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**Department of Justice  
Annual Report and Accounts  
For the year ended 31 March 2017**

*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*

*6 July 2017*

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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 present the Department of Justice's annual report and accounts for 2016-17.

It has, as always, been a very busy year, and also a generally productive one. At the start we were delighted to be joined by the Planning Appeals Commission and Water Appeals Commission, which now forms part of the Northern Ireland Courts and Tribunals Service.

Following the May 2016 Assembly Election, the Department welcomed a new Minister, Claire Sugden. The Minister, in addition to confirming the Department's vision of building a fair, just and safer community and making clear her commitment to the Executive's new outcomes-based approach as set out in the draft Programme for Government, provided strong support for the Department's drive to deliver transformational change throughout the justice system using a problem-solving approach. The Minister identified a number of complementary priorities to improve services to a range of groups using the justice system's services, including victims of domestic violence and hate crime, older people, young people, women and those with mental health issues.

Although the dissolution of the Assembly in January 2017 and the subsequent election in March meant that we could not make the degree of progress across the whole range of our business that we had hoped, a great deal was nevertheless achieved. Important work has been done on new and more imaginative strategies to address the underlying causes of offending behaviour, and as well as the Stopping Domestic Violence and Abuse Strategy, the Fresh Start Action Plan and planning for the UK's departure from the European Union (EU). At the same time core services, in the form of the work of the Prison Service, the Courts and Tribunals Service, the Youth Justice Agency, the Legal Services Agency and Forensic Science, have been provided professionally and effectively. Other support has been provided to key arm's length bodies, including the Police Service of Northern Ireland (PSNI), Probation Board for Northern Ireland (PBNI), Policing Board and Office of the Police Ombudsman. Details of this and other work are given in the attached Report.

I would like to take the opportunity to acknowledge once again the dedication and commitment of staff across the DOJ family who, whether in frontline, policy or corporate service roles, have worked hard to deliver the vision of a Safer Community, with Justice for All.

## STATEMENT OF PURPOSE AND ACTIVITIES

### Introduction

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

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

### Aim and Objectives

The mission of the Department in 2016-17 was to support the Minister of Justice in building a fair, just and safer community. To underpin this mission, the Minister set a number of thematic priorities as follows:

- **tackling domestic violence;**
- **older people;**
- **children and young people;**
- **people in the justice system with mental health issues; and**
- **women influencing the justice system.**

These priorities were in turn supported by the following objectives:

- **governance** - to ensure appropriate governance arrangements are in place across the Department, its agencies and its Non-Departmental Public Bodies (NDPBs) and ALBs;
- **human resources** - to provide timely and quality HR services that support delivery of the Department's objectives in line with NICS HR policies and procedures; and
- **finance** - to provide financial services that support the delivery of the Department's objectives and comply with financial policies and procedures.

### Departmental Boundary

The Accounts of the Department comprise a consolidation of the income, expenditure, assets and liabilities of those entities within the Departmental resource accounting boundary as follows (see Note 21 to the Accounts for full details):

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



Following the Assembly election in May 2016 the number of NICS departments reduced from twelve to nine in line with the commitment contained in the Stormont House Agreement. As a result the Department of Justice now also encompasses the Planning Appeals Commission and Water Appeals Commission which transferred from The Executive Office to the Northern Ireland Courts and Tribunals Service.

Further details are contained in Note 3.3 to the Accounts.

### **Bodies outside of the Departmental Boundary**

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

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

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

### **Departmental Reporting Cycle**

The Estimates for the year to 31 March 2017 are contained in the Budget Act (Northern Ireland) 2016 and the Budget (No 2) Act (Northern Ireland) 2016. 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).

Normally departmental accounts report against Supplementary Estimates however due to the dissolution of the Assembly in January 2017, Supplementary Estimates were not prepared for the 2016-17 year. As a result the Accounts laid in the Assembly for the year to 31 March 2017 will report against the Main Estimates.

## Key issues and risks

Risk management is embedded into the business planning process in the Department at both strategic and operational levels in line with DoF guidance. The system of internal control is designed to maintain risk at a manageable level, based on a risk appetite agreed by the Departmental Board. Risks to the delivery of Departmental aims and objectives are considered by the Board on an ongoing basis. The likelihood of risks being realised and the likely impact of realisation of those risks are considered in order to inform decisions on how to manage risk effectively.

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

The key risks and issues identified in 2016-17 included:

- **operations** - operational failures within the Department which damage public confidence in the justice system;
- **security** - security and/or public order risk assessment situation rises to a level that impacts adversely on the Department's business and wider Northern Ireland society;
- **staffing** - the impact of the NICS Voluntary Exit Scheme (VES) and restructuring exercises increases the risk that key knowledge, skills and experience are severely depleted/lost and insufficient people are in place to deliver priority areas of the Department's business which impacts on our ability to deliver high quality services;
- **finance and governance** - unexpected costs or budget reductions in-year could impact on the Department's ability to achieve overall strategic objectives or result in a failure to live within the Department's budget allocation for 2016-17. The lack of an appropriately robust governance framework, operated throughout the Department, raises the potential for financial loss and/or reputational damage;
- **legacy** - the Stormont Agreement and Implementation Plan omits the former commitment on Historical Investigations Unit (HIU) and the increasing complexity and volume of legacy business across the justice family persists; and
- **legal aid** - the cost of legal aid continues to exceed the allocated budget by a considerable margin and the reforms to deliver savings could be delayed.

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

## Performance summary

### *Programme for Government*

Following the May 2016 election, the Assembly adopted an outcomes-based accountability (OBA) approach to develop the 2016-21 Programme for Government (PfG). This encourages cross-departmental collaborative working and external stakeholder engagement to successfully deliver the desired outcomes. Outcomes-based accountability will challenge us to measure our success by looking at the impact our programmes have on people's lives.

The Department of Justice leads on Outcome 7 which is 'We have a safe community where we respect the law, and each other'. Outcome 7 has five primary Indicators and the Department of Justice leads on three of these:

- **Indicator 1** - prevalence rate of crime measured with regard to the percentage of the population who reported that they have been victims of any of the crimes covered by the NI Crime Survey;
- **Indicator 38** - the average time taken to complete criminal cases; and
- **Indicator 39** - the rate of reoffending.

DOJ responsibilities under PfG include preparation of delivery plans to cover each of the indicators above; work commenced on these at the beginning of summer 2016. Whilst this work was progressing, a draft PfG Framework was developed and publically consulted on from May to July 2016. It is encouraging that when the PfG Framework was consulted on over the summer, there was strong support for Outcome 7.

The Department used feedback from this exercise to further develop the delivery plans in preparation for public consultation alongside the draft PfG from October to December 2016. The Department ran a series of public consultation events across Northern Ireland and an online questionnaire to gather views specific to the delivery plans for Indicators 1, 38 and 39. Again, feedback was positive and was used to further improve the delivery plans. The delivery plans are at an advanced stage of readiness and the Department will continue to refine them throughout 2017-18 in light of developing Executive priorities.

### ***Departmental Business Plan***

The Department's strategic aims were aligned to thematic priorities set by the Minister of Justice:

- tackling domestic violence;
- protection of vulnerable groups in society i.e. those impacted by mental health issues, older people and the young; and
- ensuring we have the most effective justice systems in place to support individuals across the full spectrum of society.

The Department also had a number of enabling objectives supporting governance, finance and human resources.

The Department developed a Business Plan to translate the priorities set by the Minister into delivery objectives and achievement targets. The commitments and targets were set out within the Departmental Business Plan under the following core objectives:

- to reduce crime and the harm and vulnerability caused by crime;
- to increase the effectiveness of the justice system;
- to reduce the risk of re-offending; and
- to maximise the efficiency of the Department.

Further detail on the key commitments and targets for 2016-17 is provided in the Performance Analysis section of the Performance Report. The reported status represents the progress made by the Department to achieve the required actions that were set for it in the Business Plan. During the year we had a period of political uncertainty, with the absence of a Minister, an Executive and an Assembly which has impacted significantly on the achievement of some of the deliverables set by the Department. Nonetheless, a significant amount of progress has been made against many important strategic objectives across the remit of the Department.

### **Forward look**

In 2017-18 the Department of Justice is preparing to face the challenge set by the new Executive's Programme for Government. The draft Programme for Government encourages all government departments to focus on outcomes and promotes working in partnership, particularly across departments, to achieve better outcomes. We will measure success by looking at the actual impact of our work on people's lives. This will ensure that we look and operate across boundaries, and across sectors to deliver the best possible outcomes for our citizens. The Department will also continue to deliver our commitments in the Fresh Start Agreement along with advancing our Minister's priorities, policy agenda and legislative programme.

**PERFORMANCE ANALYSIS****Performance against Business Plan for 2016-17**

The Department developed a Business Plan for 2016-17 to translate the priorities, as set out by the Minister, into a set of objectives and targets for the Department and to set out how these would be delivered. Performance against these measures in 2016-17 is outlined below. The reported status represents the progress made by the Department to achieve the required actions that were set for it in the Business Plan.

<b>Thematic Priority 1</b>		
<b>Business Plan Objective:</b> Reduce crime and the harm and vulnerability caused by crime		
<b>Deliverables and targets</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> Implementation of the year one implementation plan to support the joint Stopping Domestic and Sexual Violence and Abuse Strategy.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• develop detail of Domestic Abuse offence;</li> <li>• complete scoping exercise to inform Domestic Violence Disclosure scheme;</li> <li>• engage with stakeholders on implementation of Domestic Violence Protection Notices and Orders;</li> <li>• review of Multi Agency Risk Assessment Conferences (MARAC); and</li> <li>• develop information and communications plan.</li> </ul>	Partially met	<p>All year one actions have been progressed.</p> <p>The domestic abuse offence is currently being drafted by Legislative Counsel.</p> <p>The scoping exercise to inform the disclosure scheme has commenced and stakeholder engagement is underway to explore existing and future advocacy provision.</p> <p>Guidance has been developed to allow for the implementation of Domestic Violence Protection Notices and Order. Officials are also undertaking work to bring forward necessary amendments to legal aid legislation and Court Rules which are required to introduce these provisions.</p> <p>The MARAC review has been completed and draft report submitted to the Strategic Delivery Board.</p>
<p><b>Deliverable:</b> Deliver the 2016-17 actions within the five year Victim and Witness Strategy.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>• develop a witness charter and place on a statutory footing.</li> </ul>	Partially met due to the dissolution of the Assembly or absence of Executive/ Minister	<p>An Order was laid at the Assembly but was unable to be progressed due to dissolution. The Order will be re-laid as soon as practicable. In the meantime the Witness Charter was introduced on an administrative basis on 13 April 2017.</p>

<b>Thematic Priority 1</b>		
<b>Business Plan Objective:</b> Reduce crime and the harm and vulnerability caused by crime		
<b>Deliverables and targets</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> Develop a new three year victim and witness action plan for 2017-18 onwards.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• update the Achieving Best Evidence guidance;</li> <li>• introduce pilot on video-recorded cross examination and re-examination of victims and witnesses;</li> <li>• publish research on young victims of crime; and</li> <li>• agree key areas for inclusion in a new victim and witness action plan.</li> </ul>	Partially met	<p>There was a delay in updating the Achieving Best Evidence guidance and introducing the pilot on video-recorded cross examination and re-examination of victims and witnesses. These will be completed by the summer of 2017.</p> <p>Research has been completed on young victims of crime and key areas for inclusion in the new victims and witnesses action plan have been agreed. Both are awaiting the appointment of a new Minister.</p>
<p><b>Deliverable:</b> Compensation Services: deliver statutory compensation schemes and review the Criminal Injuries Compensation Scheme.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• fully implement the new case management system (CIDMIS);</li> <li>• achieve Compensation Services performance targets 2016-17; and</li> <li>• draft new Criminal Injuries Compensation Scheme.</li> </ul>	Fully met	<p>The Case management system was implemented in December 2016.</p> <p>Internal performance targets have been achieved.</p> <p>The Scheme has been drafted and is awaiting appointment of a new Minister to consider/approve.</p>
<p><b>Deliverable:</b> Progress of work to review the law on stalking.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>• develop proposals to facilitate the launch of Justice Committee consultation on review of law on stalking.</li> </ul>	Partially met due to the dissolution of the Assembly or absence of Executive/ Minister	Briefings have taken place with the Justice Committee and further policy development is continuing which will be shared with incoming Justice Committee (or if no political progress, will be progressed by the Department).
<p><b>Deliverable:</b> Support potential victims of human trafficking.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>• maintain the delivery of support service to potential victims of human trafficking to March 2017 and beyond.</li> </ul>	Fully met	The option to extend the existing contract for delivery of support services to potential victims of trafficking has been approved.

<b>Thematic Priority 1</b>		
<b>Business Plan Objective:</b> Reduce crime and the harm and vulnerability caused by crime		
<b>Deliverables and targets</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> Deliver 2016-17 Justice commitments within the Fresh Start Agreement and co-ordinate the Executive's action plan.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• issue Terms of Reference for a project to review bail conditions;</li> <li>• launch a public awareness campaign on the harm caused by organised crime and associated paramilitarism;</li> <li>• develop plan to address the new requirements for disclosure arising from the Tackling Paramilitarism action plan;</li> <li>• develop draft policy proposals for consideration following a review of relevant organised crime legislation;</li> <li>• complete preparatory work for a review into the framework related to the separated regime; and</li> <li>• produce a costed implementation plan for 2017-18 onwards.</li> </ul>	<p>Partially met due to the dissolution of the Assembly or absence of Executive/ Minister</p>	<p>The Executive's Action Plan has been co-ordinated by DOJ through a Programme Board and subgroups.</p> <p>Bail review and review of organised crime legislation are underway.</p> <p>Phase 1 of the public awareness campaign launched in December. Planned work on the development of future phases of the campaign had to pause during the pre-election period.</p> <p>The Indictable Cases Pilot principles have been rolled out across Northern Ireland to drugs and serious assault offences.</p> <p>Progress has been made on drafting a Committal Reform Bill.</p> <p>Discussion on allocation requirements for 2017 is ongoing however final decisions cannot be made in the absence of an Executive.</p>

<b>Thematic Priority 1</b>		
<b>Business Plan Objective:</b> Reduce crime and the harm and vulnerability caused by crime		
<b>Deliverables and targets</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> Deliver the 2016-17 actions contained in the revised Organised Crime Task Force (OCTF) Strategy.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>• targets in the OCTF Strategy delivered.</li> </ul>	<p>Partially met</p>	<p><b>Disrupting criminals:</b></p> <p>The total value of confiscations by the Public Prosecution Service has increased in the reporting year upon previous year’s figures.</p> <p>The activities of an increased number of organised crime groups have been frustrated, disrupted and/or dismantled (greater than 3% increase).</p> <p>There is ongoing operational activity by the cross-jurisdictional Joint Agency Task Force.</p> <p><b>Strategy and legislation:</b></p> <p>The Human Trafficking and Modern Slavery Strategy for 2016-17 has been published and implemented.</p> <p>The Slavery and Trafficking Prevention Order Regime has been introduced, to enhance public protection.</p> <p>Progress has been made towards the extension to Northern Ireland of new legislation to tackle criminal finances as well as towards the introduction of European Investigation Orders.</p> <p>There is ongoing review of possible legislative models for new organised crime offences.</p> <p><b>Harm reduction:</b></p> <p>A staff training video on tiger kidnaps has been produced.</p> <p>Training, information and awareness has been delivered on a range of issues, such as modern slavery, counterfeit goods and cybercrime to public and key professionals.</p> <p>Progress has been made towards a Northern Ireland cross-departmental cyber security framework for action.</p>



<b>Thematic Priority 1</b>		
<b>Business Plan Objective:</b> Reduce crime and the harm and vulnerability caused by crime		
<b>Deliverables and targets</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> Deliver the 2016-17 actions within the Community Safety Strategy for NI 2012-17 including in relation to hate crime and crimes against older people.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• implement the Hate Incident Practical Action (HIPA) scheme for victims of hate crime;</li> <li>• conduct an evaluation of advocacy services;</li> <li>• consider need for a review of hate crime legislation;</li> <li>• scoping work for a review of anti-social behaviour legislation;</li> <li>• by end March 2017 commence roll out of phase 2 of Feel Safe; and</li> <li>• launch of the Scamwise Initiative.</li> </ul>	<p>Partially met due to the dissolution of the Assembly or absence of Executive/ Minister</p>	<p>A HIPA Scheme was maintained for victims of hate crime. In addition an evaluation of advocacy services was undertaken and a draft delivery plan is under development.</p> <p>The Minister agreed in January 2017 that officials should scope out of shape of a review of hate crime legislation. Preparatory work has commenced on the review for consideration by a new Minister.</p> <p>Scoping work also commenced on a review of anti-social behaviour legislation with key partners.</p> <p>Discussions are ongoing with Age Sector Platform regarding the Feel Safe programme.</p> <p>The Scamwise initiative was successfully launched on 10 November 2016.</p>
<p><b>Additional Deliverable added in-year:</b> Develop a new Community Safety Strategy for 2017 onwards to meet Ministerial priorities and PfG commitments, including place-based approaches.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• agree a process for the development of the new Community Safety Strategy with Criminal Justice Board and the Minister;</li> <li>• develop a plan to support place-based approaches; and</li> <li>• complete limited consultation on banning of zombie knives and develop draft legislative requirements.</li> </ul>	<p>Partially met due to the dissolution of the Assembly or absence of Executive/ Minister</p>	<p>The Criminal Justice Board agreed the broad outline for a review process for the development of a new strategy. This approach will be considered by the new Minister. Officials will, in the interim, continue with the preparatory work.</p> <p>A paper on current and future position of Concern Hubs was developed and roll out has commenced.</p>

<b>Thematic Priority 1</b>		
<b>Business Plan Objective:</b> Reduce crime and the harm and vulnerability caused by crime		
<b>Deliverables and targets</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> Reduce the number of interface structures in line with Executive commitments.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• finalise scheme to provide home protection measures where the removal of structures and/or significant redesign has been agreed;</li> <li>• produce action plans for structures identified as part of Together Building a United Community (TBUC) 2016-17 funding; and</li> <li>• work with the International Fund for Ireland (IFI) on agreeing applications for their Peace Walls Programme (PWP).</li> </ul>	Partially met	<p>The overall number of DOJ interface structures has fallen from 59 to 50 with sections of five other barriers removed. One of these was removed in 2016-17.</p> <p>An Aftercare Scheme and draft action plans are under development for 2017-18. IFI have agreed their PWP applications for 2017-18 and awarded funding to five groups.</p>
<p><b>Deliverable:</b> Produce an implementation plan to establish the Historical Investigations Unit (HIU), dependent on funding.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>• implementation plan produced.</li> </ul>	Not met	The Implementation Team has been established and planning is underway to implement Government commitments in relation to the establishment of an HIU, should political agreement be reached.
<p><b>Deliverable:</b> Support enactment of Stormont House Agreement Bill.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>• prepare Bill for introduction.</li> </ul>	Not met due to the dissolution of the Assembly or absence of Executive/ Minister	As the Bill's introduction is dependent on political agreement between the Executive parties and the British and Irish governments, finalising the Bill for introduction by March was unfeasible.
<p><b>Deliverable:</b> Mental Capacity Act NI</p> <p>Target:</p> <ul style="list-style-type: none"> <li>• enactment of the Mental Capacity Act NI 2016.</li> </ul>	Fully met	The Bill was enacted in May 2016.

<b>Thematic Priority 2</b>		
<b>Business Plan Objective:</b> Increased effectiveness of the justice system		
<b>Targets and measures</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> PSNI, DOJ and front line criminal justice system (CJS) organisations work collaboratively to increase confidence in the CJS and in partnership with other government departments, local government and the voluntary and community sector to deliver PfG outcomes.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• respond to Council-led community planning consultations to ensure community plans align with Policing and Community Safety Partnership (PCSP) action plans and promote PCSPs as the main delivery mechanism for community safety issues; and</li> <li>• launch the Joint Justice and Healthcare Strategy for Northern Ireland Prison Service (NIPS).</li> </ul>	<p>Partially met due to the dissolution of the Assembly or absence of Executive/ Minister</p>	<p>The Department has participated in Council led Community Planning Partnerships with the aim of ensuring PCSPs are the main delivery mechanism for community safety issues. The Department has responded to the consultation process on Draft community plans.</p> <p>The Joint Justice and Healthcare Strategy has completed its progress through the Justice Committee.</p>
<p><b>Deliverable:</b> Speeding up Justice Programme including relevant Fresh Start deliverables.</p>	<p>Partially met</p>	<p>Law reform elements of the Programme are delayed but preparations are well advanced. A Committal Reform Bill has been drafted and a project to implement it and the committal reforms in the Justice (Northern Ireland) Act 2015 is in place. Statutory case management regulations have been drafted. Phase 3 of the live links project is well advanced.</p> <p>Administrative improvements have been delivered via a project to develop proportionate forensic reporting for scientific disciplines. The Ards Indictable Cases Pilot principles have been rolled out across Northern Ireland for certain offence types.</p> <p>Performance data has been developed to support the draft Programme for Government (indicator 38: effectiveness of the justice system).</p>
<p><b>Deliverable:</b> Establish the implications of Brexit on the CJS and deliver against Executive Programme.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>• complete an initial audit of civil, family and criminal justice EU Measures.</li> </ul>	<p>Fully met</p>	<p>The legislative audit has been completed.</p>

<b>Thematic Priority 2</b>		
<b>Business Plan Objective:</b> Increased effectiveness of the justice system		
<b>Targets and measures</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> Deliver planned reform to the Legal Aid Regime.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>develop a Strategy and Implementation Plan for Legal Aid for 2017-20;</li> <li>prepare to deliver a new remuneration structure for Family cases;</li> <li>develop proposals for reform of Criminal Appeals remuneration; and</li> <li>prepare for implementation of a registration scheme for the legal profession.</li> </ul>	Partially met due to the dissolution of the Assembly or absence of Executive/ Minister	<p>A draft Legal Aid strategy has been prepared and is awaiting the outcome of the Executive Budget process before finalising.</p> <p>Proposals have been developed for a new remuneration structure for Family Cases.</p> <p>Analysis of remuneration data has been undertaken to inform policy proposals for the revised scheme.</p> <p>Targeted consultation on the draft Regulations issued on 15 February. The supporting IT platform is being developed and implementation will follow when the legislation is approved by the Assembly.</p>
<p><b>Deliverable:</b> Fine Collection and Enforcement reform.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>establish new Fine Collection and Enforcement Service.</li> </ul>	Partially met due to the dissolution of the Assembly or absence of Executive/ Minister	<p>Preparations are complete for the establishment of new services.</p> <p>Implementation has been delayed progressing the required secondary legislation, which is on hold pending the Executive/Assembly return.</p>
<p><b>Deliverable:</b> Provide for transfer of The Appeals Service from the Department for Communities.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>lay Transfer of Functions Order in the Assembly.</li> </ul>	Not met due to the dissolution of the Assembly or absence of Executive/ Minister	The transfer has been rescheduled for April 2018.
<p><b>Deliverable:</b> Legislative Programme.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>Develop a criminal justice legislative programme for the mandate.</li> </ul>	Fully met	Policy and legislative priorities established. Executive approval secured for legislative programme: approval given for drafting of Committal Reform Bill and Domestic Abuse Bill. Executive noted intention to bring forward a Stalking Bill.
<p><b>Additional Deliverable in-year:</b> Single Jurisdiction.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>Create a single territorial jurisdiction for the County Court and Magistrates Court in NI.</li> </ul>	Fully met	Implementation of single jurisdiction for the County Court and Magistrates Court in NI was completed in October 2016.

<b>Thematic Priority 3</b>		
<b>Business Plan Objective: Reduced Re-offending</b>		
<b>Targets and measures</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> Develop a Problem Solving Justice Framework.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>establish a pilot Substance Misuse Court (SMC); and</li> <li>produce a plan to pilot a Family Drug and Alcohol Court.</li> </ul>	Partially met	<p>Laganside Courts has been selected as the venue for the SMC. A funding application has been made to the Cross Cutting Reform Programme 2017-20.</p> <p>Funding from the Early Intervention Transformation Programme has been approved.</p>
<p><b>Deliverable:</b> Implement pilot programme for perpetrators of domestic violence.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>delivery of a pilot programme for perpetrators of domestic violence in the Domestic Violence Court in Derry/Londonderry.</li> </ul>	Partially met	A draft pilot perpetrator programme has been developed and will be implemented during 2017-18.
<p><b>Deliverable:</b> Feasibility Study for a centre of restorative excellence complete.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>produce the report.</li> </ul>	Partially met	Public consultation on the draft strategy was delayed due to the need to take account of relevant recommendations flowing from the feasibility study and Fresh Start reports before finalising the strategy.
<p><b>Deliverable:</b> Develop a plan of action to implement agreed proposals in the Scoping Study on Children in the CJS.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>to have approval to the next phase of the Scoping Study.</li> </ul>	Fully met	Achieved.
<p><b>Deliverable:</b> Finalise the transfer of education and vocational training to the Education Authority.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>Woodlands established as an Education Authority operated Educated other than at School (EOTAS) centre.</li> </ul>	Partially met	Preparation for the transfer of education service delivery from Youth Justice Agency to the Education Authority continues. The transfer completion date has been revised to September 2017.
<p><b>Deliverable:</b> Prisons Modernisation Programme to equip staff with the support, skills, knowledge and resilience to deliver excellence in rehabilitation.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>complete staff and trade unions engagement.</li> </ul>	Partially met	Further discussions took place with the Prison Officers Association in March focussing on how staff engagement will be taken forward.

<b>Thematic Priority 3</b>		
<b>Business Plan Objective:</b> Reduced Re-offending		
<b>Targets and measures</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> Whole Prisons Rehabilitation.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>• launch the Leadership Programme.</li> </ul>	Partially met	This has been renamed LEAD (Leadership, Engagement and Development) programme following discussion with the Director of Reducing Offending. This will now focus on operational leaders and will be discussed at Operational Management Board in May 2017.
<p><b>Deliverable:</b> Employment.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• scope and develop options for additional support services for prison staff; and</li> <li>• by November 2016 agree proposals to extend Police Rehabilitation and Retraining Trust (PRRT) services and achieve actions for January-March 2017.</li> </ul>	Partially met	The business case was developed with PRRT to role out for existing prison officers. First services by PRRT to NIPS were provided in March 2017.
<p><b>Deliverable:</b> Deliver the 2016-17 projects within the Prisons Capital Works Programme.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• upgrade of heating mains;</li> <li>• 360 Cell Block Accommodation Block Project - started;</li> <li>• redevelopment of Magilligan Project - Outline Business Case (OBC) approved;</li> <li>• new facility for Women - OBC approved December 2015 - awaiting capital funding 2016-17;</li> <li>• new visits at Maghaberry submitted May 2016 OBC1, completing amendments by December 2016; and</li> <li>• High Security Facility at Maghaberry - submitted May 2016 OBC1, completing amendments by December 2016.</li> </ul>	Partially met	Works ongoing.

<b>Thematic Priority 4</b>		
<b>Business Plan Objective:</b> Maximise the efficiency of the Department		
<b>Targets and measures</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> Monitor and continue to allocate budgets to all spending areas based on Ministerial and Executive priorities.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• in-year monitoring rounds completed in line with Department of Finance (DoF) deadlines; and</li> <li>• at least four meetings of the Strategic Resources Committee during 2016-17.</li> </ul>	Fully met	<p>All monitoring rounds were completed in line with deadlines.</p> <p>The Strategic Resources Committee met seven times in 2016-17.</p>
<p><b>Deliverable:</b> Final outturn as close to budget as possible.</p> <p><b>Target:</b></p> <ul style="list-style-type: none"> <li>• no overspend against the final 2016-17 budget and final outturn within 1% of budget.</li> </ul>	Fully met	<p>2016-17 non-ringfenced resource DEL underspend of 0.4% and a capital DEL underspend of 1%.</p>
<p><b>Deliverable:</b> Produce financial information in line with internal and external stakeholder requirements.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• secure agreement to Budget 2016 DOJ budget by the Justice Minister and the Justice Committee in line with DoF timescales; and</li> <li>• internal financial reporting, support and advice in line with agreed Service Level Agreements (SLAs).</li> </ul>	Fully met	<p>DoF Budget 2016 deadlines were met.</p> <p>Internal financial report, support and advice has been provided in line with agreed SLAs.</p>

<b>Thematic Priority 4</b>		
<b>Business Plan Objective:</b> Maximise the efficiency of the Department		
<b>Targets and measures</b>	<b>Status</b>	<b>Outcomes</b>
<p><b>Deliverable:</b> ICT, HR, Procurement, Internal Audit, Records Management, Analytical Services Group and corporate secretariat services delivered efficiently to meet Departmental requirements.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• complete tasks in line with Programme Plan to facilitate the transfer of HR/Payroll Services to NICS HR on 1 April 2017;</li> <li>• by March 2017 establish the range of residual Personnel and Office Services Division functions and incorporate into existing Justice Delivery Directorate structure;</li> <li>• complete tasks required to participate in the DoF Pilot Project on the transfer of selected property assets to DoF on 1 April 2017; and</li> <li>• Information Services Division (ISD) services achieve agreed performance targets in terms of quality, cost and availability across a range of service areas such as: record and information management, ICT support, AccessNI and also including Departmental compliance for Assembly Questions, Freedom of Information and Data Protection Act.</li> </ul>	Fully met	<p>The transfer has been completed for all NIPS Non Industrial staff. Work is well advanced to scope HRConnect viability for HR/Payroll services for operational and related grades.</p> <p>All Core residual posts have been filled and project delivered.</p> <p>All ISD’s annual Line of Business SLA and contractual targets have been met. Enterprise Shared Services, ITAssist Confidential and ITAssist network support targets have been met.</p> <p>EDRM (TRIM) annual archiving and disposal targets met.</p> <p>The Internal Audit Plan has been substantially completed. Overall satisfactory assurance opinion was provided to the Accounting Officer.</p>
<p><b>Deliverable:</b> Deliver the 2016-17 actions within the Staff Engagement strategy.</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• by December 2016 Staff Engagement Forum to have an agreed work plan and deliverables for January-March;</li> <li>• by December 2016 introduce new DOJ intranet site; and</li> <li>• by 31 March 2017 complete Phase 1 of the visible leadership programme.</li> </ul>	Partially met	<p>The Staff Engagement Forum has been established and there is an action plan in development to be launched in 2017-18.</p> <p>The new intranet site launched in November 2016.</p> <p>The Permanent Secretary’s divisional visit programme has been completed. The Board outreach programme commenced in November.</p>



**Thematic Priority 4****Business Plan Objective:** Maximise the efficiency of the Department

Targets and measures	Status	Outcomes
<p><b>Deliverable:</b> Deliver ongoing sponsorship and oversight of NDPBs in line with existing governance requirements e.g. management frameworks and financial memorandums</p> <p><b>Targets:</b></p> <ul style="list-style-type: none"> <li>• by end March 2017, through effective governance and relationship management, ensure that the tripartite oversight arrangements for policing operate as intended and support delivery of a high-quality policing service to the public;</li> <li>• by end March 2017, have concluded a targeted consultation on proposed Regulations to establish the new Prison Ombudsman, thereby increasing confidence levels and contributing to efforts to reduce tensions in prisons;</li> <li>• by end January 2017, have concluded a research project to enable the Minister to reach an informed view as to how best to meet the current and future needs of the respective client groups of the NI Police Fund and PRRT;</li> <li>• by end March 2017, to have established new Regulations for the Police Injury Benefit Scheme which: (a) introduce wider reforms; and (b) take account of the deduction of Employment Support Allowance (ESA); and</li> <li>• establish a revised governance manual which recognises the PfG framework and best practice in governance and accountability.</li> </ul>	Partially met	<p>Regular engagement has continued between DOJ, NI Policing Board (NIPB) and the PSNI at both a strategic and operational level. Also an Internal Audit review of governance arrangements at NIPB gave a substantial rating and made no recommendations for improvement.</p> <p>Three sets of Regulations have been drafted for the Prison Ombudsman, and are currently under review by lawyers.</p> <p>Due to a slight delay the research was concluded at the end of February 2017.</p> <p>It has taken longer than anticipated to develop the draft Regulations and there is now a need for further stakeholder engagement. As a result, the Department anticipates introducing these Regulations in 2017-18.</p> <p>The Statutory Rule to bring into effect the deduction of ESA was laid on 25 January 2017 and came into operation from 1 April 2017.</p> <p>The manual was endorsed at the February Departmental Board meeting.</p>

## Financial Review

During the financial years 2011-12 to 2014-15, the DOJ was ringfenced. That did not mean that the budget was protected. Instead, the Department received the direct Barnett consequentials from changes in the funding levels of the Home Office and Ministry of Justice as a result of the UK spending review settlement for Whitehall departments.

However, in 2015-16, the DOJ ringfence was removed and this remained the case in 2016-17. The 2016-17 Resource DEL Budget outcome for the Department was as follows:

- with the exception of PSNI, the starting point for all DOJ spending areas was a reduction of 5.7% from 2015-16 opening baselines;
- the reduction to the core PSNI budget was limited to 2%;
- £32m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement;
- in recognition of the ongoing pressures facing the Department in respect of legal aid, an allocation of £15m was provided by the Executive; and
- additional Voluntary Exit Scheme (VES) funding of £12.4m was available for a number of DOJ spending areas.

During 2016-17, the Department also accessed £3.1m of funding for tackling paramilitary activity and £1.6m of funding for 'A Shared Future' contained within the 'Fresh Start' Agreement.

The table below summarises the Estimate and Outturn position for 2016-17:

	Estimate £000	Outturn £000	Variance £000
Departmental Expenditure Limit (DEL)	332,527	199,469	133,058
Annually Managed Expenditure (AME)	132,227	152,386	(20,159)
Non-budget	982,117	920,827	61,290
<b>Net Resource Outturn</b>	<b>1,446,871</b>	<b>1,272,682</b>	<b>174,189</b>

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

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

	2016-17 £000	2015-16 £000 <i>Restated</i>	2014-15 £000
<b>Total operating income</b>	<b>(44,375)</b>	<b>(46,280)</b>	<b>(47,640)</b>
Staff costs	146,146	160,914	143,162
Purchase of goods and services	99,559	100,942	102,358
Depreciation and impairment charges	33,668	22,183	20,482
Provision expense	123,894	120,174	21,268
Grants	922,136	903,568	1,028,502
<b>Total operating expenditure</b>	<b>1,325,403</b>	<b>1,307,781</b>	<b>1,315,772</b>
<b>Net operating expenditure</b>	<b>1,281,028</b>	<b>1,261,501</b>	<b>1,268,132</b>
Finance expense	176	1,107	2,118
<b>Net Expenditure</b>	<b>1,281,204</b>	<b>1,262,608</b>	<b>1,270,250</b>

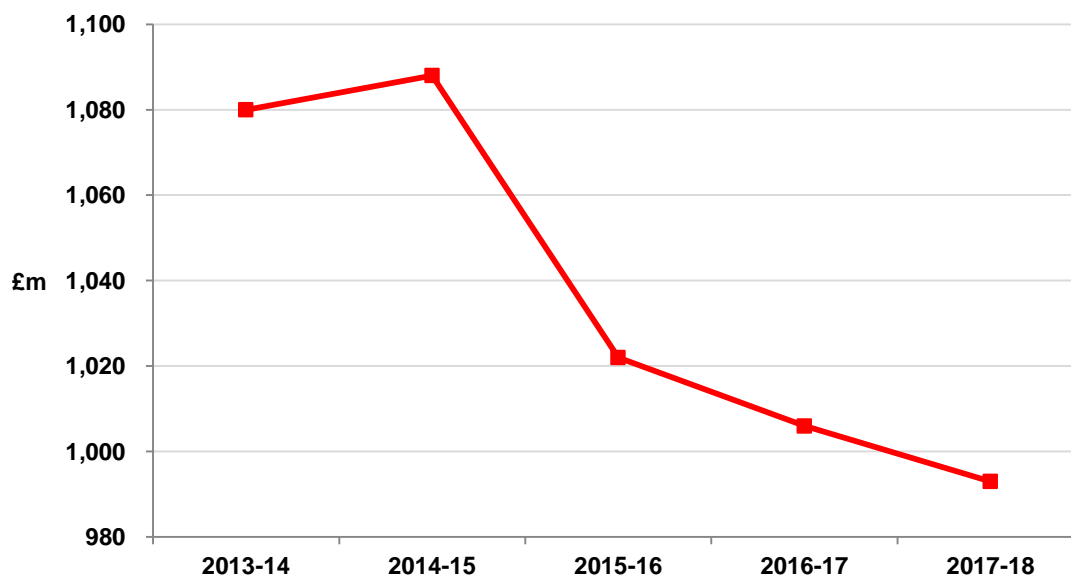
### Long-term expenditure trends

Following departmental restructuring in May 2016, the Planning Appeals Commission and Water Appeals Commission transferred from the then Office of the First and Deputy First Minister to the NI Courts and Tribunals Service, an Executive Agency of the Department of Justice. The figures given for long term expenditure trends have not been restated in line with the Statement of Assembly Supply not being restated. Consequently, the figures given for 2013-14, 2014-15 and 2015-16 do not include PACWAC expenditure of approximately £2.0m.

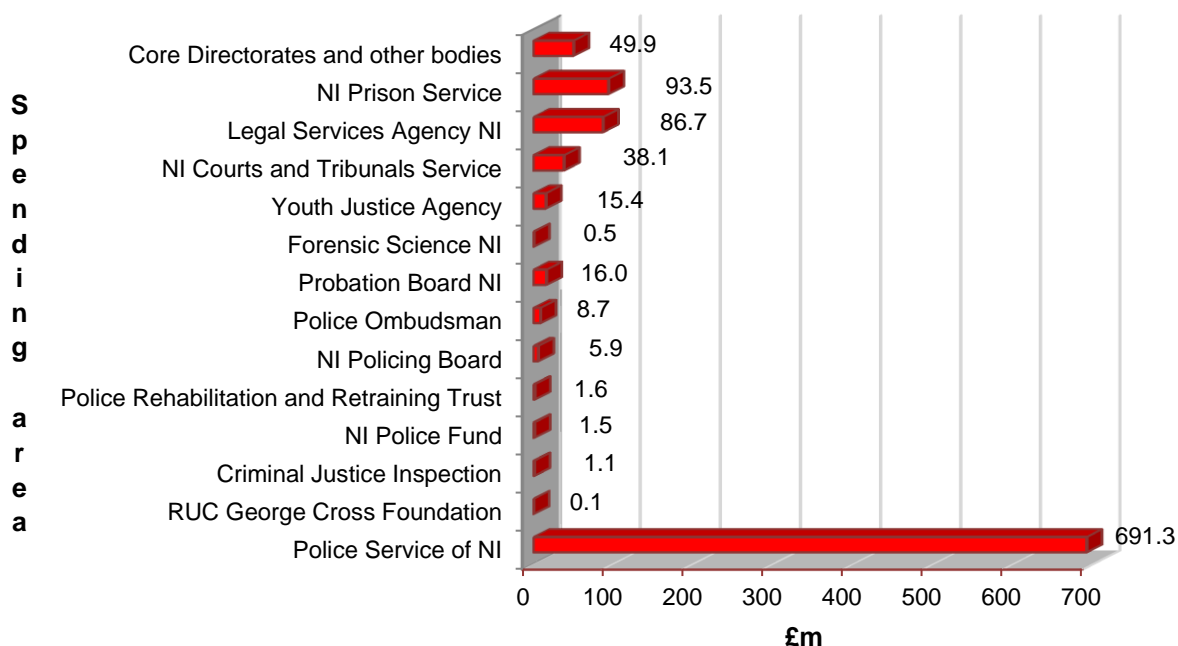
The charts below show:

- **Chart 1:** the movement in the Department of Justice non-ringfenced Resource DEL opening baseline over the period 2013-14 to 2017-18; and
- **Chart 2:** the indicative 2017-18 non-ringfenced Resource DEL budget split by the Core Department, Executive Agencies and Non-Departmental Public Bodies.

**Chart 1: DOJ Non-Ringfenced Resource DEL opening baseline**



**Chart 2: DOJ 2017-18 Non-Ringfenced Resource DEL indicative budgets**



**2013-14 and 2014-15 financial years**

Budgets for these years were set as part of the four year Budget 2011-15 period. During this period, covering the financial years 2011-12 to 2014-15, the DOJ was ringfenced. That did not mean that the budget was protected. Instead, the Department received the direct Barnett consequentials from changes in the funding levels of the Home Office and Ministry of Justice as a result of the UK spending review settlement for Whitehall departments.

The DOJ’s unringfenced Resource Departmental Expenditure Limit (DEL) fell by 7.2% from 2011-12 to 2014-15. Taking into account the effect of inflation, the real terms impact was significantly greater.

During the Budget 2011-15 period, HM Treasury provided access to an additional £199.5m required by PSNI to help protect the community and tackle the threat from terrorism. The NI Executive also provided an additional £45m over the same period, which the DOJ used towards police security funding pressures.

**2015-16 financial year**

In 2015-16, the DOJ ringfence was removed. The starting point for the Department’s budget was a 15.1% cut against the 2014-15 baseline - a cut equivalent to £165m. The Executive then provided an allocation of £90m, equivalent to 8.3%. In total, PSNI received £65m of the £90m with the balance allocated to priority areas.

£29.5m of non-ringfenced resource DEL and £1.5m of capital DEL additional security funding was also provided by HM Treasury in 2015-16. This was a particular package of funding for a specific purpose, treated separately from the PSNI’s baseline funding. This is in addition to security funding from the NI Executive.

## 2016-17 financial year

The 2016-17 Budget outcome for the Department is summarised below:

- with the exception of PSNI, the starting point for all DOJ spending areas was a reduction of 5.7% from 2015-16 opening baselines;
- the reduction to the core PSNI budget was limited to 2%;
- £32m of additional security funding for the PSNI was provided from the 'Fresh Start' Agreement;
- in recognition of the ongoing pressures facing the Department in respect of legal aid, an allocation of £15m was provided by the Executive; and
- additional VES funding of £12.4m was available.

The Department also accessed £3.1m of funding for tackling paramilitary activity and £1.6m of funding for 'A Shared Future' contained within the 'Fresh Start' Agreement.

## 2017-18 financial year

In a statement to the House of Commons on 24 April 2017 the Secretary of State for Northern Ireland outlined an indicative Budget position for NI departments. This position was based on the advice of the Head of the NI Civil Service (NICS) in conjunction with the NICS Board.

The purpose of this statement was to provide clarity to departments as to the basis for departmental allocations in the absence of an Executive, so that Permanent Secretaries can plan and prepare to take more detailed decisions in that light.

The departmental allocations set out by the Secretary of State provide the basis on which departments are now planning for 2017-18. However, the Secretary of State was clear that the indicative budget position did not constrain the ability of an incoming Executive to adjust its priorities during the year. He also advised that some £42 million Resource DEL and £7 million Capital DEL was left unallocated in order to maintain flexibility for a new Executive to allocate resources to meet further priorities as they deem appropriate.

Therefore, while there is the potential for an incoming Executive to adjust these plans and also to allocate the unallocated resources, individual departments cannot anticipate any additional funding at this stage until such decisions are made.

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

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

## Capital investment priorities

The Department's indicative 2017-18 capital budget of £49.7m will allow a number of important projects to be taken forward including a new accommodation block at Maghaberry prison and a new case management system for the Legal Services Agency.

## Looking ahead - budgets beyond 2017-18

Decisions on budgets beyond 2017-18, including the length of the budget period and the funding envelope for the Department, will be a matter for an incoming administration.

**Summary of expenditure 2013-14 to 2016-17**

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

	2013-14 Outturn £000	2014-15 Outturn £000	2015-16 Outturn £000	2016-17 Outturn £000
<b>Unringfenced Resource DEL</b>				
Core Department and Compensation Services	65,339	62,762	52,884	54,249
Forensic Science NI	343	573	1,769	884
NI Courts and Tribunals Service	37,138	40,446	44,565	43,559
Legal Services Agency NI	-	-	95,867	89,445
NI Prison Service	108,948	103,171	104,737	94,119
Youth Justice Agency	17,862	18,271	23,253	19,672
<b>Executive Agency total</b>	<b>164,291</b>	<b>162,461</b>	<b>270,191</b>	<b>247,679</b>
PSNI	800,813	709,550	692,528	703,990
NI Policing Board	6,488	6,692	5,639	5,656
Police Ombudsman	9,103	8,655	8,443	8,512
NI Police Fund	1,648	1,625	1,448	1,486
RUC George Cross Foundation	143	136	134	118
Police Rehabilitation and Retraining Trust	2,210	1,808	1,691	1,806
Probation Board NI	19,370	17,385	17,211	17,296
NI Legal Services Commission	107,288	111,393	-	-
Criminal Justice Inspection NI	1,208	1,129	1,054	1,067
<b>Executive NDPB total</b>	<b>948,271</b>	<b>858,373</b>	<b>728,148</b>	<b>739,931</b>
<b>Total Unringfenced Resource DEL</b>	<b>1,177,901</b>	<b>1,083,596</b>	<b>1,051,223</b>	<b>1,041,859</b>
<b>Total Ringfenced Resource DEL</b>	<b>65,872</b>	<b>69,123</b>	<b>65,146</b>	<b>61,393</b>
<b>Total Resource DEL</b>	<b>1,243,773</b>	<b>1,152,719</b>	<b>1,116,369</b>	<b>1,103,252</b>
<b>Capital DEL</b>				
PSNI	44,768	32,652	25,422	32,385
NI Prison Service	4,171	8,286	9,884	16,422
Other	6,538	16,577	8,861	8,640
<b>Total Capital DEL</b>	<b>55,477</b>	<b>57,515</b>	<b>44,167</b>	<b>57,447</b>
<b>Total Resource AME</b>	<b>254,518</b>	<b>359,094</b>	<b>343,312</b>	<b>298,264</b>
<b>Total Resource DEL, Capital DEL and AME</b>	<b>1,553,768</b>	<b>1,569,328</b>	<b>1,503,848</b>	<b>1,458,963</b>
Reconciling items	(189,598)	(307,119)	(251,763)	(186,281)
<b>Net Resource Outturn</b>	<b>1,364,170</b>	<b>1,262,209</b>	<b>1,252,085</b>	<b>1,272,682</b>

## Departmental Auditor

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

The notional audit fee for the work performed by the staff of the C&AG during the reporting period was £312,000 (2015-16: £321,000) for the Core Department, its agencies, and the Northern Ireland Judicial Pension Scheme.

The C&AG may also undertake other statutory activities that are not related to the audit of the body's financial statements, such as Value for Money (VFM) reports. The C&AG issued his VFM report on Managing Legal Aid on 21 June 2016 and the Public Accounts Committee (PAC) held an evidence session on 29 June 2016. Subsequently the PAC published its report on Managing Legal Aid on 11 January 2017. A draft Departmental response to the PAC report has been prepared with input from Legal Services Agency Northern Ireland and this is due to be finalised in 2017-18.

A draft VFM report entitled 'Managing children who offend' has also been issued by NIAO to the Department for consideration.

In addition, the Department paid £6,305 (2015-16: £Nil) to the Northern Ireland Audit Office for services provided in respect of the National Fraud Initiative.

## Payment of Suppliers

The Department's policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier. During the financial year, the Department achieved an average of 89.8% (2015-16: 90.1%) of invoices paid to suppliers within 10 working days following receipt of a properly rendered invoice. The Department achieved an average of 96.2% (2015-16: 96.1%) of invoices paid to suppliers within 30 calendar days following receipt of a properly rendered invoice.

## Sustainable Development

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

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

During 2016-17, the Department continued to make improvements to property which contributes to increasing energy efficiency.

## 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.

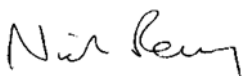
To complement the inspection programme, the Department continues to monitor performance through the health and safety management checklist which is used at both a local and corporate level to improve the management of health and safety within the Department.

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

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

Approval was obtained for the purchase of four defibrillators to be located in the following DOJ Core premises; Knockview Buildings, Massey House, Block B Castle Buildings and Millennium House. These came into operation during May 2017.

## PERFORMANCE REPORT



**Nick Perry**  
Accounting Officer

**27 June 2017**



## **ACCOUNTABILITY REPORT**

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

### **i Corporate Governance Report**

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

As a minimum, the corporate governance report must include:

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

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

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

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

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

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

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

**CORPORATE GOVERNANCE REPORT****DIRECTORS' REPORT****The Minister**

The Minister has overall political responsibility and accountability for all the Department's activities. David Ford MLA was Minister of Justice until 5 May 2016. Claire Sugden MLA was appointed Minister of Justice on 25 May 2016 and was in post until Assembly elections on 2 March 2017.

**The Permanent Secretary**

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

**Departmental Board**

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

Membership of the Board is shown below:

<b>Position</b>	<b>Member</b>
Permanent Secretary	Nick Perry - Chair of the Departmental Board
Director, Safer Communities	Anthony Harbinson
Director, Access to Justice	David A Lavery CB
Director, Justice Delivery	Lianne Patterson
Director, Reducing Offending	Sue McAllister (until 30 October 2016)
	Phil Wragg (from 31 October 2016 until 31 January 2017)
	Ronnie Armour (from 1 February 2017)
Independent Board Members	Rotha Johnston - Chair of the Departmental Audit and Risk Committee (until 31 August 2016)
	Clarke Black - Chair of the Departmental Audit and Risk Committee (from 1 September 2016)

**Register of Interests**

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

**Information assurance**

Three incidents were reported as breaches to the Information Commissioner's Office (ICO); following representations, the ICO confirmed that they would take no regulatory action against the department. To maintain departmental focus on these risks the Information Assurance risk register continues to be reviewed at every meeting of the Departmental Information Risk Owners' Council (IROC), and the Chief Information Officer presents a report for discussion covering new incidents.

Further details regarding Information Assurance is contained in the Governance Statement section of the Accountability Report.

## Complaints

The DOJ is committed to providing a high quality service across all areas of the Department. 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 Department has a three stage Complaints Procedure, with the complaint being dealt with by the relevant business area. All complaints receive a detailed form of investigation and response within a specified timescale. The DOJ Complaints Officer monitors the progress of all complaints to ensure compliance with procedures, including adherence to the timescales contained within the policy, and to ensure the Department operates a transparent and consistent complaints system, with all complaints being treated fairly.

If there are lessons to be learnt these are highlighted by the relevant business area, collated by the Complaints Officer and disseminated accordingly, with a view to improving service delivery and maximising quality.

A NICS Top Management Complaint Policy was launched in March 2017, relating specifically to complaints about top management (Grade 3 and above) in the NICS. This policy has been included within the DOJ Complaints Policy.

There were 11 complaints recorded for the Core Department during 2016-17.

Complaints are handled by DOJ Complaints Officer, Information Services Division (ISD) and can be made:

- in writing to:  
*Standards Unit*  
*ISD*  
*Knockview Buildings*  
*Stormont*  
*Belfast BT4 3SG;*
- by telephone: 028 9037 8631; or
- by e-mailing: [standardsunit@justice-ni.x.gsi.gov.uk](mailto:standardsunit@justice-ni.x.gsi.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 has examined the whistleblowing policy and is content that the arrangements are satisfactory and are operating effectively. The Head of Internal Audit is a named contact in the policy and is involved in conducting independent investigations into issues raised under the policy.

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

- observe the Accounts Direction issued by the Department of Finance, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process;
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by executive agencies;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Accounts; and
- prepare the Accounts on a going concern basis.

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

The Accounting Officer is also required to confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

## GOVERNANCE STATEMENT

### 1. Role and responsibilities of the Department

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

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

### 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 2016-17 the Department complied with the 2013 Corporate Governance Code. The key organisational structures which support the delivery of effective corporate governance are the:

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

#### **Departmental Board**

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

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

Attendance by members is shown below for the ten meetings of the Board during 2016-17

Position	Member	Attendance
Permanent Secretary (Chair)	Nick Perry	10/10
Director, Safer Communities	Anthony Harbinson	10/10
Director, Access to Justice	David A Lavery CB	9/10
Director, Justice Delivery	Lianne Patterson	9/10
Director, Reducing Offending	Sue McAllister (until 30 October 2016)	5/6
	Phil Wragg (from 31 October 2016 to 31 January 2017)	0/2
	Ronnie Armour (from 1 February 2017)	2/2
Independent Board Members	Rotha Johnston (until 31 August 2016)	3/4
	Clarke Black	9/10

Key work of the Departmental Board during the year included:

- monitoring the delivery of Ministerial and Executive priorities;
- reprioritising of essential pieces of work to ensure delivery of Departmental objectives within the constraints of significant financial pressures and political uncertainty;
- reviewing resourcing implications and discussions on efficiency savings across the Department;
- a review of HR issues including the introduction of proactive measures to reduce sick absence;
- monitoring of the legislative programme; and
- implementation of a shared service model for HR, audit and record management services.

Given the current financial climate a number of in-depth discussions were held between the Minister, Permanent Secretary and Departmental Board members on the challenges facing the Department in the delivery of its business priorities. Funding and prioritisation decisions have been required that will have an impact on the wider justice system and the services the Department provides. However, the Minister sought to protect front line services, public safety and outcomes for the public as far as possible within a reduced funding envelope.

**Departmental Audit and Risk Committee**

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

The Committee is chaired by an independent non-executive member of the Departmental Board and membership is made up of one other independent member. Other DARC attendees include the Directors of Safer Communities, Justice Delivery and Reducing Offending together with representatives from the Northern Ireland Audit Office (NIAO) and the Department's Internal Audit Services, Financial Services Division and Risk Improvement Manager.

Attendance by members is shown below for the four meetings of the Committee during 2016-17:

<b>Position</b>	<b>Member</b>	<b>Attendance</b>
Independent Board Member (Chair)	Rotha Johnston (until 31 August 2016)	1/1
Independent Board Member (Chair)	Clarke Black (Chair from 1 September 2016)	4/4
Independent Member	David Small	4/4

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 including Report on Group Internal Audit Fraud and Investigation Services;
- 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;
- programme and project management delivery confidence landscape; and
- information assurance report.

### Strategic Resources Committee

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

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

Attendance by members is shown below for the seven meetings of the Committee during 2016-17:

Position	Member	Attendance
Permanent Secretary (Chair)	Nick Perry	7/7
Director, Safer Communities	Anthony Harbinson	7/7
Director, Access to Justice	David A Lavery CB	7/7
Director, Justice Delivery	Lianne Patterson	7/7
Director, Reducing Offending	Sue McAllister (until 30 October 2016)	2/4
	Phil Wragg (from 31 October 2016 to 31 January 2017)	1/2
	Ronnie Armour (from 1 February 2017)	1/1
Independent Board Members	Rotha Johnston (until 31 August 2016)	2/2
	Clarke Black	6/7
Head of Personnel and Office Services Division*	Mary Madden (until 31 December 2016)	6/6
Head of Financial Services Division	Glyn Capper	7/7

\* In line with the transfer of HR responsibilities to the centralised NICS HR on 1 April 2017, the Department's Strategic HR Business Partner, Mark Goodfellow, will attend future SRC meetings and brief the SRC on HR issues.

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;
- planning for the 2017-18 Departmental budget, considering PfG and other Departmental priorities and commitments and drafting allocations for the Department and ALBs for the Minister to consider; and
- reviewing strategic HR issues, including the voluntary exit scheme, resourcing data and litigation updates.



### ***Internal Audit***

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

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

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

From the beginning of the 2017-18 year, a single NICS Internal Audit team has been established within the Department of Finance and this will incorporate the DOJ Internal Audit team. The Internal Audit service to the DOJ will continue to be provided as before with the same personnel and to the same professional standards.

### ***Procurement Governance Board***

The Procurement Governance Board provides the governance mechanism for the implementation and delivery of public procurement policy across the Department. The Board takes its lead on policy based on guidance and advice from the NICS Procurement Board, Central Procurement Directorate (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 Team liaises closely with CPD and is the primary point of contact for business areas needing advice and assistance on procurement issues. The Procurement Team is also the contact for CPD for the majority of collaborative contracts, ensuring all DOJ business area requirements are covered in the tender documents and that these contracts are managed effectively.

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

### **Information assurance**

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

### **Other assurances**

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

## **4. Risk management and internal control**

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

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

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

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

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

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

The risk management process in the Department is dynamic, with evidence of regular review and re-assessment of risks to identify where risk assessments have increased or decreased, as well as identifying emerging risks to be considered and managed. The Head of Internal Audit attends Audit

Committees across the Departmental family and, as a result, is able to provide satisfactory assurance on the active and dynamic operation of effective risk identification and management.

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

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

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

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

Information presented to the Board is fundamental for its assessment and understanding of the performance of the department. The Board receives a mix 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.

In 2016, the DOJ Board assessed its effectiveness as part of the NICS of the Future programme. This initiative, led by the Head of Civil Service, involved Board members working with an external consultant to undertake 360 degree feedback and consider the impact of this both individually and collectively as a management Board. The Board considers that it is fulfilling its governance requirements.

There were no Ministerial Directions given during the year.

## **6. 2017-18 Budget Position**

The Northern Ireland Assembly was dissolved as from 26 January 2017 for an election which took place on 2 March, on which date Ministers also ceased to hold office. An Executive was not formed following the election within the period specified in the legislation. As a consequence, a Budget Act is not yet in place for 2017-18. In the absence of a budget for 2017-18 determined by an Executive, Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 provide for the Permanent Secretary of the Department of Finance to issue cash to departments from the NI Consolidated Fund. These powers are an interim measure designed to ensure that services can be maintained until such times as a budget is agreed and a Budget Act passed.

## 7. Significant internal control issues

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

### Legal Aid

Following the dissolution of the Northern Ireland Legal Services Commission (NILSC), the Legal Services Agency Northern Ireland (LSANI) was established on 1 April 2015 as an Executive Agency within the Department. The issues below were reported in the LSANI Governance Statement for 2016-17.

### ***Financial audit qualifications***

The C&AG qualified the 2016-17 financial statements of LSANI on the basis of a limitation of scope in respect of:

- regularity of transactions in the period - insufficient evidence to provide assurance that a material amount had not been claimed fraudulently or in error;
- true and fair view of the balance of provisions for legal aid liabilities - insufficient evidence to support the estimate of the provision for legal aid liabilities to the level of accuracy required; and
- completeness of income - arising from LSANI not effectively implementing legislation introduced to allow for the recovery of defence costs in criminal legal aid cases.

LSA has prepared a work programme to address these qualifications and has been taking this forward in conjunction with the Department. As some of the changes required are dependent on the new Digitisation system for legal aid this work programme will span a number of financial years.

### Regularity of expenditure

The LSA remains committed to a range of initiatives to address this qualification. In particular within this financial year a partnership approach has been established with the Department for Communities to work together in developing methodologies to measure the error rate which may exist within the legal aid system. This arrangement will also review the fraud investigatory approaches available to LSA and will work to further improve the culture for ensuring fraud is proactively managed across the Agency.

The LSA has also continued an extensive review of the ongoing financial eligibility of individuals who remain in receipt of civil legal aid. This enabled the LSA to take action in a number of cases and helped the LSA to identify further steps which will require legislative cover. These measures will be further strengthened with the introduction of a statutory compliance regime in 2018.

### Provisions

The LSA is supporting work led by the Department to improve the technique it uses when estimating outstanding liabilities for publicly funded legal services provided by legal practitioners. Extensive work has been undertaken to analyse the payment profiles and the life cycle of claims to provide an enhanced suite of analysis to inform the estimates. This area of work will be assisted by the proposed introduction of standard fees across civil legal services.

Given the complex nature of provisions for publicly funded legal services and the range of issues which remain outside the LSA's control, providing the necessary levels of assurance to the NIAO to have these qualifications removed remains a significant challenge. The LSA will continue to take forward the work necessary to enhance controls in this area with the aim of removing the qualification in future years. This

work will also take into account the recommendations made by Internal Audit in respect of its report on Forecasting and Provisions which provided a Limited assurance rating. The LSA has developed separate approaches for Forecasting and Provisions to recognise the distinct processes involved.

### Income

The Department has undertaken a review of the legislation and operational requirements governing Recovery of Defence Costs Orders. Proposals to enhance the effectiveness of the scheme have been developed and will be brought forward for implementation in 2017-18.

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

The C&AG issued his Value for Money (VFM) report on Managing Legal Aid on 21 June 2016 and the Public Accounts Committee (PAC) held an evidence session on 29 June 2016. Subsequently the PAC published its report on Managing Legal Aid on 11 January 2017. A draft Departmental response to the PAC report has been prepared with input from LSA and this is due to be finalised in 2017-18.

### **Fine Collection and Enforcement**

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

In March 2013, the Divisional Court found that a number of long established processes for imposing and enforcing fines and confiscation orders failed to comply fully with legislative provisions. The court held that there should be further 'default' court hearings at which the defendant can attend and make representations before a decision is made as to how any outstanding fine should be enforced. Default hearings commenced in the Crown Court in January 2014 under existing legislative provisions and in the Magistrates' Court in June 2014 under new court rules.

The five test cases, remitted to the High Court to determine issues of liability and compensation, were settled in December 2016 and a Fine Default Litigation Project and Working Group established to progress work in relation to potential claims.

The Department previously established the Fine Collection and Enforcement Programme Board, sponsored by the Criminal Justice Board, to improve the collection and enforcement of fines in line with Ministerial priorities. Membership of the Programme Board includes representatives from the Core Department, NICTS, PSNI, NIPS and PBNI. A Project Board has been established to oversee the implementation of the new Fine Collection and Enforcement Service in NICTS. Legislative provisions to allow for a civilianised Fine Collection and Enforcement Service are included in the Justice Act (Northern Ireland) 2016 which received Royal Assent in May 2016. Related secondary legislation is also required to be in place to enable the new service to be established. The progression of this secondary legislation has been delayed due to the absence of the NI Executive/Assembly but will be treated as priority by the Department once the Assembly is re-established.

Separately, it is pleasing to note that the Trust Statement for 2015-16 received a clean audit opinion following the decision by the C&AG to lift the previous qualification relating to the uncertainty of the collectability of debt. It is expected that the Trust Statements for 2016-17 will be audited and published before the end of 2017.

## 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 and by the Department's Internal Audit Services operating to Public Sector Internal Audit Standards. They deliver an agreed prioritised programme of systems based audits covering all Departmental systems over time. The Head of Internal Audit provides me with an Annual Report and his professional opinion on the level of assurance that he can provide based on the work done. For the 2016-17 year he has provided overall satisfactory assurance. A small number of internal audits provided limited assurance and the implementation of any priority 1 recommendations relating to these audits will be subject to review by both the Departmental Audit and Risk Committee and Internal Audit.

During 2016-17 DoF's Internal Audit carried out an NICS wide assurance review of the management of IT security and information risk. The review considered the governance structures, processes, roles and responsibilities in place as these are key elements which underpin the Information Assurance Framework. While a number of instances of good practice were identified, the review highlighted significant issues that impacted systemically across all departments. Therefore the NICS wide opinion provided for this review was limited. The report was considered by the Information Governance and Innovation Board who are currently assessing how the issues identified in the report can be effectively addressed NICS wide.

The C&AG qualified the Department's 2015-16 financial statements on the basis of a limitation of scope in respect of the amount included for legal aid provisions. It is pleasing to note therefore, that significant work has been undertaken to address this issue and the C&AG has provided a clean audit opinion for the Department's 2016-17 financial statements.

## **REMUNERATION AND STAFF REPORT**

### **REMUNERATION REPORT**

#### **Remuneration Policy**

The Minister of Finance approves the pay remit for Senior Civil Service (SCS) staff. The SCS remuneration arrangements are 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. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

#### **Service Contracts**

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

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

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

Rotha Johnston was appointed as an Independent Board Member on 12 April 2010 for an initial three year period to 1 April 2014 and this was subsequently extended to 31 August 2016. Clarke Black was appointed as an Independent Board Member on 8 September 2014 for an initial three year period to 7 September 2017. The Department and the Independent Board Members may terminate the appointments by giving one month's notice in writing.

#### **Salary and pension entitlements**

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

## Remuneration (including salary) and pension entitlements

[Audited information]

Ministers	2016-17				2015-16			
	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)
<b>Claire Sugden MLA</b> (from 25 May 2016 until 2 March 2017)	29,419	-	9,000	38,000	-	-	-	-
<b>David Ford MLA</b> (until 5 May 2016)	3,677	-	1,000	5,000	38,000	-	14,000	52,000

\*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 increases or decreases due to a transfer of pension rights.

[Audited information]

Officials and IBMs	Salary	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	2016-17 Total
	£000	£	£000	£000
<b>Nick Perry</b> Permanent Secretary	120-125	-	50	170-175
<b>Anthony Harbinson</b> Director, Safer Communities	95-100	-	33	125-130
<b>David A Lavery CB</b> Director, Access to Justice	110-115	-	3	110-115
<b>Lianne Patterson</b> Director, Justice Delivery	90-95	-	33	120-125
<b>Sue McAllister</b> Director, Reducing Offending (until 30 October 2016)	55-60 (full year equivalent 100-105)	10,200	-2	65-70
<b>Phil Wragg</b> Acting Director, Reducing Offending (from 31 October 2016 until 31 January 2017)	25-30 (full year equivalent 95-100)	-	12 (full year equivalent 47)	30-35 (full year equivalent 140-145)
<b>Ronnie Armour</b> Director, Reducing Offending (from 1 February 2017)	10-15 (full year equivalent 85-90)	-	33	45-50
<b>Rotha Johnston</b> Independent Board Member (until 31 August 2016)	5-10	-	-	5-10
<b>Clarke Black**</b> Independent Board Member	10-15	-	-	10-15



[Audited information]

Officials and IBMs	Salary	Benefits in kind (to nearest £100)	*Pension Benefits (to nearest £1,000)	2015-16 Total
	£000	£	£000	£000
	<b>Nick Perry</b> Permanent Secretary	120-125	-	52
<b>Anthony Harbinson</b> Director, Safer Communities	90-95	-	40	130-135
<b>David A Lavery CB</b> Director, Access to Justice	110-115	-	15	125-130
<b>Lianne Patterson</b> Director, Justice Delivery	85-90	-	43	130-135
<b>Sue McAllister</b> Director, Reducing Offending	100-105	18,100	41	155-160
<b>Rotha Johnston</b> Independent Board Member	15-20	-	-	15-20
<b>Clarke Black**</b> Independent Board Member (from 8 September 2014)	10-15	-	-	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.*

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

### Salary

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

The Department of Justice was under the direction and control of David Ford MLA (until 5 May 2016) and Claire Sugden MLA (from 25 May 2016 until 2 March 2017). Their salaries 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 elsewhere.

### Benefits in Kind

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

**Fair pay disclosure***[Audited information]*

	<b>2016-17</b>	<b>2015-16</b>
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Band of highest paid Director's Total Remuneration*	£125-130,000	£120-125,000
Median Total Remuneration*	£26,413	£26,086
Ratio	4.8	4.7

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

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 2016-17 was £125,000 - £130,000 (2015-16: £120,000 - £125,000). This was 4.8 times (2015-16: 4.7) the median remuneration of the workforce, which was £26,413 (2015-16: £26,086). In 2016-17, 3 employees (2015-16: 2) received remuneration in excess of the highest paid director. Remuneration ranged from £15,000 to £152,000 (2015-16: £15,000 to £143,000).

**Pension Benefits - Ministers***[Audited information]*

Ministers	Accrued pension at pension age as at 31/3/17 £000	Real increase in pension at pension age £000	CETV at 31/03/17** £000	CETV at 31/03/16* £000	Real increase in CETV £000
<b>Claire Sugden MLA</b> (from 25 May 2016 until 2 March 2017)	0-5	0-2.5	3	-	-
<b>David Ford MLA</b> (until 5 May 2016)	5-10	0-2.5	110	108	1

\* or date of joining if later.

\*\* or date of leaving if earlier.

**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) 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. Existing members born on or before 1 April 1960 retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The new scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016 and replaces the 2012 scheme.

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.

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

### **Real increase in 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 31/3/17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/17*	CETV at 31/3/16**	Real increase in CETV	Employer contribution to partnership pension account (Nearest £100)
	£000	£000	£000	£000	£000	
<b>Nick Perry</b> Permanent Secretary	50-55 plus 160-165 lump sum	2.5-5 plus 7.5-10 lump sum	1,231	1,130	48	-
<b>Anthony Harbinson</b> Director, Safer Communities	40-45 plus 120-125 lump sum	0-2.5 plus 5-7.5 lump sum	827	760	28	-
<b>David A Lavery CB</b> Director, Access to Justice	50-55 plus 150-155 lump sum	0-2.5 plus 0-2.5 lump sum	1,148	1,140	2	-
<b>Lianne Patterson</b> Director, Justice Delivery	20-25 plus 0 lump sum	0-2.5 plus 0 lump sum	280	250	13	-
<b>Sue McAllister</b> Director, Reducing Offending (until 30 October 2016)	5-10 plus 0 lump sum	0-2.5 plus 0 lump sum	123	118	(3)	-
<b>Phil Wragg</b> Acting Director, Reducing Offending (from 31 October 2016 until 31 January 2017)	30-35 plus 95-100 lump sum	2.5-5 plus 0-2.5 lump sum	652	595	29	-
<b>Ronnie Armour</b> Director, Reducing Offending (from 1 February 2017)	30-35 plus 85-90 lump sum	0-2.5 plus 2.5-5 lump sum	591	564	25	-

\* or date of joining if later.

\*\* or date of leaving if earlier.

No pension benefits are provided to the Independent Board 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). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. Prior to 2011, pensions were reviewed in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

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

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with 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 2016 was 1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2017.

Employee contribution rates for all members for the period covering 1 April 2017 to 31 March 2018 are as follows:

Annualised rate of Pensionable Earnings (Salary Bands)		Contribution rates - classic members or classic members who have moved to alpha	Contribution rates - all other members
From	To		
£0	£15,000.99	4.60%	4.60%
£15,001.00	£21,422.99	4.60%	4.60%
£21,423.00	£51,005.99	5.45%	5.45%
£51,006.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

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

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

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

### ***Cash Equivalent Transfer Values***

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### ***Real increase in CETV***

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

### **Pension Liabilities**

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

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

There were no compensation benefits paid by the Department to any senior staff members during the financial year (2015-16: £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	2016-17 £000 Total	2015-16 £000 Restated Total
Wages and salaries	97,770	1,352	33	99,155	121,303
Social security costs	9,862	1	4	9,867	8,158
Other pension costs	20,476	-	5	20,481	22,553
Employer service costs - present	-	-	-	-	139
Pension provision	16,643	-	-	16,643	8,761
<b>Total Gross Costs</b>	<b>144,751</b>	<b>1,353</b>	<b>42</b>	<b>146,146</b>	<b>160,914</b>
Less recoveries in respect of outward secondments	(383)	-	-	(383)	(428)
<b>Total Net Costs**</b>	<b>144,368</b>	<b>1,353</b>	<b>42</b>	<b>145,763</b>	<b>160,486</b>

Of which:	Charged to Administra- tion	Charged to Programme	2016-17 £000 Total	Charged to Administra- tion	Charged to Programme	2015-16 £000 Restated Total
Core Department	17,290	5,163	22,453	20,449	5,796	26,245
Agencies	7,228	116,465	123,693	11,929	122,740	134,669
<b>Total Gross Costs</b>	<b>24,518</b>	<b>121,628</b>	<b>146,146</b>	<b>32,378</b>	<b>128,536</b>	<b>160,914</b>

\* Permanently employed staff includes the cost of the Department's Special Adviser. The two holders of this post during the year were both paid in the pay band £59,627 - £91,809 (2015-16: £59,627- £91,809).

\*\* In addition, staff costs of £648,468 (2015-16: £703,389 restated) have been capitalised in respect of staff directly assigned to major capital projects.

The Northern Ireland Civil Service pension schemes are unfunded multi-employer defined benefit schemes but the Department of Justice is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £20,497,183 were payable to the NICS pension arrangements (2015-16: £22,237,604) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2017-18, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

The notes on pages 74 to 131 form part of these Accounts.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £21,429 (2015-16: £24,407) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2015-16: 3% to 14.7%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £804; 0.5% (2015-16: £1,574 *restated*; 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.

69 persons (2015-16: 75 persons *restated*) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £152,104 (2015-16: £140,280 *restated*).

### **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 in April 2017 and amount to £1.190m at 31 March 2017 (2015-16: £1.030m).

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

Judicial office holders are covered by the provisions of the Judicial Pension Schemes (JPS). The terms of most of the pension arrangements are set out in (or in some cases are analogous to) the provisions of two Acts of Parliament, the Judicial Pensions Act 1981 and the Judicial Pensions and Retirement Act 1993 (JUPRA), as well as 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. The costs of benefits accruing for each year of service are shared between the Appointing Bodies and the judicial office-holders.

Following the Hutton Review on Public sector pensions, two new pension schemes, Judicial Pension Scheme (JPS) 2015 and Northern Ireland Judicial Pension Scheme (NIJPS) have been introduced from 1 April 2015. These mirror each other and other public sector career average pension schemes. From 1 April 2015 NICTS pay contributions in relation to salaried excepted and devolved salaried Judicial Office Holders and excepted fee paid Judicial Office Holders. A subsequent revaluation of the Judicial Pension Schemes resulted in a contribution rate for Appointing Bodies of 38.45% which includes an element of 0.25% as a contribution towards the administrative costs of the schemes paid to Ministry of Justice.

Following the consultation process and parliamentary approval of the Judicial Pensions (Fee-Paid Judges) Regulations 2017, on 1 April 2017, the Fee-Paid Judicial Pension Scheme (FPJPS) will be established to deliver the litigation remedy to eligible fee-paid office-holders in the case of O'Brien v Ministry of Justice and related litigation, including in Northern Ireland.



**Youth Justice Agency**

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

The rate of the employer's contribution is determined from time to time by the Government Actuary and advised by the Department of Finance. For 2016-17, the contribution rates were 17.7% for employers, and range from 9.6% to 11.3% for employees (2015-16: 8.6% to 10.2%). The total employer pension cost during the year was £0.024m (2015-16: £0.049m).

The Agency also previously made employer contributions to the Northern Ireland Local Government Officers' Superannuation Committee Scheme (NILGOSC). NILGOSC is able to identify the share of the assets and liabilities of the scheme the Agency and as a result a liability is recognised for the share of any deficit in the scheme. The NILGOSC scheme for YJA closed on 1 April 2015 - further details are contained in Note 17 Provisions and Note 18 Contingent Liabilities.

## 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]*

					2016-17	2015-16
	Permanently Employed Staff*	Others	Minister	Special Advisers	Total	Restated
						Total
Safer Communities	278	1	-	-	279	312
Access to Justice	797	38	-	-	835	881
Reducing Offending	1,686	19	-	-	1,705	1,934
Justice Delivery	294	1	1	1	297	297
<b>Total*</b>	<b>3,055</b>	<b>59</b>	<b>1</b>	<b>1</b>	<b>3,116</b>	<b>3,424</b>
Of which:						
Core Department	468	2	1	1	472	512
Agencies	2,587	57	-	-	2,644	2,912
<b>Total*</b>	<b>3,055</b>	<b>59</b>	<b>1</b>	<b>1</b>	<b>3,116</b>	<b>3,424</b>

\* Of the total, 7 members of staff (2015-16: 10) were engaged on capital projects.

## Staff composition

The number of persons employed at 31 March 2017 by the Core Department and its agencies was as follows:

	Female staff	Male staff	Total staff
Departmental Board	1	5	6
Senior Civil Service	6	15	21
Departmental employees	1,620	1,535	3,155

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

	Total staff
Pay Scale 1 - £68,961 to £79,058	15
Pay Scale 2 - £88,596 to £101,092	4
Pay Scale 3 - £114,047 to £133,327	2

The notes on pages 74 to 131 form part of these Accounts.

## Managing Attendance

*[Audited information]*

Sickness absence reduction remains a priority for the NICS departments. In the Department of Justice this includes uniformed staff in the Prison Service. Provisional outturn statistics at the end of April 2017 indicate that the average number of working days lost in 2016-17 due to sickness absence amounted to 15.4 days. This figure shows a slight decrease when compared to the outturn of 15.9 days for 2015-16. Validation of the 2016-17 outturn is still required and it may be the autumn before the official Northern Ireland Statistics and Research Agency (NISRA) figure is available.

Reducing sickness absence continues to be a standing agenda item at the Departmental Board and is discussed on a regular basis at SCS Forums. The Department continues to proactively manage sickness absence in all instances through early intervention with absentees, regular contact with line management and engagement with Occupational Health Services and Staff Welfare Services.

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

### Staff policies

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

Pay and grading issues for the Department are the responsibility of the Department of Finance. During 2015-16 the Department participated in the NICS Voluntary Exit Scheme. The scheme closed on 5 February 2016 and a total of 387 staff had left the Department by the end of May 2016.

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

#### ***Employment of Disabled Persons***

The Department aims to ensure that people with a disability suffer no detriment in recruitment and advancement, and that its policies and practices comply with the requirements of the Disability Discrimination Act 1995 and amendments made under the Act. The consideration and implementation of reasonable adjustments help to ensure that staff with disabilities can fully utilise their skills and abilities.

The notes on pages 74 to 131 form part of these Accounts.

### ***Equal Opportunities and Diversity***

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

The Department is an Equal Opportunity employer and is fully committed to the elimination of all forms of harassment, bullying, discrimination and victimisation. The Department recognises the legal obligations under which it operates and ensures working relationships are based on mutual trust, respect and understanding. This allows the maximum potential to be made of the wide variety of skills, abilities and attributes available within the Department.

The Departmental Board continues to support its commitment to diversity - a Diversity Strategy and Action Plan is led by a Board level Champion. The Strategy aligns with the NICS Diversity Champions Network, who have developed a cross-departmental work programme with commitments to be delivered both corporately and within individual Departments.

During 2016-17, the Department had a presence at both the Belfast Pride and Mela festivals, for the sixth consecutive year, and this enabled positive external engagement with many of the minority community groups. In November 2016 the Department launched their annual Christmas Diversity giving campaign for staff on the theme of Domestic Violence and partnered with Women's Aid Federation NI. The Department held a coffee morning event, to inform staff, on how donations were distributed and to raise awareness about the issue of Domestic Violence. We were joined by colleagues in The Executive Office and Department of Health.

### ***Learning and Development***

The Department continued its commitment to increase the core skills of staff in line with the NICS and Departmental Corporate Learning and Development priorities. At the beginning of the year each division and agency was asked to contribute to the preparation of a DOJ Learning and Development Plan by identifying Corporate Learning and Development priorities. The purpose of this plan was to secure budgets and ensure resources were allocated to priority areas. During 2016-17 there has been a change to the charging mechanism for generic training from the Centre for Applied Learning (CAL) with an 'upfront' charge applied to each department. It will continue to be important to maximise return on investment by encouraging and supporting staff to access the development they need.

Throughout the year the Learning and Development Unit has provided support to business areas and ALBs across the Department to ensure the timely procurement and delivery of specialist external training as well as generic training through CAL. The Department has also facilitated the delivery of mandatory e-learning courses agreed across the NICS including Fire Safety and Responsible for Information.

In November 2016 the Department successfully achieved Investors in People re-accreditation.

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

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

The Department is also required to meet the additional cost of benefits beyond the normal benefits in respect of employees who retire early. The Department provides in full for this cost, charged against the Statement of Comprehensive Net Expenditure, when the early retirement programme has been announced. In addition to information contained within the Remuneration and Staff Report, Notes 1.19, 1.20 and 17 to the Accounts provide further detail on how the pension liabilities are calculated.

### ***Employee Engagement***

During 2016-17 the Department published regular staff bulletins, messages from the Permanent Secretary, Board briefings for staff and updates from the Head of Civil Service via e-mail and intranet. Managers also held regular section and team meetings to communicate with staff, receive feedback, and give staff the opportunity to raise any issues for the attention of senior management. Taken together these served as a communications framework to deliver information to staff on a timely basis.

In July 2016 the Board launched its 'Valuing Our People - Staff Engagement Strategy'. The Strategy links to the NICS Annual People Plan and advances the commitment given within the People Plan to identify and implement a range of employee engagement activities which are underpinned by the NICS Employee Engagement Charter. The strategy comprises the following five strands:

**Visible Leadership** - a programme has been established whereby the Minister, the Board, the Permanent Secretary and Directors will hold meetings with staff at different locations throughout the Department, providing an opportunity to discuss corporate developments and gain a deeper understanding of key business issues and challenges within business areas.

**Communication** - the new DOJ intranet has launched, aimed at improving internal communication within the Department, a 'new look' Board Brief has been produced and team briefings have been re-invigorated.

**Staff Engagement Forum** - this is a key element of the Strategy and brings together staff representatives from across the Department to consider issues and concerns to help influence the future direction of the Department. The Forum, chaired by Lianne Patterson (Director, Justice Delivery Directorate), has carried out significant work to examine the results of the 2015 Staff Attitude Survey, seeking feedback from all business areas within the Department. That feedback has been distilled into themes, and a draft Action Plan has been prepared. Work on implementation will develop in the next reporting year.

**Wellbeing and Reward & Recognition** - the NICS WELL Programme provides staff with support, education and information on a wide range of health and wellbeing issues as a way of improving our overall health and wellbeing. We will continue to invest in the WELL Programme and will develop a 2017-18 action plan. The Board acknowledges the importance of recognising staff and encourages managers to consider opportunities to nominate staff to attend official Garden Party events and use the Honours system. This year the Department awarded the Imperial Service medal for long service to 19 staff which were presented at an awards ceremony in January. These strands of the Strategy will be taken forward under the Staff Engagement Forum's Action Plan.

The notes on pages 74 to 131 form part of these Accounts.

## Expenditure on consultancy

[Audited information]

In 2016-17, the Department paid £7,938 (2015-16: £44,232 *restated*) to external consultants. This amount is included in professional and consultancy costs which is disclosed in Note 6 to the financial statements.

## Off-Payroll Payments

[Audited information]

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

<b>Number of engagements at 1 April 2016</b>	<b>4</b>
New engagements during the year	-
Engagements that have come onto the organisation's payroll during the year	-
Engagements that have come to an end during the year	-
Number whose earnings fell below the threshold in 2016-17	(1)
<b>Number of engagements at 31 March 2017</b>	<b>3</b>

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

[Audited information]

### Core Department and Agencies

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	2016-17 Total number of exit packages by cost band	2015-16 Total number of exit packages by cost band
below £10,000	1	1	2	35
£10,000 - £25,000	-	1	1	129
£25,000 - £50,000	2	2	4	128
£50,000 - £100,000	-	1	1	98
£100,000 - £150,000	-	-	-	2
£150,000 - £200,000	-	-	-	-
over £200,000	-	-	-	-
<b>Total number of exit packages</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>392</b>
<b>Total resource cost £</b>	<b>£99,367</b>	<b>£148,915</b>	<b>£248,282</b>	<b>£14,029,904</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.

In 2016-17, the Special Advisers received an exit package in accordance with the Code Governing the Appointment of Special Advisers issued under the Civil Service (Special Advisers) Act (Northern Ireland) 2013.

The notes on pages 74 to 131 form part of these Accounts.

**ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT****ASSEMBLY ACCOUNTABILITY****Statement of Assembly Supply**

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

As a result of departmental restructuring during 2016-17, the prior year comparative figures in the IFRS-based primary statements have been restated in accordance with FReM accounting requirements. However, the prior year comparatives for the Statement of Assembly Supply have not been restated as this statement is indelible.

**Summary of Resource Outturn 2016-17**

		Estimate			Outturn			2016-17 £000	2015-16 £000
								Net Total Outturn compared with Estimate: saving/ (excess)	Net Total
Note		Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total		
Request for Resources A	SOAS 1	1,491,430	(44,559)	1,446,871	1,317,057	(44,375)	1,272,682	174,189	1,252,085
<b>Total</b>									
<b>Resources</b>	SOAS 2	<b>1,491,430</b>	<b>(44,559)</b>	<b>1,446,871</b>	<b>1,317,057</b>	<b>(44,375)</b>	<b>1,272,682</b>	<b>174,189</b>	<b>1,252,085</b>
<b>Non-operating cost</b>									
<b>Accruing</b>									
<b>Resources</b>				-			-		38

**Net Cash Requirement 2016-17**

				2016-17 £000	2015-16 £000
				Net Total Outturn compared with Estimate: saving/(excess)	Outturn
Note		Estimate	Outturn		
Net Cash Requirement	SOAS 3	1,315,979	1,249,415	66,564	1,216,788

The notes on pages 74 to 131 form part of these Accounts.

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

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

			2016-17 £000 Forecast <i>Receipts</i>		2016-17 £000 Outturn <i>Receipts</i>
	Note	Income	Income	Income	Income
Total	SOAS 4	8,000	<i>8,000</i>	12,848	<i>6,600</i>

Explanations of variances between estimate and Outturn are given in SOAS 1 and in the Financial Review section of the Performance Report.



## SOAS 1 Analysis of Net Resource Outturn by function

						2016-17 £000	2015-16 £000			
						Estimate				
						Net Total	Net Total compared with Estimate	Net Total Outturn compared with Estimate, adjusted for virements	Prior-year Outturn	
Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Outturn Net Total					
<b>Departmental Expenditure Limit:</b>										
Forensic Science Northern Ireland	-	12,623	-	12,623	(9,969)	2,654	2,069	(585)	-	2,803
Access to Justice Directorate	10,041	3,387	168	13,596	(2,027)	11,569	25,035	13,466	13,468	14,806
Compensation Services	-	2,256	-	2,256	(146)	2,110	15,647	13,537	13,537	2,349
Safer Communities Directorate Northern Ireland	10,544	9,432	7,439	27,415	(2,315)	25,100	33,544	8,444	8,444	27,941
Prison Service	6,487	90,983	2,115	99,585	(2,473)	97,112	106,910	9,798	9,798	111,448
Youth Justice Agency	-	14,525	-	14,525	(114)	14,411	17,046	2,635	2,635	17,722
NI Courts and Tribunals Service	5,081	61,520	-	66,601	(25,133)	41,468	38,453	(3,015)	-	41,766
Legal Services Agency Northern Ireland	-	7,213	30	7,243	(2,198)	5,045	93,823	88,778	65,017	5,413
<b>Annually Managed Expenditure:</b>										
Safer Communities Directorate Northern Ireland	-	(11)	-	(11)	-	(11)	-	11	-	14
Prison Service	-	16,976	-	16,976	-	16,976	13,909	(3,067)	-	4,899
Youth Justice Agency	-	11,269	-	11,269	-	11,269	150	(11,119)	-	8,767
Access to Justice Directorate	-	(1,787)	-	(1,787)	-	(1,787)	1,203	2,990	-	4,745
Compensation Services	-	18,467	-	18,467	-	18,467	14,400	(4,067)	-	11,098
NI Courts and Tribunals Service	-	96	-	96	-	96	545	449	-	815
Legal Services Agency Northern Ireland	-	107,077	-	107,077	-	107,077	102,000	(5,077)	-	98,304
Forensic Science Northern Ireland	-	299	-	299	-	299	20	(279)	-	(35)
<b>Non Budget:</b>										
Police Service of Northern Ireland	-	-	719,009	719,009	-	719,009	790,494	71,485	58,939	720,927
Police Pensions	-	-	156,491	156,491	-	156,491	145,515	(10,976)	-	134,373
Office of the Police Ombudsman for Northern Ireland	-	-	8,766	8,766	-	8,766	8,557	(209)	-	8,645
Northern Ireland Policing Board	-	-	6,005	6,005	-	6,005	6,177	172	172	5,312
Probation Board for Northern Ireland	-	-	17,589	17,589	-	17,589	16,258	(1,331)	-	18,021
Criminal Justice Inspection Northern Ireland	-	-	1,071	1,071	-	1,071	1,132	61	61	1,116

The notes on pages 74 to 131 form part of these Accounts.

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

	Outturn						2016-17 £000 Estimate	2015-16 £000		
	Admin	Other Current	Grants	Gross Resource Expenditure	Accruing Resources	Net Total	Net Outturn	Net Total Outturn compared with Estimate	Net Total Outturn compared with Estimate adjusted for virements	Prior-year Outturn
RUC George Cross Foundation	-	-	120	120	-	120	133	13	13	439
Northern Ireland Police Fund	-	-	1,485	1,485	-	1,485	1,485	-	-	1,481
Police Rehabilitation and Retraining Trust	-	-	1,848	1,848	-	1,848	1,818	(30)	-	1,736
Notional Charges	8,443	-	-	8,443	-	8,443	10,548	2,105	2,105	7,180
<b>Resource Outturn</b>	<b>40,596</b>	<b>354,325</b>	<b>922,136</b>	<b>1,317,057</b>	<b>(44,375)</b>	<b>1,272,682</b>	<b>1,446,871</b>	<b>174,189</b>	<b>174,189</b>	<b>1,252,085</b>

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

Due to the dissolution of the Northern Ireland Assembly in January 2017, Supplementary Estimates were not prepared for the 2016-17 year. As a result, Outturn for the year to 31 March 2017 is reported against the Main Estimates position. However, Main Estimate figures do not reflect budget adjustments agreed as part of the in-year monitoring process.

The analysis above shows that a saving of £174.2m was made on the Net Total Outturn compared with the Estimate (before virements). This is made up of a number of elements including:

- Departmental Expenditure Limit (DEL) - saving of £133.1m;
- Annually Managed Expenditure (AME) - excess of (£20.2m); and
- Non-budget - saving of £61.3m.

The main reasons for these variances are outlined below.

**Spending in Departmental Expenditure Limits**

A significant element of the variance relates to the Outturn figures being reported against the Main Estimate. The budget for costs relating to payment of provisions is included in Net Resource Outturn within the Main Estimate but this would have been adjusted as part of the Supplementary Estimates process.

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

- Compensation Services;
- Northern Ireland Prison Service; and
- Legal Services Agency Northern Ireland

The main reasons for the other variances are:

Access to Justice Directorate - the saving was mainly due to the fact that the Department had surplus ringfenced resource DEL (non-cash) funding that cannot be used in other areas. In addition, the Main Estimates did not reflect in-year budget reductions that would have been adjusted as part of the Supplementary Estimates process.

The notes on pages 74 to 131 form part of these Accounts.

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

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

Youth Justice Agency - the saving was mainly due to underspends in staff costs as a result of staff leaving under the Voluntary Exit Scheme (VES) and other vacancies. An element of this saving would have been adjusted as part of the Supplementary Estimates process.

NI Courts and Tribunals Service - the excess is mainly due to additional funding provided in relation to pay and non-pay costs as part of the in-year monitoring process which would have been adjusted as part of the Supplementary Estimates process.

***Spending in Annually Managed Expenditure***

Due to Supplementary Estimates not being prepared, budget amendments which were agreed as part of the in-year monitoring process are not reflected in the Main Estimates figures.

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

- Youth Justice Agency - the excess mainly relates to provisions for pension realignment costs;
- Access to Justice Directorate - the saving mainly relates to provisions for miscarriage of justice costs; and
- Legal Services Agency - the excess mainly relates to provisions for pension realignment costs.

The main reasons for the other variances are:

Compensation Services - the excess mainly relates to an increase in provisions for criminal damage costs offset by a decrease in provisions for criminal injuries costs.

NI Prison Service - the saving was mainly due to underspends in provisions for legal costs which were lower than costs forecast during 2016-17. These were offset by an increase in impairment costs following a revaluation of land and buildings in the prison estate by Land and Property Services.

***Spending in Non-Budget***

A significant amount of the variance relates to in-year monitoring adjustments, which could not be adjusted as part of the Supplementary Estimates process.

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

- Police Service of Northern Ireland - the saving mainly relates to in-year budget reductions in resource and capital expenditure, the timing of cash drawdowns to service payables at the year end and pension related costs that were paid from the Police Pensions Estimate line;
- Police Pensions - the excess was mainly due to costs that were originally budgeted within the Police Service of Northern Ireland Estimate line; and
- Probation Board for Northern Ireland - the excess mainly relates to additional resource and capital funding provided in-year.

In addition, the saving for Notional Charges was due to lower than anticipated notional charges for shared service costs from the Department of Finance.

The notes on pages 74 to 131 form part of these Accounts.

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

				2016-17 £000	2015-16 £000 <i>Restated</i>
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS 1	1,272,682	1,446,871	174,189	1,252,085
Non-supply expenditure*	6	8,522	8,229	(293)	8,310
Machinery of government transfer	3.3	-	-	-	2,213
<b>Net Expenditure</b>		<b>1,281,204</b>	<b>1,455,100</b>	<b>173,896</b>	<b>1,262,608</b>

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

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

	Note	Estimate	Outturn	2016-17 £000 Net Total Outturn compared with Estimate: saving/ (excess)
<b>Resource Outturn</b>	SOAS 1	1,446,871	1,272,682	174,189
<b>Capital:</b>				
Acquisition of non-current assets	8, 9	30,769	23,789	6,980
Financial assets	12	-	(202)	202
<b>Non-operating Accruing Resources:</b>				
Proceeds of non-current asset disposal		-	-	-
<b>Accruals to cash adjustments:</b>				
DEL NIAO notional charges	3.2	(264)	(312)	48
Depreciation, impairments and revaluations	3.2	(48,212)	(33,668)	(14,544)
New provisions and adjustments to previous provisions	3.2	(127,677)	(140,537)	12,860
Notional charges	3.2	(10,548)	(8,401)	(2,147)
Other non-cash items	3.2	(5)	(898)	893
Movement in working capital		25,000	18,701	6,299
Use of provision	17	45	118,261	(118,216)
<b>Net Cash Requirement</b>		<b>1,315,979</b>	<b>1,249,415</b>	<b>66,564</b>

The notes on pages 74 to 131 form part of these Accounts.

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

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

	Note	Forecast 2016-17 £000		Outturn 2016-17 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Operating income and receipts - excess Accruing Resources	SOAS 5	-	-	-	-
Non-operating income and receipts - excess Accruing Resources	SOAS 6	-	-	4	4
		-	-	4	4
Other non-operating income and receipts not classified as Accruing Resources		-	-	69	135
Amounts collected on behalf of the Consolidated Fund	SOAS 4.2	8,000	8,000	10,681	6,461
Excess cash surrenderable to the Consolidated Fund		-	-	2,094	-
<b>Total income payable to the Consolidated Fund</b>		<b>8,000</b>	<b>8,000</b>	<b>12,848</b>	<b>6,600</b>

**SOAS 4.2 Consolidated Fund Income**

This note provides details of income collected by the Northern Ireland Courts and Tribunals Service (NICTS) acting as an agent for the Northern Ireland Consolidated Fund (NICF). The related financial information will be separately disclosed in Trust Statements prepared by NICTS in line with an Accounts Direction issued by the Department of Finance. It is expected that the Trust Statements for 2016-17 will be audited and published before the end of 2017.

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

Consolidated Fund Income shown in SOAS 4.1 includes amounts collected by the Department in the instances described above, as it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these financial statements) are outlined below.

The notes on pages 74 to 131 form part of these Accounts.

**SOAS 4.2 Consolidated Fund Income (continued)***[Unaudited information]*

	2016-17 £000	2015-16 £000 <i>Restated</i>
<b>Revenue</b>		
Fines and penalties	11,560	9,577
Confiscation orders	1,668	1,867
	<b>13,228</b>	<b>11,444</b>
<b>Less</b>		
Expenditure	(2,418)	(6,319)
Disbursements	(1,380)	(1,893)
	<b>(3,798)</b>	<b>(8,212)</b>
<b>Net Revenue for the Consolidated Fund</b>	<b>9,430</b>	<b>3,232</b>
Movement in working capital adjustment	(2,969)	3,843
<b>Amount payable to the Consolidated Fund</b>	<b>6,461</b>	<b>7,075</b>
Balance held on Trust at 1 April	532	655
Payments into the Consolidated Fund	(6,346)	(7,198)
<b>Balance held on Trust at 31 March</b>	<b>647</b>	<b>532</b>

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

	Note	2016-17 £000	2015-16 £000 <i>Restated</i>
Operating income	7	44,375	46,280
Adjustment for machinery of government transfer	3.3	-	(87)
<b>Gross income</b>		<b>44,375</b>	<b>46,193</b>
Income authorised to be Accruing Resources	SOAS 1	(44,375)	(46,193)
<b>Operating income payable to the Consolidated Fund</b>	SOAS 4.1	<b>-</b>	<b>-</b>

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

	Note	2016-17 £000	2015-16 £000
Proceeds on disposal of property, plant and equipment		4	-
<b>Non-operating income - excess Accruing Resources</b>	SOAS 4.1	<b>4</b>	<b>-</b>

The notes on pages 74 to 131 form part of these Accounts.

## OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES

## Regularity of expenditure

**Losses Statement***[Audited information]*

	2016-17 £000		2015-16 £000	
	Number of cases	Core Department and Agencies	Number of cases	Core Department and Agencies
Cash losses	8	1	5	1
Administrative write-offs	221	786	176	233
Fruitless payments	4	1	2	1
<b>Total</b>	<b>233</b>	<b>788</b>	<b>183</b>	<b>235</b>

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

**Special Payments***[Audited information]*

	2016-17 £000		2015-16 £000	
	Number of cases	Core Department and Agencies	Number of cases	Core Department and Agencies
Compensation payments	2,184	17,082	2,059	12,491
Miscarriages of justice	2	1,381	3	471
Ex gratia	1	16	-	-
<b>Total</b>	<b>2,187</b>	<b>18,479</b>	<b>2,062</b>	<b>12,962</b>

*Compensation Payments*

During 2016-17, final compensation payments were made in 1,326 cases (2015-16: 1,551) by Compensation Services. The total amount of compensation paid in these cases was £13.270m (2015-16: £9.378m).

Included in the litigation provision in Note 17 are special payments made by the Northern Ireland Prison Service. Amounts utilised during the year included 845 compensation payments (2015-16: 492 totalling £3.504m (2015-16: £2.709m *restated*). There were no individual payments exceeding £0.250m in 2016-17 (2015-16: 1).

The remaining cases relate to the Core Department and Northern Ireland Courts and Tribunals Service.

*Miscarriages of Justice*

Miscarriage of justice payments exceeded £0.250m in 2 cases during 2016-17 (2015-16: 1). Further details are contained in Note 17.5

The notes on pages 74 to 131 form part of these Accounts.

**Fees and charges***[Audited information]*

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

	2016-17 £000			2015-16 £000		
	Income	Full Cost	Surplus/ (deficit)	Income	Full Cost	Surplus/ (deficit)
AccessNI	3,318	(2,209)	1,109	3,113	(2,590)	523
NI Courts and Tribunals Service	20,043	(27,352)	(7,309)	20,831	(28,357)	(7,526)
Forensic Science NI	10,510	(13,157)	(2,647)	10,748	(13,350)	(2,602)
<b>Total</b>	<b>33,871</b>	<b>(42,718)</b>	<b>(8,847)</b>	<b>34,692</b>	<b>(44,297)</b>	<b>(9,605)</b>

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

**AccessNI**

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

**Northern Ireland Courts and Tribunals Service**

The civil business fee recovery target above is based on expenditure net of exemptions and remissions. Applicants in receipt of certain means-tested benefits are entitled to automatic fee exemption. Total fee exemptions during 2016-17 amounted to £0.046m (2015-16: £0.060m). Remission of fees is considered on an individual basis and is granted in cases of hardship. Total fees remitted during 2016-17 amounted to £0.009m (2015-16: £0.003m).

**Forensic Science Northern Ireland**

Forensic Science Northern Ireland (FSNI) is working towards the financial aim of full cost recovery and to this end is currently renegotiating contracts with customers on a transactional pricing basis. Whilst there is a deficit of £2.647m (2015-16: £2.602m) on its Statement of Comprehensive Net Expenditure, this is offset by non-cash charges. Funding is provided by the Department to reflect the fact that the current pricing arrangement with customers was agreed prior to the introduction of resource accounting and therefore did not include depreciation. In 2015-16 further Departmental funding was received for the Voluntary Exit Scheme.

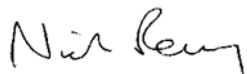
**Remote Contingent Liabilities***[Audited information]*

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Department had no significant remote contingent liabilities during 2016-17 that require disclosure. Note 18 provides further details regarding the contingent liabilities that are included within the financial statements.

The notes on pages 74 to 131 form part of these Accounts.



**ACCOUNTABILITY REPORT**

A handwritten signature in black ink that reads "Nick Perry". The signature is written in a cursive style with a large initial 'N'.

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

**27 June 2017**

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

I certify that I have audited the financial statements of the Department of Justice for the year ended 31 March 2017 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply and the related notes and the information in the Remuneration and Staff Report and the Assembly Accountability Disclosures that is described in that report and disclosures as having been audited.

### Respective responsibilities of the Accounting Officer and auditor

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

### Scope of the audit of the financial statements

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

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

### Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2017 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2017 and of its net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

**Opinion on other matters**

In my opinion:

- the parts of the Remuneration and Staff Report and the Assembly Accountability disclosures 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.

**Matters on which I report by exception**

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

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

**Report**

I have no observations to make on these financial statements.



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

*5 July 2017*

**FINANCIAL STATEMENTS****Consolidated Statement of Comprehensive Net Expenditure****For the year ended 31 March 2017**

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.

		<b>2016-17</b> <b>£000</b>	<b>2015-16</b> <b>£000</b> <i>Restated</i>
	<b>Note</b>	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Income from sale of goods and services	3.1	(2,638)	(2,802)
Other operating income	3.1	(41,737)	(43,478)
<b>Total operating income</b>		<b>(44,375)</b>	<b>(46,280)</b>
Staff costs	3.1	146,146	160,914
Purchase of goods and services	3.1	99,559	100,942
Depreciation and impairment charges	3.1	33,668	22,183
Provision expense	3.1	123,894	120,174
Grants	3.1	922,136	903,568
<b>Total operating expenditure</b>		<b>1,325,403</b>	<b>1,307,781</b>
<b>Net operating expenditure</b>		<b>1,281,028</b>	<b>1,261,501</b>
Finance expense	3.1	176	1,107
<b>Net expenditure for the year</b>		<b>1,281,204</b>	<b>1,262,608</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, 9	(464)	(33,204)
- net (gain)/loss on revaluation of intangibles	8, 9	(191)	(71)
- actuarial (gain)/loss on pension liability	17	14,375	(1,255)
<b>Comprehensive net expenditure for the year</b>		<b>1,294,924</b>	<b>1,228,078</b>

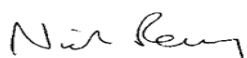
The notes on pages 74 to 131 form part of these Accounts.

## Consolidated Statement of Financial Position

As at 31 March 2017

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.

		31 March 2017 £000	31 March 2016 £000 <i>Restated</i>	1 April 2015 £000 <i>Restated</i>
	Note	Core Department and Agencies	Core Department and Agencies	Core Department and Agencies
<b>Non-current assets</b>				
Property, plant and equipment	8	472,472	484,141	457,975
Intangible assets	9	14,248	11,834	11,272
Trade and other receivables	15	3	8	10
Financial assets	12	29	100	323
<b>Total non-current assets</b>		<b>486,752</b>	<b>496,083</b>	<b>469,580</b>
<b>Current assets</b>				
Inventories	13	1,173	1,254	1,381
Trade and other receivables	15	15,230	7,193	12,918
Financial assets	12	63	190	236
Cash and cash equivalents	14	24,952	2,672	1,969
<b>Total current assets</b>		<b>41,418</b>	<b>11,309</b>	<b>16,504</b>
<b>Total assets</b>		<b>528,170</b>	<b>507,392</b>	<b>486,084</b>
<b>Current liabilities</b>				
Cash and cash equivalents	14	(3,865)	(1,539)	(6,566)
Trade and other payables	16	(69,317)	(57,975)	(46,774)
Provisions	17	(87,257)	(78,647)	(84,982)
<b>Total current liabilities</b>		<b>(160,439)</b>	<b>(138,161)</b>	<b>(138,322)</b>
<b>Total assets less current liabilities</b>		<b>367,731</b>	<b>369,231</b>	<b>347,762</b>
<b>Non-current liabilities</b>				
Provisions	17	(167,099)	(139,609)	(123,661)
Other payables	16	(15,195)	(16,500)	(17,715)
<b>Total non-current liabilities</b>		<b>(182,294)</b>	<b>(156,109)</b>	<b>(141,376)</b>
<b>Total assets less total liabilities</b>		<b>185,437</b>	<b>213,122</b>	<b>206,386</b>
<b>Taxpayers' equity and other reserves</b>				
General fund		(3,341)	17,995	38,134
Revaluation reserve		188,778	195,127	168,252
<b>Total equity</b>		<b>185,437</b>	<b>213,122</b>	<b>206,386</b>



**Nick Perry**  
Accounting Officer

27 June 2017

The notes on pages 74 to 131 form part of these Accounts.

## Consolidated Statement of Cash Flows

For the year ended 31 March 2017

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.

		2016-17 £000	2015-16 £000 <i>Restated</i>
	Note	Core Department and Agencies	Core Department and Agencies
<b>Cash flows from operating activities</b>			
Net expenditure for the year		(1,281,204)	(1,262,608)
Adjustment for non-cash transactions	3.2	183,816	162,451
(Increase)/decrease in trade and other receivables	15	(8,032)	5,727
<i>Movement in receivables relating to items not passing through the SCNE</i>		5,415	(6,591)
Decrease in inventories	13	81	127
Increase/(decrease) in trade and other payables	16	10,037	9,986
<i>Movement in payables relating to items not passing through the SCNE</i>		(29,241)	3,076
Use of provisions	17	(118,812)	(118,206)
Machinery of government transfer	3.3	-	(6)
<b>Net cash outflow from operating activities</b>		<b>(1,237,940)</b>	<b>(1,206,044)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(14,665)	(17,804)
Purchase of intangible assets		(4,872)	(2,956)
Proceeds of disposal of property, plant and equipment		4	38
Repayments from other bodies	12	202	278
<b>Net cash outflow from investing activities</b>		<b>(19,331)</b>	<b>(20,444)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year		1,269,815	1,219,447
From the Consolidated Fund (Supply) - prior year		(482)	5,350
From the Consolidated Fund (non-Supply)		9,072	8,611
Capital element of payments in respect of "on-balance sheet" (SoFP)		(1,214)	(1,124)
PPP/PFI contracts			
<b>Net financing</b>		<b>1,277,191</b>	<b>1,232,284</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>19,920</b>	<b>5,796</b>
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		6,596	7,200
Payments of amounts due to the Consolidated Fund		(6,562)	(7,266)
<b>Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>19,954</b>	<b>5,730</b>
<b>Cash and cash equivalents at the beginning of the period</b>	14	<b>1,133</b>	<b>(4,597)</b>
<b>Cash and cash equivalents at the end of the period</b>	14	<b>21,087</b>	<b>1,133</b>

The notes on pages 74 to 131 form part of these Accounts.

## Consolidated Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2017

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 <i>Restated</i>	Revaluation Reserve £000 <i>Restated</i>	Taxpayers' Equity £000 <i>Restated</i>
<b>Balance at 31 March 2015</b>		<b>159,180</b>	<b>168,248</b>	<b>327,428</b>
Machinery of government transfer - NILSC to LSANI	3.3	(121,498)	3	(121,495)
Machinery of government transfer - TEO to NICTS	3.3	452	1	453
<b>Restated balance at 1 April 2015</b>		<b>38,134</b>	<b>168,252</b>	<b>206,386</b>
Net Assembly Funding - drawn down		1,224,797	-	1,224,797
Net Assembly Funding - deemed		(5,350)	-	(5,350)
Consolidated Fund Standing Services		8,611	-	8,611
Supply (payable) adjustment	15	(482)	-	(482)
Excess Accruing Resources	16	-	-	-
Comprehensive net expenditure for the year		(1,261,353)	33,275	(1,228,078)
Auditor's remuneration	5, 6	321	-	321
Other notionals		7,441	-	7,441
Transfers between reserves		6,400	(6,400)	-
Other		(524)	-	(524)
<b>Balance at 31 March 2016</b>		<b>17,995</b>	<b>195,127</b>	<b>213,122</b>
Net Assembly Funding - drawn down		1,269,333	-	1,269,333
Net Assembly Funding - deemed		482	-	482
Consolidated Fund Standing Services		9,072	-	9,072
Supply (payable) adjustment	16	(20,399)	-	(20,399)
Excess Accruing Resources	16	(4)	-	(4)
Comprehensive net expenditure for the year		(1,295,579)	655	1,294,924
Auditor's remuneration	5, 6	312	-	312
Other notionals		8,443	-	8,443
Transfer between reserves		7,004	(7,004)	-
<b>Balance at 31 March 2017</b>		<b>(3,341)</b>	<b>188,778</b>	<b>185,437</b>

The notes on pages 74 to 131 form part of these Accounts.

## Notes to the Accounts

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2016-17 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department of Justice for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Department are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

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

#### 1.1 Accounting convention

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

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

#### 1.2 Basis of consolidation

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

A list of the entities within the Departmental boundary is given at Note 21.

#### 1.3 Property, plant and equipment

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

The Department of Justice occupies a number of properties within the Northern Ireland Executive Estate. These are managed by the Department of Finance (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 (MOTO)'.



### **Consolidation of asset categories**

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

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

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

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

In compliance with IAS 16 *Property, Plant and Equipment*, subsequent expenditure on an asset which does not meet the criteria of enhancement or improvement is treated as revenue.

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

All property, plant and equipment are carried at fair value.

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors, the Institute of Revenues Rating and Valuation and the Incorporated Society of Valuers and Auctioneers. Land and buildings are restated to current value using professional valuations, in accordance with IAS 16, every 5 years and in the intervening years by the use of indices provided by Land and Property Services (LPS), specific to the Northern Ireland property sector.

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

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 2014 by John Ross & Co.

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

## 1.5 Intangible assets

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

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

## 1.6 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:

<b>Asset category</b>	<b>Useful Life</b>
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 20.

## 1.10 Value Added Tax

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

## 1.11 Leases

### *Finance leases*

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

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

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

### *Operating leases*

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

## 1.12 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 10.3 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	Real Rate
Short-term	Up to 5 years	(2.70%)
Medium-term	5 to 10 years	(1.95%)
Long-term	Over 10 years	(0.8%)

### 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 20.

### 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 Financing and Operating income

#### ***Financing***

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

#### ***Operating Income***

Operating income is income which relates directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full cost basis to external customers as well as public repayment work. It includes both income classified as Accruing Resources and income due to the Consolidated Fund, which in accordance with the *FReM*, is treated as operating income. Operating income is stated net of VAT.

Consolidated Fund Extra Receipts which do not fall to be treated as operating income are payable directly to the Consolidated Fund. These amounts comprise sundry receipts which have not been

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

### **1.18 Staff costs**

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

### **1.19 Pension costs**

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

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

The Youth Justice Agency (YJA) and Legal Services Agency Northern Ireland (LSANI) previously made employer contributions to the Northern Ireland Local Government Officers Superannuation Committee Scheme (NILGOSC). NILGOSC is able to identify the share of the assets and liabilities of the scheme for both agencies and as a result a liability is recognised for their share of the deficit in the scheme. The NILGOSC schemes for both YJA and LSANI closed on 1 April 2015 - further details are contained in Note 17 Provisions and Note 18 Contingent Liabilities.

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

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

### **1.20 Early departure costs**

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

## 1.21 Grants payable and paid

The Department recognises grants due to its executive non-departmental public bodies in the period in which they are paid.

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

## 1.22 Notional charges

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

## 1.23 Segmental Reporting

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

## 1.24 Financial Instruments

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

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

### Financial assets

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

### Loans and receivables

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

### Trade and other receivables

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

***Cash and cash equivalents***

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

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

***Impairment of financial assets***

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

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

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

**Financial Liabilities*****Trade and other payables***

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

***Loans and other borrowings***

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

## 1.25 Critical accounting estimates and key judgements

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

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

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

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

- lifecycle of certificates - an analysis of the reports authorised for payment, aged to the certificate granted date to determine a lifecycle per certificate within each business area of the LSANI;
- average costs - based on an analysis of historical payment values and volumes a series of average costs within defined bands are calculated by category within each business area. This series of averages is then applied to the certificate volume to be provided in line with the latest historical payment profile; and
- no bills adjustments - it is known that not all certificates result in a cost to the legal aid fund and an analysis of historical data determines a percentage reduction which is then incorporated in the provisions calculations.

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

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

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

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

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

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

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



**1.26 Accounting standards, interpretations and amendments to published standards and *FReM*****Update on 2015-16 position:**

Standard	Comments
IFRS 10 - <i>Consolidated Financial Statements</i>  IFRS 11 - <i>Joint Arrangements</i>  IFRS 12 - <i>Disclosure of Interests in Other Entities</i>	<p>The International Accounting Standards Board (IASB) issued new and amended standards (IFRS 10, IFRS 11 &amp; 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 boundary for IFRS purposes are currently adapted in the <i>FReM</i> so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by HM Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change to include NDPBs 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 change as a result of the new Standards.</p>

**Issued and effective in 2016-17 for the first time:**

The Department has considered the accounting initiatives identified by HM Treasury effective in 2016-17 for the first time and considers that these changes are not relevant or material to its operations.

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

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Department's accounting periods beginning on or after 1 April 2017 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>	<b>IFRS 15 - <i>Revenue from Contracts with Customers</i> (IAS 18 Revenue replacement) (new)</b>
<b>Effective date</b>	1 January 2018 (not yet EU adopted) - with a view to include in the 2018-19 <i>FReM</i> .
<b>Description of revision</b>	<p>The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled, in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements for accounting for contract costs.</p> <p>The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.</p>
<b>Comments</b>	The introduction of IFRS 15 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury issued an Exposure Draft on IFRS 15 over the Summer of 2016. Feedback from this consultation process has been considered and will inform updates to the <i>FReM</i> . No adaptations to IFRS 15 have been proposed.

<b>Standard</b>	<b>IFRS 16 - Leases (IAS 17 Leases replacement) (new)</b>
<b>Effective date</b>	1 January 2019 (not yet EU adopted) - with a view to include in the 2019-20 <i>FReM</i> .
<b>Description of revision</b>	<p>IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements.</p> <p>IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p>
<b>Comments</b>	The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in early 2018.

### 1.28 Financial reporting - future developments

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

## 2. Statement of Operating Costs by Operating Segment

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

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

The segmental analysis below includes an elimination of £0.828m (2015-16: £0.733m) in respect of intra-departmental income and £4.336m (2015-16: £3.146m) in respect of intra-departmental expenditure transactions occurring between bodies within the Departmental boundary for accounts purposes.

					<b>2016-17 £000</b>
	<b>Safer Communities Directorate</b>	<b>Access to Justice Directorate</b>	<b>Reducing Offending Directorate</b>	<b>Justice Delivery Directorate</b>	<b>Core Department and Agencies</b>
Gross expenditure	943,730	196,246	145,102	40,501	<b>1,325,579</b>
Income	(10,257)	(27,331)	(2,587)	(4,200)	<b>(44,375)</b>
<b>Net expenditure</b>	<b>933,473</b>	<b>168,915</b>	<b>142,515</b>	<b>36,301</b>	<b>1,281,204</b>

					<b>2015-16 £000 <i>Restated</i></b>
	<b>Safer Communities Directorate</b>	<b>Access to Justice Directorate</b>	<b>Reducing Offending Directorate</b>	<b>Justice Delivery Directorate</b>	<b>Core Department and Agencies</b>
Gross expenditure	927,817	200,669	148,008	32,394	<b>1,308,888</b>
Income	(13,712)	(29,191)	(2,628)	(749)	<b>(46,280)</b>
<b>Net expenditure</b>	<b>914,105</b>	<b>171,478</b>	<b>145,380</b>	<b>31,645</b>	<b>1,262,608</b>

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

### Description of segments

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

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

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

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

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

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

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

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

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

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

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

	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	2016-17 £000 Core Department and Agencies
Total net expenditure reported for Operating Segments	933,473	168,915	142,515	36,301	1,281,204
Reconciling items	-	-	-	-	-
<b>Total net expenditure per Statement of Comprehensive Net Expenditure</b>	<b>933,473</b>	<b>168,915</b>	<b>142,515</b>	<b>36,301</b>	<b>1,281,204</b>

	Safer Communities Directorate	Access to Justice Directorate	Reducing Offending Directorate	Justice Delivery Directorate	2015-16 £000 <i>Restated</i> Core Department and Agencies
Total net expenditure reported for Operating Segments	914,105	171,478	145,380	31,645	1,262,608
Reconciling items	-	-	-	-	-
<b>Total net expenditure per Statement of Comprehensive Net Expenditure</b>	<b>914,105</b>	<b>171,478</b>	<b>145,380</b>	<b>31,645</b>	<b>1,262,608</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 information for Consolidated Statement of Comprehensive Net Expenditure

#### 3.1 Operating Income and Expenditure

		2016-17 £000		
		Core Department and Agencies		
	Note	Administration	Programme	and Agencies
Income from sale of goods and services	7	(259)	(2,379)	<b>(2,638)</b>
Other operating income	7	(559)	(41,178)	<b>(41,737)</b>
<b>Total operating income</b>		<b>(818)</b>	<b>(43,557)</b>	<b>(44,375)</b>
Staff costs	4	24,518	121,628	<b>146,146</b>
Purchase of goods and services	5, 6	13,140	86,419	<b>99,559</b>
Depreciation and impairment charges	5, 6	1,163	32,505	<b>33,668</b>
Provision expense	6	-	123,894	<b>123,894</b>
Grants	6	-	922,136	<b>922,136</b>
<b>Total operating expenditure</b>		<b>38,821</b>	<b>1,286,582</b>	<b>1,325,403</b>
<b>Net operating expenditure</b>		<b>38,003</b>	<b>1,243,025</b>	<b>1,281,028</b>
Finance Expense	5, 6	(93)	269	<b>176</b>
<b>Net expenditure for the year</b>		<b>37,910</b>	<b>1,243,294</b>	<b>1,281,204</b>

		2015-16 £000		
		<i>Restated</i>		
		Core Department and Agencies		
	Note	Administration	Programme	and Agencies
Income from sale of goods and services	7	(307)	(2,495)	<b>(2,802)</b>
Other operating income	7	(672)	(42,806)	<b>(43,478)</b>
<b>Total operating income</b>		<b>(979)</b>	<b>(45,301)</b>	<b>(46,280)</b>
Staff costs	4	32,378	128,536	<b>160,914</b>
Purchase of goods and services	5, 6	14,560	86,382	<b>100,942</b>
Depreciation and impairment charges	5, 6	1,087	21,096	<b>22,183</b>
Provision expense	6	-	120,174	<b>120,174</b>
Grants	6	-	903,568	<b>903,568</b>
<b>Total operating expenditure</b>		<b>48,025</b>	<b>1,259,756</b>	<b>1,307,781</b>
<b>Net operating expenditure</b>		<b>47,046</b>	<b>1,214,455</b>	<b>1,261,501</b>
Finance Expense	5, 6	-	1,107	<b>1,107</b>
<b>Net expenditure for the year</b>		<b>47,046</b>	<b>1,215,562</b>	<b>1,262,608</b>

## 3.2 Non-cash costs

			2016-17 £000
	Note	Administration	Programme
			Core Department and Agencies
Minister's salary		42	-
Pension provision and employer service cost	4	-	16,643
Purchase of goods and services	5, 6	6,780	2,793
Depreciation and impairment charges	5, 6	1,163	32,505
Provision expense	6	-	123,894
Grants	6	-	-
Finance expense	5, 6	-	(4)
<b>Total</b>		<b>7,985</b>	<b>175,831</b>
			<b>183,816</b>

			2015-16 £000 <i>Restated</i>
	Note	Administration	Programme
			Core Department and Agencies
Minister's salary		50	-
Pension provision and employer service cost	4	-	8,900
Purchase of goods and services	5, 6	6,656	2,406
Depreciation and impairment charges	5, 6	1,087	21,096
Provision expense	6	-	120,174
Grants	6	-	2,091
Finance expense	5, 6	-	(9)
<b>Total</b>		<b>7,793</b>	<b>154,658</b>
			<b>162,451</b>

### 3.3 Corresponding amounts - machinery of government transfers

Following the Assembly election in May 2016 the number of NICS departments reduced from twelve to nine in line with the commitment contained in the Stormont House Agreement. As a result the Department of Justice now also encompasses the Planning Appeals Commission and Water Appeals Commission (PACWAC) which transferred from The Executive Office (TEO) to the Northern Ireland Courts and Tribunals Service (NICTS).

In accordance with IFRS 3 *Business Combinations under Common Control*, this has been accounted for as a 'transfer by merger' in the Department's Accounts for 2016-17 and figures for 2015-16 have been restated. The following tables provide details of the machinery of government transfer from TEO to NICTS on 1 April 2015.

Information is also provided in terms of the assets and liabilities that transferred on 1 April 2015 following the dissolution of the Northern Ireland Legal Services Commission (NILSC) and the formation of the Legal Services Agency Northern Ireland (LSANI) - an Executive Agency within the Department of Justice. This was previously accounted for as a 'transfer by absorption' in the Department's Accounts for 2015-16.

<b><u>Statement of Financial Position at 1 April 2015</u></b>	<b>Per DOJ published accounts</b>	<b>Transferred from NILSC to LSANI</b>	<b>Transferred from TEO to NICTS</b>	<b>Core Department and Agencies</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Restated £000</b>
<b>Non-current assets</b>				
Property, plant and equipment	457,818	153	4	457,975
Intangible assets	10,466	249	557	11,272
Trade and other receivables	10	-	-	10
Financial assets	323	-	-	323
<b>Current assets</b>				
Inventories	1,381	-	-	1,381
Trade and other receivables	11,429	1,463	26	12,918
Financial assets	236	-	-	236
Cash and cash equivalents	1,932	37	-	1,969
<b>Current liabilities</b>				
Cash and cash equivalents	(6,566)	-	-	(6,566)
Trade and other payables	(44,370)	(2,270)	(134)	(46,774)
Provisions	(27,845)	(57,137)	-	(84,982)
<b>Non-current liabilities</b>				
Provisions	(59,671)	(63,990)	-	(123,661)
Other payables	(17,715)	-	-	(17,715)
<b>Total assets less total liabilities</b>	<b>327,428</b>	<b>(121,495)</b>	<b>453</b>	<b>206,386</b>
<b>Taxpayers' equity and other reserves</b>				
General Fund	159,180	(121,498)	452	38,134
Revaluation Reserve	168,248	3	1	168,252
<b>Total equity</b>	<b>327,428</b>	<b>(121,495)</b>	<b>453</b>	<b>206,386</b>



## 3.3 Corresponding amounts - machinery of government transfers (continued)

<u>Statement of Financial Position at 31 March 2016</u>	Per DOJ published accounts	Transferred from NILSC to LSANI	Transferred from TEO to NICTS	Core Department and Agencies
	£000	£000	£000	<i>Restated</i> £000
<b>Non-current assets</b>				
Property, plant and equipment	484,138	-	3	484,141
Intangible assets	11,820	-	14	11,834
Trade and other receivables	8	-	-	8
Financial assets	100	-	-	100
<b>Current assets</b>				
Inventories	1,254	-	-	1,254
Trade and other receivables	7,149	-	44	7,193
Financial assets	190	-	-	190
Cash and cash equivalents	2,672	-	-	2,672
<b>Current liabilities</b>				
Cash and cash equivalents	(1,539)	-	-	(1,539)
Trade and other payables	(57,859)	-	(116)	(57,975)
Provisions	(78,646)	-	(1)	(78,647)
<b>Non-current liabilities</b>				
Provisions	(139,608)	-	(1)	(139,609)
Other payables	(16,500)	-	-	(16,500)
<b>Total assets less total liabilities</b>	<b>213,179</b>	<b>-</b>	<b>(57)</b>	<b>213,122</b>
<b>Taxpayers' equity and other reserves</b>				
General Fund	18,053	-	(58)	17,995
Revaluation Reserve	195,126	-	1	195,127
<b>Total equity</b>	<b>213,179</b>	<b>-</b>	<b>(57)</b>	<b>213,122</b>
<b><u>Average number of persons employed at 1 April 2015</u></b>	<b>Per DOJ published accounts</b>	<b>Transferred from NILSC to LSANI</b>	<b>Transferred from TEO to NICTS</b>	<b>Core Department and Agencies</b>
				<i>Restated</i>
Safer Communities	394	-	-	394
Access to Justice	789	129	14	932
Reducing Offending	2,161	-	-	2,161
Justice Delivery	232	-	-	232
<b>Total equity</b>	<b>3,576</b>	<b>129</b>	<b>14</b>	<b>3,719</b>

## 3.4 Corresponding amounts - machinery of government transfers (continued)

<u>Net Expenditure for the year ended 31 March 2016</u>	Per DOJ published accounts	Transferred from NILSC to LSANI	Transferred from TEO to NICTS	Core Department and Agencies
	£000	£000	£000	<i>Restated</i> £000
Income from sale of goods and services	(2,802)	-	-	<b>(2,802)</b>
Other operating income	(43,391)	-	(87)	<b>(43,478)</b>
<b>Total operating income</b>	<b>(46,193)</b>	-	<b>(87)</b>	<b>(46,280)</b>
Staff costs	159,581	-	1,333	<b>160,914</b>
Purchase of goods and services	99,996	-	946	<b>100,942</b>
Depreciation and impairment charges	22,163	-	20	<b>22,183</b>
Provision expense	120,173	-	1	<b>120,174</b>
Grants	903,568	-	-	<b>903,568</b>
<b>Total operating expenditure</b>	<b>1,305,481</b>	-	<b>2,300</b>	<b>1,307,781</b>
<b>Net operating expenditure</b>	<b>1,259,288</b>	-	<b>2,213</b>	<b>1,261,501</b>
Finance expense	1,107	-	-	<b>1,107</b>
<b>Net expenditure for the year</b>	<b>1,260,395</b>	-	<b>2,213</b>	<b>1,262,608</b>

## 4. Staff costs

	2016-17 £000	2015-16 £000 <i>Restated</i>
	Core Department and Agencies	Core Department and Agencies
Wages and salaries	99,155	121,303
Social security costs	9,867	8,158
Other pension costs	20,481	22,553
Employer service costs - present	-	139
Pension provision	16,643	8,761
<b>Total Gross Costs</b>	<b>146,146</b>	<b>160,914</b>
Less recoveries in respect of outward secondments	(383)	(428)
<b>Total Net Costs</b>	<b>145,763</b>	<b>160,486</b>
<b>Of which:</b>	<b>2016-17 £000</b>	<b>2015-16 £000</b>
Core Department	22,453	26,245
Agencies	123,693	134,669
<b>Total Gross Costs</b>	<b>146,146</b>	<b>160,914</b>

A breakdown of the above costs into permanent staff, Minister's costs and others can be found in the Staff Report within the Accountability Report.

## 5. Other administration costs

		2016-17 £000	2015-16 £000 <i>Restated</i>
	Note	Core Department and Agencies	Core Department and Agencies
<b>Purchase of goods and services</b>			
Staff related costs		605	1,036
Rentals under operating leases		170	449
Accommodation costs		504	914
Office services		1,095	1,382
Contracted out services		2,570	2,068
Professional and consultancy costs		959	1,049
Managed services		415	694
Other		42	312
		<b>6,360</b>	<b>7,904</b>
<b>Non-cash items:</b>			
Loss on disposal of non-current assets	8, 9	1	1
Auditor's remuneration and expenses		210	218
Notional charges		6,569	6,437
		<b>6,780</b>	<b>6,656</b>
		<b>13,140</b>	<b>14,560</b>
<b>Depreciation and impairment charges</b>			
Depreciation	8	805	876
Amortisation	9	393	209
Revaluation released to SCNE	8, 9	(35)	2
		<b>1,163</b>	<b>1,087</b>
<b>Total administration costs excluding finance expense</b>		<b>14,303</b>	<b>15,647</b>
<b>Finance expense</b>		<b>(93)</b>	<b>-</b>
<b>Total administration costs including finance expense</b>		<b>14,210</b>	<b>15,647</b>

**6. Programme costs**

		2016-17 £000	2015-16 £000 <i>Restated</i>
	Note	Core Department and Agencies	Core Department and Agencies
<b>Purchase of goods and services</b>			
Staff related costs		2,172	2,177
Rentals under operating leases		1,299	1,759
Accommodation costs		15,716	15,540
Office services		3,829	3,900
Contracted out services		9,185	9,552
PFI service charges		2,591	2,476
Professional and consultancy costs		4,135	4,438
Managed services		2,442	2,380
Consumables and materials		2,168	2,528
Commissions and Tribunals costs		9,481	7,563
Client and other programme operating costs		14,703	14,962
Judicial costs		6,727	7,103
Judicial costs - Consolidated Fund		8,522	8,310
Other		656	1,288
		<b>83,626</b>	<b>83,976</b>
<b>Non-cash items:</b>			
Loss on disposal of non-current assets	8, 9	26	100
Auditor's remuneration and expenses		102	103
Notional charges		1,832	954
(Decrease)/increase in impairment of trade receivables		833	1,249
		<b>2,793</b>	<b>2,406</b>
		<b>86,419</b>	<b>86,382</b>
<b>Depreciation and impairment charges</b>			
Depreciation	8	17,715	18,761
Amortisation	9	2,904	2,803
Revaluation released to SCNE	8, 9	11,886	(468)
		<b>32,505</b>	<b>21,096</b>
<b>Provisions expense</b>			
Provided in year	17	158,047	173,664
Written back in year	17	(34,793)	(53,897)
Borrowing costs	17	640	407
		<b>123,894</b>	<b>120,174</b>
<b>Grants</b>			
Grant-in-aid to NDPBs		912,384	892,050
Other grants		9,752	11,518
		<b>922,136</b>	<b>903,568</b>
<b>Total Programme costs excluding Finance expense</b>		<b>1,164,954</b>	<b>1,131,220</b>
<b>Finance expense</b>		<b>269</b>	<b>1,107</b>
<b>Total Programme costs including Finance expense</b>		<b>1,165,223</b>	<b>1,132,327</b>

## 7. Income

	2016-17 £000	2015-16 £000 <i>Restated</i>
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
<b><u>Administration income</u></b>		
<b>Sales of goods and services</b>	<u>259</u>	<u>307</u>
<b>Other operating income</b>		
Other rentals	124	123
Other non-trading income	52	121
Seconded costs	383	428
	<u>559</u>	<u>672</u>
<b>Administration income</b>	<u>818</u>	<u>979</u>
<b><u>Programme income</u></b>		
<b>Sales of goods and services</b>	<u>2,379</u>	<u>2,495</u>
<b>Other operating income</b>		
Other rentals	392	372
Fees, levies and charges	33,710	34,556
Other non-trading income	7,039	7,868
Grant income	37	10
	<u>41,178</u>	<u>42,806</u>
<b>Programme income</b>	<u>43,557</u>	<u>45,301</u>
<b>Total operating income</b>	<u>44,375</u>	<u>46,280</u>

## 8. Property, plant and equipment

	Land £000	Buildings £000	Vehicles, Plant and Machinery £000	Information Technology £000	Assets Under Construction £000	2016-17 Core Department and Agencies £000
<b>Cost or valuation</b>						
At 1 April 2016	37,223	477,525	55,622	11,138	12,735	594,243
Additions	-	2,502	1,524	897	14,036	18,959
Disposals	-	(121)	(476)	(110)	-	(707)
Transfers	-	-	(25)	-	-	(25)
Reclassification	-	4,998	(83)	-	(5,602)	(687)
Revaluation released to SCNE	38	(15,523)	2	18	(403)	(15,868)
Revaluation	478	(47,121)	503	256	150	(45,734)
<b>At 31 March 2017</b>	<b>37,739</b>	<b>422,260</b>	<b>57,067</b>	<b>12,199</b>	<b>20,916</b>	<b>550,181</b>
<b>Depreciation</b>						
At 1 April 2016	-	62,923	38,904	8,275	-	110,102
Charged in year	-	14,467	2,894	1,159	-	18,520
Disposals	-	(121)	(451)	(104)	-	(676)
Transfers	-	-	(25)	-	-	(25)
Reclassification	-	-	-	-	-	-
Revaluation released to SCNE	-	(4,036)	11	11	-	(4,014)
Revaluation	-	(46,575)	234	143	-	(46,198)
<b>At 31 March 2017</b>	<b>-</b>	<b>26,658</b>	<b>41,567</b>	<b>9,484</b>	<b>-</b>	<b>77,709</b>
<b>Carrying amount at 31 March 2017</b>	<b>37,739</b>	<b>395,602</b>	<b>15,500</b>	<b>2,715</b>	<b>20,916</b>	<b>472,472</b>
<b>Carrying amount at 31 March 2016</b>	<b>37,223</b>	<b>414,602</b>	<b>16,718</b>	<b>2,863</b>	<b>12,735</b>	<b>484,141</b>
<b>Asset financing:</b>						
Owned	37,739	357,296	15,500	2,715	20,916	434,166
PPP/PFI contracts	-	38,306	-	-	-	38,306
<b>Carrying amount at 31 March 2017</b>	<b>37,739</b>	<b>395,602</b>	<b>15,500</b>	<b>2,715</b>	<b>20,916</b>	<b>472,472</b>
<b>Of the total:</b>						
Core Department	801	6,467	550	980	-	8,798
Agencies	36,938	389,135	14,950	1,735	20,916	463,674
<b>Carrying amount at 31 March 2017</b>	<b>37,739</b>	<b>395,602</b>	<b>15,500</b>	<b>2,715</b>	<b>20,916</b>	<b>472,472</b>

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

	Land £000	Buildings £000	Vehicles, Plant and Machinery £000	Information Technology £000	Assets Under Construction £000	2015-16 Restated Core Department and Agencies £000
<b>Cost or valuation</b>						
At 1 April 2015	36,925	427,064	47,628	15,685	22,074	549,376
Machinery of government transfer	-	-	1,267	1,561	-	2,828
	36,925	427,064	48,895	17,246	22,074	552,204
Additions	6	7,803	3,146	514	3,764	15,233
Disposals	-	(352)	(1,320)	(6,822)	-	(8,494)
Transfers	-	-	(25)	(4)	-	(29)
Reclassification	220	4,994	4,693	218	(13,103)	(2,978)
Revaluation released to SCNE	(15)	514	2	(17)	-	484
Revaluation	87	37,502	231	3	-	37,823
<b>At 31 March 2016</b>	<b>37,223</b>	<b>477,525</b>	<b>55,622</b>	<b>11,138</b>	<b>12,735</b>	<b>594,243</b>
<b>Depreciation</b>						
At 1 April 2015	-	42,999	36,190	12,369	-	91,558
Machinery of government transfer	-	-	1,251	1,420	-	2,671
	-	42,999	37,441	13,789	-	94,229
Charged in year	-	15,628	2,697	1,312	-	19,637
Disposals	-	(325)	(1,218)	(6,816)	-	(8,359)
Transfers	-	-	(22)	(1)	-	(23)
Reclassification	-	(26)	7	3	-	(16)
Revaluation released to SCNE	-	20	2	(7)	-	15
Revaluation	-	4,627	(3)	(5)	-	4,619
<b>At 31 March 2016</b>	<b>-</b>	<b>62,923</b>	<b>38,904</b>	<b>8,275</b>	<b>-</b>	<b>110,102</b>
<b>Carrying amount at 31 March 2016</b>	<b>37,223</b>	<b>414,602</b>	<b>16,718</b>	<b>2,863</b>	<b>12,735</b>	<b>484,141</b>
<b>Carrying amount at 31 March 2015</b>	<b>36,925</b>	<b>384,065</b>	<b>11,454</b>	<b>3,457</b>	<b>22,074</b>	<b>457,975</b>
<b>Asset financing:</b>						
Owned	37,223	375,694	16,718	2,863	12,735	445,233
PPP/PFI contracts	-	38,908	-	-	-	38,908
<b>Carrying amount at 31 March 2016</b>	<b>37,223</b>	<b>414,602</b>	<b>16,718</b>	<b>2,863</b>	<b>12,735</b>	<b>484,141</b>
<b>Of the total:</b>						
Core Department	603	6,804	631	1,438	-	9,476
Agencies	36,620	407,798	16,087	1,425	12,735	474,665
<b>Carrying amount at 31 March 2016</b>	<b>37,223</b>	<b>414,602</b>	<b>16,718</b>	<b>2,863</b>	<b>12,735</b>	<b>484,141</b>

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

- a. Core Department - land and buildings were externally valued by the Land and Property Services (LPS) at 1 April 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.
- b. Forensic Science Northern Ireland - a full valuation of land and buildings was carried out by LPS at 31 March 2014 in accordance with the RICS Appraisal and Valuation Manual.
- c. Northern Ireland Courts and Tribunals Service - land and buildings were valued as at 31 March 2014 by LPS. The valuation was carried out by LPS in accordance with the RICS Appraisal and Valuation Manual. In accordance with the accounting policy the land and buildings have been revalued using appropriate indices as provided by LPS. Indices for assets other than land and buildings were obtained from ONS MM22 Price Index Numbers for Current Cost Accounting as at March 2017. All Buildings are valued at Depreciated Replacement Cost with the exception of two courthouses that were valued at 31 March 2016 at market value, due to their non-operational status. Antiques have been included in the furniture and fittings classification and are professionally valued every five years. The valuation was carried out at 31 March 2014 by John Ross & Co.
- d. Northern Ireland Prison Service - a full valuation of land and buildings was carried out by LPS at 1 April 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.
- e. Youth Justice Agency - a full valuation of land and buildings was carried out by LPS at 31 March 2012 in accordance with the RICS Appraisal and Valuation Manual. LPS valued the land and building at Juvenile Justice Centre at 31 March 2017 at depreciated replacement cost using Building Cost Information Service indices.
- f. Other property, plant and equipment were adjusted to their current value by reference to the appropriate indices compiled by the Office for National Statistics.



## 9. Intangible assets

	Software and Licences £000	Assets Under Construction £000	2016-17 Core Department and Agencies £000
<b>Cost or valuation</b>			
At 1 April 2016	35,940	5,027	40,967
Additions	2,025	2,805	4,830
Disposals	(264)	-	(264)
Transfers	228	(228)	-
Reclassification	1,877	(1,190)	687
Revaluation released to SCNE	34	-	34
Revaluation	540	-	540
<b>At 31 March 2017</b>	<b>40,380</b>	<b>6,914</b>	<b>46,794</b>
<b>Amortisation</b>			
At 1 April 2016	29,133	-	29,133
Charged in year	3,297	-	3,297
Disposals	(264)	-	(264)
Reclassification	-	-	-
Revaluation released to SCNE	31	-	31
Revaluation	349	-	349
<b>At 31 March 2017</b>	<b>32,546</b>	<b>-</b>	<b>32,546</b>
<b>Carrying amount at 31 March 2017</b>	<b>7,834</b>	<b>6,414</b>	<b>14,248</b>
<b>Carrying amount at 31 March 2016</b>	<b>6,807</b>	<b>5,027</b>	<b>11,834</b>
<b>Asset financing:</b>			
Owned	7,834	6,414	14,248
<b>Carrying amount at 31 March 2017</b>	<b>7,834</b>	<b>6,414</b>	<b>14,248</b>
<b>Of the total:</b>			
Core Department	2,887	-	2,887
Agencies	4,947	6,414	11,361
<b>Carrying amount at 31 March 2017</b>	<b>7,834</b>	<b>6,414</b>	<b>14,248</b>

## 9. Intangible assets (continued)

	Software and Licences £000	Assets Under Construction £000	2015-16 <i>Restated</i> Core Department and Agencies £000
<b>Cost or valuation</b>			
At 1 April 2015	34,382	3,071	37,453
Machinery of government transfer	2,716	-	2,716
	37,098	3,071	40,169
Additions	1,180	1,976	3,156
Disposals	(2,852)	-	(2,852)
Transfers	(637)	(2,084)	(2,721)
Reclassification	914	2,064	2,978
Revaluation released to SCNE	10	-	10
Revaluation	227	-	227
<b>At 31 March 2016</b>	<b>35,940</b>	<b>5,027</b>	<b>40,967</b>
<b>Amortisation</b>			
At 1 April 2015	26,987	-	26,987
Machinery of government transfer	1,910	-	1,910
	28,897	-	28,897
Charged in year	3,012	-	3,012
Disposals	(2,847)	-	(2,847)
Transfers	(114)	-	(114)
Reclassification	16	-	16
Revaluation released to SCNE	13	-	13
Revaluation	156	-	156
<b>At 31 March 2016</b>	<b>29,133</b>	<b>-</b>	<b>29,133</b>
<b>Carrying amount at 31 March 2016</b>	<b>6,807</b>	<b>5,027</b>	<b>11,834</b>
<b>Carrying amount at 31 March 2015</b>	<b>8,201</b>	<b>3,071</b>	<b>11,272</b>
<b>Asset financing:</b>			
Owned	6,807	5,027	11,834
<b>Carrying amount at 31 March 2016</b>	<b>6,807</b>	<b>5,027</b>	<b>11,834</b>
<b>Of the total:</b>			
Core Department	1,434	1,182	2,616
Agencies	5,373	3,845	9,218
<b>Carrying amount at 31 March 2016</b>	<b>6,807</b>	<b>5,027</b>	<b>11,834</b>

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

	2016-17 £000	2015-16 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Contracted capital commitments at 31 March not otherwise included in these financial statements:		
Property, plant and equipment	44,180	12,335
Intangible assets	2,221	790
<b>Total</b>	<b>46,401</b>	<b>13,125</b>

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

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

	2016-17 £000	2015-16 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
<b>Obligations under operating leases comprise:</b>		
<i>Land and buildings</i>		
Due within one year	1,164	1,863
Due later than one year and not later than five years	1,360	2,237
Due later than five years	383	930
	<b>2,907</b>	<b>5,030</b>
<i>Photocopiers and vehicles:</i>		
Due within one year	9	57
Due later than one year and not later than five years	3	9
Due later than five years	-	-
	<b>12</b>	<b>66</b>
<b>Total</b>	<b>2,919</b>	<b>5,096</b>

**10.2.2 Finance leases**

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

### 10.3 Commitments under PPP/PFI contracts

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

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

#### 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 £2.591m (2015-16: £2.476m). Total future obligations under "on-balance sheet" arrangements are given in the table below for each of the following periods:

	2016-17 £000	2015-16 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Minimum lease payments:		
Due within one year	2,182	2,182
Due later than one year and not later than five years	8,729	8,728
Due later than five years	10,301	12,483
	<b>21,212</b>	<b>23,393</b>
Less interest element	(4,714)	(5,682)
<b>Present value of obligations</b>	<b>16,498</b>	<b>17,711</b>
Service elements due in future periods:		
Due within one year	1,488	1,428
Due later than one year and not later than five years	6,090	5,835
Due later than five years	7,496	10,195
<b>Total service elements due in future periods</b>	<b>15,074</b>	<b>17,458</b>
<b>Total commitments</b>	<b>31,572</b>	<b>35,169</b>

#### 10.4 Other financial commitments

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

	2016-17 £000	2015-16 £000
	<b>Core Department and Agencies</b>	<b>Core Department and Agencies</b>
Due within one year	2,417	5,433
Due later than one year and not later than five years	2,434	4,632
Due later than five years	71	114
<b>Total</b>	<b>4,922</b>	<b>10,179</b>

The Causeway Programme was established by the Department to deliver significant improvements to the effectiveness and efficiency of criminal justice in Northern Ireland through improved integration of information systems. This was initially let as a Public Private Partnership (PPP) contract with Fujitsu Services in August 2003 for a ten year period to February 2014, with an option to extend for a further five years. The Department subsequently renegotiated its contract with Fujitsu Services to extend managed services until March 2019 for the original contract and the technology refresh was completed in March 2014. The contract extension no longer includes a capital investment from the private sector as the new capital investment has been provided by the Department. As a result this contract is no longer accounted for as a PPP.

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

Northern Ireland Courts and Tribunals Service (NICTS) have a future commitment associated with the NICTS fee paid judicial office holders claiming retrospective pension rights on the basis of the O'Brien case. In accordance with relevant government guidance the NICTS liability is recognised in JPS accounts however NICTS is committed to finding the associated funding for the element of the provision arising after April 2010, when police and justice powers transferred to the NI Assembly. The timing of these cashflows will be determined in the future once final determination has been made.

## 11. Financial Instruments

### 11.1 Disclosures

IFRS 7 *Financial Instruments: Disclosures* requires disclosure that enables evaluation of the significance of financial instruments for the Department's financial position and performance, the nature and extent of risks arising from financial instruments to which the Department is exposed during the period and at the reporting date, and how the Department manages those risks. As a result of the non-trading nature of its activities and the way in which Government departments are financed, the Department of Justice is not exposed to the degree of financial risk faced by business entities.

The Department has no powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change risks facing the Department in undertaking its activities.

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

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

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

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

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

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

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

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

##### ***Interest Rate Risk***

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

##### ***Currency Risk***

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

**Embedded Derivatives**

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, 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 the Agency will pay from 2009 to 2026 which is based on the UK retail price index (RPI) and UK Gross Domestic Product Index (GDP). The embedded derivative is deemed to be closely related to the host contract as the amounts charged are in relation to the economic environment in which the Agency operates.

**Northern Ireland Prison Service Housing Loans**

In accordance with IAS 39 balances in respect of Northern Ireland Prison Service (NIPS) Home Loans are stated in the statement of financial position at their amortised cost, being the carrying amount discounted to present value at the effective rate of interest of 3.7%. Further details are disclosed in Note 12. These financial assets represent 0.04% of the Agency's total asset value on the Statement of Financial Position. They have not been affected by current credit risk as repayments are deducted directly from payroll and are not considered a significant medium or long-term risk to NIPS.

**11.2 Financial Guarantees, Indemnities and Letters of Comfort**

The Department has not entered into any unquantifiable guarantees, indemnities or provided letters of comfort. There are no contingent liabilities within the meaning of IAS 39 since the likelihood of a transfer of economic benefit in settlement is too remote.

The Department has not entered into any quantifiable guarantees, indemnities or provided letters of comfort that fall to be measured under IAS 39.

**12. Financial assets**

	2016-17 £000	2015-16 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Balance at 1 April	290	559
Disposals	-	-
Repayments	(202)	(278)
Impairments	-	-
Revaluations	4	9
<b>Carrying amount at 31 March</b>	<u><b>92</b></u>	<u><b>290</b></u>

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

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

	2016-17 £000	2015-16 £000	1 April 2015 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Current assets	63	190	236
Non-current assets	29	100	323
<b>Balance at 31 March</b>	<u><b>92</b></u>	<u><b>290</b></u>	<u><b>559</b></u>

**13. Inventories**

	2016-17 £000	2015-16 £000	1 April 2015 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Raw materials and consumables	975	1,082	1,139
Fuel	196	166	212
Work in progress	2	6	30
<b>Total</b>	<u><b>1,173</b></u>	<u><b>1,254</b></u>	<u><b>1,381</b></u>



## 14. Cash and cash equivalents

	2016-17 £000	2015-16 £000 <i>Restated</i>
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Balance at 1 April	1,133	(4,597)
Net change in cash and cash equivalent balances	19,954	5,730
<b>Balance at 31 March</b>	<b><u>21,087</u></b>	<b><u>1,133</u></b>
The following balances at 31 March are held at:		
Commercial banks and cash in hand	21,087	1,133
<b>Balance at 31 March</b>	<b><u>21,087</u></b>	<b><u>1,133</u></b>

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

	2016-17 £000	2015-16 £000	1 April 2015 £000 <i>Restated</i>
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Current assets	24,952	2,672	1,969
Current liabilities	(3,865)	(1,539)	(6,566)
<b>Total</b>	<b><u>21,087</u></b>	<b><u>1,133</u></b>	<b><u>(4,597)</u></b>

## 15. Trade receivables and other assets

	2016-17 £000	2015-16 £000 <i>Restated</i>	1 April 2015 £000 <i>Restated</i>
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
<b>Amounts falling due within one year:</b>			
Trade receivables	2,251	2,768	2,527
Other receivables	7,159	769	1,192
Prepayments and accrued income	3,808	3,656	3,849
VAT recoverable	2,012	-	-
Amounts due from the Consolidated Fund in respect of supply	-	-	5,350
	<u>15,230</u>	<u>7,193</u>	<u>12,918</u>
<b>Amounts falling due after more than one year:</b>			
Other receivables	3	8	10
	<u>3</u>	<u>8</u>	<u>10</u>
<b>Total</b>	<u>15,233</u>	<u>7,201</u>	<u>12,928</u>

Included within 'Other receivables' is £6,366,048 (2015-16: £117,653) that will be due to the Consolidated Fund once the debts are collected.

## 15.1 Impairment

Trade receivables are stated net of the following impairment:

	2016-17 £000	2015-16 £000
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
Balance at 1 April	5,347	60
Machinery of government transfer	-	4,037
	<u>5,347</u>	<u>4,097</u>
Increase in impairment during the year	836	1,964
Amount utilised in the year	(3)	-
Impairment written back during the year	-	(714)
<b>Balance at 31 March</b>	<u>6,180</u>	<u>5,347</u>

## 16. Trade payables and other liabilities

	2016-17 £000	2015-16 £000 <i>Restated</i>	1 April 2015 £000 <i>Restated</i>
	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>	<u>Core Department and Agencies</u>
<b>Amounts falling due within one year:</b>			
VAT	-	2,318	1,111
Other taxation and social security	-	285	373
Trade payables	1,823	1,079	2,748
Other payables	1,876	2,585	2,488
Accruals and deferred income	36,862	49,247	38,104
Current part of imputed finance lease element of "on-balance sheet" (SoFP) PPP/PFI contracts	1,305	1,214	1,124
Amounts issued from the Consolidated Fund for supply but not yet spent at year end	20,399	482	-
Consolidated Fund Extra Receipts to be paid to the Consolidated Fund:			
Received	684	650	721
Receivable	6,364	115	104
Excess accruing resources	4	-	1
	<u>69,317</u>	<u>57,975</u>	<u>46,774</u>
<b>Amounts falling due after more than one year:</b>			
Imputed finance lease element of "on-balance sheet" (SoFP) PPP/PFI contracts	15,193	16,497	17,711
Consolidated Fund Extra Receipts receivable and due to be paid to the Consolidated Fund	2	3	4
	<u>15,195</u>	<u>16,500</u>	<u>17,715</u>
<b>Total</b>	<u>84,512</u>	<u>74,475</u>	<u>64,489</u>

Included within 'Consolidated Fund Extra Receipts to be paid to the Consolidated Fund: Received' is £645,774 (2015-16: £531,240) held on trust on behalf of the Consolidated Fund in respect of fines and other income collected by Northern Ireland Courts and Tribunals Service. See SOAS 4.2 for further details.

## 17. Provisions for liabilities and charges

							2016-17 £000
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Others	Core Department and Agencies
Balance at 1 April	126,785	30,300	30,243	17,403	9,503	4,022	<b>218,256</b>
Provided in the year	127,953	1,112	22,545	5,983	17,556	342	<b>175,491</b>
Actuarial loss/(gain)	-	11,652	-	-	2,674	49	<b>14,375</b>
Provisions not required written back	(26,354)	-	(4,078)	(4,361)	(801)	-	<b>(35,594)</b>
Provisions utilised in the year	(82,328)	(4,784)	(16,467)	(6,036)	(8,644)	(2)	<b>(118,261)</b>
Provisions settled from Consolidated Fund	-	-	-	-	-	(551)	<b>(551)</b>
Borrowing costs	-	649	-	-	(60)	51	<b>640</b>
<b>Balance at 31 March</b>	<b>146,056</b>	<b>38,929</b>	<b>32,243</b>	<b>12,989</b>	<b>20,228</b>	<b>3,911</b>	<b>254,356</b>

							2015-16 £000 <i>Restated</i>
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Others	Core Department and Agencies
Balance at 1 April	-	30,894	30,434	12,256	9,210	4,721	<b>87,515</b>
Machinery of government transfer	119,426	-	-	1,167	932	(397)	<b>121,128</b>
	119,426	30,894	30,434	13,423	10,142	4,324	<b>208,643</b>
Provided in the year	147,388	813	13,105	11,778	9,155	325	<b>182,564</b>
Actuarial loss/(gain)	-	2,969	-	-	(4,055)	(169)	<b>(1,255)</b>
Provisions not required written back	(48,849)	(179)	(2,007)	(2,862)	-	-	<b>(53,897)</b>
Provisions utilised in the year	(91,180)	(4,260)	(11,289)	(4,936)	(6,000)	(241)	<b>(117,906)</b>
Provisions settled from Consolidated Fund	-	-	-	-	-	(300)	<b>(300)</b>
Borrowing costs	-	63	-	-	261	83	<b>407</b>
<b>Balance at 31 March</b>	<b>126,785</b>	<b>30,300</b>	<b>30,243</b>	<b>17,403</b>	<b>9,503</b>	<b>4,022</b>	<b>218,256</b>

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

							2016-17 £000
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Others	Core Department and Agencies
Due within one year	52,812	4,702	12,894	10,186	6,320	343	<b>87,257</b>
Due later than one year and not later than five years	86,751	11,847	19,349	2,803	12,518	1,371	<b>134,639</b>
Due later than five years	6,493	22,380	-	-	1,390	2,197	<b>32,460</b>
<b>Balance at 31 March</b>	<b>146,056</b>	<b>38,929</b>	<b>32,243</b>	<b>12,989</b>	<b>20,228</b>	<b>3,911</b>	<b>254,356</b>

							2015-16 £000 <i>Restated</i>
	Legal Aid	Early Departure Costs	Compen- sation Payments	Litigation Claims	Pensions	Others	Core Department and Agencies
Due within one year	48,980	4,174	12,894	12,010	162	427	<b>78,647</b>
Due later than one year and not later than five years	65,755	12,390	17,349	5,393	8,184	1,693	<b>110,764</b>
Due later than five years	12,050	13,736	-	-	1,157	1,902	<b>28,845</b>
<b>Balance at 31 March</b>	<b>126,785</b>	<b>30,300</b>	<b>30,243</b>	<b>17,403</b>	<b>9,503</b>	<b>4,022</b>	<b>218,256</b>

**17.2 Legal Aid - £146.056m (2015-16: £126.785m)**

The balance in respect of civil legal services and criminal legal aid is based on the estimated provision calculated for existing certificates issued by Legal Services Agency Northern Ireland. This amount does not represent the forecast funding requirements within and after one year, as there will also be the costs of new certificates authorised post 31 March 2016 that would fall due for payment in due course.

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

**17.3 Early Departure Costs - £38.929m (2015-16: £30.300m)****(i) PSCPS(NI) and NILGOSC - £1.532m (2015-16: £1.599m)**

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

**(ii) Northern Ireland Prison Service - Injury on duty benefits - £28.400m (2015-16: £16.991m)**

From 1 April 2006 all benefits payable under the Civil Service Injury Benefit Scheme (CSIBS) (Northern Ireland) relating to the Northern Ireland Prison Service (NIPS) are charged to NIPS by Civil Service Pensions (Northern Ireland) on a monthly basis. The allowance is payable to the former employee for life. An estimated life expectancy of 70 years has been applied.

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

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

**(iii) Northern Ireland Prison Service - Voluntary Early Retirement (VER) Scheme - £8.684m (2015-16: £11.710m)**

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) Forensic Services NI - Injury Awards - £0.313m (2015-16: £Nil)**

Benefits payable under the Civil Service Injury Benefit Scheme (Northern Ireland) relating to Forensic Services Northern Ireland (FSNI) are charged to FSNI by Civil Service Pensions (Northern Ireland) on a monthly basis. The allowance is payable to the former employee for life. An estimated life expectancy of 83 years has been applied. Provision is made for the costs of providing injury awards to employees based on the current number of injury awards, and also on estimated life expectancy of these pensioners.

**17.4 Compensation Payments - £32.243m (2015-16: £30.243m)**

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

**17.5 Provision for Litigation Claims - £12.989m (2015-16: £17.403m)*****(i) Miscarriages of justice - £0.090m (2015-16: £1.800m)***

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

***(ii) Other provisions for litigation claims - £12.899m (2015-16: £15.603m)***

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

**17.6 Pensions - £20.116m (2015-16: £9.503m)****(i) Youth Justice Agency - NILGOSC pension - £13.900m (2015-16: £7.407m)**

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

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

Current members of YJA staff have been given the option to retain their accrued pension benefits up to 31 March 2015 in NILGOSC or transfer to NICS pension arrangements by way of a bulk transfer. Whilst it is not currently possible to quantify the actual financial exposure, the following provisions have been included in the financial statements as the best estimate of the potential liabilities.

	<b>2016-17</b> <b>£000</b>	<b>2015-16</b> <b>£000</b>	<b>1 April 2015</b> <b>£000</b>
NILGOSC - cessation payment	1,800	7,407	5,931
NICS pension - shortfall payment	12,100	-	-
	<b>13,900</b>	<b>7,407</b>	<b>5,931</b>

Given the underlying uncertainty in terms of timings, number of staff and amounts involved, a Contingent Liability has been disclosed in Note 18.

**NILGOSC - IAS 19 disclosures**

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

Since 2006-07 it has been possible to define the Agency's share of the Fund's assets and liabilities and as a result the following disclosures are provided in line with IAS 19. The latest actuarial valuation of the Scheme was carried out at 31 March 2010. The actuarial valuation of the scheme as at 31 March 2013 was finalised after 31 March 2014. The liability and cost calculations are based on actuarial assumptions as at 31 March 2017.



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

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

	Value at 31/03/17 £000	Value at 31/03/16 £000	Value at 31/03/15 £000
Equities	67,268	51,923	44,286
Property	9,481	9,519	9,841
Gilts	10,384	8,726	8,201
Cash	3,160	1,948	3,280
Total value of assets	90,293	72,116	65,608
Defined benefit obligation	(92,093)	(68,793)	(71,539)
<b>Defined benefit asset/(liability)</b>	<b>(1,800)</b>	<b>3,323</b>	<b>(5,931)</b>
Restriction to defined benefit asset due to asset ceiling	-	-	-
Unfunded liabilities	-	-	-
<b>Total defined benefit asset/(liability)</b>	<b>(1,800)</b>	<b>3,323</b>	<b>(5,931)</b>
Related deferred tax (liability)/asset	No allowance	No allowance	No allowance
<b>Net asset/(liability)</b>	<b>(1,800)</b>	<b>3,323</b>	<b>(5,931)</b>
<b>Assumptions</b>	<b>2016-17 %</b>	<b>2015-16 %</b>	<b>2014-15 %</b>
Discount rate	2.50	3.50	3.20
Future Increase in RPI	3.20	3.00	3.00
Future Increase in CPI	2.20	2.00	2.00
Rate of increase in salaries	3.70	3.50	3.50
Rate of increase in pensions in payment			
- Guaranteed Minimum Pension (CPI max 3%)	1.95	2.00	2.00
- Excess pension (CPI)	2.20	2.00	2.00
<b>Assumptions - average expected future life at age 65 for:</b>	<b>2016-17 Years</b>	<b>2015-16 Years</b>	<b>2014-13 Years</b>
Male staff currently aged 65	21.0	21.8	21.6
Female staff currently aged 65	23.4	24.3	24.0
Male staff currently aged 45	22.7	23.6	23.3
Female staff currently aged 45	25.3	26.3	26.0
<b>Reconciliation of the value of the assets</b>		<b>2016-17 £000</b>	<b>2015-16 £000</b>
Scheme assets at 1 April		72,116	65,608
Movement in the year:			
Opening balance adjustment		-	(139)
Expected return		2,496	2,070
Actuarial gains/(losses)		11,667	168
Employer contributions		5,600	5,956
Member contributions		-	7
Benefits paid		(1,586)	(1,554)
<b>Closing value of assets at 31 March</b>		<b>90,293</b>	<b>72,116</b>

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

<b>Return on scheme assets</b>	<b>2016-17</b> <b>£000</b>	<b>2015-16</b> <b>£000</b>
Actual return on scheme assets	<b>14,163</b>	<b>2,238</b>

<b>Analysis of movement in scheme liabilities</b>	<b>2016-17</b> <b>£000</b>	<b>2015-16</b> <b>£000</b>
Opening defined benefit obligation	68,793	71,539
Movement in the year:		
Employer service cost	-	-
Administration expenses	-	-
Member contributions	-	7
Interest cost	2,380	2,264
Actuarial (gains)/losses	12,577	(3,463)
Settlements	9,929	-
Benefits paid	(1,586)	(1,554)
<b>Closing defined benefit obligation at 31 March</b>	<b>92,093</b>	<b>68,793</b>

<b>Expense to be recognised in the Statement of Comprehensive Net Expenditure</b>	<b>2016-17</b>	<b>2015-16</b> <b>£000</b>
Employer Service Costs	-	-
Administration expenses	-	-
Settlement	9,929	
Interest charged/(credited) in respect of defined benefit liability/(asset)	(116)	194
	<b>9,813</b>	<b>194</b>

<b>Actuarial (gain)/loss to be recognised in the Statement of Changes in Taxpayers' Equity</b>	<b>2016-17</b> <b>£000</b>	<b>2015-16</b> <b>£000</b>
Actuarial gain/(loss)	<b>(910)</b>	<b>3,631</b>

<b>Cumulative actuarial gain or loss recognised in the Statement of Changes in Taxpayers' Equity</b>	<b>2016-17</b> <b>£000</b>	<b>2015-16</b> <b>£000</b>
Cumulative gain/(loss)	<b>1,251</b>	<b>2,161</b>

<b>History of liabilities/assets and experience (gains)/losses</b>	<b>2016-17</b> <b>£000</b>	<b>2015-16</b> <b>£000</b>	<b>2014-15</b> <b>£000</b>	<b>2013-14</b> <b>£000</b>	<b>2012-13</b> <b>£000</b>
Defined benefit obligation	(92,093)	(68,793)	(71,539)	(62,271)	(61,240)
Fair value of assets	90,293	72,116	65,608	55,988	51,299
<b>Surplus/(deficit)</b>	<b>(1,800)</b>	<b>3,323</b>	<b>(5,931)</b>	<b>(6,283)</b>	<b>(9,941)</b>
Experience adjustment on liabilities - gain/(loss)	-	-	2,547	-	(14)
Experience adjustment on assets - gain/(loss)	11,667	168	5,468	2,161	4,951

**(i) Youth Justice Agency - NILGOSC pension (continued)****Sensitivity Analysis**

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

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

<b>Assumption</b>	<b>Change in assumption</b>	<b>Increase/(Decrease) in liabilities</b>
Discount Rate	Increase by 0.5%	(8%)
	Decrease by 0.5%	9%
Salary Growth	Increase by 0.5%	2%
	Decrease by 0.5%	(2%)
CPI Inflation (excluding salary growth impact)	Increase by 0.5%	5%
	Decrease by 0.5%	(5%)
Life Expectancy	Increase by 1 year	3%

**(ii) Legal Services Agency NI (LSANI) - NILGOSC pension liability - £4.500m (2015-: £0.540m)**

Prior to 1 April 2015, the Northern Ireland Legal Services Commission (NILSC) made employer contributions to the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Scheme, which is a funded scheme of the defined benefit type.

The NILGOSC Scheme closed on 31 March 2015 for NILSC employees following the machinery of government transfer from NILSC to the LSANI. The accrued pension benefits of NILGOSC for pensioners and deferred members will remain in NILGOSC.

Current members of LSANI staff have been given the option to retain their accrued pension benefits up to 31 March 2015 in NILGOSC or transfer to NICS pension arrangements by way of a bulk transfer. Whilst it is not currently possible to quantify the actual financial exposure, the following provisions have been included in the financial statements as the best estimate of the potential liabilities.

	<b>2016-17</b> <b>£000</b>	<b>2015-16</b> <b>£000</b>	<b>1 April 2015</b> <b>£000</b>
NILGOSC - cessation payment	1,100	540	932
NICS pension - shortfall payment	3,400	-	-
	<b>4,500</b>	<b>540</b>	<b>932</b>

Given the underlying uncertainty in terms of timings, number of staff and amounts involved, a Contingent Liability has been disclosed as in Note 18.

**(ii) Legal Services Agency NI - NILGOSC pension liability (continued)****NILGOSC - IAS 19 disclosures**

Under the Local Government Pension Scheme Regulations (Northern Ireland), an actuarial valuation of the NILGOSC Scheme must be completed every three years. Following these valuations, the Committee agrees the level of Employer Contributions. As the LSANI no longer admits new employees to the NILGOSC Scheme, an individual employer contribution is calculated for the LSA.

Since 2006-07 it has been possible to define each organisation's share of the Fund's assets and liabilities, and as a result the following disclosures are provided in line with IAS 19. The latest actuarial valuation of the Scheme was carried out at 31 March 2010. The actuarial valuation of the scheme as at 31 March 2013 was finalised after 31 March 2014. The liability and cost valuations are based on actuarial assumptions as at 31 March 2017.

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

	<b>Value at 31/03/17 £000</b>	<b>Value at 31/03/16 £000</b>
Equities	23,842	17,544
Property	3,360	3,216
Gilts	3,680	2,948
Cash	1,120	658
Total value of assets	<u>32,002</u>	<u>24,366</u>
Defined benefit obligation	(33,102)	(24,906)
<b>Defined benefit (liability)/asset</b>	<b><u>(1,100)</u></b>	<b><u>(540)</u></b>
Irrecoverable surplus	-	-
Unfunded liabilities	-	-
<b>Total deficit</b>	<b><u>(1,100)</u></b>	<b><u>(540)</u></b>
Related deferred tax (liability)/asset	no allowance	no allowance
<b>Net (liability)/asset</b>	<b><u>(1,100)</u></b>	<b><u>(540)</u></b>
<b>Assumptions</b>	<b><u>2016-17 %</u></b>	<b><u>2015-16 %</u></b>
Discount rate	2.50%	3.50%
Future Increase in RPI	3.20%	3.00%
Future Increase in CPI	2.20%	2.00%
Rate of increase in salaries	3.70%	3.50%
Rate of increase in pensions in payment		
- Guaranteed Minimum Pension (CPI max 3%)	1.95%	2.00%
- Excess pension (CPI)	2.20%	2.00%

**(ii) Legal Services Agency NI - NILGOSC pension liability (continued)**

<b>Assumptions - average expected future life at age 65 for:</b>	<b>2016-17 Years</b>	<b>2015-16 Years</b>
Male staff currently aged 65	21.0	21.8
Female staff currently aged 65	23.4	24.3
Male staff currently aged 45	22.7	23.6
Female staff currently aged 45	25.3	26.3
<b>Reconciliation of value of assets</b>	<b>2016-17 £000</b>	<b>2015-16 £000</b>
At 1 April	24,366	24,640
Movement in the year:		
Expected return	848	784
Actuarial (losses)	4,065	(786)
Employer contributions	3,000	-
Member contributions	-	-
Benefits paid	(277)	(272)
<b>Closing value of assets</b>	<b>32,002</b>	<b>24,366</b>
<b>Return on the assets</b>	<b>2016-17 £000</b>	<b>2015-16 £000</b>
Actual return on the assets	4,913	(2)
<b>Reconciliation of the value of the defined benefit obligation</b>	<b>2016-17 £000</b>	<b>2015-16 £000</b>
At 1 April	24,906	25,572
Movement in the year:		
Employer service cost	-	-
Administration expenses	-	-
Member contributions	-	-
Interest cost	867	814
Actuarial (gains)/losses	5,662	(1,208)
Settlements	1,944	-
Benefits paid	(277)	(272)
<b>Closing defined benefit obligation</b>	<b>33,102</b>	<b>24,906</b>
<b>Expense to be recognised in the Statement of Comprehensive Net Expenditure</b>	<b>2016-17 £000</b>	<b>2015-16 £000</b>
Employer Service Costs	-	-
Administration expenses	-	-
Settlement	1,944	-
Interest charged in respect of defined benefit liability	19	30
	<b>1,963</b>	<b>30</b>
<b>Actuarial loss/(gain) to be recognised in the Statement of Changes in Taxpayers' Equity</b>	<b>2016-17 £000</b>	<b>2015-16 £000</b>
Actuarial gain	(1,597)	422

**(ii) Legal Services Agency NI - NILGOSC pension liability (continued)**

History of liabilities/assets and experience (gains)/losses	2016-17 £000	2015-16 £000
Scheme liabilities	(33,102)	(24,906)
Scheme assets	32,002	24,366
<b>Surplus/(deficit)</b>	<b>(1,100)</b>	<b>(540)</b>
Experience adjustment on liabilities - gain/(loss)	-	-
Experience adjustment on assets - gain/(loss)	4,065	(786)

**Sensitivity Analysis**

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

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

<b>Assumption</b>	<b>Change in assumption</b>	<b>Increase/(Decrease) in liabilities</b>
Discount Rate	Increase by 0.5%	(9%)
	Decrease by 0.5%	10%
Salary Growth	Increase by 0.5%	2%
	Decrease by 0.5%	(2%)
CPI Inflation (excluding salary growth impact)	Increase by 0.5%	7%
	Decrease by 0.5%	(7%)
Life Expectancy	Increase by 1 year	3%

**(iii) Broadly By Analogy pension schemes - £1.190m (2015-16: £1.030m)**

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 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 2017 were £1.190m (31 March 2016: £1.030m) as per the actuarial valuation.

<b>Present value of scheme liabilities</b>	<b>2016-17</b> <b>£000</b>	<b>2015-16</b> <b>£000</b>
Current pensioners	1,190	1,030
<b>Total</b>	<b>1,190</b>	<b>1,030</b>

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

<b>Assumptions</b>	<b>2016-17</b> <b>%</b>	<b>2015-16</b> <b>%</b>	<b>2014-15</b> <b>%</b>
Rate used to discount scheme liabilities	2.80	3.60	3.55
CPI Inflation assumption	2.55	2.20	2.20
Rate of increase in salaries	4.55	4.20	4.20
Rate of increase for pensions in payment	2.55	2.20	2.20

**Assumptions - Life expectancy at Retirement**

<b>Current Pensioners</b>	<b>2016-17</b> <b>Years</b>	<b>2015-16</b> <b>Years</b>	<b>2014-15</b> <b>Years</b>
Exact Age:			
Male officers currently aged 65	24.2	24.2	24.2
Female officers currently aged 65	26.4	26.4	26.4
Male officers currently aged 45	26.4	26.4	26.4
Female officers currently aged 45	29.0	29.0	29.0

<b>Analysis of movement in scheme liability</b>	<b>2016-17</b> <b>£000</b>	<b>2015-16</b> <b>£000</b>
At 1 April	1,030	1,039
Movement in the year:		
Interest cost	37	37
Actuarial(gain)/loss	167	(2)
Benefits paid	(44)	(44)
<b>Closing value of liability</b>	<b>1,190</b>	<b>1,030</b>
<b>Expense to be recognised in the Statement of Comprehensive Net Expenditure</b>	<b>2016-17</b> <b>£000</b>	<b>2015-16</b> <b>£000</b>
Service cost	-	-
Interest cost	37	37
<b>Total expense/(income)</b>	<b>37</b>	<b>37</b>

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

Actuarial (gain)/loss to be recognised in the Statement of Changes in Taxpayers' Equity	2016-17 £000	2015-16 £000
Experience loss/(gain)/ arising on the scheme liabilities	(18)	9
Changes in assumptions underlying the present value of the scheme liabilities	185	(11)
<b>Total actuarial(gain)/loss</b>	<b>167</b>	<b>(2)</b>

History of experience (gains)/losses	2016-17	2015-16	2014-15	2013-14	2012-13
Experience (gain)/loss arising on the scheme liabilities:					
Amount (£000)	(18)	9	(9)	12	3
Percentage of scheme liabilities at the end of year	(1.5%)	0.9%	(0.9%)	1.2%	0.3%

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

**Sensitivity Analysis**

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

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

Assumption	Change in assumption	Increase/(Decrease) in liabilities
Discount Rate	Increase by 0.1%	(£18,000)
	Decrease by 0.1%	£19,000
CPI Inflation	Increase by 0.1%	£19,000
	Decrease by 0.1%	(£18,000)
Life Expectancy	Increase by 1 year	£36,000



**(iv) Fee Paid Office Holders Pension - £0.638m (2015-16: £0.526m)****Judicial Service Award**

Following a ruling against the Ministry of Justice (MOJ) by the UK Supreme Court on 6 February 2013 that a retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder, a provision has been recognised for the Judicial Service Award, which compensates retirees for the tax paid on pension lump sums paid on retirement, that will become payable in future years to fee paid judicial office holders who have claimed, or are eligible to claim, pension entitlements.

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

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

**Compensatory Interest**

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

**Non-pension entitlements**

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

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

**17.7 Others - £3.910m (2015-16: £4.021m)*****Judicial Service Awards - £3.910m (2015-16: £4.021m)***

Provision has been made for Judicial Service Awards for salaried judicial office holders who are members of JPS. The purpose of the Judicial Service Award is that, subject to any future changes in legislation, the award will compensate for any tax or National Insurance charges on lump sums payable from the deregistered judicial pension schemes on retirement. The provision has been estimated by the GAD and takes into account the number of reckonable years served and an estimate of the projected final salaries of existing members. The result has then been discounted to present value using the rates set by HM Treasury. The provision includes estimated amounts due to Judiciary funded by both NICTS and the Consolidated Fund.

## 18. Contingent liabilities

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

**(i) Description of liability:** *Youth Justice Agency and Legal Services Agency Northern Ireland - NILGOSC bulk transfer*

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

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

Uncertainties/major assumptions: A court hearing to consider five Judicial Review applications challenging imposing and enforcing fines has resulted in the court finding many of the processes to be flawed. Subsequently, five test cases were remitted to the High Court so that issues of liability and compensation could be determined. Following legal advice the decision was taken to settle the test cases. In accordance with legal advice NICTS intend to apply the one year limitation imposed by statute on all claims. However there remains uncertainty on the potential liability of claims that fall outside the one year rule, and claims that perhaps have been sent initially to other organisations such as solicitors, PSNI or the Northern Ireland Prison Service and have not been sent to NICTS as yet. Claimants may also appeal the decision by NICTS. Depending on the outcome of the unknowns there may be significant financial implications in the future for NICTS and the Department.

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

Uncertainties/major assumptions: The UK Supreme Court ruled on 6 February 2013 that a retired fee paid judicial office holder was entitled to a pension on terms equivalent to those applicable to a salaried judicial office holder. There have also been subsequent hearings held at the Employment Tribunal and Employment Appeal Tribunal to address the quantum of the pension entitlement and which judicial office holders were eligible to make claims. There are a number of outstanding appeals in relation to these judgments which have not been heard prior to the finalisation of these accounts. There are estimated contingent liabilities of £1.4m arising from pension and non-pension claims which may become payable by NICTS.

**18. Contingent liabilities (continued)**

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

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

**(v) Description of liability:** **Discount rate for compensation claimants**

Uncertainties/major assumptions: A new discount rate, which courts must consider when awarding compensation for future financial losses in the form of a lump sum in personal injury cases, came into effect in England and Wales on 20 March 2017. The Department of Justice has power to prescribe the discount rate for Northern Ireland (in consultation with the Government Actuary and Department of Finance). The discount rate is under active consideration by the Department but will require Ministerial consideration once a Minister is in post and any change would require secondary legislation. As such, it has not been possible at this time to quantify the potential impact on the department of any change in the discount rate.

## 19. Related party transactions

The Department of Justice is the parent Department of a number of entities. During the year the Department had a number of material transactions with these entities and with other entities which, for financial reporting purposes, are regarded as related parties. These include:

Executive agencies:

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

Executive non-departmental public bodies:

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

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

The spouse of an Independent Board Member is a Director of a firm that provided services to the Police Rehabilitation and Retraining Trust.

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

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

## **20. Third-party assets**

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

### ***Compensation Services***

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

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

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

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

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

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

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

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

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

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

**20. 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 2016 £000</b>	<b>Gross Inflows £000</b>	<b>Gross Outflows £000</b>	<b>31 March 2017 £000</b>
Monetary assets such as bank balances and monies on deposit	111,353	87,802	(83,980)	115,175
Listed securities	186,353	39,690	(19,351)	206,692
<b>Total</b>	<b>297,706</b>	<b>127,492</b>	<b>(103,331)</b>	<b>321,867</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 the Northern Ireland Courts and Tribunals Service as security or bails in relation to legal actions.

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

<b>Core Department and Agencies</b>	<b>2016-17 Number of cases</b>	<b>2015-16 Number of cases</b>
Property assets	1,111	842

## 21. Entities within the Departmental boundary

The entities within the boundary during 2016-17 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 Charity Tribunal;
- Northern Ireland Health and Safety Tribunal;
- Northern Ireland Traffic Penalty Tribunal;
- Northern Ireland Valuation Tribunal;
- Parole Commissioners;
- Pensions Appeal Tribunal;
- Planning Appeals Commission;
- Prisoner Ombudsman;
- Social Security and Child Support Commissioners;
- Special Educational Needs and Disability Tribunal;
- State Pathologist; and
- Water Appeals Commission.



**22. Events after the reporting date**

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

**Date for authorisation of issue**

The Accounting Officer authorised these financial statements for issue on 5 July 2017.

## ACRONYMS

Acronym	Details
ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
AMPS	Assembly Members' Pension Scheme
ARIS	Asset Recovery Incentivisation Scheme
BBA	Broadly by analogy
C&AG	Comptroller and Auditor General
CAL	Centre for Applied Learning
CARE	Career Average Revalued Earnings
CETV	Cash Equivalent Transfer Value
CIDMIS	Criminal Injury & Damage Management Information System
CF	Consolidated Fund
CFER	Consolidated Fund Extra Receipt
CFSS	Consolidated Fund Standing Services
CJS	Criminal justice system
CPD	Central Procurement Directorate
CPI	Consumer Prices Index
CSIBS	Civil Service Injury Benefit Scheme
CSP	Civil Service Pensions
DARC	Departmental Audit and Risk Committee
DEL	Department Expenditure Limits
DoF	Department of Finance
DOJ	Department of Justice
EDRM	Electronic Document & Records Management
EOTAS	Educated other than at School
ESA	Employment Support Allowance
EU	European Union
FReM	Financial Reporting Manual
FSNI	Forensic Science Northern Ireland
GAD	Government Actuary's Department
GDP	Gross Domestic Product
HIPA	Hate Incident Practical Action
HIU	Historical Investigation Unit
HR	Human Resources
HSENI	Health and Safety Executive for Northern Ireland
IAO	Information Asset Owner
IAS	International Accounting Standards
IBM	Independent Board Member
ICO	Information Commissioner's Office
ICT	Information and Communication Technology
IFI	International Fund for Ireland
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IROC	Information Risk Owners' Council
ISD	Information Services Division
IT	Information Technology
JPS	Judicial Pension Scheme
JUPRA	Judicial Pensions and Retirement Act
LSANI	Legal Services Agency Northern Ireland
LPS	Land and Property Services
MARAC	Multi Agency Risk Assessment Conference
MLA	Member of the Legislative Assembly
MOJ	Ministry of Justice
MOTO	Memorandum of Terms of Occupancy
NDPB	Non-Departmental Public Body
NIAO	Northern Ireland Audit Office

**ACRONYMS (continued)**

<b>Acronym</b>	<b>Details</b>
NICS	Northern Ireland Civil Service
NICTS	Northern Ireland Courts and Tribunals Service
NILSC	Northern Ireland Legal Services Commission
NILGOSC	Northern Ireland Local Government Officers' Superannuation Committee
NIPB	Northern Ireland Policing Board
NIPF	Northern Ireland Police Fund
NIPS	Northern Ireland Prison Service
NISRA	Northern Ireland Statistics and Research Agency
NRO	Net Resource Outturn
OBC	Outline Business Case
OCTF	Organised Crime Task Force
PAC	Public Accounts Committee
PACWAC	Planning Appeals Commission and Water Appeals Commission
PBNI	Probation Board for Northern Ireland
PCSPs	Policing and Community Safety Partnerships
PfG	Programme for Government
PFI	Public Finance Initiatives
PPA	Prior Period Adjustment
PPC	Prisoners' Private Cash
PPP	Public Private Partnership
PRRT	Police Rehabilitation and Retraining Trust
PSNI	Police Service of Northern Ireland
PWP	Peace Walls Programme
RICS	Royal Institution of Chartered Surveyors
RPI	Retail Prices Index
SCNE	Statement of Comprehensive Net Expenditure
SCS	Senior Civil Service
SLA	Service Level Agreement
SMC	Substance Misuse Court
SOAS	Statement of Assembly Supply
SOFP	Statement of Financial Position
TBUC	Together Building a United Community
TEO	The Executive Office
UK	United Kingdom
VAT	Value Added Tax
VER	Voluntary Early Retirement
VES	Voluntary Exit Scheme
VFM	Value for Money
YJA	Youth Justice Agency

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