

**Department of Education Annual Report and Accounts
For the year ended 31 March 2020**

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Department of Finance
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12 October 2020



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DEPARTMENT OF EDUCATION

Annual Report and Accounts for the year ended 31 March 2020

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DEPARTMENT OF EDUCATION

Annual Report and Accounts for the year ended 31 March 2020

Abbreviations and terms used

| | |
|--------|---|
| AAP | Annual Action Plan |
| ALBs | Arm's Length Bodies |
| AMPS | Assembly Members' Pension Scheme |
| AMR | Automatic Meter Reader |
| APSG | Area Planning Steering Group |
| ARAC | Audit and Risk Assurance Committee |
| ASU | Analytical Services Unit |
| BREEAM | Building Research Establishment Environmental Assessment Method |
| C&AG | Comptroller and Auditor General |
| CAF | Careers Advisory Forum |
| CARE | Career Average Revalued Earnings |
| CCEA | Council for the Curriculum, Examinations and Assessment |
| CCMS | Council for Catholic Maintained Schools |
| CETV | Cash Equivalent Transfer Value |
| CFERs | Consolidated Fund Extra Receipts |
| CFS | Common Funding Scheme |
| CnaG | Comhairle na Gaelscolaíochta |
| CoPE | Centre of Procurement Expertise |
| CPD | Construction and Procurement Delivery |
| CPI | Consumer Prices Index |
| CRC | Carbon Reduction Commitment |
| CRR | Corporate Risk Register |
| CSCA | Children's Services Co-Operation Act |
| CSSC | Controlled Schools' Support Council |
| CSP | Civil Service Pension |
| CQSD | Curriculum, Qualification and Standards Directorate |
| CYPS | Children and Young People's Strategy |
| DAERA | Department for Agriculture, Environment and Rural Affairs |
| DDA | Disability Discrimination Act |
| DE | Department of Education |
| DfE | Department for the Economy |
| DOC | Departmental Operations Centre |
| DoF | Department of Finance |
| DoH | Department of Health |
| DP | Development Proposal |
| DSO | Departmental Solicitor's Office |
| EA | Education Authority |
| EOTAS | Education Other than at School |
| ESaGS | Every School a Good School |

| | |
|--------|---|
| ESD | Education for Sustainable Development |
| ETI | Education and Training Inspectorate |
| EITP | Early Intervention Transformation Programme |
| ETS | Education Technology Services |
| EU | European Union |
| FD | Finance Department |
| FReM | Financial Reporting Manual |
| FSA | Fresh Start Agreement |
| FSM | Free School Meal |
| GAD | Government Actuary's Department |
| GAR | Governance and Accountability Review |
| GDPR | General Data Protection Regulation |
| GMI | Grant Maintained Integrated |
| GRtL | Getting Ready to Learn |
| GTCNI | General Teaching Council for Northern Ireland |
| HM | Her Majesty's |
| HMRC | Her Majesty's Revenue and Customs |
| HR | Human Resources |
| HSC | Health and Social Care |
| IAS | International Accounting Standard |
| IASB | International Accounting Standard Board |
| ICO | Information Commissioner's Office |
| ICT | Information and Communication Technology |
| IFRS | International Financial Reporting Standards |
| IM | Information Management |
| IMT | Incident Management Team |
| LAC | Looked After Children |
| LO | Liaison Officers |
| LPS | Land and Property Services |
| MARS | Management and Recording System |
| MCA | Middletown Centre for Autism |
| NDPB's | Non-Departmental Public Bodies |
| NI | Northern Ireland |
| NIAO | Northern Ireland Audit Office |
| NICIE | Northern Ireland Council for Integrated Education |
| NICS | Northern Ireland Civil Service |
| NISRA | Northern Ireland Statistics and Research Agency |
| NITC | Northern Ireland Teachers' Council |
| ONS | Office of National Statistics |
| PfG | Programme for Government |
| PfY | Priorities for Youth |
| PS | Primary School |
| PSNI | Police Service of Northern Ireland |
| PTPP | Procurement Transformation Project Plan |

| | |
|-------|---|
| RICS | Royal Institution of Chartered Surveyors |
| RMF | Risk Management Framework |
| SAC | School Age Childcare |
| SCS | Senior Civil Servants |
| SEN | Special Educational Needs |
| SEP | School Enhancement Programme |
| SESP | Shared Education Signature Project |
| SIB | Strategic Investment Board |
| SoAS | Statement of Assembly Supply |
| SOCNE | Statement of Comprehensive Net Expenditure |
| SSEC | Strule Shared Education Campus |
| SSPPD | Sustainable Schools Policy and Planning Directorate |
| T:buc | Together: building a united community |
| TEO | The Executive Office |
| TIMSS | Trends in International Mathematics and Science Study |
| TV | Temporary Variations |
| UC | Universal Credit |
| UNCRC | United Nations Convention on the Rights of the Child |
| VAT | Value Added Tax |
| VG | Voluntary Grammar |
| YCNI | Youth Council for Northern Ireland |

DEPARTMENT OF EDUCATION ANNUAL REPORT

PERFORMANCE REPORT

1. OVERVIEW

The purpose of this overview section is to outline the Department's purpose; key objectives and the key risks to the achievement of its objectives; and how the Department has performed during the year.

1.1 Statement from the Permanent Secretary

The 2019-20 year continued to present a range of unique and significant challenges for the Department, in particular the constrained financial position which was compounded by the continued absence of devolved institutions, including a Minister, Executive and Assembly, until their return on 11 January 2020. The political impasse also continued to impact the development and implementation of key policies and strategies, including the Executive Childcare Strategy, the joint Department of Education (DE)/Department of Health (DoH) Looked After Children's (LAC) Strategy, the Executive-commissioned Online Safety Strategy and the Shared Education Campus (SEC) Programme, which have all been delayed pending decisions by a Minister and/or the Executive and departments. It was, however, possible in December 2019 to publish a cross-departmental Children and Young People's Strategy for which Executive agreement is currently sought.

Clarification of officials' powers in the absence of an Education Minister meant that some public appointments could be progressed, whilst others (statutorily assigned to 'the Head of the Department') could not. Appointments of 'appointed members' representing sectoral interests to the Education Authority (EA) Board and of DE representatives to the Middletown Centre for Autism (MCA) Board were made, as these are a Departmental function. However, appointments to other Non-Departmental Public Bodies (NDPBs), including the Youth Council for Northern Ireland (YCNI), could not be made and, as a result, from 1 April 2019 the YCNI no longer has a Board to fulfil its statutory advisory functions.

The Council for the Curriculum, Examinations and Assessment (CCEA) was included in Regulations made in October specifying offices to which the Secretary of State may make appointments under section 5 of the Northern Ireland (NI) (Executive Formation and Exercise of Functions) Act 2018. In the event, it was not possible to progress appointments to CCEA before the restoration of the NI Assembly and Executive on 11 January 2020. Following restoration, while a limited number of appointments were made by the Education Minister towards the end of the 2019-20 financial year, there remain a range of vacancies across a number of NDPB Boards arising from the inability to make appointments over the last few years. Whilst these will be progressed during 2020-21, the COVID-19 restrictions effective from March 2020 are likely to delay the arrangements for these open public appointment competitions.

During the year, industrial action by teacher unions continued to disrupt the normal operation of schools. Negotiations with the unions in an attempt to resolve the dispute over pay and workload continued throughout the year. The industrial action by teacher

unions had a detrimental impact on the statutory duty of the Education and Training Inspectorate (ETI) to monitor, inspect and report on the quality of education and the professional practice of teachers.

In June 2019, teacher unions and teachers' employers reached an agreement in principle to end the long-running industrial action. Following funding becoming available, Management Side and the Northern Ireland Teachers' Council (NITC) formally ratified the agreement to resolve the dispute, and the industrial action ended on 28 April 2020. The agreement includes measures to address teacher concerns about workload and accountability. These will be implemented as part of a carefully managed and supported transition period, as well as a commitment to joint reviews in nine areas.

The 2019-20 year commenced with an initial Resource budget outcome for the Department of £2,037.7m. When this is compared to the 2018-19 closing budget on a like-for-like basis, it represented a 1.1% uplift. However, the Department overcommitted against this budget by £25.7m to mitigate the increase in public sector pension costs resulting in an opening budget of £2,063.3m.

During the 2019-20 year, the Department received significant in-year allocations of £88.1m, which included funding for the increase in employers' pension contributions (£28.2m), Special Educational Needs (SEN) (£25.3m), and EA pressures (£19m). Further to this, the Department also received additional allocations of £10.9m for Voluntary Exit Schemes and £2.8m for DE Transformation. After taking account of in-year allocations and a number of other technical adjustments, the closing Resource budget outcome was £2,146.1m. The Department is reporting a final outturn underspend of £2.8m against the final budget, with the EA overspending by £0.5m on its Resource budget. The Department's 2019-20 expenditure included £4.3m of unexpected COVID-19 related costs which the Department managed in-year.

While there is a sustained focus on good financial management across the sector, the financial pressures facing schools are widely acknowledged. Reports by both the Northern Ireland Audit Office (NIAO) and the Northern Ireland Affairs Committee recognised these pressures and the consequential detrimental impact on educational outcomes, with the former concluding that the school system is coming close to a 'tipping point'.

The EA has initiated a Transformation and Financial Recovery Programme, which in the medium term aims to bring the EA and schools onto a stable and sustainable financial footing. This is a significant undertaking that will fundamentally shape the scale and scope of service delivery to schools, children and young people for a generation, and the Department will continue to engage with the EA in this regard.

Despite this challenging environment, the Department maintained a focus on the achievement of its key business goals. The Department fully or substantially achieved 26 of the 43 commitments and actions set out in its 2018-19 Business Plan. 60% of the targets were therefore fully or substantially delivered. A further 15 actions (35%) were rated as 'likely to be achieved but with some delay'. The return of the political institutions had an impact on progress, resulting mainly from the need to ensure that actions were aligned with Ministerial priorities before progressing work in certain areas. The advent of the COVID-19 pandemic also had a detrimental impact on Departmental activity towards the

end of the financial year. More encouragingly, only two actions were not achieved in 2019-20 compared to nine actions in the previous year.

Some of the key activities and achievements are noted below:-

It is recognised that, in the longer term, the education sector requires significant transformation if it is to be put onto a sustainable financial footing going forward. As part of this, the Department has been progressing a Transformation Programme, established in 2018-19, which is reviewing different aspects of the education system to bring forward proposals as to how it could be more efficient, more effective and deliver better educational outcomes, building on the successes in the education system, as well as tackling the challenges. The Programme involves a series of Projects each at different points of delivery. Activity during 2019-20 included the following.

- The Review of Home to School Transport Project continued its exploration of a range of possible policy options and a sophisticated model was progressed to provide an evidence base for understanding the impact of the options, including on wider non-educational Programme for Government (PFG) outcomes.
- The SEN Learner Journey Project completed a process of stakeholder engagement and produced a set of draft recommendations for consideration by the Minister.
- The Review of the Common Funding Scheme (CFS) Project engaged with a range of education stakeholders, who have provided their views on the current scheme and options for transformation.
- The Delivering Schools for the Future Project improved area planning processes and delivery.
- The Transition of Children into Education Project agreed broad areas for action relating to the early years to transform the delivery of services.
- The Transition of Young People into Careers Project has identified and progressed a number of work streams and, prior to suspension due to COVID-19, was on track to establish the baseline position, evidence base and identify the key challenges associated with the 14-19 landscape. A range of engagement activities were undertaken with stakeholder groups with the purpose of identifying challenges and building an evidence base to support the development of a draft 14-19 Strategy.
- The Review of Maintenance and Minor Works Project agreed a new framework for procurement and delivery. This was the result of a consultative, co-design approach, involving a combination of EA officers and school leaders, in advance of the preparation of tender documentation. Economic Operator bids have been received by the EA. Procurement compliance checks have been completed and the evaluation of the selection criteria is presently underway. A selection consensus meeting is scheduled for the 1 October 2020 after which the EA will commence the tender commercial evaluation. It is anticipated that, subject to no legal challenges, contracts will be awarded by late December 2020.

- The Review of Pupil Support Services Project completed an in-depth baselining study across nine individual pupil support services to inform further scoping and transformation.
- The Transforming Learning through Technology Project has procured and configured 234 specialised assistive laptops and braille note-takers to allow a NI-wide support framework and home lending facility to be put in place for children in mainstream schools with literacy difficulties and visual impairment.

The Programme is currently suspended due to the COVID-19 pandemic. It is expected that there will be significant synergy between the Programme and the forthcoming Independent Review of Education (as agreed within the *New Decade, New Approach* agreement.)

The Department continued to implement its key policies and strategies aimed at increasing pupil attainment at each stage of education. The dynamic and flexible skills-based statutory curriculum has been supported by a robust school improvement policy, *Every School a Good School (ESaGS)*, and the Department's strategy for improving outcomes in literacy and numeracy, *Count, Read: Succeed*. In support of the strategy, the Department has provided additional funding of around £3m over the last three years for a Key Stage 2/3 Continuing Professional Development Transition Project involving over 500 schools and 1,850 teachers to improve transition into post-primary school.

The implementation of Schools for the Future: A Policy for Sustainable Schools has continued through the Area Planning and Development Proposal (DP) processes. The 2019-20 year was the third year of the EA's "Providing Pathways" Strategic Area Plan 2017-2020 and supporting Annual Action Plan (AAP). The complexity of area planning and the development of proposals to reshape education provision are such that planning activity will inevitably straddle a number of planning years. Significant carryover of work-streams from the 2017-18 and 2018-19 AAPs, coupled with additional priority work-streams for commencement in the 2019-20 year, saw a request from the EA for, and the Department's endorsement of, an extended third year AAP covering the period 2019-2021. The Department's endorsement of an extended delivery period for the third plan has also facilitated evaluation of "Providing Pathways" which, in turn, will inform the development of the next strategic area plan.

DP activity to implement the Area Plan strategic objectives and, particularly, those relating to composite classes in primary schools and small sixth forms, was not at the level of early years area planning activity, but there was a rise in the number of work-streams resulting in published DPs in comparison with the 2018-19 year. 39 DPs were published (an increase of 14 on the 2018-19 year).

In the continuing absence of a Minister, I took decisions on 34 proposals (under the provisions of the NI (Executive Formation and Exercise of Functions) Act 2018 (as amended). Of the 34 decisions taken in the year, 26 were approved (including with modification) and 8 were not approved. The decisions covered a range of proposed changes to education provision, including: closures (7); increases/decreases to approved admissions and enrolment numbers (15); and statutory nursery provision (10).

The increase in the number of published DPs in the year is welcome, and has been facilitated, in part, through the Department's Transformation Programme and specific work-streams within the Delivering Schools for the Future Project which have examined, in detail, barriers to effective area planning and the steps in the DP process. Through this work it has been possible to identify and alleviate bottlenecks that have hampered efficient and timely delivery of AAP work-streams.

The Department ensured additional places were made available for children in primary and post-primary schools through the year to cater for localised demand. The number of children transferring to post-primary education in 2020, as in 2019, is significantly higher than in recent years. Additional places have therefore already been provided for admissions to post-primary schools in September 2020 and September 2021.

Progress has been made on the Strule Shared Education Campus (SSEC) Programme across a number of areas including completion of site preparation work, the Strathroy Link road and the funding model. In relation to the construction, the Department has encountered unprecedented issues around the Main Works Contract procurement due to the withdrawal of one of the two bidders. Although the competition is suspended, the Department is continuing to work to identify a solution to progress the procurement and award a contract for construction.

A total of £35m was invested in major capital works in 2019-20. One project was completed in-year, 10 projects have had the contractor appointed and/or are on site, 20 are in design phase and a further 10 are at earlier stages of planning. Continuing issues with increasing costs on major works projects has impacted the release of projects to construction.

Almost £83m was invested in minor works schemes across the schools' estate in 2019-20. Minor works delivered in the reporting year cover a broad range of smaller scale capital works selected in line with the Minister's priorities for investment. Individual minor works in the main are valued at anything up to £500k, but more frequently in the 2019-20 financial year the Department has supported a growing number of higher value schemes.

In 2019-20, £12.5m of capital was invested through the Youth Capital Programme. These capital works range from minor refurbishments to complete rebuilds, including a rebuild of St Mary's Youth Club in Derry/Londonderry. This scheme commenced on site in February 2019, costing approximately £3.3m. A number of smaller schemes have been completed during the year, namely a rebuild of Portadown YMCA, costing approximately £1.39m and refurbishment of Langfield Youth Club for approximately £439,000.

£7m was invested in School Enhancement Programme (SEP) projects in the reporting year. Projects in 47 schools announced under the first call are now complete or close to completion, with five of these completing during the 2019-20 reporting year.

Following the Education Minister's announcement on 14 January 2020 of a further 18 projects to advance in design under the second call to SEP (SEP2), the total number of SEP2 projects announced now totals 58. Work is ongoing on all of these projects.

Work continues to deliver the shared and integrated education projects announced under the Fresh Start Agreement (FSA) capital funding. Of the 28 projects announced, one project was completed in 2017-18 and one is currently on hold due to area planning issues. Of the remaining 26 projects, one is on site and nearing completion, 16 are in the design phase and 9 are at earlier stages of planning.

Under the Executive's Together: Building a United Community (T:buc) Strategy - Shared Education Campus (SEC) Programme, the five projects approved to proceed to planning are progressing.

Funding through the Shared Education Signature Project (SESP) and the Peace IV Programme supported 716 schools and early years' settings, with over 85,000 children and young people engaged in shared education at June 2019.

Implementation of the actions in 'Priorities for Youth' (PfY) continued, working closely with the EA and a range of statutory and voluntary stakeholders and young people to improve young people's lives through youth work.

Implementation of the actions in the 'Learning to Learn' framework continued in 2019-20, with 99.8% of pre-school age children offered a funded pre-school education place.

During 2019-20, continuing progress was made in terms of interventions to support children from disadvantaged backgrounds. This included delivery of the Extended Schools Programme, Full Service Programme in North and West Belfast, Sharing the Learning, West Belfast Community Project and new initiatives to support pupil attendance at school such as *Miss School, Miss Out* campaign. Whilst delivery towards the end of the financial year was impacted by COVID-19, progress continues to be made across a number of fronts including the creation of an Expert Group to examine, and propose an action plan to address links between persistent educational underachievement and socio-economic background, including the long-standing issues facing working class Protestant boys.

In 2019-20, the Getting Ready to Learn (GRtL) programme, which commenced under the Early Intervention Transformation Programme (EITP), was mainstreamed by the Department. The programme is making a real difference to families. It has delivered positive outcomes in terms of building parental knowledge of the pre-school curriculum and how parents can support their children's learning and development at home.

The Department leads on the development of the Executive Ten Year Childcare Strategy. The full Childcare Strategy is subject to Executive agreement. The Strategy will take full account of the responses to the consultation on the 2015 draft Strategy, advances in childcare across other jurisdictions and the policy priorities for supporting families reaffirmed in the *New Decade, New Approach* agreement.

During March 2020, in response to the COVID-19 emergency, DE worked with colleagues in DoH and other key stakeholders to develop a package of financial measures to ensure key workers have access to childcare provision, to support vulnerable children and to sustain the childcare sector for the period April-June 2020.

There were a number of significant educational information technology projects being taken forward across the education sector during 2019-20, and the Department monitored progress on these projects through its Information and Communication Technology (ICT) Programme Board. The Department also established subsidiary working groups/delivery boards for key IT projects to provide additional support.

DE's 2019-20 business plan had a commitment to deliver a new teachers' pension system for go-live on 1 April 2020. However, due to the COVID-19 pandemic, the new system is now due to go-live in November 2020.

The Department continues to monitor significant EA ICT projects to ensure the delivery of fit for purpose education information technology across the sector. In particular, the Department is closely involved in monitoring the EA One project and the Education Technology Services (ETS) programme. The EA One project will deliver modernised Human Resources (HR) and Finance systems and the ETS programme will procure and implement a replacement system to provide critical systems infrastructure to support ICT use in schools.

The Department worked with education sector employers to agree a Managing Attendance Strategy 2019-22 which was published on 24 April 2019. This commits employers to seek improved attendance levels across the education sector. It is supported by three AAPs covering agreed generic initiatives to support improved attendance. Outcomes against the first AAP are being evaluated. This evaluation will help gauge progress and shape future priorities within the Strategy period to March 2022.

The Department continued to progress the implementation of the SEN Framework in conjunction with the DoH, EA and other key stakeholders. Work included refinements to the draft Regulations and the associated Code of Practice, in preparation for consultation during 2020-21 and the development of new Personal Learning Plan software for use in all schools.

The Department also continued to drive and deliver on the programme of work as a result of the 2017 NIAO SEN Report Recommendations. It is also part of a cross-departmental autism working group to develop the next strategy for 2021-28, as part of the NI Assembly's commitment under the Autism Act (NI) 2011. The Department also focused on improving the electronic sharing of information between the EA and Health and Social Care (HSC) Trusts, which will reduce the length of time the EA takes to conduct statutory assessments of SEN.

We have continued to work with the NI Anti-Bullying Forum on the development of guidance for schools, parents and pupils prior to the commencement of key aspects of the Addressing Bullying in Schools (NI) Act 2016.

During the year, the Department's 'Supporting Newcomer Pupils' policy which has been in place since 2009 was consulted on. Subject to Ministerial approval, a new policy will be published during the 2020-21 school year.

The Department has also continued to work with DoH officials on the joint health and education LAC Strategy consultation and is nearing completion of the former EITP funded project which established a LAC Champion for NI. This project, described as

‘world leading’ by stakeholders, is an example of effective support for LAC in education, their carers, schools and HSC staff.

During 2019-20 the Department continued to work with a range of stakeholders to develop an Emotional Health and Wellbeing Framework for children and young people. The target date for completion of the Framework is December 2020.

We have continued to work with the General Teaching Council for Northern Ireland (GTCNI) in the delivery of its responsibilities. The Council was reconstituted in October 2019 for a fresh four year term. During the year a number of critical internal control weaknesses were identified in respect of the GTCNI. This, combined with slippage in the delivery of key business objectives, led the Department to impose enhanced oversight arrangements in September 2019 and it was determined necessary to place the Council into “special measures”.

We have also worked with key partners, including the EA, Higher Education Institutions and GTCNI to continue to promote the Department’s Learning Leaders Strategy with significant progress being made in the development of a coherent career-long approach to teachers’ professional development, based on the core principles of the Learning Leaders Strategy.

The Department worked with partners in the statutory and voluntary sectors to deliver ‘Play Matters’, an EITP funded project aimed at highlighting the importance of play for children’s health and wellbeing.

The Department is also continuing to work with the EA and CCEA on a number of projects in different geographical areas to develop programmes in response to actions on which the Department is leading in the Fresh Start – Tackling Paramilitarism Executive Action Plan: *“The Executive should commission appropriate initiatives aimed at promoting lawfulness in schools and through youth work in communities”*.

Future challenges

The Department will face significant challenges in 2020-21 as a result of the COVID-19 emergency and continued financial pressures.

The Department will continue to implement its COVID-19 Strategy and Plan in support of the Executive’s COVID-19 response. A formal Education Restart Programme has been initiated, comprising five main work streams. In addition, under the direction of the Minister, the Department has ensured that the education system has restarted in a safe and effective manner, with all pupils back in classrooms from 24 August 2020 for years 7, 12 and 14, and all pupils returning from 31 August. The restart of education has been carried out following extensive consultation and careful planning, including co-design with sectoral practitioners.

In response to the COVID-19 emergency, and as a result of implementing the Executive’s guidelines for safe working practices, the vast majority of the Department’s staff will continue to work remotely. This has worked well to date and the Department will evaluate the efficiency and effectiveness of the current arrangements as the situation requires.

A number of key strategic programmes, including the Education Transformation Programme, have been paused due to the COVID-19 emergency, and the Department will keep the position under review.

The Department spent much of 2019-20 planning for the expected impact of a “no deal” scenario on the education sector in NI following the UK’s decision to leave the European Union (EU). Assurances continued to be sought from Arm’s Length Bodies (ALBs) that the delivery of services would continue seamlessly from the day following exit.

In late December 2019 the Prime Minister instructed that ‘no deal’ preparations should be halted owing to the decreased likelihood of the UK leaving the EU without a deal. The agreement between the UK and the EU was subsequently ratified and entered in to force on 31 January 2020. Work has since taken place across NI departments to identify evidence-based priorities and key asks for the negotiations on the future relationship with the EU. DE has highlighted the following issues as areas of interest: Erasmus+; Mutual Recognition of Professional Qualifications; Peace Plus; and data. Officials will work with lead Departments (and ALBs) as required on relevant work strands as they develop.

The Department’s 2020-21 initial Resource budget of £2,276.1m was announced by the Finance Minister on 31 March 2020. The budget includes £42m ring-fenced SEN funding and £16.5m Confidence and Supply funding. On a like-for-like basis, the 2020-21 Resource Budget represents an increase of circa 11% on DE’s 2019-20 opening Resource Budget. Whilst the Budget 2020-21 outcome provides additional funding for education, the financial position was already challenging given the scale of pressures facing the sector. This is further heightened by the additional pressures resulting from the COVID-19 pandemic, and difficult decisions have therefore had to be taken to ensure that the Department and its ALBs live within budget this year.

The budgetary environment remains as constrained as it has been in previous years and the financial pressures facing our schools are widely acknowledged. Moving forward, the focus remains on minimising the impact of budgetary pressures on the Department’s core services, in particular early years and pre-school provision, schools provision and youth. Education has been allocated £157.26m of Capital for 2020-21. This includes £19.1m of funding from the FSA for the SSEC and agreed shared and integrated projects.

The £138.2m of Executive capital allocated will enable DE to meet existing contractual commitments and progress a range of capital projects in 2020-21.

In early 2020-21 it is anticipated that an announcement of new major works projects to advance in design will be made. Work has been ongoing to assess and score applications against the published protocol.

Work will continue on announced SEP2 and Fresh Start schemes and the Department will continue to progress a programme of minor works to address urgent and prioritised issues across the schools’ estate. In addition, announced Youth schemes will continue to be funded in the 2020-21 financial year to a level similar to previous years.

In addition, business cases related to potentially significant investments in transport and computer systems are currently being prepared by the EA. These would require capital investment over a number of years.

Finally, I would like to acknowledge the sustained commitment and dedication of Departmental staff during the year and their drive to deliver better educational outcomes for our children and young people. I wish to thank them for the support they have shown me during another challenging and uncertain year.

1.2 Non-Executive Board Members' Report

Introduction

Without doubt the past year has been exceptional in terms of the unparalleled impact of the COVID-19 pandemic on our society and public services. Its full impact was felt at the end of 2019-20 and the Department had to adopt an agile approach to tackle the seismic challenges brought on by the pandemic. Key priorities have been on protecting vulnerable children and young people at most risk in our education system and supporting both children and staff to preserve educational progress and maintain wellbeing through a contingency programme throughout lockdown. Aside from COVID-19, the Department also managed ongoing challenges around budgetary pressures and preparations for Brexit during the year, as well as the swift and timely return of the Assembly in advance of COVID-19. The Departmental Board and the Audit and Risk Assurance Committee (ARAC) have remained fully supportive of Departmental staff who have successfully implemented contingency working under pressure to deliver crisis response priorities at pace. As we gradually emerge from lockdown, the additional priority focus of restarting services will include preparations for the commencement of the new school year, with the health of pupils and staff of paramount importance within that.

Departmental Board

The full impact of the COVID-19 pandemic and its lockdown came into effect towards the end of the financial year and Board was fully briefed on the Department's response to the crisis. Prior to that, the Board met nine times in 2019-20 with standing agenda items covering financial performance and budgetary pressures, business planning, policy and strategy, risk management, education transformation, HR and NDPBs. It also received periodic updates on the Strule programme and from ETI, as well as timely briefings on information governance and cyber security.

With regard to financial performance, it is commendable that the year-end position is much improved on previous years, especially given ongoing budgetary pressures and the persistent financial challenges that have beset the education system for the past few years. This is in part due to staff efforts to cement relationships and collaborative working with counter colleagues in the Department's ALBs.

Departmental preparations for the impact of the UK leaving the EU on education continued throughout the year with an ongoing impact on DE staff capacity and intra and inter departmental reporting requirements to ensure coordination with the wider Northern Ireland Civil Service (NICS) departments. This work will undoubtedly continue throughout the 2020 transition period and presumably for a set period after the year end departure date.

The Board continued to seek additional assurance regarding the financial and governance risks and issues in relation to the EA during the year. This included earlier EA management and reporting of predicted overspend, oversight of strategic projects and the EA's ability to balance the organisation's critical need to transform with its capacity to do so. The Department and the EA worked closely during the year to seek and provide assurances which were regularly provided to Board. This was further enhanced by the EA Chief Executive, who attended an ARAC meeting to provide an update on key risks and issues.

Agreement on the ongoing industrial action by teachers' unions was finally resolved in April 2020 and agreement for it to be backdated to 2017. Whilst of significant cost to the public purse, the agreement mitigates risks associated with the widespread action short of strike which were of long standing concern for the Board.

Internal Audit also carried out a review of the Departmental Board's effectiveness during the year, with a focus on its role and operation, as well as Board composition. The review concluded that the Board was operating effectively, in accordance with good practice and it also identified strengths as well as areas for potential improvement. The Board welcomed the independent review and its overall positive assessment and will seek to address areas for potential improvement, although this work will need to be scheduled against COVID-19 priorities. This will include progressing work around the adoption of developing guidance around the Partnerships between Departments and ALBs - NI Code of Good Practice.

The Board was sorry to lose Fiona Keenan during the year, one of its Non-Executive Directors, and is grateful for her dedicated support to the Department during her tenure. The recruitment of her replacement is an ongoing priority for the Department in 2020 to ensure the Board composition and skills mix continues to meet best practice.

ARAC

The ARAC sat four times during the year, with a fifth meeting in March 2020 taking place via email correspondence due to COVID-19. In addition to its customary support to Board on risk and governance issues throughout the year, the ARAC was also briefed on the Department's contingency operations in response to COVID-19 at year end.

Throughout the year the Committee continued to receive bi-monthly updates on NDPBs, including briefings on GTCNI which had experienced ongoing governance and whistleblowing incidents, and by year end had gone into "special measures". The ARAC also sought additional assurance around internal governance weaknesses in the EA, the C2K replacement system and issues with child protection and safeguarding highlighted by both ETI and Internal Audit. This was provided through regular reporting by Departmental staff as well as from the EA Chief Executive who attended the May 2019 ARAC and provided detailed assurance to the Committee on a range of issues. The Committee also ensured that independent members received briefings on the challenges of progressing the SSEC Programme, as well the Department's transformation agenda.

ARAC continued its focus on the key areas of reinforcing the importance of good governance and building relationships with ALBs, through its annual workshop with ARAC Chairs. In 2019-20, the event took a more interactive approach with presentations

from the EA ARAC Chair, the NIAO on good governance and the Department of Finance (DoF) and an interactive session facilitated by the DoF Head of Group Internal Audit on the partnership relationship with ALBs.

Looking Ahead

Beyond preparations for Brexit, the Department's priority focus will be to address the impact of COVID-19 which has brought a new level of unprecedented challenges and uncertainties for some time to come. The Department will also face the challenge of managing the crisis with its 'business as usual' objective of delivering a high quality and safe education system, as far as is possible.

It is widely accepted that risk appetite will increase as a result of the pandemic, as statutory bodies put forward best proposals amid a climate of high risk and uncertainty, and especially against fears of a second pandemic wave. Governance and risk management will be of critical importance in keeping the Department sure-footed in the weeks and months ahead. Coming out of lockdown will require careful orchestration of services and resources to align with official guidance, whilst managing pupil and teacher safety, and increasing challenges such as staff fatigue and resilience. Record keeping and auditing of the significant additional funding that is required to deliver a plethora of statutory requirements will also be critical for recovery, when we reach that stage.

The Department and its staff should be highly commended on achieving significant and complex change at pace, which was unprecedented pre COVID-19. This, together with the leadership it has shown to ALBs and other departments during the crisis, instils confidence and determination to address the challenges that still lie ahead.

1.3 Purpose, objectives and strategy of the Department

From January 2017 until January 2020 NI was without devolved government. The NI Assembly and Executive were restored on 11 January 2020 and a Minister of Education, Peter Weir MLA, was appointed.

The previous Executive had consulted widely on a draft PfG. During the interim period, and in the absence of a published document, the Department aligned its core activities to the draft PfG.

The draft PfG set out the priorities the previous Executive wished to pursue to improve the wellbeing of all citizens and, using an outcomes-based approach, the most significant actions it intended to take to address those priorities. While the Department would have a role to play in many of the draft PfG's 12 outcomes and their associated indicators, its main focus was on the outcome entitled "*we give our children and young people the best start in life*". In particular, the Department contributed actions to a NICS Outcomes Delivery Plan, which set out the actions that departments intended to take during the interim period to give effect to the previous Executive's priorities.

As of 31 March 2020 the Executive had not yet published a PfG and work to take forward actions pertaining to education contained in *New Decade, New Approach* agreement was at an early stage of preparation.

The Department’s overarching vision is an education system that is recognised internationally for the quality of its teaching and learning, for the achievements of its young people and for a focus on meeting their needs.

During 2019-20, the Department continued to engage with stakeholders across the education sector and beyond. Those discussions will prove invaluable in determining the Department’s future policy priorities, particularly in areas such as:

- the Department’s response to the COVID-19 pandemic;
- actions arising from *New Decade, New Approach*;
- implementation of the Children and Young People’s Strategy;
- the outworkings of EU exit;
- the Education Transformation Programme; and
- an Emotional Health and Well-being Framework.

The Department’s Business Plan sets out six corporate goals and 18 Strategic Objectives as follows:

| DE’s Corporate Goals | DE’s Strategic Objectives 2019-20 |
|---|---|
| <p>1. Improving the wellbeing of children and young people – through ensuring that all of our children and young people grow up in a society that provides the support they need to achieve their potential.</p> | <p>1. To implement the Children’s Services Co-operation Act (CSCA).</p> <p>2. To enhance the level of parental involvement in the learning and development of children and young people.</p> <p>3. To improve outcomes for families and children through high quality affordable childcare.</p> <p>4. To support and promote positive emotional health and well-being in children and young people.</p> |
| <p>2. Raising standards for all – through high quality early years provision, excellent teaching and learning in the classroom and effective provision of youth and other children’s services, ensuring that all young people enjoy and do well in their learning and their achievements and attainment are appropriately recognised and celebrated, including through qualifications.</p> | <p>5. To strengthen and develop pre-school, school and youth education provision.</p> <p>6. To ensure optimum delivery of the statutory curriculum in the interests of children and young people.</p> |
| <p>3. Closing the performance gap, increasing access and equality – addressing the underachievement that can hold our children and young people back; ensuring that young people who face barriers or are at risk of social exclusion are supported to achieve to</p> | <p>7. To expand the network of sustainable schools.</p> <p>8. To encourage, facilitate and promote shared education and encourage and facilitate integrated and Irish-medium education.</p> |

| DE's Corporate Goals | DE's Strategic Objectives 2019-20 |
|--|--|
| <p>their full potential; and ensuring that our services are planned effectively on an area basis to provide children and young people with full access to high quality learning experiences, both in school and out of school.</p> | <p>9. To improve developmental and learning outcomes for children and young people who are underachieving.</p> <p>10. To ensure tailored or specialist support is provided to those children and young people who need it.</p> |
| <p>4. Developing the education workforce – recognising the particular professional role of early years providers, teachers and school leaders in delivering an effective, age appropriate curriculum and raising standards and also the important role of other education professionals and those who support them.</p> | <p>11. To secure the greatest effectiveness of the education workforce.</p> <p>12. To develop capacity and increased coherence in the arrangements for teacher professional learning.</p> |
| <p>5. Improving the learning environment – making sure that strategic investment supports the delivery of the area plans; that the premises in which young people grow and learn are safe, fit for purpose and conducive to learning; and that the environment provides opportunities for sharing and for building a more cohesive society.</p> | <p>13. To progress Shared Education Campuses and the SSEC Programme.</p> <p>14. To deliver effectively a prioritised capital works programme within timescale and budget.</p> |
| <p>6. Delivering high quality education services – ensuring that the arrangements for governing and managing education here are modern, accountable and child-centred and that education services are delivered efficiently and effectively in support of schools.</p> | <p>15. To deliver efficient and effective high quality services across the education sector.</p> <p>16. To deliver the Department's corporate and finance responsibilities effectively and appropriately.</p> <p>17. To have in place effective governance and accountability arrangements for the oversight of the Department's ALBs.</p> <p>18. To have in place an agreed Education Transformation Programme.</p> |

The Department's corporate goals and strategic objectives were supported by individual business plan commitments/actions. These set out at a high level the key issues that were critical for delivery of the Department's core business. Key success indicators were used by the Department to determine if it was progressing sufficiently towards the achievement of the strategic objectives.

1.4 Key Activities of the Department

To aid achievement of the Department's key commitments and corporate goals, the main areas of responsibility within the Department link to:

- Children & Young People's Strategy;
- Curriculum and learning;
- Pupils and parents;
- Teaching staff;
- Non-teaching staff;
- Schools and infrastructure;
- Youth Services;
- Early Years Provision;
- Executive Childcare Strategy
- Support and development;
- Statistics and research;
- Good relations and social change; and
- Transformation.

The key activities of the Department, which enable it to address these responsibilities, are supported by a clearly defined structure which operates at every level of the Department.

The Department is ultimately accountable through its Minister to the Assembly for the effective delivery of its commitments and goals and for the effective use of the public funds for which it is responsible. The Permanent Secretary is the Minister's principal advisor, the administrative head of the Department and the Accounting Officer. A Minister was appointed and the NI Executive and Assembly restored on 11 January 2020 following the publication of 'New Decade, New Approach'.

The Permanent Secretary is supported by three Deputy Secretaries and the Chief Inspector of the ETI.

To promote the highest possible standards of learning, teaching and achievement throughout the education, training and youth services, ETI provides an unbiased, independent, professional assessment of the quality of learning and teaching, including standards achieved by learners, publishing reports on individual organisations, and summary reports on aspects of the quality of education, training and youth sectors in NI.

In addition to ETI, the Department has twelve Directorates headed by Grade 5s, each of which deals with specific areas of work. The SSEC Programme is headed by a Grade 3.

The twelve Directorates, and their high level roles and responsibilities are as follows:

Education and Children's Services

- **Transport and Food in Schools Directorate** has policy responsibility for the Home to School Transport, free school meals (FSM), food in schools, school uniform and uniform grant policy, Education Maintenance Allowance (EMA) in conjunction with the Department for the Economy (DfE) and elective home education (EHE).

- **Promoting Collaboration, Tackling Disadvantage Directorate** contributes to the DE vision through encouraging and supporting the development of collaborative practice in education in integrated, Irish-medium, community relations and shared education contexts, in tackling educational disadvantage and also in teacher professional learning. The Directorate is also responsible for sponsorship and oversight of three of the Department's ALBs: the Northern Ireland Council for Integrated Education (NICIE); Comhairle na Gaelscolaíochta (CnaG); and the GTCNI.
- **Curriculum, Qualifications and Standards Directorate (CQSD)** provides policy development and advice on matters of educational performance within and outwith schools. It is responsible for driving cross-departmental delivery of improved educational outcomes and greater equity of performance within the system. It does this primarily through securing the delivery of the curriculum, through maintaining the framework of school evaluation and pupil assessment, and through the delivery of targeted interventions aimed at improving educational outcomes. The Directorate is also responsible for sponsorship and oversight of one of the Department's ALBs, CCEA.

CQSD has responsibility for the oversight and scrutiny of the replacement of the current managed ICT service to schools (commonly known as C2K).

- **Early Years, Children and Youth Directorate** provides policy advice on matters of non-formal and non-compulsory education and development and childcare, implements and evaluates agreed policies and associated universal and targeted programmes to complement formal learning in the areas of early childhood education and care, childcare and youth services. The Directorate is also responsible for sponsorship and oversight of one of the Department's ALBs: YCNI.
- **Inclusion and Well-being Directorate** has responsibility for developing and maintaining policies that address a range of barriers to learning (including SEN, newcomer pupils, traveller children, LAC, school age mothers and young carers); child protection and safeguarding; pupil behaviour; and promotion of pupil emotional health and wellbeing. The Directorate endeavours to bring a whole child/whole school approach to building resilience, offering advice and guidance on child protection and safeguarding issues including inter-departmental working on a range of cross-cutting strategies, supporting pupils to mitigate difficulties and addressing issues arising from learning and health or social impacts. The Directorate also carries policy oversight/sponsorship responsibility for MCA, a public body which operates on a north/south basis.

The Directorate has taken lead responsibility for vulnerable children and young people in the Department's response to the COVID-19 pandemic and moving forward will have a central role in the Education Restart Programme.

- **Education Transformation Programme Directorate** oversees the delivery of the Education Transformation Programme. The goal of the Education Transformation Programme Directorate is to ensure the education system is more effective, efficient and sustainable, and better positioned to improve outcomes for children and young people, equipping them to contribute to a modern economy.

Resources, Reform, and Infrastructure

- **Sustainable Schools Policy and Planning Directorate (SSPPD)** supports the implementation of ‘Schools for the Future: A Policy for Sustainable Schools’ through supporting and developing Area Planning governance and processes and processing statutory DPs, making recommendations to the Minister or Permanent Secretary on significant changes to schools. Responsibility for the Delivering Schools for the Future project (an Education transformation project) also lies within SSPPD. The Directorate processes applications for Temporary Variations (TVs), reviews approved admissions and enrolment numbers and processes admissions complaint cases. The Directorate is also responsible for taking forward work on the delivery of the headline action under the Executive’s T:buc programme to commence 10 shared education campuses.
- The **Education Workforce Development Directorate** provides the vision and sets the framework which supports an education workforce that is able, trained, qualified, rewarded and motivated to raise standards and close the educational achievement gap through partnership, consultation and the generation of legislation and policy.

The Directorate is responsible for: contributing to local policy on teachers’ pay and conditions of service; ensuring that pay and conditions of service for non-teaching staff are appropriate to maintain a committed workforce; payment of teachers’ salaries and pensions on behalf of the employing authorities; and ensuring that a replacement teachers’ pension system is successfully introduced in October 2020.

- The role of the **Finance Directorate** is to manage the Department’s c£2 billion Resource Budget in line with Departmental priorities and to ensure financial probity, regularity and value for money. It prepares the Department’s annual Budget, Estimates (Main and Spring Supplementary) and Accounts (Resource and Teachers’ Superannuation Scheme) and, in doing so, is responsible for securing funding, allocating resources, monitoring expenditure and reporting financial results. The Finance Directorate provides financial leadership, guidance and advice to the Department and its ALBs. The Directorate is also responsible for the operation of the CFS and is leading on a review of the scheme under the Education Transformation Programme.

The Directorate’s Analytical Services Unit (ASU) is also responsible for the management of research, analysis and evidence needs from within the Department, statistical surveys (such as the School Census) and publication of associated reports. It provides advice and support in the monitoring and evaluation of PfG actions and policy, programme and project evaluations, the development and approval of business cases, and policy evaluations where ASU disseminates the results through lessons learned to the rest of the Department.

- **The Corporate Services and Governance Directorate** has oversight responsibilities for governance, accountability and assurance issues between the Department and its ALBs and, in liaison with Departmental sponsor teams, for the central administration and co-ordination of related functions/processes. In respect of Ministerial public appointments, it provides advice and guidance to Departmental sponsor teams, liaises with the Office of the Commissioner for Public Appointments, The Executive Office (TEO) and other government departments and administers the key processes for all public appointment competitions. It is also responsible for policy on school governance relating to the

appointment/nomination of school governors and approving school schemes of management; and for managing independent school applications and registrations.

The Directorate's other responsibilities include: administering and monitoring grant support to three sectoral bodies, the Controlled Schools' Support Council (CSSC), the Catholic Schools' Trustee Service (CSTS) and the Governing Bodies Association (GBA); providing advice and support to Interim Boards of Governors to ensure the establishment of new schools through the amalgamation of existing schools or the controversial creation of a new school; and co-ordinating the Department's policy and role in relation to the implications of the UK's withdrawal from the EU.

The Directorate is also responsible for corporate services functions which include vacancy management and staff engagement; management of the Minister's office, press office and communications, management of information, including IT systems, records management and Freedom of Information Act/Data Protection Act/ General Data Protection Regulation (GDPR) compliance; accommodation and security management; provision of advice on Equality and Human Rights; and responsibility for Emergency Management and Planning and Business Continuity.

- **Investment and Infrastructure Directorate** is responsible for strategic oversight of the delivery of the Department's capital works programme. This includes both major and minor capital works; the SEP; the voluntary youth capital programme; and a programme of investment in shared education campuses and integrated schools which is funded under the FSA. The Directorate also has responsibility for monitoring the Department's capital budget; the Department's Asset Management Plan; grant claw-back from closed voluntary schools; and consideration of leases and licences for the education estate.
- **SSEC Directorate** is responsible for the delivery of the SSEC (formerly Lisanelly Shared Education Campus) Programme which involves significant capital investment into the construction of six core schools and associated shared education facilities in Omagh.

The Departmental Board operates as a collegiate forum, under the leadership of the Permanent Secretary, to manage the running of the Department. It operates within a wider corporate governance framework.

The Department is supported in delivering its functions by a range of ALBs, each of which is accountable to the Department.

The performance of these bodies, which directly influences the ability of the Department to achieve its objectives, is monitored by sponsor teams within the Department. Sponsor teams are responsible for governance and accountability issues, budgetary allocation and planning, monitoring and general financial control of income and expenditure by the bodies they sponsor.

1.5 The Department’s key issues and risks

Overview of risk management in DE

Risk management is the process through which the Department seeks to control the level of risk facing it and to reduce its effects. Successful risk management involves:

- identifying and assessing threats and opportunities;
- taking cost-effective action to anticipate or manage them; and
- monitoring risks and reviewing progress in order to establish whether or not any further action may be necessary.

In its approach to risk management the Department has adhered to “The Orange Book: Management of Risk - Principles and Concepts” (HM Treasury: October 2004)¹. The Departmental Board oversees the development and management of the Departmental Corporate Risk Register (CRR). Each year the process commences in tandem with the agreement of the Department’s annual business plan, whereby any new or existing risks associated with delivery are identified and assessed and, if appropriate, are included in the risk register. Throughout the year, any risks significant to the Department’s delivery of its core business, including new risks arising, are considered and monitored by both the ARAC and the Departmental Board as part of their ongoing review of both the business plan and CRR.

The risks contained in the CRR all link to the Department’s corporate goals and strategic objectives, as set out in paragraph 1.3.

1.6 Key risks in 2019-20

| Corporate Risks | Associated Corporate Goals (CGs) and Strategic Objectives (SOs) |
|--|--|
| The development, design and implementation of Departmental and relevant Executive policies and strategies, including delivery of PfG outcomes, do not adequately contribute to ensuring that we give our children and young people the best start in life. | CGs 1 - 3 SOs 1 – 10 |
| The education infrastructure is not adequately planned, delivered and maintained to support the delivery of desired education outcomes and to provide a safe and secure environment for all. | CG 5 SOs 13 & 14 |
| Weaknesses in the governance and accountability arrangements for the oversight of the Department’s ALBs impact negatively on the delivery of education services. | CG 6 SO 16 & 17 |
| The Department does not take appropriate action to align its resources (including its internal staffing resources) to | CG 6 SO 16 |

¹ A new edition of HM Treasury’s Orange Book Management of Risk – Principles and Concepts was issued in Northern Ireland under cover of DAO (DoF) 04/20 (7 May 2020)

| Corporate Risks | Associated Corporate Goals (CGs) and Strategic Objectives (SOs) |
|---|--|
| ensure the delivery of the PfG and DE's statutory duties and strategic priorities within budget. | |
| The ineffective maintenance of, implementation of and compliance with the comprehensive child protection and safeguarding framework to ensure the ongoing safety of children and young people in the care of education and youth providers. | CG 2 SO 5 |
| There are ineffective arrangements for managing major incidents or emergencies. | CG 6 SO 16 |
| Ineffective information management policies, procedures and systems to protect departmental, business, organisational and personal information from either accidental loss or malicious activities. | CG 6 SO 16 |
| The Department and its NDPBs do not plan effectively for the level of savings or action required in order to deliver a balanced 2019-20 Resource Budget. | CG 6 SO 16 & 17 |
| Ineffective Area Planning fails to deliver a network of educationally and financially sustainable schools. | CG 3 SO 7 |
| The continuing Industrial Action by Teaching Trade Unions impacts adversely on the quality of education in schools. | CGs 2 – 4 SOs 5, 6, 9, 10, 11 |
| The Department fails to deliver its capital programme (both Executive and Fresh Start funded) within expected timescales and available budget. | CG 5 SOs 13 & 14 |
| The Department's SSEC Programme is not delivered within the agreed timeframe causing disruption to the Programme. (as amended) | CG 5 SO 13 |
| Failure to implement an effective Education Transformation Programme. | CGs 1 – 4 & 6 SOs 1 – 12 & 15, 16, 18 |
| Failure to procure fit for purpose educational Information Technology contracts within expected timescales and within available budget. | CG 6 SO 15 |

1.7 Key issues impacting on DE in 2019-20

During 2019-20 the Department managed a number of significant issues in relation to the areas listed below (more detail on these issues can be found in the 2019-20 Governance Statement):

- COVID-19
- Child Protection and Safeguarding
- EA Audit of Practice on Special Educational Needs (SEN)
- GTCNI
- Industrial Action by Teacher Unions
- EA 2019-20 Provisional Outturn Overspend
- EA IT Projects – EA One (HR & Payroll) Project / Education Technology Services (ETS) (Lot 8 Procurement) C2k Replacement

- Fraud Prevention and Whistle-blowing
- 2020-21 Budget Position
- Budget Authority in the absence of a NI Executive
- Implementation of the EA “Providing Pathways” Area Plan and 2019-21 Annual Action Plan
- Development Proposal (DP) Activity
- Strule Shared Education Campus (SSEC) Programme
- Appointments to DE’s ALBs and school boards of governors
- The UK’s Decision to Leave the European Union (EU)
- Staff absence
- Youth Council for NI (YCNI)

1.8 Future issues which may impact on DE performance

Across government and wider society the main challenge to be dealt with, at least in the short to medium term, will be the Department’s response to the COVID-19 pandemic. Initially, the priority work-streams have been:

- to ensure the continuity of learning for children and young people;
- to support vulnerable children and children of key/critical workers; and
- to ensure families do not experience hardship as a result of schools closing.

Going forward, a dedicated Education Restart Programme will focus on how the Department and the education system will restart and the actions required to ensure any restart is safe and effective, with a focus on ensuring the well-being of the school workforce and children and young people, in line with Ministerial objectives.

Because of the need to focus attention on issues arising from COVID-19, the extent and impact of other key challenges in the coming year(s) is somewhat uncertain, but will also be dependent upon:

- the content and out-workings of a PfG;
- the delivery of *New Decade, New Approach*;
- the out-workings of the Children and Young People’s Strategy;
- the vision and direction of the Education Minister;
- capacity to progress the key review areas identified as part of the teacher’s pay and workload settlement 2017-19;
- working within a constrained budget; and
- the implications of EU exit.

1.9 Going concern

The statement of financial position at 31 March 2020 shows negative taxpayers' equity of £24m. This reflects the inclusion of liabilities falling due in future years, which are to be financed mainly by drawings from the NI Consolidated Fund. Such drawings will be from grants of Supply approved annually by the NI Assembly, to meet the Department's Net Cash Requirement. Under the Government Resources and Accounts Act (NI) 2001, no money can be drawn from the fund other than required for the service of the specified year or retained in excess of that need. All unspent monies, including those derived from the Department's income, must be surrendered to the Fund.

In common with other government departments, it is considered appropriate to adopt a "going concern" basis for the preparation of the financial statements as the Department is supply financed and draws its funding from the Consolidated Fund. Therefore there is no liquidity risk in respect of the liabilities due in future years.

1.10 2019-20 Performance summary

The Department's Business Plan for 2019-20 set out the commitments and actions that the Department undertook to deliver on the corporate goals. There were a total of 43 commitments/actions contained in the Business Plan. The Plan included some of the educational attainment targets which are outlined in greater detail in the Performance Analysis section of this report. The table below sets out a summary of performance against 2019-20 Business Plan commitments/actions:

| Year-End Status of Business Plan Commitments/Actions | Number | % |
|---|---------------|------------|
| Achieved | 14 | 32.5 |
| Substantially achieved | 12 | 28 |
| Likely to be achieved but with some delay | 15 | 35 |
| Not achieved | 2 | 4.5 |
| Total | 43 | 100 |

2 **PERFORMANCE ANALYSIS**

2.1 **The Department's performance management arrangements**

The Department's annual business plan is drafted by senior management for review and agreement by the Departmental Board. Once cleared by the Board, the business plan is normally submitted to the Education Minister for comment and approval (although this did not apply in 2019-20). Throughout the year, DE officials monitored progress against business plan commitments and actions and reported quarterly to the Departmental Board. Business plan monitoring primarily focused on those targets and commitments which had been assessed at 'Amber' or 'Red' rating or for which the rating had changed since the last report to the Departmental Board (i.e. both those which report a worsening and an improving position).

2.2 **Analysis of 2019-20 educational performance against targets**

The information provided below sets out the latest position, where available, on progress towards achieving educational attainment targets, including those published long term targets contained in *Count, Read: Succeed – A Strategy to improve outcomes in Literacy and Numeracy (March 2011)* with actual performance updated to reflect latest available data.

| | Actual Performance 2018-19 academic year ² | Milestones | |
|---|---|------------|---------|
| | | 2018-19 | 2019-20 |
| Key Stage 2 Communication (% of pupils at expected level) | 78.7 | 89 | 90 |
| Key Stage 2 Using Maths (% of pupils at expected level) | 79.5 | 89 | 90 |
| Key Stage 3 Communication (% of pupils at expected level) | 77.0 | 84 | 85 |
| Key Stage 3: Using Maths (% of pupils at expected level) | 78.9 | 84 | 85 |

² Due to the effects of industrial action, 2018-19 Key Stage data has been weighted to account for non-response bias. The estimates provided in the table represent the mean figures drawn from the sample and are subject to associated confidence intervals.

| | Actual Performance 2018-19 academic year | Milestones | |
|--|--|------------|---------|
| | | 2018-19 | 2019-20 |
| Proportion of school leavers achieving at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths | 70.8% | 69% | 70% |
| Proportion of school leavers with FSM Entitlement achieving at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths | 49.5% | 60% | 65% |
| Proportion of school leavers achieving at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths - Girls | 75.7% | 70% | 70% |
| Proportion of school leavers achieving at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths - Boys | 65.9% | 68% | 70% |
| Proportion of school leavers achieving at least 3 A levels at A*-C (or equivalent) | 41.0% | 35%+ | 35%+ |
| Proportion of school leavers achieving at least 2 A levels at grades A*-E (or an equivalent Level 3 qualification) | 55.6% | 62% | 62% |

The Department continues to be committed to improving the attainment of FSM entitlement learners through effective use of available funding, sharing of good practice and appropriate incentivisation. The proportion of FSM entitlement school leavers achieving at least five GCSEs at grades A* - C or equivalent including GCSE English and Maths increased by 0.9 percentage points from 48.6 % in 2017-18 to 49.5% in 2018-19. The gap between FSM entitlement and Non-FSM entitlement attainment for this measure has decreased from 29.5 percentage points in 2017-18 to 29.0 percentage points in 2018-19.

The Department also sets a number of other quantifiable targets summarised in the table below:

| Key Success Indicator/Commitment/Action | Actual levels |
|---|---|
| Sufficient pre-school places available so that every child can be offered a place | 99.9% of children whose parents stayed with the admissions process were offered a funded pre-school place for September 2019 ³ |
| Work with EA to support areas where schools may not meet statutory requirements under the Entitlement Framework | 97% of schools now fully meet the Entitlement Framework requirements at KS4 and 79% fully meet the requirements at post-16 in 2018-19. |
| <p>Strategic Objective - To maximise the attendance rates of pupils so that they are in school being supported to reach their full potential.</p> <p>Key Success Indicators</p> <ul style="list-style-type: none"> • An overall increase in pupils' average attendance level across NI. • Percentage of pupils with less than 85% attendance reduced. | <p>The Department is continuing to promote the importance of regular attendance at schools through a variety of means:</p> <ul style="list-style-type: none"> • While no official Northern Ireland Statistics and Research Agency (NISRA) attendance averages for the 2018-19 academic year were produced, it is envisaged that there will be a statistical bulletin for the 2019-20 academic year. • In the meantime, Departmental officials are using in-year data to update employing authorities on year to date attendance figures at school level. • This has enabled policy officials to focus on key issues and draw these to the attention of schools. • The Department launched a new advertising campaign "Miss School. Miss Out" targeted at parents to help convey the importance of regular attendance at school. |

2.3 Analysis of 2019-20 performance against corporate goals and commitments

The Directorates within the Department all have a role to play in delivering the Department's goals. The table below indicates how the work of the Directorates link to the corporate goals.

³ Measured in June 2018. Funded pre-school places remained available in all areas for children not yet offered a place.

| | Corporate Goals |
|---|---|
| 1 | Improving the wellbeing of children and young people |
| 2 | Raising standards for all |
| 3 | Closing the performance gap, increasing access and equality |
| 4 | Developing the education workforce |
| 5 | Improving the learning environment |
| 6 | Delivering high quality education services |

| Directorates | Link to Corporate Goal |
|--|-------------------------------|
| Transport and Food in Schools | 1 |
| Promoting Collaboration, Tackling Disadvantage Directorate | 1, 2, 3 and 4 |
| Curriculum, Qualifications and Standards | 2 |
| Early Years, Children and Youth | 1, 2 ,3 and 4 |
| Inclusion and Wellbeing | 1 and 3 |
| Education Transformation Programme | 1, 2 and 6 |
| Sustainable Schools Policy and Planning Directorate | 2 and 5 |
| Education Workforce Development | 4 and 6 |
| Finance | 6 |
| Corporate Services and Governance | 6 |
| Investment and Infrastructure | 5 |
| Shared Education Campus | 5 |
| Education and Training Inspectorate | 2, 3, 4 and 5 |

The key activities and performance of the Directorates are outlined below.

Transport and Food in Schools Directorate

The Home to School Transport review continued throughout 2019-20 with the aim of ensuring that the policy is fit for purpose and sustainable over the long term. Working with the Strategic Investment Board, a robust modelling tool was developed to identify the impact of policy changes on children entitled to free home to school transport. The Directorate has started preparing proposals, working with other relevant Departments, such as the Department for Infrastructure, to examine the impacts/ changes to Home to School Transport policy will have on other Departments' PfG outcomes. The review will seek to bring forward a range of options that could be formally consulted upon in 2020-21, however this work has been postponed due to COVID-19.

In September 2019 the Nutritional Standards Project Group was established to oversee the update to the Nutritional Standards. The Directorate developed and issued for

consultation new nutritional standards for food in schools. This work is currently on hold due to COVID-19 work and the funding bid for new nutritional standards to be implemented in September 2020 has been postponed until 2021-22 year.

From March 2020, the Food in Schools team has been working with the EA to develop and arrange a direct payment scheme in lieu of FSM during the COVID-19 pandemic. Securing over £18m funding from DoF they have ensured payments to nearly 57,000 families of children entitled to FSM ; and they continue to collaborate with Department for Communities to ensure a safety net for those who can't avail of direct payments. The Directorate continues to monitor the roll-out of Universal Credit (UC) and its impact on FSM.

The Elective Home Education guidance has been consulted on and finalised. This will now be subject to Ministerial approval.

Promoting Collaboration, Tackling Disadvantage Directorate

Promoting Collaboration, Tackling Disadvantage Directorate encourages and supports the development of collaborative practice in integrated, Irish-medium, teacher professional learning, shared education and community relations.

During 2019-20 the Directorate supported DE teams and ALBs in implementing DE's statutory duties in relation to integrated education, Irish-medium education and shared education.

The Directorate sought to ensure that there were effective governance and accountability arrangements in place for NICIE, CnaG, and GTCNI. Despite this, a number of factors have resulted in GTCNI receiving an 'Unacceptable' Internal Audit opinion for 2019-20. Special monitoring arrangements have now been invoked for GTCNI and the Directorate is leading in their delivery.

The Directorate continues to oversee the delivery of the SESP, the 2019-20 Shared Education pilot and to work closely with the SEUPB and key delivery partners in progressing the Peace IV shared education programmes. These programmes are having positive impacts on the children and young people involved, improving educational outcomes and good relations.

The Directorate continues to make progress and manage complementary programmes. These include the Pupil Attendance Campaign; Parental Engagement campaign; Geographical Intervention Programmes; Active Citizenship - Ending the Harm Campaign; and Learning Leaders year 4 Action Plan.

New funding from the cross-Executive Tackling Paramilitarism Programme was made available in autumn 2019. A pilot programme is making positive progress in providing wrap-around education services to children and young people facing the greatest challenges.

The Directorate has produced a draft strategy to reduce educational disadvantage and a draft Partners in Education Programme which are being considered by the Education

Minister. An Expert Group has been established to develop an action plan to address educational underachievement as a result of socio-economic disadvantage.

Curriculum, Qualifications and Standards Directorate

During 2019-20, the Directorate saw an overall improvement in key performance indicators around GCSE and A-level results. At 70.8% the proportion of pupils achieving at least 5 GCSEs at A*- C including GCSEs in English and maths exceeded the published target and 99.5% of pupils left school with passes in at least 5 GCSEs. The proportion of FSM entitled school leavers achieving at least 5 GCSEs at grades A* - C or equivalent including GCSE English and maths also increased, to 49.5%. Improvement was seen at A level with 41% of school leavers achieving at least 3 A levels at grades A*- C; 55.6% achieved at least 2 A levels A*- E. Ninety six percent of school leavers were reported to have taken up places in higher or further education, employment or training.

The Directorate maintains the long-term school improvement policy (ESaGS), the literacy and numeracy policy (Count, Read; Succeed) and the delivery of the statutory curriculum (Entitlement Framework).

A programme of work specifically to supplement these long-term, strategic efforts to improve performance overall has been operating during the reporting period, including the administration and management of processes following school inspection; the dissemination and testing of a proposed framework to share best practice; participation in Programme for International Student Assessment 2018 and Trends in International Mathematics and Science Study (TIMSS)2019; and maintaining oversight of the Literacy and Numeracy Key Stage 2/3 Construction and Procurement Delivery (CPD) Project.

During this period teachers have been involved in action short of strike which includes non-participation with school inspection. Additional governance structures have been put in place in conjunction with ETI, in the form of interim “Follow Up to Inspection Procedures”. The Directorate has worked very closely with the ETI, the EA and the Council for Catholic Maintained Schools (CCMS) to ensure that external support is provided and having impact.

There have been significant challenges to the effective implementation of current statutory assessment arrangements throughout 2019-20, with trade union and wider professional opposition. The teaching unions included the assessment arrangements in the industrial action as part of their wider dispute linked to changes to pensions, pay, workload, conditions of service etc. The Education Transformation Programme includes a review to consider the purpose, nature and design of statutory assessment.

The international studies, Progress in International Reading Literacy Study and TIMSS, also provide evidence of and reassurance about the attainment of children in the primary phase, with high proportions achieving at the highest international benchmarks in both literacy and numeracy.

The EA is currently re-procuring a new system to support ICT use in schools. A project management structure has been established and the outline business case is being progressed. The Department, via the DE ICT Programme Board, will continue to challenge the EA to ensure delivery of this project.

The Directorate continues to work with the DfE in implementing the joint Careers Strategy and supporting the work of the Careers Advisory Forum (CAF). The current strategy ends in 2020 and initial work has been undertaken to scope out a review of its implementation to inform a refreshed/new strategy. The findings from the review of CAF, completed in 2019, will inform decisions about CAF and its role in a new strategy. The Directorate also worked with the Careers Service on the procurement of a careers software tool (to replace the existing tool when the contract expires) which provides an important resource for schools in the delivery of careers education programmes. The procurement exercise has been completed and work is being taken forward to train teachers and make the tool available in schools. There has been some delay as work was taken forward with the EA to ensure appropriate data protection controls are in place to enable the full roll-out of the tool to pupils. Training for Careers teachers has been completed in advance of the tool being available for use in classes.

The Directorate oversaw the allocation of £2m of grant funding to third party organisations to support delivery of the curriculum in schools, including Sentinus, the Irish Football Association/Gaelic Athletic Association, and Young Enterprise NI. The Directorate has worked closely with the organisations to streamline their business planning processes to ensure a clear focus on high quality educational outcomes that are aligned to the Department's key priorities, including providing educational opportunities for more children with FSME.

Early Years, Children and Youth Directorate

Early Years

The Pre-School Education Programme provides one year of funded pre-school education. For the 2019-20 academic year, the commitment to provide a funded pre-school education place for every child in their immediate pre-school year whose parents want it was once again achieved, with 99.9% of children whose parents remained with the process receiving the offer of a pre-school education place. The majority of children (97%) were placed at Stage 1 of the pre-school admissions process. The Directorate also provided early years' policy advice in relation to a number of statutory DPs for nursery provision. A digital portal was launched by the EA, enabling parents to apply for a pre-school place for their child online. Approximately 97% applications were submitted online. Work has also commenced on reviewing the definition of statutory criteria for pre-school admissions with the introduction of UC and consultation will take place as soon as possible.

The Department continued to provide funding to enable targeted support for children and families who need it most. Around 39,000 children and their families living in the most disadvantaged areas were eligible to access support from the 38 Sure Start projects across NI.

Targeted support of approximately £3m was also provided by the DE Early Year's Pathway Fund which supported approximately 7,800 children aged 0-4 years who may need additional help to reach their full educational potential.

The Department also funded the Toybox project, providing early years support for Traveller children and their families across the country. Funding continued for these

interventions to the end of 2019-20 so that support was maintained as the COVID-19 pandemic took hold.

The implementation of Learning to Learn - A Framework for Early Years Education and Learning (published October 2013) has continued. An additional 125 places across 39 nursery schools and nursery units in primary schools were approved through temporary flexibility in class size in 2019-20. Extended Services funding was allocated to 104 eligible voluntary/private pre-schools. 12 pilot Early Years Education Support Clusters are operational and following an evaluation completed by ETI, the Department proposes to incrementally expand the number of Early Years clusters. The Irish Medium pre-school support service continues and a three-year contract (following a public procurement exercise) is in place until July 2022.

The GRtL programme has been mainstreamed by the Department, and 75% of pre-school settings delivered the programme in 2019-20, a slight decrease on the 2018-19 participation rate of 77%.

The Departments of Health and Education continue to work in collaboration to deliver the 3+ Review, a developmental review of pre-school children led by health visitors which takes place in the pre-school setting involving the pre-school practitioner and parents. In 2019-20, the roll-out of the 3+ Review has expanded and is being offered to children in all DE-funded pre-school settings in three HSC Trust areas, and to 60% in two HSC Trust areas. It is expected that full roll-out will be achieved by 2022.

In addition to the above programme support, the Department provided capital funding to the Early Years sector to meet essential requirements, supporting continued delivery of the programmes. The Directorate also has policy responsibility for The Education Transformation Project – Transition of Children into Education and the CSCA and Children and Young People’s Strategy.

Children

The Children and Young People’s Strategy (CYPS) was published as a cross-departmental strategy on 16 December 2019. Following the return of the Executive in January 2020, the Education Minister has agreed the CYPS which is currently in process to be shared with the Education Committee and submitted to the Executive for adoption.

The EITP Play Matters project was extended for a further 6 months from April – September 2019. The project has been evaluated as highly successful exceeding all planned outcomes. The project has led to the inclusion of the importance of play within Community Plans, the development of specific play strategies by district councils, the inclusion of reference to play in a range of diverse strategies including the Prison Service Strengthening Family Relations Strategy and has been utilised as a positive medium to bring forward good relations opportunities between communities.

Youth

During 2019-20, the Directorate continued to work closely with the EA, a range of statutory and voluntary stakeholders and young people to deliver the actions set out in the PfY policy. In particular implementation of a new funding scheme was progressed, this

is the final significant action in PfY. As a result of the COVID-19 pandemic, implementation plans had to be postponed in late March, with revised implementation from April 2021 (subject to ongoing review).

The Department continued to work with the EA and other key stakeholders to develop and deliver actions aimed at promoting lawfulness in schools and through youth work in communities as set out in 'The Tackling Paramilitarism Executive Action Plan' and in particular Action A4 – '*The Executive should commission appropriate initiatives aimed at promoting lawfulness in schools and through youth work in communities*'.

- **Supporting Teenagers Away from Recurrent Trouble (START)** is a youth work programme targeting young people aged 12-25 and delivered in communities where young people are vulnerable to paramilitary influence and involvement in organised crime. Projects are delivered within the voluntary and statutory youth service providing individual activities and events for young people, siblings, peers and wider family. There are 13 youth workers working across 10 designated geographical areas engaging with over 3,000 young people, implementing innovative youth work practice and strength-based approaches.
- The **Capacity Building Programme** aims to equip youth workers and teachers with new skills and perspectives, building their knowledge and challenging their thinking towards helping children and young people they work with deal with the effects of paramilitary activity on themselves or siblings, friends or fellow pupils. Over 300 teachers and youth workers were trained and equipped with quality curriculum materials and resources to work in partnership and engage with young people vulnerable to influence by paramilitary groups.
- Significant impact has been evident, particularly in Derry/Londonderry, where youth workers have developed the **Supporting Youth Through Engagement (SYTES)** programme which has seen the EA and Police Service of Northern Ireland (PSNI) working collaboratively to strengthen the relationship between the PSNI and young people.

In addition, the Department continued to work with TEO and the EA to deliver T:buc camps and planned interventions and with grant funding facilitated the delivery of North South Education and Training Standards Committee for the professional endorsement of youth work education and training.

Childcare

Work has continued on the development of the Executive Ten Year Childcare Strategy, a priority in the *New Decade, New Approach* agreement. The full Executive Ten Year Childcare Strategy is subject to Executive agreement. As part of the development process, officials have engaged with colleagues in other jurisdictions to understand their early education and care offers, either available or proposed. Officials have also engaged, and continue to do so, with colleagues in other jurisdictions through the British Irish Council Work-stream for Early Years and with colleagues in Her Majesty's Revenue and Customs (HMRC) and the Department for Communities around the support available for childcare through the tax and welfare benefits systems.

The pilot Bright Start School Age Childcare (SAC) Grant Scheme, launched in 2014 as part of the first phase of the Executive Childcare Strategy - Bright Start: A Strategic Framework and Key First Actions, provides financial support to settings providing SAC in disadvantaged areas, rural communities and on the schools estate. In 2019-20, £1.1m was made available to maintain continuity of services to families using the services.

Inclusion and Wellbeing Directorate

Work to support the development of the new SEN Framework continued in 2019-20. The COVID-19 emergency has affected the consultation and, pending approval from the Minister, it is now intended that a joint consultation on the new Regulations and Code of Practice will take place during 2020-21 when schools are open again. Work in contemplation of statutory effect has continued to ensure the necessary preparatory work is completed in advance of commencement of the SEN and Disability Act (NI) 2016. During 2019-20 this included delivery of comprehensive training for schools by the EA's SEND Implementation Team covering all new legislative requirements and the new Code of Practice. Training for schools was interrupted due to the COVID-19 emergency, but EA staff will reschedule this during the 2020-21 school year.

A new SEN Steering Group was established in 2019-20. This Group provides a strategic forum for discussion on relevant education and health policy development and appropriate governance arrangements to help ensure effective implementation of all aspects of the new SEN Framework. Membership comprises representatives of DE, the Departments of Health, Justice, Economy and Communities, the EA, HSC Trusts and the Public Health Agency. Part of the Group's work has involved the monitoring of the implementation of the Notification, Referral and Assessment Project which will help improve interfaces and processes between the EA and Health and ultimately improve the statutory assessment process. Much progress has been made in this regard. The Group has also established a further project to review the statutory education transition planning process for children, who have a statement and are aged 14, to help ensure the move from education to adult life is as smooth and effective as possible.

The SEN Programme Board is satisfied with the work completed to date in addressing the recommendations of the NIAO SEN report, published in June 2017. Progress will be monitored through the 'Future Governance and Monitoring Report' and the Programme Board will continue to meet until any outstanding actions are addressed, including any arising from the follow on impact report is expected from the NIAO in 2020.

Work has progressed on the SEN Learner Journey which has the primary objective to transform communication and engagement with learners, their parents/carers and other relevant stakeholders in implementing the new SEN Framework to create a learner centric system and improve service delivery, experience and outcomes for pupils.

Engagement has been undertaken with children and young people, parents and carers, SEN co-ordinators and principals. Draft recommendations are being built into the EA's Improvement Plan for SEN in response to its audit of practice completed in December 2019. Work will continue on engagement with learners, parents and carers to test the recommendations as far as practical so that they can be finalised.

The Department continues to fund nurture groups in 31 primary schools and, in 2019-20, provided funding to the EA for its “Whole School Nurturing Approaches (WSNA)” pilot programme. The Department is currently considering proposals for a future nurture programme which will be subject to Ministerial approval.

The Department is continuing to progress its work programme on LAC. The Department, in collaboration with DoH, has completed analysis of the public consultation responses and amended the draft strategy to reflect these. An updated implementation plan has been completed and is subject to Ministerial approval.

The LAC Education project (formerly part of the EITP) is due for completion at the end of the academic year and includes the piloting of the Revised Personal Education Plan, trauma informed spaces and an alternative to the LAC Factor which are key building blocks in addition to the revised service delivery model within the EA. An independent evaluation of the project has been commissioned and will be informed by a PhD study of the ‘Attach Project’, one of the key trauma and attachment informed interventions. Early headline findings from the evaluation confirm the project is ‘world leading’ in its approach to identifying and supporting the needs of LAC, their carers and their schools as well as HSC staff. Subject to a positive evaluation and necessary resources the work on this project will be mainstreamed into a new EA service.

The consultation on the ‘Supporting Newcomer Pupils’ policy has concluded. The aim of the review is to consider the effectiveness of current policy and associated services on Newcomer pupils and their parents; explore options for improving support to Newcomer pupils; and develop and agree a forward looking Newcomer policy which delivers the best outcomes for Newcomer pupils and their families, helping these children to achieve their full educational potential. Subject to Ministerial approval, a new policy will be published during the 2020-21 school year.

The Addressing Bullying in Schools Act (NI) 2016 was intended to be implemented before the start of the 2019-20 academic year. The National Association of Head Teachers NI (NAHT) asked that the implementation of the Act be addressed as part of the discussion with the Department in relation to the ongoing industrial dispute discussion. The Department agreed a temporary pause to allow further meaningful dialogue to take place and has now fulfilled a commitment given to the teaching unions that the guidance materials would be reviewed with the EA. Commencement of the legislation is subject to a Ministerial decision.

The Department recently published the report “Informing the development of an Emotional Health and Wellbeing Framework for Children and Young People in NI” and will continue to work collaboratively with colleagues in DoH, the Public Health Agency, the HSC Board and the EA to publish the Framework and supporting implementation plan by December 2020.

Work continued with other departments and relevant bodies throughout the year, towards the implementation of DE specific 2019-20 autism actions, as outlined in the NI Executive’s Autism Strategy and Action Plan. Work will continue in 2020-21 to develop a new regional framework for the delivery of children and young people’s emotional well-being, autism and Attention Deficit Hyperactivity Disorder (ADHD) services.

Following a Mandatory Autism Training Motion Debate in the Assembly there has been ongoing work to consider how best to take this issue forward to ensure that sufficient autism training is available for teachers and others in the educational workforce.

DE established a Working Group on the Review of Medication Needs in October 2019 (made up of professionals/practitioners who have practical working knowledge of the administration of medication needs in schools) to review the guidance and update it as required.

Funding continued for the SENDIST Project -with £50K provided to the Children's Law Centre to deliver advocacy support to parents who are challenging decisions by the EA in relation to SEN.

The Directorate issued updated 'Safeguarding and Child Protection in Schools' guidance to all schools in September 2019 and a further update will issue to schools prior to their return in September 2020, along with an update of the Child Protection Records Circular. All safeguarding or child protection issues identified by ETI are monitored and action taken where appropriate. The Department plans to amend the Performance Licensing Regulations to align more fully with mainland UK and update Parental Responsibility Circular to reflect legislative changes.

Education Transformation Programme

The Directorate seeks to identify solutions to some of the key challenges faced by the education system, and develop policy options for the Minister of Education. In addition to the 12 projects commissioned in 2018-19 a further 5 were commissioned in 2019-20 by the Education Transformation Programme Board across DE, the EA and CCMS. These include:-

- Transforming Learning through Technology;
- School Data Profile Framework;
- Digital Admissions Phase 1;
- Tracking the Statementing Journey; and
- Early Years Portage.

Four of the five operational projects above are now complete. These are:

- School Data Profile Framework
- Digital Admissions Phase 1
- Tracking the Statementing Journey
- Early Years Portage

The remaining 13 projects are at a different stages in terms of delivery and mobilisation, however, during 2019-20 work has been delivered on project management structures; policy review; and delivery of improved services.

During 2019-20 engagement continued with stakeholders including political parties, school leaders and trade unions commenced.

A Programme Milestone Plan for 2020-21 was in development, which aimed to set out the key milestones for Programme and Project delivery. A key area for future development is the preparation of the Outline Business Case for funding beyond 2020. As the work on Education Transformation is discretionary, the Programme has been suspended in order to redirect resources to alleviate the pressures on the Department caused by the COVID-19 pandemic.

Sustainable Schools Policy and Planning Directorate

Thirty-nine DPs were published in 2019-20, an increase of fourteen from the previous year. The Permanent Secretary made decisions on 34 DPs, with 26 approved and eight not approved. All area planning activity was stood down in late-March and resources deployed to the Department's COVID-19 response. This will impact significantly on the delivery of work-streams set out in the EA's AAP 2019-21.

The Directorate initiated joint DE/EA/CCMS presentations to Local Government Councils to facilitate wider appreciation of the objectives of area planning and how partner organisations can contribute to the DP process and input to statutory consultations on proposals.

The Directorate published the 2nd Annual Report on area planning, which shows that, while the pace of planning is slowing down, there is increasing complexity in the identification of solutions that are area-based. It also shows decreases in the number of schools below SSP enrolment thresholds and a significant decrease in the number of available places in the system.

In 2019-20 the Directorate engaged with Land and Property Services (LPS) to build modelling and map outputs to identify schools that are demonstrating stress factors when assessed against the SSP criteria and indicators. This work will inform future policy options and provide evidence towards delivery of a network of sustainable schools. Consideration is being given to schools annually self-assessing their own sustainability against SSP criteria and indicators. This is expected to be implemented in the 2020-21 planning year.

The Directorate continued to work with the Departmental Solicitor's Office (DSO) on Judicial Review cases. These included a successful defence presented to a challenge inviting the Supreme Court to reverse a Court of Appeal decision in favour of the Department in the Gaelscoil an Lonnain case.

Within the overall Education Transformation Programme; the DSF project has been established to support and enhance strategic planning of a network of sustainable schools while critically assessing the DP process. The DSF project is collaboratively working with EA/CCMS to fast stream proposals and enhance reporting of progress. A successful pilot project was delivered facilitating 'non-significant' changes to approved school admissions and enrolment numbers outside the DP. Extensive work has also been completed with stakeholders at Area Planning Steering Group (APSG) and Working Group level which will be factored into revised area planning/DP guidance and will support the development of the second EA Strategic Area Plan.

Approved admissions and enrolments have been set for all schools for 2020-21 and a total of 686 TV requests and 82 admissions complaint cases were processed by the Directorate.

From two calls for applications, five Shared Education Campus projects have been identified and approved to proceed to planning, with Limavady SEC anticipated to start construction in mid-2020. Further projects have been identified from a third call for applications, however DoF has confirmed that there is insufficient FSA funding to take these projects forward. The Department continues to investigate options as to how best to take these projects forward.

Education Workforce Development Directorate

The Directorate delivered the following key priorities in 2019-20: payment of salaries to teachers and payment of teachers' pensions; approval, through DoF, of pay remits submitted to the Department; led the Strategic Cost Base Reduction exercise to help the education sector live within budget (this involved management of Headquarters and school-based voluntary exit processes (both teaching and non-teaching)); engaged with Employing Authorities to review teaching and non-teaching absence management and delivered the Year 1 Action Plan from the Absence Management Strategy for 2019-21; and delivered agreed milestones on the Teachers' Pension System Project, including awarding the contract to Civica and working with Civica to design and develop the new system ahead of anticipated go live in April 2020. As a result of the COVID-19 situation this launch had to be delayed and it is now anticipated that the new pension system will be implemented in October 2020.

Throughout 2019-20 the Directorate worked with education sector employers to monitor performance against the agreed target of 6% for non-teaching sickness absence levels. Despite best efforts, this target was narrowly missed, with absence figures for 2019-20 recorded at 6.05%.

The Directorate represents the Department on the management side of the Teachers' Negotiating Committee along with employer bodies and other sectoral interests to resolve the long running industrial dispute on teacher's pay and workload. A draft agreement in principle was reached in June 2019, which had the potential to resolve an industrial dispute in relation to teachers' pay and workload. Following allocation of funding in the 2020-21 budget and ballot / acceptance by the NITC which represents the five teachers' unions, all industrial action was ended on 29 April 2020 and the pay agreement implemented.

Finance Directorate

The Finance Directorate contributes to the Department's goal of delivering high quality education services.

Monitoring of the 2019-20 Resource Budget was a significant achievement due to the challenging financial position within the education sector. The Department continued to robustly challenge the EA on its pressures, engaged with DoF on the scale of pressures impacting the education sector and successfully secured additional funding in-year to mitigate pressures. Looking forward to future years, the Department continues to support the EA in the development of a recovery plan for the medium to longer term.

Monitoring arrangements are in place to ensure that the Department's ALBs do not draw down Grant-in-Aid in excess of their agreed annual cash limit. Whilst the cash drawn down was less than anticipated, this did not represent an underspend against the DE budget.

The Directorate finalised the 2018-19 Resource Accounts and Whole of Government Accounts for both the Department and the Teachers' Superannuation Scheme and made preparations for completion of the 2019-20 Accounts.

The Directorate continues to operate the CFS which is the mechanism used to calculate each school's share of their funding stream. The Review of the CFS project progressed on track, and developed an overall paper which was intended to form the basis of a submission to the Minister on next steps around consultation.

Assistance and guidance was provided to the EA in preparing an action plan to address the EA Centre of Procurement Expertise (CoPE) Accreditation Review recommendations and achieved agreement from the NICS Procurement Board to allow the EA to maintain CoPE status for a further 12 months to June 2020. In May 2020, the EA's Procurement Service underwent a CoPE accreditation assessment which fully endorsed the EA's status as a CoPE.

The Finance Directorate has supported the Department to assess the pressures faced as a result of the COVID-19 situation and in considering how existing budgets can be reprioritised to address these pressures.

In addition, the Directorate provides advice and guidance to a wide range of stakeholders including other business areas in the Department, the EA and other ALBs.

During 2019-20 the ASU became part of the Finance Directorate. Through the year the ASU collected and validated a wide range of data and produced National and Official Statistics publications on topics such as pupil enrolments, qualifications and destinations of pupils, school meals and teaching and non-teaching workforce. Results from the Programme for International Student Assessment (PISA) 2018 were published. An examinations database was developed during the year, removing the need to purchase data on subject level qualifications from an external provider. In-house analytical support was provided to policy teams through a number of projects in the 2019-20 Analytical Work Programme. ASU plays a key role in the assessment of value for money of significant capital projects such as major schools capital projects, minor works, the SEP, Strule and significant and high risk IT projects such as the Education Technology Services and EA One Projects through development and quality assurance of business cases. ASU is also involved in the evaluation of projects providing wider lessons learned for the Department and monitoring compliance with conditions of approval through the test drill.

Corporate Services & Governance Directorate

The Directorate continued to facilitate the Staff Engagement Forum which creates, implements and monitors the Departmental People Plan.

Office accommodation was identified as a priority in the Department's 2018-19 People Plan. During 2019-20 the Directorate progressed work in this area, and planned that the re-modelling project for Rathgael House would be completed by the end of 2020-21. In light of the COVID-19 crisis this work will be revisited and the Directorate will oversee arrangements for staff to return to work in the COVID-19 recovery phase, while ensuring adherence to social distancing and other health and safety measures and continuing to facilitate remote working as required.

The Directorate has ongoing responsibility for the oversight and maintenance of the Department's Risk Management Framework (RMF) and CRR and for reporting to the DE ARAC and Board on corporate risks.

The Directorate also has a management / coordination role in relation to ALBs' business planning and risk management. ALBs' 2019-20 business plans were commissioned, reviewed and monitored in a timely manner.

The Directorate has led on oversight of governance, accountability and assurance issues between the Department and its NDPBs.

During 2019-20 the Directorate reappointed members to the Boards of GTCNI, CCEA and NICIE, appointed three new members of the Board of CCEA, extended four appointments to the CCMS Council and nine to the CCMS Diocesan Education Committees. The Directorate also made appointments of the 12 "appointed" members of the EA Board and extended the appointment of the EA Chairperson. A public appointment competition was completed to identify a Vice Chairperson and two new members to serve on the MCA Board.

Subject to the Minister's decision on the future of the YCNI, the Directorate intends to revisit the public appointment competition to fill vacancies on the Board of the YCNI in 2020-21. The Directorate also intends to initiate a public appointment competition to fill vacancies on the Board of CCMS and its Diocesan Education Committees and the Boards of NICIE and GTCNI, subject to the Commissioner's agreement.

The Directorate provided amalgamation guidance to support Interim Boards of Governors and updated the Guide for Governors, which is available on the DE's website.

Throughout most of 2019 the appointment and nomination by DE of school governors was suspended in the absence of an Education Minister. In early 2020 the appointment/nomination process resumed for a brief period but was again suspended due to COVID-19. The impact on schools has, however, been mitigated by a number of factors:

- a Board of Governors reconstitution exercise, which occurs once every 4 years, was completed in early 2019, resulting in a relatively small level of vacancies overall;
- existing DE governors are able to remain in post until such times as they are replaced; and
- Boards of Governors may continue to function without DE-appointed / DE-nominated governors, as such governors represent only a proportion (ranging from one ninth to one third) of the total.

For some types of schools (e.g. controlled primary and secondary schools) there has been no impact as these schools have no DE nominations on their Boards of Governors.

The Department's twitter and facebook accounts continue to play an important role in promoting and publicising the "Helping Hands" and "playmatters" campaigns.

During 2019-20 the Directorate funded and oversaw the delivery of the International Education Programme 2019-20 by the British Council NI.

Through its EU Exit Policy Unit, the Directorate continued to prepare for the possibility of a "no deal" exit from the EU. Following training and exercising undertaken in advance of previous potential exit dates, the Department's Command, Control and Co-ordination (C3) arrangements were maintained in a state of readiness should a no deal scenario emerge at the end of January. No deal preparations were halted by the UK Government following the General Election in December and the withdrawal agreement between the UK and the EU was subsequently ratified and entered into force on 31 January 2020. The Directorate continues to co-ordinate the Department's input to the work being led by TEO in relation to the negotiations on the UK's future relationship with the EU and the potential impact on education in NI, with a particular focus on EU funding programmes (Erasmus and PEACE) and Mutual Recognition of Professional Qualifications. The EU Exit Policy Unit is staffed by one officer who, since March 2020, has also been assigned to work in the Department's COVID-19 Departmental Operations Centre (DOC) (see below).

Business Consultancy Services (BCS) carried out a review of the Controlled Schools Support Council (CSSC) and reported its findings in November 2018; its recommendations were considered by a cross-departmental working group and all recommendations, bar one which is pending, have been actioned.

The Directorate ensures effective arrangements are in place for managing major incidents or emergencies. In response to the escalating COVID-19 crisis, the Permanent Secretary formally instigated the Department's Business Continuity Plan and Major Emergency Response Plan in March 2020. The Department's Incident Management Team (IMT) was convened and began meeting daily to allow key colleagues involved in the Department's emergency response to consider and review ongoing and emerging issues, and ensure information flows to the Minister. The IMT helps inform the Ministerial-led Executive COVID-19 Crisis Management Committee. The DE DOC was stood up at this time to co-ordinate the Department's response on the ground as part of the NICS C3 response. A total of 18 staff were redeployed on a full-time or part-time basis to the DE DOC or to serve as Departmental Liaison Officers (LO) in the NI Hub (central operations room).

On Wednesday 18 March, the Head of the Civil Service informed all staff that new measures were to be taken within the NICS in response to the COVID-19 outbreak. This included working from home where possible and special leave for those staff who could not work from home but had a compelling reason not to be in the office.

To help facilitate business continuity and support home working for staff, Corporate Services and Governance Directorate in conjunction with IT Assist rolled out a home working programme. By the end of the reporting period (March 31 2020) 62% of staff

were working with 323 staff (59%) working from home and an additional 15 staff (3%) working on site. At the same time 48 (9%) were on COVID-19 special leave.

By the start of June 2020, 94% of all staff were working with 499 (88%) working from home and 34 (6%) working on site with only 2 staff members (0.35%) on COVID-19 paid special leave. The remaining staff were on long- or short-term sick leave.

Investment and Infrastructure Directorate

In 2019-20, the Directorate delivered a prioritised capital works programme across the full range of programmes within the delegated capital budget limit and in line with strategic priorities.

The Major Works Programme involves capital works projects to construct new schools. The Major Works programme continued to progress during the 2019-20 financial year.

Since June 2012, 66 major capital investment projects have been announced to advance in planning, with an estimated value at announcement of £563m. Of these 66 projects, three primary schools are now funded from Fresh Start capital for shared and integrated education, leaving 63 major works projects funded from Executive capital allocations.

Of these 63 projects 21 are complete; 10 have had a contractor appointed and/or are on site; 20 have approved business cases and are in the design phase; and 11 are at earlier stages of feasibility/planning. One project has been suspended due to area planning issues.

Some delays were experienced in the progression of projects due to inability to close out land acquisitions and the appointment of Integrated Consultant Teams on controlled schools. In addition, due to COVID-19 all projects on site were suspended for a period of approximately 6 weeks, some with only a few weeks remaining of construction. All sites are now operating again although with reduced workforce due to social distancing requirements.

Work on a potential new announcement commenced during 2019-20 with managing authorities asked to put forward schools by the 31 October 2019. It was anticipated that an announcement of a number of schools to advance in design will be made early in the 2020-21 but initial condition surveys on those schools put forward took longer than anticipated. The SEP 2 prioritised list closed on 8 May and a decision was made to make a final announcement from those ahead of a Major Capital announcement. This announcement was made in June 2020.

The SEP provides financial support to schools to improve their accommodation standards. Projects included in the SEP typically have a capital value of between £0.5m and £4m.

Work continues on the delivery of the 50 projects announced under the first call to the SEP. Forty seven projects are now complete or close to completion, and a further two are currently on site. One project from the first call is on hold pending a decision on a major works project funded under the FSA for shared and integrated education.

A second call for applications under SEP closed on 28 February 2017. During the 2018-19 reporting year the Department's Permanent Secretary announced two tranches of projects to advance in design. On 14 January 2020 the Education Minister announced a third tranche of 18 projects to advance in design, with a final 16 projects being announced by the Minister on 5 May 2020. The SEP2 prioritised lists are now closed. Overall, 74 schools have been announced under SEP2 – 43 primary, 19 post-primary and 12 special schools.

The Minor Works programme continues to target inescapable statutory requirements, pupil specific requirements under the Disability Discrimination Act (DDA) and other pressing needs to ensure that pupils are educated in safe and secure premises. Over £83m has been invested in minor works schemes across the whole schools estate in 2019-20. Minor Works brought forward in 2019-20 included:

- essential health & safety works to meet the needs of schools such as works relating to fire risk, security access, traffic management, refurbished/ replacement accommodation, electrical and mechanical services installations;
- DDA related works to support pupils with special needs and can include the installation of lifts, ramps as well as addressing pupil specific classroom and ancillary support needs; and
- unmet need across the estate, which can include provision of additional teaching and ancillary accommodation.

The Directorate continues to work with partners to deliver the projects announced under the FSA capital funding. The 28 projects comprise 11 integrated primary schools, 12 integrated post-primary schools and 5 shared education campuses.

In 2019-20, the Directorate recovered almost £0.2m in clawback from closed non-controlled schools, with a further £2.5m being received in capital receipts from the EA following disposal of surplus assets.

The Finance Minister's 2020-21 Budget announced on 24 March 2020 allocates £157.26m capital to DE. This includes £19.1m FSA funding for agreed shared and integrated education projects. The allocation will enable DE to meet existing contractual commitments and progress a range of capital projects in 2020-21 including completion of Woodburn (Primary School) PS, Gaelscoil na gCrann and Strabane Academy and continuing construction work on Rossmar School, Methodist College, Enniskillen Model PS, Devenish College, Holy Evangelists' PS, St Patrick's PS. It is also anticipated that, during 2020-21, contractors will be appointed on a number of major works.

In June 2020 the Minister announced a further tranche of new major works projects to advance in planning. Work will continue on announced SEP2 and Fresh Start schemes and we will continue to progress a programme of minor works to address urgent and prioritised issues across the schools' estate. Announced youth schemes will continue to be funded in 2020-21 to a level similar to previous years.

Strule Shared Education Campus Programme Directorate

The Directorate is responsible for the delivery of the SSEC Programme which involves significant capital investment into the construction of six core schools and associated shared education facilities. Plans for the development were originally submitted in 2010 and work began in 2013. Arvalee School and Resource Centre opened to pupils in September 2016. There are plans for five other schools to move on site: Omagh High School, Sacred Heart College, Omagh Academy, Christian Brothers Grammar School and Loreto Grammar School.

Throughout the 2019-20 financial year progress has been made across a number of areas - the Site Preparations Work contract is now complete and the Strathroy Link Road was completed and open to the public in November 2019 which has eased congestion in and around Omagh. Progress has continued in the development of the Funding Model, the Education Model Development Plan, the Strule Company and the Vacated Sites strategy. The Department continues to work closely with the six principals and their teams to build on the culture of sharing in Omagh through a wide range of shared education initiatives.

In relation to the construction, the Department has encountered unprecedented issues around the Main Works Contract procurement due to the withdrawal of one of the two bidders and although the competition is suspended, the Department is continuing to work to identify a solution to progress the procurement and award a contract for construction. A significant amount of work has gone into updating the programme business case options, cost estimates, benefits, risks and re-confirming the overall value for money. A second addendum to the Strule business case has been developed and is currently awaiting approvals.

The work plan into 2020-21 and overall Programme timescales are dependent on the approval of the business case addendum and final confirmation regarding access to FSA funding. Due to the ongoing procurement/business case delay and the more recently the impact on COVID-19 on government business there has been some slippage to completion dates with current estimates predicting the remaining schools will be on campus for September 2025 at the earliest.

Education and Training Inspectorate (ETI)

ETI provides a wide range of inspection services to support organisations in the education and training sectors. Its work contributes and extends to all of the Department's goals, with a focus on raising standards for all.

During the year industrial action by Teacher Unions continued to impact on the statutory duty of the ETI to monitor, inspect and report on the quality of education and the professional practice of teachers. Inspections proceeded in 2019-20 and the evaluations based on the evidence made available at the time of the inspection have been reported.

Across the 2019-20 business year, ETI completed 201 whole-school inspections and 5 youth setting inspections. In addition, ETI completed 6 inspections of nursery units as part of primary school inspections, 1 primary and 5 post-primary baseline monitoring inspections and 2 primary monitoring inspections. As a follow through from associated full inspection outcomes, 133 sustaining improvement inspections of primary, post-

primary, Education Other Than at School (EOTAS) and special school settings and 32 follow up inspections of pre-school settings, 6 primary, 1 post-primary, 2 EOTAS and 2 youth settings were completed.

ETI ensures that published reports are accompanied by the available statistics on the schools being inspected. All post-primary inspection reports include statistical data on retention rates and leaver destinations. There is a focus on the responsibility which a school has for those of its pupils attending EOTAS provision, and where appropriate LAC. Through the inspection of care and welfare, the provision for SEN and inclusion in all primary and post-primary schools is inspected and evaluated. In addition, ETI evaluates and reports on issues relating to attendance, suspensions and expulsions.

Areas for improvement identified during inspection are evaluated and reported on as part of the follow-up inspection process. In addition, school improvement is a key focus of the work undertaken by district inspectors.

Inspector exchanges and corporate visits were undertaken between the Department of Education and Skills (Ireland), Estyn (Wales), Ofsted and ETI during the business year 2019-20. There were also regular meetings with other inspectorates across the UK.


Across 2019-20, a number of good practice webinar events were organised by the ETI and video-on-demand recordings made freely available on the ETI website to support teacher professional learning.

To improve communication with key stakeholders, the ETI launched an official Twitter account @ETI_news to share key information about inspection including: encouraging parents to complete pre-inspection questionnaires; publication of inspection reports; sharing important messages; and disseminating effective practice. The number of followers has grown steadily to more than 1,700.

2.4 Summary of the Department’s financial performance

Statement of Comprehensive Net Expenditure (SOCNE)

A summary of the SOCNE for the year to 31 March 2020 is set out below:

| | 2019-20 £000 | 2018-19 £000 | Variance £000 | Variance % |
|--|-------------------------|-------------------------|--------------------------|---|
| Net operating cost for the year ended 31 March | 2,302,999 | 2,173,018 | 129,981 | 6  |

In 2019-20, the Department paid a total of £2,243m in Grant-in-Aid to its NDPBs to fund recurrent and capital expenditure on schools and youth services. The bulk of this grant funding, £1,805m, was paid to the EA. £412m was paid to Voluntary Grammar (VG) and Grant Maintained Integrated (GMI) Schools. £2,110m was paid in Grant-in-Aid to NDPBs in 2018-19.

In 2019-20, the Department paid grant of £45m (2018-19: £45m) to other organisations.


Total staff costs in 2019-20 amounted to £28.7m (2018-19: £26.3m) of which £1.2m (2018-19: £1.0m) was capitalised.

Purchase of goods and services amounted to £5.4m in 2019-20 which is a £4.2m decrease from £9.6m in 2018-19 (these figures exclude notional costs which amounted to £3.6m in 2019-20 and £3.5m in 2018-19). This is largely due to a payment in 2018-19 for Investing in the Teaching Workforce Scheme⁴.

A number of graphs which analyse ‘Long-term expenditure trends’ are included in the Performance Report.

Statement of Financial Position

A summary of the Statement of the Statement of Financial Position for the year to 31 March 2020 is set out below:

| | 31 March 2020 £000 | 31 March 2019 £000 | Variance £000 | Variance % |
|-------------------------------------|-----------------------------------|-----------------------------------|--------------------------|--|
| Total assets less total liabilities | (24,460) | (31,750) | 7,290 | 23.0  |

Property, plant and equipment increased by £5.8m due to: additions amounting to £5.2m largely in respect of the SSEC and including £0.2m for the purchase of land on Ormeau Road; an increase of £0.8m in the value of the land and buildings at the SSEC, as a result of the year end revaluation by LPS; and depreciation of £0.2m.

Intangible assets included £3.3m for the Teachers’ Pension System project and the Inspection Planning, Insight and Reporting Environment (InsPIRE) system, both of which are classified as assets under construction in 2019-20.

Trade and other receivables were £7.1m at 31 March 2020 and £5.1m at 31 March 2019. Between 31 March 2019 and 31 March 2020 grants receivable for the EU Peace IV programme increased from £1.5m to £3.5m and the amount due from the Consolidated Fund in respect of Supply increased from £1.7m to £2.1m.

Trade and other payables increased from £76.7m at 31 March 2019 to £80.9m at 31 March 2020.

Movements were mainly due to an increase in the major/minor works creditor; increases in accruals; and an increase in Consolidated Fund Extra Receipts (CFERs) due to the Consolidated Fund which were partially offset by a decrease in accrued income.

⁴ Teaching Workforce Scheme released serving teachers and provided the opportunity for recruitment of the same number of recently qualified teachers in their place.

2.5 Commentary on significant variances between Estimates and Outturn

The Department's Net Resource Outturn for the year shows an underspend of £138m (5.6%) against the Spring Supplementary Estimate for the year. This was mainly due to underspends in the following area:

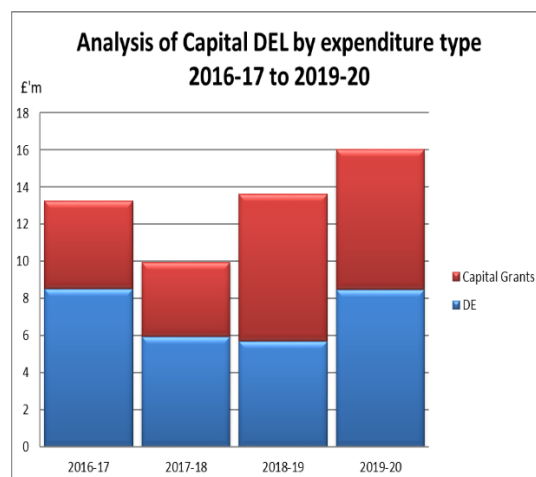
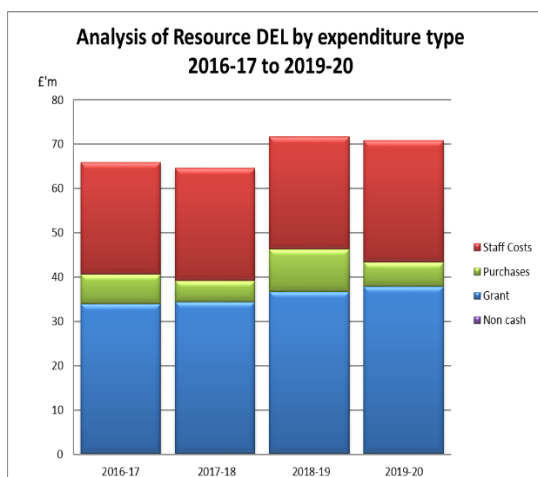
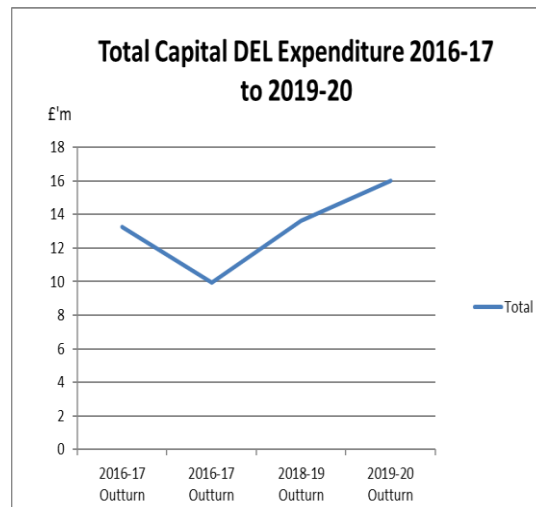
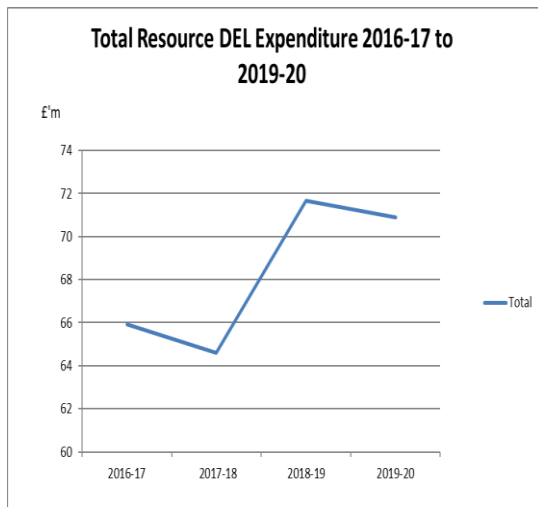
- £135m underspend due to lower than anticipated drawdown of cash Grant-in-Aid by the Department's ALBs to fund recurrent and capital expenditure on schools and youth services. As this relates to cash, this does not represent an underspend against the DE budget.

The Net Cash Requirement shows a total underspend of £158.4m (6.4%) against the Spring Supplementary Estimate for the year. This was due to:

- resource outturn being less than the Estimate by £138m, as noted above;
- the following non-cash items: depreciation, impairments and revaluation charge to the SOCNE were £1m lower than the Estimate due to a higher than anticipated valuation for land and buildings;
- other non-cash items were £0.8m less than the Estimate due to lower than expected provisions and notional costs; and
- changes in working capital balances were less than the Estimate by £21.6m due to a lower than expected decrease in "trade payables". The increase in liabilities is mainly due to the timing of both resource and capital grant payments.

2.6 Long term expenditure trends

The graphs below depict 4 years of budget outturn data in relation to the Department's own spending.



Resource DEL expenditure

Resource DEL expenditure decreased from £71.7m in 2018-19 to £70.9m in 2019-20. Purchase of goods decreased by £4.2m (largely due to a payment in 2018-19 for Investing in the Teaching Workforce Scheme). Resource Grant increased by £1.2m (largely due to an increase in Peace Funding).

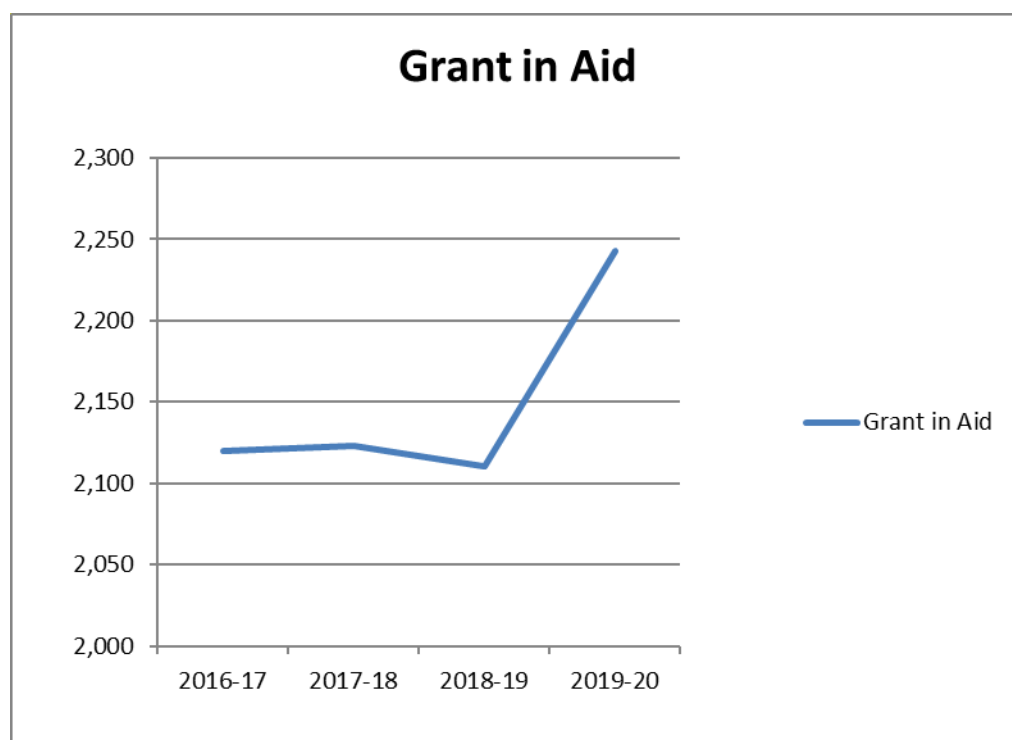
Capital DEL expenditure

Capital grant paid by the Department to other organisations, excluding ALBs, is classified as capital DEL for budget reporting.

Capital expenditure has increased from £13.6m in 2018-19 to £16.0m in 2019-20 due to increased spend in Capital Grants.

Grant-in-Aid

Grant-in-Aid is funding provided to the Department's ALBs to fund recurrent and capital expenditure and is classified as non-budget for budget reporting.



2.7 Future development and performance

The published long term attainment targets are included in in the *Analysis of 2019-20 performance against targets* section of this report. Subject to the Executive's agreement, the next PfG will set out other long term targets and commitments for the Department which will be incorporated into future corporate and business planning documents.

2.8 Social, community and human rights

When preparing or revising policies/decisions, consideration is given to any impact on equality (in accordance with Section 75 of the NI Act 1998) and human rights (the Human Rights Act 1998 and United Nations conventions).

United Nations Convention on the Rights of the Child (UNCRC)

The Department has responsibility for coordinating UNCRC matters on behalf of the NI Executive.

The UNCRC is a human rights treaty which sets out rights specific to children and young people. Every five years the United Nations Committee on the Rights of the Child assesses how well a government is respecting the rights of children. At the end of its examination it publishes its ‘concluding observations’ report which sets out where the UN Committee thinks a government is doing well and where it needs to do better, and makes recommendations on actions the government should take to improve children’s rights.

The UN Committee last examined the UK in 2016 and published its concluding observations in July 2016.

While the UN Committee acknowledged the good progress made across all the four UK jurisdictions (England, Scotland, Wales and NI) there are a wide range of issues covered in the concluding observations and it is important that a collective approach across all of the UK countries is taken when considering its recommendations.

There is no onus on governments to report progress against the concluding observations until the next reporting cycle which will commence during 2020-21. However the Department has co-ordinated a cross-departmental update on the issues raised by the UN Committee in the concluding observations to inform the NI Commissioner for Children and Young People’s second report on the ‘State of Children’s Rights in NI’ which is due to be published in 2020.

Children and Young People’s Strategy

Both the UNCRC articles and the concluding observations serve as a helpful and important guide to making sure that our policies – whether they hold direct or indirect consequences – consider children. The Executive’s new Children and Young People’s Strategy will be the main strategic instrument through which all nine Departments will work together to improve the well-being of our children and young people and it will ensure that due regard is given to the rights of children and young people.

In December 2019 the Department published a cross-departmental Children and Young People’s Strategy 2019-2029 which was intended to set out a framework for progressing children’s issues until the Executive returned.

With the return of the Executive in January 2020, the Department has developed a new Executive Children and Young People’s Strategy 2020-2030. The strategy is to be submitted to the Executive for adoption in early 2020-21.

Developed to align with the PfG and the CSCA 2015, the new strategy outlines how the Executive will work collaboratively to improve the well-being of children and young people and the outcomes it seeks to achieve across eight key areas of physical and mental health; play and leisure; learning and achievement; safety and stability; economic and environmental well-being; positive contribution to society; respect for their rights; and good relations and equality of opportunity.

Shared Education

Funding through the SESP and the Peace IV Programme supported 716 schools and early years settings, with over 85,000 children and young people engaged in shared education at the end of June 2019.⁵

The provision of a programme of professional learning across the education workforce continues to be funded through both SESP and Peace IV programmes, to increase the capacity to deliver quality shared education experiences. In 2019-20 the Peace IV Programme pupil to pupil activity continued, with classroom activity in former SESP schools funded by DE through a Shared Education pilot programme.

The Department leads on the Executive's T:buc Strategy headline action to commence ten new shared education campuses. Capital funding was secured under the Fresh Start: Stormont House Agreement for the five projects approved to proceed in planning to date under the SEC Programme. Two post primary projects are leading the way: Limavady SEC has an anticipated construction start date of Mid-2020; and design work is continuing on Ballycastle SEC. Progress is also being made on the three primary school projects - Moy SEC received business case approval in March 2019 and work has now commenced to appoint an Integrated Consultant Team. Feasibility studies have been approved for Duneane/Moneynick SEC and Brookeborough SEC with the EA currently working on the business cases for these projects. The Department has submitted bids for funding in order to progress projects identified from the third call.

Rural Needs Act (NI) 2016

In line with its obligations under Section 1 of the Rural Needs Act (NI) 2016 four Rural Needs Impact Assessments were completed across the Department during the 2019-20 year. These assessments will be listed within the Rural Needs Annual Monitoring Report 2019-20, published by Department for Agriculture, Environment and Rural Affairs (DAERA).

2.9 Other Matters

Environmental issues

DoF's Properties Division is responsible for managing the NICS office estate which, for DE, relates to Rathgael House and Waterside House, and includes associated building services and planned preventative maintenance e.g. boilers, lighting etc.

DE oversees the development, co-ordination and implementation of the NICS strategy and policies in relation to energy and sustainability, by ensuring that a Departmental Energy Manager and Premises Officers are appointed and that their roles and responsibilities are clear.

⁵ SESP at end of 2018-19 academic year. Individual pupil numbers are only available at the end of each academic year. Peace IV 2019-20, NI settings and children only.

DE's Energy Manager collects and maintains energy data for all buildings occupied by the Department and monitors energy in order to identify high or irregular energy consumption. The overall aim is to raise staff awareness and hence make savings through improvements and good housekeeping.

Although the Department has no specific targets in relation to the promotion of renewable energy, it does give consideration to the use of renewable energy sources, where economically feasible.

Energy efficiency was improved by the installation of 30 automatic meter reader (AMR) systems in schools in the 2017-18 financial year, followed by a further 25 AMRs in 2018-19. While there are no immediate plans to install further AMRs at this time, the data received from these AMR systems continues to enable the EA to view energy/water consumption in virtually real time and therefore identify waste energy and/or water consumption at the earliest possible opportunity

In June 2017 the NICS Board approved the establishment of an Energy Management Forum and tasked this forum with the development of an Energy Management Strategy. The work was co-ordinated by the Strategic Investment Board (SIB) and both the Department and the EA were represented on the forum, while the EA also participated in the forum's working groups. The NICS Board approved the Energy Management Strategy for NI Central Government in January 2019 and this is available on the SIB's website. <https://sibni.org/project/energy-management-strategy-and-action-plan-to-2030/>. During 2019-20 the Department has continued to engage with the SIB on actions to implement the recommendations in the strategy.

The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme that is regulated by the NI Environment Agency is a mandatory UK scheme designed to improve energy efficiency and cut emissions in the public sector and private sector. Measures to simplify the scheme were brought into law in NI on 20 May 2013, through the CRC Energy Efficiency Scheme Order 2013. The Department complied fully with its commitments under the CRC Scheme during 2019-20.

The Department is represented on the Future Generations Group (formerly known as the Cross Departmental Working Group on Climate Change), as well as its mitigation and adaptation subgroups. This Working Group ensures a proactive, interdepartmental approach is taken towards achieving greenhouse gas emissions reductions targets, including those in the Climate Change Act 2008. Greenhouse gas emissions are also an indicator associated with Outcome 2 in the draft PfG, "We Live and Work Sustainably – protecting the environment".

The Department's key actions in mitigating climate change are to work with the EA in the implementation of energy efficiency measures in schools and to incorporate sustainable development into the curriculum.

Alongside mitigation strategies, the Future Generations Group has also been developing complementary strategies to adapt to the changing climate. The first NI Climate Change Adaptation Programme was laid in the Assembly in January 2014 and the Department is contributing to the development of a second Adaptation Programme, with the work being

co-ordinated by the DAERA. The second Adaptation Programme, covering the period 2019-2024, was published in September 2019.

All schools in NI are currently registered for the Eco-Schools programme, making it the first region in the world to achieve every school an Eco-School. Eco-Schools is an international environmental education programme which offers a means for schools to take environmental issues from the curriculum and apply them to the day-to-day running of the school.

The Department has also had initial engagement with the EA, DAERA and Keep NI Beautiful to consider how schools might reduce waste generation, increase recycling and food separation for collection and save money. In 2019-20 the EA, in partnership with Eco Schools (KNIB), Queens University, DE and DAERA, launched their second competition to raise awareness across schools on the topical issue of single use plastics.

Sustainability

The Department is committed to the achievement of sustainability in construction procurement. This concerns the procurement and delivery of building, engineering and refurbishment projects that promote environmental, social and economic gains now and for the future. All school projects that receive capital funding from the Department are expected to comply with the requirements detailed in Guidance Notes on sustainability issued by CPD within the DoF.

Building Research Establishment Environmental Assessment Method (BREEAM) is used to assess the environmental performance of new and existing buildings. Where possible, the Department requires all major works for schools to achieve a BREEAM rating of 'excellent' in new school builds and 'very good' for refurbishment projects. The Department's building handbooks are designed to support the achievement of the appropriate BREEAM rating, within the affordability envelope for each project. Where appropriate, renewable energy sources are employed for the heating and power generation in schools.


An assessment of the impact of construction on ecology and biodiversity is undertaken as part of the BREEAM rating. The Schools' Building Handbook specifies that outside space should satisfy the Department's policy on biodiversity e.g. habitat replacement, bird boxes and bat boxes.

Education for Sustainable Development (ESD) is included in the curriculum across all key stages. Through ESD, pupils explore issues such as societal change, including global poverty and inequality, environmental and climate change, bio-diversity and the need to manage the human impact on the environment. The aim is to develop pupils as contributors to the environment so that they come to understand the interdependence of society, the economy and the environment; to develop respect for the needs of both present and future generations; and to act towards promoting an improved environment.

All school building contracts include overarching requirements in respect of energy, water and low carbon design to ensure the accommodation is sustainable and energy efficient. Cycle shelters may also be incorporated into school design to encourage active travel to school. The Department works with the Department for Infrastructure and the Public

Health Agency in support of their Active School Travel Programme, which aims to encourage more pupils to walk, cycle or scoot to school.

The Department's waste management and recycling contracts are procured by CPD in the DoF. Contractors have to deliver these services in accordance with the Sustainable Development Strategy for NI.

Handwritten signature of D A Baker in black ink.

Signed: _____
Accounting Officer

Date: 02 October 2020

DEPARTMENT OF EDUCATION ANNUAL REPORT

ACCOUNTABILITY REPORT

3. CORPORATE GOVERNANCE REPORT

The purpose of the Corporate Governance Report is to explain the composition and organisation of the Department's governance structures and how they support the achievement of the Department's objectives.

3.1 Directors' report

Ministerial responsibility

For the most part of 2019-20, no Minister was in post due to the absence of a NI Executive. Following the restoration of the Assembly, Mr Peter Weir MLA was nominated as Minister with responsibility for the DE on 11 January 2020.

Senior officers

The Department is normally headed by the Minister for Education, supported by the Permanent Secretary, three Deputy Secretaries, a Chief Inspector, the Finance Director, DE Strategic HR Business Partner and two independent non-executive directors. The composition of the Departmental Board during the year was as follows:

| | |
|----------------------|--|
| Derek Baker | Permanent Secretary |
| Mrs Fiona Hepper | Deputy Secretary |
| Mr John Smith | Deputy Secretary |
| Mrs Lianne Patterson | Deputy Secretary |
| Mrs Noelle Buick | Chief Inspector, Education and Training Inspectorate (until 31 March 2020) |
| Mr Gary Fair | Finance Director |
| Sarah Wilson | Departmental Strategic HR Business Partner |

Non-executive directors

Mrs Joan McEwan
Mrs Fiona Keenan (until 31 December 2019)

Pension liabilities

Treatment of pension liabilities is disclosed in accounting policy note 1.12 and in the Remuneration Report.

Financial instruments

Financial instruments are not material for the assessment of the Department's assets, liabilities, financial position and net expenditure (see note 9 in the Financial Statements section).

Company directorships

There are no company directorships or significant interests held by any of the senior management team members which conflict with their management responsibilities. Mrs Fiona Keenan is a director of Keenan HR Consulting Limited and has confirmed that this role has not conflicted with her position as an independent non-executive director of the Department. Mrs Joan McEwan is a non-executive board member of the Patient and Client Council (an ALB of the DoH) and has confirmed that this role has not conflicted with her position as an independent non-executive director of the Department.

Auditor

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

The audit of the financial statements for 2019-20 resulted in a notional audit fee of £64k which is included in the administration costs in the SOCNE.

Equality statement

The Department, in carrying out its functions, has a statutory responsibility to have due regard to the need to promote equality of opportunity:

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

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

Complaints handling

Details of the Department's complaints procedure are available on the Department's internet site at <https://www.education-ni.gov.uk/complaints-procedure-3>.

In 2019-20, eight complaints were received under the procedure, compared to 16 in the previous year.

All complaints are analysed and lessons learned compiled into a year-end report which is considered by the Departmental Board. Complaints are centrally monitored for any emerging trends. Any such issues identified are raised with senior management for consideration and resolution.

No complaints have been referred to the Parliamentary Ombudsman for investigation in 2019-20.

Personal data related incidents

In line with the requirements of the Data Protection Act/GDPR 2018, the Department has a data breach detection, investigation and internal reporting policy and process in place, which is published on the DE Intranet site for staff. The Department has a duty to report certain types of personal data breach to the Information Commissioner's Office (ICO) within 72 hours. In addition, if a breach is likely to result in a high risk of adversely affecting individuals' rights and freedoms, those individuals must be notified too.

In 2019-20 the Department did not have cause to report any personal data breaches to the ICO or data subjects.

Events occurring since the end of the financial year

There are no events after the reporting period relating to the 2019-20 financial year.

Payment of suppliers

The Department is committed to the prompt payment of bills for goods and services received, in accordance with the Better Payment Practice Code. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

As part of the NI Assembly's efforts to support businesses during the current economic circumstances, Accounting Officers were asked to support a commitment to paying invoices within 10 working days.

During 2019-20, 93.87% (91% 2018-19) of invoices were paid within 10 days and 98.28% (98% 2018-19) of invoices were paid within 30 days.

The Department's performance both in terms of paying invoices within 10 days and 30 days can be viewed on the Account NI website:

http://www.accountni.dfpni.gov.uk/nics_prompt_payment_table_2019-2020_march20.pdf

No interest was paid under the Late Payment of Commercial Debts (Interest) Act 1998.

Disclosure of information to auditors

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

3.2 Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (NI) 2001, DoF has directed the DE to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- observe the Accounts Direction issued by the DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government* FReM have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The DoF has appointed the Permanent Secretary 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 the Accounting Officer is answerable, for keeping proper records and for safeguarding the DE's assets, are set out in *Managing Public Money* NI.

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

3.3 GOVERNANCE STATEMENT

3.3.1 INTRODUCTION

This Governance Statement is a key feature of the Department's annual report and accounts. It provides details of how I, as Accounting Officer, have ensured effective management and control of resources during the 2019-20 year, and of the action taken to ensure effective risk management and a high standard of corporate governance.

The Head of Internal Audit has provided me with a report on internal audit activity within the Department during the year and a satisfactory opinion on the Department's governance, risk management and internal control system. There was one limited opinion awarded during 2019-20 for the review of Area Planning. Additionally, three limited opinions remain for the reviews of Minor Works, Additional Educational Needs and School Governance.

In addition, two NICS-wide thematic reviews were ongoing at the end of the 2018-19 audit year in relation to Whistleblowing and Risk Management, have been finalised and presented to the NICS Board. There were no issues for the Department to take forward.

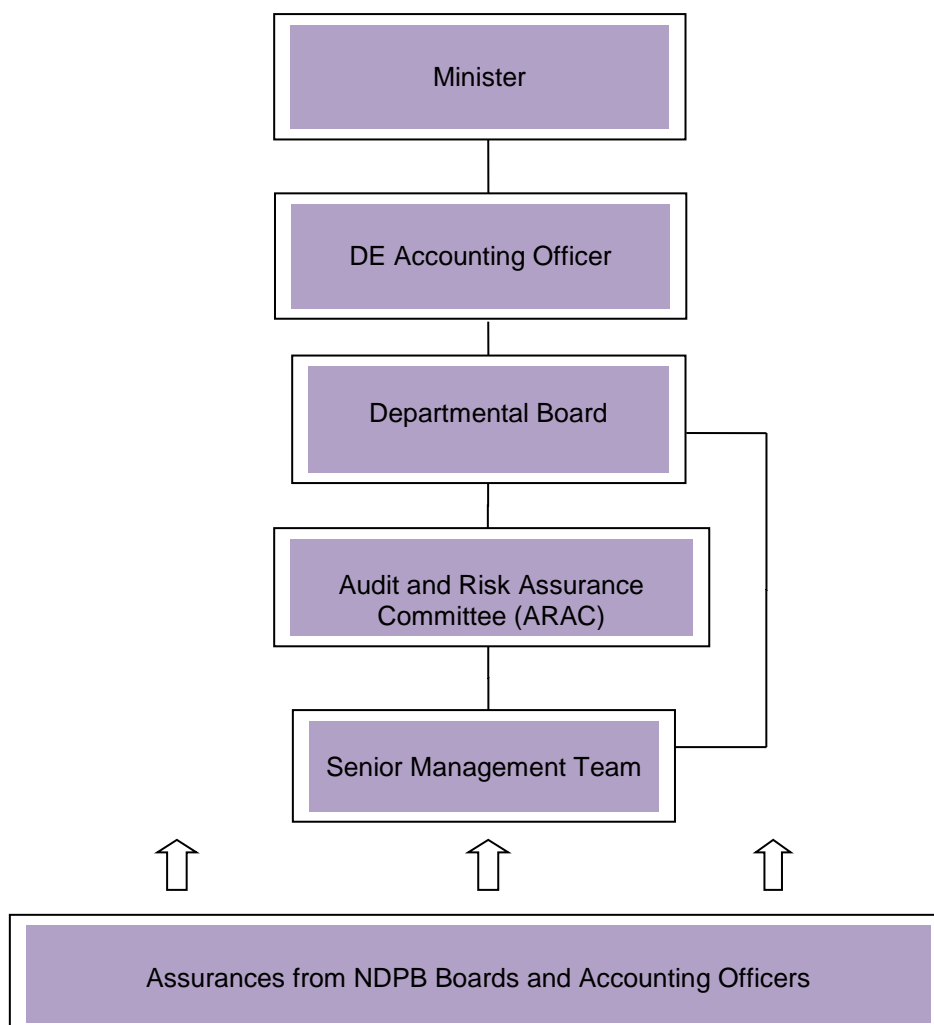
There were no DE specific audits within the NICS Cyber Risk Internal Audit Plan for 2019-20. There was one NICS wide cross-cutting review completed in 2019-20, namely the Follow-up Review of Implementation of NICS Cyber Risk Assurance Recommendations. The original report had a satisfactory opinion and the findings from the follow-up did not change this opinion.

The following statement primarily focuses on the Department, as each of its eight sponsored NDPBs provides an equivalent statement within its published report and accounts.

3.3.2 DE'S GOVERNANCE FRAMEWORK

DE operates under the direction and control of the Minister of Education who is the Head of the Department. The Minister leads the Department and is responsible and accountable to the Assembly for the policies, programmes and actions of the Department. As Permanent Secretary, I am the Minister's principal adviser, the administrative head of the Department and the Accounting Officer. As Accounting Officer, I am personally responsible and accountable to the Minister and to the Assembly for the effective management and organisation of the Department, including the use of public money and the stewardship of its assets. Following the agreement and publication of 'A New Decade, A New Approach' a new Northern Ireland Executive was formed on 11 January 2020 and the Minister of Education was appointed.

The Department operates a detailed governance and accountability framework designed to help it oversee and hold to account the NDPBs which it sponsors. This is described more fully in section 9 below. In my role as Accounting Officer, I function with the support of the Departmental Board, its ARAC and my Senior Management Team. This structure is outlined below:



The Departmental Board

The Department is managed by a Departmental Board which, within the strategic framework set by the Minister, supports me as Permanent Secretary in the discharge of my role.

The Departmental Board is chaired by me and comprises three Deputy Secretaries; the Chief Inspector of ETI; the Finance Director; the Departmental Strategic Human Resources Business Partner; and two independent non-executive directors. (There has been one independent board member since January 2020; a recruitment competition is underway to fill the vacancy). The role of the independent board members is to: provide an independent and external perspective on the work of the Departmental Board; bring some specific expertise to its discussions; and provide a constructive challenge across the Departmental Board’s business. Other Departmental Directors have been invited to attend meetings where agenda items relevant to their business areas required their attendance to inform discussion. The Departmental Board’s work is guided by a Corporate Governance Framework which is reviewed regularly.

During 2019-20, the Departmental Board met on 8 occasions.

Departmental Board Membership and Attendance 2019-20

A list of members is provided below along with details of their individual attendance records:

| Board Member | Meetings Attended | Out of a possible |
|---|--------------------------|--------------------------|
| Derek Baker (Chair) | 8 | 8 |
| Noelle Buick (Chief Inspector, ETI) | 8 | 8 |
| Fiona Hepper (Deputy Secretary) | 6 | 8 |
| John Smith (Deputy Secretary) | 8 | 8 |
| Lianne Patterson (Deputy Secretary) | 6 | 8 |
| Gary Fair (Finance Director) | 7 | 8 |
| Fiona Keenan Independent Board Member (until 31 December 2019) | 5 | 6 |
| Joan McEwan Independent Board Member and Chair of ARAC | 7 | 8 |
| Sarah Wilson (Departmental Strategic Human Resource Business Partner) | 6 | 8 |

The Departmental Board's role is set out in the Department's Corporate Governance Framework.

It includes the following elements.

- Taking the lead in communicating a system-wide strategy and vision.
- Leading on the implementation of that strategy and vision through:
 - setting the Department's standards and values;
 - ensuring delivery of the Department's Business Plan objectives;
 - the development of policy, under the direction of the Minister, and the directing of change; and
 - the allocation and management of resources.

- Monitoring the implementation of that strategy by:
 - tracking delivery progress against targets and expenditure;
 - holding the Department and its delivery partners to account for this progress;
 - safeguarding against and managing risk; and
 - maintaining internal controls.
- Managing, monitoring and improving the performance of the Department, leading organisational change where necessary.
- Ensuring that there are robust governance arrangements within each of the Department's NDPBs.

During 2019-20, there were six categories of routine Board business. These again reflected the areas set out in the Corporate Governance Framework, with the addition of EU Exit:

- financial matters and allocations;
- business planning;
- policy and strategy;
- management including human resources;
- risk management and internal controls; and
- impact of the UK leaving the EU on education in NI.

Conflicts of Interest

Every six months members of the DE Board are asked to sign a Declaration of Interest. Declarations are reviewed by the Accounting Officer and placed on the DE website at <https://www.education-ni.gov.uk/register-interests>. An explanation of how any actual/potential conflicts will be managed is included.

Board sub-committee

During 2019-20 the Departmental Board was supported by the ARAC.

ARAC

The ARAC is an independent advisory committee with no executive functions. Its role is to support me in my role as Accounting Officer and to support the Departmental Board in discharging its respective responsibilities for issues of risk, control and governance and associated assurance with the support of a professionally qualified Internal Audit service.

ARAC comprises four independent members. Two members are serving senior civil servants and two are DE independent Board members. There has been one independent Board member since January 2020; a recruitment competition had commenced to fill the vacancy, however this has been paused due to the Covid-19 situation. The competition will be revisited once the way forward for the current situation is clearer.

During 2019-20 ARAC meetings were also attended by a number of DE staff, including me as Permanent Secretary; the Deputy Secretary with responsibility for Resources, Reform and Infrastructure; the Finance Director; the Director of Corporate Services & Governance; the Head of Internal Audit; and representatives from the Department's external auditors, the NIAO.

Throughout the year the Committee considered the findings from internal and external audit activity, including updates on whistleblowing and fraud cases along with the outcomes of key governance processes such as risk management, Governance and Accountability Review (GAR) meetings and the biannual NDPB governance statements. In addition, the Committee invited various risk owners (DE Directors) to attend and provide assurance on their areas of responsibility.

Attendance 2019-20

| Name | Meetings Attended | Out of a possible |
|-----------------------------------|--------------------------|--------------------------|
| Joan McEwan Chairperson | 4 | 4 |
| Fiona Keenan | 3 | 4 |
| Judith Andrews | 3 | 4 |
| Gavin Patrick | 3 | 4 |

A key role of the ARAC during 2019-20 was to provide independent advice, scrutiny and challenge on:

- the strategic processes for risk, control and governance and preparation for the Governance Statement;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of the management response to issues identified by audit activity, including external audit's management letter;
- assurances relating to the management of risk and corporate governance requirements for the organisation; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

3.3.3 DEPARTMENTAL BOARD PERFORMANCE

I consider that the Departmental Board operated effectively during 2019-20, meeting regularly and considering relevant issues at the appropriate time. The Departmental Board fulfilled its role as set out at section 2 above.

2019-20 Review of Board Effectiveness

The annual evaluation of DE Board effectiveness has been delayed because of the COVID-19 pandemic. The position will be reviewed in Autumn 2020.

For 2018-19 an independent evaluation of the effectiveness of the DE Board was undertaken by the Group Internal Audit Service. The report and recommendations have been considered and agreed by the DE Board and an implementation plan and timetable prepared. This continues to be taken forward.

3.3.4 HIGHLIGHTS OF BOARD COMMITTEE REPORTS

This section provides information on key areas progressed by the Departmental Board's ARAC.

The ARAC met four times during the year, reporting at each subsequent Board meeting on the key issues discussed, and the full minutes were circulated to Departmental Board members when finalised. In March, ARAC papers were issued by correspondence for consideration by Committee members due to COVID-19.

The Chair met with the Head of Internal Audit in advance of each meeting to discuss current and emerging risks and issues. During ARAC meetings, the Committee received updates on priority Departmental issues including the Department's Transformation Programme and the preparations for the introduction of ALB Partnership Agreements. The ARAC continued to seek to understand and keep abreast of the main challenges facing the Department's NDPBs through regular high level updates on significant risks. Additional assurance was also sought from the EA Chief Executive, who attended the ARAC in May 2019 to provide assurance on a number of key risk areas including governance weaknesses, ongoing child protection and safeguarding issues, and an update on the EA's Transformation Programme and key ICT projects.

The Committee also sought to build on Departmental relationships with ALBs by holding a workshop in October 2019 for ALB ARAC chairs and members. The feedback received following the workshop will help to inform the Department's work in developing and implementing the ALB Partnership Agreements. The ARAC Chair also met with the ARAC Chairs of the EA, GTCNI and CnaG.

In terms of its own governance and accountability, ARAC members also met with the NIAO in separate closed sessions. While the ARAC Chair met with the DE Accounting Officer for a bi-annual appraisal, due to COVID-19 it was only possible to carry out one appraisal during 2019-20. The ARAC's annual report for 2019-20, which summarises the work of the committee and providing its opinion on the comprehensiveness and reliability of the assurances available to support the Departmental Board and, particularly, to support the DE Accounting Officer in his accountability obligations, has been delayed as a result

of Covid-19. It requires input following the completion and sign off of the Annual Accounts. These are due to be completed and signed off at the ARAC on 30 September 2020.

The independent ARAC members completed the ARAC self-assessment for 2019-20 on 21 May 2020 and concluded a satisfactory assessment of the ARAC's effectiveness. The self-assessment included a review of the recommendations from the previous two years and the identification of the key areas on which to focus their attention in 2020-21.

3.3.5 CORPORATE GOVERNANCE

As noted above, the Department has in place a Corporate Governance Framework which aligns with the *Corporate Governance in Central Government Departments: Code of Practice NI 2013*.

Subsidiary Governance Statements were prepared and signed by all Directors and have been used to prepare the DE Governance Statement.

3.3.6 QUALITY OF THE DATA USED BY THE DEPARTMENTAL BOARD

The Departmental Board relies on four main sources of data to inform its deliberations.

These are:

- statistical information (for example, data related to enrolments, attainment, attendance, workforce);
- financial information (including monitoring reports on capital and resource expenditure);
- HR information, mainly data on attendance management; and
- inspection evidence, mainly data used to compile the Chief Inspector's report and the annual report to the Departmental Board.

All statistics produced by the Department are designated as 'Official Statistics' and some are designated as 'National Statistics'. As such, they are produced in line with the eight principles and three supporting protocols set out in the UK Statistics Authority's *Code of Practice for Official Statistics*. Accordingly, the Departmental Board considers that it can take assurance regarding the quality of the statistical data it uses to monitor performance and inform decision-making.

The finance data presented to the Departmental Board are prepared from internal and external finance systems, which are supported by internal control frameworks. These are subject to both internal and external audit scrutiny across the education sector.

Information on attendance management is sourced from official reports provided by NISRA.

The inspection data presented to the Departmental Board are prepared from the ETI's Management and Recording System (MARS). A MARS record is completed for each inspection and is subject to internal scrutiny and annual audit.

3.3.7 MINISTERIAL DIRECTIONS

Arrangements exist to respond to a situation where an Accounting Officer believes that he/she is being asked by a Minister to take a course of action that could potentially result in irregular expenditure, impropriety, or poor value for money. In such circumstances, the Accounting Officer may seek a formal Ministerial Direction to proceed. Owing to the political impasse, there was no Minister in place for the most part of 2019-2020. However, following the appointment of a Minister in January 2020, there were no formal Ministerial directions issued between January and March 2020.

3.3.8 RISK ASSESSMENT

The Departmental Board has responsibility for ensuring that an effective risk management process is in place and is regularly reviewed. In discharging this responsibility, it is supported by the ARAC and the Department's Internal Audit Team. The Chair of ARAC is an independent Board member on the Departmental Board and is privy to discussions in relation to Departmental risk at Departmental Board meetings. This arrangement, in conjunction with written and oral updates provided at each meeting, ensures that the ARAC is kept fully informed of the Department's risk profile to enable it to undertake its responsibilities effectively.

The DE RMF sets out the Department's approach to risk and the mechanisms through which potential risks to the achievement of the Departmental objectives are identified and evaluated. The RMF was updated in January 2019 and May 2020 to reflect organisational changes and other routine amendments, such as those relating to the management of information risk.

The RMF requires that any Directorate residual risk that is assessed as "Orange" or "Red" must be reported to the Departmental Board, with the Minister also being informed of any "Red" risks. Contingency plans should also be developed and tested, where required.

Risk Management

The Departmental Board agrees the risks to be included in the Department's CRR and agrees ownership of each risk. The risk management process is integrated with normal management processes and informs the annual business planning cycle so as to link risk management and internal control with the Department's ability to fulfil its business objectives. Risk is managed in the Department by way of an on-line Risk Management Application, which contains all Departmental risk management guidance, and which hosts all risk registers at Corporate, Directorate, Programme/Project and Team levels.

During 2019-20, the Departmental Board identified 17 corporate risks to the Department's ability to deliver progress in key priority areas. The areas of risk related to educational planning, delivery and attainment, child protection and safeguarding, governance, finances (both resource and capital), business continuity, information management, EU exit and the DE Transformation Programme. The Departmental Board reviewed its

corporate risks regularly throughout the year, identifying changes that needed to be made to ensure effective categorisation and management of risk. The Departmental Board particularly ensured that risks were reviewed in the context of progress in delivering business plan commitments within the challenging environment of tightening economic and budgetary constraints and uncertainty.

One new risk was included in the CRR during 2019-20, which relates to potential failure by the GTCNI to provide DE with sufficient assurances that it is fulfilling its regulatory function. GTCNI is the professional registration and regulatory body for teachers in Northern Ireland. Registration & Regulation underpin the professional status teachers enjoy in Northern Ireland and the delivery of this function by GTCNI, on behalf of the profession, is central to public confidence. The ability to remove members, whose conduct or behaviour falls below expected standards, is a core feature of all professional bodies and in the case of the teaching profession in Northern Ireland, the legislation that established GTCNI provides the current legal basis for regulation, namely the Education (Northern Ireland) Order 1998 and the GTCNI (Registration of Teachers) (Amendment) Regulations (Northern Ireland) 2015.

Legal advice has identified weaknesses in current arrangements. DE is working with GTCNI to address these and establish a timetable leading to full professional regulation. In the interim, GTCNI is processing misconduct referrals as far as possible.

The Department and Council recognise the significant importance of this work for both the profession and public and are taking all reasonable steps to ensure that teacher regulation processes in Northern Ireland are appropriate and suitably robust.

Two existing risks were removed from the CRR during 2019-20:

- *Availability of appropriate post-primary school places for children transferring to post-primary education in September 2019 (removed August 2019);*

The residual risk reduced due to continued collaborative working between the Department and the EA on post-primary transfer. The number of children unplaced at the end of the process was significantly reduced on the previous year (and proportionately even more so given the cohort) and continued to reduce on a daily basis.

- *The movement of human resources to EU Exit work means that the Department does not achieve its core business objectives. (removed February 2020);*

The United Kingdom left the European Union on 31 January 2020. Whilst the Department continues to have an interest in a limited number of issues within the negotiations on the future relationship with the EU, the possibility of these requiring human resources to be redirected from core business was considered to be extremely remote.

Additionally, each directorate/business area was required by the Departmental Board to have in place appropriate arrangements for managing risk at a lower level.

The Department is dependent on its ALBs for the delivery of policies and services. The Department needs to be assured that risk is being managed effectively by all of its ALBs, and they must in turn provide assurance to DE on risk management, governance and

internal control. As ALBs are constrained in their actions by Departmental and broader government policy, there must be a joint understanding of the level of exposure to risks and the way in which risks are assessed and managed across the Department and its ALBs and, in particular, all risks should align.

With this in mind, all ALB and DE Directorate risk registers were examined during 2019-20 and reports were provided on the findings in relation to:

- a) the alignment of risks to those in the Department's CRR; and
- b) the standard of risk registers and their adherence to the principles of risk management contained in the Department's Risk Management Framework.

Reports were provided to the Departmental Board and ARAC. Child protection and safeguarding remain a significant risk for both DE and the Education Authority. During 2019-20 a number of incidents in relation to transport arrangements and the safeguarding of pupils on buses have occurred. These are currently under investigation. Where necessary, lessons learned will be identified and further strengthening of safeguarding arrangements will be made to avoid re-occurrence.

As mentioned earlier, in order to improve the standard of risk management across the Department, an on-line Risk Management application had been launched in October 2018. The application hosts risk registers at all levels across the Department and its use was fully embedded during 2019-20. A post-implementation review of the Application was completed during 2019-20 and it reported that users of the Application now found managing and recording risk easier than before. The findings were reported to the ARAC in December 2019.

Significant issues arising during 2019-20

During 2019-20 the Department managed a number of significant issues in relation to:

- COVID-19
- Child Protection and Safeguarding
- EA Audit of Practice on Special Educational Needs (SEN)
- GTCNI
- Industrial Action by Teacher Unions
- EA 2019-20 Provisional Outturn Overspend
- EA IT Projects – EA One (HR & Payroll) Project / Education Technology Services (ETS) (Lot 8 Procurement) C2k Replacement
- Fraud Prevention and Whistle-blowing
- 2020-21 Budget Position
- Budget Authority in the absence of a NI Executive
- Implementation of the EA “Providing Pathways” Area Plan and 2019-21 Annual Action Plan
- Development Proposal (DP) Activity
- Strule Shared Education Campus (SSEC) Programme

- Appointments to DE’s ALBs and school boards of governors
- The UK’s Decision to Leave the European Union (EU)
- Delivery of HR services
- Staff absence
- Youth Council for NI (YCNI)

COVID-19

The Department put in place arrangements to work closely with all its education partners on a range of complex issues arising from the COVID-19 outbreak, including the EA on service delivery issues and the CCEA on examinations issues. The Department convened a COVID-19 Contingency Planning Group with representation from key stakeholders including ALBs and sectoral bodies and schools were regularly updated with appropriate advice as the situation evolved.

The Department developed its own COVID-19 Strategy and Plan built around the following strategic priorities in support of the Executive’s COVID-19 response:

- To ensure the continuity of learning for children and young people
- To support vulnerable children and children of key/critical workers
- To ensure families do not experience hardship as a result of schools closing

In pursuit of its strategic priorities, the Department developed a COVID-19 Response Plan around the following key themes:

Key workers

All schools closed to the majority of learners at the end of the school day on 20 March 2020 with a variable number of settings remaining open for the children of key workers and vulnerable children. As some parents were having difficulty in obtaining a place for their children due to their “home school” being closed, a helpline and placement system was implemented and supported the placement of significant numbers of children.

“C-19 Clustering” arrangements for schools were implemented to encourage all settings to work collaboratively to accommodate the children of key workers and vulnerable children in their local area. The Department also launched a scheme for volunteers from across the wider education sector to register and offer their assistance.

Distance Learning

When schools closed to pupils on 20 March 2020, to complement information and guidance to parents from individual schools, the ETI produced and published support materials designed to support children, voluntary playgroups, nursery schools, primary and special schools and parents with remote learning.

Working collaboratively with CCEA, EA, ETI and CCMS, the Department has been focussed on ensuring that appropriate action is being taken to secure, as far as possible, learning, progression and wellbeing of our children and young people. A formal programme has been established to ensure delivery and designated link officers have been identified who are the first point of contact for schools. The officers are working with schools to ensure that individual issues are resolved promptly and identify what more can be done to support provision for continuity of learning.

Northern Ireland benefits from a highly sophisticated IT education infrastructure for all schools which enabled teachers to establish distance learning with their pupils at pace. A DE survey on 24 April 2020 found that 96% of schools which responded were using on-line learning as part of their approach. The Minister has agreed a process for the allocation of digital devices to children who would benefit from the loan of a digital device to support their learning and announced criteria for the distribution of devices to disadvantaged and vulnerable learners in particular year groups.

Examinations

The Department worked closely with CCEA and colleagues in the other UK jurisdictions, and consulted with key stakeholders to identify the most appropriate way forward and ensure alignment as far as possible with England and Wales, while taking account of policy differences.

Those due to complete qualifications in summer 2020 were to have received calculated grades which are a combination of teacher professional judgement and statistical modelling. The results issued across England, Wales and Northern Ireland as normal in August, but following a Ministerial decision on 17 August the AS and A'level results (issued on 13 August) were re-calculated to reflect the higher of either the calculated grade or the centre assessed grade, and the GCSE results which issued on time on 20 August were awarded on the basis of centre assessed grades only. This aligned with changes announced in England and Wales on the same day. CCEA consulted on and subsequently put in place an appeals mechanism, and updated the process to take account of the changes to the awarding process following the Ministerial decision of 17 August.

The Department also worked closely with the DfE on the arrangements for awarding vocational qualifications.

Vulnerable children

As in the rest of the UK, support for vulnerable children and their parents/carers was prioritised. Vulnerable children have been facilitated to continue to attend school where it is in their best interests and safe and appropriate to do so. Support has been available for children and their parents through a range of EA services including, for example, the Child Protection Support Service for Schools, the Children Looked-After Education Service, the Intercultural Education Service, EOTAS services, the Education Welfare Service, Schools' Counselling Service and the Youth Service.

The majority of youth settings also closed from 20 March, the exception being for delivery of targeted support to young people at risk. Alternative youth work delivery mechanisms were put in place to support vulnerable young people and many local voluntary youth settings have kept in contact with their members through on line and other creative solutions to deliver youth work.

In terms of early years, the 38 Sure Start projects have continued to provide vital support by on-line and other means to children (aged 0-3) in the most disadvantaged areas across Northern Ireland, particularly those most vulnerable.

Officials have engaged regularly with colleagues in the DoH to ensure there is a continuum of support for vulnerable children - including those on (or on the cusp of) the

Child Protection Register - as particular pressures could materialise should they be at home for significant periods.

Under the Coronavirus Act 2020, the Department may by notice make provision dis-applying or modifying, for a specified period, certain provisions listed in the Act. Notices were made allowing for a temporary relaxation of duties contained in Part II of the Education (NI) Order 1996 and the Education (Special Educational Needs) Regulations (Northern Ireland) 2005. The Notices modified the duties on the EA; schools; principals and boards of governors of schools; health and social care authorities; and parents, to a new duty to make their best endeavours to meet their original duty (where the inability to comply with the original duty was attributable to the outbreak of coronavirus in Northern Ireland).

Free school meals

A new direct payments scheme was introduced on 23 March for families whose children would normally receive a free school meal when they were attending school. Families received £2.70 per child per day for each day of term the schools are closed, paid on a fortnightly basis. The majority of payments were made into the families' bank accounts, with alternative arrangements made for those families that do not have a bank account.

Under the Coronavirus Act 2020, the Department made a Notice allowing for a temporary amendment of the legislation governing the provision of free school meals (Article 58 of the Education and Libraries (NI) Order 1986). This allowed the Department to put the direct payments scheme in place.

Childcare

The Education and Health Ministers secured a significant funding package of £12m for Emergency Childcare provision for key workers until the end of June 2020 to provide:

- A bespoke Approved Home Childcarer Scheme aimed at enabling keyworkers to have their childcare needs met in their own homes;
- Enhanced support for registered childminders who provide childcare for key workers and vulnerable children;
- Support for registered day-care settings to remain open for key workers and vulnerable children in locations where key worker parents need them most and for those settings which have been forced to close;
- Childcare advice and guidance for parents who are keyworkers, including a helpline; and
- Advice and guidance for registered settings and providers.

Pay issues

A hardship scheme for substitute teachers was established to support those teachers who could no longer find employment providing day-to-day cover as a result of the closure of schools. Efforts to secure access to the Coronavirus Job Retention Scheme for substitute teachers were unsuccessful. The hardship scheme ensured that eligible substitute teachers who worked between 1 January 2020 and 31 March 2020 would have access to an income for the period April to June 2020 equivalent to at least 80% of that earned in the period January to March 2020.

The Department's Incident Management Team met on a daily basis to allow key officials involved in the Department's emergency response to COVID-19 to consider and review ongoing and emerging issues, and ensure information flows to the Minister. As part of the NICS C3 (Command, Control and Co-ordination) response, the DE DOC was stood up to manage the Department's risk and contingency planning in relation to COVID-19 and provide information on the impact of COVID-19 on the Education Sector to the Northern Ireland Hub.

The NI Hub is an enhanced operations room of the Civil Contingencies Group (NI) (CCG (NI)), which co-ordinates and monitors COVID-19 related issues in NI, escalating issues if necessary to the UK Government COBR for further decisions and actions. The DE DOC collates and disseminates information; co-ordinates Departmental activities and planning; and filters or escalates decisions in relation to the impact of COVID-19 on the education sector. Where issues cannot be managed by the Department in isolation they are escalated to the NI Hub. The DE DOC made situation reports to the NI Hub every day (or as required) over the period of COVID-19 response.

In addition, the Department deployed three Liaison Officers (LOs) to the NI Hub to align with shift requirements. The LOs are responsible for facilitating shared situational awareness, providing advice and planning support, and representing the views and issues of DE.

Looking forward, the Executive published a phased five-stage coronavirus recovery plan on 12 May 2020. This document sets out the approach the Executive will take when deciding how to ease coronavirus restrictions in the future. This includes a phased return of education.

A formal Education Restart Programme has been established to oversee planning to ensure that the education system is able to restart in a safe and effective manner when conditions allow; and Departmental business priorities reflect the "new normal"; and that there is increased preparedness for future periods of disruption.

Child Safeguarding and Protection

The Department continued to engage throughout the year with the EA and other managing authorities as required on child safeguarding and protection issues, including follow-up to ETI inspection findings and internal audit reports. Engagement continues with the EA on the implementation of recommendations arising from an internal audit report in their Operations and Estates Directorate to provide adequate assurance for the DE ARAC. Further incidents have occurred in relation to the safeguarding of pupils on buses. These are currently under investigation.

EA Audit of Practice on SEN

Following whistleblowing allegations of malpractice, the EA carried out an independent audit of practice of SEN in relation to the statutory assessment and statementing processes. The EA has established an Improvement Team to take forward the 10 recommendations and seven work-streams in the report which relate mainly to excessive and undue delays in the process and information governance weaknesses. The Department is involved in the oversight and governance arrangements to monitor progress.

GTCNI

Internal Audit has advised that an overall unacceptable opinion is appropriate for GTCNI for 2019-20. The key factors which have informed this opinion are:

- Investigation work carried out within GTCNI has identified important control weaknesses in relation to corporate governance which have the potential to impact on the overall achievement of corporate objectives.
- An Information Management Review carried out by DE's Information Management Team identified a wide range of weaknesses in the security of data held by GTCNI.
- GTCNI do not have an adequate business continuity process in place which means that, in the event of a disaster, GTCNI business operations may be vulnerable.
- Failure to fully deliver on all statutory functions. Regulation is one of GTCNI's core functions and is not fully operational.

The GTCNI Council will be taking actions to address these as a matter of priority in the 2020-21 year. An IM action plan is being developed which will systematically address the weaknesses identified in the IM Review. GTCNI's CRR has been updated to accurately reflect the number and scale of current challenges; and it has been proposed that all Council members will attend workshop events on the CRR to ensure their understanding of the issues and to allow them to collectively prioritise areas for action. Ongoing HR and staffing issues, including staff grievances and Industrial Tribunal cases, continue to impact on the Council's ability to progress its core business activities. A new staffing structure, was approved by the Council in June. Subject to the department receiving and approving a supporting staff restructuring business case, this should allow some key vacancies to be filled and go some way towards addressing this concern.

In direct response to the many current challenges, GTCNI has come under increased scrutiny and oversight from DE during the last year. Monthly Oversight Meetings involving the DE Permanent Secretary, GTCNI's Registrar and Chair of Council were introduced in September 2019. The Council was reconstituted in October 2019. This process also presented challenges and disrupted Council business for longer than had been anticipated. As a result of the continued lack of progress in key governance and operational activities, the Permanent Secretary placed GTCNI back into Special Measures in December 2019. The Permanent Secretary and the Department's sponsor team are continuing to maintain an active role in monitoring GTCNI's progress as it seeks to address the various issues set out above.

Industrial Action by Teacher Unions

During the year, industrial action by Teacher Unions, including action short of strike, continued in relation to disputes about pay and workload. A formal pay offer and settlement for 2017-2019 was communicated to all teachers in April 2020, and was formally accepted by NI Teachers Committee on 28 April 2020 when all industrial action ceased.

Owing to the COVID-19 pandemic, ahead of school closures on Friday 20 March 2020, and to support the vital efforts of schools during these challenging times, all inspections were paused on 18 March 2020 until further notice. During this period, ETI worked with schools and the wider education system to provide advice and support. In the schools

sector, ETI inspectors were deployed to support the education system as designated COVID-19 link officers, in partnership with the CCMS, the Controlled Schools Support Council and EA advisers. In pre-school and youth, ETI District Inspectors continued to provide advice and guidance to settings in their locality.

Prior to the end of the industrial action in schools in April 2020, if a school did not provide evidence that arrangements for safeguarding learners reflected [or reflected broadly] the guidance issued by DE, the ETI returned to the school within six weeks to monitor and report on the arrangements for safeguarding. If the school continued to not provide the necessary evidence, or there are significant areas for improvement identified in relation to safeguarding under these circumstances, the Department sought assurance from the EA (and/or the employing authority) that they are working with the school to address the issues.

If, during this reporting period, action short of strike prevented a school from demonstrating the necessary improvements in the follow-up process, which under normal circumstances would have resulted in external support being provided through the Formal Intervention Process, the ETI reported accordingly, and the Department has sought assurance from the EA (and/or the employing authority) that they are working with the school to address the issues.

Setting aside the broad range of actions taken by teachers engaged in industrial action, principals reported regularly to the ETI, Department officials, the EA and CCMS that improvement work had been hindered by the industrial action.

EA 2019-20 Final Outturn Overspend

The EA is, for the fourth consecutive financial year, reporting an overspend in 2019-20, of £0.5m. Taking into consideration underspends in other areas, the Department is currently reporting a final outturn underspend of £2.8m. While the EA reported overspends of £16.6m and £14.6m for 2017-18 and 2018-19 respectively, neither the EA's nor DE's accounts were qualified by the NIAO in these years.

The Department was able to secure significant additional funding through the in-year monitoring rounds process, which contributed to reducing the EA's reported overspend to £0.5m. However, as these allocations were one-off, there continues to be significant pressures going forward into 2020-21.

There are significant financial pressures facing the education sector. At the same time as a real terms reduction in the education budget over the last number of years, there has been an increased service demand, with an increasing number of children presenting with SEN, combined with pay and price pressures continuing to rise. The cumulative effect has been a significant deterioration in the financial health of schools, with school deficits exceeding school surpluses for the third year running.

While there is a sustained focus on good financial management across the sector, the financial pressures facing schools are widely acknowledged, with reports by the NIAO and the NI Affairs Committee both acknowledging this and the consequential detrimental impact on educational outcomes, with the former concluding that the school system is coming close to a 'tipping point'.

The Department's response to the NIAO's Financial Health of Schools report focused on identifying and, where appropriate, establishing mechanisms to ensure that the report's recommendations were taken forward.

Given the scale of the financial pressures on school budgets, the EA Board reconstituted the Surplus and Deficits Working Group (a Board sub-committee) to consider how schools can be more effectively supported. The Group's focus is on the financial issues at school level, and it has considered a range of matters that have a direct impact on the financial positions of schools. A number of recommendations have been made to date, and these will assist with the development of a longer term strategic plan to address the EA's and schools' financial stability and sustainability.

Looking ahead to the 2020-21 financial year, the Department will continue to challenge the EA in relation to the robustness of its forecast in-year pressures, particularly in relation to schools' spend and the importance of monitoring and supporting schools, ensuring that appropriate financial management information systems are in place.

The EA has also initiated a Transformation and Financial Recovery Programme, the aim of which is to bring the EA and schools onto a stable and sustainable financial footing. It is anticipated that it will take a period of three to five years to ensure that the appropriate arrangements can be fully considered, evidenced, consulted upon and implemented. This is a significant undertaking that will fundamentally shape the scale and scope of service delivery to schools, children and young people for a generation, and the Department will continue to engage with the EA in this regard.

It is recognised that, in the longer term, the education sector requires significant transformation if it is to be put on a sustainable financial footing going forward. As part of this, the Department has been progressing a Transformation Programme, established in 2018-19, which is reviewing different aspects of the education system to bring forward proposals on how it can be improved to be more efficient, more effective and deliver better education outcomes, building on the successes in the education system whilst tackling the challenges. This programme involves a series of projects each at different points of delivery. Activity during 2019-20 included:

- The Review of Home to School Transport Project continued its exploration of a range of possible policy options and a sophisticated model was progressed to provide an evidence base for understanding the impact of the options, including on wider non-educational PfG outcomes;
- The SEN Learner Journey Project completed a process of stakeholder engagement and produced a set of draft recommendations for consideration by the Minister;
- The Review of CFS Project has engaged with a range of education stakeholders, who have provided their views on the current scheme and options for transformation;
- The Delivering Schools for the Future Project has improved area planning processes and delivery;

- The Transition of Children into Education Project has agreed broad areas for action relating to the early years to transform the delivery of services;
- The Transition of Young People into Careers Project has identified and progressed a number of work streams and, prior to suspension due to COVID-19, was on track to establish the baseline position, evidence base and identify the key challenges associated with the 14-19 landscape. A range of engagement activities were undertaken with a range of stakeholder groups with the purpose of identifying challenges and building an evidence base to support the development of a draft 14-19 Strategy;
- The Review of Maintenance and Minor Works Project has agreed a new framework for procurement and delivery. This was the result of a consultative, co-design approach, involving a combination of EA officers and school leaders, in advance of the preparation of tender documentation. The tender process is due to close at the end of July 2020;
- The Review of Pupil Support Services Project has completed an in depth baselining study across nine individual pupil support services to inform further scoping and transformation; and
- The Transforming Learning Through Technology Project has procured and configured 234 specialised assistive laptops and braille notetakers to allow a NI-wide support framework and home lending facility to be put in place for children with literacy difficulties and visual impairment in mainstream schools.

The Programme is currently suspended due to the COVID-19 pandemic. It is expected that there will be significant synergy between the Programme and the forthcoming Independent Review of Education (as agreed within New Decade, New Approach.)

EA IT Projects – EA One (HR & Payroll) Project / Education Technology Services (ETS) (Lot 8 Procurement) C2k Replacement

EA One Project

To modernise and integrate its legacy Finance and HR systems, the EA undertook a major IT Project that covers procurement, finance, HR and payroll. Phase 1 of the Project went live in December 2016 with the procurement and finance elements. While the online recruitment module, Taleo, went live in January 2020, the Payroll element of the Project has been subject to delay due to solution complexity issues and resource constraints that were not fully understood when the Project commenced. Following a Project reset in 2017-18 a new implementation plan was agreed on the basis that full implementation will be completed by November 2020 (with post go-live support and contingency cover to March 2021). During 2019-20 the Project continued to experience resourcing pressures, although mitigations were put in place to enable the Project to continue to move forward. In October 2019, following User Acceptance Testing, a number of critical defects in the system were identified and a rectification plan was agreed. During the year, the Department raised concerns about the capacity of the organisation to accept the level of organisational change required to ensure successful implementation of the new system and associated business processes. This has been raised with EA senior management, and assurance has been given that this is being managed. The Department was advised in

March 2020 that the impact of COVID-19 is likely to affect the Project timeframes, and work is currently ongoing to establish the quantum of this.

As the sponsor Department, DE has a particular interest in this Project given the scale and estimated costs involved. In managing this risk, the Department meets regularly with the EA, attends the EA One Project Board and provides a challenge function through the DE ICT Programme Board, the DE Board and the DE ARAC.

ETS - Lot 8 Procurement (C2k Replacement)

The EA is currently taking forward the procurement of a replacement system to provide critical systems infrastructure to support ICT use in schools. During the year, the Project governance structures were reconstituted to reflect the wide scope of ETS as a Programme of work with a number of subsidiary and interdependent projects.

There have been continued delays in finalising the outline business case due to a number of key issues including, project resourcing, the finalisation of underpinning ETS strategies and, in particular, firmly establishing the educational benefits that the Programme will deliver.

The Department and the EA are committed to working together to resolve the outstanding issues as soon as possible, and it is envisaged that the outline business case will be submitted early in the 2020-21 financial year.

By way of contingency, the current contract to provide these IT services to schools (C2k) has been extended to 31 March 2021. The impact of COVID-19 on the procurement timeline is currently being reviewed by the EA.

The Department will continue to challenge the EA to ensure delivery of this key Programme through regular six weekly meetings between EA Programme staff and DE officials, and at the DE ICT Programme Board Meetings. The DE Board and the DE ARAC are provided with regular updates.

Fraud Prevention and Whistleblowing

The Department's fraud and whistleblowing arrangements were reviewed and it was concluded that they are fully compliant with current best practice.

Fraud monitoring and reporting arrangements have been effectively maintained throughout the year.

During 2019-20, the Department was notified of a serious fraud relating to a school's compliance with the Voluntary Exit Scheme criteria. A subsequent EA investigation has established that there are a number of similar cases in other schools where this may also have occurred. An investigation into suspected fraud is currently ongoing. The Department is working closely with the EA and seeking regular updates and assurances. The Department is currently reviewing the relevant policy and guidance.

2020-21 Budget Position

The Finance Minister announced the 2020-21 budget outcomes for all NI Departments on 31 March 2020. For DE, whilst the Budget 2020-21 outcome provides additional funding for education, the financial position was already extremely challenging given the scale of pressures facing the sector. This was further heightened by the additional pressures due to COVID-19 responses, and difficult decisions have therefore had to be taken to ensure that the Department and its ALBs live within budget this year.

Budget Authority in the absence of a NI Executive

In the absence of a NI Executive and a sitting Assembly, the Northern Ireland Budget Act 2019 was progressed through Westminster, receiving Royal Assent on 31 October 2019. The Executive was re-established in January 2020 and January Monitoring was approved by the Executive with a statement passed by the assembly on 24 February 2020. Following that, The Northern Ireland Budget (Anticipation and Adjustments) Act 2020 received Royal Assent on 26 March 2020. The authorisations, appropriations and limits in these Acts provided the authority for the 2019-20 financial year and a vote on account for the early months of the 2020-21 financial year as if they were Acts of the Northern Ireland Assembly.

Implementation of the EA “Providing Pathways” Area Plan and 2019-21 Annual Action Plan

The EA published the “Providing Pathways” Strategic Area Plan 2017-2020 on 28 April 2017. In June 2019, it published its third AAP under the three year area plan. The delivery period of this Plan was extended, with the endorsement of the Department, to cover the two year period 2019-2021 to facilitate the completion of a significant number of work-streams carried forward from the first two plans, progression of additional third year work-streams, and evaluation of the Strategic Area Plan. The Area Planning process continues to be supported by the Department at all levels with a strategic re-focus of the work programme of the APSG (which includes the EA, CCMS and a range of sectoral bodies and Further Education representatives) which meets regularly throughout the year. The APSG monitors the implementation of the Area Plan and AAP through periodic reports from the EA. The Area Planning Working Group and Area Planning Local Groups (chaired by the EA) also met regularly and progressed the development of the 2019-21 AAP. At the end of March 2020 all pre-publication area planning activity, with the exception of work to progress the reshaping of special education provision in mainstream and special school settings, was stood down and area planning team resource deployed to the COVID-19 response.

Development Proposal (DP) Activity

Thirty-nine DPs were published in 2019-20, an increase of 14 from the previous year. Decisions were taken on 34 proposals, all of which were taken in the absence of the Assembly and a Minister by the Permanent Secretary under the provisions of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 (as amended). Of the decisions taken, 26 were approved (including with modification) and 8 not approved. Decisions covered a range of proposed changes to provision, including: closures (7); increases/decreases to approved admissions and enrolment numbers (15); and statutory

nursery provision (10). The area planning process is a continuum of activity and the assessment of published proposals is often conducted over a period of months meaning that there will not be correlation between the number of DPs published in a year and those on which decisions are taken.

While the pace of delivery of area planning remains a concern, the increase in the number of published DPs is welcome and has been facilitated, in part, through the Department's Transformation Programme and specific work-streams within the Delivering Schools for the Future project which have examined, in detail, barriers to effective area planning and the steps in the DP process to identify and alleviate bottlenecks. In the 2020-21 year the Department will continue to press for delivery for all remaining area planning commitments set out in the extended 2019-21 AAP.

In the year a successful defence was also presented to a challenge inviting the Supreme Court to reverse a Court of Appeal decision in favour of the Department in the Gaelscoil an Lonnain case.

SSEC Programme

Throughout the 2019-20 financial year, progress has been made across a number of areas - site preparation works are now complete and the Strathroy Link Road was completed and open to the public in November 2019 which has eased congestion in and around Omagh.

Progress has continued in the development of the Funding Model, the Education Model Development Plan, the Strule Company and the Vacated Sites strategy. The Department continues to work closely with the six principals and their teams to build on the culture of sharing in Omagh through a wide range of shared education initiatives.

In relation to the construction, the Department has encountered unprecedented issues around the Main Works Contract procurement due to the withdrawal of one of the two bidders and the competition, although suspended, remains live. A second addendum to the OBC2 Strule business case is complete and awaiting approval. Subject to the Department receiving confirmation regarding the degree of flexibility in the use of Fresh Start funding, this is likely to require a Ministerial Direction in 2020-21.

All other aspects of the delivery of the SSEC are continuing uninterrupted, on both the construction and non-construction aspects of the programme.

Appointments to the Department's ALBs and school Boards of Governors

On the basis of legal advice from the DSO, clarification of officials' powers in the absence of an Education Minister meant that some public appointments could be progressed, whilst others (statutorily assigned to 'Head of Department') could not. Whilst some of the Department's NDPBs were included in Regulations specifying further offices to which the Secretary of State may make appointments under section 5 of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018, others were not.

Following the restoration of the Northern Ireland Assembly and Executive on 13 January 2020 a limited number of appointments were made by the Education Minister towards the

end of the 2019-20 financial year; however, there remain a range of vacancies across a number of NDPB Boards arising from the inability to make appointments over the last few years. Whilst these will be progressed during 2020-21, the COVID-19 restrictions (implemented from March 2020) are likely to delay and hamper the arrangements for these open public appointment competitions.

Throughout most of 2019 the appointment and nomination of DE governors was suspended in the absence of an Education Minister. In early 2020 the appointment/nomination process resumed for a brief period but was again suspended due to COVID-19. The impact on schools has, however, been mitigated by a number of factors:

- a Board of Governors reconstitution exercise, which occurs once every 4 years, was completed in early 2019, resulting in a relatively small level of vacancies overall;
- existing DE governors are able to remain in post until such times as they are replaced; and
- Boards of Governors may continue to function without DE-appointed / DE-nominated governors, as such governors represent only a proportion (ranging from one ninth to one third) of the total.

For some types of schools (e.g. controlled primary and secondary schools) there has been no impact as these schools have no DE nominations on their Boards of Governors.

The UK's Decision to Leave the EU

Following the United Kingdom's decision to leave the EU, the Department has been fully involved at the strategic and operational level in the NICS cross-departmental EU Future Relations Programme led by TEO. Policy areas likely to be affected were identified and assurances sought from ALBs that the delivery of services would continue seamlessly from the day following exit.

Officials held regular meetings and engagement with the Department's stakeholders to discuss EU Exit issues that may affect education, and to consider the preparedness of schools and other bodies to manage the risks and contingencies. With the approval of TEO, the Department published a set of Frequently Asked Questions on the DE website, drawing this to the attention of all schools and pre-schools (including independent schools). A Risk and Impact Analysis was developed which sets out the expected impacts and mitigating actions associated with each risk identified in a "no deal" scenario; and the Department's Major Emergency Response Plan was updated accordingly.

The Department established a DOC as part of contingency measures to manage the risk presented by a 'no deal' scenario. The DE DOC took part in exercises led by TEO to rehearse and validate systems, processes and decision-making. The DE DOC undertook similar exercises to test communications with the Operations Centre established by the EA.

The Department continued to liaise with other NI departments (mainly the DfE and the DAERA on the Mutual Recognition of Professional Qualifications and food supply respectively) and with Whitehall departments, notably the Department for Education and the Department for Business, Energy and Industrial Strategy. The Department also engaged with the DoF and the Whitehall Department for Digital, Culture, Media and Sport

to develop appropriate mitigation plans for risks identified by ALBs in relation to the transfer, processing and protection of data in EU/EEA or third countries in the event of “no deal”.

In late December 2019 the Prime Minister instructed that ‘no deal’ preparations should be halted owing to the decreased likelihood of the UK leaving the EU without a deal. The agreement between the UK and the EU was subsequently ratified and entered in to force on 31 January 2020.

Work has taken place across NI departments to identify evidence-based priorities and key asks for the negotiations on the future relationship with the EU. DE has highlighted the following issues as areas of interest: Erasmus+; Mutual Recognition of Professional Qualifications; Peace Plus; and data. Officials will work with lead Departments (and ALBs) as required on relevant work strands as they develop.

Delivery of HR Services

As at 31 March 2020, the Department employs 539 staff who play an important role in the delivery of services to the Minister, education sector and citizens. Delivery of HR services for all NICS staff has been centralised in the DoF’s NICS HR since April 2017. The Department’s Strategic HR Business Partner (based in NICS HR) is a member of the DE Board and reports on HR matters at each Board meeting. The Department retains responsibility for Departmental workforce planning, vacancy management, staff engagement and development and implementation of the DE People Plan for 2019-20.

Staff absence

Validated information from NISRA indicated that the Department recorded 9.9 days lost per full time equivalent member of staff for 2019-20, which is an increase from 9.2 days lost in 2018-19. The sickness absence for NICS overall in 2019-20 was 12.9 days lost per full time equivalent member of staff.

While the Department has seen a slight increase in staff absence, the results of the 2019 NICS People Survey indicate high levels of satisfaction within DE across a range of themes. A key indicator of staff satisfaction is the Engagement Index, currently 55% for DE. The score continues the Department’s upward trend from previous years, 52% in 2018, 50% in 2017 and 48% in 2015, and indicates we are making incremental improvements. For the first time Health and Wellbeing was included as a key priority in the DE People Plan in 2019-20 and a range of actions and activities have taken place to improve staff awareness of health and wellbeing issues.

YCNI

YCNI Board members’ appointments ended on 31 March 2019. Legal advice confirmed that, in the absence of a Minister, the Department was unable to appoint new members or to extend the appointments of existing members. The YCNI was not included in Regulations specifying further offices to which the Secretary of State may make appointments under section 5 of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 and subsequently the YCNI ceased to be operational post 31 March 2019. Since the restoration of the NI Executive and the appointment of an

Education Minister, the Department has been working on the development of options regarding the future of YCNI.

Update on prior year significant issues

The remaining prior year significant issues were as follows:

- NIAO Review of SEN
- Centre of Procurement Expertise (CoPE) status of the EA
- Data Security Lapses

NIAO Review of SEN

The 2017 NIAO report on SEN (2017 Report) looked at the process for identifying children with SEN, the costs of provision for children with SEN and examined the process in place to monitor and evaluate the impact of SEN provision in mainstream schools. The report included 10 recommendations.

A Programme Board, with representatives from DE, ETI and the EA, provided governance for a number of projects including the approach of schools to SEN identification and provision, the monitoring and evaluation of the impact of SEN provision on pupil outcomes, capacity building, the identification, reporting and monitoring of the EA's SEN expenditure and the current funding arrangements for SEN.

To date, the following actions have been completed

- Implementation of more robust financial monitoring and reporting of EA SEN expenditure;
- Development of SEN funding options as part of the Review of the Common Funding Scheme;
- Development of an EA Outcomes Based Accountability Framework to monitor and evaluate the impact of SEN provision and support on pupil outcomes;
- Identification and dissemination of effective SEN practice in mainstream schools;
- Effective co-operation between the EA, Health Trusts and PHA to improve the notification referral and statutory assessment process; and
- Increased use of SEN specialist inspector/associate assessors in mainstream school inspections.

The SEN impact Report 2020 found that actions had been taken to progress all of the 10 recommendations identified in the 2017 Report, however the overall conclusion was that significant issues identified in the 2017 Report persist. The NIAO remains of the view that the Department and the EA cannot demonstrate value for money in the provision of support for children with SEN. The SEN impact Report 2020 is due for publication at the end of September 2020 and officials have been called to give evidence to the Public Accounts Committee on 15 October.

The NIAO Programme Board remains in place to monitor and drive forward progress on addressing the issues identified and recommendations made in the SEN Impact Report 2020.

The Department has established a SEN Governance Group to oversee improvements in SEN.

Centre of Procurement Excellence (CoPE) status of the EA

The EA failed its CoPE Accreditation in March 2018 as, at the time of the assessment, the requirements set out in the Accreditation Model were not in place. The assessors made seven recommendations, five of which were categorised as “critical”.

At its meeting on 12 June 2018 the Procurement Board agreed that the EA would be accredited for 12 months to allow time for actions on the seven recommendations to be completed. The EA was also required to produce an action plan to address the recommendations, along with a range of more strategic issues set out in a Strategic Framework aimed at linking the work of CoPEs to the draft PfG outcomes and the establishment of a suitable governance mechanism to manage the implementation of the action plan.

The EA’s action plan formed part of a wider EA Procurement Transformation Project Plan (PTPP) that also covered the outstanding actions required to conclude the recommendations of the original Accreditation assessment in February 2017, the internal Strategic Review of the EA’s Procurement Service, as well as building in the requirements set out in the CoPE accreditation model. A governance structure has also been developed within the EA to monitor and report on progress against the PTPP.

In June 2019, noting the good progress made by the EA against the action plan, the Procurement Board agreed to extend the EA’s CoPE status for a further 12 months to allow the EA to finalise two outstanding actions and embed new procurement processes.

A DE/EA working group chaired by DE was in place throughout the year to monitor the EA’s progress in meeting the CoPE assessment recommendations and to ensure progress was made against the Procurement Board’s requirements.

The EA’s Procurement Transformation Project is now complete, with all of the recommendations from the 2018 CoPE Assessment being addressed as well as the additional actions required to support the transformation of EA’s procurement service. In May 2020 the EA’s Procurement Service underwent a full CoPE assessment which endorsed EA’s status as a CoPE and offered no further recommendations.

Data security lapses

In 2018-19, one significant lapse of data security had been identified, following a complaint made to the Information Commissioner’s Office (ICO) by an individual who believed the Department had infringed their data protection rights. Following investigation, the ICO found that a breach of personal data had occurred. However, given the Department’s comprehensive response to the incident and remedial action taken, the ICO decided that no further action was necessary.

The Department has a Personal Data Breach Management Plan in place and published on the DE Intranet for staff. No significant lapses of data security were identified during 2019-20.

3.3.9 NDPB GOVERNANCE FRAMEWORK

The chief executive of each of the Department's NDPBs is designated by the Departmental Accounting Officer as the Accounting Officer for his or her organisation. The allocation of accounting officer responsibilities is set out in the Statement of Accounting Officers' Responsibilities on page 56.

During 2019-20 the Department adopted a robust framework for ensuring effective governance within its existing NDPBs and to provide the Accounting Officer with assurance that designated accounting officers were fulfilling their responsibilities. Key features of this framework included:

- a requirement to ensure compliance with statute and with the body's Management Statement and Financial Memorandum;
- arrangements to ensure that NDPB business plans reflected and supported the delivery of the Education Minister's strategic priorities, particularly those related to raising standards and closing the attainment gap;
- monitoring of progress in delivering agreed business plan targets;
- regular, formal GAR meetings chaired by the Permanent Secretary and attended by the respective chief executives and chairs;
- the completion of mid-year governance statements which provided confirmation (and, where necessary, evidence) that required processes were being followed;
- regular engagement between DE directors and senior NDPB counterparts; and
- the regular attendance of a senior DE member of staff as an observer at meetings of each NDPB's audit committee and routine and timely feedback from these meetings.

Following the annual NIAO review of ALB oversight arrangements, the DE Sponsorship Manual 'Governance and Accountability Arrangements for the Oversight of ALBs' was reviewed in December 2019 and further revised in February 2020 to reflect organisational changes within the Department. The next review is scheduled for early 2021.

NDPB governance statements

The DE Governance Statement needs to reflect and be informed by the content of the Governance Statements of the NDPBs for which the Department is accountable. Accordingly, the Department requested sight of the draft Governance Statements from all of its executive NDPBs.

As a first step, in order to ensure good standards of governance in its NDPBs and in consideration of the guidance on compliance and content contained in Annex 3.1 of

Managing Public Money NI, the related fact sheet provided by NIAO and previous years' feedback provided by DE, the Department carried out an analysis of the initial draft Governance Statements which were submitted by each NDPB within the required deadline and provided feedback accordingly. Most of the initial draft statements complied with the above guidance and had taken on board the previous year's feedback. Some minor suggestions for improvement, including a small number of factual inaccuracies, were provided to a small number of bodies.

Bodies were also asked to submit their final draft statements to DE before 7 May. Finalised Governance Statements were received from all ALBs by 28 May (with the exception of the EA which was returned after its ARAC on 15 June). A subsequent analysis by DE indicated that the feedback provided had largely been taken account of by the bodies prior to submitting the final draft Statements. The Department also used its analysis of the draft Governance Statements to ensure that its own statement captures all relevant significant issues (see section 8).

3.3.10 CONCLUSION

In conclusion, it is my assessment that the Department of Education operates an appropriately rigorous system of governance and accountability which I can rely on as Accounting Officer to provide assurance that the public funds and other resources for which I am accountable are deployed effectively and appropriately. Where significant issues have arisen that could affect the principles of regularity, propriety or value for money I am satisfied that appropriate action is being taken to address these.

4. REMUNERATION AND STAFF REPORT

The remuneration and staff report sets out the Department's remuneration policy for Ministers and the Departmental Board, reports on how that policy has been implemented and sets out the amounts awarded to them and where relevant the link between performance and remuneration. In addition, the report provides details on remuneration and staff that the Assembly and other users see as key to accountability.

Remuneration Report

4.1 Remuneration policy

The pay policy for the NI public sector, including SCS, is normally approved by the Minister of Finance. In the absence of an Executive, the DoF's Permanent Secretary set the 2019-20 NI public sector pay policy (October 2019) in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS staff, for 2019-20 has been finalised but not yet paid.

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

4.2 Service contracts

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

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

Further information about the work of the Civil Service Commissioners for NI can be found at www.nicscommissioners.org

4.3 Remuneration and pension entitlements

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

4.4 Remuneration and pension entitlements (Audited)

Remuneration and pension entitlements – Ministers (Audited)

There was no Minister in place during 2018-19.

| Single total figure of remuneration | | | | | | | | |
|--|--|---------|------------------------------------|---------|--------------------------------------|---------|--------------------------|---------|
| Minister | Salary (£) | | Benefits in kind (to nearest £100) | | Pension Benefits* (to nearest £1000) | | Total (to nearest £1000) | |
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Mr Peter Weir MLA (from 11 January 2020) | 8,478 (51,000 full year equivalent) | N/A | - | N/A | 3,000 | N/A | 11,000 | N/A |

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

Remuneration and pension entitlements – Officials (Audited)

| Single total figure of remuneration | | | | | | |
|---|-------------------------------------|---|---------------------------|---------|---------------|---------|
| Officials | Salary (£'000) | | Pension Benefits* (£'000) | | Total (£'000) | |
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Mr Derek Baker <i>Permanent Secretary</i> | 115-120 | 115-120 | 53 | 6 | 170-175 | 120-125 |
| Mrs Fiona Hepper <i>Deputy Secretary</i> | 90-95 | 90-95 | 34 | 25 | 125-130 | 115-120 |
| Mr John Smith <i>Deputy Secretary</i> | 90-95 | 90-95 | 43 | 133 | 135-140 | 225-230 |
| Mrs Lianne Patterson <i>Deputy Secretary</i> <i>From 7 March 2019</i> | 90-95 | 5-10 (90-95 full year equivalent) | (1) | 43 | 90-95 | 50-55 |
| Mr Thomas O'Reilly <i>Deputy Secretary</i> <i>(until 15 February 2019)</i> | - | 90-95 (100-105 full year equivalent) | - | (71) | - | 20-25 |
| Mrs Noelle Buick <i>Chief Inspector</i> <i>(until 31 March 2020)</i> | 100-105 | 100-105 | 26 | 30 | 125-130 | 130-135 |
| Mr Gary Fair <i>Director</i> | 70-75 | 70-75 | 27 | 20 | 95-100 | 90-95 |
| Mr Gavin Boyd <i>Interim Chief Executive EA</i> <i>Until 31 March 2019</i> | - | 145-150 | - | - | - | 145-150 |
| Mrs Fiona Keenan*** <i>Non-executive Director</i> <i>(until 31 December 2019)</i> | 5-10 (5-10 full year equivalent) | 5-10 | - | - | 5-10 | 5-10 |

| | | | | | | |
|---|------|------|---|---|------|------|
| Mrs Joan McEwan** Non-executive Director | 5-10 | 5-10 | - | - | 5-10 | 5-10 |
|---|------|------|---|---|------|------|

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

***The Department and non-executive directors may terminate the appointment by giving three months notice in writing.*

As per the Directors Report, Sarah Wilson is listed as a Senior Officer within the Department. However, details of her remuneration has not been disclosed as it is paid by another Department.

4.5 Salary

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

The NI Assembly was dissolved from 26 January 2017 until an Executive was formed on 11 January 2020. Ministers were not in place during this time. From 11 January 2020, the DE was under the direction and control of Mr Peter Weir MLA. His salary and allowances were paid by the NI Assembly and have been included as a notional cost in these accounts. These amounts do not include costs relating to the Minister’s role as a MLA/MP/MEP which are disclosed in the appropriate legislature accounts.

4.6 Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. There were no such benefits in kind made in 2019-20 and 2018-19.

Pay Multiples (Audited)

| | 2019-20 | 2018-19 |
|--|---------|---------|
| Band of Highest Paid Director’s Total Remuneration* (£000) | 115-120 | 115-120 |
| Median Total Remuneration * (£) | 31,301 | 30,149 |
| Ratio | 3.8 | 3.9 |

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

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

The banded remuneration of the highest-paid director in the financial year 2019-20 was £115,000 - £120,000 (2018-19, £115,000 - £120,000). This was 3.8 times (2018-19, 3.9) the median remuneration of the workforce, which was £31,301 (2018-19, £30,149).

In 2019-20, no employees (2018-19, one employee) received remuneration in excess of the highest-paid director. In 2018-19 this employee was Mr Boyd who was not a member of the DE Board but was the interim Chief Executive of the EA. In 2018-19 his salary

was paid by the Department however from 1 April 2019, following the appointment of a permanent Chief Executive, this salary cost has been paid by the EA.

Remuneration ranged from £10,000 to £119,000 (2018-19: £9,000 to £146,000).

4.7 Pension Entitlements (Audited)

Pension Entitlements – Ministers (Audited)

| | Accrued pension at pension age as at 31/3/20 £000 | Real increase in pension at pension age £000 | CETV at 31/3/20 £000 | CETV at 31/3/19* £000 | Real increase in CETV £000 |
|--|--|---|-------------------------|--------------------------|-------------------------------|
| Mr Peter Weir MLA (from 11 January 2020) | 0-5 | 0-2.5 | 35 | 33 | 2 |

There was no Minister in place during 2018-19.

* Cash Equivalent Transfer Value (CETV) at 31 March 2019 or date of joining, if later.

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members’ Pension Scheme (NI) 2016 (AMPS). In 2011 the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (NI) establishing a Panel to make determinations in relation to the salaries, allowances and pensions payable to members of the NI Assembly. In April 2016 the Independent Financial Review Panel issued The Assembly Members (Pensions) Determination (NI) 2016 which introduced a Career Average Revalued Earnings (CARE) scheme for new and existing members. The new scheme is named AMPS (NI) 2016 and replaces the 2012 scheme. Existing members born on or before 1 April 1960 retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The final decision on the McCloud judgement has yet to be agreed and the outcome may have an impact on Members affected by the Transitional Protection policy.

As Ministers are Members of the Legislative Assembly they also accrue an MLA’s pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided on a “contribution factor” basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member. Pension benefits for all other Ministers are provided on a CARE basis.

Benefits for Ministers are payable at the same time as MLAs’ benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index (CPI). Ministers pay contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the

Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 14.4% of the Ministerial salary.

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

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

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

Pension Entitlements – Officials (Audited)

| | Accrued pension at pension age as at 31/3/20 and related lump sum £000 | Real increase //(decrease) in pension and related lump sum at pension age £000 | CETV at 31/3/20* £000 | CETV at 31/3/19** £000 | Real increase //(decrease) in CETV £000 | Employer contribution to partnership pension account (nearest £100) |
|--|---|---|--------------------------|---------------------------|--|--|
| Mr Derek Baker <i>Permanent Secretary</i> | 60-65 plus lump sum of 185-190 | 2.5-5 plus lump sum of 7.5-10 | 1,435 | 1,382**** | 52 | - |
| Mrs Fiona Hepper <i>Deputy Secretary</i> | 40-45 plus lump sum of 120-125 | 0-2.5 plus lump sum of 5-7.5 | 927 | 851**** | 32 | - |
| Mr John Smith <i>Deputy Secretary</i> | 25-30 | 2.5-5 | 430 | 381 | 25 | - |
| Mrs Lianne Patterson <i>Deputy Secretary (from 7 March 2019)</i> | 25-30 | 0-2.5 | 416 | 395 | -2 | - |
| Mr Thomas O'Reilly <i>Deputy Secretary (until 15 February 2019)</i> | - | - | - | 991 | - | - |

| | Accrued pension at pension age as at 31/3/20 and related lump sum £000 | Real increase/(decrease) in pension and related lump sum at pension age £000 | CETV at 31/3/20* £000 | CETV at 31/3/19** £000 | Real increase/(decrease) in CETV £000 | Employer contribution to partnership pension account (nearest £100) |
|--|---|---|--------------------------|---------------------------|--|--|
| Mrs Noelle Buick <i>Chief Inspector (until 31 March 2020)</i> | 40-45 | 0-2.5 | 829 | 805 | 25 | - |
| Mr Gary Fair <i>Director</i> | 30-35 plus lump sum of 95-100 | 0-2.5 plus lump sum of 2.5-5 | 737 | 675**** | 27 | - |
| Mr Gavin Boyd*** <i>Interim Chief Executive EA</i> | - | - | - | - | - | - |
| Mrs Fiona Keenan <i>Non-executive director (until 31 December 2019)</i> | - | - | - | - | - | - |
| Mrs Joan McEwan <i>Non-executive director</i> | - | - | - | - | - | - |

*CETV at 31 March 2020 or date of leaving the board, if earlier.

** CETV at 31 March 2019 or date of joining the board, if later.

***Mr Boyd chose not to be covered by the NICS pension schemes during the reporting year.

****CETV at 31 March 2019 has been restated as a result of revised values provided by Civil Service Pensions

4.8 NICS Pension Schemes

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

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

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

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

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). From April 2011,

pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the CPI figure for the preceding September. The CPI in September 2019 was 1.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2020.

Employee contribution rates for all members for the period covering 1 April 2020 – 31 March 2021 are as follows:

4.9 Scheme Year 1 April 2020 to 31 March 2021

| Annualised Rate of Pensionable Earnings (Salary Bands) | | Contribution rates – All members |
|--|-------------|-------------------------------------|
| From | To | From 01 April 2020 to 31 March 2021 |
| £0 | £23,999.99 | 4.6% |
| £24,000.00 | £55,499.99 | 5.45% |
| £55,500.00 | £152,499.99 | 7.35% |
| £152,500.00 and above | | 8.05% |

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

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

The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal scheme

pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

4.10 Cash Equivalent Transfer Values (CETV)

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

4.11 Real increase in CETV

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

4.12 Compensation for loss of office (Audited)

The Department incurred no compensation for loss of office in 2019-20.

Staff Report

4.13 Staff costs (Audited)

Staff costs comprise:

| | Permanently employed staff* | Others | Ministers | 2019-20 Total | 2018-19 Total |
|--------------------------|-----------------------------------|--------------|-----------|------------------|------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Wages and salaries | 19,142 | 1,651 | 8 | 20,801 | 20,063 |
| Social security costs | 2,068 | - | 1 | 2,069 | 1,982 |
| Other pension costs | 5,859 | - | 3 | 5,862 | 4,231 |
| Total net costs** | 27,069 | 1,651 | 12 | 28,732 | 26,276 |

| Analysed as: | 2019-20 £000 | 2018-19 £000 |
|-----------------------------------|-----------------|-----------------|
| Administration costs | 13,969 | 13,278 |
| Minister's costs (notional) | 12 | - |
| Total administration costs | 13,981 | 13,278 |
| Programme costs | 13,572 | 12,048 |
| Total charged to the SOCNE | 27,553 | 25,326 |
| Capitalised | 1,179 | 950 |
| Total net costs | 28,732 | 26,276 |

*There were no staff costs incurred in respect of the Department's Special Adviser in 2018-19. The 2019-20 figures include the cost of the Department's Special Adviser who was paid in the pay band £55,000 to £69,999.

**Of the total, £1,179k has been charged to capital.

The NICS main pension schemes are unfunded multi-employer defined benefit schemes. The DE is unable to identify its share of the underlying assets and liabilities. The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2021.

For 2019-20, employers' contributions of £5,855,094.48 were payable to the NICS pension arrangements (2018-2019: £4,227,532.73) at one of three rates in the range 28.7% to 34.2% (2018-19: 20.8% to 26.3%) of pensionable pay, based on salary bands.

This change is primarily due to the reduction in the Superannuation Contributions Adjusted for Past Experience discount rate (as announced at Budget 2018) to 2.4% per annum above the Consumer Price Index. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £4,662.94 (2018-19: £3,776.78) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2018-2019: 8% to 14.75%) of pensionable pay.

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

Employer contributions of £147.09, 0.5% (2018-19: £114.37, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

No people (2018-19: one person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2018-19: £462.26).

4.14 Average number of persons employed (Audited)

The average number of whole-time equivalent persons employed during the year was as follows.

| Activity | Permanently employed staff Number | Others Number | Ministers Number* | Special advisers Number* | 2019-20 Total Number | 2018-19 Total Number |
|--------------------------------------|-----------------------------------|---------------|-------------------|--------------------------|----------------------|----------------------|
| Aggregated Schools Budget | 255 | 25 | 1 | 1 | 282 | 285 |
| Education Authority (EA) Block Grant | 148 | 15 | - | - | 163 | 157 |
| Earmarked budgets | 25 | 2 | - | - | 27 | 22 |
| Other NDPBs | 6 | 1 | - | - | 7 | 7 |
| Other Education Services | 1 | - | - | - | 1 | 1 |
| Early Years Provision | 6 | 1 | - | - | 7 | 7 |
| Youth and Community Relations | 7 | 1 | - | - | 8 | 9 |
| Department of Education costs | 6 | 1 | - | - | 7 | 7 |
| Voluntary Exit Scheme** | 2 | - | - | - | 2 | 6 |
| Capital grants | 33 | 3 | - | - | 36 | 39 |
| Staff engaged on capital projects | 19 | - | - | - | 19 | 15 |
| Total | 508 | 49 | 1 | 1 | 559 | 555 |

The above disclosure relates to the core department, split proportionately across the operating segments detailed in Note 2 in the Financial Statements section. The staff numbers are apportioned on the basis of the total net costs of each segment. The Department does not have any agencies.

*The Minister was in post from 11 January 2020 and the Special Adviser was in post from 2 March 2020.

**In 2018-19 the Voluntary Exit Scheme was called Public Sector Transformation Fund.

4.15 Number of SCS staff by grade (Audited)

The number of SCS staff employed as at 31 March 2020 was as follows:

| Grade (including Analogous Grades) | Number |
|------------------------------------|--------|
| Grade 2 | 1 |
| Grade 3 | 4 |
| Grade 5 | 14 |

4.16 Staff composition - breakdown of employees by gender (Audited)

The analysis of the Department's employees by gender at 31 March 2020 was as follows:

| | Male | Male % | Female | Female % | Total | Total % |
|-------------------------|------------|-------------|------------|-------------|------------|------------|
| Executive Directors | 3 | 50 | 3 | 50 | 6 | 100 |
| Non-executive Directors | - | - | 1 | 100 | 1 | 100 |
| Total Directors* | 3 | 42.9 | 4 | 57.1 | 7 | 100 |
| Senior Managers** | 7 | 53.8 | 6 | 46.2 | 13 | 100 |
| Other employees | 202 | 38.8 | 319 | 61.2 | 521 | 100 |
| Total *** | 212 | 39.2 | 329 | 60.8 | 541 | 100 |

*Directors include members of the DE Board as at 31 March 2020.

**Senior managers include members of staff at Senior Civil Service level.

Note: this table is based on the number of staff in post rather than full time equivalents, and excludes those on career break.

*** Paragraph 4.14 shows the average number of staff employed by the Department during the financial year. The table above reports the actual number of staff employed by the Department at 31 March 2020.

4.17 Reporting of compensation and exit packages for all staff (Audited)

| Exit package cost band | Number of compulsory redundancies | Number of other departures agreed | 2019-20 Total number of exit packages by cost band | Number of compulsory redundancies | Number of other departures agreed | 2018-19 Total number of exit packages by cost band |
|--------------------------------------|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|--|
| Less than £10,000 | - | - | - | - | - | - |
| £10,000 - £25,000 | - | - | - | - | 1 | 1 |
| £25,000 - £50,000 | - | - | - | - | - | - |
| £50,000 - £100,000 | - | - | - | - | - | - |
| £100,000-£150,000 | - | - | - | - | - | - |
| Total number of exit packages | - | - | - | - | 1 | 1 |
| Total resource cost | £nil | £nil | £nil | £nil | £12,458 | £12,458 |

The above disclosure relates to the core Department. The Department does not have any agencies.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (NI), a statutory scheme made under the Superannuation (NI) Order 1972. The table above shows the total cost of exit packages agreed and accounted for in 2019-20 and 2018-19. £nil exit costs were paid in 2019-20, the year of departure (2018-19: £12,458). Where the Department has agreed early retirements, the additional costs are met by the Department and not by the CSP scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

4.18 Sickness absence

Information available from NISRA reports that for the period April 2019 to March 2020 the Department recorded an average of 9.9 days lost per full time equivalent member of staff (in 2018-19, the outturn was 9.2 days).

A sustained management focus in this area has been in place throughout 2019-20 together with a Health and Well Being Programme for staff – this will continue in 2020-21.

4.19 Staff policies

At 31 March 2020, the Department has 539 staff (which includes 1 non-executive director) who play an important role in the development of policy and delivery of services to support the draft PfG outcome: *‘We give our children and young people the best start in life.’*

In early 2018, a Staff Engagement Forum – comprising staff from across DE at all grades – was established. Using the results of the 2017 DE People Survey and feedback on issues raised by NICS People Strategy focus groups, the Forum identified the priorities of Leadership and Managing Change; Learning and Development; and Accommodation. A number of actions were developed under each priority and included in the 2018-19 DE People Plan which was endorsed by the DE Board. Results of the 2018 People Survey showed an increase in scores across the majority of the themes. The Staff Engagement Forum was refreshed for 2019-20 and a new People Plan was published in July 2019 which included a new priority area, Health & Wellbeing, in addition to the three areas included previously. An action plan was developed to take forward the People Plan and delivery continued throughout the year. A refresh of the Staff Engagement Forum and preparation of a People Plan for 2020-21 has been delayed due to the COVID-19 pandemic.

Equal opportunities

The Department is an Equal Opportunity employer and fully endorses the NICS Equal Opportunities Policy Statement.

The policy statement is that all eligible persons shall have equal opportunity for employment and advancement in the NICS on the basis of their ability, qualifications and aptitude for the work. Everyone has a right to equality of opportunity and to a good and harmonious working environment and atmosphere in which all workers are encouraged to apply their diverse talents and in which no worker feels under threat or intimidated. This right is protected in many instances by legislation.

We aim to foster a culture that encourages every member of staff to develop their full potential and which rewards achievement. Creating a working environment where individual differences are valued and respected enables all staff to give of their best and helps us to respond more effectively to the needs of the people we serve.

Employment, training and advancement of disabled persons

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

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

The NICS has a wide and active network of Diversity Champions and has appointed one of its Deputy Secretaries as the NICS Diversity Lead for Disability. The NICS has a committed Disability Working Group and is a lead partner with Employers for Disability NI. Through this collaboration the NICS is working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS promotes a number of schemes for disabled colleagues, including a Work Experience Scheme for People with Disabilities.

Health and safety

To comply with the Health and Safety at Work (NI) Order 1978, the Department has a duty to ensure the health, safety and welfare of its employees. The Department is fully committed to the pursuit of its obligations in this area.

4.20 Other Employee Matters

The 2018-21 NICS People Strategy sets out the shared view of the people priorities across the NICS under the following themes:

- A well-led NICS
- High performing NICS
- Outcomes-focused NICS
- An inclusive NICS in which diversity is truly valued – a great place to work

Equality, Diversity and Inclusion

The [NICS People Strategy 2018-21](#) places diversity and inclusion at its centre and includes a range of actions that will help accelerate the NICS's ambition to be a service that reflects the society we serve.

The NICS continues to carry out its statutory obligations under fair employment legislation, including the annual return to the Equality Commission for NI. The NICS publishes a wide range of [NICS human resource statistics](#).

Learning & Development

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

NICSHR Learning and Development is responsible for development and delivery of all generic staff training. It offers a variety of learning delivery channels to enable flexible access to learning, blending different learning solutions into coherent learning pathways that are aligned to both corporate need and the NICS Competency Framework.

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

Talent management is a key theme of the NICS People Strategy and work is underway to develop a more corporate approach to managing talent across the NICS.

Employee Consultation and Trade Union Relationships

The DoF is responsible for the NICS industrial relations policy. The centralised human resource function, NICSHR, consults on HR policy with all recognised Trade Unions and local departmental arrangements are in place to enable consultation on matters specific to a department or individual business area.

4.21 Expenditure on consultancy

External consultancy spend during 2019-20, based on provisional outturn figures, is currently recorded as £nil (final outturn figures for 2019-20 will not be available until November 2020, following agreement of overall DE final outturn with DoF).

Final external consultancy outturn figures for 2018-19 noted overall spend of £1k on 1 individual project.

4.22 Temporary staff

Departmental temporary staff costs in 2019-20 amounted to £1,651k (2018-19: £1,777k). The majority of these costs are for staff on loan from DoF working in the specialist areas of Statistics and the Building Advisory Team. The remainder of the costs were spent on agency workers and secondees.

The 2019-20 expenditure on temporary staff is 7% less than in 2018-19. The main reasons for this are a decrease in costs relating to the Building Advisory Team and an overall reduction in the number of agency staff.

4.23 Off-payroll engagements

There were no ‘off-payroll’ engagements at a cost of over £245 per day in place during 2019-20.

| | Department |
|--|-------------------|
| Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. | - |
| Total number of individuals on payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. | 6 |

4.24 Staff on loan for EU Exit work (Audited)

The Department had no staff on loan to other departments or on loan from other departments for EU Exit work.

DEPARTMENT OF EDUCATION ANNUAL REPORT

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

The Assembly accountability and audit report brings together the key Assembly accountability documents within the annual report and accounts. It comprises a Statement of Assembly Supply (SoAS) and supporting notes, regularity of expenditure, Assembly accountability disclosures and the Certificate and Report of the C&AG to the NI Assembly.

5 STATEMENT OF ASSEMBLY SUPPLY (AUDITED)

In addition to the primary statements prepared under International Financial Reporting Standards (IFRS), the FReM requires the DE to prepare a SoAS and supporting notes.

The SoAS and related notes are subject to audit, as detailed in the Certificate and Report of the C&AG to the NI Assembly.

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

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

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

The supporting notes detail the following: Outturn detailed by Estimate line providing a more detailed breakdown (note 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SoAS to the financial statements (note 2); a reconciliation of net resource outturn to net cash requirement (note 3); an analysis of income payable to the Consolidated Fund (note 4), a reconciliation of income recorded within the SOCNE to operating income payable to the Consolidated Fund (note 5); and detail on non-operating income – excess Accruing Resources (note 6).

The notes on pages 119 to 148 form part of these accounts.

5.1 Summary tables – mirror Part II and III of the Estimates (Audited)

Summary table, 2019-20, all figures presented in £000 (Audited)

| Type of spend | Note | Outturn | | | Estimate | | | 2019-20 | 2018-19 |
|----------------------------------|--------------|---------------------------|----------------------------|-------------------|---------------------------|----------------------------|-------------------|---------------------------------------|----------------------------------|
| | | Gross expenditure £000 | Accruing Resources £000 | Net total £000 | Gross expenditure £000 | Accruing Resources £000 | Net total £000 | Outturn vs Estimate, saving/ (excess) | Prior year outturn total £000 |
| | | | | | | | | Net total £000 | |
| Request for Resources | | | | | | | | | |
| A | SOAS1 | 2,275,819 | (19,587) | 2,256,232 | 2,413,477 | (20,342) | 2,393,135 | 136,903 | 2,124,292 |
| B | SOAS1 | 49,481 | - | 49,481 | 50,595 | - | 50,595 | 1,114 | 50,204 |
| Total resources | SOAS2 | 2,325,300 | (19,587) | 2,305,713 | 2,464,072 | (20,342) | 2,443,730 | 138,017 | 2,174,496 |
| Non-operating Accruing Resources | | - | - | - | - | - | - | - | - |

5.2 Net Cash Requirement 2019-20, all figures presented in £000 (Audited)

| Item | Note | Outturn £000 | Estimate £000 | 2019-20 | 2018-19 |
|----------------------|-------|-----------------|------------------|---|----------------------------------|
| | | | | Outturn vs Estimate, saving/ (excess) £000 | Prior year outturn total £000 |
| Net cash requirement | SOAS3 | 2,308,757 | 2,467,181 | 158,424 | 2,161,858 |

5.3 Summary of income payable to the Consolidated Fund (Audited)

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

| Item | Note | Forecast 2019-20 | | Outturn 2019-20 | |
|---|-------|------------------|------------------|-----------------|------------------|
| | | Income £000 | Receipts £000 | Income £000 | Receipts £000 |
| Total amount payable to the Consolidated Fund | SOAS4 | 2,202 | 2,202 | 2,714 | 2,791 |

Explanations of the variances between Estimate and outturn are given in note SOAS1 and in the Performance Report.

The notes on pages 119 to 148 form part of these accounts.

Notes to the Statement of Assembly Supply, 2019-20 (£000) (Audited)

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

5.4 SOAS note 1. Outturn detail by Estimate line (Audited)

| Type of spend | Resource outturn | | | | | | Estimate | | | 2019-20 | 2018-19 |
|--|------------------|--------------------------|----------------|------------------------------|-------------------------------|----------------------|----------------------|--------------------|---|--|-------------------------------|
| | Admin £000 | Other Current £000 | Grants £000 | Gross Expenditure £000 | Accruing Resources £000 | Net Total £000 | Net Total £000 | Virements* £000 | Net total including virements £000 | Outturn vs Estimate (including virements), saving/(excess) £000 | Prior-year outturn £000 |
| Request for Resources A | | | | | | | | | | | |
| Departmental Expenditure in DEL: | | | | | | | | | | | |
| 1. Education Authority - Departmental overheads | 8,201 | 15,254 | - | 23,455 | (751) | 22,704 | 23,394 | - | 23,394 | 690 | 20,798 |
| 2. Non-Departmental Public Bodies – Departmental overheads | 670 | 14 | - | 684 | - | 684 | 698 | - | 698 | 14 | 641 |
| 3. Voluntary and Grant Maintained Integrated Schools – Departmental overheads | 4,760 | 53 | - | 4,813 | - | 4,813 | 4,911 | - | 4,911 | 98 | 4,606 |
| 4. Centrally Financed Services | 791 | 1,803 | 5,307 | 7,901 | - | 7,901 | 8,161 | - | 8,161 | 260 | 12,308 |
| 5. Early Years Services | 136 | 10 | 29,146 | 29,292 | - | 29,292 | 29,487 | - | 29,487 | 195 | 29,292 |
| 6. Co-funded ALB Income | - | - | - | - | (13,446) | (13,446) | (14,019) | - | (14,019) | (573) | (12,900) |
| 7. European Union Programme for Peace and Reconciliation | - | - | 3,430 | 3,430 | (2,915) | 515 | 515 | - | 515 | - | 325 |
| 8. Shared Education (from Atlantic Philanthropies) | - | 96 | - | 96 | (1,152) | (1,056) | (1,208) | - | (1,208) | (152) | (2,265) |

| Type of spend | Resource outturn | | | | | | Estimate | | | 2019-20 | 2018-19 |
|--|--|--------------------------|------------------|------------------------------|-------------------------------|----------------------|----------------------|--------------------|---|--|-------------------------------|
| | Admin £000 | Other Current £000 | Grants £000 | Gross Expenditure £000 | Accruing Resources £000 | Net Total £000 | Net Total £000 | Virements* £000 | Net total including virements £000 | Outturn vs Estimate (including virements), saving/(excess) £000 | Prior-year outturn £000 |
| | 9. Vulnerable Persons Relocation Scheme | - | - | - | - | (1,323) | (1,323) | (1,323) | - | (1,323) | - |
| Annually Managed Expenditure | | | | | | | | | | | |
| 10. Provisions | 72 | 143 | - | 215 | - | 215 | 372 | - | 372 | 157 | 21 |
| 11. Impairments | - | (140) | - | (140) | - | (140) | 800 | - | 800 | 940 | (263) |
| Non-Budget: | | | | | | | | | | | |
| 12. Education Authority | - | - | 1,764,162 | 1,764,162 | - | 1,764,162 | 1,845,359 | - | 1,845,359 | 81,197 | 1,633,753 |
| 13. Voluntary and Grant Maintained Integrated Schools | - | - | 411,601 | 411,601 | - | 411,601 | 460,493 | - | 460,493 | 48,892 | 408,032 |
| 14. Council for the Curriculum, Examinations and Assessment | - | - | 20,377 | 20,377 | - | 20,377 | 24,777 | - | 24,777 | 4,400 | 21,084 |
| 15. Council for Catholic Maintained Schools | - | - | 3,842 | 3,842 | - | 3,842 | 4,022 | - | 4,022 | 180 | 3,570 |
| 16. General Teaching Council for Northern Ireland | - | - | - | - | - | - | - | - | - | - | - |
| 17. Comhairle na Gaelscolaíochta | - | - | 777 | 777 | - | 777 | 796 | - | 796 | 19 | 973 |
| 18. Northern Ireland Council for Integrated Education | - | - | 637 | 637 | - | 637 | 654 | - | 654 | 17 | 634 |
| 19. Middletown Centre for Autism Ltd | - | - | 1,319 | 1,319 | - | 1,319 | 1,319 | - | 1,319 | - | 1,220 |
| 20. Notional Charges | 3,358 | - | - | 3,358 | - | 3,358 | 3,927 | - | 3,927 | 569 | 3,276 |
| Total | 17,988 | 17,233 | 2,240,598 | 2,275,819 | (19,587) | 2,256,232 | 2,393,135 | - | 2,393,135 | 136,903 | 2,124,292 |

| Type of spend | Resource outturn | | | | | | Estimate | | | 2019-20 | 2018-19 |
|--|--------------------------------|--------------------------|------------------|------------------------------|-------------------------------|----------------------|----------------------|--------------------|---|--|-------------------------------|
| | Admin £000 | Other Current £000 | Grants £000 | Gross Expenditure £000 | Accruing Resources £000 | Net Total £000 | Net Total £000 | Virements* £000 | Net total including virements £000 | Outturn vs Estimate (including virements), saving/(excess) £000 | Prior-year outturn £000 |
| | Request for Resources B | | | | | | | | | | |
| Departmental Expenditure in DEL: | | | | | | | | | | | |
| 1. Education Authority – Departmental overheads | 817 | - | - | 817 | - | 817 | 1,148 | - | 1,148 | 331 | 409 |
| 2. Youth Council – Departmental overheads | - | - | - | - | - | - | - | - | - | - | 88 |
| 3. Youth and Other Children’s Services | - | 581 | 7,402 | 7,983 | - | 7,983 | 8,354 | - | 8,354 | 371 | 8,675 |
| Non-Budget: | | | | | | | | | | | |
| 4. Education Authority | - | - | 40,466 | 40,466 | - | 40,466 | 40,756 | - | 40,756 | 290 | 40,756 |
| 5. Youth Council for Northern Ireland | - | - | - | - | - | - | 52 | - | 52 | 52 | 40 |
| 6. Notional Charges | 215 | - | - | 215 | - | 215 | 285 | - | 285 | 70 | 236 |
| Total | 1,032 | 581 | 47,868 | 49,481 | - | 49,481 | 50,595 | - | 50,595 | 1,114 | 50,204 |
| Resource Outturn | 19,020 | 17,814 | 2,288,466 | 2,325,300 | (19,587) | 2,305,713 | 2,443,730 | - | 2,443,730 | 138,017 | 2,174,496 |

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

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

The notes on pages 119 to 148 form part of these accounts.

Explanation of variance between Estimate and outturn

Request for Resources A

Request for Resources A shows a total underspend of £136.9m (5.7%) against the Spring Supplementary Estimate for the year. The underspend was primarily due to lower than anticipated drawdown of cash grant-in-aid by the Department's NDPBs. Cash grant-in-aid is "non-budget" and the Estimate figure represents the best forecast of the cash required by the Department and its NDPBs when the Estimates were prepared i.e. the last revision to the Estimate is normally in January, well before the end of the financial year in question. As cash is only drawdown as required, this underspend reflects the difference between the estimated cash requirement and the actual amount of cash required in year. It does not represent an underspend against the DE budget.

Request for Resources B

Request for Resources B shows a total underspend of £1.1m (2.2%) against the Spring Supplementary Estimate for the year. The underspend was in the main due to lower than anticipated expenditure in Youth and Other Children's Services and in the drawdown of cash grant-in-aid which is explained in the paragraph above.

Detailed explanations of the variances between Estimate and outturn are given in the Performance Report.

Key to Request for Resources

Request for Resources A

Ensuring that all young people, through participation at school, reach the highest possible standards of educational achievement that will give them a secure foundation for lifelong learning and employment; and develop the values and attitudes appropriate to citizenship in an inclusive society.

Request for Resources B

Promoting, through the youth service and children's services, the personal and social development of children and young people and assisting them to gain knowledge, skills and experience to reach their full potential as valued individuals. Encouraging children and young people to develop mutual understanding and promoting recognition of, and respect for, cultural diversity, human rights, equality of opportunity and social inclusion.

The notes on pages 119 to 148 form part of these accounts.

5.5 SOAS note 2. Reconciliation of outturn to net operating expenditure (Audited)

| | | 2019-20 | | | 2018-19 |
|--|--------------|------------------|----------------------------|--|-------------------------------|
| Item | Note | Outturn £000 | Supply Estimate £000 | Outturn compared with Estimate £000 | Prior year outturn £000 |
| Net resource outturn | SOAS1 | 2,305,713 | 2,443,730 | 138,017 | 2,174,496 |
| Non-supply income (CFERs) | | (2,714) | (2,202) | 512 | (1,478) |
| Net operating expenditure in the Statement of Comprehensive Net Expenditure | SOCNE | 2,302,999 | 2,441,528 | 138,529 | 2,173,018 |

As noted in the introduction to the SoAS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the resource outturn to net operating expenditure, linking the SoAS to the financial statements.

Net operating expenditure for the year is the total of expenditure and income appearing in the SOCNE. Net resource outturn is the total of those elements of expenditure and income that are subject to Assembly approval and included in the Department's Supply Estimate.

The notes on pages 119 to 148 form part of these accounts.

5.6 SOAS note 3. Reconciliation of net resource outturn to net cash requirement (Audited)

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

| | | | | 2019-20 |
|--|-------------|-------------------------|--------------------------|---|
| Item | Note | Outturn £000 | Estimate £000 | Outturn vs Estimate: saving/ (excess) £000 |
| Resource Outturn | SOAS1 | 2,305,713 | 2,443,730 | 138,017 |
| Capital: | | | | |
| Acquisition of property, plant and equipment and intangible assets | 6, 7 | 8,464 | 9,054 | 590 |
| Accruals to cash adjustments | | | | |
| <i>Adjustments to remove non-cash items:</i> | | | | |
| Depreciation, impairments and revaluations | 3.1 | (74) | (1,052) | (978) |
| New provisions and adjustments to previous provisions | 3.1 | (215) | (372) | (157) |
| Other non-cash items | 3.1 | (3,573) | (4,212) | (639) |
| <i>Adjustments to reflect movements in working capital balances:</i> | | | | |
| Increase in receivables | 12 | 1,728 | - | (1,728) |
| (Increase)/decrease in payables falling due within one year | 13 | (3,311) | 20,000 | 23,311 |
| Use of provision | 14 | 25 | 33 | 8 |
| Net cash requirement | | 2,308,757 | 2,467,181 | 158,424 |

As noted in the introduction to the SoAS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. This reconciliation bridges the resource outturn to the net cash requirement.

Detailed explanations of the variances between Estimate and outturn are given in the Performance Report.

The notes on pages 119 to 148 form part of these accounts.

Reconciliation of net cash requirement to increase in cash (Audited)

| | Note | 2019-20 £000 |
|---|-------|-----------------|
| Net cash requirement | SOAS3 | (2,308,757) |
| From Consolidated Fund (supply) - current year | SoCFs | 2,306,678 |
| From Consolidated Fund (supply) - prior year | SoCFs | 1,734 |
| Amounts due to the Consolidated Fund - received in a prior year and paid over | 13 | (1,401) |
| Amounts due to the Consolidated Fund - received and not paid over | 13 | 2,714 |
| Increase in cash | 11 | 968 |

5.7 SOAS note 4. Amounts of income payable to the Consolidated Fund (Audited)

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

SOAS4.1 Analysis of income payable to the Consolidated Fund (Audited)

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

| Item | Note | Forecast 2019-20 | | Outturn 2019-20 | |
|--|-------|------------------|------------------|-----------------|------------------|
| | | Income £000 | Receipts £000 | Income £000 | Receipts £000 |
| Other operating income and receipts not classified as Accruing Resources | | 2,202 | 2,202 | 2,714 | 2,791 |
| | SOAS5 | 2,202 | 2,202 | 2,714 | 2,791 |
| Non-operating income and receipts – excess Accruing Resources | SOAS6 | - | - | - | - |
| Total income payable to the Consolidated Fund | | 2,202 | 2,202 | 2,714 | 2,791 |

SOAS4.2 Consolidated Fund Income (Audited)

The Department did not collect any amounts where it was acting as agent for the Consolidated Fund rather than as principal.

The notes on pages 119 to 148 form part of these accounts.

5.8 SOAS note 5. Reconciliation of income recorded within the SOCNE to operating income payable to the Consolidated Fund (Audited)

| Item | Note | 2019-20 £000 | 2018-19 £000 |
|--|----------------|-------------------------|-------------------------|
| Operating income | 5 | 22,301 | 20,008 |
| Gross income | | 22,301 | 20,008 |
| Income authorised to be Accruing Resources | SOAS1 | (19,587) | (18,530) |
| Operating income payable to the Consolidated Fund | SOAS4.1 | 2,714 | 1,478 |

5.9 SOAS note 6. Non-operating income – Excess Accruing Resources (Audited)

| Item | 2019-20 £000 | 2018-19 £000 |
|---|-------------------------|-------------------------|
| Proceeds on disposal of assets | - | - |
| Non-operating income – excess Accruing Resources | - | - |

The notes on pages 119 to 148 form part of these accounts.

5.10 OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURE NOTES

Departmental accounting boundary (Audited)

These accounts have been prepared in accordance with directions given by DoF in pursuance of the Government Resources and Accounts Act (NI) 2001 and relate to the activities of DE and the Exceptional Circumstances Body.

For resource accounts purposes, with the exception of the Exceptional Circumstances Body, all other NDPBs fall outside the Departmental accounting boundary, defined within the *FReM*, and their results are not therefore consolidated with those of the Department. Financial information in respect of the individual NDPBs may be obtained from their separately published annual report and accounts.

The following list represents those bodies for which the Department had direct funding responsibility during this financial year.

Executive NDPBs

Education Authority
Comhairle na Gaelscolaíochta
Council for Catholic Maintained Schools
General Teaching Council for Northern Ireland
Middletown Centre for Autism
Northern Ireland Council for Integrated Education
Northern Ireland Council for the Curriculum, Examinations and Assessment
Youth Council for Northern Ireland

Tribunals

Exceptional Circumstances Body

Other public bodies

Middletown Centre for Autism (Holdings) Limited
Grant Maintained Integrated (GMI) schools*
Voluntary Grammar (VG) schools*

* Note: Other schools, maintained and controlled, are funded via the EA.

From the 1 April 2017 the administrative arrangements for the VG and GMI Schools Funding Authority function transferred from the Department to the EA. During 2018-19 further funding streams for the VG/GMI Schools transferred from the DE to the EA .

The notes on pages 119 to 148 form part of these accounts.

Regularity of Expenditure (Audited)

Issues pertaining to the regularity of Departmental expenditure are discussed in the Governance Statement.

Losses and special payments (Audited)

Losses statement

| 2019-20 Number of cases | 2019-20 £000 | 2018-19 Number of cases | 2018-19 £000 |
|-------------------------------|-----------------|-------------------------------|-----------------|
| 9 | 10 | - | - |

No individual cases in 2019-20 or 2018-19 exceeded £250,000.

Special Payments

| 2019-20 Number of cases | 2019-20 £000 | 2018-19 Number of cases | 2018-19 £000 |
|-------------------------------|-----------------|-------------------------------|-----------------|
| 167 | 55 | 148 | 40 |

No individual cases in 2019-20 or 2018-19 exceeded £250,000.

Other notes

Details of any losses and special payments made by the Department's executive NDPBs will be reported in the accounts of those bodies.

Remote contingent liabilities (Audited)

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37, the Department also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. The Department has no contingent liabilities to report for the purpose of NI Assembly reporting and accountability.

D A Baker

Signed: _____
Accounting Officer

Date: 02 October 2020

The notes on pages 119 to 148 form part of these accounts.

DEPARTMENT OF EDUCATION

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

Opinion on financial statements

I certify that I have audited the financial statements of the Department of Education for the year ended 31st March 2020 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

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

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31st March 2020 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31st March 2020 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

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

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Department of Education’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Department of Education have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Department of Education’s ability to continue to adopt the going concern basis.

Other Information

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

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

Opinion on other matters

In my opinion:

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

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer’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.

Auditor’s responsibilities for the audit of the financial statements

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

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website

www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



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

7th October 2020

DEPARTMENT OF EDUCATION

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

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 | 2019-20 £000 | 2018-19 £000 |
|--|------|------------------|------------------|
| Other operating income | 5 | (22,301) | (20,008) |
| Total operating income | | (22,301) | (20,008) |
| Staff costs | 3.2 | 27,553 | 25,326 |
| Purchase of goods and services | 3.2 | 8,992 | 13,118 |
| Depreciation and impairment credit | 3.2 | 74 | (53) |
| Provision expense | 3.2 | 215 | 21 |
| Other operating expenditure | 3.2 | 2,288,466 | 2,154,614 |
| Total operating expenditure | | 2,325,300 | 2,193,026 |
| Net operating expenditure | | 2,302,999 | 2,173,018 |
| Net expenditure for the year | | 2,302,999 | 2,173,018 |
| Other comprehensive net expenditure | | | |
| Items that will not be reclassified to net operating costs: | | | |
| Net gain on revaluation of property, plant and equipment | 6 | (673) | (830) |
| Comprehensive net expenditure for the year | | 2,302,326 | 2,172,188 |

All income and expenditure are derived from continuing operations.

The notes on pages 119 to 148 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Financial Position as at 31 March 2020

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

| | Note | £000 | 2020 £000 | £000 | 2019 £000 |
|--|------|----------|-----------------|----------|-----------------|
| Non-current assets: | | | | | |
| Property, plant and equipment | 6 | 44,834 | | 39,062 | |
| Intangible assets | 7 | 3,772 | | 481 | |
| Financial assets | 10 | 815 | | 815 | |
| Total non-current assets | | | 49,421 | | 40,358 |
| Current assets: | | | | | |
| Trade and other receivables | 12 | 7,068 | | 5,072 | |
| Cash and cash equivalents | 11 | 635 | | - | |
| Total current assets | | | 7,703 | | 5,072 |
| Total assets | | | 57,124 | | 45,430 |
| Current liabilities: | | | | | |
| Trade and other payables | 13 | (80,919) | | (76,705) | |
| Provisions | 14 | (181) | | (44) | |
| Total current liabilities | | | (81,100) | | (76,749) |
| Total assets less current liabilities | | | (23,976) | | (31,319) |
| Non-current liabilities: | | | | | |
| Provisions | 14 | (484) | | (431) | |
| Total non-current liabilities | | | (484) | | (431) |
| Total assets less total liabilities | | | (24,460) | | (31,750) |
| Taxpayers' equity and other reserves: | | | | | |
| General fund | | | (26,432) | | (33,051) |
| Revaluation reserve | | | 1,972 | | 1,301 |
| Total equity | | | (24,460) | | (31,750) |

D A Baker

Signed: _____

Accounting Officer

Date: 02 October 2020

The notes on pages 119 to 148 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Cash Flows

for the year ended 31 March 2020

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 Department's future public service delivery.

| | Note | 2019-20 £000 | 2018-19 £000 |
|---|-------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Net expenditure for the year | SOAS2 | (2,302,999) | (2,173,018) |
| Adjustments for non-cash transactions | 3.1 | 3,862 | 3,480 |
| (Increase)/decrease in trade and other receivables | 12 | (1,996) | (20) |
| <i>movements in receivables relating to items not passing through the statement of comprehensive net expenditure</i> | 12 | 345 | (1,364) |
| Increase/(decrease) in trade and other payables excluding bank overdraft | 13 | 4,547 | 15,199 |
| <i>movements in payables relating to items not passing through the statement of comprehensive net expenditure</i> | 13 | (2,591) | 1,086 |
| Use of provisions | 14 | (25) | (20) |
| Net cash outflow from operating activities | | (2,298,857) | (2,154,657) |
| Cash flows from investing activities | | | |
| Purchase of non-financial assets - property, plant and equipment | 6 | (4,704) | (5,193) |
| Purchase of non-financial assets - intangible assets | 7 | (2,405) | (422) |
| Net cash outflow from investing activities | | (7,109) | (5,615) |
| Cash flows from financing activities | | | |
| From the Consolidated Fund (supply) – current year | | 2,306,678 | 2,160,124 |
| From the Consolidated Fund (supply) – prior year | 12 | 1,734 | 3,098 |
| Net financing | | 2,308,412 | 2,163,222 |
| Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund | | 2,446 | 2,950 |
| Payments of amounts due to the Consolidated Fund | | (1,478) | (2,632) |
| Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund | 11 | 968 | 318 |
| Cash and cash equivalents at the beginning of the period | 11 | (333) | (651) |
| Cash and cash equivalents at the end of the period | 11 | 635 | (333) |

The notes on pages 119 to 148 form part of these accounts.

DEPARTMENT OF EDUCATION
Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2020

This statement shows the movement in the year on the different reserves held by the DE , 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. The General Fund represents the total assets less liabilities of a department, to the extent that the total is not represented by other reserves and financing items.

| | Note | General Fund £000 | Revaluation reserve (property, plant & equipment) £000 | Revaluation reserve (intangible assets) £000 | Taxpayers' equity £000 |
|--|---------|-------------------------|---|--|------------------------------|
| Balance at 31 March 2018 | | (23,929) | 472 | - | (23,457) |
| Net Assembly funding – drawn down | | 2,160,124 | - | - | 2,160,124 |
| Supply receivable adjustment | 12 | 1,734 | - | - | 1,734 |
| CFERs payable to the Consolidated Fund | | (1,478) | - | - | (1,478) |
| Comprehensive expenditure for the year | | (2,173,018) | 830 | - | (2,172,188) |
| Non-cash charges – accommodation and other charges | 3, 3.1 | 3,458 | - | - | 3,458 |
| Non-cash charges – auditor’s remuneration and expenses | 3, 3.1 | 54 | - | - | 54 |
| Other reserves movements | | 2 | 1 | - | 3 |
| Transfers between reserves | | 2 | (2) | - | - |
| Balance at 31 March 2019 | | (33,051) | 1,301 | - | (31,750) |
| Net Assembly funding – drawn down | | 2,306,678 | - | - | 2,306,678 |
| Supply receivable adjustment | 12 | 2,079 | - | - | 2,079 |
| CFERs payable to the Consolidated Fund | SOAS4.1 | (2,714) | - | - | (2,714) |
| Comprehensive expenditure for the year | SOAS2 | (2,302,999) | 673 | - | (2,302,326) |
| Non-cash charges – accommodation and other charges | 3, 3.1 | 3,509 | - | - | 3,509 |
| Non-cash charges – auditor’s remuneration and expenses | 3, 3.1 | 64 | - | - | 64 |
| Transfers between reserves | | 2 | (2) | - | - |
| Balance at 31 March 2020 | | (26,432) | 1,972 | - | (24,460) |

The notes on pages 119 to 148 form part of these accounts.

DEPARTMENT OF EDUCATION

ANNUAL REPORT AND ACCOUNTS 2019-20

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2019-20 *FReM* issued by the DoF. The accounting policies contained in the *FReM* apply IFRS as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of DE for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by DE are described below. They have been applied consistently in dealing with items considered material to the accounts.

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

In accordance with the *FReM*, the Department is not able to accrue funding due from the Consolidated Fund in respect of Assembly Grant to match net liabilities recorded within the statement of financial position. Under IAS 1 (revised), *Presentation of Financial Statements*, such a closing financial position which shows a surplus of liabilities over assets requires the Accounting Officer to make an assessment of the viability of the Department as a going concern. These accounts have been prepared under the going concern principle.

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 and intangible assets.

1.2 Basis of consolidation

These accounts comprise a consolidation of the Department (the Core Department), and the Exceptional Circumstances Body which falls within the Departmental boundary as defined in the *FReM*, interpreted for NI. Transactions between entities included in the consolidation are eliminated.

As the results of the Core Department are not materially different from those of the Consolidated Department, the results of the Exceptional Circumstances Body have not been separately disclosed on the SOCNE, Statement of Financial Position and supporting notes.

A list of all those entities within the Departmental boundary is given at note 20.

1.3 Property, plant and equipment

On initial recognition property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

Items classified as “under construction” are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

Subsequent expenditure on an asset, that meets the criteria in compliance with IAS 16, *Property, Plant and Equipment*, is capitalised, otherwise it is written off to revenue.

At each annual reporting date, property, plant and equipment are stated at fair value, determined as follows:

- Land and Buildings

Title to land and buildings shown in the accounts is held by DE. Land and buildings are stated at current value in existing use. Land is valued in the year of purchase and buildings in the year in which they are brought into use, using a professional valuation provided by LPS, a directorate within DoF, in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards incorporating the International Valuation Standards, published in association with the Institute of Revenues Rating and Valuation. Subsequently, a full professional valuation is made by LPS every five years and in the intervening years interim valuations are obtained from LPS. The basis of the valuation for each of the property types is as follows:

| <i>PROPERTY TYPE</i> | <i>ASSET CATEGORY</i> | <i>BASIS/METHOD OF VALUATION</i> |
|--|---|--|
| School buildings & other associated structures | Land & buildings, owner occupied for the purposes of the undertaking Specialised: operational | Current Value in existing use <i>Depreciated Replacement Cost</i> |
| Land supporting existing school buildings | Lands owner occupied for the purposes of the undertaking Non-Specialised: operational | Current Value in existing use <i>Existing Use Value (as defined by RICS UK VS 1.3)</i> |
| Land for ongoing and future development of school campus | Lands owner occupied for the purposes of the undertaking Non-Specialised non-operational | Current Value in existing use <i>Existing Use Value (as defined by RICS UK VS 1.3)</i> |

- Assets under construction are carried at cost.
- Other assets

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

The minimum level for capitalisation is £1,000. PCs (including laptops) and network equipment are grouped for all assets utilised in connection with the Departmental Local Area Network.

Revaluations below historic cost which are not temporary fluctuations in market value are treated as an impairment in accordance with IAS 36, *Impairment of Assets*, and charged in full to the SOCNE.

Impairment reviews of property, plant and equipment are performed annually and additionally where there is an indication of impairment as defined by IAS 36.

1.4 Depreciation

Depreciation of property, plant and equipment is provided on a straight-line basis by reference to current values and to the remaining economic useful lives of assets and their estimated residual value. Freehold land and assets under construction are not depreciated.

Asset lives are reviewed annually and are normally within the following ranges:

| | |
|------------------------|---------------|
| Buildings | 50 years |
| Transport equipment | 3 to 5 years |
| Information technology | 3 to 10 years |
| Plant and machinery | 3 to 5 years |

1.5 Intangible assets

Software and associated licences are capitalised as intangible assets where expenditure of £1,000 or more is incurred on the purchase of an individual or grouped asset.

Assets under construction are carried at cost. Other intangible assets are measured at depreciated replacement cost using suitable indices compiled by the ONS.

Assets under construction are not amortised. Software licences are amortised over the shorter of the term of the licence and their useful economic life. Other intangible assets are amortised over three years.

1.6 Assets funded by government grants

Government grants to fund capital assets are recognised in the SOCNE as income. They are recognised when receivable unless there are conditions on their use which, if not met, would mean the grant is repayable. In such cases, the income is deferred and released when the obligations are met. Where grants have restricted use and there are no conditions on their use, the income is recognised immediately as income in the SOCNE.

1.7 Investments

In 2004-05 the Department invested in the ‘‘Middletown Centre for Autism (Holdings) Limited’’, which is a company registered in NI and limited by guarantee. The Company is a joint venture between the DE in NI and the Department of Education and Skills in the Republic of Ireland, developed under the 1998 Good Friday Agreement as an agreed area of co-operation within the North South Ministerial Council, and is funded equally by each department.

The primary object of the company is to purchase, acquire and hold the property located at Middletown, Co Armagh, NI for the purpose of supporting the promotion of excellence throughout NI and Ireland in the development and harmonisation of education and allied services to children and young people with autistic spectrum disorders.

A Board of Directors comprising four members monitors the effectiveness and management of the company. The DE in NI and the Department of Education and Skills in the Republic of Ireland each nominate two members to the Board.

The investment falls outside the Departmental accounting boundary and in accordance with paragraph 7 of FD (DoF) 01/20 has been valued at historical cost less impairment within the Department’s Statement of Financial Position.

1.8 Inventories

Inventories are not deemed to be material, and are expensed to the SOCNE as purchased.

1.9 Other operating income

Other operating income is income which relates directly to the operating activities of the Department. It includes funding from the DfE for co-funded NDPBs and other income such as that from the sale of property, plant and equipment by NDPBs. It includes both operating Accruing Resources and income payable to the Consolidated Fund which in accordance with the *FReM* is treated as operating income. Other operating income is stated net of Value Added Tax (VAT).

1.10 Administration and programme expenditure

The classification of expenditure and income as administration or as programme follows the definition of administration costs set by DoF. Administration costs reflect the costs of running the Department. These include both administrative costs and associated operating income. Programme costs reflect non-administration costs, including payments of grants and other disbursements by the Department, as well as certain staff costs where they relate directly to service delivery.

1.11 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Monetary assets and liabilities denominated in foreign currency at the reporting period date are translated at the rates ruling at that date. These translation differences are dealt with in the SOCNE.

1.12 Employee Benefits including Pensions

Under the requirements of IAS 19, *Employee Benefits*, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been calculated using untaken annual leave balances from the payroll system and untaken flexi-leave balances from the results of a survey. It is not anticipated that the level of untaken flexi-leave will vary significantly from year to year.

Past and present employees are covered by the provisions of the NICS Pension arrangements. The defined benefit schemes are multi-employer unfunded schemes, which produce their own resource accounts. The DE is unable to identify its share of the underlying assets and liabilities. The Department recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS Pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the NICS Pension arrangements. In respect of the defined contribution schemes, the Department recognises the contributions payable for the year.

1.13 Early departure costs

DE employees

The Department meets the additional cost of benefits beyond the normal NICS Pension arrangements in respect of employees who retire early by paying the required amounts annually to the NICS Service Pension arrangements over the period between early departure and normal retirement date (or, in the case of Injury Awards, between early departure and estimated life expectancy). The Department provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in current or previous years or, to the estimated life expectancy in respect of Injury Awards. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the DoF Superannuation Vote. The amount provided is shown net of any such payments.

Teachers

The Teachers' Premature Retirement Compensation Scheme for NI recovers compensation costs via increased employer contributions. Compensation costs fall within the remit of the scheme and are therefore not included as a cost within the Departmental Resource Accounts.

1.14 Leases

All leases are regarded as operating leases and the rentals are charged to the SOCNE on a straight-line basis over the term of the lease.

1.15 Grants payable

In line with the *FReM*, the Department recognises grant on the basis of the underlying activity of the recipient as follows:

- The extent of the grant liability in relation to the EA and other NDPBs for both recurrent and capital expenditure is equal to their expenditure to the extent that the latter has been properly incurred. Expenditure in this context is when the EA/NDPBs make the payments which are due to be funded by the Department. This is equivalent to grant issued by the Department.
- Grant issued to VG and GMI schools in respect of recurrent funding each year reflects the totality of the schools' entitlement under the Local Management of Schools' arrangements.
- Grant issued to Voluntary and GMI Schools in respect of capital project funding is recognised based on the payments actually made plus accruals for valid grant claims in the possession of the Department.
- Other grant payments are recognised on an accruals basis where such information is available or on the basis of the extent of the grant issued or approved for payment as at 31 March each year.

1.16 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the reporting period date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury.

1.17 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, the Department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the Assembly in accordance with the requirements of *Managing Public Money Northern Ireland*.

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

1.18 Value Added Tax

Most of the activities of the Department are outside the scope of VAT and in general output tax does not apply, however input tax on expenditure is recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output VAT is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.19 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 entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for de-recognition. A financial liability is derecognised when, and only when, it is extinguished.

The Department has financial instruments in the form of an investment in the Middletown Centre for Autism (Holdings) Limited, trade receivables and payables and cash and cash equivalents.

The investment in the Middletown Centre for Autism (Holdings) Limited is classified as “held to maturity” and trade receivables, cash and cash equivalents and trade payables are classified as “loans and receivables”. The investment held to maturity is measured at historical cost less any impairment. Loans and receivables are recognised and carried at fair value. Financial liabilities are recognised and carried at fair value, net of transaction costs.

The Department assesses at each reporting period date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired.

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.

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

Impairment losses are recognised in the SOCNE and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

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

1.20 Third party assets

Third party assets are assets for which the Department acts as custodian or trustee but in which neither the Department nor government more generally has a direct beneficial interest. Third party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of the Department's third party assets are provided in note 19.

1.21 Currency and rounding

The functional currency is Sterling and, except where otherwise stated, for presentational purposes figures have been rounded to the nearest thousand pounds.

1.22 New accounting standards that have been issued but are not yet effective

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the accounts in the period of initial application.

IFRS 10, IFRS 11 & IFRS 12 Group Accounting Standards

The International Accounting Standard Board (IASB) 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 were effective with EU adoption from 1 January 2014.

Accounting boundary IFRS are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2022-23, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may have changed as a result of the new Standards.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2021. IFRS 16 provides a single lessee accounting model and requires a lessee to recognise assets and liabilities for leases with a term greater than 12 months, excluding those where the associated right-of-use asset is of low value, largely eliminating the current "off-balance sheet" treatment of operating leases under IAS 17. As disclosed in note 16.2 the Department has leased Arvalee School (on the SSEC to the EA for a peppercorn rent. The Department has assessed the impact that the application of IFRS 16 will have on the comprehensive net expenditure for the financial year ending 31 March 2022 and on the statement of financial position at that date, and has judged that it is immaterial.

IFRS 17 Insurance Contracts

IFRS 17 *Insurance Contracts* will replace IFRS 4 *Insurance Contracts* and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2023. The Department has assessed the impact that the application of IFRS 17 will have and has judged that it is immaterial.

2. Statement of Operating Costs by Operating Segment

Operating segments have been identified on the basis of the financial information reported to the Departmental Board. The financial information reported to the Departmental Board represents Departmental expenditure and resource consumption of the Department's NDPBs. The financial information reported to the Departmental Board focused on the following areas:

Aggregated Schools Budget - the main allocations to schools funded via the Common Funding Formula;

Education Authority Block Grant – funding allocated to schools from central budgets held by the Education Authority (including: Special Schools; Special Education Needs in mainstream; C2k managed ICT service; rates; and teacher substitution costs); and funding attributed to schools for services provided by the EA (including: transport; FSM; headquarters; pupil support; schools development service; music service; and school library service);

Earmarked budgets - funding allocated for specific activities which meet defined criteria;

Other NDPBs - the Department is supported by CnaG, the CCMS, the GTCNI, the MCA, the NICIE and the Northern Ireland CCEA;

Other Education Services – a range of services, including miscellaneous grants to third party organisations;

Early Years Provision – some specific early years programmes, including the Sure Start Programme and the Pathway Fund;

Youth and Community Relations - resource funding for youth services;

Department of Education costs - salary and administration costs for the Department;

Voluntary Exit Scheme – voluntary redundancy costs across the education sector as part of the Department's Strategic Cost Reduction Programme; and

Capital grants and Departmental capital - capital programmes including Major works, the Schools' Enhancement Programme, the Fresh Start Programme, Minor works schemes, youth capital projects and Departmental non-current assets.

| Operating Segments | 2019-20 Gross expenditure £000 | 2019-20 Income £000 | 2019-20 Net expenditure £000 |
|---|---|------------------------------------|---|
| Aggregated Schools Budget** | 1,195,700 | - | 1,195,700 |
| Education Authority Block Grant** | 697,491 | - | 697,491 |
| Earmarked budgets** | 135,915 | (18,836) | 117,079 |
| Other NDPBs | 26,660 | - | 26,660 |
| Other Education Services | 7,199 | - | 7,199 |
| Early Years Provision | 29,003 | - | 29,003 |
| Youth and Community Relations | 35,399 | - | 35,399 |
| Department of Education costs | 31,063 | (84) | 30,979 |
| Voluntary Exit Scheme | 8,725 | - | 8,725 |
| Total resource | 2,167,155 | (18,920) | 2,148,235 |
| Capital grants and Departmental capital | 162,747 | (667) | 162,080 |
| Total resource and capital* | 2,329,902 | (19,587) | 2,310,315 |

| Operating Segments | 2018-19 Gross expenditure £000 | 2018-19 Income £000 | 2018-19 Net expenditure £000 |
|---|---|------------------------------------|---|
| Aggregated Schools Budget** | 1,147,190 | - | 1,147,190 |
| Education Authority Block Grant** | 629,104 | - | 629,104 |
| Earmarked budgets** | 107,959 | (17,873) | 90,086 |
| Other NDPBs | 26,349 | - | 26,349 |
| Other Education Services | 7,437 | - | 7,437 |
| Early Years Provision | 29,097 | - | 29,097 |
| Youth and Community Relations | 35,797 | - | 35,797 |
| Department of Education costs | 28,590 | (34) | 28,556 |
| Voluntary Exit Scheme (referred to as Public Sector Transformation Fund in 2018-19) | 24,461 | - | 24,461 |
| Total resource | 2,035,984 | (17,907) | 2,018,077 |
| Capital grants and Departmental capital | 159,245 | (623) | 158,622 |
| Total resource and capital* | 2,195,229 | (18,530) | 2,176,699 |

*The expenditure position reported above includes the cash grant in aid and not the resource and capital outturn reported to the Departmental Board.

**The expenditure position which is based on the cash grant in aid for Aggregated Schools Budget, EA Block Grant and Earmarked budgets has been apportioned using the percentage spend reported by the EA for provisional outturn.

The total assets, total liabilities and net assets are not disclosed as they are not reported separately to the Departmental Board.

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

| | Note | 2019-20 £000 | 2018-19 £000 |
|---|--------------|------------------|------------------|
| Total net expenditure reported for operating segments | 2 | 2,310,315 | 2,176,699 |
| Reconciling items: | | | |
| AME – impairments | 4 | (140) | (263) |
| AME – provisions | 3.1 | 215 | 21 |
| Operating income payable to the Consolidated Fund | SOAS2 | (2,714) | (1,478) |
| Depreciation and amortisation | 3, 4 | 214 | 210 |
| Notional charges | 3.1 | 3,573 | 3,512 |
| Departmental capital | 6, 7 | (8,464) | (5,683) |
| Total net expenditure per the statement of comprehensive net expenditure | SoCNE | 2,302,999 | 2,173,018 |

3. Other administration costs

| | Note | £000 | 2019-20 £000 | £000 | 2018-19 £000 |
|--|------|--------|-----------------|--------|-----------------|
| Staff costs* | | | | | |
| Wages and salaries | | 10,273 | | 10,211 | |
| Social security costs | | 976 | | 978 | |
| Other pension costs | | 2,732 | | 2,089 | |
| | | | 13,981 | | 13,278 |
| Purchase of goods and services | | | | | |
| Rentals under operating leases | | 3 | | 5 | |
| Travel and subsistence | | 67 | | 78 | |
| Other staff related costs | | 81 | | 77 | |
| Accommodation costs | | 199 | | 124 | |
| Office services | | 251 | | 246 | |
| Contracted out services | | 665 | | 656 | |
| Other professional fees | | 7 | | 9 | |
| Managed services – information technology | | 30 | | 32 | |
| Other expenses | | 97 | | 112 | |
| | | | 1,400 | | 1,339 |
| Non-cash items (Note 3.1) | | | | | |
| Depreciation | | 6 | | 6 | |
| Amortisation | | - | | 2 | |
| | | | 6 | | 8 |
| Notional charges | | | | | |
| - auditor's remuneration and expenses | | 64 | | 54 | |
| - accommodation | | 1,369 | | 1,360 | |
| - others | | 2,128 | | 2,098 | |
| | | | 3,561 | | 3,512 |
| Increase in provisions (provision provided for in year less any release) | 14 | | 72 | | 21 |
| Total | | | 19,020 | | 18,158 |

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

During the year the Department did not purchase any non-audit services from its auditor, the NIAO.

3.1 Non-cash transactions included in the reconciliation of resources to net cash requirement in note SOAS3 and the Statement of Cash Flows

| | £000 | 2019-20 £000 | £000 | 2018-19 £000 |
|---|-------|-----------------|-------|-----------------|
| Depreciation and amortisation (Note 3) | 6 | | 8 | |
| Depreciation, amortisation and revaluation credit to SOCNE (Note 4) | 68 | | (61) | |
| | | 74 | | (53) |
| New provisions, and adjustments to previous provisions (Note 3) | 72 | | 21 | |
| New provisions, and adjustments to previous provisions (Note 4) | 143 | | - | |
| | | 215 | | 21 |
| Other non-cash items | | | | |
| Notional charges (Note 3) | 3,561 | | 3,512 | |
| Notional Minister's salary | 12 | | - | |
| | | 3,573 | | 3,512 |
| Total non-cash transactions (Note SOAS3 and Statement of Cash Flows) | | 3,862 | | 3,480 |

3.2 Analysis of notes 3 and 4 for the Statement of Comprehensive Expenditure

| | Other administration costs (Note 3) £000 | Programme costs (Note 4) £000 | 2019-20 £000 | 2018-19 £000 |
|---|--|--|------------------|------------------|
| Staff costs | 13,981 | 13,572 | 27,553 | 25,326 |
| Purchase of goods and services (including notional charges) | 4,961 | 4,031 | 8,992 | 13,118 |
| Depreciation, amortisation and revaluation credit | 6 | 68 | 74 | (53) |
| Provision expense | 72 | 143 | 215 | 21 |
| Other operating expenditure | - | 2,288,466 | 2,288,466 | 2,154,614 |
| | 19,020 | 2,306,280 | 2,325,300 | 2,193,026 |

4. Programme costs

| | Note | £000 | 2019-20 £000 | £000 | 2018-19 £000 |
|--|------|-----------|------------------|-----------|------------------|
| Staff costs* | | | | | |
| Wages and salaries | | 9,690 | | 9,141 | |
| Social security costs | | 1,004 | | 927 | |
| Other pension costs | | 2,878 | | 1,980 | |
| | | | 13,572 | | 12,048 |
| Other operating expenditure | | | | | |
| Grants | | 2,285,036 | | 2,152,447 | |
| EU Grant | | 3,430 | | 2,167 | |
| | | | 2,288,466 | | 2,154,614 |
| Purchase of goods and services | | | | | |
| Travel and subsistence | | 276 | | 289 | |
| Other staff related costs | | 85 | | 75 | |
| Accommodation costs** | | 164 | | 134 | |
| Office services | | 1,880 | | 1,858 | |
| Contracted out services | | 54 | | 33 | |
| Other expenses | | 1,572 | | 5,878 | |
| | | | 4,031 | | 8,267 |
| Non-cash items (Note 3.1) | | | | | |
| Depreciation | | 207 | | 201 | |
| Amortisation | | 1 | | 1 | |
| Revaluation credit to SOCNE | | (140) | | (263) | |
| | | | 68 | | (61) |
| Increase in provisions (provision provided for in year less any release) | 14 | | 143 | | - |
| Total | | | 2,306,280 | | 2,174,868 |

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

**The 2018-19 figure for accommodation costs has been amended to include costs of £111k previously described as rentals under operating leases. This reclassification arose as a result of work completed for implementation of IFRS 16 *Leases*. Costs previously included in rentals under operating leases were service charges and are now included in accommodation costs.

5. Other operating income

| | RfRA £000 | RfRB £000 | 2019-20 Total £000 | 2018-19 Total £000 |
|--|----------------------|----------------------|-----------------------------------|-----------------------------------|
| Co-funded ALB income (Further Education and Student Support (from Department for the Economy)) | 13,446 | - | 13,446 | 12,900 |
| Shared Education (from Atlantic Philanthropies) | 1,152 | - | 1,152 | 2,318 |
| European Union Programme for Peace and Reconciliation | 2,915 | - | 2,915 | 1,842 |
| Sale of property, plant and equipment (NDPBs) | 2,662 | - | 2,662 | 1,416 |
| Vulnerable Persons Relocation Scheme | 1,323 | - | 1,323 | 813 |
| Other income | 803 | - | 803 | 719 |
| | 22,301 | - | 22,301 | 20,008 |

6. Property, plant and equipment

| | Land £000 | Buildings £000 | Transport equipment £000 | Information technology £000 | Plant and machinery £000 | Asset under construction £000 | Total £000 |
|--|--------------|-------------------|--------------------------------|-----------------------------------|--------------------------------|-------------------------------------|---------------|
| Cost or valuation | | | | | | | |
| At 1 April 2019 | 6,972 | 9,461 | 28 | 95 | 83 | 22,593 | 39,232 |
| Additions | 200 | (2) | - | - | - | 4,974 | 5,172 |
| Disposals | - | - | - | (3) | - | - | (3) |
| Revaluation credit to SOCNE | - | 74 | - | - | - | - | 74 |
| Revaluations | 388 | 151 | - | - | 1 | - | 540 |
| At 31 March 2020 | 7,560 | 9,684 | 28 | 92 | 84 | 27,567 | 45,015 |
| Depreciation | | | | | | | |
| At 1 April 2019 | - | - | 27 | 71 | 72 | - | 170 |
| Charged in year | - | 199 | 1 | 9 | 4 | - | 213 |
| Disposals | - | - | - | (3) | - | - | (3) |
| Revaluation credit to SOCNE | - | (66) | - | - | - | - | (66) |
| Revaluations | - | (133) | - | - | - | - | (133) |
| At 31 March 2020 | - | - | 28 | 77 | 76 | - | 181 |
| Carrying amount at 31 March 2020 | 7,560 | 9,684 | - | 15 | 8 | 27,567 | 44,834 |
| Carrying amount at 31 March 2019 | 6,972 | 9,461 | 1 | 24 | 11 | 22,593 | 39,062 |
| Asset financing | | | | | | | |
| Owned | 7,560 | 9,684 | - | 15 | 8 | 27,567 | 44,834 |
| Carrying amount at 31 March 2020 | 7,560 | 9,684 | - | 15 | 8 | 27,567 | 44,834 |
| Fair value of assets funded by government grant | 6,860 | - | - | - | - | 1,577 | 8,437 |

Land comprises a site at Strule (formerly Lisanelly), Omagh, which was transferred from the Ministry of Defence to DE on 15 April 2011. This land was “gifted” under the Hillsborough Agreement 2010, made 5 February 2010. The Department also owns land at Ormeau Road, Belfast which was purchased in July 2015 and January 2020. Buildings relate to the SSEC .

Land and buildings are stated at current value in existing use. Land is valued in the year of purchase and buildings in the year in which they are brought into use, using a professional valuation provided by LPS, a directorate within DoF. Subsequently, a professional valuation is made by LPS every five years and in the intervening years interim valuations are obtained from LPS. The last full professional valuation of the land and buildings was undertaken by LPS as at 31 March 2018. All other assets are re-valued using indices.

The most recent LPS Valuation Report dated 31 March 2020 stated the outbreak of COVID-19 has impacted global financial markets and that market activity is being impacted in many sectors. Therefore, at the valuation date, LPS considers that it can attach less weight to previous market evidence for comparison purposes to inform opinions of value. The valuations detailed within the LPS report are therefore reported on the basis of “material valuation uncertainty”. The Department has assessed the impact of the LPS valuations and judged that they are immaterial. Given the unknown future impact that COVID-19 might have on both the global and local real estate markets, these valuations will be kept under frequent review.

| | Land £000 | Buildings £000 | Transport equipment £000 | Information technology £000 | Plant and machinery £000 | Asset under construction £000 | Total £000 |
|--|--------------|-------------------|--------------------------------|-----------------------------------|--------------------------------|-------------------------------------|---------------|
| Cost or valuation | | | | | | | |
| At 1 April 2018 | 6,154 | 9,382 | 26 | 95 | 73 | 17,360 | 33,090 |
| Additions | - | (2) | - | - | 10 | 5,233 | 5,241 |
| Reclassifications | - | (2) | 2 | (1) | - | - | (1) |
| Revaluation credit to SOCNE | - | 79 | - | - | - | - | 79 |
| Revaluations | 818 | 4 | - | 1 | - | - | 823 |
| At 31 March 2019 | 6,972 | 9,461 | 28 | 95 | 83 | 22,593 | 39,232 |
| Depreciation | | | | | | | |
| At 1 April 2018 | - | - | 24 | 60 | 69 | - | 153 |
| Charged in year | - | 193 | 2 | 9 | 3 | - | 207 |
| Reclassifications | - | - | 1 | 2 | (1) | - | 2 |
| Revaluation credit to SOCNE | - | (185) | - | - | - | - | (185) |
| Revaluations | - | (8) | - | - | 1 | - | (7) |
| At 31 March 2019 | - | - | 27 | 71 | 72 | - | 170 |
| Carrying amount at 31 March 2019 | 6,972 | 9,461 | 1 | 24 | 11 | 22,593 | 39,062 |
| Carrying amount at 31 March 2018 | 6,154 | 9,382 | 2 | 35 | 4 | 17,360 | 32,937 |
| Asset financing | | | | | | | |
| Owned | 6,972 | 9,461 | 1 | 24 | 11 | 22,593 | 39,062 |
| Carrying amount at 31 March 2019 | 6,972 | 9,461 | 1 | 24 | 11 | 22,593 | 39,062 |
| Fair value of assets funded by government grant | 6,672 | - | - | - | - | 1,577 | 8,249 |

7. Intangible assets

| | Information technology £000 | Software licences £000 | Asset under construction £000 | Total £000 |
|---|-----------------------------------|------------------------------|-------------------------------------|---------------|
| Cost or valuation | | | | |
| At 1 April 2019 | 1,351 | 17 | 480 | 1,848 |
| Additions | - | - | 3,292 | 3,292 |
| Disposals | (6) | (1) | - | (7) |
| Revaluations | 18 | - | - | 18 |
| At 31 March 2020 | 1,363 | 16 | 3,772 | 5,151 |
| Amortisation | | | | |
| At 1 April 2019 | 1,350 | 17 | - | 1,367 |
| Charged in year | 1 | - | - | 1 |
| Disposals | (6) | (1) | - | (7) |
| Revaluations | 18 | - | - | 18 |
| At 31 March 2020 | 1,363 | 16 | - | 1,379 |
| Carrying amount at 31 March 2020 | - | - | 3,772 | 3,772 |
| Carrying amount at 31 March 2019 | 1 | - | 480 | 481 |
| Asset financing | | | | |
| Owned | - | - | 3,772 | 3,772 |
| Carrying amount at 31 March 2020 | - | - | 3,772 | 3,772 |

| | Information technology £000 | Software licences £000 | Asset under construction £000 | Total £000 |
|---|-----------------------------------|------------------------------|-------------------------------------|---------------|
| Cost or valuation | | | | |
| At 1 April 2018 | 1,327 | 19 | 37 | 1,383 |
| Additions | - | - | 442 | 442 |
| Disposals | - | (3) | - | (3) |
| Reclassifications | 2 | 1 | 1 | 4 |
| Revaluations | 22 | - | - | 22 |
| At 31 March 2019 | 1,351 | 17 | 480 | 1,848 |
| Amortisation | | | | |
| At 1 April 2018 | 1,327 | 19 | - | 1,346 |
| Charged in year | 1 | 2 | - | 3 |
| Disposals | - | (3) | - | (3) |
| Reclassifications | (1) | (1) | - | (2) |
| Revaluation charge to SOCNE | 1 | - | - | 1 |
| Revaluations | 22 | - | - | 22 |
| At 31 March 2019 | 1,350 | 17 | - | 1,367 |
| Carrying amount at 31 March 2019 | 1 | - | 480 | 481 |
| Carrying amount at 31 March 2018 | - | - | 37 | 37 |
| Asset financing | | | | |
| Owned | 1 | - | 480 | 481 |
| Carrying amount at 31 March 2019 | 1 | - | 480 | 481 |

8. Impairments

The Department has incurred the following impairments to current and non-current assets during the financial year.

| | Impairment taken through the revaluation reserve £000 | Impairment (credit)/charge to the Statement of Comprehensive Net Expenditure £000 |
|--|--|--|
| Trade receivables bad debt provision | - | 34 |
| Property, plant and equipment | - | (140) |
| Intangible assets | - | - |
| Impairment (credit)/charge for the year ended 31 March 2020 | - | (106) |
| Impairment (credit)/charge for the year ended 31 March 2019 | - | (257) |

9 Financial Instruments

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

Classification of financial instruments

The Department's investments are measured at historical cost less any impairment, while all other financial instruments are measured at fair value. The Department's financial assets include investments which are classified as held to maturity, trade and other receivables and cash and cash equivalents which are classified as loans and receivables. The Department's financial liabilities are classified as loans and receivables and comprise payables and accruals, excluding tax liabilities. The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities.

The following table shows the net gains/losses recognised through the SOCNE by measurement category:

| | From interest £000 | From subsequent measurement | | | Net | Net |
|--------------------------|-----------------------|-----------------------------|---------------------------------|--|--------------------------------|--------------------------------|
| | | At fair value £000 | Currency translation £000 | Impairment /(reversal of impairment) £000 | (gain)/loss 2019-20 £000 | (gain)/loss 2018-19 £000 |
| Held to maturity | - | - | - | - | - | - |
| Loans and receivables | - | - | - | 34 | 34 | 6 |
| Total | - | - | - | 34 | 34 | 6 |

Risk management

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

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Department is not exposed to significant credit risk and manages its exposure via credit risk management policies which require review of the credit history of the organisations that the Department wishes to trade with. Publicly available credit information from recognised providers is utilised for this purpose where available. The maximum exposure to credit risk is represented by the carrying amounts of the trade receivables carried in the Statement of Financial Position.

Liquidity risk

The Department's net revenue resource requirements are financed by resources voted annually by the NI Assembly, as is its capital expenditure. The DE is not, therefore, exposed to significant liquidity risks.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Department receives reimbursement of certain grant payments from the EU. Transactions with the EU are denominated in euro and therefore exposed to currency risk. The revenue due from the EU is recognised as a receivable when it is initially paid to grant recipients. However, only when the Department submits claims to the EU is the relevant portion of the receivable subject to exchange rate risk.

The Department does not have the authority to manage currency risk through hedging.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

All of the Department's financial assets and liabilities carry nil or fixed rates of interest. The Department is therefore not exposed to any interest rate risk.

10 Investments in other public bodies

| | |
|--|---|
| | Middletown Centre for Autism (Holdings) Limited £000 |
| At 31 April 2018, 31 March 2019 and 31 March 2020 | 815 |

In the year to 31 March 2005 the Department invested in the "Middletown Centre for Autism (Holdings) Limited" as a joint venture with the Department of Education and Skills in the Republic of Ireland. Both parties fund the company equally.

The investment falls outside the departmental accounting boundary and in accordance with paragraph 7 of FD (DoF) 01/20 has been valued at historical cost less impairment, within the Department's Statement of Financial Position.

11 Cash and cash equivalents

| | 2019-20 £000 | 2018-19 £000 |
|--|-----------------|-----------------|
| At 1 April 2019 | (333) | (651) |
| Net change in cash and cash equivalents | 968 | 318 |
| At 31 March 2020 | 635 | (333) |
| The following balances at 31 March were held at: | | |
| Commercial banks and cash in hand | 635 | (333) |
| At 31 March 2020 | 635 | (333) |
| The balance comprises: | | |
| Cash at bank | 635 | - |
| Bank overdraft | - | (333) |
| | 635 | (333) |

11.1 Reconciliation of liabilities arising from financing activities

There are no liabilities arising from financing activities at 31 March 2020 and 31 March 2019.

12 Trade receivables, financial and other assets

| | 2019-20 £000 | 2018-19 £000 |
|---|-----------------|-----------------|
| Amounts falling due within one year: | | |
| VAT | 205 | 277 |
| EU grants receivable | 3,538 | 1,492 |
| Trade receivables | 202 | 230 |
| Other receivables | 101 | 88 |
| Prepayments | 82 | 533 |
| Accrued income | 861 | 718 |
| | 4,989 | 3,338 |
| Amounts due from the Consolidated Fund in respect of Supply | 2,079 | 1,734 |
| | 7,068 | 5,072 |

Included within accrued income is £nil (2018-19: £77,000) that will be due to the Consolidated Fund once the debt is collected.

There are no amounts falling due after more than one year at 31 March 2020 and 31 March 2019.

The following table shows the impairment of trade receivables through the bad debt provision account at the reporting period date:

| | 2019-20 | 2018-19 |
|---|----------------|----------------|
| | £000 | £000 |
| At 1 April 2019 | 75 | 69 |
| Impairment losses recognised on trade receivables | 34 | 6 |
| At 31 March 2020 | 109 | 75 |

In determining the recoverability of a trade receivable, the Department considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

No interest is charged on the trade receivables. The Department has provided for trade receivables over six months old where there have been no cash receipts in the six months prior to the year end because historical experience is such that trade receivables that are past due beyond six months are generally not recoverable. The following table shows the ageing of receivables past due but not impaired; no provision has been made as there has not been a significant change in credit quality and the Department believes that the amounts are still fully recoverable:

| | 2019-20 | 2018-19 |
|---|----------------|----------------|
| | £000 | £000 |
| Neither past due nor impaired trade receivables | | |
| Less than 1 month | 14 | 15 |
| 1 to 3 months | 26 | 47 |
| 3 to 6 months | 48 | 46 |
| Past due but not impaired trade receivables | 114 | 122 |
| Impaired trade receivables | 109 | 75 |
| Gross carrying value | 311 | 305 |
| Less: impairment | (109) | (75) |
| Net carrying value | 202 | 230 |

13 Trade payables and other current liabilities

| | 2019-20 £000 | 2018-19 £000 |
|--|-----------------|-----------------|
| Amounts falling due within one year: | | |
| Bank overdraft (Note 11) | - | 333 |
| Other taxation and social security | 16,545 | 16,767 |
| Trade payables | 52,614 | 48,317 |
| Other payables | 997 | 998 |
| Accruals | 7,208 | 6,054 |
| Deferred income | 841 | 2,758 |
| | 78,205 | 74,894 |
| Consolidated Fund extra receipts due to be paid to the Consolidated Fund | | |
| received from other sources | 2,714 | 1,401 |
| receivable from other sources | - | 77 |
| | 2,714 | 1,478 |
| | 80,919 | 76,705 |

There are no amounts falling due after more than one year at 31 March 2020 or 31 March 2019.

14 Provisions for liabilities and charges

| | Early departure costs £000 | Legal claims £000 | Total £000 |
|---|-------------------------------------|-------------------------|---------------|
| At 1 April 2019 | 450 | 25 | 475 |
| Provided in the year | - | 160 | 160 |
| Provisions not required written back | - | (20) | (20) |
| Provisions utilised in the year | (20) | (5) | (25) |
| Change in discount rate | 75 | - | 75 |
| At 31 March 2020 | 505 | 160 | 665 |
| Analysis of expected timing of cash flows | | | |
| Not later than one year | 21 | 160 | 181 |
| Later than one year and not later than five years | 85 | - | 85 |
| Later than five years | 399 | - | 399 |
| At 31 March 2020 | 505 | 160 | 665 |

| | Early departure costs £000 | Legal claims £000 | Total £000 |
|--------------------------------------|---|----------------------------------|-----------------------|
| At 1 April 2018 | 470 | 4 | 474 |
| Provided in the year | - | 25 | 25 |
| Provisions not required written back | - | (4) | (4) |
| Provisions utilised in the year | (20) | - | (20) |
| At 31 March 2019 | 450 | 25 | 475 |

Analysis of expected timing of cash flows

| | | | |
|---|------------|-----------|------------|
| Not later than one year | 19 | 25 | 44 |
| Later than one year and not later than five years | 77 | - | 77 |
| Later than five years | 354 | - | 354 |
| At 31 March 2019 | 450 | 25 | 475 |

14.1 Early departure costs

The Department is required to meet the costs of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age (or, in the case of Injury Awards estimated life expectancy), and must provide in full for the cost of meeting pensions resulting from such early retirement schemes. The Department may, in certain circumstances, settle some or all of its liability in advance by making a payment to the DoF Superannuation Vote. The Treasury discount rate of minus 0.5 per cent in real terms has been applied to early departure provisions where the time value of money is significant.

14.2 Legal claims

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. A discount rate has not been applied to the provisions for legal claims as the time value of money is not significant.

Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in note 15.

The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. Due to delays as a result of COVID-19, it is expected that this will not be heard until 2021 but could result in a decision which either reduces the period of liability or confirms the full period back to 1998. The 2019-20 Holiday Pay provision has been estimated by NICS HR and covers the period from 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

- The appeal to the Supreme Court (as detailed above);

- Lack of accessible data for years previous to 2011 and for some groups of staff beyond 2011;
- Ongoing negotiations with Trade Unions;
- A reliable estimate for the pension element is not yet available; and
- The provision is gross (inclusive of Employee National Insurance and PAYE) and also includes an uplift of 13.8% for Employer National Insurance Contributions (NI). Taxation issues are still under discussion with HMRC so the position is subject to change.

15 Contingent liabilities and contingent assets

15.1 Contingent liabilities

The Department has contingent liabilities estimated at £223k for six legal challenges.

In addition to the above, the Department has entered into a number of guarantees, indemnities or provided letters of comfort, but the possibility of these crystallising is considered to be too remote to require disclosure.

15.2 Contingent assets

The following contingent assets at 31 March 2020 have not been included in the financial statements:

| Nature | Number of cases | Value £000 |
|--|------------------------|-----------------------|
| Probable recoupment of monies from school trustees following closure | 23 | 7,491 |

16 Leases

16.1 Finance leases

The Department does not have any finance leases.

16.2 Operating leases

£3,000 (2018-19: £5,000*) was included as an expense on operating leases in the SOCNE.

*The 2018-19 figure has been amended to exclude costs which were for service charges. This reclassification arose as a result of work completed for implementation of IFRS 16 *Leases*.

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

| | 2020 | 2019 |
|-------------------------|-------------|-------------|
| | £000 | £000 |
| Other | | |
| Not later than one year | - | 3 |
| | <u>-</u> | <u>3</u> |

In addition to the above, the Department has leased Arvalee School (on the SSEC) to the EA for a peppercorn rent.

17 Capital and other commitments

17.1 Capital commitments

| | 2020 | 2019 |
|---|---------------------|---------------------|
| | £000 | £000 |
| Contracted capital commitments at 31 March not otherwise included in these financial statements | | |
| Property, plant and equipment | 633 | 3,967 |
| Intangible assets | 1,053 | 393 |
| | <u>1,686</u> | <u>4,360</u> |

17.2 Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases or Private Finance Initiatives contracts or service concession arrangements), for the provision of security, facilities management, evaluation and other services.

The payments to which the Department is committed at 31 March are as follows.

| | 2020 | 2019 |
|---|---------------------|---------------------|
| | £000 | £000 |
| Not later than one year | 1,294 | 1,008 |
| Later than one year and not later than five years | 1,976 | 271 |
| Later than five years | 728 | - |
| | <u>3,998</u> | <u>1,279</u> |

18 Related-party transactions

The following list represents those bodies for which the Department had direct funding responsibility during this financial year. These bodies are regarded as related parties with which the Department has had material transactions during the year.

Executive NDPBs

Education Authority
Comhairle na Gaelscolaíochta
Council for Catholic Maintained Schools
General Teaching Council for Northern Ireland
Middletown Centre for Autism
Northern Ireland Council for Integrated Education
Northern Ireland Council for the Curriculum, Examinations and Assessment
Youth Council for Northern Ireland

Tribunals

Exceptional Circumstances Body

Other public bodies

Middletown Centre for Autism (Holdings) Limited
GMI schools*
VG schools*
Health and Social Care Board in respect of the Sure Start programme

* Note: Other schools, maintained and controlled, were funded via the Education Authority.

The DE has had a small number of transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the DoF.

No minister, board member, key manager or other related parties has undertaken any material transactions with the Department during the year.

19 Third-party assets

The Department administers the Endowment and Miscellaneous Trust Funds on behalf of a number of Royal Schools. These are not Departmental assets and are not included in the Statement of Financial Position. The assets held at the reporting period date to which it was practical to ascribe monetary values comprised monetary assets, such as bank balances, and listed securities. They are set out in the table below.

| | 31 March 2020 £000 | 31 March 2019 £000 |
|---------------------------------------|-----------------------------------|-----------------------------------|
| Monetary assets such as bank balances | 17 | 13 |
| Listed securities | 730 | 772 |
| Total | 747 | 785 |

The Department also holds legal title to a number of Turbary rights (the right to extract peat) and associated land which is held in Trust. These assets are not included within the Departmental accounts on the grounds that the legal basis of the trusts involved ensures that the Department cannot obtain economic benefit from these assets.

20 Entities within the departmental boundary

The entities within the boundary during 2019-20 were as follows:

| | |
|----------------------------------|--------------------------------|
| Supply-financed agencies: | None |
| Non-executive NDPBs: | Exceptional Circumstances Body |
| Other entities: | None |

21 Events after the reporting period

Other than the matter referred to below there are no events after the reporting period relating to the 2019-20 financial year.

The Working Time (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020 came into operation on 24 April 2020 and allows those workers who are unable to take annual leave as result of the pandemic to carry over up to four weeks' annual leave into the next two leave years. Any exemption will apply only to circumstances where workers are unable to take their leave as a result of the outbreak, and carry over of annual leave will be limited to the next two leave years. The change in regulations may lead to an increase in the value of accrued annual leave carried over in the next two years by the department. It is not possible for the Department to give a reasonable estimate of the impact at this time.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 7 October 2020.