £21.381m)

### How the figures are derived

The Department estimates the value of open claims received under the statutory criminal compensation schemes to arrive at the amounts disclosed as a provision within the financial statements. Open cases are deemed to be those that have yet to be concluded either with a final award settlement payment to the claimant or a closure of the claim without an award offer to the claimant. A provisions model is used to estimate the volume of cases and costs required to settle any obligations at the end of the reporting period.

### Summary position

The provisions in relation to criminal compensation claims administered can be summarised as follows:

	2020-21		2019-20	
	Volume of cases	£000	Volume of cases	£000
Cases costed at an average cost	3,411	7,366	3,295	8,811
Cases costed where an average cost is not applicable	108	37,739	71	12,570
<b>Total</b>	<b>3,519</b>	<b>45,105</b>	<b>3,366</b>	<b>21,381</b>

### Volumes

The Department identifies the number of criminal compensation claims that remain open at the end of the financial year from the case management system (CIDMIS). The system associates a status flag with each case which is updated by caseworkers to record the current status of each claim. Cases are classified as closed when a set of predefined conditions have been satisfied including payment of a final award.

### Costs

There are two categories of costs applied to the volume of open cases in CIDMIS at the end of the reporting period in order to calculate an estimated cost of the provision:

#### i. cases costed at an average cost

The provisions model extracts a volume of open cases from CIDMIS per compensation scheme and applies an average cost to each case to determine a provision value. The payment reports used for deriving the average cost use the volume and payment information for all closed cases over a defined period.

#### ii. cases costed where an average cost is not applicable

The majority of criminal compensation provisions are estimated through the application of historical volumes and average costs associated with claims that have concluded with an award of compensation. However other case types are separately reviewed and analysed. The approach to determining the provision value for this set of cases is based on the most likely settlement value in light of the evidence available, associated business intelligence and legal guidance in relation the claim at the time of reporting.

## 15.4 Compensation payments - £45.105m (2019-20: £21.381m) (continued)

There are three categories of cases which require segregation for review as the average cost methodology is not applicable:

- **high value claims received under the Tariff schemes** - claims that due to their nature, characteristics and materiality need to be separately identified and assigned an estimated settlement value based on a more bespoke assessment from all other Tariff scheme cases. Each case would generally have an expected overall settlement cost of at least £50,000.
- **high value claims received under the Criminal Damage scheme** - claims that due to their nature, characteristics and materiality need to be separately identified and assigned an estimated settlement value based on a more bespoke assessment from all other Criminal Damage scheme cases. Each case would generally have an expected overall settlement cost of at least £50,000.
- **claims received under the *Criminal Injuries (Compensation) (Northern Ireland) Order 1988*** - this scheme was closed to new applications following the introduction of the Tariff scheme in 2002. Given the nature of the small volume of remaining cases that have yet to be settled, the application of historical averages would not be an appropriate basis to calculate the liability. The liability is based on a case-by-case basis reflecting the nature and characteristics of each case.

### Judgements made by management

The determination of provisions remains a key area where management's judgement is required. There are a number of key assumptions applied in the calculation of the provisions which are detailed below:

- **re-calculation of provisions to reflect the change in the Personal Injury Discount Rate** - the provision for liabilities associated with Personal Injury related compensation claims reflects the estimated impact arising from the planned change in the Personal Injury Discount Rate from +2.5% to -1.75% from 31 May 2021. The rate impacts the quantum associated with those Personal Injury related claims where future financial loss has been claimed. The lower the discount rate is, the higher the settlement of a claim will be. The new rate of -1.75% means that the amount due to a claimant will be much higher than the same settlement would have been at the old rate of +2.5%. The impact of this rate change is estimated to have increased the provision for compensation claims by £16.3m.

The actuarial tables developed by the Government Actuary's Department (GAD), commonly referred to as the 'Ogden tables', are the defined set of statistical tables and other information that are used to calculate future losses in Personal Injury and Fatal Accident cases. However, at the end of the reporting period, updated tables reflecting the planned new rate of -1.75% had not been published by GAD. In the absence of this information, the Department has decided that the calculation of future loss at -1.75% will be based on the mid-point between the future loss as calculated based on the current actuarial tables for -1.5% and -2.0%.

- **estimated settlement value for high value Personal Injury related claims involving future financial loss** - cases received under the *Tariff and Criminal Injuries Order 1988* schemes that may involve a claim for future financial loss. This will encompass loss of earnings, pension costs and the cost of covering future specialist care and rehabilitation requirements as a result of the impact of the injury suffered. There is no defined schedule of compensation rates to cover claims for financial loss within the legislation governing these schemes. The provision model determines the estimated settlement value associated with the financial loss element of the claim as the mid-point position between the lowest assessed settlement position as determined by the Department and the amount claimed by the applicant.

## 15.4 Compensation payments - £45.105m (2019-20: £21.381m) (continued)

- **average costs** - these are based on an analysis of historical payment values and volumes of closed cases across the Tariff and Criminal Damage schemes, that have resulted in an award of compensation excluding any cases classified as high value across both schemes. The average cost is applied to the volume of open cases per scheme excluding those cases identified as high value cases.
- **claims received that result in an award of compensation** - it is expected that a proportion of claims received will ultimately result in an award for compensation. The provision model analyses historical claim data from the CIDMIS system to derive an estimated percentage of cases that will result in an award of compensation. This percentage is then applied to the open claim volume to calculate a volume of claims to be provided for.

### Timings

Only a small proportion of criminal compensation provisions will be paid more than five years after the reporting date and given the underlying assumptions applied to volumes and costs, the Department has not discounted future cash flows disclosed in the financial statements.

## 15.5 Provision for litigation claims - £17.326m (2019-20: £18.577m)

### (i) - Legal claims - £12.774m (2019-20: £11.200m)

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.

### (ii) - Court of Appeal judgment on backdated holiday pay - £4.552m (2019-20 £7.377m)

The Court of Appeal (CoA) judgment from 17 June 2019 (*PSNI v Agnew*) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for the 23 and 24 June 2021 but this has subsequently been adjourned. The 2020-21 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020.

There are still some very significant elements of uncertainty around this estimate for a number of reasons:

- the appeal to the Supreme Court (as detailed above);
- lack of accessible data for years previous to 2011;
- ongoing negotiations with Trade Unions; and
- the provision includes a pension element which is based on formulae provided by the Government Actuary's Department (GAD) with a variable capitalisation factor (CF). The CF used for these calculations is 12 which is based on the commutation value currently used in public sector pensions. This figure is subject to change as the calculation has not been agreed with Trade Unions.

**16. Pension liabilities**

	2020-21 £000	2019-20 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Balance at 1 April	1,376	1,225
Provided in the year	-	-
Provisions not required written back	-	-
Provisions utilised in the year	(47)	(46)
Borrowing costs	24	35
Actuarial loss/(gain)	100	162
<b>Balance at 31 March</b>	<u><b>1,453</b></u>	<u><b>1,376</b></u>

This pension liability relates to the Broadly By Analogy pension scheme outlined below in Note 16.2.

**16.1 Analysis of expected timing of discounted flows**

	2020-21 £000	2019-20 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Due within one year	47	47
Due later than one year and not later than five years	189	186
Due later than five years	1,217	1,143
<b>Balance at 31 March</b>	<u><b>1,453</b></u>	<u><b>1,376</b></u>

## 16.2 Broadly By Analogy pension schemes - £1.453m (2019-20: £1.376m)

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

The BBA pension provision is unfunded, with benefits being paid as they fall due and guaranteed by the Department for service provided. There is no fund, and therefore no surplus or deficit. The scheme liabilities at 31 March 2021 were £1.453m (31 March 2020: £1.376m) as per the actuarial valuation.

Present value of scheme liabilities	2020-21 £000	2019-20 £000	2018-19 £000
Current pensioners	1,453	1,376	1,225
<b>Total</b>	<b>1,453</b>	<b>1,376</b>	<b>1,225</b>

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

Assumptions	2020-21 %	2019-20 %	2018-19 %
Discount rate	1.25	1.80	2.90
Future increase in CPI	2.22	2.35	2.60
Discount rate (net of CPI)	(0.95)	(0.5)	0.29
Future rate of pension increases in payment	2.22	2.35	2.60

### Assumptions - Life expectancy at Retirement

Current Pensioners	2020-21 Years	2019-20 Years	2018-19 Years
Exact Age:			
Male officers currently aged 65	24.2	24.2	24.2
Female officers currently aged 65	26.4	26.4	26.4
Male officers currently aged 45	26.4	26.4	26.4
Female officers currently aged 45	29.0	29.0	29.0

Analysis of movement in scheme liability	2020-21 £000	2019-20 £000
At 1 April	1,376	1,225
Benefits paid	(47)	(46)
Interest cost	24	35
Actuarial (gain)/loss	100	162
<b>Closing value of liability</b>	<b>1,453</b>	<b>1,376</b>

Expense to be recognised in the Statement of Comprehensive Net Expenditure	2020-21 £000	2019-20 £000
Service cost	-	-
Interest cost	24	35
<b>Total expense/(income)</b>	<b>24</b>	<b>35</b>

**16.2 Broadly By Analogy pension schemes - £1.453m (2019-20: £1.376m) (continued)**

Actuarial (gain)/loss to be recognised in the Statement of Changes in Taxpayers' Equity	2020-21 £000	2019-20 £000
Changes in financial assumptions	100	159
Experience losses/(gains)	-	3
<b>Total actuarial(gain)/loss</b>	<b>100</b>	<b>162</b>

History of experience (gains)/losses	2020-21	2019-20	2018-19	2017-18	2016-17
Experience (gain)/loss arising on the scheme liabilities:					
Amount (£000)	-	3	12	56	(18)
Percentage of scheme liabilities at the end of year	0%	0.2%	1.0%	4.4%	(1.5%)

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

**Sensitivity Analysis**

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

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

Assumption	Change in assumption	Increase/(Decrease) in liabilities £000
Discount rate	Increase by 0.1%	(24)
	Decrease by 0.1%	23
CPI inflation	Increase by 0.1%	22
	Decrease by 0.1%	(23)
Life expectancy	Increase by 1 year	44

**Covid-19**

The 2020-21 financial statements are being prepared at a time when the UK is in the midst of dealing with the Covid-19 pandemic. It is too early to speculate on any potential long-term effects of the pandemic on future economic/salary growth, mortality rates or financial assumptions underpinning the pension liability as at 31 March 2021. At this stage, the full impact of the Covid-19 pandemic is not known and will remain uncertain until further evidence is available. No adjustments have been applied to the analysis to reflect these risks.

The assumptions for the discount rate and pension increases are specified by HM Treasury in the PES (2020) 12 Revised, dated 18 December 2020, and remain unchanged for these accounts. The PES assumptions reflect market conditions at the previous 30 November and are typically not amended for any changes between November and the accounting date.

## 17. Contingent liabilities

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

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

NICTS has processed a total of 930 claims, relating to the previous Divisional Court decision in 2013 that the enforcement of unpaid fines and other monetary penalties in Northern Ireland was unlawful. From this, 59 offers of settlement have been issued. The majority of claims were rejected as they fell outside the one year limitation period pursuant to section 7(5) of the *Human Rights Act 1998*. At the time of producing the accounts, a total of 171 writs and civil bills have been issued challenging the decision of NICTS to refuse compensation.

The statutory limitation time point was tested in May 2018, May 2019, September 2019 and February 2020. All four Civil Bills were struck out with no order to pay costs. The first High Court legal challenge seeking an extension to the one year limitation period was reviewed on 11 June 2021 and has been provisionally listed for October 2021. A number of ongoing County Court cases have been adjourned pending the outcome of the High Court case.

If a challenge to the one year limitation period were to succeed, there may be significant financial implications in the future for NICTS and the Department.

Further to this, in 2018-19 leave was sought to judicially review the decision to imprison fine defaulters under the interim arrangements that were put in place following the 2013 Divisional Court decision. Following a hearing in April 2021, the Divisional Court was not persuaded that the Applicant had made arguable grounds and refused to grant leave for judicial review.

### **(ii) - Discount rate for compensation claimants**

A discount rate is applied by courts to a lump-sum award of damages for future financial loss in a personal injury case, to take account of the return that can be earned from investment. Currently the rate in Northern Ireland has to be set in accordance with principles set out by the House of Lords in *Wells v Wells*. The Department of Justice made a statutory rule on 29 April 2021 changing the rate, under the *Wells v Wells* framework, from 2.5% to -1.75%, with effect from 31 May 2021. The Department has also brought forward a Bill to change how the rate is set. The *Damages (Return on Investment) Bill* was introduced to the Assembly on 1 March 2021 and is currently at Committee Stage. Subject to the legislative process, it is anticipated that the Bill will be enacted early next year and the rate would then be reviewed under the new framework.

Further details on impact on the level of provisions for Compensation payments are disclosed in Note 15.4.

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

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



## 18. Leases

### 18.1 Operating leases

£2.118m (2019:20: £1.641m) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure.

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

	2020-21 £000	2019-20 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
<b>Obligations under operating leases comprise:</b>		
<i>Land and buildings</i>		
Due within one year	1,840	1,549
Due later than one year and not later than five years	1,963	2,700
Due later than five years	-	-
	<u>3,803</u>	<u>4,249</u>

### 18.2 Finance leases

The Department has no obligations under finance leases other than the PPP/PFI commitments contained in Note 19.

## 19. Commitments under PPP/PFI contracts

### 19.1 On-Balance Sheet (SoFP)

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

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

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

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

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of 'on-balance sheet' (SoFP) transactions was £2.854m (2019-20: £2.515m). Total future obligations under 'on-balance sheet' arrangements are given in the table below for each of the following periods:

	2020-21	2019-20
	£000	£000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Minimum lease payments:		
Due within one year	2,182	2,182
Due later than one year and not later than five years	8,728	8,728
Due later than five years	1,573	3,755
	<u>12,483</u>	<u>14,665</u>
Less interest element	(1,745)	(2,352)
<b>Present value of obligations</b>	<u>10,738</u>	<u>12,313</u>
Service elements due in future periods:		
Due within one year	1,395	1,385
Due later than one year and not later than five years	5,683	5,641
Due later than five years	1,039	2,476
<b>Total service elements due in future periods</b>	<u>8,117</u>	<u>9,502</u>
<b>Total commitments</b>	<u>18,855</u>	<u>21,815</u>

## 20. Capital and other commitments

### 20.1 Capital commitments

	2020-21 £000	2019-20 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Contracted capital commitments at 31 March not otherwise included in these financial statements:		
Property, plant and equipment	6,164	6,941
Intangible assets	107	722
<b>Total</b>	<u><b>6,271</b></u>	<u><b>7,663</b></u>

### 20.2 Other financial commitments

The payments to which the Department and Agencies are committed are as follows:

	2020-21 £000	2019-20 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Due within one year	3,999	3,304
Due later than one year and not later than five years	2,314	2,331
Due later than five years	-	423
<b>Total</b>	<u><b>6,313</b></u>	<u><b>6,058</b></u>

Of the total commitments noted above, £2.237m (2019-20: £2.628m) relates to the Causeway IT contract. Causeway is a strategically important IT system which supports the operation of the criminal justice system in Northern Ireland by sharing information electronically between the five main criminal justice organisations. The new Causeway IT contract was awarded in November 2017 to Fujitsu Services for an initial seven year term from 1 April 2019 for the delivery and enhancement of the Causeway messaging system, with the Department of Finance Enterprise Shared Services providing and supporting the Causeway infrastructure. The new Causeway services commenced in March 2019 following a 16 month implementation phase.

The remaining balance of £4.076m (2019-20: £3.430m) relates to non-cancellable contracts (which are not leases or PFI contracts) for ICT services, planned maintenance, costs relating to properties, and funding payable to certain voluntary and community sector organisations for the delivery of programmes and initiatives.

## 21. Related party transactions

The Department of Justice consists of the following Executive Agencies in addition to the Core Department:

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

The Department of Justice is also the parent Department of a number of entities. During the year the Department had a number of material transactions with the following entities which, for financial reporting purposes, are regarded as related parties:

Executive Non-Departmental Public Bodies:

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

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

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.

## 22. Third-party assets

The Department holds as custodian or trustee monies belonging to third parties, over and above those monies disclosed in Note 12 Cash and cash equivalents.

### **Compensation Services**

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

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

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

### **Northern Ireland Prison Service**

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

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

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

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

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

### **Youth Justice Agency**

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

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

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

<b>Core Department and Agencies</b>	<b>31 March 2020 £000</b>	<b>Gross Inflows £000</b>	<b>Gross Outflows £000</b>	<b>31 March 2021 £000</b>
Monetary assets such as bank balances and monies on deposit	104,826	115,120	(119,137)	100,809
Listed securities	198,722	78,885	(56,154)	221,453
<b>Total</b>	<b>303,548</b>	<b>194,005</b>	<b>(175,291)</b>	<b>322,262</b>

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

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

<b>Core Department and Agencies</b>	<b>2020-21 Number of cases</b>	<b>2019-20 Number of cases</b>
Property assets	746	1,465

### 23. Entities within the Departmental boundary

The entities within the boundary during 2020-21 were as follows:

#### Executive Agencies:

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

The annual reports and accounts of these Executive Agencies are published separately.

#### Other entities:

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

**24. Events after the reporting period**

There were no events after the reporting period date that required adjustment to or disclosure in these financial statements.

**Date for authorisation of issue**

The Accounting Officer authorised these financial statements for issue on 6 July 2021.



## ACRONYMS

Acronym	Details
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
AMPS	Assembly Members' Pension Scheme
BBA	Broadly By Analogy
BCS	Business Consultancy Services
C&AG	Comptroller and Auditor General
CARE	Career Average Revalued Earnings
CETV	Cash Equivalent Transfer Value
CSR	Corporate social responsibility
CJINI	Criminal Justice Inspection Northern Ireland
CPD	Construction and Procurement Delivery
CPI	Consumer Prices Index
CSP	Civil Service Pensions
DAERA	Department of Agriculture, Environment and Rural Affairs
DARC	Departmental Audit and Risk Committee
DEL	Departmental Expenditure Limit
DfC	Department for Communities
DoF	Department of Finance
DoH	Department of Health
DoJ	Department of Justice
DPO	Data Protection Officer
EEl	Employee Engagement Index
FReM	Financial Reporting Manual
FSNI	Forensic Science Northern Ireland
GAD	Government Actuary's Department
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
HIA	Historical Institutional Abuse
HSENI	Health and Safety Executive for Northern Ireland
IAO	Information Asset Owner
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICO	Information Commissioner's Office
ICP)	Indictable Cases Process
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IIP	Investors in People
IROC	Information Risk Owners' Council
IS	Information Security
JPS	Judicial Pension Scheme
JSA	Judicial Service Awards
LAMS	Legal Aid Management System
LSANI	Legal Services Agency Northern Ireland
LPS	Land and Property Services
MoJ	Ministry of Justice
NDPB	Non-Departmental Public Body
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
NICSHR	Northern Ireland Civil Service Human Resources
NICTS	Northern Ireland Courts and Tribunals Service
NILGOSC	Northern Ireland Local Government Officers' Superannuation Committee
NIPS	Northern Ireland Prison Service
ODP	Outcomes Delivery Plan
ONS	Office for National Statistics
PAC	Public Accounts Committee
PES	Public Expenditure System

**ACRONYMS (continued)**

<b>Acronym</b>	<b>Details</b>
PfG	Programme for Government
PFI	Public Finance Initiatives
PHA	Public Health Agency
PPC	Prisoners' Private Cash
PPP	Public Private Partnership
PSNI	Police Service of Northern Ireland
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Price Index
SCNE	Statement of Comprehensive Net Expenditure
SCS	Senior Civil Service
SOAS	Statement of Outturn against Assembly Supply
SoFP	Statement of Financial Position
SPAR	Supporting People At Risk
TEO	The Executive Office
TPDP	Troubles Permanent Disablement Payment
VAT	Value Added Tax
VER	Voluntary Early Retirement
VFM	Value for Money
YJA	Youth Justice Agency