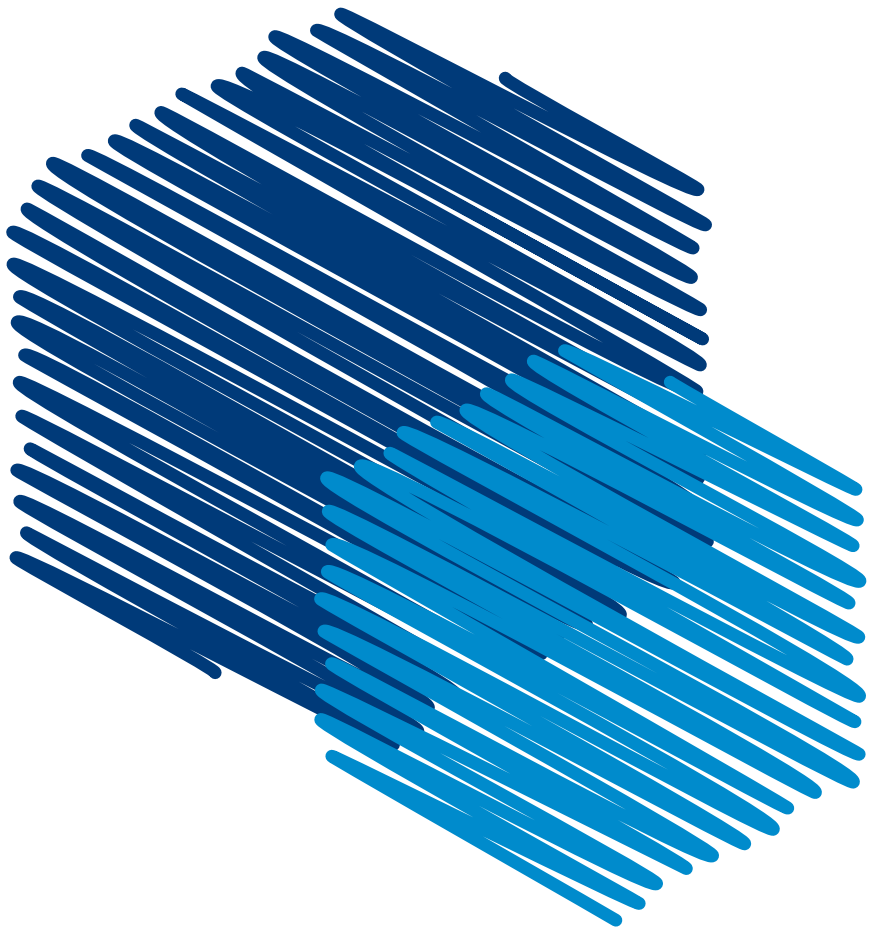




Department of  
**Enterprise, Trade  
and Investment**

[www.detini.gov.uk](http://www.detini.gov.uk)



# Resource Accounts

Annual Report and Accounts  
for the year to 31 March 2015

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formats upon request

## **Resource Accounts for the year ended 31 March 2015**

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

on

03 July 2015



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1



Annual Report





# Annual Report

## A: MANAGEMENT COMMENTARY

### (i) DIRECTORS' REPORT

#### Introduction

1. The Department presents its annual report and accounts for the financial year to 31 March 2015. The accounts demonstrate the resources that have been consumed in delivering the Department's objectives.
2. This Annual Report has been prepared in accordance with the guidance set out in the Government Financial Reporting Manual and guidance issued by the Department of Finance and Personnel.

#### Departmental Accounting Boundary

3. The Department's accounting boundary excludes Executive Non-Departmental Public Bodies (NDPBs).
4. The core Department is the only entity within the boundary.

#### Public Sector Bodies Outside the Departmental Accounting Boundary

5. The Department has four Executive NDPBs falling outside the accounting boundary. These are:
  - (i) Invest Northern Ireland (Invest NI);
  - (ii) Northern Ireland Tourist Board (NITB) – now known as Tourism Northern Ireland (Tourism NI);
  - (iii) Health and Safety Executive for Northern Ireland (HSENI); and
  - (iv) General Consumer Council for Northern Ireland (GCCNI).
6. The Department acts as co-sponsor Department to two organisations set up under the Belfast Agreement which are also regarded as falling outside the accounting boundary. These are:
  - (i) InterTradeIreland (Trade and Business Development Body); and
  - (ii) Tourism Ireland Limited (jointly owned by Tourism NI and the Irish Tourism Body, Fáilte Ireland).

In addition, Harland & Wolff Plc, a limited company which is wholly owned by the Department, is also regarded as being outside the accounting boundary.

7. Further details are contained in the Notes to the Resource Accounts.

#### Minister/Directors

8. Ministerial responsibility for the Department of Enterprise, Trade and Investment, for the financial year 2014-15, rested with Arlene Foster MLA. On the 11th May 2015, Jonathan Bell MLA, was appointed Minister for the Department of Enterprise, Trade and Investment.
9. The Permanent Secretary for the Department of Enterprise, Trade and Investment, for the financial year 2014-15, was David Sterling until 30th June 2014 and Andrew McCormick from 1st July 2014.
10. The Board Members for the Department of Enterprise, Trade and Investment are listed in the Governance Statement on page 45 of this report.

#### Register of Interests

11. 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. Public access to the register can be arranged by email request to [information@detini.gov.uk](mailto:information@detini.gov.uk).

#### Pension Liabilities

12. The treatment of pension costs and liabilities is disclosed in the Remuneration Report and note 1.15 to the Departmental resource accounts.

#### Public Interest and Other

##### Disabled Persons

13. The Department follows the Northern Ireland Civil Service Code of Practice on the Employment of Disabled People and aims to ensure that disablement is not a bar to recruitment or advancement.

## Equal Opportunities

14. The Department is firmly committed to pursuing the Northern Ireland Civil Service Equal Opportunities policy whereby all staff have equality of opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.
15. The DETI Human Resource policies, strategies and plans directly and tangibly support the Department's business by ensuring the provision of appropriately motivated and skilled staff. DETI is committed to the continuous development of its staff to meet the needs of its business areas and to reflect the variety of skills and competencies required for them to operate effectively both now and in the future. Departmental HR in line with HR policies contained in the NICS Staff Handbook ensure performance management, absence levels and employee relations are managed effectively. The Department is committed to providing all staff with the development and training necessary for effective performance in their jobs and for the development of their potential in accordance with the business needs of the Department and the agreed training priorities for the NICS. The Department utilises the DFP Centre for Applied Learning shared service which provides a wide range of programmes for all generic learning and development needs. In addition the Department arranges external training to ensure specialist training needs are met. The Department also provides an Assistance to Study Scheme which supports staff to achieve a recognised qualification in their own time. Staff commitment to and involvement in the Department is encouraged through regular communication of operating targets, a quarterly internal on-line magazine and an intranet site which can be accessed by all staff. The Department is accredited with the Investors in People (IIP) Bronze Award status and with the assistance of the Departmental Business Support Branch, staff and line managers are committed to advancing our service through innovation and continuous improvement.
16. The Department continues to monitor and actively manage the sickness absence of its staff through the application of centrally agreed policies and procedures and the HRConnect Shared Service. The Department's absence rate for 2014/15 is estimated to be an average of 8.5 days (2013/14: 8.0 days) absence per member of staff. While this is above the target rate of 7.5 days (2013/14: 7.6 days), it is one of the lowest rates across the NICS and is some 22% lower than the overall NICS position.
17. DETI had no 'off-payroll' engagements at a cost of over £58,200 per annum in place during the 2014-15 financial year.

## Information Security

18. The Department has continued to work towards full implementation of the NICS Information Management Strategy. Information Management Unit has successfully implemented retention and disposal schedules on departmental electronic records. Also, DETI's Legacy Records are now stored in Records NI. The Security Risk Overview report to the Head of the Civil Service was completed in July 2014 with no significant issues identified.
19. The Financial Reporting Manual (FReM) requires Public Sector Information Holders (PSIH) to include a statement that they have complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information (OPSI) Guidance. A PSIH is defined as a public body which sells information it holds. Two business areas in DETI perform this activity: Business Regulation and Geological Survey of Northern Ireland (GSNI). GSNI has developed a data licensing and charging scheme that was based upon that of the British Geological Survey and on guidance from the OPSI (now the National Archives). Business Regulation charges are based on the Fees and Charges manual produced by the Department of Finance and Personnel.

## Sustainability

20. The Department is committed to ensuring sustainability within the framework established by the Northern Ireland Executive's Programme for Government details of which are explained further within the Sustainability Report on Page 30 of this report.

## Payment of Suppliers

21. DETI payment processing is carried out by the Account NI shared services centre.
22. DETI is committed to the NICS 10 day prompt payment target implemented to assist local businesses. Northern Ireland departments have a target to pay supplier invoices within 10 working days of receipt. For the year to March 2015, DETI paid 96% (2013-14: 91%) within 10 working days, against a NICS average of 91% (2013-14: 89%).
23. Up until the implementation of the 10 day target, the Department was committed to the prompt payment of bills for goods and services in accordance with the Late Payment of Commercial Debts (interest) Act 1998 (as amended by The Late Payment of Commercial Debts Regulations 2002). The Department's policy was to pay bills in accordance with contractual conditions or, where no such conditions existed, within thirty days of receipt of goods and services or the presentation of a valid invoice, whichever was the later. For the year to March 2015, DETI paid 99% (2013-14: 98%) within this standard, against a NICS average of 97% (2013-14: 97%).
24. A monthly breakdown of payment performance across the year can be found on the Account NI website using the following link:

[http://www.accountni.dfpni.gov.uk/nics\\_prompt\\_payment\\_table\\_2014-2015\\_march15.pdf](http://www.accountni.dfpni.gov.uk/nics_prompt_payment_table_2014-2015_march15.pdf)

## Audit

25. The Department's accounts are audited by the Comptroller and Auditor General for NI.
26. So far as I am aware, as Accounting Officer, there is no relevant audit information of which the Department's auditors are unaware. I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.
27. The audit of the financial statements is a notional audit fee which in the 2014-15 financial year amounted to £57,000. The Department also paid £1,232 to the Northern Ireland Audit Office for the completion of non-audit work relating to the National Fraud Initiative.



**DR ANDREW McCORMICK**  
Accounting Officer  
26 June 2015

## (ii) STRATEGIC REPORT

### Overview of the Department

#### Departmental Goal

1. In line with the Northern Ireland Executive's top priority within its Programme for Government, the goal of the Department is:

"To promote the growth of a competitive and export-led economy"

#### Principal Functions

2. The Department has responsibility for a range of functions. These include:
  - a. Economic Development Policy
    - Enterprise;
    - Innovation;
    - Access;
    - Agrifood;
    - Tourism;
    - Energy;
    - Telecoms; and
    - Social Economy.
  - b. Economic Advice & Research
  - c. Research and Statistics Services
  - d. Business Regulation including:
    - Company Law;
    - Registry of Credit Unions and Industrial Provident Societies;
    - Insolvency Service;
    - Consumer Affairs;
    - Trading Standards; and
    - Financial Capability
  - e. Health and Safety at Work
  - f. Mineral Development
3. The Stormont House Agreement contains a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016, which will involve functions transferring from some departments to others. It is anticipated that staff working in the affected areas will move with the

function. The proposed 9-departmental model outlines a machinery of government change where DETI will be receiving additional functions which are currently the responsibility of the Department for Employment and Learning to form a new Department for the Economy.

#### Structure

4. DETI sponsors four Non-Departmental Public Bodies (NDPBs), which play a key role in shaping and implementing economic development policy:
  - Invest Northern Ireland (Invest NI);
  - Northern Ireland Tourist Board (NITB); - now known as Tourism Northern Ireland (Tourism NI);
  - Health and Safety Executive for Northern Ireland (HSENI); and
  - General Consumer Council for Northern Ireland (GCCNI)
5. DETI also acts as co-sponsor to two organisations set up under the Belfast Agreement:
  - InterTradelreland (ITI); and
  - Tourism Ireland (TI).
6. In addition, DETI, along with the Department for Regional Development (DRD) and the Department of Finance and Personnel (DFP), works with the independent Northern Ireland Authority for Utility Regulation (NIAUR) in the development and regulation of the electricity and gas industries.

#### Staff Employed in DETI

7. The table below provides a breakdown of the number of persons employed by the Department at the end of the 2014/15 financial year by gender (prior year comparison in brackets) for each of the following groups:
  - a. Directors (interpreted to be the Departmental Minister, Permanent Secretary, Deputy Secretaries and Departmental Board Members);

- b. Senior Managers (Staff at Senior Civil Servant level that are not included in the Directors Group); and
- c. Other Employees.

	Male	Female
<b>Directors</b>	5 (5)	3 (2)
<b>Senior Managers</b>	5 (5)	1 (1)
<b>Employees</b>	265 (278)	332 (319)

### Risks and Uncertainties

8. The Department's approach to the management of risk and the significant risks and uncertainties facing the Department is contained within the Governance Statement.

## ECONOMIC CONTEXT

### Global Developments

9. Global economic growth, as measured by gross domestic product (GDP), was the same in 2014 as in 2013, at 3.4%. While falling oil prices has supported global economic growth in many countries, those that are net exporters of oil have experienced weaker activity. Although falling oil prices provided an overall boost, this has been more than offset by negative factors such as weak investment, with prospects for many advanced and major economies downgraded as a result.
10. The Euro area returned to growth in 2014, posting growth of 0.9%. The US economy grew by 2.4% for the whole of 2014, its best performance since 2010. Output expanded by 2.8% in the UK economy, its fastest annual rate since 2007.

### Northern Ireland Performance

11. There have been further positive developments on the economic front for Northern Ireland in 2014-15. The improvements have been particularly evident in the labour market with improvement also recorded in economic output of our two largest sectors, services and production.

12. The labour market consistently improved throughout 2014-15. The number of people claiming unemployment benefits fell every month, by 11,700 in total. This continuous decline meant that there were 21% fewer people claiming benefits at the end of 2014-15 compared to the end of the previous year.
13. The number of employee jobs also continued to increase throughout 2014, extending the current sequence of positive growth to 11 quarters as of December 2014. In 2014, 12,000 net new jobs were created, the highest annual figure since 2007. Of the 12,000 net new jobs, the services sector added 10,080 and the manufacturing sector added 3,150 while there was a loss of 1,240 jobs in the construction sector.
14. The sectoral performance in economic output has been similar to that of jobs. The latest figures show that production output expanded by 3.8% over the year to Q4 2014 while services output expanded by 1.8% over the year to Q3 2014. While output in the construction sector declined by 0.8% over the year to Q4 2014, there are indications that the sector is at a turning point following a long down turn. Output in the sector rose by 3.9% compared to the previous quarter with house prices also beginning to grow.
15. Despite positive business performance locally, the value of goods exported from NI (based on HMRC Regional Trade Statistics) marginally decreased by 1.1% (or £66m) in 2014 when compared to 2013. This compares favourably to the UK position where exports decreased by 3.9%. Contributing to the marginal decline in NI, there were falls in the value of exports to Canada (-£51.4m), Australia (-£40.5m) and Russia (-£27.7m). On a product basis, the biggest contributor to the decline was machinery and transport equipment (-£123.2m).
16. R&D results for 2013, published in November 2014, show that R&D expenditure increased by a further 3% in 2013. Business expenditure on R&D (BERD), which accounts for some 75% of total R&D, was up 4% in 2013 compared to

the previous year. In-house BERD is currently equivalent to 1.3% of GVA, with NI ranking as the fifth highest performing UK region.

## Outlook

17. Globally growth (as measured by GDP) is expected to pick up further in 2015 and 2016 at 3.5% and 3.8% respectively, driven by a rebound in advanced economies and supported by the decline in oil prices. Growth projections for the Euro area have been uplifted to 1.5% in 2015 and 1.6% in 2016, a result of lower oil prices, lower interest rates and euro depreciation, as well as a shift to a broadly neutral fiscal stance. The US economy is expected to continue posting strong growth, of 3.1% in both 2015 and 2016.
18. The Office for Budget Responsibility expects the UK economy to grow faster than it previously predicted, with GDP growth of 2.5% and 2.3% now projected for 2015 and 2016 respectively. In large part, the upward revisions reflect the boost to real incomes and consumer spending from lower oil prices and lower inflation.
19. Northern Ireland's economic growth is expected to moderate in 2015. On average, independent economic forecasters are predicting economic growth (measured by gross value added) to be around 1.9% in 2015, following estimated growth of 2.2% in 2014. Downside risks cited by forecasters include a strengthening pound and uncertainty around the NI Executive's budget.

## PERFORMANCE FOR THE YEAR 2014/15

### Operating Plan 2014/15

20. DETI has lead responsibility for ten commitments within the Programme for Government for 2011/15 and has joint responsibility with other Northern Ireland departments, DFP/OFMDFM, DARD and DEL, on a further three commitments.
21. The DETI Corporate Plan 2011/15 was published in May 2012 and the DETI Operating Plan 2014/15 in April 2014. Both are fully aligned with the Programme for Government (PfG),

the Northern Ireland Economic Strategy and the Investment Strategy for Northern Ireland. As the Assembly Mandate and the PfG have been extended by one year to 2016, the DETI Corporate Plan will be updated to cover the period to March 2016.

22. DETI's performance against its 2014/15 Operating Plan targets is published on the DETI website, [www.detini.gov.uk](http://www.detini.gov.uk). This includes (i) £131m secured business investment in R&D; (ii) promotion of 11,129 jobs by Invest NI; (iii) over 1,967 trade interventions to help companies diversify into new markets; (iv) supporting the delivery of the Giro d'Italia; (v) securing the Irish Open 2015 and 2017, The Open and the Tall Ships 2015; (vi) DETI's interventions that have kept NI ahead of other UK regions in terms of Next Generation Broadband Access; (vii) continued increase in renewable electricity generation during the year; (viii) continued Regional Aid for (a) SMEs and (b) large enterprises for initial investments, new products and new process innovations.

## ECONOMIC DEVELOPMENT POLICY

### Northern Ireland Economic Strategy

23. The economy remains the number one priority for the Executive, which is committed to rebalancing and rebuilding the local economy by implementing those actions set out in the Northern Ireland Economic Strategy. DETI, on behalf of the Executive Sub-Committee on the Economy, has commenced the development of a refreshed Action Plan which will outline commitments to be taken forward during 2015/16
24. The Executive Sub-Committee on the Economy, which oversees the implementation of the NI Economic Strategy, continued to meet regularly during 2014/15. In October 2013, it published its second annual monitoring report which provided an update on implementation of Economic Strategy and Economy and Jobs Initiative actions as well as an assessment of the wider health of the NI economy. This report



highlighted the good progress that has been made to date with 97% of actions on course to be delivered by 2015. The third annual progress report will be published in summer 2015.

### Building a Prosperous and United Community

25. In July 2014, HM Government and the Executive published 'Building a Prosperous and United Community – One year On' - an annual report on progress which reflected on progress made since the launch of the Economic Pact in June 2013. The report outlined that HM Government and the Executive would continue to work together to build on progress already made and deliver on the range of measures outlined in the Economic Pact.
26. The Review of Business Red Tape, a key action in the Economic Pact: Building a Prosperous and United Community was completed with the publication of its report in November 2014. 'Making Life Simpler: Improving Business Regulation in NI', includes a collection of wide-ranging recommendations which can contribute to the formulation of a comprehensive and effective regulatory reform agenda for the NI Executive. The Minister has established an inter-departmental group with the task of producing a response and way forward for consideration by the Executive early in 2015-16.
27. In response to the Economic Pact commitments on access to finance, a Joint Ministerial Taskforce, chaired by the Northern Ireland Secretary of State, was established in October 2013 to lead work on examining whether tailored support is required for Northern Ireland's banks and how support for Northern Ireland businesses can be maximised. The Taskforce continued to meet during 2014-15 to progress issues in relation to the availability of bank lending data, as well as the effectiveness of the British Business Bank's programmes in Northern Ireland.
28. The Pact also set out commitments in relation to Enterprise Zones, focusing on Enhanced Capital Allowances, which permit 100% first year

allowances for qualifying plant and machinery expenditure. A pilot Enterprise Zone in Coleraine was subsequently announced in the Budget Statement on 19 March 2014. During 2014/15, discussions have been ongoing between relevant stakeholders to progress the pilot Enterprise Zone project. DETI will be seeking formal designation of the Enterprise Zone through HM Treasury once those discussions have concluded.

### Economic Research

29. The Department is committed to evidence-based policy formulation and development, and economic research has a central role in informing this. The DETI Research Agenda 2012-15 identified a range of research projects that would help to support key themes of the Economic Strategy. The following projects were published during 2014-15:
  - Economic Impact Assessment of Air Passenger Duty;
  - Business Access to Finance Survey 2014;
  - Characteristics of High Growth Businesses (incl 3 update bulletins); and
  - Innovation in Micro Businesses;
30. A number of projects have been taken forward during 2014/15 but have yet to be published. These are:
  - Update of Economic Impact of Corporation Tax
  - The Future of Venture Capital and Equity Finance in NI
  - Cost of Doing Business in Northern Ireland
  - Competitiveness Report (for the Economic Advisory Group)
31. These projects represent outputs from the final year of the current Research Agenda. A one year Research Agenda for 2015/16 will be published to outline new research projects and priorities over the coming year.

### Exports Action Plan

32. Growing the economy through a focus on export-led economic growth remained a key priority for

the Executive during 2014/15 and will remain a key priority going forward. DETI has been working with Invest NI and Intertradelreland to develop an Exports Action Plan to develop an effective and responsive local and regional export support framework to better address the NI Economic Strategy goal to increase employment and wealth by building a larger and more export-driven Private Sector.

33. During early 2015, a period of public engagement was undertaken with representatives from export support bodies including chambers, councils, economists and businesses.

### **Strategy to Tackle Economic Inactivity**

34. During 2014/15, DETI and DEL, in conjunction with DSD, DHSSPS and Invest NI developed a strategy to tackle economic inactivity through skills, training, incentives and jobs. Following endorsement from the Executive Sub-Committee on the Economy in the summer 2014, the draft final Strategy – *‘Enabling Success – Supporting the transition from economic inactivity to employment’* was agreed by the Executive and published in April 2015.

### **Innovation**

35. The Northern Ireland Innovation Strategy was agreed by the Executive on 9 September 2014. The Strategy sets out ambitious targets to transform the NI economy into one of the most innovative in the UK. The Strategy has over 60 actions, and progress will be reported on a biannual basis.

### **EU R&D**

36. During 2014/15 the Department continued to lead in the coordination of efforts to increase NI success in EU R&D Funding programmes. The Department, on behalf of the Executive produced a Northern Ireland Horizon 2020 Strategy which sets out the key actions to deliver €145m from Horizon 2020. There has been some encouraging success in the initial calls of

Horizon 2020 with €11.3m won in projects up to September 2014.

The Department produced Northern Ireland’s Framework for SMART Specialization, a necessary pre condition for future NI Structural Funds, and this was agreed by the Commission during 2014.

### **Public Sector Innovation**

37. During 2014 the Department, has led in driving innovation within the public sector to support more NI companies to engage in innovation. It has continued to roll out the Small Business Research Initiative (SBRI) with two new projects commencing and the satisfactory conclusion of the Sustainable Utilisation of Poultry Litter SBRI which has been continued through the launch of the SUPL Loan Scheme to support the building of full scale commercial plants to process poultry litter.
38. In addition, the Department together with the Department of Finance and Personnel, as part of the Culture Tech Festival ran the inaugural Northern Ireland Open Data Challenge. This competition which was designed to encourage the commercial exploitation of public data. It has provided an excellent platform for NI to increase the rate and scale of public data to be released.

### **Business Development through Invest NI**

39. Following on from their best year on record in 2013/14, during 2014/15 Invest NI made almost 5,000 offers of assistance valued at over £190 million (the second highest total assistance and number of offers ever), which contributed towards projects which planned to invest £1.4 billion within the Northern Ireland economy (the highest total investment ever).
40. Nurturing and encouraging innovation is vital to the NI economy and Invest NI continued to play its part by stimulating business investment in R&D. In 2014/15, Invest NI offered assistance that contributed towards a total of £131 million of planned business investment in R&D. This includes offering c£7.8m of assistance to



Seagate Technology (Ireland) to undertake R&D investment totalling almost £35 million, the second largest ever R&D project announced by Invest NI.

41. Importantly, 93% of all offers made were locally-owned businesses. These offers totalled £110 million (representing 57% of the total assistance offered), with the remaining offers and assistance targeted at externally-owned businesses.
42. Stimulating employment remains a key output of Invest NI's activities. During 2014/15, Invest NI had its most successful year since its formation promoting 13,829 jobs across the four Economic Strategy job categories:
  - Local Rebalancing (4,386 jobs);
  - External Rebalancing (4,987 jobs);
  - Business Starts Rebuilding (2,700 jobs); and
  - Jobs Fund Rebuilding (1,756 jobs).
43. This included support for projects with PWC (807 jobs), Moy Park (628 jobs) and Ernst & Young (486 jobs), some of the largest projects, in terms of job promotion, ever supported by Invest NI.
44. Invest NI also remains committed to increasing productivity through encouraging and attracting high quality jobs in NI in our local and externally owned companies. This is facilitated through targeting jobs that pay salaries above the NI Private Sector Median (PSM) within the Local Rebalancing and External Rebalancing categories. To this end, during 2014/15 Invest NI promoted 6,306 jobs attracting salaries above the NI PSM.
45. A core component of Invest NI's work is to help Northern Ireland businesses expand their international trading and during 2014/15, Invest NI assisted 1,967 trade interventions to help companies diversify into new markets. The agency also led a number of highly successful trade missions to key growth markets around the world, most notably to China, Saudi Arabia, Russia and USA.

## Business Development through InterTradelreland

46. During 2014, a total of 2,966 companies engaged in North/South business through InterTradelreland Trade and Innovation activities and services with 630 businesses receiving direct support. Of those businesses, 127 were first time exporters and 64 companies were first time innovators. The total business value reported in 2014 by companies who had participated directly on Trade and Innovation Programmes was £67m. InterTradelreland's core activities have also delivered a positive jobs impact of 1,881.
47. During 2014 InterTradelreland's Horizon 2020 activities continued to add value to the operation of existing support systems by driving joint North South participation in the European Research programme. Between January to September 2014 (latest figures) there were 12 successful North South proposals worth €14.9m (€9.0m Ireland/€5.9m Northern Ireland). North South collaborative projects contributed 37.8% of Northern Ireland's total number of applications and 52.5% of the value. In autumn 2014, InterTradelreland delivered two high profile "Meet the Buyer" events in Belfast and Dublin. Each event had over 50 buying organisations represented with over 1,100 companies attending. Go2Tender training has been delivered to 388 companies and Consortia Awareness Workshops launched.
48. In February 2015 InterTradelreland launched a new 'Funding for Growth Advisory Service' for local SMEs. The service is aimed at established SMEs in Ireland who are looking to grow and prosper by educating and informing them on new and alternative sources of finance. This initiative was a result of InterTradelreland's report on 'Firm Growth, Credit Constraints and Financial Distress', which showed that there was a lack of knowledge of financial information in the marketplace. A series of 12 free regional workshops and 20 free advisory clinics for SMEs

will take place in 2015 across locations in Belfast, Derry ~ Londonderry and Newry.

### Corporation Tax

49. The UK government has agreed to devolve powers to set the rate of Corporation Tax in Northern Ireland to the NI Executive, and the legislation to allow this to happen became law in March 2015. However, these powers are subject to a commencement clause which requires the implementation of the Stormont House Agreement in full along with longer term assurances that the Executive is on a stable financial footing. The earliest these new powers could be implemented is April 2017.
50. It will be for the NI Executive to agree when these powers will be implemented from and what rate of Corporation Tax is set. Research by the Ulster University Economic Policy Centre estimates that if a 12.5% rate of Corporation Tax was introduced from April 2017, by 2033, almost 40,000 net new jobs could be created and the economy could be 10% larger, compared to the baseline economic forecasts.
51. The Department and Invest NI have begun planning for these new powers, and will be commissioning a major research project in 2015-16 on how to maximise the benefits from a new lower rate of Corporation Tax.

### Economic Advisory Group

52. The Economic Advisory Group, provides independent advice to the DETI Minister and continued to meet regularly in 2014/2015. Having provided recommendations on Access to Finance recommendations to the Minister in March 2013, an independent panel was established to implement those recommendations. The Panel published an interim report on progress in the summer of 2014 and subsequently DETI statisticians undertook a re-run of the original Access to Finance survey – results of which were published in March 2015. Additionally, the EAG recommended report into the Future of

Early Stage & Growth Finance in NI (SQW) was completed in March 2015.

53. EAG continues to provide support to DFP/DETI in relation to Corporation Tax, to work with UU Economic Policy Centre on the ongoing NI Competitiveness Study, and is currently preparing a “think-piece” to help inform Programme for Government decision making.

### AgriFood

54. The Agri-Food Strategy Board’s Strategic Action Plan, *Going for Growth* was published in May 2013. It sets out 4 key targets to 2020 - to grow sales by 60% to £7 billion; grow employment by 15% to 115,000; grow sales outside NI by 75% to £4.5 billion; and grow value added by 60% to £1 billion. The Executive Response to *Going for Growth* was published in October 2014. An Inter-Departmental Steering Group has been established for quarterly monitoring of agreed *Going for Growth* Executive- led actions. The Agri-food Strategy Board was reappointed in February 2015 for a period of two years, in order to oversee implementation of the Strategic Action Plan.
55. DETI actions include a review of Northern Ireland agri-food marketing and promotion, completed in February 2015. Minister Foster announced in March 2015 the Agri-food Strategy Board will take the lead on establishing a new industry led, commercially focused body for Northern Ireland.

### Social Economy

56. During 2014/15 DETI continued to fund Social Enterprise NI to manage and deliver a three year Social Economy Work Programme with the objective of identifying and implementing a programme of initiatives to enable the continued growth of a sustainable social economy sector. The final year (year 3) of that Work Programme commenced in October 2014. DETI contribution is £150k per annum.
57. DETI along with Invest NI, has also been supporting DSD in the development of eleven Social Economy Incubation Hubs across

Northern Ireland under OFMDFM's Delivering Social Change Initiative (DSC). All eleven hubs became operational during 2014/15 and are delivering the DSC programme across the 9 Social Investment Fund zones.

58. Central to DETI's work on the social economy is the continued management of the cross departmental Social Economy Policy Group which was re-constituted during 2014/15 to ensure a co-ordinated strategic approach to developing the sector.

### **MATRIX**

59. DETI continues to support MATRIX, the Northern Ireland Science Industry Panel in its provision of advice on the policies necessary for Northern Ireland to ensure economic growth and wealth creation through greater commercial exploitation of its science and technology capabilities.
60. In February 2015 MATRIX published its second foresight study into the Life & Health Sciences sector in Northern Ireland, which is emerging as an internationally recognised location for innovation in Life & Health Sciences. The sector has been identified as a priority growth area in Northern Ireland's overall Economic Strategy and is one of our best performing sectors due to its continued growth throughout the global recession, averaging 10% growth per annum.
61. Launched by Minister Foster and the UK Life Sciences Minister, George Freeman, the MATRIX report examines how the key driver of a growing ageing population and the resulting impact of the development of health economics will help meet the demands for increasingly personalised healthcare across several sectors. It summarises the future global market demands across health sub-sectors and then outlines the key technological/ infrastructural enablers that will be required in order to meet those demands across those sectors.
62. The MATRIX report will provide a significant part of the evidence base for the development of the Life & Health Sciences Strategy for Northern Ireland.
63. MATRIX also commenced a foresight study into the ICT/Digital sector in 2014/2015 and this is due to be published during 2015.

### **Health and Prosperity Agenda**

64. Having supported MATRIX to deliver its Life & Health Sciences foresight report, DETI is currently leading, with DHSSPS, on the development of a Life & Health Sciences Strategy for Northern Ireland. This strategy will set the context for a new health and prosperity agenda for the region as a whole for the next decade and beyond.
65. DETI is also supporting the definition phase of a Health Innovations & Life Sciences Hub which will be to co-ordinate and drive projects and programmes arising from the Life & Health Sciences Strategy. The HILLS Hub will be a focal point or 'nerve centre' for the life and health sciences sector in NI, stimulating interaction, innovation, networking and collaboration, across the academic, business and clinical communities, facilitating investment and associated job-creation.

### **TOURISM**

66. In 2014/15, DETI supported both Tourism Northern Ireland (Tourism NI) and Tourism Ireland in promoting tourism to build on the momentum generated by the ni2012 campaign, UK City of Culture and G8 Summit and deliver on the key tourism commitments in the Programme for Government, and towards the long term goal to make tourism a £1 billion industry by 2020.
67. The key tourism targets for 2014 in the PfG are to increase visitor numbers to 4.2m and visitor revenue to £676m. Based on NISRA statistics for the first 9 months of 2014 and rolling year figures to September 2014, we are on course to achieve the 2014 targets.
68. During 2014/15 Northern Ireland has continued to host large scale events and through these events change perception of Northern Ireland as a tourism destination. The major event of the year was the Giro d'Italia Grande Partenza

which was deemed a major success for Northern Ireland, lauded as the best ever start in the event's 100 year history.

69. Tourism NI subsequently secured the 'Giro Gran Fondo' for 2015, 2016 and 2017 as a legacy event following on from the Giro d'Italia 2014. Royal Portrush Golf Club has been invited to join the rota of future Open Championships and the Irish Open has also been secured for 2015, at Royal County Down Golf Course. The Tall Ships will also return to Belfast as part of Tourism NI's events programme, which aims to host one major global event each year, support by core international, national and local events.
70. In total, £9 million in financial assistance has been delivered by Tourism NI over the past year leveraging approximately £15 million in match funding. Tourism Northern Ireland managed twenty-six capital projects in 2014/15 and twelve capital projects will be due for completion within the 2015/16 financial year. The most significant projects within the Tourism NI portfolio are the Belfast Waterfront Conference and Exhibition Centre, and HMS Caroline.
71. Both of our Tourism Bodies have continued to promote Northern Ireland and the connection to the hit HBO series Game of Thrones. Promotion focuses on the various locations used in the filming of the series.
72. The review of the Northern Ireland Tourist Board and wider tourism structures was announced to the Assembly on the 20 January 2015. All of the Review recommendations were accepted by the Minister and Tourism NI has been tasked with leading on the implementation of the Review. The recommendations fall into four broad themes which are setting the strategic direction for tourism; building relationships within the tourism sector; closer alignment between Tourism NI and Invest NI; and organisational/cultural change within Tourism NI to develop a more customer focussed approach. To signal the start of this important change, the name of NITB was changed to Tourism Northern Ireland with immediate effect.

## TELECOMMUNICATIONS

73. During 2014/15 the Department continued implementing its Telecommunications Action Plan 2011-2015. In particular it sustained the delivery of the Northern Ireland Broadband Improvement Project (NIBIP). This £23.68m project aims to provide improvements in access to a basic fixed line broadband service of 2Megabits per second (Mbps) and to increase availability of superfast broadband of 24Mbps or more, and is expected to bring more choice and improved broadband speeds to over 45,000 premises across Northern Ireland by December 2015. Supported by £19.3m of public sector funding from a number of sources including DETI, DARD, UK Government and the European Union, the project had, by 31 March 2015, delivered improvements in broadband access for almost 32,000 premises across the region.
74. On 27 February 2015, the Department awarded a contract to BT for the delivery of the Superfast Roll-out Programme which seeks to further extend the availability of broadband with speeds of 24 Megabits per second or better across Northern Ireland by December 2017. Valued at £17m, the project is being supported by DETI, UK Government and BT and, by the completion date, aims to provide improvements in access to superfast broadband for more than 38,000 premises across Northern Ireland, particularly in rural areas.
75. In its 2014 Infrastructure Report, Ofcom reported that DETI's interventions are continuing to contribute to Northern Ireland's status as a front runner for the availability of Next Generation Access (NGA) Networks in the UK. NGA services are now available to 94% of premises in Northern Ireland compared to a UK average of 78%. Northern Ireland also remains ahead of other UK regions with regard to the availability and take-up of fixed-line superfast broadband coverage which, at June 2014, stood at 77% and 22% respectively. Almost 208,000 premises across Northern Ireland are now connected to a fibre-based fixed-line broadband

service and broadband users across the region are experiencing an average download speed 24.8Mbps (UK average 23.4Mbps).

76. Building on the success of the Logon-ni Programme, the Department has published a legacy brochure which provides SMEs with a number of Do's and Don'ts across a range of subject areas related to the acquisition and use of broadband services in relation to e-commerce activity.
77. DETI is continuing to work with the Department of Culture, Media and Sport (DCMS) to ensure that Northern Ireland benefits as much as possible from UK-wide funding initiatives. This includes: -
- (i) the Mobile Infrastructure Project the aim of which is to improve access to basic voice and data mobile services. It is anticipated that a maximum of 70 new mast sites will be deployed across Northern Ireland under this initiative. All four Mobile Network Operators will deploy services from these sites and it is understood that they will take the opportunity to future-proof each site to deliver 2G, 3G,4G services and beyond where possible; and
  - (ii) 'Super-Connected Northern Ireland' is an extension to the Super-connected Cities voucher Programme being led by the UK Government. This will present an opportunity for the 11 new councils to establish a voucher scheme, offering up to £3k for each business to improve its broadband services, similar to those that exist in Belfast and Derry City Councils.
78. In addition DETI has ensured that Northern Ireland's interests are represented when consideration is being given to changes in UK telecommunications policies. Most recently this has included input to the UK Digital Communications Infrastructure Strategy and the reform of the Electronic Communications Code.

## ENERGY

79. The Strategic Energy Framework (SEF 2010) continued to set the context for the Minister's energy policies during the year. The SEF contains a commitment to 'review and refresh' the Strategy in 2015 and work on the review began at the start of the year. It will determine how effective the SEF has been, and will be going forward, in ensuring that Northern Ireland has a competitively priced, secure and sustainable energy system.
80. In the current economic climate the Minister has emphasised that it is more important than ever that existing, and new, policies are assessed for their impact on energy costs. A study to assess the costs and benefits of the 40 per cent renewable electricity target commenced in April 2014 and will feed into the SEF review and future renewable policy.
81. Similarly, in conjunction with the Utility Regulator, DETI began work on an updated assessment of the costs and benefits of smart metering for electricity and gas customers. It is important that any system is cost effective and offers customers value for money given the significant costs involved.
82. Throughout the second half of 2014 DETI worked with the Regulator on the response to its analysis of network costs (published in August 2014). The report showed that network costs are lower than the Republic of Ireland and comparable with GB. The joint work resulted in the Regulator's consultation on funding and extension of the NI Sustainable Energy Programme at the end of the 2014/15 year.
83. During the year DETI participated in gas and electricity tariff reviews co-ordinated by the Utility Regulator which resulted in a 7.8% reduction in gas prices by SSE Airtricity as the incumbent gas supplier in Greater Belfast, and reductions in electricity prices of 9.2% by PowerNI, 8% by SSE Airtricity and 5% by Budget Energy. As part of its Review of Electricity Pricing, DETI also provided evidence and response to the Enterprise, Trade and Investment Committee recommendations



- following publication of its pricing report in February 2014. Similar input was provided on the Committee's reviews into security of supply and connections. The Department also engaged with and provided information to the Competition Commission (now the Competition and Markets Authority) in relation to its determination on the 5<sup>th</sup> NIE Price Control (RP5).
84. The Executive's Programme for Government has a 2015 target of having 20 per cent of electricity consumption generated from renewable sources. New bi-annual Official Statistics show this target was all but achieved in 2014. Confirmation of 20% is expected in 2015.
85. Onshore wind remained the dominant renewable technology in 2014/15 but the rapid uptake of small scale solar photovoltaic (PV) continued with an 800% increase in installed capacity at microgeneration levels in less than 2 years. In assessing incentivisation levels a review of Renewables Obligation Certificate (ROC) levels for small scale renewables taking account of technology cost changes was undertaken. This has led to a stepped reduction in ROC levels for microgeneration solar photovoltaic (PV) to be introduced during 2015/16. Earlier in 2014 increased support levels for large scale solar PV projects were introduced.
86. Work also continued on the transition from the NIRO to Contracts for Difference (CFD) in 2017 for large scale renewable technologies. Consultations on NIRO grace periods and transition provisions took place in March 2015. It was also confirmed that Northern Ireland will be included in a 2015-16 review of the GB small scale feed in tariff.
87. In relation to UK-wide Electricity Market Reform, DETI has continued to work with the Department of Energy and Climate Change. A dedicated Northern Ireland EMR implementation project workstream has been established. DETI published a CFD Implementation Northern Ireland Strategic Issues discussion paper on the implications of UK-wide Electricity Market Reform for renewable deployment, cost to the consumer and the Strategic Energy Framework's 40% target.
88. Following the publication of a report into "Communities and Renewable Energy", DETI formed a cross departmental group in October 2014 to prepare NI's first Community Energy Action Plan. It is planned to issue the draft Plan in mid 2015 for public consultation.
89. Work during 2013/14 towards achieving the 10% renewable heat target by 2020 has seen continued DETI support for non-domestic renewable heat generators through the Northern Ireland Renewable Heat Incentive (RHI). During late 2013 the Department consulted on proposals to extend the scheme to the domestic sector and the potential for additional technologies and new tariffs for the non-domestic sector. The Domestic RHI was launched on 9 December 2014. Domestic customers who had previously received support under the Interim Renewable Heat Premium Payment Scheme (RHPP), which offered grant support to domestic installers of biomass boilers, heat pumps and solar thermal technology will have the option of transferring across to the domestic RHI. Work on the review of the non-domestic scheme is ongoing with a view to implementing changes by late 2015.
90. The Minister chaired a meeting of the Sustainable Energy Interdepartmental Working Group (SEIDWG) in January 2015 to review progress to date across its varied work programmes and consider its future role. The Group concluded that, having successfully mainstreamed sustainable and renewable energy across NI departments, it was timely to focus, for the balance of the SEF period up to 2020, on the issues facing the overall energy system e.g. energy costs, emissions reductions and security of supply. A new Energy Stakeholder Group will be established comprising key bodies responsible for the delivery of energy policy and infrastructure.

91. Greater availability of natural gas remains a Ministerial priority. Since the Executive approved grant support up to £32.5 million to part-fund new gas infrastructure to the main towns in the West, the Utility Regulator has taken forward a licence competition to select a developer. In July 2014 DETI obtained State Aid approval from the European Commission in relation to the proposed Executive grant. A licence award by Utility Regulator was made to Mutual Energy and Scotia Gas Networks on 11 February 2015 with initial construction works to provide new gas networks in the West to commence during 2015 and main gas pipeline construction works to be commenced during 2016 and completed in late 2017.
92. Security of electricity supply has been high on the Minister's agenda. In light of expected impacts from the EU Emissions Directive from the end of 2015, DETI welcomed the electrical system operator's contract with AES Corporation for provision of an additional 250 megawatts of generation capacity from January 2016. DETI also welcomed plans for the provision of new undersea cables which will see the Moyle interconnector restored to full capacity by the end of 2016. However, concerns about delays in provision of the new North-South electricity interconnector remained. It will be important to see the advancement of the planning process in both jurisdictions which could result in the new electricity link being available in 2019.
93. In co-operation with the Department of Energy and Climate Change (DECC) and the Irish Government, in December 2014, DECC published a Regional Preventative Action Plan and Emergency Plan for gas to meet EU security of supply requirements in EC Regulation 994/10. The Department has also been working with the Northern Ireland project promoters who appeared on the first European Commission list of energy Projects of Common Interest (PCIs). This included cooperation with DECC to ensure funding applications were submitted by promoters to meet deadlines in the EU-TEN-E Infrastructure Regulation 347/13 process. As a result, a number of Northern Ireland projects were successful in attracting funding for trans-European energy infrastructure under the Connecting Europe Facility. The Department, in conjunction with the Department of Environment, will continue to track and report to DECC, as the UK National Competent Authority for EC Regulation 347/13 on progress of all listed PCIs. The year also saw efforts to support investment in the Grid through the EU ERDF Programme.
94. In the context of regional cooperation DETI has continued to work with its counterpart in the Republic of Ireland DCENR and the Regulatory Authorities in both jurisdictions on common energy matters. Work to deliver compliance with the EU "Target Model" for an internal market has been progressed steadily and design decisions presented by the Regulators. In October 2014 the Departments and Regulatory Authorities, accompanied by DECC, met with the European Commission to make the case, successfully, for derogation for aspects of this work to 31 December 2017. Collaboration with DECC and the GB Regulator, Ofgem, also continues to align, to the extent required, respective market arrangements.
95. In January 2015 Regulations were made to effect changes to the electricity and gas licence modification process in order to ensure ongoing compliance with requirements of the EU Third Package Directives. The Regulations establish a new licence modification and appeal process in line with arrangements already in place in GB. The Department continues to engage in ongoing work on EU legislative issues including the electricity and gas network codes/guidelines being developed pursuant to the IME Electricity and Gas Regulations.
96. Working with counterparts in the devolved administrations and DECC, DETI transposed the Energy Efficiency Directive (EED). During the past year DETI made 2 pieces of legislation to complete transposition of the EED in Northern Ireland and continues to work with the Utility Regulator to progress implementation of the

Directive. DETI is currently working with other Departments and the Regulator to develop a joined-up approach to future energy efficiency policy.

## **OTHER ECONOMIC INFRASTRUCTURE**

97. The Northern Ireland Science Park (NISP), established by DETI in 1999, continues to grow and develop as Northern Ireland's premier location for knowledge-based businesses - from indigenous start ups to inward investors.
98. The Science Park has continued to grow its business development services to support fledgling companies. Demand for this type of business accommodation at NISP remains high and NISP currently has 100% occupancy. A key action in the Executive's Innovation Strategy is to support the expansion of the NI Science Park and the Department has provided £6.4m in Financial Transaction Capital Funding for a new Concourse building while consideration is ongoing to the extension of the Innovation Centre. In addition, the Department has continued to support the roll out of the NISP Connect programme which has supported the creation of 50 new technology start-up companies.
99. The North West Regional Science Park (NWRSP) in Derry/Londonderry officially opened in September 2014. The NWRSP is a joint venture between NISP Ltd, Letterkenny Institute of Technology and Northwest Regional Cross-Border Group and at March 2015 is near to full capacity. The development of the NWRSP has also allowed for further expansion of the HALO and Connect programmes.
100. DETI continued to manage the process of licensing mineral and hydrocarbons exploration, with technical advice from Geological Survey of Northern Ireland (GSNI). 32% of Northern Ireland's land area is licensed for minerals and/or hydrocarbons exploration: 21% for minerals and 11% for petroleum prospecting. There are 14 licences issued for metallic mineral or salt prospecting and 2 for petroleum exploration.

Several applications for new licences are under consideration.

101. Salt mining continued successfully at the mine at Carrickfergus operated by Irish Salt Mining and Exploration Ltd. In the Larne area two companies are assessing the potential of the underground salt beds for the creation of underground caverns to store natural gas or compressed air. Of these, the Larne Lough Gas Storage Project is listed by the European Commission as one of 248 key energy infrastructure projects.
102. Geological mapping of Northern Ireland and geological research continued, work which underpins the assessment and development of economic natural resources. GSNI continued to foster collaboration with universities bringing its total to 34 across the UK, Ireland, EU and USA.
103. GSNI continued to license digital geosciences data to industry and the research sector, under arrangements approved by the National Archives and to respond to technical inquiries from government, industry, academia and the public.
104. GSNI responded to 47 planning consultations under a Service Level Agreement with DoE Planning Service.
105. GSNI continued to operate a Service Level Agreement with the NIEA (Contaminated Land and Groundwater Team) and continued to promote and support research activities aimed at improving understanding of the strategic underground water resources of Northern Ireland.
106. GSNI operated an additional Service Level Agreement with the NIEA (Natural Heritage) to provide information packages for the designation of Earth Science sites as Areas of Special Scientific Interest (ASSI). In total, 15 information packages were provided, the required target under the Programme for Government. This has helped to conserve a number of Northern Ireland's key geological sites and has aided in the preservation of a number of valuable geo-tourism assets.



107. GSNI provided advice to many geotourism activities and projects throughout Northern Ireland, including the Marble Arch Caves Global Geopark, the Ring of Gullion AONB, the Causeway Coast and Glens Heritage Trust, the Mourne Cooley Gullion Geotourism Project, and other initiatives. GSNI is a sub-partner in the recently awarded INTERREG VB NP *Drifting Apart* project together with other partners and sub-partners from the UK, Ireland, Norway, Finland, Russia and Canada. This £1.2M project is led by the Causeway Coast and Glens Heritage Trust and will provide geo-tourism resources based on the shared geological heritage of all the project partners. GSNI is also represented on the UNESCO Global; Geopark Evaluation Panel and advises UNESCO on the admission and retention of Global Geoparks.
108. GSNI continued its abandoned mine monitoring programme with 369 shaft and adits inspected, identifying and implementing remedial actions to 23 sites which posed a risk to the public and infrastructure, including two ground collapses. There were 8 meetings of NI Mines Oversight Committee to oversee the management of abandoned mines and the redrafting of the Emergency Response Plan to cover all of Northern Ireland. New innovative ground motion monitoring techniques were investigated with future research and use of methods in collaboration with QUB.
109. GSNI created a new landslide database to promote public awareness and research into geohazards and its impact upon society and infrastructure.
110. The total number of enquiries recorded for 2014-15 was 488. % Breakdown as follows. DETI (non-MAPB). 0.4%, Other government: 31.6%, Local government: 0.6%, Commercial: 49.2%, Education & Science: 5.9% and Other/Public: 12.3%

## Business Regulatory Services

### Insolvency

111. The twelve monthly trend for insolvencies increased by approximately 2% on the same period last year with trading bankruptcies and compulsory liquidations seeing increases of 18.9% and 22.5% respectively. Consumer bankruptcies however saw a decrease of 13%. There were 525 Debt Relief Orders which was a decrease of 15.7% on the same period last year. The total number of cases processed by the Official Receiver was 1,466 and a total of £1,991,704 was paid to creditors in the form of a dividend distribution. 14 Directors Disqualification Orders were made, 62 undertakings were accepted; and 10 Bankruptcy Restriction Orders were made and 11 undertakings were accepted.
112. An Insolvency (Amendment) Bill, which will permit the greater use of electronic communication in carrying out procedures in corporate and individual insolvencies, was introduced in the Assembly on 7 October 2014; followed by second stage debate on 10 November. Committee Stage was completed in March 2015 and it is anticipated the remaining Stages will be completed by June 2015.

### Consumer Affairs

113. DETI has continued to liaise with DFP on the implementation plans for the Directive on alternative dispute resolution for consumer disputes (Directive 2013/11 EU). The Directive is due for implementation in May 2015.
114. DETI continued to work with BIS on the proposals and implementation plans for the Consumer Rights Bill which will consolidate, with improvements, consumer rights that are currently spread over eight separate pieces of legislation. The Assembly gave approval through a Legislative Consent Motion to the Bill's provisions on 8 April 2014. The Bill received Royal Assent on 26 March 2015

115. DETI has a 3-year contract with Advice NI (Debt Action NI) from August 2012 to provide an integrated Face to Face, telephone and web based service. This contract has been extended for a further year until 31 March 2016. From August 2012 until end of December 2014, Debt Action has dealt with over 13,400 new clients and over £171,925,000 worth of debts.

### Trading Standards

116. "Consumerline", the Trading Standards-based telephone helpline service, continued to effectively provide high quality consumer advice to both businesses and consumers, while also directing intelligence and complaints to the Trading Standards Service (TSS). TSS has also now taken responsibility for all consumer advice content previously posted on "Consumerline.org" and has successfully migrated this content to the "NI Direct" platform along with a new online complaint capability.

117. Consumerline continued to perform very effectively against its user satisfaction targets, with 90% of users being satisfied with the service (against a target of 85%), 82% having a better understanding of their rights, and 41% having saved money as a result of contacting the service. The financial redress achieved for the 19,000 consumers who contacted the Consumerline service in-year amounted to [£1.8m], but the overall impact of the service measured in terms of reduced detriment to Northern Ireland consumers (and the economy) is estimated to be in the region of £8m.

118. Key areas of engagement during 2014/15 for Trading Standards included:-

- work with the National Scams Team, PSNI, Adult Care groups and community and political representatives in targeting, and raising awareness of mass-marketed telephone and postal scams;
- engagement with the Competition and Markets Authority and Tourism NI in relation to (market-influencing) competition issues (such as holiday accommodation star ratings)

where infringing practices were having a detrimental impact in NI;

- continued engagement with stakeholder organisations (DSD; CMA; Housing Rights Service; DSO) in relation to a number of issues arising in the Private Rented Sector in relation to unfair contract terms and unfair commercial practices;
- partnership working with the Utility Regulator in relation to potentially unfair or unlawful practice in energy supply and also to the marketing of renewable energy sources; and
- continued engagement on both the Holiday and Residential sides of NI's caravan industry with DSD, sector bodies, political representative and individual traders, on issues that have arisen as downstream consequences of the Caravans Act (NI) 2011.

119. Consumerline enabled TSS to direct its enforcement activities to those areas of trading malpractice causing greatest consumer detriment. As a result, 14 files were referred to the Public Prosecution Service in relation to serious breaches of trading standards legislation, while in the same period, 10 traders were convicted for serious breaches of legislation. In addition, 11 traders received formal cautions with a further 17 issued with written warnings.

### Credit Unions

120. Responsibility for the regulation of Northern Ireland credit unions transferred to the Financial Services Authority (FSA) on 31 March 2012. DETI will continue to be responsible for the registration of NI credit unions until such time as responsibility for this function is transferred to the successors to FSA, the Prudential Regulatory Authority/Financial Conduct Authority. Work to update the legislation applying to Northern Ireland credit unions and industrial and provident societies continued during 2014/15. A draft Credit Unions, Co-operative and Community Benefit Societies Bill is being finalised with a view to introduction in the Assembly during the current session.

### Presbyterian Mutual Society Scheme of Arrangement

121. The fourth annual capital and interest loan repayment due from the Presbyterian Mutual Society was received in line with the revised payment schedule during November 2014.

### Company Law

122. While Company Law remains within the legislative responsibility of the UK Parliament, DETI remains responsible for monitoring legislative changes to UK company law and ensuring that any necessary updates are applied to NI. Legislative Consent Motions have been drafted by DETI and approved by the assembly in relation to several UK Bills which impact on Company Law and for which the Assembly's consent was required ( the Small Business and Employment Bill and Deregulation Bill).

### Financial Capability

123. DETI is responsible for the delivery of the Executive's Programme for Government (PfG) 2011-15 commitment to develop and implement a Financial Capability Strategy for consumers under Priority 2, Creating Opportunities, Tackling Disadvantage, and Improving Health and Wellbeing. A Financial Capability awareness campaign was launched in January 2014. As part of this, a money management leaflet was delivered to NI Libraries, Job Centres, District Councils, Health Centres, GP Surgeries, Pharmacies and Universities. A second leaflet was delivered to households between 27 October – 12 November 2014. Departments continue to progress the Action Plans developed to support the draft Strategy, and an interim Impact Analysis, informed by evidence gathered through the annual Northern Ireland and Statistics Research Agency (NISRA)'s Omnibus Survey, has been completed. The results of the 2014 Financial Capability Omnibus Survey, in comparison with the results for 2012, indicate that the quantum and character of the need in relation to Financial Capability in NI largely

remains. Recommendations focus on improving interdepartmental working, especially to ensure that all activities are captured that momentum is not lost. Some targets need to be refined and DETI will take this work forward in 2015/16 once the Financial Capability Strategy is agreed.

### Health and Safety at Work

124. This year again saw HSENI focus much of its attention and resources on farm safety as a result of seeing an increasing trend in work-related farm fatalities in recent years. The organisations which make up the Farm Safety Partnership continued to make a major contribution towards raising awareness of the main health and safety issues facing the farming industry and ensured that important messages and advice was distributed across the industry.
125. HSENI delivered a major multi-media farm safety campaign during the year. This campaign was supported and co-funded by the Department of Agriculture and Rural Development. As part of the ongoing 'Stop and Think SAFE' campaign, a new hard hitting television advert was produced highlighting the dangers of operating farm machinery. The new advert was launched at Streamvale Open Farm during March 2015. A new slurry mixing leaflet was also produced highlighting the dangers of hydrogen sulphide and reminding farmers of the need to follow the code when mixing slurry. Over 45,000 copies of the new leaflet were distributed to the farming population. Two practical video guides were produced where two farmers, based on their own personal experiences, highlighted the consequences of using an unguarded power take off shaft and the dangers of working with animals. The videos explained the causes and consequences of the accidents, as well as how to prevent such accidents happening.
126. Staff from HSENI also undertook 1,000 advisory farm visits and delivered over 35 farm safety presentations to a wide range of audiences at events across Northern Ireland during the year. HSENI is pleased to note that the overall health and safety standards appear to have improved

and that the number of work-related fatalities in the industry dropped to four compared to eleven in the previous year.

127. Recognising the vulnerability of children on farms, HSENI also delivered its farm safety programme to over 12,400 children in 83 rural primary schools, ran a safety poster competition and produced and distributed an "Avoid harm on the farm" 2015 farm safety calendar to 38,300 families in rural areas. The two farm safety DVDs produced in 2014/15, "Dangerous Playgrounds" for 4-8 year olds and "Farm safe" for 8-11 year olds, were launched in May 2014.
128. During the year, HSENI also continued to reinforce important public safety messages around carbon monoxide and gas safety. A wide range of advice was provided to local councils and government departments in relation to ensuring public and employee safety across a wide range of industries and activities including gas transmission, gas distribution and use, land use planning, and sites subject to the Control of Major Accident Hazards Regulations (COMAH). The Major Hazards Group continued to contribute to Carbon Monoxide awareness including the use of social media and participation in CO Awareness month in November 2014.
129. Joint working with District Councils focused on the issue of Musculoskeletal disorders (MSDs) and Underground Metallic LPG Pipework initiative. A Carbon Monoxide Pilot Study was also devised in order to gather information on CO awareness within the rented accommodation sector and to determine the level of compliance with requirements for Gas Certificates.
130. Recognising the vulnerability of young people entering the world of work for the first time, and under HSENI's SafeStart-NI initiative, 7,000 copies of the publication "Be safe when you start" were distributed to schools and colleges across Northern Ireland or were downloaded from the "young people's" page on HSENI's website. Overall, under the SafeStart-NI initiative, 100 health and safety presentations were delivered to over 2,700 young people during 2014/15. HSENI also delivered health and safety presentations to year 11 and 12 students at nine schools.
131. During 2014/15, HSENI's front line work continued to be dominated by investigating a number of significant workplace incidents resulting in deaths and serious injuries, and dealing with a continuing high number of complaints about unhealthy and unsafe workplaces. Investigations resulted in 7 successful prosecutions which led to fines totalling just over £130,000. In January 2015 HSENI, working jointly with the PSNI, brought a successful corporate manslaughter prosecution against A Diamond & Son Timber Limited following a fatal incident which occurred in December 2012.
132. During the year, HSENI carried out over 5,993 inspections of workplaces and also undertook a range of high profile promotional events, including a Health & Safety Awareness Day for over 200 students at Greenmount College, an Asbestos Seminar targeting licensed contractors and a Safety & Health Awareness Day for the Waste Sector. In total, HSENI either held or attended 406 promotional events during 2014/15.
133. HSENI's small business advisory service, Health and Safety Works NI (HSWNI), continued to work with start-up and existing small businesses, delivering 285 one-to-one mentoring visits to such businesses to assist them with their management of health and safety. HSWNI also provided mentoring to 37 entrepreneurs participating in the Invest NI "Regional Start" programme and advised a further 58 clients enrolled in Enterprise NI's "Exploring Enterprise" programme and a further 12 clients taking part in the "Start a Business" programme. Construction safety is one of HSWNI's priorities due to its "high risk" profile and 54 new construction companies received one to one advisory visits this year. HSWNI has produced a comprehensive "construction resource pack" specifically to ensure that these companies have

ongoing access to appropriate health and safety management information. HSWNI also facilitated 13 workshops and delivered 27 health and safety presentations across a range of sectors, giving both general and industry specific health and safety advice.

### Consumer Council

134. The Consumer Council's Consumer Support function had its most successful year ever. The record volume of almost 3,500 enquiries and complaints received last year was maintained in 2014–15. The amount of financial redress for energy, transport and water consumers was almost £630k – an increase of 30 per cent on the amount secured in 2013–14, which itself was a record. Moreover, customer satisfaction levels remained extremely high at 98 per cent.
135. From April 2014, the Consumer Council took over statutory responsibilities for representing Northern Ireland consumers in respect of postal services. Key activities in this area during the year included raising awareness of the new responsibilities, with a launch at Stormont attended by stakeholders; reviewing for consumer detriment proposals to change the operating model for individual post offices under the Network Transformation Programme to ensure the sustainability of local post office services; monitoring Royal Mail's adherence to the Universal Service Obligation; and with Citizens Advice in GB, publishing the UKwide Statement of Principles on parcel deliveries in conjunction with the Consumer Affairs Minister at BIS on 31 July 2014. CCNI also carried out research into consumers' experiences of parcel delivery. This latter project was linked to a pre-Christmas campaign to promote safe online shopping.
136. In other policy areas, CCNI helped shape the Long Term Water Strategy and represented consumers' interests in respect of NI Water's price control; influenced DRD's legislative and policy proposals, including those on private water and sewerage pipes, advised on definitions of new NI Water customer satisfaction and experience measures agreed by DRD; and provided advice to DARD on effective community engagement on draft Flood Risk Management Plans, ahead of consultation that commenced in December 2014.
137. Promoting greater levels of switching was a particular focus for the energy-related work, which included 'Switching Week' in October 2014.
138. In respect of transport CCNI highlighted poor bus punctuality statistics and secured Translink's agreement to actions in respect of service and information improvements. The new contracting arrangements between DRD and Translink include customer focused performance targets, which the Consumer Council has been actively promoting. CCNI also worked with the airports and disability groups to highlight accessibility issues. This included an event in January 2015 with the OFMdFM Junior Ministers and RNIB at Belfast City Airport to listen to and highlight the experiences of visually impaired passengers.
139. CCNI has been particularly active in respect of monitoring the impact of bank branch closures, working with the sector to seek to mitigate the impact of these.
140. In 2014–15 the Consumer Council developed and launched the twice-yearly Consumer Outlook Index to provide insight for political representatives, stakeholders and businesses consumer optimism about the local economy.
141. Working with businesses has been a key feature of the Consumer Council's work in 2014–15. The focus has been both to support businesses as consumers and to help improve their competitiveness by increasing their awareness of consumer rights and being more responsive to the needs of customers.

### European Union Support for Economic Development

142. DETI is the Managing Authority for the European Sustainable Competitiveness Programme for Northern Ireland 2007-13. At current exchange rates the Programme is worth approximately



£465m, of which 50% is provided by the European Regional Development Fund (ERDF). The Programme's overall aim is to boost Northern Ireland's competitiveness and increase its capacity for Research and Innovation. The Programme is delivered by a number of Intermediate Bodies which include Invest NI, NITB, DETI, DARD, DRD and DSD. During 2014/15, sustained progress has been made in implementing the programme and consequently the strict annual EU imposed expenditure targets were achieved.

143. DETI finalised preparations for the 2014-2020 ERDF Investment for Growth and Jobs Programme for Northern Ireland, which was approved by the NI Executive in July 2014 and successfully adopted by the European Commission on 12 December 2014. This Programme is the successor to the current European Sustainable Competitiveness Programme. ERDF funding will be used to strengthen research, development and innovation, enhance the competitiveness of SMEs and support the shift towards a low-carbon economy. ERDF Programme funding will be in the region of £224m (€308m) with match funding of £149m, giving a total Programme budget of £373m.

### **EU Regional Aid**

144. During 2014/15, DETI continued to liaise closely with both the Department for Business, Innovation and Skills (BIS) and the European Commission to ensure that Northern Ireland's interests were reflected in the UK's interactions with the Commission on Regional Aid. The revised Regional Aid Guidelines (RAG) for 2014-2020 took effect on 1 July 2014.
145. Of key importance for Northern Ireland was the retention of our ability to support SMEs and large enterprises through the mechanism of Regional Aid. It was welcome therefore that, apart from a 5% reduction in maximum grant rates outside of Belfast, support for SMEs remained unchanged. Support for large enterprises is also

still permissible for initial investments in favour of new economic activity.

146. In parallel, and following confirmation by the UK Government in its Economic Pact published in June 2013 that Northern Ireland would continue to retain its 100% assisted area status, at least in the medium term, the UK finalised its revised Assisted Areas map for 2014-2020 in May 2014, which included 100% assisted area coverage for Northern Ireland.

### **State Aid**

147. During 2014/15, in part due to the European Commission's State aid modernisation initiative and associated awareness raising activities by DETI, there was a further increase in the number of issues on which State Aid advice was provided as well as an increase in the number of departments and other public authorities in Northern Ireland seeking State Aid advice. In total, State Aid advice was provided on 111 issues (compared to 87 issues in 2013/14). This advice was provided to 11 NI departments Invest NI, NITB, InterTradeIreland, SEUPB, NI Screen and three councils (Ards, Derry and Fermanagh).

### **European Task Force Steering Group (previously Barroso Taskforce)**

148. The Barroso Taskforce was established in 2007 by European Commission President, Jose Manuel Barroso, to assist Northern Ireland in its work to consolidate the peace process and move towards a new era of stability and prosperity. In particular, the Taskforce aims to improve and strengthen links between NI officials and the EU institutions.
149. Following a review of the Taskforce during 2014/15, the group was renamed the European Task Force Steering Group (ETSG) and restructured into 3 new thematic groups – Economy, Social and Environment & Climate Change. DETI led the Economy Group which was made up of representatives from most NICS Departments. At November 2014, funding allocated to Northern Ireland from FP7 had reached €88.6m. This represents a significant

contribution towards the Executive's target to increase drawdown of EU elective funds by 20% over years 1-3 and 50% over years 4 and 5 of the PfG period.

## Equality

150. DETI continued to take forward its statutory equality duties in line with Section 75 of the Northern Ireland Act 1998. During the year, seven policies were subjected to equality screening and the outcome notified to all individuals and organisations included in the Department's equality consultation list. DETI also continued to work closely with other departments on a series of cross-departmental strategies and action plans aimed at addressing key issues such as autism and child poverty.
151. The Departmental Equality Scheme, setting out how DETI will meet its obligations under Section 75 of the Act, is in place. The Equality Action Plan details what DETI will be doing to better promote equality of opportunity. The Department reported on the commitments contained in the Equality Scheme in its Annual Report to the Equality Commission.

## The Services Directive

152. The Services Directive aims to reduce barriers to trade across Europe to make it easier for service providers to set up or offer their services anywhere in the EU. The Department for Business, Innovation and Skills (BIS) is the lead department for implementing the Directive in the UK. With assistance from BIS, DETI continues to work closely with Northern Ireland Local Authorities (LAs) and Competent Authorities (CAs) to ensure they are aware of their obligations under the Services Directive. DETI will also work closely with BIS with regards to any possible infraction proceedings and will co-ordinate any Northern Ireland responses as appropriate.

## Efficiency

153. The Department has delivered all its planned £3.282m efficiency savings in 2014/15. Details

of the efficiency savings can be found on the DETI website under 'Savings Delivery Plans'.

## e-Business

154. Throughout the year Departmental Business Support continued to provide specialist IT and project management support to a number of key departmental projects, including:
- The continued development of the departmental Business Continuity Plans culminating in a desk-based exercise to ensure the Netherleigh BCP was fit for purpose. Work was also undertaken regarding the validation of individual branch BCPs;
  - Working with both HSENI and Insolvency Service towards the procurement of replacement applications have progressed well this year with the latter about to go out to procurement;
  - A number of Economic Appraisals (10) and PPE's (16) were carried out in line with the appropriate DFP guidelines; and
  - ICT Security related reviews and tasks were undertaken.
155. In-house application development projects completed this year included the development of the Renewable Heat Incentive System application and an on-line complaints application for TSS (NIDirect hosted) which integrated with their 3<sup>rd</sup> Party supplied application. A number of other applications were also developed for both DETI HQ business areas as well as developing an on-line (NIDirect hosted) application for DEL relating to Apprenticeships.

## DETI Complaints Procedure

156. DETI has been operating its current complaints procedure since 2009. Details of the Complaints Procedure are available on the DETI website. During the 2014/15 period it received three formal complaints.

## SUSTAINABILITY REPORT

1. Sustainable Development (SD) is founded on achieving a balance between the three pillars of environmental, social and economic progress. Whilst DETI is the key department leading on economic development, the Department's policies and strategies recognise that the development of the economy, society and the enhancement and protection of the local and global environment are inextricably linked.
2. The DETI Corporate Plan 2011-15 is closely aligned with the Programme for Government which, in turn, reflects SD principles.
3. SD issues arise both directly and indirectly within the Department and are at the heart of energy, tourism and economic development policies, programmes and initiatives. DETI works with a number of stakeholders to deliver these policies, programmes and initiatives. For example:
  - DETI works with partners to help deliver the actions laid out in the Strategic Energy Framework – the SEF includes a significant number of actions that will increase the sustainability of energy in Northern Ireland and these actions are reflected in the Management Report;
  - Invest NI provides industry with advice, information and finance to reduce its consumption of water, energy and materials;
  - The Deputy Secretary, Policy Group, is the SD Champion for DETI and is a member of the SD Champions Network.
4. The Ministerial led Sustainable Energy Inter-Departmental Working Group (SEIDWG) met in January 2015. Due to the successful mainstreaming of sustainable energy issues, cooperation will be refreshed and re-focussed through a new Energy Stakeholder Group:
  - The two Programme for Government targets of 20% renewable electricity generation and 4% renewable heat by 2015 continue to place sustainability at the heart of energy policy along with cost and security of supply. As noted in the energy section of the Report the 20% target will be achieved. It is currently estimated that the renewable heat target is at around 3.1% but a more definitive assessment is awaited. Transposition of the Energy Efficiency Directive and subsequent policy development to promote energy efficiency were significant achievements in 2014/15 (again, see energy section). DETI continued to use the "Energywise" branding to advertise and promote the sustainability message during the year.
5. Invest NI has worked to enhance resource efficiency through the provision of advice and assistance and in some cases financial support, to businesses particularly in the areas of reducing waste, introducing clean and renewable technologies and enhancing energy efficiency. This work continues to be delivered through a range of support including:
  - Industrial Symbiosis– In 2014/15 £2 million of additional sales and resource savings were achieved through industrial symbiosis activity.
  - The Energy Efficiency Loan Scheme, funded by Invest NI and administered by Carbon Trust provided £6.56 million in 0% interest energy efficiency loans to Northern Ireland businesses during 2014/15 which will realise combined annual energy savings of £2.72 million; these savings will be annually recurring for the lifetime of the installed equipment.
  - During 2014/15 Invest NI's Resource Efficiency Capital Grant scheme helped SME businesses in Northern Ireland to purchase and install new equipment to realise a total of £160,000 in water and materials savings; these savings will be annually recurring for the lifetime of the installed equipment.
6. DETI has in place a SD Action Plan, which sits alongside its Waste Management Action Plan. These plans contain targets in relation to waste, water, energy, estate, procurement and travel. DETI is committed to "green housekeeping" and many aspects of this are already well embedded within the Department's processes.



The Department continues to actively monitor its energy consumption to avoid wastage and reduce our carbon footprint by increasing our use of renewable energy. In addition general office waste is recycled where possible. A number of programmes have been introduced to ensure all staff are aware of the need to reduce energy use and improve resource efficiency.

7. DETI and its agencies will continue to ensure that sustainable economic development is enshrined in key strategies and programmes where appropriate.

### Financial Performance in the Period

1. Details of financial performance for the year to 31 March 2015 are contained in the resource accounts and the supporting notes.
2. The Estimates for the year to 31 March 2015 are contained in The Budget Act (Northern Ireland) 2014 and the Supplementary Estimates are contained in The Budget Act (Northern Ireland) 2015. Both of these Acts and Department of Finance and Personnel publications containing detailed supporting information are available from The Stationery Office Limited.
3. These annual resource accounts, for the year to 31 March 2015, report against the Supplementary Estimates and will be laid in the Assembly.
4. The Statement of Assembly Supply shows a saving in total net resources of £11.1m against Estimate.
5. The analysis of resource outturn by function measured against the Spring Supplementary Estimates is contained in note SoAS2 to the resource accounts.
6. The main contribution to the £11.1m variance identified relates to grant expenditure being below that initially forecast at the time the Estimates were agreed, in particular the Superconnected Cities Telecoms project and Grant in Aid paid to the Department's Arms Length Bodies. A transfer of £4.9m from the

Department of Culture, Media and Sport was received in relation to the Superconnected Cities Telecoms project, £3.4m of which was not fully utilised. Full End Year Flexibility was granted by DFP/HM Treasury and as such it will not contribute towards DETI outturn targets. In relation to Grant in Aid, Invest NI's cash requirement was £5.6m less than budgeted due to the delay in payment of grant claims (some significant value claims were received later than anticipated and the vouching of the claims could not be completed for payment to be made before the end of March). Tourism NI's cash requirement was £3.8m less than anticipated due to the receipt of significant EU claims in mid March. This was partly offset by £2.1m of grant expenditure above what was originally forecast in year relating to the Renewable Heat Incentive Scheme, a demand led programme for which uptake increased in year.

### Basis of Going Concern

7. Historically, a feature of the Department's statement of financial position is that there is negative taxpayers' equity, i.e. liabilities typically exceed assets. This is not currently the case due to the addition of a Financial Asset Investment. In future years, as the Department receives repayments of this investment, its carrying value will reduce and it is likely that liabilities will again exceed assets. This results from the nature of accounting in government. NI Assembly provides funding to departments on an annual basis to meet the Net Cash Requirement, but liabilities which will fall due in future years, are taken into account in the Statement of Financial Position. An example of this is the provision for Harland & Wolff Plc's potential future liability to claims from former employees who have suffered from the effects of asbestosis and related diseases. This provision is an estimate of liabilities which may arise over a significant number of years. In common with other government departments the future financing of DETI's liabilities will be met by future grants of Supply and the application of future income, both to be approved annually by the

Assembly. There is no reason to believe that future approvals will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

### **Provisions**

8. Note 16 of the resource accounts details provisions for liabilities and charges. Provisions are set up to cover liabilities where the timing or amount is uncertain. While it is prudent to make such provisions the eventual outcome of these matters cannot be certain. The major provision is in respect of the retained liabilities of Harland & Wolff plc. The Harland & Wolff plc provision for other retained liabilities of £66m (£68m at 31 March 2014) is mainly necessary to meet the company's anticipated costs of employer's liability and public liability claims, both in relation to known claims and to unreported claims expected to crystallise over a significant number of years.


### **Net Cash Requirement**

9. Statement of Assembly Supply shows a variance of £18.5m in the Net Cash Requirement. Further detail is contained in note SoAS4.

### **Important Events since the Financial Year End**

10. Other than that identified at note 23, there are no reportable post balance sheet events,

<b>Reconciliation of Resource Expenditure between Estimates, Accounts and Budgets</b>		
	<b>2014/15 £000</b>	<b>2013/14 £000</b>
<b>Net Resource Outturn (Estimates)</b>	<b>228,508</b>	<b>221,838</b>
<i>Adjustments:</i>		
Less Consolidated Fund Extra Receipts (CFERs)	(75)	(789)
Add Non Supply Expenditure	(593)	(412)
<b>Net Operating Costs (Accounts)</b>	<b>227,840</b>	<b>220,637</b>
<i>Adjustments:</i>		
Add other Consolidated Fund Extra Receipts	75	789
Remove voted expenditure that is outside the Resource Budget (NDPB Cash Draw & Notionals)	(184,304)	(206,395)
Add NDPB resource consumption	191,513	186,391
Add European Union income related to capital grants	8,576	12,455
Less capital grants (Department & NDPBs)	(17,649)	(27,415)
<i>Other Adjustments:</i>		
Unrealised EU Foreign Exchange Rate gain/loss	593	412
<b>Resource Budget Outturn (Budget)</b>	<b>226,644</b>	<b>186,874</b>
<i>Of which:</i>		
Departmental Expenditure Limit (DEL)	203,114	189,030
Annually Managed Expenditure (AME)	23,530	(2,156)



**DR ANDREW McCORMICK**  
**Accounting Officer**  
**26 June 2015**

## **B: DEPARTMENTAL REMUNERATION REPORT**

### **Remuneration Policy**

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

### **Service Contracts**

2. 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.

3. 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.
4. Further information about the work of the Civil Service Commissioners can be found at [www.nicscommissioners.org](http://www.nicscommissioners.org).

### **Salary and Pension entitlements**

5. The following sections provide details of the remuneration and pension interests of the Ministers and most senior Management of the department.

Remuneration (including salary) and pension entitlements (Audited Information)						
Minister	2014-15			2013-14		
	Salary £	Pension Benefits* (to nearest £1000)	Total (to nearest £1000)	Salary £	Pension Benefits (to nearest £1000)	Total (to nearest £1000)
Arlene Foster MLA	38,000	13,000	51,000	38,000	23,000	61,000
Officials	Salary £'000	Pension Benefits* (to nearest £1000)	Total £'000	Salary £'000	Pension Benefits (to nearest £1000)	Total £'000
David Sterling Permanent Secretary (until 01/07/2014)	25-30 (110-115 full year equivalent)	3,000	25-30	105-110	21,000	125-130
Andrew McCormick Permanent Secretary (from 01/07/2014)	90-95 (120-125 full year equivalent)	12,000	100-105	-	-	-
Colin Lewis Deputy Secretary (until 21 April 2013)	-	-	-	5-10 (90-95 full year equivalent)	(13,000)	(5) – (10)
David Thomson Deputy Secretary (until 30/06/2014)	25-30 (100-105 full year equivalent)	(4,000)	20-25	100-105	4,000	100-105
Eugene Rooney Deputy Secretary	80-85	87,000	170-175	45-50 (80-85 full year equivalent)	65,000	105-110
Chris Stewart Deputy Secretary (from 01/08/2014)	55-60 (80-85 full year equivalent)	89,000	145-150	-	-	-
Trevor Cooper Assistant Secretary	65-70	5,000	70-75	65-70	9,000	75-80
Wendy Johnston** Assistant Secretary	70-75	(142,000)	(70-75)	70-75	2,000	70-75
David Beck Non-Executive Director	10-15	-	10-15	10-15	-	10-15
Claire Hughes Non-Executive Director (from 01/01/2015)	0-5	-	0-5	-	-	-
Band of Highest Paid Director's Total Remuneration	120-125			105-110		
Median Total Remuneration	£28,500			£28,366		
Ratio	4.3			3.8		

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

\*\*This official took actuarially reduced partial retirement during the year. Pension figures therefore include a pension within the band £30k-£35k and lump sum within the band £110k-£115k which are already in payment.

Non-Executive Directors are remunerated on a per diem basis.

None of the above received benefits in kind or bonus payments in either year.

## Salary

6. 'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.
7. The Department of Enterprise, Trade and Investment was under the direction and control of Arlene Foster MLA during the financial year. Her salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in this resource account. These amounts do not include costs relating to a Minister's role as MLA/MP/MEP which are disclosed elsewhere.

## Benefits in kind

8. 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. There were no benefits in kind paid to the most Senior Management of the Department during either year.

## Bonuses

9. Bonuses are based and paid on performance levels attained and are made as part of the appraisal process. Bonuses relate to the year in which they become payable to the individual.

There were no non-consolidated bonus payments to the most Senior Management of the Department during 2014-15.

## Top to Median Pay Multiples

10. 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 DETI in the financial year 2014-15 was £120k-£125k (2013-14, £105k-£110k). This was 4.3 times (2013-14, 3.8 times) the median remuneration of the workforce, which was £28,500 (2013-14, £28,366).

In 2014-15, zero (2013-14, zero) employees received remuneration in excess of the highest-paid director.

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

The increase in the pay multiple ratio from last year is due to a change in the holder of the highest paid salary post. The new post holder is on a higher salary band which has subsequently impacted on the ratio.

## Pension Benefits (Audited Information)

Minister	Accrued pension at pension age as at 31-3-15	Real increase in pension at pension age	CETV at 31-3-15	CETV at 31-3-14	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Arlene Foster MLA	5-10	0-2.5	81	69	4

## Ministerial pensions

11. Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2012 (AMPS). The scheme is made under s48 of the Northern Ireland Act 1998. As Ministers will be Members of the Legislative Assembly they may also accrue an MLA's pension under the AMPS (details of which are not included in this report). The pension arrangements for Ministers provide benefits on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50<sup>th</sup> or 1/40<sup>th</sup>) multiplied by the cumulative contribution factors and the relevant final salary as a Member.
12. Benefits for Ministers are payable at the same time as MLA's benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 7% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 21.6% of the Ministerial salary.
13. The accrued pension quoted is the pension the Minister is entitled to receive when they reach 65 or immediately on ceasing to be an active member of the scheme if they are already 65.

## The Cash Equivalent Transfer Value (CETV)

14. This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension

benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total ministerial service, not just their current appointment as a Minister. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## The real increase in the value of the CETV

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

**Pension Entitlements (Audited Information)**

Civil Service Pensions (Audited Information)	Accrued pension at pension age as at 31-3-15 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31-3-15	CETV at 31-3-14	Real increase in CETV	Employer contribution to partnership pension account
Officials	£'000	£'000	£'000	£'000	£'000	Nearest £100
David Sterling Permanent Secretary (until 01/07/2014)	45-50 plus lump sum of 145-150	0-2.5 plus lump sum of 0-2.5	996	980	11	-
Andrew McCormick Permanent Secretary (from 01/07/2014)	60-65 plus lump sum of 105-110	0-2.5 plus lump sum of (0-2.5)	1,240	1,175	10	-
David Thomson Deputy Secretary until 30/06/2014)	40-45 plus lump sum of 125-130	0-2.5 plus lump sum 0-2.5	924	931	5	-
Eugene Rooney Deputy Secretary	35-40 plus lump sum of 110-115	2.5-5 plus lump sum of 10-12.5	730	621	75	-
Chris Stewart Deputy Secretary (from 01/08/2014)	25-30 plus lump sum of 80-85	2.5-5 plus lump sum of 10-12.5	483	407	68	-
Trevor Cooper Assistant Secretary	15-20 plus lump sum of 50-55	0-2.5 plus lump sum of 0-2.5	318	299	3	-
*Wendy Johnston Assistant Secretary	30-35 plus lump sum of 110-115	(5-7.5) plus lump sum of (0-2.5)	630	715	(119)	-

*\*This official took actuarially reduced partial retirement during the year. Pension figures therefore include a pension within the band £30k-£35k and lump sum within the band £110k-£115k which are already in payment.*

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

16. Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality

'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is an 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

17. A new pension scheme, alpha, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years



and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

18. For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.
19. Employee contribution rates for all members for the period covering 1st April 2015 – 31st March 2016 are as follows:

Pay band – assessed each pay period		Contribution rates – Classic members		Contribution rates – classic plus, premium, nuvos and alpha	
From	To	From 01 April 2015 to 31 March 2016		From 01 April 2015 to 31 March 2016	
£0	£15,000.99	3%		4.6%	
£15,001.00	£21,000.99	4.6%		4.6%	
£21,001.00	£47,000.99	5.45%		5.45%	
£47,001.00	£150,000.99	7.35%		7.35%	
£150,001.00 and above		8.05%		8.05%	

20. 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.
21. The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make

contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

pension arrangements can be found at the website [www.dfpni.gov.uk/civilservicepensions-ni](http://www.dfpni.gov.uk/civilservicepensions-ni)

### Cash Equivalent Transfer Values

23. 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 CSP arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

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

24. 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.

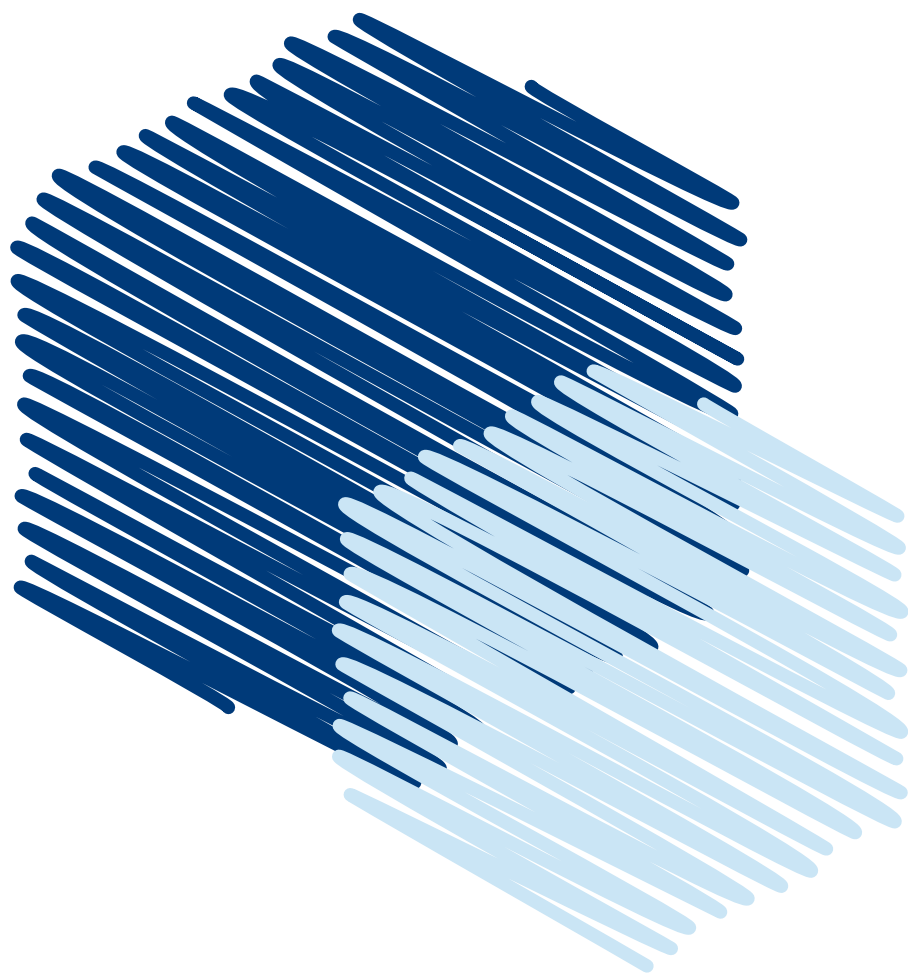
#### **Compensation for loss of Office**

25. There were no compensation for loss of office payments in respect of Board Members during 2014/15.



**DR ANDREW McCORMICK**  
**Accounting Officer**  
**26 June 2015**

2



Statements and Certificates



## **DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT**

### **Statement of Accounting Officer's Responsibilities**

#### **Year to 31 March 2015**

Under the Government Resources and Accounts Act (Northern Ireland) 2001 the Department of Finance and Personnel has directed the Department to prepare for each financial year resource accounts detailing the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the net resource outturn, resources applied to objectives, changes in taxpayer's 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 and Personnel, including relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Department of Finance and Personnel has appointed the Permanent Head of the Department as Accounting Officer of the Department. 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 Managing Public Money NI issued by the Department of Finance and Personnel.



**DR ANDREW McCORMICK**  
**Accounting Officer**  
**26 June 2015**

## GOVERNANCE STATEMENT

### Introduction

1. This Governance Statement reflects the Department of Enterprise, Trade and Investment's governance, risk management and internal control arrangements as they have operated during the 2014-15 financial year. It also provides details of future actions planned by the Department to mitigate risks and to address any internal control weaknesses that have been identified.

### The DETI Governance Framework

2. Corporate Governance refers to the way in which organisations are directed and controlled. DETI's governance framework, which ensures the effectiveness of the direction and control of the Department, is set out in the following paragraphs.

### Individual Responsibilities

#### *The DETI Minister*

3. The DETI Minister leads the Department and is responsible and accountable to the Northern Ireland Assembly for the policies, programmes and actions of the Department.

#### *The Accounting Officer*

4. The Permanent Secretary is the principal Accounting Officer for the Department and may be called to account in the Northern Ireland Assembly for the stewardship of the resources under the Department's control. As Accounting Officer, the Permanent Secretary is personally responsible for ensuring that the Department, and any subsidiary to it or organisation sponsored by it, operates effectively and to a high standard of probity.

### Organisation and Structures

5. The five key organisational structures which support the delivery of corporate governance in the Department are the:
  - Departmental Board;
  - Departmental Audit Committee;

- Casework Committee;
- Senior Management Team meetings; and
- Quarterly Oversight and Liaison meetings with arm's length bodies.

### *The Departmental Board*

6. The Departmental Board manages the Department within the strategic framework set by the Minister. It supports the Permanent Secretary by providing collective leadership and taking ownership of the Department's performance. The Board operates within the guidelines set out in the April 2013 DFP publication "Corporate governance in Central Government Departments: Code of Good Practice NI 2013".
7. The Board is chaired by the Permanent Secretary of the Department. The Deputy Secretaries for Policy Group and Management Services Group are members, as are the Heads of Division with responsibility for Human Resources and Finance. There are also two Independent Board Members (IBMs), David Beck and Claire Hughes. David Beck was an IBM for the whole of 2014/15, with Claire Hughes being appointed with effect from 1 January 2015.
8. The Board operates as a collegiate forum under the leadership of the Permanent Secretary to manage the running of the Department. It is not involved in policy making, as policy is determined by the Minister. The Board does, however, discuss policy in the context of setting and directing the strategic planning that ensures delivery of Ministerial policy decisions and the operational management of the implementation of those decisions. The Board operates in an advisory and consultative capacity, offering guidance when sought. Day-to-day operational matters are the responsibility of the Deputy Secretaries and Heads of Division.
9. The objective of the Board is to provide collective leadership in the Department and to:
  - take forward the Department's agreed strategic aims and objectives;



- ensure sound financial management is in place and oversee the strategic allocation and monitoring of finance and human resources to achieve strategic objectives;
  - monitor the Department's performance against its objectives;
  - set the Department's standards and values;
  - maintain a transparent system of prudent and effective controls (including internal controls);
  - assess and manage risk; and
  - lead and oversee organisational development, encouraging innovation and, where appropriate enterprise, to enhance the Department's capacity to discharge its functions efficiently and effectively.
10. In order to achieve these objectives, a formal schedule of matters for consideration by the Board is maintained.

#### *Corporate and Business Planning*

11. Within the policy and resources framework set by the Minister and the Executive, the Departmental Board sets the strategic and annual direction of the Department through the corporate and business planning process. A Corporate Plan, which aligns with the Executive's Programme for Government and Budget, is normally prepared every three years. More detailed Business Plans are prepared on an annual basis. The detailed stages of the corporate and business planning processes are built into the Departmental Board work programme.

#### *Secretariat*

12. The Board is supported by a secretariat, located within Central Management Branch, which is responsible for maintenance of a register of interests. An agenda and papers are circulated one week in advance of each meeting and a record of meetings is circulated to Board members and posted on the Department's web site once approved at the subsequent board meeting. Central Management Branch also provides new Board members with an induction pack and programme.

#### *Board Performance and Effectiveness*

13. During the 2014-15 year, the Departmental Board met a total of 10 times. Details of the attendance of board members during the year was as follows:

Board Member	Number of Meetings Attended	Out of a Possible
David Sterling (until 1 July 2014)	2	3
Andrew McCormick (from 1 July 2014)	5	7
David Beck	10	10
Claire Hughes (from 1 January 2015)	3	3
David Thomson (until 30 June 2014)	2	2
Chris Stewart (from 1 August 2014)	7	7
Eugene Rooney	10	10
Trevor Cooper	9	10
Wendy Johnston	9	10

14. During the 2014-15 year, issues considered by the board included:
- the draft DETI Corporate / Business Plan for 2015-16 and draft Operating Plans for non departmental public bodies;
  - the Department's annual Budget submission and issues arising therefrom;
  - management accounting information relating to the actual use of financial resources as well as periodic in-year forecasts of the expected outturn against financial budgets of resource and capital expenditure and of income;
  - human resource issues, including staff engagement, managing attendance, and the voluntary exit scheme;
  - human resource management systems and processes (insofar as those are not prescribed at NICS level);
  - legislative priorities (subject to ministerial determination);
  - progress in relation to business plan outputs and outcomes (performance targets);
  - six monthly Assurance Statements;

- the identification and management of risk incorporating a programme of presentations by risk owners;
  - feedback from Departmental Audit Committee meetings;
  - feedback from Oversight and Liaison meetings;
  - information security;
  - Freedom of Information;
  - overview of assurance work undertaken by Internal Audit Service;
  - the Governance Statement 2013-14;
  - Direct Award Contracts;
  - publication of DETI's gifts and hospitality register; and
  - Business Continuity Planning.
15. At its meeting in June 2014, the Departmental Board noted a report produced following a review of its effectiveness in 2013-14. The Board is content with its performance and the role it plays in the effective governance of the Department including monitoring progress of the actions set out in Corporate and Operating Plans. The Board agreed, at its November 2014 meeting, to undertake a self assessment of its effectiveness using a questionnaire based on Cabinet Office guidance produced for departments in Great Britain, once a new IBM had been appointed and had been in post for a number of months. The self-assessment will take place in the first half of 2015-16.

### **The Departmental Audit Committee**

16. The Departmental Board is supported in its role by the Departmental Audit Committee. The Committee is chaired by David Beck, IBM who attended the four meetings held in 2014-15. The other members of the Committee are Bill McGinnis and Anthony Harbinson, both of whom are independent of the executive structure of the Department. Bill McGinnis attended all of the four meetings held in 2014-15 while Anthony Harbinson attended three of the four meetings. Claire Hughes was appointed to the

Departmental Audit Committee on 1 January 2015. No meetings of the Departmental Audit Committee in the period from the date of Claire Hughes's appointment to 31 March 2015.

17. The role of the Departmental Audit Committee is to support the Departmental Board and the Accounting Officer by advising on:
- (i) The strategic processes for risk, control and governance and the Governance Statement;
  - (ii) The accounting policies, the accounts, and the annual report of the organisation, including the processes for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
  - (iii) The planned activity and results of both internal and external audit;
  - (iv) Adequacy of management response to issues identified by audit activity, including external audit's Report to those Charged with Governance;
  - (v) Assurances relating to the corporate governance requirements for the organisation; and
  - (vi) Anti fraud policies, whistle blowing processes, and arrangements for special investigations.
18. Each NDPB and cross border body provides the Departmental Audit Committee with a paper in advance of each meeting setting out corporate governance and accountability issues in their organisations.
19. The Departmental Audit Committee also periodically reviews its own effectiveness and reports the results of that review to the Board.
- Departmental Audit Committee Reports*
20. Following each meeting of the Departmental Audit Committee, the Departmental Board is provided with the draft minutes of the meeting supplemented by a verbal report and a written synopsis from the Departmental Audit Committee Chairman.

21. The Chairman of the Departmental Audit Committee also provides an annual report to the Departmental Board which summarises the Committee's work for the year. The 2014-15 report included:
- (i) Details of meetings and provision of minutes and reports to the Departmental Board;
  - (ii) Details of membership and attendance;
  - (iii) Proposals for the timing of the next formal review of the effectiveness of the Committee;
  - (iv) A summary of work undertaken during the 2014-15 year;
  - (v) The Committee's views on the quality of assurances it considered during the year;
  - (vi) The Committee's views on risk management;
  - (vii) The Committee's opinion on the quality of internal and external audit arrangements;
  - (viii) The Committee's views on the issues which merit inclusion in the Governance Statement; and
  - (ix) The Committee's overall conclusion.
22. The Committee was content with the quality of assurances it received, the management of risk and the quality of internal and external audit.

### **Other Organisational Structures**

23. Other organisational structures that contribute to sound corporate governance in the Department are the Casework Committee, the Senior Management Team and the Quarterly Oversight and Liaison Meetings with Arms Length Bodies. None of these is a sub-committee of the Departmental Board.

### **Casework Committee**

24. The DETI Casework Committee meets as required to consider and approve DETI projects involving expenditure above £500,000. All members of the Departmental Board and DETI Senior Management Team are eligible to participate on the Casework Committee.

However, the Head of a Division from which an expenditure proposal emanates is debarred from sitting on the Casework Committee which considers the proposed expenditure.

25. The Casework Committee is chaired by an officer of at least Deputy Secretary level, and requires a minimum of three members to be quorate.
26. Casework Committees are also in place to consider significant expenditure proposals emanating from Invest NI and Tourism NI and the Departmental Board receives regular updates on the progress of Casework across the Department.

### **Senior Management Team Meeting**

27. The Senior Management Team meets regularly to discuss ongoing operational issues, including forthcoming Executive and Assembly business. It is chaired by the Permanent Secretary and membership comprises the Deputy Secretaries responsible for Policy Group and Management Services Group, Heads of Divisions and Grade 6 Heads of Business Units. The Head of Central Management Branch, the Principal Information Officer and the Minister's Private Secretary are also in attendance.

### **Quarterly Oversight and Liaison Meetings with Arms Length Bodies**

28. The Department sponsors four Non Departmental Public Bodies: Invest NI; Tourism NI; the Consumer Council for Northern Ireland and the Health and Safety Executive for Northern Ireland. Oversight and Liaison meetings with Non Departmental Public Bodies, which Independent Board Members may attend as observers, are normally held on a quarterly basis. The agendas for these meetings contain standing items which include performance monitoring, budgetary and finance matters, risk management and corporate governance. The minutes of Oversight and Liaison meetings are brought to the Departmental Board as "take note" items unless specific issues arise which require Board intervention. If such issues arise they are tabled as a separate agenda item.

29. The Department sponsors two cross border bodies: InterTradelreland and Tourism Ireland Limited. Quarterly meetings also take place with these bodies. The issues covered by the agendas for these meetings are similar to the issues covered in the NDPB Oversight and Liaison meetings.
30. In addition, Departmental representatives attend the audit committees of NDPBs and cross border bodies.

### **Risk Management**

31. The Department's approach is to assign risks to those best placed to manage them, whilst maintaining clear accountability. The Department manages risk at Corporate and Divisional levels.
32. Corporate Risks are managed collectively by the Departmental Board. The Corporate Risk Register is reviewed by the Departmental Board at each meeting along with significant Corporate Risks emanating from NPDBs. On a quarterly basis, the Departmental Board receives a report detailing Divisional Risks which are assessed as having a high or medium impact and a high likelihood of occurrence. The Departmental Board considers the degree of risk it is prepared to accept for the Department's Corporate Risks (its risk appetite).
33. Corporate risks being managed at 31 March 2015 related to:
  - The delivery of commitments contained in the Programme for Government, the Corporate Plan and the Operating Plan;
  - The formulation of appropriate strategies and policies for economic development in Northern Ireland;
  - Corporate Governance;
  - Financial Management;
  - The management of financial assistance provided in connection with the administration of the Presbyterian Mutual Society;

- Information Management;
  - Implementation of legislation, including EU Directives; and
  - The disqualification of company directors.
34. Action is being taken to mitigate the above risks. There is a statutory deadline within which the Insolvency Service is required to take forward cases involving the potential disqualification of company directors. In relation to the risk of failing to file proceedings in relevant cases, where there is evidence for potential disqualification, within the required time limits, which was first identified as a corporate risk during 2013-14, the Departmental Board and the Departmental Audit Committee continued to monitor progress on the implementation of mitigating actions. During the year presentations on the action taken and planned to manage the risk were made to the Departmental Board by the Head of the Insolvency Service. As a result of actions taken to mitigate the risk, the assessment of its impact and likelihood was reduced in May 2015.

### **Six Monthly Assurance Statements**

35. Each Deputy Secretary and NDPB Chief Executive is required to provide six monthly Assurance Statements to the Permanent Secretary as Departmental Accounting Officer. These six monthly statements confirm the efficacy of the systems of internal control in their areas of responsibility and, where appropriate, draw the attention of the Permanent Secretary to any significant internal control issues.

### **Data Security**

36. The Department is in the final stages of compiling the annual Security Risk Management Overview (SRMO). This is an exercise which reports to the Head of the NICS and includes a single return for DETI and all its NDPBs. The report contains an independent assurance statement from the Head of Internal Audit and will be endorsed by the Permanent Secretary as Accounting Officer. No issues have emerged.

37. The DETI Information Security Policy compendium is updated and disseminated during the year. One new policy was added in April 2014 relating to the new Government Classification Scheme. Prior to the addition of the policy each member of staff was provided with an e learning package covering the new scheme. The Department also carried out its annual Information Security Survey, expanded this year to include a request for information from business areas concerning the use of any third party suppliers and a further request for details regarding any data sharing agreements in place in the Department. This exercise provides a further assurance to the Accounting Officer that information is being securely handled and effectively managed across all business areas. Information Security continues to be a regular item at Departmental Board meetings and Heads of Branches are required to review information security compliance in their six monthly internal assurance statement checklists.

### Business Continuity Management

38. The Department has in place a Business Continuity Management (BCM) process, whereby each Branch and Departmental building has its own dedicated and managed Business Continuity Plan (BCP). Plans are updated, reviewed and tested on a regular basis. All branch and building BCPs are monitored and reported on at four monthly cross-divisional Plan Holder Committee meetings. This Group met three times in 2014-15 and a desk based exercise to test the Netherleigh BCP was undertaken in March 2015. A similar committee operates covering the DETI buildings outside of Netherleigh, as well as the Department's Arms Length Bodies (this committee meets twice a year). The BCM process is subject to annual review by Internal Audit Service.
39. The Staff Contact Text Messaging Service (SMS) was used over the Christmas period to inform staff that the heating in Netherleigh had broken down and that staff should not report to Netherleigh. This resulted in a further increase

in the number of staff registering for the service. More recently a power outage affecting large parts of County Down and Belfast triggered the operation of Netherleigh's emergency generator and disruption to services was negligible.

### Internal Audit

40. The Department has an Internal Audit Service, which operates to HM Treasury's Public Sector Internal Audit Standards. Internal Audit Service constructs its annual audit plan on the basis of the Internal Audit Strategy covering the period 2011-12 to 2014-15 and also takes into account the objectives and risks faced by DETI including emerging risks.
41. The Internal Audit plan for 2014-15 was endorsed by the Departmental Audit Committee. A mid-year review of the plan resulted in it being revised to reflect changing priorities of management, changing circumstances and emerging issues. The revised plan was endorsed by the Departmental Audit Committee at its meeting on 25 September 2014.
42. Internal Audit Service submits regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Department's system of internal control together with recommendations for improvement. Internal Audit Service has provided an overall satisfactory opinion with regard to the adequacy of the Department's risk management, control and governance processes for the 2014-15 year.

### Compliance with the Corporate Governance Code

43. The Departmental Board has carried out an assessment of its compliance with the April 2013 DFP publication "Corporate governance in Central Government Departments: Code of Good Practice NI 2013". The Departmental Board is content that it is compliant with both the spirit and the principles of the Code and has agreed that the framework within which it operates should be reviewed during the 2015-16 year.

### Quality of Data Used by the Departmental Board

44. The Departmental Board uses information based on a number of data sources. In relation to performance targets, the Board draws assurance from the fact that a number of the data sources used are also utilised for the publication of Official Statistics or National Statistics. Data relating to financial information and absenteeism is derived from NICS wide systems such as Account NI and HR Connect. The Departmental Board takes assurance on the quality of this data from the internal controls in place in the Department and the scrutiny of the Account NI and HR Connect systems by DFP's Internal Audit Service and the supply of information on absenteeism to departments by the Northern Ireland Statistics and Research Agency (NISRA).
45. During 2014-15, Internal Audit Service undertook an exercise to provide assurance to the Department that data relating to Invest NI's performance reporting in 2013-14 was accurately stated and free from any errors or omission. Based on validation work undertaken on a sample of targets selected, Internal Audit Service is satisfied with the accuracy of performance data reported by Invest NI.

### Ministerial Directions

46. No Ministerial Directions were issued during the 2014-15 financial year.

### Public Accounts Committee Issues

47. On 18 March 2015, the Department provided evidence to the Assembly's Public Accounts Committee on an NIAO report "Cross-border broadband initiative: the Bytel project". The Public Accounts Committee's report is due to be published on 1 July 2015. The Department will give careful consideration to the recommendations contained in the report and will respond to the Committee in the form of a Memorandum of Reply and clawback of grant funding is being sought.

### Other Governance Issues

48. The Department continues to seek clawback of £198,747 from Craigavon Borough Council (now Armagh City, Banbridge and Craigavon Borough Council) as a result of a suspected fraud connected with the tendering process for the installation of renewable energy boilers. The Council is pursuing the matter through its insurers but, as yet, no repayment has been made.
49. Approval was received from DFP in relation to payments of those grants to North / South Bodies during the 2013/14 year which did not have the requisite approvals prior to payment. This issue did not arise in 2014/15.
50. The Non-Domestic Renewable Heat Incentive Scheme is a UK-wide scheme which is designed to promote heat generation from renewable heat sources through provision of support for applications coming forward which meet the criteria. The Department is currently working to address governance and financial requirement issues arising with the scheme.
51. The Certificate and Report of the Comptroller and Auditor General has been modified to include two Emphases of Matter paragraphs in relation to the uncertainties in the valuation of the Harland and Wolff provision (note 16.2 of the financial statements refers) and the recoverability of the PMS loan (note 11 of the financial statements refers).

### Conclusion

52. DETI has a rigorous system of accountability on which I rely, as Permanent Secretary and Accounting Officer, to form an opinion on the probity and use of public funds, as detailed in Managing Public Money Northern Ireland.



53. Having considered the accountability framework within the Department and between the Department and its arm's length bodies, and in conjunction with assurances given to me by the Departmental Audit Committee, I am content that the Department has operated a sound system of internal governance during the period 2014-15.



**DR ANDREW McCORMICK**  
**Accounting Officer**  
**26 June 2015**

## **DEPARTMENT OF ENTERPRISE, TRADE AND INVESTMENT**

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

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accounting Officer; and the overall presentation of the financial statements. In addition I

read all the financial and non-financial information in the 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 2015 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### **Opinion on financial statements**

In my opinion:

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

### Emphasis of matter: Material Uncertainty on Provisions

Without qualifying my opinion, I draw attention to Note 16.2 of the financial statements which indicates the existence of a considerable number of uncertainties over the adequacy or excessiveness of the provisions at 31 March 2015 of £66.04 million of which £65.96 million is largely in relation to anticipated asbestosis related illness claims. The ultimate outcome of the matter cannot be accurately determined at present. My opinion is not modified in this respect.

### Emphasis of matter: Carrying Value of Financial Asset Investment

Without qualifying my opinion, I draw attention to Note 11 of the financial statements which discloses that financial projections support the retention of the full carrying amount of the loan. The note advises the Department retains flexibility to manage the loan payment profile to ensure full repayment taking into consideration potential movements in the property market including the option to extend the repayment terms of the loan beyond the original ten year period. My opinion is not modified in this respect.

### Opinion on other matters

In my opinion:

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

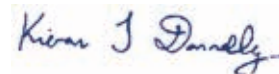
### Matters on which I report by exception

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

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

### Report

I have no observations to make on these financial statements.

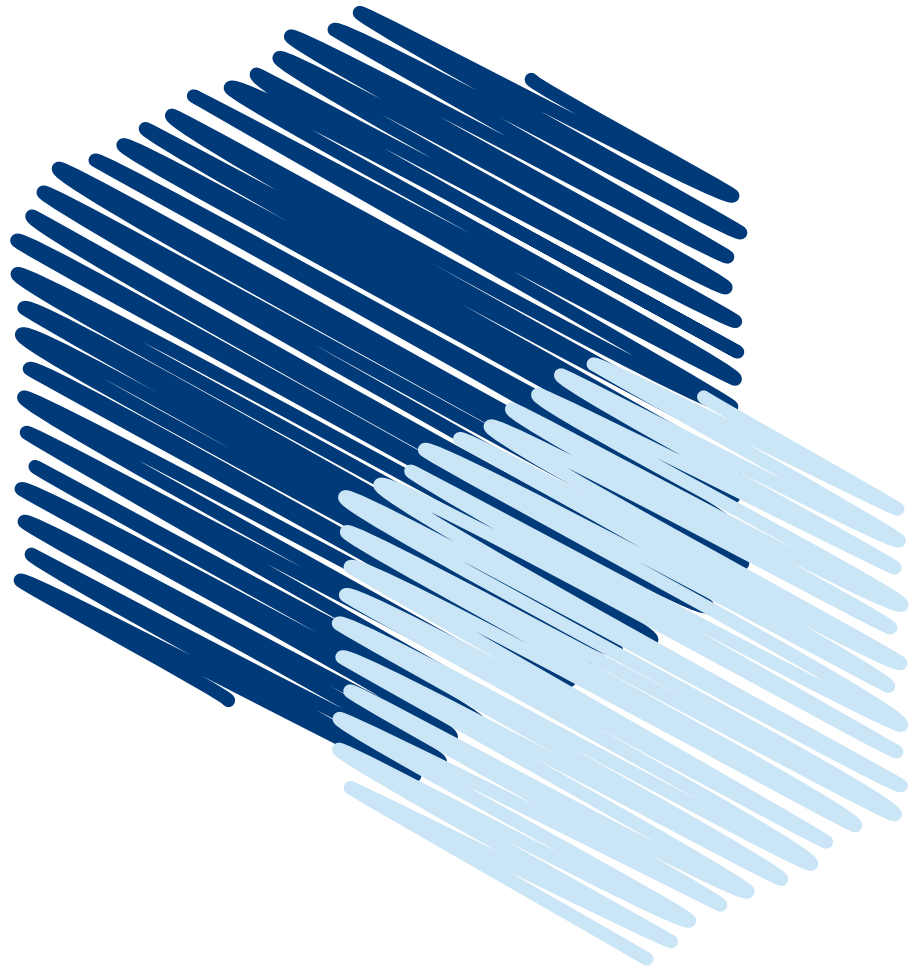


KJ Donnelly  
Comptroller and Auditor General  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

30 June 2015



# 3



## Accounting Schedules





## Department of Enterprise, Trade and Investment

### Statement of Assembly Supply for the year ended 31 March 2015

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Department of Enterprise, Trade and Investment to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

Summary of Resource Outturn									
		2014-15						2013-14	
		Estimate			Outturn				
Request for Resources	Note	Gross expenditure	Accruing Resources	Net Total	Gross expenditure	Accruing Resources	Net Total	Net total outturn compared with Estimate saving/(excess)	Prior-year outturn
		£000	£000	£000	£000	£000	£000	£000	£000
<b>RfR A:</b> To promote the growth of a competitive and export-led economy									
Total Resources	<b>SoAS2</b>	258,113	(18,511)	239,602	246,797	(18,289)	228,508	11,094	221,838
Non-operating Accruing Resources				(7,000)			(7,000)	-	(6,512)

Net cash requirement 2014-15					
	Note	2014-15		2013-14	
		Estimate	Outturn	Net total outturn compared with estimate	Outturn
		£000	£000	£000	£000
Net cash requirement	<b>SoAS4</b>	234,352	215,820	18,532	230,995

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 Consolidated Fund (cash receipts being shown in italics):					
		Forecast 2014-15		Outturn 2014-15	
	Note	Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total	<b>SoAS5</b>	165	200	75	124

Explanation of variances between Estimates and Outturn are given in Note SOAS2 and in the Management Commentary.

## Department of Enterprise, Trade and Investment

### Notes to the Departmental Resource Accounts (Statement of Assembly Supply)

#### SoAS1. Statement of Accounting Policies

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

#### SoAS1.1. Accounting Convention

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

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

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

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

## SoAS2. Analysis of net resource outturn by function

	2014-15						2013-14			
	Outturn						Estimate			
	Admin £000	Other Current £000	Grants £000	Gross Resource Expenditure £000	Accruing Resources £000	Net Total £000	Net Total £000	Net Total outturn compared with Estimate £000	Net total outturn compared with estimate, adjusted for virements £000	Prior- year outturn £000
<b>RfR A: To promote the growth of a competitive and export-led economy</b>										
<b>SoAS2</b>										
<b>Departmental Expenditure in DEL</b>										
1. Economic Development, Policy & Research	10,037	1,387	119	<b>11,543</b>	(91)	<b>11,452</b>	11,154	(298)	-	11,171
2. Economic Infrastructure/Minerals	2,692	1,559	12,010	<b>16,261</b>	(5,029)	<b>11,232</b>	14,664	3,432	3,446	6,611
3. Invest Northern Ireland	105	-	-	<b>105</b>	-	<b>105</b>	106	1	1	105
4. Development of Tourism	727	-	-	<b>727</b>	(2)	<b>725</b>	740	15	1	744
5. Tourism Ireland Ltd	364	-	-	<b>364</b>	-	<b>364</b>	365	1	-	373
6. InterTradeIreland	105	-	-	<b>105</b>	-	<b>105</b>	106	1	-	105
7. ERDF Support for Economic Development	-	-	915	<b>915</b>	(721)	<b>194</b>	210	16	16	240
8. EU Community Initiatives	-	-	8,904	<b>8,904</b>	(6,678)	<b>2,226</b>	2,226	-	-	1,101
9. Business Regulatory Services	551	7,744	-	<b>8,295</b>	(2,881)	<b>5,414</b>	5,344	(70)	(39)	5,417
10. Business Regulatory Services – Assistance to the Presbyterian Mutual Society	-	-	-	-	(2,887)	<b>(2,887)</b>	(2,887)	-	-	(3,011)
11. Health and Safety	-	5,619	-	<b>5,619</b>	-	<b>5,619</b>	5,676	57	-	5,446

Notes 1 to 26 form part of these accounts

## SoAS2. Analysis of net resource outturn by function (continued)

	2014-15									2013-14
	Outturn						Estimate			
	Admin £000	Other Current £000	Grants £000	Gross Resource Expenditure £000	Accruing Resources £000	Net Total £000	Net Total £000	Net Total outturn compared with Estimate £000	Net total outturn compared with estimate, adjusted for virements £000	Prior- year outturn £000
<b>Annually Managed Expenditure (AME)</b>										
12. Provisions – Economic Development, Policy & Research	-	1,819	-	<b>1,819</b>	-	<b>1,819</b>	1,846	27	27	(14,350)
13. NI Renewable Heat Incentive	-	-	7,925	<b>7,925</b>	-	<b>7,925</b>	5,768	(2,157)	-	1,650
14. Revaluation of Assets	-	(89)	-	<b>(89)</b>	-	<b>(89)</b>	(89)	-	-	(160)
<b>Non-Budget</b>										
15. Invest NI	-	-	136,646	<b>136,646</b>	-	<b>136,646</b>	142,285	5,639	3,212	160,387
16. NI Tourist Board	-	-	24,800	<b>24,800</b>	-	<b>24,800</b>	28,613	3,813	3,813	21,982
17. Consumer Council for NI	-	-	1,339	<b>1,339</b>	-	<b>1,339</b>	1,339	-	-	1,454
18. Health and Safety Executive NI	-	-	898	<b>898</b>	-	<b>898</b>	898	-	-	977
19. Tourism Ireland Ltd	-	-	13,972	<b>13,972</b>	-	<b>13,972</b>	14,031	59	59	14,664
20. InterTradeIreland	-	-	2,715	<b>2,715</b>	-	<b>2,715</b>	3,107	392	392	3,234
21. Notional Charges	3,934	-	-	<b>3,934</b>	-	<b>3,934</b>	4,100	166	166	3,698
<b>Total</b>	<b>18,515</b>	<b>18,039</b>	<b>210,243</b>	<b>246,797</b>	<b>(18,289)</b>	<b>228,508</b>	<b>239,602</b>	<b>11,094</b>	<b>11,094</b>	<b>221,838</b>

Notes 1 to 26 form part of these accounts

**SoAS2 Analysis of net resource outturn by section (continued)**

Explanation of the Variation between Estimate and Outturn (Net Total Resources)

- (i) Economic Development, Policy & Research - £0.298m**  
Variance is due to cumulative minor over commitments across Economic Development, Policy & Research.
- (ii) Economic Infrastructure/Minerals - £3.432m**  
Capital grant underspend relates to Department of Culture Media and Sport budget transfer for the Superconnected Cities Telecoms project, for which End Year Flexibility arrangements are in place.
- (iii) NI Renewable Heat Incentive - £2.157m**  
Demand for grants provided through the Renewable Heat Incentive Scheme exceeded what was originally forecast in year.
- (iii) Invest NI - £5.639m**  
Variance due to the delay in payment of grant claims.
- (iv) Tourism Northern Ireland - £3.813m**  
Variance due to the receipt of EU funds in mid March.
- (v) InterTradeIreland - £0.392m**  
Variance due to the timing of expenditure around year end and subsequent cash requirement falling into the next financial year.
- (v) Notional Charges - £0.166m**  
Cumulative minor variances across all notional costs.

Detailed explanations of the variances are given in the Management Commentary.

**SoAS3 Reconciliation of Outturn to net operating cost and against Administration Budget****SoAS3.1 Reconciliation of net resource outturn to net operating cost**

					2014-15	2013-14
	Note	Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000	
<b>Net resource outturn</b>	<b>SoAS2</b>	228,508	239,602	11,094	221,838	
Non supply income (CFERs)	<b>SoAS5</b>	(75)	(165)	(90)	(789)	
Non Supply Expenditure	<b>5</b>	(593)	-	593	(412)	
<b>Net operating cost</b>		<b>227,840</b>	<b>239,437</b>	<b>11,597</b>	<b>220,637</b>	

**SoAS3.2 Outturn against final Administration Budget**

				2014-15	2013-14
	Note	Budget £000	Outturn £000	Outturn £000	
Gross Administration Budget	<b>SoAS2</b>	18,593	18,515	17,872	
Income allowable against the Administration Budget		(2)	(2)	-	
<b>Net outturn against final Administration Budget</b>		<b>18,591</b>	<b>18,513</b>	<b>17,872</b>	



## SoAS4 Reconciliation of net resource outturn to net cash requirement

	Note	Estimate	Outturn	Net total outturn compared with estimate: saving/ (excess)
		£000	£000	£000
Resource Outturn	<b>SoAS2</b>	239,602	228,508	11,094
Capital:				
- Acquisition of non-current assets	<b>7, 8</b>	175	124	51
- Financial Asset Investment	<b>11</b>	-	50	(50)
Non-operating Accruing Resources:				
- Loan repayment	<b>11</b>	(7,000)	(7,000)	-
- Proceeds of asset disposals	<b>5,7</b>	-	(3)	3
Accruals to cash adjustments:				
- Depreciation	<b>4,5</b>	(447)	(448)	1
- New provisions, and adjustments to previous provisions	<b>5</b>	(1,846)	(1,819)	(27)
- Non-cash items	<b>3,4,5</b>	(4,011)	(3,842)	(169)
- Changes in working capital other than cash		3,505	(3,500)	7,005
- Change in payables falling due after more than one year	<b>9</b>	-	8	(8)
- Use of Provisions	<b>16</b>	4,374	3,742	632
<b>Net cash requirement</b>		<b>234,352</b>	<b>215,820</b>	<b>18,532</b>

Notes 1 to 26 form part of these accounts

## SoAS5 Income payable to the Consolidated Fund

### SoAS5.1 Analysis of income payable to the Consolidated Fund

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

	Note	Forecast 2014-15		Outturn 2014-15	
		Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts - excess Accruing Resources		-	-	-	-
Other operating income and receipts not classified as Accruing Resource	<b>SoAS6</b>	165	200	75	124
<b>Subtotal</b>		<b>165</b>	<b>200</b>	<b>75</b>	<b>124</b>
Non-operating income and receipts - excess Accruing Resources	<b>SoAS7</b>	-	-	-	-
Other non-operating income and receipts not classified as Accruing Resources	<b>SoAS7</b>	-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
Excess cash surrenderable to the Consolidated Fund		-	-	-	-
<b>Total income payable to the Consolidated Fund</b>		<b>165</b>	<b>200</b>	<b>75</b>	<b>124</b>

### SoAS6 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2014-15	2013-14
		£000	£000
Operating income	<b>6</b>	18,364	14,367
Gross income		18,364	14,367
Income authorised as Accruing Resources	<b>SoAS2</b>	(18,289)	(13,578)
<b>Operating income payable to the Consolidated Fund</b>	<b>SoAS5</b>	<b>75</b>	<b>789</b>

### SoAS7 Non-operating income - Excess accruing resources

	2014-15	2013-14
	£000	£000
Proceeds on disposal of fixed assets	-	-
Non-operating income - excess accruing resources	-	-

Notes 1 to 26 form part of these accounts

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

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

	Note	2014-15			2013-14
		Staff Costs	Other Costs	Income	Total
		£000	£000	£000	£000
<b>Administration costs:</b>					
Staff costs	3	12,021	-	-	11,640
Other administration costs	4	-	6,494	-	6,232
Operating income	6	-	-	(2)	-
<b>Programme costs</b>					
Staff costs	3	10,989	-	-	10,641
Programme costs	5	-	216,700	-	206,491
Income	6	-	-	(18,362)	(14,367)
<b>Totals</b>		<b>23,010</b>	<b>223,194</b>	<b>(18,364)</b>	<b>220,637</b>
<b>Net operating cost</b>	<b>SoAS3</b>	<b>-</b>	<b>-</b>	<b>227,840</b>	<b>220,637</b>

### Other Comprehensive Net Expenditure for the year ended 31 March 2015

	Note	2014-15	2013-14
		£000	£000
<b>Items that will not be reclassified to net operating costs:</b>			
Net (gain)/loss on revaluation of property, plant and equipment	7	(64)	(1)
Net (gain)/loss on revaluation of intangible assets	8	(93)	(158)
		(157)	(159)
<b>Net operating cost</b>		<b>227,840</b>	<b>220,637</b>
<b>Total Comprehensive Net Expenditure for the year ended 31 March 2015</b>		<b>227,683</b>	<b>220,478</b>

Notes 1 to 26 form part of these accounts

## Statement of Financial Position as at 31 March 2015

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

	Note	2014-15	2013-14
		£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	7	2,008	1,969
Intangible assets	8	5,871	6,077
Financial assets	11	143,673	150,671
Investment in associates	12	-	-
<b>Total non-current assets</b>		<b>151,552</b>	<b>158,717</b>
<b>Current assets</b>			
Trade and other receivables	14	11,634	6,999
Cash and cash equivalents	13	374	267
Total current assets		12,008	7,266
<b>Total assets</b>		<b>163,560</b>	<b>165,983</b>
<b>Current liabilities</b>			
Trade and other payables	15	(37,981)	(30,469)
Provisions	16	(7,032)	(9,610)
Total current liabilities		(45,013)	(40,079)
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>118,547</b>	<b>125,904</b>
<b>Non-current liabilities</b>			
Trade and other payables	15	-	(8)
Provisions	16	(59,006)	(58,351)
<b>Total non-current liabilities</b>		<b>(59,006)</b>	<b>(58,359)</b>
<b>Assets less liabilities</b>		<b>59,541</b>	<b>67,545</b>
<b>Taxpayers' equity</b>			
General fund		57,274	65,352
Revaluation reserve		2,267	2,193
<b>Total Taxpayers' equity</b>		<b>59,541</b>	<b>67,545</b>



**ANDREW MCCORMICK**  
Accounting Officer  
26 June 2015

Notes 1 to 26 form part of these accounts

## Statement of Cash Flows for the year ended 31 March 2015

The Statement of Cash Flows 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 Departments' future public service delivery. Cash flows arising from financing activities include Assembly Supply and other cash flows, including borrowing.

	Note	2014-15	2013-14
		£000	£000
<b>Cash flows from operating activities</b>			
Net operating cost	<b>SoAS3</b>	(227,840)	(220,637)
Adjustments for non-cash transactions	<b>3,4,5</b>	5,516	(7,216)
(Increase)/decrease in trade and other receivables	<b>14</b>	(4,635)	(1,356)
Non-cash movement in trade receivables and other current liabilities	<b>5</b>	593	412
Less movements in receivables relating to items not passing through the SCNE			
Consolidated Fund Supply	<b>14</b>	268	37
Capital Receivables - accrued interest	<b>11</b>	137	145
Increase/(decrease) in trade payables	<b>15</b>	7,238	(2,029)
Less movements in payables relating to items not passing through the SCNE			
Consolidated Fund Extra Receipts	<b>15</b>	47	348
Consolidated Fund Supply	<b>15</b>	-	1,957
Finance Lease Creditor	<b>15</b>	7	15
Non-current asset accruals	<b>11</b>	(50)	-
Use of Provisions	<b>16</b>	(3,742)	(8,114)
Net cash outflow from operating activities		<b>(222,461)</b>	<b>(236,438)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	<b>7</b>	(114)	(26)
Purchase of intangible assets	<b>8</b>	(10)	(16)
Proceeds on disposal of property, plant and equipment		3	6
Loans to other bodies	<b>11</b>	-	-
Repayment of loans - principal	<b>11</b>	7,000	6,500
Net cash from investing activities		<b>6,879</b>	<b>6,464</b>

Notes 1 to 26 form part of these accounts

## Statement of Cash Flows for the year ended 31 March 2015 (continued)

	Note	2014-15	2013-14
		£000	£000
<b>Cash flows from financing activities</b>			
From the Consolidated Fund - current year		215,515	229,001
From the Consolidated Fund - prior year		37	-
Capital element of payments in respect of finance lease	<b>15</b>	(7)	(7)
Net financing		<b>215,545</b>	<b>228,994</b>
<b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>(37)</b>	<b>(980)</b>
Payments of amounts due to the Consolidated Fund		(122)	(1,138)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	<b>13</b>	(159)	(2,118)
Cash and cash equivalents at the beginning of the period	<b>13</b>	230	2,348
<b>Cash and cash equivalents at the end of the period</b>	<b>13</b>	<b>71</b>	<b>230</b>

Notes 1 to 26 form part of these accounts

### Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

This statement shows the movement in the year on the different reserves held by the Department, analysed into 'general fund reserves' (i.e. those reserves that reflect a contribution from the Consolidated Fund). Financing and the balance from the provision of services are recorded here. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. Other earmarked reserves are shown separately where there are statutory restrictions of their use.

	Note	General Fund	Revaluation Reserve	Total Reserves
		£000	£000	£000
<b>Balance at 31 March 2013</b>		<b>52,009</b>	<b>2,110</b>	<b>54,119</b>
<b>Changes in taxpayers equity for 2013-14</b>				
Net Assembly Funding - drawn down		229,001	-	229,001
Net Assembly Funding - deemed		1,957	-	1,957
Supply (payable)/receivable adjustment	<b>14,15</b>	37	-	37
Amounts repayable to the Consolidated Fund	<b>SoAS5</b>	(789)	-	(789)
Comprehensive Expenditure for the year		(220,478)	-	(220,478)
Non-cash charges - auditor's remuneration	<b>4</b>	52	-	52
Non-cash charges - other notional costs	<b>3a,4</b>	3,646	-	3,646
Recognised in Statement of Comprehensive Expenditure		(159)	159	-
Transfers between reserves		76	(76)	-
<b>Balance at 31 March 2014</b>		<b>65,352</b>	<b>2,193</b>	<b>67,545</b>
<b>Changes in taxpayers equity for 2014-15</b>				
Net Assembly Funding - drawn down		215,515	-	215,515
Net Assembly Funding - deemed		-	-	-
Supply (payable)/receivable adjustment	<b>14,15</b>	305	-	305
Amounts repayable to the Consolidated Fund	<b>SoAS5</b>	(75)	-	(75)
Comprehensive Expenditure for the year		(227,683)	-	(227,683)
Non-cash charges - auditor's remuneration	<b>4</b>	57	-	57
Non-cash charges - other notional costs	<b>3a,4</b>	3,877	-	3,877
Recognised in Statement of Comprehensive Expenditure	<b>7,8</b>	(157)	157	-
Transfers between reserves		83	(83)	-
<b>Balance at 31 March 2015</b>		<b>57,274</b>	<b>2,267</b>	<b>59,541</b>

Notes 1 to 26 form part of these accounts



## Revaluation Reserve

	P,P&E	Intangible Assets	Total
<b>Balance at 31 March 2014</b>	1,198	995	2,193
Recognised in Statement of Comprehensive Expenditure	64	93	157
Transfers between reserves	(36)	(47)	(83)
<b>Balance at 31 March 2015</b>	<b>1,226</b>	<b>1,041</b>	<b>2,267</b>

Notes 1 to 26 form part of these accounts

4



Notes



# Notes to the Departmental Resource Accounts.

## Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2014-15 *Government Financial Reporting Manual* (FRoM) issued by the Department of Finance and Personnel. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

The IASB have issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective with EU adoption from 1 January 2014.

Accounting boundary IFRS' are currently adapted in the FRoM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A review of the NI financial process, which will bring NI departments under the same adaptation, has been presented to the Executive, but a decision has yet to be made. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

Where the FRoM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the Department of Enterprise, Trade and Investment for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Department are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In addition to the primary statements prepared under IFRS, the FRoM 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.

### 1.2 Basis of Consolidation

These accounts comprise the activities of the core department.

The accounts of Harland and Wolff Plc, which is sponsored by the Department, are not included by way of consolidation as they are outside the departmental boundary.

Four Executive Non-Departmental Public Bodies, General Consumer Council for Northern Ireland, Health and Safety Executive for Northern Ireland, Invest Northern Ireland, Northern Ireland Tourist Board, and two Cross-Border Bodies – InterTradeIreland and Tourism Ireland Limited – are not included in the consolidated resource accounts by way of consolidation, but are included by way of accounting for funds paid as grant or expenses.

The public sector bodies which have not been consolidated in these accounts publish their own annual report and accounts detailing their financial activity during the year.

### 1.3 Property, Plant and Equipment

Expenditure on property plant and equipment of over £1,000 is capitalised. 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.

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

With the exception of land and buildings and items under construction, fair value is estimated by restating the value annually by reference to indices compiled by the Office of National Statistics (ONS).

Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Incorporated Society of Valuers and Auctioneers (ISVA) and the Institute of Revenues Rating and Valuation (IRRV). Professional revaluations of land and buildings are undertaken every five years. They are revalued annually, between professional valuations, using indices provided by Land

and Property Service, an executive agency within DFP. Properties are valued on the basis of open market value, unless they are specialised, in which case they are valued on the basis of depreciated replacement cost. The Department does not currently have any specialised land or buildings.

#### 1.4 Intangible Assets

The capitalisation threshold for intangible assets is £1,000.

Software and associated licenses are capitalised under intangible assets. Licenses running for a year or less than one year are not capitalised regardless of value. Databases are capitalised where the specific recognition criteria of IAS 38 are met.

All intangible assets are carried at fair value and are revalued annually in accordance with the movement in the RPI.

#### 1.5 Depreciation

Property, plant and equipment and intangible assets are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Depreciation is charged in the month of acquisition; none is charged in the month of disposal.

No depreciation is provided on freehold land as it has an unlimited or very long established useful life. Items under construction are not depreciated until they are commissioned.

Depreciable assets normally have useful lives in the following ranges:

Buildings:	50 years
Plant and Machinery:	3 - 20 years
Fixtures & Fittings:	3 - 10 years
Office Equipment:	3 - 10 years
Information Technology:	3 - 10 years
Motor Vehicles:	3 - 10 years
Intangibles (Software and Databases):	2 - 30 years

#### 1.6 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the Department becomes a party to the contractual provisions of the instrument.

The Department has financial instruments in the form of loans, trade receivables and payables, cash and cash equivalents, unquoted equity instruments.

In accordance with IAS 39 *Financial Instruments: Recognition and Measurement* loans, trade receivables, cash and other receivables are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. Unquoted equity instruments whose value can be reliability measured are designated as available-for-sale and measured at fair value.

The Department assesses at each reporting year end date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For Loans and Receivables, the Department measures the amount of the loss as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

When a financial asset is deemed unrecoverable the amount of the asset is reduced directly and the impairment loss is recognised in the Statement of Comprehensive Net Expenditure to the extent that a provision was not previously recognised.

Based on historical experience, trade receivables that are past due beyond 361 days are generally not recoverable.

Financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

#### 1.7 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Department, the asset is recorded as a non-current asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease.

The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

### **1.8 Investments in associates**

An associate is an entity over which the Department is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are carried at the Departments share of the net assets of the associate.

### **1.9 Operating Income (including income receivable from the European Union)**

Operating income is income which relates directly to the operating activities of the Department. It comprises, principally, fees and charges for services provided, on a full cost basis, to external customers and public repayment work and other recoveries, which have been deemed to relate to administration expenditure. All other income is treated as programme. Income includes both that which is accruing resources and income collected by the Department which is due to the Consolidated Fund. This income is known as Consolidated Fund Extra Receipts (CFERs).

EU income is separately identified and is recognised in the year in which the underlying activity takes place, in so far as it is practicable to do so.

### **1.10 Administration and Programme Expenditure**

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. Administration costs reflect the costs of running the Department, as defined under the administration cost control regime, together with the associated operating income. Income is analysed in the notes between that which, under the regime, is

allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not. Programme costs reflect non-administrative costs, including payments of grants and other disbursements by the Department.

### **1.11 Grants**

The Department recognises grant expenditure in the year in which the recipient carries out the activity that creates entitlement to the grant support, in so far as it is practicable to do so.

### **1.12 Notional Charges**

Some of the costs directly related to the running of the Department are borne by other Departments or organisations and are outside the Department's Vote. These costs have been included on the basis of the estimated cost incurred by the providing organisation.

### **1.13 Value Added Tax**

Irrecoverable VAT is charged to relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### **1.14 Foreign Exchange**

Revenue and expenditure incurred in foreign currencies are translated into sterling at the rate of exchange ruling on the date of each transaction. Any outstanding monetary assets or liabilities held in foreign currencies are translated at the rate of exchange ruling at the reporting year date. Translation differences are charged directly to the Statement of Comprehensive Net Expenditure.

### **1.15 Pensions**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS (NI)). The defined benefit schemes are unfunded. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS

(NI). In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

### **1.16 Early Retirement Costs**

The Department is required to meet the additional cost of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retire early.

### **1.17 Provisions**

The Department provides for liabilities and charges where, at the reporting year date, a legal or constructive liability exists (i.e. a present obligation from past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made. Where the time value of money is material, the Department discounts the provision to its present value using an appropriate rate. Any change in these rates is considered a change in Accounting Estimate and as such does not require comparative figures to be changed. Each year the financing charges in the Statement of Comprehensive Net Expenditure include the adjustments to amortise one year's discount.

During 2013-14 an Actuarial Review of the Department's liability to Harland and Wolff plc was completed. The review provided updated expected future cash flows as at 31 March 2014, discounted to allow for the time value of money. The cash flows are quoted in nominal amounts reflecting assumptions for claim inflation and, consequently, in this situation HM Treasury does not mandate the discount rate to be used. The report therefore applies the rates attaching to the UK Government Liability Yield Curves as published by the Bank of England to approximate a conservative return for hypothetical investments with duration matching the expected pay out of liabilities.

### **1.18 Estimation Techniques and changes in Accounting Estimates**

As regards the loan to Presbyterian Mutual Society, the state of the property market and the option to extend the realisation date of the investment portfolio are important estimation considerations. As regards provision in respect of Harland and Wolff plc, estimation techniques included percentage apportionment between expected settlement values and legal costs to

estimate total claim costs of existing claims; projected number of future claims and estimated recoveries from third parties.

There have been no changes in accounting estimates this year.

### **1.19 Contingent Liabilities**

In addition to contingent liabilities disclosed in accordance with IAS 37, 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.

### **1.20 Third Party Assets**

The Department's Insolvency Account holds money received in respect of company liquidations, bankruptcies and estates of deceased insolvents, pending authorised appropriation. This is not a Departmental asset and is not included in the accounts, since neither the Department nor Government more generally has a direct beneficial interest in it.

### **1.21 Employee Benefits**

IAS 19 requires that the Department recognises the cost of employee benefits that have been earned but not paid by the year end as a liability. An accrual for the estimated cost of total employee annual leave at the year end has been included in the accounts. This figure is provided by HR Connect.

### **1.22 Cash and Cash Equivalents**

Cash and cash equivalents are comprised entirely of cash on hand. The Department does not have any demand deposits or any short-term, highly liquid investments.



## 2 Statement of Operating Costs by Operating Segment

The following operating segments have been identified under IFRS 8 Operating Segments as this reflects the structure reviewed by the entity's chief operating decision maker on a regular basis to inform resource allocation and review performance. The activities undertaken by each of the operating segments has also been summarised below:

1. **Economic Development, Policy & Research** - economic development, innovation and R&D policy, policy evaluation and research.
2. **Health & Safety Executive (NI)** - responsible for the promotion and enforcement of health and safety at work, endeavouring to reduce the incidents of, and costs associated with, work-related injuries and ill-health.
3. **Economic Infrastructure/Minerals** - economic infrastructure in support of economic development including energy and minerals, sustainable energy; renewable heat incentive scheme; telecommunications.
4. **Business Regulator Services** - business regulation; including company law, Insolvency Service, trading standards and consumer affairs services, Registry of Credit Unions and Industrial and Provident Societies, the provision of a debt advice service; social economy.
5. **Consumer Council** - promotes and safeguards the interests of consumers in Northern Ireland and delivers consumer education, skills and information. In doing so, it strives to ensure that consumer issues are taken into account in the development and implementation of policy.
6. **Invest Northern Ireland** - is responsible for the delivery of the Department's policies and strategies in relation to business support in Northern Ireland. These include encouraging investment (foreign and indigenous); stimulating entrepreneurial activity; increasing exports and trade; promoting R&D/innovation; and providing development support.
7. **Development of Tourism** - driving the development of Northern Ireland tourism.
8. **EU Community Initiatives** - payments under European Union Structural Funds Programmes.
9. **Tourism Ireland Ltd** - Tourism Ireland's role is to grow overseas tourism revenue and visitor numbers to Northern Ireland and Ireland, and to help Northern Ireland to realise its tourism potential.
10. **Intertrade Ireland** - to support SMEs across Northern Ireland and Ireland and to develop North/South trade and business development opportunities for the mutual benefit of both economies.

## Reconciliation between Operating Segments and Note SoAS2

	Resource				2013-14 £000
	Gross Expenditure £000	Accruing Resources £000	*Net Expenditure £000	Estimate £000	
<b>Operating Segment</b>					
Economic Development, Policy & Research	17,296	(91)	17,205	<b>17,100</b>	519
Health and Safety Executive NI	6,517	-	6,517	<b>6,574</b>	6,423
Economic Infrastructure/Minerals	24,186	(5,029)	19,157	<b>20,432</b>	8,261
Business Regulator Services	8,206	(5,768)	2,438	<b>2,368</b>	2,246
Consumer Council NI	1,339	-	1,339	<b>1,339</b>	1,454
Invest NI	136,751	-	136,751	<b>142,391</b>	160,492
Development of Tourism	25,527	(2)	25,525	<b>29,353</b>	22,726
EU Community Initiatives	9,819	(7,399)	2,420	<b>2,436</b>	1,341
Tourism Ireland Ltd	14,336	-	14,336	<b>14,396</b>	15,037
Intertrade Ireland	2,820	-	2,820	<b>3,213</b>	3,339
<b>Total</b>	<b>246,797</b>	<b>(18,289)</b>	<b>228,508</b>	<b>239,602</b>	<b>221,838</b>

\*reconciles to Net Total Outturn in Note SoAS2 combining DEL, AME and Non Budget within relevant operating segment headings.

## 2.1 Reconciliation between Operating Segments and SoCNE

	Total Net Expenditure £000	Non Supply Income (CFERs) £000	Non Supply Expenditure £000	Total Net Expenditure per SoCNE £000	2013-14 £000
<b>Operating Segment</b>					
Economic Development, Policy & Research	17,205	(3)	(593)	16,609	113
Health and Safety Executive NI	6,517	-	-	6,517	6,423
Economic Infrastructure/Minerals	19,157	(72)	-	19,085	8,103
Business Regulator Services	2,438	-	-	2,438	2,246
Consumer Council NI	1,339	-	-	1,339	1,454
Invest NI	136,751	-	-	136,751	160,403
Development of Tourism	25,525	-	-	25,525	22,726
EU Community Initiatives	2,420	-	-	2,420	793
Tourism Ireland Ltd	14,336	-	-	14,336	15,037
Intertrade Ireland	2,820	-	-	2,820	3,339
<b>Total</b>	<b>228,508</b>	<b>(75)</b>	<b>(593)</b>	<b>227,840</b>	<b>220,637</b>

## 3a. Staff numbers and related costs

## Staff costs

Staff costs consist of:

	2014-15				2013-14
	Permanently employed staff* £000	Others £000	Minister** £000	Total £000	Total £000
Wages and salaries	17,599	-	38	17,637	17,380
Social security costs	1,331	-	4	1,335	1,317
Other pension costs	3,497	-	8	3,505	3,401
Agency staff	-	138	-	138	36
Movement in employee benefits accrual	209	-	-	209	14
<b>Sub total</b>	<b>22,636</b>	<b>138</b>	<b>50</b>	<b>22,824</b>	<b>22,148</b>
Staff Seconded from NISRA	186	-	-	186	133
<b>Total gross costs</b>	<b>22,822</b>	<b>138</b>	<b>50</b>	<b>23,010</b>	<b>22,281</b>
Less recoveries in respect of outward secondments	(91)	-	-	(91)	(89)
<b>Total net costs</b>	<b>22,731</b>	<b>138</b>	<b>50</b>	<b>22,919</b>	<b>22,192</b>
<b>Analysed as:</b>					
Administration	11,924	47	50	12,021	11,640
Programme	10,898	91	-	10,989	10,641
Income	(91)	-	-	(91)	(89)
	<b>22,731</b>	<b>138</b>	<b>50</b>	<b>22,919</b>	<b>22,192</b>

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

\*\*Notional (non-cash) charge for Minister's salary in 2014-15 was £50,477 (2013-14: £50,706).

The Northern Ireland Civil Service Pension arrangements are unfunded multi-employer defined benefit schemes, but the Department for Enterprise, Trade and Investment 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 DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £3.5m were payable to the NICS pension arrangements (2013-14 £3.4m) at one of four rates in the range of 18% to 25% (2013-14: 18% to 25%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015.

From 2015/16 the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £nil (2013-14: £nil) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2013-14 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil, 0.8% (2013-14 £nil, 0.8%) of pensionable pay, were payable to the PSCPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £nil.  
Contributions prepaid at that date were £nil.

2 persons (2013-14: 1 person) retired early on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £3,982 (2013-14: £1,630).

### 3b. Staff numbers and related costs

#### Staff numbers

Average number of full-time equivalents people employed during the year was as follows:

	2014-15			2013-14
	Permanent staff	Minister	Total	Total
Core Department	442	1	443	439
HSENI	118	0	118	114
Staff Seconded from NISRA	4	0	4	3
Less staff on secondments	(4)	0	(4)	(4)
	<b>560</b>	<b>1</b>	<b>561</b>	<b>552</b>

#### 3.1. Reporting of compensation and exit packages for all staff 2014-15

Comparative shown (in brackets) for previous year

1	Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
2	<£10,000	0 (0)	0 (0)	0 (0)
3	£10,000 - £25,000	0 (0)	1 (1)	1 (1)
4	£25,000 - £50,000	0 (0)	2 (0)	2 (0)
5	£50,000 - £100,000	0 (0)	0 (0)	0 (0)
6	£100,000 - £150,000	0 (0)	1 (0)	1 (0)
7	£150,000 - £200,000	0 (0)	0 (0)	0 (0)
8	<b>Total number of exit packages</b>	0 (0)	4 (1)	4 (1)
9	<b>Total resource cost /£</b>	0 (0)	£200,940 (£20,771)	£200,940 (£20,771)

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.

**4. Other Administration Costs**

	2014-15		2013-14	
	£000		£000	
General administration expenditure		2,601		2,572
Interest Charges on Finance lease		2		2
Non-cash items:				
(Profit)/Loss on disposal of PP&E	-		6	
Depreciation	7		5	
Auditors' remuneration and expenses	57		52	
Notional accommodation costs	1,861		1,802	
Other notional costs	1,966	3,891	1,793	3,658
<b>Total</b>		<b>6,494</b>		<b>6,232</b>

**5. Programme Costs**

	2014-15		2013-14	
	£000		£000	
Grants		202,845		208,651
EU Grants		7,398		6,209
Other programme costs		4,589		6,131
Refund of Provision		-		(3,562)
Foreign exchange (gain)/loss - realised		292		-
Bad debts		1		(13)
Non-cash items:				
Depreciation and amortisation	441		435	
(Profit)/Loss on disposal of PP&E	(3)		-	
Investment revaluation	(89)		(160)	
Additions to provisions	162		24	
Provisions written back	(25)		(11,320)	
Borrowing Costs (unwinding of discount) on provisions	1,682		508	
Foreign exchange movement - unrealised	(593)	1,575	(412)	(10,925)
<b>Total</b>		<b>216,700</b>		<b>206,491</b>

## 6. Income

	2014-15 £000	2013-14 £000
EU Income	7,398	6,757
Interest Receivable	2,887	3,012
Project funding	5,000	1,296
Fees and charges to external bodies	2,177	2,318
Advisory Services funding	783	783
Other	113	110
Invest NI CFER	4	89
Rents	2	2
<b>Total Income</b>	<b>18,364</b>	<b>14,367</b>

*Programme costs and other income do not reflect transactions where DETI acts as agent for EU receipts under the EU Competitiveness Programme, some of which are distributed to other EU Programme Implementing Bodies.*



## 7. Property, plant and equipment

	Land	Buildings	Plant, Machinery & Office Equipment	Information Technology	Furniture & Fittings	Motor Vehicle	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>							
At 1 April 2014	798	1,046	414	175	25	360	2,818
Additions	-	-	114	-	-	-	114
Disposals	-	-	(49)	-	(3)	(33)	(85)
Impairment	-	-	-	-	-	-	-
Revaluations to reserves	62	-	4	-	-	(1)	65
<b>Balance at 31 March 2015</b>	<b>860</b>	<b>1,046</b>	<b>483</b>	<b>175</b>	<b>22</b>	<b>326</b>	<b>2,912</b>
<b>Depreciation</b>							
At 1 April 2014	-	106	320	157	25	241	849
Charged in year	-	36	46	6	-	51	139
Disposals	-	-	(49)	-	(3)	(33)	(85)
Impairment	-	-	-	-	-	-	-
Revaluations to reserves	-	-	2	-	-	(1)	1
<b>Balance at 31 March 2015</b>	<b>-</b>	<b>142</b>	<b>319</b>	<b>163</b>	<b>22</b>	<b>258</b>	<b>904</b>
<b>Carrying amount</b>							
<b>At 1 April 2014</b>	<b>798</b>	<b>940</b>	<b>94</b>	<b>18</b>	<b>-</b>	<b>119</b>	<b>1,969</b>
<b>Balance at 31 March 2015</b>	<b>860</b>	<b>904</b>	<b>164</b>	<b>12</b>	<b>-</b>	<b>68</b>	<b>2,008</b>
<b>Asset Financing:</b>							
Owned	860	904	156	12	-	68	2,000
Finance Leased	-	-	8	-	-	-	8
<b>Carrying amount</b>							
<b>Balance at 31 March 2015</b>	<b>860</b>	<b>904</b>	<b>164</b>	<b>12</b>	<b>-</b>	<b>68</b>	<b>2,008</b>

Land and buildings have been professionally revalued by Land and Property Services, on the basis of existing use as at the following dates:

Land – Ulster American Folk Park, Omagh 31 March 2015

Buildings – Consumer Affairs Building, Newtownbreda, Belfast 31 March 2011

In intervening years, Land and Buildings were revalued using indices provided by Land and Property Services.

In 2014/15 there was no movement in the indices for land and buildings.

Other PP&E will be revalued at 31 March 2015 using the latest available indices published in “Price Index Numbers for Current Cost Accounting” prepared by the Office for National Statistics.

Included in the above are fully depreciated assets with an original cost of £392,521 which are still in use.

## 7.1 Property, plant and equipment (comparative)

	Land	Buildings	Plant, Machinery & Office Equipment	Information Technology	Furniture & Fittings	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>							
At 1 April 2013	798	1,046	412	196	25	359	2,836
Additions	-	-	(1)	-	-	20	19
Disposals	-	-	-	(21)	-	(19)	(40)
Impairments	-	-	-	-	-	-	-
Revaluations to reserves	-	-	3	-	-	-	3
<b>At 31 March 2014</b>	<b>798</b>	<b>1,046</b>	<b>414</b>	<b>175</b>	<b>25</b>	<b>360</b>	<b>2,818</b>
<b>Depreciation</b>							
At 1 April 2013	-	71	285	163	24	198	741
Charged in year	-	35	33	15	1	50	134
Disposals	-	-	-	(21)	-	(7)	(28)
Impairment	-	-	-	-	-	-	-
Revaluations to reserves	-	-	2	-	-	-	2
<b>At 31 March 2014</b>	<b>-</b>	<b>106</b>	<b>320</b>	<b>157</b>	<b>25</b>	<b>241</b>	<b>849</b>
<b>Carrying amount</b>							
<b>At 1 April 2013</b>	<b>798</b>	<b>975</b>	<b>127</b>	<b>33</b>	<b>1</b>	<b>161</b>	<b>2,095</b>
<b>At 31 March 2014</b>	<b>798</b>	<b>940</b>	<b>94</b>	<b>18</b>	<b>-</b>	<b>119</b>	<b>1,969</b>
<b>Asset Financing:</b>							
Owned	798	940	79	18	-	119	1,954
Finance Leased	-	-	15	-	-	-	15
<b>Carrying amount</b>							
<b>At 31 March 2014</b>	<b>798</b>	<b>940</b>	<b>94</b>	<b>18</b>	<b>-</b>	<b>119</b>	<b>1,969</b>

## 8. Intangible assets

	Software	Databases	Total
	£000	£000	£000
<b>Cost or valuation</b>			
At 1 April 2014	903	7,723	8,626
Additions	10	-	10
Revaluations	1	125	126
<b>Balance at 31 March 2015</b>	<b>914</b>	<b>7,848</b>	<b>8,762</b>
<b>Amortisation</b>			
At 1 April 2014	839	1,710	2,549
Charged in year	47	262	309
Revaluations	1	32	33
<b>Balance at 31 March 2015</b>	<b>887</b>	<b>2,004</b>	<b>2,891</b>
<b>Carrying amount</b>			
<b>At 1 April 2014</b>	<b>64</b>	<b>6,013</b>	<b>6,077</b>
<b>Balance at 31 March 2015</b>	<b>27</b>	<b>5,844</b>	<b>5,871</b>

All intangible assets have been separately acquired.

### 8.1 Intangible assets (comparative)

	Software	Databases	Total
	£000	£000	£000
<b>Cost or valuation</b>			
At 1 April 2013	881	7,522	8,403
Additions	16	-	16
Revaluations	6	201	207
<b>At 31 March 2014</b>	<b>903</b>	<b>7,723</b>	<b>8,626</b>
<b>Amortisation</b>			
At 1 April 2013	783	1,411	2,194
Charged in year	52	254	306
Revaluations	4	45	49
<b>At 31 March 2014</b>	<b>839</b>	<b>1,710</b>	<b>2,549</b>
<b>Carrying amount</b>			
<b>At 1 April 2013</b>	<b>98</b>	<b>6,111</b>	<b>6,209</b>
<b>At 31 March 2014</b>	<b>64</b>	<b>6,013</b>	<b>6,077</b>

## 9. Capital and other commitments

### 9.1 Capital Commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements.

	2014-15	2013-14
	£000	£000
	-	-
<b>Total</b>	-	-

### 9.2. Commitments under leases

#### 9.2.1 Finance Leases

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

	2014-15	2013-14
	£000	£000
<b>Obligations under finance leases for the following periods comprise:</b>		
<b>Plant, Machinery and Office Equipment:</b>		
Not later than one year	9	9
Later than one year and not later than five years	-	9
Later than five years	-	-
	9	18
Less interest element	(1)	(3)
Present Value of obligations	8	15
<b>Present Value of obligations under finance leases for the following periods comprise:</b>		
<b>Plant, Machinery and Office Equipment:</b>		
Not later than one year	8	7
Later than one year and not later than five years	-	8
Later than five years	-	-
Total Present Value of obligations	8	15

### 9.3 Other financial commitments

The department has entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements). Fulfilling the terms of letters-of-offer are included in this definition. The payments to which the department is committed are as follows:

	2014-15	Restated 2013-14
	£000	£000
Not later than one year	36,281	19,210
Later than one year and not later than five years	47,762	13,893
Later than five years	147,977	22,352
<b>Total</b>	<b>232,020</b>	<b>55,455</b>

Included in the commitments figure is an amount of £198.8m (2013-14: £28.7m) which relates to the Renewable Heat Incentive (RHI) scheme which is funded through Annually Managed Expenditure (AME) allocations which are guaranteed for the duration of the initiative.

2013/14 was restated by £28.7m following a review of expenditure forecasts for the non-domestic RHI Scheme.

## 10. Financial Instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk. The Department's main exposure to foreign currency risk is in relation to the impact of movements in the Euro on claims made to the European Union, and on advances received from the European Union that are included within payables. The Department does not enter into forward currency contracts and the risk is managed within voted funding provision. Apart from this, the Department's exposure to foreign currency risk is not significant. The Department does not face any significant medium to long-term financial risks.

## 11. Financial Asset Investments

	Loan to *Presbyterian Mutual Society Limited	Share Capital H&W plc	Loan to **Northern Ireland Science Park	Total
	£000	£000	£000	£000
<b>Gross amount:</b>				
Balance at 1 April 2014	175,671	4,600	-	180,271
Additions	-	-	50	50
Interest charged	2,887	-	-	2,887
Loan Repayment - Principal	(7,000)	-	-	(7,000)
Loan Repayment - Interest	(3,024)	-	-	(3,024)
Revaluation	89	-	-	89
<b>Balance at 31 March 2015</b>	<b>168,623</b>	<b>4,600</b>	<b>50</b>	<b>173,273</b>
<b>Provision:</b>				
Opening provision at 1 April 2014	(25,000)	(4,600)	-	(29,600)
Charged in year	-	-	-	-
<b>Balance at 31 March 2015</b>	<b>(25,000)</b>	<b>(4,600)</b>	<b>-</b>	<b>(29,600)</b>
<b>Balance at 31 March 2015</b>	<b>143,623</b>	<b>-</b>	<b>50</b>	<b>143,673</b>

\*On 1 August 2011, a 10 year fixed rate loan of £175m at a rate of 2.02% and an interest free loan of £25m were issued to the Presbyterian Mutual Society Limited (in Administration).

The interest free loan of £25m has been provided against based on advice regarding current property market values. This loan may be recoverable, in full or in part, depending on property market valuations in future years.

As per IAS 39, the £175m loan has been recorded at amortised cost at an effective interest rate of 1.916%. In November 2013 The Joint Supervisors of the Presbyterian Mutual Society Limited (in Administration) produced financial projections on the timing and quantum of cash flows in respect of repayment of the 10 year fixed term loan.

DETI retains flexibility, as required, to manage the loan repayment profile to ensure full repayment of the fixed term loan taking into consideration potential movements pertaining to the property market. This flexibility includes the option to extend the repayments beyond the original 10 year time horizon, if required, to ensure repayment of the fixed term loan in full. DETI has re-assessed the projections and is content to retain the full carrying value of the fixed term loan in its accounts. While anticipating full repayment of the fixed term loan, DETI has agreed with the Joint Supervisors an amendment to the timing and quantum of cash flows in certain years. This has resulted in an adjustment to the fair value of the fixed term loan of £89k in the current year.

\*\*A £50k loan was provided to the Northern Ireland Science Park (NISP) under the Financial Transactions Capital Loan Scheme representing the first installment of a proposed total loan of £6.4m for the development of NISP's Concourse III.

## 11.1 Financial Asset Investments (comparative)

	Loan to Presbyterian Mutual Society Limited	Share Capital H&W plc	Total
	£000	£000	£000
<b>Gross amount:</b>			
Balance at 1 April 2013	182,156	4,600	186,756
Additions	-	-	-
Interest charged	3,011	-	3,011
Revaluation	160	-	160
Loan Repayment - Principal	(6,500)	-	(6,500)
Loan Repayment - Interest	(3,156)	-	(3,156)
<b>At 31 March 2014</b>	<b>175,671</b>	<b>4,600</b>	<b>180,271</b>
<b>Provision:</b>			
Opening provision at 1 April 2013	(25,000)	(4,600)	(29,600)
Charged in year	-	-	-
<b>At 31 March 2014</b>	<b>(25,000)</b>	<b>(4,600)</b>	<b>(29,600)</b>
<b>At 31 March 2014</b>	<b>150,671</b>	<b>-</b>	<b>150,671</b>



## 12. Investment in associates

	Viridian Growth Fund
	£000
<b>Gross amount:</b>	
Balance at 1 April 2014	3,340
Additions	-
Disposals	-
<b>Balance at 31 March 2015</b>	<b>3,340</b>
<b>Provision:</b>	
Opening provision at 1 April 2014	(3,340)
Charged in year	-
Reversal	-
<b>Balance at 31 March 2015</b>	<b>(3,340)</b>
<b>Net balance:</b>	
At 31 March 2014	-
<b>Balance at 31 March 2015</b>	<b>-</b>

## 12.1 Investment in associates (comparative)

	Viridian Growth Fund
	£000
<b>Gross amount:</b>	
Balance at 1 April 2013	3,340
Additions	-
Disposals	-
<b>At 31 March 2014</b>	<b>3,340</b>
<b>Provision:</b>	
Opening provision at 1 April 2013	(3,340)
Charged in year	-
Reversal	-
<b>At 31 March 2014</b>	<b>(3,340)</b>
<b>Net balance:</b>	
At 31 March 2013	-
<b>At 31 March 2014</b>	<b>-</b>

**13. Cash and Cash equivalents**

	2014-15	2013-14
	£000	£000
Balance at 1 April	230	2,348
Net change in cash and cash equivalent balances	(159)	(2,118)
<b>Balance at 31 March 2015</b>	<b>71</b>	<b>230</b>
The following balances at 31 March were held at:		
Commercial banks and cash in hand	71	230
<b>Balance at 31 March 2015</b>	<b>71</b>	<b>230</b>
The balance comprises		
Cash	374	267
Overdraft	(303)	(37)
	<b>71</b>	<b>230</b>

## 14. Trade receivables and other current assets

	2014-15	2013-14
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade receivables	46	29
Deposits and advances	-	-
VAT	143	104
Other receivables	23	54
Prepayments and accrued income	5,767	674
Amounts due from the Consolidated Fund in respect of supply	305	37
Amounts due from EU	3,329	4,033
	9,613	4,931
Other CFER due	2,021	2,068
	2,021	2,068
<b>Total at 31 March 2015</b>	<b>11,634</b>	<b>6,999</b>

Included within trade receivables is £3,260 (2013-14: £4,910) that will be due to the Consolidated Fund once the debts are collected.

### 14.1 Intra-Government Balances

	2014-15	2013-14
	£000	£000
Balances with other central government bodies	7,526	2,232
Balances with local government	-	-
Balances with bodies external to government	4,108	4,767
<b>Total at 31 March 2015</b>	<b>11,634</b>	<b>6,999</b>

**15. Trade payables and other current liabilities**

	2014-15	2013-14
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade payables	10	49
Other payables	377	308
Accruals and deferred income	17,586	8,351
Current year element of finance lease	8	7
EU Programmes advances	17,671	19,644
Amounts issued from the Consolidated Fund for supply but not spent at period end	-	-
	<b>35,652</b>	<b>28,359</b>
Consolidated fund extra receipts due to be paid to the Consolidated Fund		
Received	2	-
Receivable - Other	2,024	2,073
	<b>2,026</b>	<b>2,073</b>
<b>Amount falling due after more than one year:</b>		
Finance lease	-	8
	-	8
<b>Total Payables before bank overdraft</b>	<b>37,678</b>	<b>30,440</b>
Bank overdraft	303	37
<b>Total at 31 March 2015</b>	<b>37,981</b>	<b>30,477</b>

**15.1 Intra-Government Balances**

	2014-15	2013-14
	£000	£000
Balances with other central government bodies	2,757	3,217
Balances with local government	1,111	101
Balances with bodies external to government	34,113	27,159
<b>Total at 31 March 2015</b>	<b>37,981</b>	<b>30,477</b>

## 16. Provisions for liabilities and charges 2014-15

	H&W	Early departure costs	Total
	£000	£000	£000
Balance at 1 April 2014	67,932	29	67,961
Provided in the year	-	162	162
Provisions not required written back	-	(25)	(25)
Provisions utilised in the year	(3,650)	(92)	(3,742)
Borrowing costs (unwinding of discounts)	1,682	-	1,682
<b>Balance at 31 March 2015</b>	<b>65,964</b>	<b>74</b>	<b>66,038</b>

## Analysis of expected timing of discounted flows

	H&W	Early departure costs	Total
	£000	£000	£000
Not later than one year	7,000	32	7,032
Later than one year and not later than five years	34,680	42	34,722
Later than five years	24,284	-	24,284
<b>Balance at 31 March 2015</b>	<b>65,964</b>	<b>74</b>	<b>66,038</b>

## 16.1 Provisions for liabilities and charges (comparative) 2013-14

	H&W	Early departure costs	Total
	£000	£000	£000
Balance at 1 April 2013	86,794	69	86,863
Provided in the year	-	24	24
Provisions not required written back	(11,320)	-	(11,320)
Provisions utilised in the year	(8,050)	(64)	(8,114)
Borrowing costs (unwinding of discounts)	508	-	508
<b>At 31 March 2014</b>	<b>67,932</b>	<b>29</b>	<b>67,961</b>

## Analysis of expected timing of discounted flows

	H&W	Early departure costs	Total
	£000	£000	£000
Not later than one year	9,581	29	9,610
Later than one year and not later than five years	29,769	-	29,769
Later than five years	28,582	-	28,582
<b>At 31 March 2014</b>	<b>67,932</b>	<b>29</b>	<b>67,961</b>

## **Provisions for liabilities and charges**

### **16.2 Harland and Wolff plc**

The provision in respect of Harland and Wolff plc activities is based on assumptions as to future liabilities and revenues. The outcome of these matters cannot be certain. The provision reflects the approximate amount that the Department may be required to contribute to enable Harland and Wolff plc to fulfil its obligations as they fall due.

The provision reflects the Department's potential liability to meet claims against Harland and Wolff Plc in respect of employer's and public liability arising from the collapse of the group's insurer, Chester Street Insurance Holdings Ltd, which went into liquidation on 10 January 2001. This provision is based on actuarial advice and includes known claims, largely in relation to asbestosis related illnesses of former employees of Harland and Wolff plc, together with estimated amounts in relation to unreported claims which may be expected to crystallise over a significant number of years. The amount, £66m (2013-14 £68m), represents the total estimated liability discounted back to today's prices. The accuracy of the provision is subject to a considerable number of uncertainties including future mortality rates, emergence of new diseases, improvements in medical treatments, and the outcome of future legal cases. An updated actuarial review outlining projected cash flows as at 31 March 2014 was completed during 2013-14 which resulted in a reduction in the overall discounted liability as at March 2014. This was primarily due to a change in the rates used to discount future cash flows the basis of which is disclosed in note 1.17. DETI has reviewed the claims experience both in 2014/15 and post year end and is content that the assumptions upon which the actuarial review has been based are still valid.

The overall undiscounted liability in relation to the employer's and public liability claims referred to above, based on actuarial advice, amounts to £73.7m (2013-14 £77.4m).

### **16.3 Early departure costs**

The Department meets the additional cost of benefits beyond the normal Principal Civil Service Pension Scheme (Northern Ireland) in respect of employees who retire early by paying the required amounts annually to the Principal Civil Service Pension Scheme (Northern Ireland) over the year between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments. The effect of discounting early departure costs is considered to be immaterial.

## 17 Contingent liabilities disclosed under IAS 37

The department has entered into the following unquantifiable contingent liabilities.

### Voluntary Exit Scheme (VES)

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

## 18 Financial Guarantees, Indemnities and Letter of Comfort

The Department has given a guarantee to meet claims in respect of employer's and public liability arising from the collapse of the Harland and Wolff insurer. This has been fully provided for under IAS 37 and detailed in Note 16.

The Department has not entered into any other Financial Guarantees, Indemnities or Letters of Comfort.

## 19 Losses and special payments

### Losses Statement

	2014-15	2013-14
	£000	£000
Insolvency Claims Abandoned 553 cases (2013-14 - 708)	405	489
<b>Total</b>	<b>405</b>	<b>489</b>

## 20 Related-party transactions

The Department of Enterprise, Trade and Investment sponsors the Non-Departmental Public Bodies (NDPBs) and Cross Border Bodies listed in Note 1.2.

These bodies are regarded as related parties with which the Department of Enterprise, Trade and Investment has had various material transactions during the year.

In addition, the Department of Enterprise, Trade and Investment, its NDPBs and Cross Border Bodies have undertaken a number of transactions with other Government Departments and other Central Government bodies. Most of these have been with the Department of Finance and Personnel.

Transactions that the Department, its NDPBs or Cross Border Bodies have undertaken with Members of the Departmental Board and Departmental Audit Committee or companies / bodies in which they have an interest were as follows:

### **Bill McGinnis**

Non Executive Director of Cunningham Covers Ltd which received grant of £27,200 and offers of financial assistance of £69,748 from Invest NI.

### **Dr Andrew McCormick**

Undertook 4 days consultancy work for NICO, a subsidiary of Invest NI, participating in the EU Twinning Project *“Strengthening the Capacity of the Ministry of Social Development of the Hashemite Kingdom of Jordan to promote and protect the rights of vulnerable families, women and children”* at a rate of €350 per day. Travel and subsistence costs incurred were met by NICO. 1 days payment was retained as the work was conducted on the officer’s own time. The remaining 3 days payments were transferred to Dr McCormick’s respective employer at the time (DHSSPS: 2 days and DETI: 1 day).

### **Harland and Wolff plc**

A company wholly owned by the Department received £3.65m to enable it to meet its liabilities. The directors of Harland and Wolff plc are appointed ex-officio. During 2014/15 the directors were Trevor Cooper (DETI employee), Iain McFarlane (DETI employee) and Terry Coyne (DETI employee).



## 21 Third-party assets

Under Article 358 (1) of the Insolvency (Northern Ireland) Order 1989 trustees in bankruptcy and liquidators of companies must pay the money received in respect of Company Liquidations, Bankruptcies and Estates of Deceased Insolvents, including Arrangements under the control of the Court up to 30 September 1991, into the Insolvency Account pending authorised appropriation.

	31 March 2014	Gross inflows	Gross outflows	31 March 2015
	£000	£000	£000	£000
Insolvency Account	15,806	11,965	9,997	17,774

These are not Departmental assets and are not included in the accounts. The assets held at the reporting period date comprised monetary assets, such as bank balances and monies on deposit.

Further information is contained in the published Insolvency Account.

## 22 Entities within the departmental boundary

The core Department is the only entity within the boundary during 2014-15.

## 23 Events after the Reporting Period

Since 31 March 2015, applications for the Voluntary Exit Scheme have been processed and communications have issued to staff. Exits through the Scheme will be dependent on confirmation of funding and the value of any potential liability is still to be determined. This is a non adjusting event and consequently, the 2014/15 accounts have not been adjusted. It is expected that any payments to settle this liability, should it arise, will be made during the 2015/16 financial year.

## 24 Harland and Wolff plc

Harland and Wolff Plc is wholly owned by the Department.

The Department holds all 10,996,082 shares of H&Wplc which were purchased at a cost of £4.6m.

Details of the group's trading are contained in its accounts, which are prepared under UK GAAP.

Key figures extracted from these accounts are:

### Profit and loss account for the year ended 31 March 2015

	2014-15	2013-14
	£000	£000
<b>Turnover</b>	-	-
Administration expenses	(2)	(1)
<b>Operating loss</b>	<b>(2)</b>	<b>(1)</b>
Interest receivable and similar income	2	1
<b>Profit on ordinary activities before taxation</b>	-	-
Tax on ordinary activities	-	-
<b>Profit for the financial year</b>	-	-

### Balance sheet as at 31 March 2015

	2014-15	2013-14
	£000	£000
<b>Current assets</b>		
Debtors	62,638	64,460
Cash at bank and in hand	1,525	3,495
	<b>64,163</b>	<b>67,955</b>
Creditors: amounts falling due within one year	(23)	(23)
<b>Net current assets</b>	<b>64,140</b>	<b>67,932</b>
Total assets less current liabilities	64,140	67,932
Provisions for liabilities	(64,140)	(67,932)
<b>Net assets</b>	-	-
<b>Capital and reserves</b>		
Called up share capital	10,996	10,996
Profit and loss account	(10,996)	(10,996)
<b>Total shareholders' funds</b>	-	-

## 25 Business activities attracting fees and charges

This note is provided for fees and charging purposes and not for IFRS 8 purposes.

	2014-15			2013-14
	Income	Full cost	(Surplus) / deficit	Total
	£000	£000	£000	
Insolvency Service	(2,000)	3,958	1,958	1,957
	<b>(2,000)</b>	<b>3,958</b>	<b>1,958</b>	<b>1,957</b>

The above figures represent services where the full cost of the service is in excess of £1m.

The financial objective for the Insolvency Service is to recover the cost of those activities for which core funding was not provided. This objective was met.

## 26 Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 30 June 2015.







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