



Department of Education

ANNUAL REPORT AND ACCOUNTS
for the year ended 31 March 2019

**Department of Education Annual Report and Accounts
For the year ended 31 March 2019**

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

4 July 2019



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DEPARTMENT OF EDUCATION

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DEPARTMENT OF EDUCATION

Annual Report and Accounts for the year ended 31 March 2019

Abbreviations and terms used

ALBs	Arm's Length Bodies
AME	Annually Managed Expenditure
ARAC	Audit and Risk Assurance Committee
BREEAM	Building Research Establishment Environmental Assessment Method
C&AG	Comptroller and Auditor General for Northern Ireland
CAF	Careers Advisory Forum
CAL	Centre for Applied Learning
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
CnaG	Comhairle na Gaelscolaíochta
CoPE	Centre of Procurement Expertise
CPD	Construction and Procurement Delivery
CPI	Consumer Price Index
CRC	Carbon Reduction Commitment
CRR	Corporate Risk Register
CSCA	Children's Services Co-Operation Act
CSP	Civil Service Pension
DAERA	Department for Agriculture, Environment and Rural Affairs
DE	Department of Education
DfE	Department for the Economy
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
EU	European Union
FReM	Financial Reporting Manual
FSA	Fresh Start Agreement
FSME	Free School Meal Entitlement
GDPR	General Data Protection Regulation

GMI	Grant Maintained Integrated
GRtL	Getting Ready to Learn
GTCNI	General Teaching Council for Northern Ireland
HR	Human Resources
IAS	International Accounting Standards
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
IID	Investment and Infrastructure Division
IRRV	Institute of Revenues Rating and Valuation
ITT	Invitation to Tender
JJC	Juvenile Justice Centre
JQF	Joint Qualifications Framework
LAC	Looked After Children
LGB&T	Lesbian Gay Bisexual and Transgender
LGD	Local Government District
LPS	Land and Property Services
NIAO	Northern Ireland Audit Office
NICIE	Northern Ireland Council for Integrated Education
NICS	Northern Ireland Civil Service
NIO	Northern Ireland Office
NIPSA	Northern Ireland Public Service Alliance
NISRA	Northern Ireland Statistics and Research Agency
NITC	Northern Ireland Teachers' Council
NRSA	Notification, Referral and Statutory Assessment
ONS	Office of National Statistics
PEP	Personal Education Plan
PESC	Performance Efficiency Scrutiny Committee
PfG	Programme for Government
PFI	Private Finance Initiatives
PIEM	Promoting Improvement in English and Mathematics
PIRLS	Progress in International Reading Literacy Study
POA	Prison Officers' Association
PPP	Public Private Partnerships
PSN	Public Service Network
RICS	Royal Institute of Chartered Surveyors
RMF	Risk Management Framework
SAC	School Age Childcare
SCS	Senior Civil Service
SEN	Special Educational Needs
SEP	School Enhancement Programme
SESP	Shared Education Signature Project
SfS	Sharing from the Start
SOAS	Statement of Assembly Supply
SOCNE	Statement of Comprehensive Net Expenditure

SSEC	Strule Shared Education Campus
STEM	Science, Technology, Engineering and Mathematics
T:buc	Together: Building a United Community
TEO	The Executive Office
TNC	Teachers' Negotiating Committee
UNCRC	United Nations Conventions 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 2018-19 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. The political impasse also continued to impact the development and implementation of key policies and strategies, such as the Children and Young People's Strategy, the Executive Childcare Strategy, the joint Department of Education (DE)/Department of Health (DoH) Looked After Children's (LAC) Strategy and the Shared Education Campus Programme which have all been delayed pending decisions by a Minister and/or the Executive and Departments.

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. The Department sought to have two of its Non-Departmental Public Bodies (Youth Council for NI (YCNI) and Council for the Curriculum, Examinations and Assessment (CCEA)) included in secondary legislation for the Ministerial appointment function to be exercised by a Minister of the Crown. However, and like many other departments, this was unsuccessful. Whilst appointments of 'nominated members' (representative interest groups) to the Education Authority (EA) Board and DE representatives to the Middletown Centre for Autism Board were made (as these are a departmental function), critical appointments to CCEA and YCNI could not be made. In the case of CCEA, this has placed increasing pressure on the remaining Board members, while YCNI no longer has a Board from 1 April 2019 to effect its statutory advisory functions.

During the year industrial action by Teacher Unions disrupted the normal operation of schools. The Department and teachers' employers asked the unions to end industrial action. Negotiations with the unions in an attempt to resolve the dispute over pay and workload continued throughout the year. The ongoing 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. Inspections have proceeded in 2018-19 and the evaluations based on the evidence as made available at the time of the inspection have been reported. In June 2019 Teacher Unions and teachers' employers reached an agreement in principle to end the long-running industrial action.

From a financial perspective, the Department continues to face significant challenges and, following on from the 2016-17 and 2017-18 overspend, the EA has again reported a

£15.1m overspend on its block grant for 2018-19. This is primarily due to the financial pressures faced by schools and on Special Educational Needs (SEN) (including transport costs). The Department continues to work closely with the EA to try to mitigate the underlying causes and pressures in the system, however this financial issue will not be fully addressed until significant transformation of the education sector is achieved.

Despite this challenging environment, the Department maintained a focus on the achievement of its key business goals. The Department fully or substantively achieved 39 of the 55 commitments and actions set out in its 2018-19 Business Plan. 71% of the targets were therefore fully or substantively delivered.

Some of the key activities and achievements were as follows:-

The Department issued interim guidance on the Children's Services Co-operation Act (NI) 2015 (CSCA) in November 2018. This guidance will help children's authorities to understand their duties under the Act and the benefits of co-operation in the development of policy and delivery of services for children and young people. The guidance will be finalised when an Executive is in place.

In 2018-19 the Department established an Education Transformation Programme in order to review aspects of the existing education system, identify where improvements could be made and deliver a managed programme of transformation for the benefit of children and young people. A series of projects have been commissioned by the Education Transformation Programme Board to identify solutions to some of the key challenges faced by the education system, and develop policy options for a future Minister of Education.

The Department continued to implement its key policies and strategies aimed at increasing pupil attainment at each stage of education. Our dynamic and flexible skills-based statutory curriculum has been supported by our 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 the Schools for the Future: A Policy for Sustainable Schools has continued through the Area Planning and Development Proposal processes. This year was the second year of the EA's "Providing Pathways" Strategic Area Plan 2017-2020 and supporting Annual Action Plan. Development Proposal (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 anticipated, with significant carry-over from the 1st Annual Action Plan and 25 DPs published in the year (down from 30 published in the 2017-18 year).

Legal challenge to the capacity of officials to take decisions in the absence of a Minister halted the DP decision-making process during the year, with resumption facilitated by the introduction of the NI (Executive Formation and Exercise of Functions) Act 2018 in November 2018 and legal advice taken by the Department specific to the DP process.

During the year I have taken decisions on 19 DPs (17 approved and 2 not approved). Among these were decisions to close four small primary schools in order to facilitate one newly-established amalgamated school; one standalone closure; the opening of two statutory nursery units; eight changes to admission and enrolment numbers; and one school relocation.

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 2019 is significantly higher than in recent years therefore additional places have already been provided for in post-primary schools for September 2019 admission.

Progress has been made on the Strule Shared Education Campus (SSEC) Programme across a number of areas. The Site Preparation Works contract is nearing completion as well as the Strathroy Link Road, which is expected to complete by the end of 2019. Progress has continued in the development of the Funding Model, the Education Model Development Plan as well as the setting up of the Strule Company and the Vacated Sites strategy. 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 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 original outline business case has been developed and is currently awaiting the necessary approvals including the Department of Finance (DoF).

Over £30m was invested in other major capital works in 2018-19. Four projects were completed in-year, 10 projects have had the contractor appointed and/or are on site, 19 are in design phase and a further 15 are at earlier stages of planning. Issues with increasing costs on major works projects has impacted on the release of projects to construction. The budget released due to delays in major works was in the main allocated to minor works, which resulted in over £90m being invested in minor works schemes across the whole schools estate in 2018-19.

An additional £17m was invested in schools' infrastructure projects through the School Enhancement Programme (SEP), where 51 projects from the first call are now complete or on-site, with 3 of these projects completing during the 2018-19 year. Following the second call to the programme, SEP2, I announced a first tranche of 25 projects to advance to planning in May 2018, with a second tranche of 16 projects announced in January 2019.

Work also continues to deliver the shared and integrated education projects announced under Fresh Start Agreement (FSA) capital funding. Of the first 23 projects announced in March 2016, one was completed in 2017-18 and the other 22 projects are at various stages of planning or construction. Just under £3m was invested in the 22 remaining FSA projects in 2018-19. In November 2018 the Chancellor of the Exchequer announced agreement in principle for a further 5 post-primary integrated school projects.

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. The DoF has confirmed the unavailability of FSA funding for projects identified from the Third Call; the Department will explore options available with regard to these applications.

Funding through the Shared Education Signature Project and the Peace IV Programme is supporting 646 schools and 70 early years' settings, with almost 79,000¹ children and young people engaged in shared education. The provision of a programme of professional learning across the education workforce continues to increase the capacity to deliver quality shared education experiences. ETI's Shared Education Signature Project Evaluation Report (2018) stated that "*through the Project pupils accessed a range of stimulating learning opportunities that would not have otherwise been possible; and through learning with others the pupils developed positive attitudes, including empathy, respect and inclusion.*" In May 2018, the Department laid the report 'Advancing Shared Education - A report to the NI Assembly', in line with the requirements of the Shared Education Act (NI) 2016.

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 2018-19, with 99.9% of pre-school age children offered a funded pre-school education place and continued targeted support provided for children and families living in disadvantaged areas.

In 2018-19, 596 (77%) of settings took part in the Getting Ready to Learn (GRtL) programme (part of the Early Intervention Transformation Programme (EITP)), which aims to empower and enable parents to establish and maintain positive home learning environments and to become more involved in their child's overall development. 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 they can support their children's learning and development at home.

The Department worked with its Arm's Length Bodies (ALBs) and schools to complete an Investing in the Teaching Workforce Scheme for 2018-19. This released 133 serving teachers and provided the opportunity for recruitment of the same number of recently qualified teachers in their place.

The 2018-19 process to reconstitute school Boards of Governors has been completed with 93% of vacancies filled. There are approximately 12,000 school governors with DE directly responsible for appointing/nominating approximately 1,100. To help promote the school governor role and encourage applications, a marketing campaign was launched to highlight potential governor opportunities and ensure publicity continued throughout the reconstitution exercise. Going forward, a review of the current reconstitution process will help identify improvements in advance of the next reconstitution exercise in 2022.

¹Shared Education Signature Project at end of 2017-18 academic year. Individual pupil numbers are only available at the end of each academic year. Peace IV 2018-19, NI settings and children only.

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

The Department worked with employers to develop a Managing Attendance Strategy for the Education Sector and Action Plan which will be implemented from 2019-20.

The Department launched a review of the Home to School Transport policy with the aim of ensuring that the policy is fit for purpose and sustainable over the long term. The review will seek to bring forward a range of options that could be formally consulted upon in 2020.

The Department is continuing to progress the implementation of the SEN Framework in conjunction with the DoH, EA and other key stakeholders. Revised SEN and medical categories have been published and a training programme on them undertaken with a view to improving information captured in SEN Registers. The development of Regulations is being progressed with the Departmental Solicitor's Office and a draft Code of Practice is also being developed in tandem for consultation.

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 we have been reviewing the Newcomer Policy and have undertaken a number of pre-consultation stakeholder events including events with pupils and parents. A consultation document is being prepared for launch later this year.

The Department has also continued to work with DoH officials on the joint health and education LAC Strategy consultation.

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 continuing to promote the importance of pupil attendance at school. In 2018-19, the Department published a series of case studies provided by ten schools which outline the interventions that they introduced and what lessons they have learned from these initiatives.

Finally, the Department has been working with the EA and CCEA to develop programmes in response to actions which it is leading on in the Fresh Start – Tackling Paramilitarism Executive Action Plan that "*The Executive should commission appropriate initiatives aimed at promoting lawfulness in schools and through youth work in communities*". (See link [here](#))

Future challenges

The Department will continue to face significant challenges in 2019-20 as a result of the ongoing political difficulties locally.

Nationally, leaving the European Union (EU) with a deal remains the UK Government's top priority. However, like all departments across the NICS, DE is planning for every eventuality, including a no deal scenario and any possible impact it may have on the education sector in Northern Ireland.

In relation to public appointments, the provisions of the NI (Executive Formation and Exercise of Functions) Act 2018 have been extended to 25 August 2019. As with the inability to make Ministerial appointments to the YCNI and CCEA Boards, this will have implications for key public appointments due in the 2019-20 year for the Council for Catholic Maintained Schools (CCMS) and its Diocesan Education Committees, additional members on the CCEA Board and in due course (February 2020) appointments to the NI Council for Integrated Education Board.

Work will continue in 2019-20 on progressing key strategic programmes, including the Education Transformation Programme, in preparation for consideration by a future Minister of Education.

Despite the impact of these difficulties on the Department, it is ready to face the inevitable challenges and opportunities in 2019-20 and beyond.

That said, 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, our 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.

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

The Departmental Board and the Audit and Risk Assurance Committee (ARAC) faced a particularly challenging year during 2018-19 in the context of the ongoing absence of an Executive and significant budgetary pressures. Nevertheless, there was a clear focus by the Department on the need to tackle persistent levels of underachievement within the education sector and the importance of building a flexible education system which prepares children and young people for the requirements of a rapidly changing economy.

Departmental Board

The Board met seven times in 2018-19 and its agenda over the year included financial matters and budget allocations; business planning; policy and strategy; risk management; education transformation and performance.

Having a strong and very experienced executive team throughout the year was particularly helpful given the sheer scale of the challenges faced by the Department as a result of the ongoing political difficulties locally, the impact of EU exit preparations and the significant budgetary pressures. It was in this context that the Board's role and the governance system assumed an even more critical role.

As a Board we focused our time particularly this year on the management of risk, budgets, policy development and educational transformation. Of particular note was that the Board sought additional assurances from the EA during the year on a number of important financial and governance issues. In the first instance these assurances related to the second year of significant overspend by the EA against its block grant allocation. The Department worked very closely with the EA throughout the year in an attempt to understand, challenge and offer support and assistance where possible to the EA leadership team in seeking to address the underlying reasons for the overspend. The Board received ongoing progress updates on this issue at every meeting. The Board also maintained a keen focus on a number of other risks and governance issues that emerged in relation to the EA during the year and, as a direct result of these issues, it was agreed by the Board that the ARAC should invite the new Chief Executive of the EA to an ARAC meeting to provide a detailed update on the issues concerned. This meeting took place in May 2019.

The ongoing industrial action by Teacher Unions continued to be a major concern to the Board and this was an item discussed at every Board meeting.

Planning for the EU exit also featured on the Board agenda for the year with a progress update provided at every meeting. Fortunately DE is not the most significantly impacted Department by the proposed changes, however, like all departments, every eventuality including a no deal scenario and any possible impact must be accounted for and this inevitably consumed Board time and attention.

It is also particularly pleasing to note that despite the challenging background, the Department maintained a focus on the achievement of its key business goals and, as noted, fully or substantively achieved 39 of the 55 commitments and actions set out in its 2018-19 Business Plan.

ARAC

The ARAC continued to support the Board, sitting five times during the year and seeking assurance on a number of issues. To provide a better overview of the Department's ALB risks, the Committee requested the introduction of a bi-monthly, high level update on ALB risks, and received timely updates on General Data Protection Regulation (GDPR) preparations, as well as the financial and procurement challenges around the Strule Shared Education Campus Programme. Given its particular transformation agenda and resourcing challenges, the ARAC sought additional assurance from the EA on internal governance weaknesses highlighted by internal audit, the C2k replacement system, the replacement HR system and issues with child protection and safeguarding highlighted by both ETI and a "limited" internal audit opinion. With the lack of an Assembly running into its third year, the Committee also sought an update on decisions requiring Ministerial approval and assurance that any associated risk would be monitored and escalated as appropriate.

The ARAC also took proactive steps to reinforce the importance of governance within the Department's ALBs. This included a workshop in June 2018 for ALB ARACs and engagement with the Chair of the EA ARAC meeting.

The Committee saw a refresh in its independent membership, with Gavin Patrick replacing Deborah Brown at the start of the 2019-20 financial year, and is grateful to both for their dedicated support to the Committee.

Looking Ahead

The unprecedented challenges and uncertainties surrounding Brexit and the lack of Assembly as well as ongoing budgetary pressures look set to continue into 2019-20. This will demand the continued commitment and skill of Departmental staff to deliver against our strategic goals and business plan objectives. A critical driver that will be instrumental in the achievement of this will be the successful roll out and delivery of the Education Transformation Programme, to enable the Department to be more efficient in its operations and agile in its response to change. Strategic planning and resourcing by the Department, together with its dedicated team of staff, make it well placed to realise this in the year ahead.

The partnership between the Department and its ALBs also plays a critical role in the delivery of high quality education for children and the further development of sound working relationships built upon good practice will continue in 2019-20.

1.3 Purpose, objectives and strategy of the Department

Northern Ireland has been without an Executive since January 2017. Before that, the last Executive had consulted widely on a draft Programme for Government (PfG). In the meantime, and in the absence of a published document, the Department continues to align its core activities to the draft PfG.

The draft PfG sets 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 intends 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 is on the outcome entitled "*we give our children and young people the best start in life*".

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 2018-19, 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 Children and Young People's Strategy;
- economic indicators, such as skills development;
- shared education;

- special education needs;
- Looked After Children;
- early years and childcare; and
- health and well-being.

The Department’s Business Plan sets out six corporate goals and 17 Strategic Objectives as follows:

DE’s Corporate Goals	DE’s Strategic Objectives 2018-19
<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 Cooperation 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>7. To increase the network of sustainable schools.</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 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>8. To encourage, facilitate and promote shared education and encourage and facilitate integrated and Irish-medium education.</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’</p>	<p>11. To secure the greatest effectiveness of the education workforce.</p>

DE's Corporate Goals	DE's Strategic Objectives 2018-19
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.	12. To develop capacity and increased coherence in the arrangements for teacher professional learning.
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.	13. To progress Shared Education Campuses and the Strule Shared Education Campus Programme.
	14. To deliver effectively a prioritised capital works programme within timescale and budget.
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.	15. To deliver efficient and effective high quality services across the education sector.
	16. To deliver the Department's corporate and finance responsibilities effectively and appropriately.
	17. To have in place an agreed Education Transformation Programme

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;
- Childcare;
- 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.

Under normal circumstances, 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 normally the Minister's principal advisor, the administrative head of the Department and the Accounting Officer. Owing to the current political impasse, the Department has been without a Minister since the Assembly election on 2 March 2017.

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

In addition to ETI, the Department has twelve Directorates headed by Grade 5s, each of which deals with specific areas of work. The twelve Directorates, and their high level roles and responsibilities are as follows:

Education and Children's Services

- **Children's and Young People's Services Directorate** works in co-operation with Executive departments, agencies (i.e. children's authorities), stakeholders and children and young people in Northern Ireland and is responsible for: monitoring and reporting on adherence to the Children's Services Co-operation Act (NI) 2015; developing an overarching NI Executive Children & Young People's Strategy that aims to improve the well-being of children and young people; developing and delivering the Play Matters project (funded by the EITP) ; monitoring and reporting on adherence to the United Nations Conventions on the Rights of the Child (UNCRC).

The Directorate also has policy responsibility for the policies of Home to School Transport, free school meals, food in schools, Educational Maintenance Allowance (in conjunction with the Department for Economy (DfE)), school uniform and uniform grant policy and elective home education.

- **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, 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 General Teaching Council for Northern Ireland (GTCNI).

- **Curriculum, Qualifications and Standards Directorate** 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.
- **Youth, Early Years and Childcare Directorate** provides policy advice on matters of non-formal and non-compulsory education and development, and implements and evaluates agreed policies and associated universal and targeted programmes to complement formal learning in the areas of early childhood education and care 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, looked after children, 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 Middletown Centre for Autism, a public body which operates on a north/south basis.
- **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

- **Area Planning, Admissions and Shared Education Campuses Directorate** supports the implementation of the Schools for the Future: A Policy for Sustainable Schools (SSP) 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. The Directorate processes applications for Temporary Variations (TVs), reviews approved admissions and enrolment numbers and processes complaint cases. The Directorate is also responsible for taking forward work on the delivery of the headline action under the Executive's Together: Building a

United Community (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 April 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 operational of the Common Funding Scheme (CFS) and is leading on a review of the scheme under the Education Transformation Programme.
- **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 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, the Catholic Schools' Trustee Service and the Governing Bodies Association; 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 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/ 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 School Enhancement Programme; 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.
- **Strule Shared Education Campus (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 adheres to “The Orange Book: Management of Risk - Principles and Concepts” (HM Treasury: October 2004). 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 2018-19

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
Ineffective governance and accountability arrangements for the oversight of the Department's ALBs.	CG 6 SO 16
The Department does not take appropriate action to align its resources (including its internal staffing resources) to ensure the delivery of the agreed PfG and DE's statutory duties and strategic priorities within budget (as amended).	CG 6 SO 16
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 policies and procedures to protect departmental information from either accidental loss or malicious activities, including non-compliance with the GDPR (as amended).	CG 6 SO 16
The Department and its ALBs do not plan effectively for the level of savings or action required in order to deliver a balanced 2018-19 Resource Budget.	CG 6 SO 16
Ineffective Area Planning.	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
Failure to deliver the Department's capital programmes within expected timescales and delays in capital investment incur additional resource costs. Included in CRR from May-August 2018 (as amended).	CG 5 SOs 13 & 14
The Department fails to deliver its capital programme (both Executive and Fresh Start funded) within expected timescales and available budget. Included in CRR from August 2018.	CG 5 SOs 13 & 14

Corporate Risks	Associated Corporate Goals (CGs) and Strategic Objectives (SOs)
The Department's SSEC Programme is not delivered within a current anticipated completion date of 2022 or 2023. Included in CRR from August 2018 (as amended)	CG 5 SO 13
Failure to implement an effective Education Transformation Programme Included in CRR from August 2018.	CGs 1 – 4 & 6 SOs 1 – 12 & 15 - 17
Failure to procure fit for purpose educational Information Technology contracts within expected timescales and within available budget. Included in CRR from November 2018.	CG 6 SO 15
A lack of planning leads to a shortage of appropriate post-primary school places for children transferring to post-primary education in September 2019. Included in CRR from January 2019.	CG 3
The movement of human resources to EU Exit work means that the Department does not achieve its core business objectives. Included in CRR from February 2019.	CG 6 SOs 15 & 16
The necessary work is not carried out within the Department and the EA to facilitate the transition of the EA to a fully regional organisation delivering harmonised education services. Cleared from CRR in July 2018.	CG 6 SO 16
Failure to deliver a balanced capital budget in 2018-19 (both Executive and Fresh Start budgets) Cleared from CRR in May 2018.	CG 5 SOs 13 & 14
The Capital Budget is not allocated on a timely basis due to political uncertainty, which means some major works projects, including the ongoing construction of the Strule Shared Education Campus may be delayed. Cleared from CRR in May 2018.	CG 5 SOs 13 & 14
Failure to deliver the Executive's T:BUC Strategy headline action to commence 10 Shared Education Campus (SEC) projects by 2018 due to lack of access to Fresh Start Capital Funding. Cleared from CRR in May 2018.	CG 5 SO 13

1.7 Key issues impacting on DE in 2018-19

During 2018-19 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 2018-19 Governance Statement):

- EA 2018-19 Provisional Outturn Overspend;
- Budget Authority in the absence of a NI Executive;
- 2019-20 Budget Position;
- Colaiste Feirste;
- Fraud Prevention and Whistle-blowing;
- Data Security Lapses;
- Staff absence;
- EA's Transition to a Single Regional Authority;
- SSEC Programme;

- Implementation of the EA “Providing Pathways” Area Plan and 2018-19 Annual Action Plan;
- DP Activity;
- The UK’s Decision to Leave the European Union;
- EA IT Projects – One Project (replacement HR project) and Education Technology Services (Lot 8 Procurement) (C2k Replacement);
- Child Protection and Safeguarding;
- GTCNI Overall Internal Audit Opinion; and
- YCNI.

1.8 Future issues which may impact on DE performance

The extent and impact of the key challenges in the coming year(s) is somewhat uncertain and will be dependent upon:

- the future of the devolved political institutions;
- the content and outworkings of a PfG;
- the content and outworkings of the Children and Young People’s Strategy;
- the vision and direction of a new Education Minister;
- completion of the transition of the EA into a single regional organisation;
- working within a constrained budget;
- the outcome of the Brexit negotiations; and
- inability to resolve the industrial dispute with Teacher Unions.

1.9 Going concern

The statement of financial position at 31 March 2019 shows negative taxpayers’ equity of £32m. This reflects the inclusion of liabilities falling due in future years, which are to be financed mainly by drawings from the Northern Ireland Consolidated Fund. Such drawings will be from grants of Supply approved annually by the Northern Ireland Assembly, to meet the Department’s Net Cash Requirement. Under the Government Resources and Accounts Act (Northern Ireland) 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 2018-19 Performance summary

The Department's Business Plan for 2018-19 set out the commitments and actions that the Department undertook to deliver on the corporate goals. There were a total of 55 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 2018-19 Business Plan commitments/actions:

Year-End Status of Business Plan Commitments/Actions	Number	%
Achieved	31	56
Substantially achieved	8	15
Likely to be achieved but with some delay	7	13
Not achieved	9	16
Total	55	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 2018-19). 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 2018-19 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 2017-18 academic year ²	Milestones		Long Term Target
		2017-18	2018-19	2019-20
Key Stage 2 Communication (% of pupils at expected level)	77.7	88	89	90%+
Key Stage 2 Using Maths (% of pupils at expected level)	78.6	88	89	90%+
Key Stage 3 Communication (% of pupils at expected level)	70.6	83	84	85%+
Key Stage 3: Using Maths (% of pupils at expected level)	73.3	83	84	85%+

² Due to the effects of industrial action, 2017-18 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 2017-18 academic year	Milestones		Long Term Target 2019-20
		2017-18	2018-19	
Proportion of school leavers achieving at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths	70.6%	68%	69%	70%+
Proportion of school leavers with Free School Meal Entitlement (FSME) achieving at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths	48.6%	56%	60%	65%+
Proportion of school leavers achieving at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths - Girls	75.6%	69%	70%	70%+
Proportion of school leavers achieving at least 5 GCSEs A*-C (or equivalent) inc GCSEs in English and Maths - Boys	66.0%	66%	68%	70%+
Proportion of school leavers achieving at least 3 A levels at A*-C (or equivalent)	40.7%	35%+	35%+	
Proportion of school leavers achieving at least 2 A levels at grades A*-E (or an equivalent Level 3 qualification)	56.7%	62%	62%	

The Department continues to be committed to improving the attainment of Free School Meals Entitled (FSME) learners through effective use of available funding, sharing of good practice and appropriate incentivisation. The proportion of FSME school leavers achieving at least five GCSEs at grades A* - C or equivalent including GCSE English and Maths increased by 1.1 percentage points from 47.5% in 2016-17 to 48.6% in 2017-18. The proportion of FSME boys achieving this outcome increased by 1.3 percentage points (from 42.4% in 2016-17 to 43.7% in 2016-17) while the corresponding proportion of FSME girls increased by 1.4 percentage points (from 52.7% in 2016-17 to 54.1% in 2017-18).

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 2018 ³
Work with EA to support areas where schools may not meet statutory requirements under the Entitlement Framework	96% ⁴ of schools now fully meet the Entitlement Framework requirements at KS4 and 86% fully meet the requirements at post-16 in 2017-18.
<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 Northern Ireland. Percentage of pupils with less than 85% attendance reduced. 	<p>The Department made steady progress throughout the year in this policy area:</p> <ul style="list-style-type: none"> In 2017-18 6.8% of pupils were absent for at least 15% of total half days compared to 6.4% in 2017-18. The Department is continuing to analyse annual attendance figures at school level and provide support where it is needed in helping to address attendance issues. DE officials have been working with colleagues in the EA and with Queen's University Belfast using an "action research" methodology involving schools whose attendance rate has been regularly less than 90%. The aim is to identify a range of new / innovative interventions for schools to consider to address this particular challenge.

2.3 Analysis of 2018-19 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.

	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

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

⁴ The statutory requirement in relation to the Entitlement Framework was reduced from September 2017 to an offer of 21 courses at both KS4 and post-16. Prior to this schools were required to 24 courses at KS4 and 27 at post 16. For 2017-18, 96% of schools are now compliant at KS4 compared with 76% in 2016-17 and 86% are compliant at post-16 compared with 62% in the previous year. A significant proportion of this improvement can be attributed to the reduction in the specified number of courses schools are now required to offer, however this does not account for the full increase.

	Corporate Goals
4	Developing the education workforce
5	Improving the learning environment
6	Delivering high quality education services

Directorates	Link to Corporate Goal
Children and Young People’s Services	1
Promoting Collaboration, Tackling Disadvantage Directorate	1, 2, 3 and 4
Curriculum, Qualifications and Standards	2
Youth, Early Years and Childcare	1, 2 ,3 and 4
Inclusion and Wellbeing	1 and 3
Education Transformation Programme	1, 2 and 6
Area Planning, Admissions and Shared Campuses	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.

Children & Young People’s Services Directorate

The Children & Young People’s Services Directorate leads on the implementation of the CSCA which encompasses the Children & Young People’s Strategy, Home to School Transport; Free School Meals (FSM) & Food in Schools Policy, Educational Maintenance Allowance (in conjunction with the DfE), school uniform and uniform grant policy and Elective Home Education. During 2018-19 interim guidance on the CSCA was issued to children’s authorities.

The final Children & Young People’s Strategy 2019-2029 has been produced. In the absence of an Executive, NICS Board agreement has been sought to publish the cross-department strategy pending the return of the Executive, and to develop a delivery plan for the strategy.

The Directorate continues to monitor the roll-out of Universal Credit (UC) and its impact on FSM. The revised nutritional standards have been completed and should be published in the 2019-20 year.

The EITP Play Matters Project has been in progress during 2018-19 with two contracts awarded to PlayBoard NI.

The Directorate continued to work with the EA to finalise guidance on Elective Home Education. The supporting role to the EA relating to the transfer of responsibility for the funding of FSM and Education Maintenance Allowance (EMA) administration grants to Voluntary Grammar (VG) and Grant Maintained Integrated (GMI) schools was completed in September 2018.

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 2018-19 the Directorate supported DE teams and ALBs in implementing DE's statutory duties in relation to integrated education, Irish-medium education and shared education.

Notwithstanding the issues leading to a "limited" overall Internal Audit opinion for GTCNI, the Directorate sought to ensure that there were effective governance and accountability arrangements in place for NICIE, CnaG, and GTCNI.

The Directorate continued to oversee and manage the delivery of the Shared Education Signature Project, with 371 schools involved and over 51,000 children and young people engaged during the 2017-18 academic year. This project provides financial support to school partnerships working together to deliver shared education activity which contributes to improving educational and community relations outcomes.

In line with the statutory requirement to review shared education (Shared Education Act (NI) 2016), the Department laid the report 'Advancing Shared Education – Report to the NI Assembly' in May 2018.

The Peace IV Shared Education projects have exceeded the EU commission interim target of 19,200 pupil school years of participation by December 2018, with 28,000 pupils engaged in 2018-19.

The Directorate continues to manage complementary programmes. These included oversight of Targeting Social Need; the Extended Schools programme; Full Service Programmes; Pupil Attendance Strategy; Parental Engagement campaign; West Belfast Community Project; and Sharing the Learning Programme.

Work commenced to develop a strategy to reduce educational disadvantage.

Curriculum, Qualifications and Standards Directorate

During 2018-19, the Directorate saw an overall improvement in key performance indicators around GCSE and A-level results. The overall system target at GCSE was exceeded. At A level, improvement at A*-C has been more modest, but the overall A*-E pass rate remains very high at 98.2%. The gender difference at grade A* was 0.4

percentage points higher for males than females. This is the first time this has occurred since the new A* grade was introduced in 2010.

The Directorate maintains the long-term school improvement policy (Every School a Good School (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 PISA 2018 and TIMSS 2019; and maintaining oversight of the Literacy and Numeracy Key Stage 2/3 CPD Project.

There have been significant challenges to the effective implementation of current statutory assessment arrangements throughout 2018-19, with trade union and wider professional opposition. The teaching unions are including 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, PIRLS 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 Directorate continues to work with the Department for the Economy (DfE) in implementing the joint Careers Strategy and supporting the work of the Careers Advisory Forum (CAF). A formal review of the CAF was commissioned in 2018 and the final report was received in April 2019. The findings will now be considered by the departments and will inform future decisions about the CAF and its role. 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 is not yet complete.

The Directorate designed and conducted a survey of all post-primary schools in May 2018 to assess the level and type of engagement between schools and employers as well as gathering some baseline data about careers education programmes in schools. There was a 63% response rate from schools indicating the importance schools attach to this issue. This information was shared with the CAF and the newly established 14-19 transformation project team to help inform their work in relevant areas.

The Directorate continues to work with DfE to develop a more strategic, joined up approach to 14-19 education and training provision. During the past year the two departments jointly hosted an innovation lab involving 50 key stakeholders to build consensus around a vision for 14-19 education and training, and identify key challenges in moving forward. DE also hosted two engagement events with the principals of post-primary and special schools to share with them the outworking of the innovation lab and facilitate their involvement in this process.

The current contract for the ICT managed service to schools (C2k) has been extended until March 2021. This is necessary due to the requirement to align with the Public Service Network (PSN) replacement project. The Department, via the DE ICT Programme Board, will continue to closely monitor developments in the contract extension and project management of the procurement of a replacement service post 2021.

Youth, Early Years and Childcare Directorate

Youth

During 2018-19, 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 'Priorities for Youth' policy. The EA consulted on proposals for a new funding scheme for regional and local voluntary youth organisations in 2018-19.

During 2018-19, the Department continued to work with the EA to develop and deliver actions aimed at promoting lawfulness in schools and through youth work in communities as set out in 'The Tackling Paramilitary Activity, Criminality and Organised Crime Executive Action Plan'.

In addition, the Department continued to work with the Executive Office and the EA to deliver T:buc Camps and Planned Interventions.

Early Years

The Pre-School Education Programme provides one year of funded pre-school education. 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 development proposals for nursery provision.

The Department continued to fund the Sure Start programme providing targeted support to children and families in (at least) the 25% most disadvantaged areas, via 38 Sure Start projects across Northern Ireland. Implementation of the findings of an independent review of the programme is complete.

The Early Years Pathway Fund entered its third year of operation in 2018-19. Funding of approximately £3m helped support over 6,500 children (aged 0-4) who are at risk of not reaching their full educational potential.

The implementation of Learning to Learn - A Framework for Early Years Education and Learning (published October 2013) has continued. An additional 115 places across 29 nursery schools and nursery units in primary schools were approved through temporary flexibility in class size in 2018-19. Extended Services funding was allocated to 98 eligible voluntary/private pre-schools. 12 pilot Early Years Education Support Clusters are operational and an evaluation has been completed by ETI.

The GRtL programme, a strand of the EITP, increased participation in its third year to 77% of pre-school settings, an increase on the 2017-18 participation rate of 64%. The GRtL programme is being mainstreamed beyond the end of EITP.

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.

Childcare

The Ten Year Executive Childcare Strategy is at an advanced stage of development and will be subject to Ministerial and Executive consideration and approval in due course. A composite analysis of responses to the public consultation on the draft Childcare Strategy (2015) is complete and published.

The Department has lead responsibility for the Bright Start School Age Childcare (SAC) Grant Scheme - administered by the Health and Social Care Board. The Bright Start SAC Grant Scheme, launched in 2014 as part of the first phase of the Executive Childcare Strategy, provides financial support to settings providing school age childcare in disadvantaged areas, rural communities and on the schools estate. Over the period of the scheme 91 settings have been supported providing an estimated 2,500 childcare places.

Inclusion and Wellbeing Directorate

Work to support the development of the new SEN Framework continued in 2018-19. Work is ongoing with the Departmental Solicitor's Office to finalise the draft SEN regulations and develop a new SEN Code of Practice for public consultation in November 2019. New SEN categories and medical categories guidance were introduced in January 2019 and comprehensive training delivered to schools. Personal Learning Plan templates were developed and software ordered within existing contractual provision/ budget to create and maintain them in a common format.

The joint health and education Notification, Referral and Assessment Project was completed during 2018-19. This project will deliver improved interfaces and processes between the EA and Health and Social Care Trusts (HSCTs) to provide consistent delivery of relevant information within agreed timescales and secure timely provision of support for children with SEN based on assessment of need. The practical solutions arising from this project will result in improved information arriving from the HSCTs and this will assist the EA during the statutory assessment process.

Work associated with addressing the recommendations in the NIAO report published in June 2017 on SEN has progressed well in 2018-19, with most projects/action plans nearing completion or transferred to alternative governance arrangements.

Nurture groups are a short-term, focused intervention for children with particular social, emotional and behavioural difficulties which create a barrier to learning within a mainstream class. The Directorate continues to support these Nurture units and developed plans for a new Nurture Programme which will be subject to the availability of further funding and Ministerial agreement.

The Department is continuing to progress its work programme on Looked After Children with the launch of the consultation on the LAC Strategy in May 2018. A full series of workshops across NI were delivered as part of the consultation to garner as wide a spectrum of views as possible, the responses are currently informing the updated strategy document.

The LAC project (part of the EITP) is a key delivery arm for the draft LAC Strategy. It is providing tailored multi-agency support to looked after children (at Key Stage 2) and their schools (178 for 2018-19 academic year), with the ultimate goal of improving educational outcomes, multi-agency co-operation and providing a platform to challenge current support. These children can have many complex needs, including cognitive difficulties linked to developmental trauma, and as a direct result of the project health and education staff are working together to better support both the children and their schools in addressing these. The response to the project has been very positive from all stakeholders and most importantly from the looked after children themselves, having provided a more detailed understanding of the challenges they face and the most appropriate supports for them which have included 'The Attach Project', Social Care Training, Revised Personal Education Plans, trauma and attachment informed spaces and, in the most complex of cases, a Psychological Assessment and Formulation. The project model will be evaluated, using two QUB PhD studentships as well as an independent evaluation, with a view to informing service delivery models going forward.

Work has progressed to review the Supporting Newcomer Pupils' policy. Extensive pre-consultation with schools, parents and pupils has informed a draft consultation paper for approval to launch a public consultation.

Work continued towards commencing the Addressing Bullying in Schools Act (NI) 2016 for the start of the 2019-20 academic year. During this year detailed supporting training resources and courses have been developed and put in place so that all schools will have had the opportunity to receive the training before the end of June 2019 (40% of schools received the training by 31 March 2019). Guidance for pupils and parents is also being prepared.

The Department continues to work in collaboration with the DoH and the Public Health Agency to develop a cohesive approach to supporting the emotional health and wellbeing of children and young people. A study to inform a wellbeing framework was completed during 2018-19.

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 a future Minister of Education. A series of projects have been commissioned by the Education Transformation Programme Board across DE, the EA and CCMS. These include:-

- Review of Home to School Transport;
- Review of Common Funding Scheme;
- SEN Learner Journey;
- Workforce Planning;
- Transition of Children into Education;

- Transition of Young People into Careers;
- Managing Schools for the Future;
- Delivering Schools for the Future;
- Statutory Assessment;
- Review of Pupil Support Services;
- Review of Procurement of Minor Works; and
- Education Technology Services.

Each project is at a different stage in terms of delivery and mobilisation, however, during 2018-19 work has been delivered on project management structures; policy review; and delivery of improved services.

During 2018-19 a Stakeholder Management Plan was developed and engagement with stakeholders including political parties, school leaders and trade unions commenced.

Area Planning, Admissions and Shared Education Campuses Directorate

Twenty-five DPs were published in 2018-19, a decrease of five from the previous year. I made decisions on 19 DPs, with 17 approved and two not approved.

The Directorate has engaged with a number of Local Government Districts (LGD) under Community Planning commitments, with the Director representing Departmental commitments in respect of the Derry and Strabane LGD.

Approved admissions and enrolments have been set for all schools and 98% of TV's requests have been processed within 7 working days.

A workshop was held with the EA – “Looking to the Future, Monitoring, Reporting, Defining Success” – with a view to improving information flows and an appreciation of the challenges to timely progression of work-stream priorities set out in the EA’s 3-year Strategic Area Plan 2017-2020 and associated Annual Action Plans. This work will continue into 2019-20 in parallel to work under the Delivering Schools for the Future strand of the Education Transformation Programme.

The Directorate continued to work with the Departmental Solicitor’s Office on Judicial Review cases. These included the successful conclusion of proceedings in relation to Clintyclay Primary School and successful Court of Appeal challenge to the High Court decision on the Gaelscoil an Lonnain case.

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 summer/autumn of 2020. Further projects have been identified from a third call for applications, however the Department of Finance has confirmed that there is insufficient Fresh Start Agreement funding to take these projects forward. The Department will now investigate what options can be explored internally.

Education Workforce Development Directorate

The Directorate delivered the following key priorities in 2018-19: payment of salaries to teachers and payment of teachers' pensions; approval, through the Department of Finance, of pay remits submitted to the Department; management of EA, CCEA and CCMS headquarter staff and school-based redundancy processes (both teaching and non-teaching) to achieve cost reductions within reduced budgets; successful engagement with Employing Authorities to review teaching and non-teaching absence management and develop an Absence Management Strategy for 2019-21; successful implementation of the Investing in the Teaching Workforce Scheme; and progression of agreed milestones on the Teachers' Pension System Project which is due to be introduced in April 2020.

Throughout 2018-19 the Directorate worked with education sector employers to monitor performance against the agreed target of 5.25% for non-teaching sickness absence levels. Despite efforts, the current trend in absence figures points to this target being missed.

The Directorate represents the Department on the management side of the Teachers' Negotiating Committee (TNC) along with employer bodies and other sectoral interests. Despite intensive engagement with the teaching unions through the TNC it has not been possible to resolve an industrial dispute in relation to teachers' pay and workload. Negotiations will continue in 2019-20.

Finance Directorate

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

Monitoring of the 2018-19 Resource Budget was a significant achievement due to the challenging financial position. While the Directorate robustly monitored and challenged the EA's financial position throughout the year through the regular monthly reporting process, the Governance and Accountability Review meetings and specific monthly finance meetings, the EA reported a provisional resource outturn overspend of £15.1m, primarily due to expenditure by schools and on SEN (including transport costs), in excess of agreed budgets.

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 budget⁵.

The Directorate finalised the 2017-18 Resource Accounts and Whole of Government Accounts for both the Department and the Teachers' Superannuation Scheme and made preparations for completion of the 2018-19 Accounts.

The Directorate continues to operate the Common Funding Scheme (CFS) which is the mechanism used to calculate each school's share of their funding stream. Approval was

⁵ Cash grant-in-aid is "non-budget" and the Estimate figure represents the best forecast of the cash required by the Department and its ALBs 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.

secured to take forward a review of the CFS as a project within the Education Transformation Programme.

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. On 12 June 2018 the NICS Procurement Board agreed to allow the EA to maintain CoPE status for a further 12 months. Significant progress has been made by the EA in addressing the recommendations.

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.

Corporate Services & Governance Directorate

The Directorate continued to facilitate the Staff Engagement Forum which created, implements and monitors the Departmental People Plan. A number of actions were delivered this year under the themes of Leadership and Managing Change, Learning and Development and Accommodation.

The Directorate has ongoing responsibility for the oversight and maintenance of the Department's Risk Management Framework 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' 2018-19 business plans were commissioned, reviewed, approved and monitored in a timely manner.

The Directorate has led on the planning, administration and delivery of all Governance and Accountability Review meetings between DE and its ALBs. It also oversaw the completion of the annual performance objectives and appraisals for the EA, CCMS Chief Executive Officers and all ALBs' chairpersons and board members.

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

During the year the Directorate undertook and broadly completed the reconstitution process for boards of governors of VGS, GMIS, Controlled and Maintained Schools. However, the collapse of the NI Executive in January 2017 led to a delay in Governor Appointments to VG and GMI schools. The Permanent Secretary agreed to assume responsibility for making appointments from September 2017. The Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 introduced in November 2018 has put any further appointments in the interim on hold.

The Directorate made appointments/reappointments of the 12 "appointed" members of the EA Board and re-appointed the EA Chairperson. In addition, the Directorate extended appointments to six members of the YCNI Board.

During the year the Directorate completed a composite public appointment competition to identify suitable candidates to fill vacancies on the boards of YCNI and CCEA. In the

absence of an Education Minister it has not yet been possible to conclude the appointments process.

The Directorate has continued to manage the programme to support the implementation of the recommendations contained in the independent report into De La Salle College. All recommendations have now been implemented.

The EA Implementation Programme has been formally closed with a programme closure report being submitted to Department of Finance. This sets out the arrangements for ongoing governance of work to ensure all EA services are delivered with a single regional structure.

The Department's twitter account has been an important element in promoting and publishing the "Helping Hands" and "playmatters" campaigns.

The Directorate co-ordinates the Department's input to the work being led by The Executive Office in relation to the UK's withdrawal from the EU, assessing the implications for education in Northern Ireland and inputting to the development of Day 1 Delivery plans for the continued smooth delivery of services as necessary as the UK Government's negotiations with the EU progress. This will continue in 2019-20.

Investment and Infrastructure Directorate

In 2018-19, 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 2018-19 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 19 are complete; 10 have had a contractor appointed and/or are on site; 19 have approved business cases and are in the design phase; and 15 are at earlier stages of feasibility/planning.

During 2018-19 four major projects were completed: Omagh Integrated Primary School, Colaiste Feirste, Parkhall Integrated College and St Bronagh's Primary School and Youth Club. Some delays were experienced in moving projects to the construction phase due to increased construction costs requiring re-tendering or business case addendums to be completed prior to release. Many of these projects will move on-site in 2019-20.

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

Work continues on delivery of projects announced under the first call to the SEP. £17 million was invested in SEP schemes in 2018-19 and 51 projects from the first call are now complete or on-site. Three schemes were completed in 2018-19, eight schemes are currently on site and it is anticipated that the final scheme from the first call will move on site early in 2019-20.

A second call for applications under SEP closed on 28 February 2017 and 165 applications were received. On 8 May 2018 the Permanent Secretary announced 25 schools to advance in planning under SEP2 with a second tranche of 16 schools announced on 21 January 2019.

The Minor Works programme continues to target inescapable statutory requirements, pupil specific requirements under the Disability Discrimination Act and other pressing needs to ensure that pupils are educated in safe and secure premises. The budget released due to delays in major works was, in the main allocated to minor works, which resulted in over £90m being invested in minor work schemes across the whole schools' estate in 2018-19.

The Directorate continues to work with partners to deliver the projects announced under the Fresh Start Agreement capital funding. During 2018-19 a further 5 projects were announced at Hazelwood IC, Slemish IC, IC Dungannon, Parkhall IC and Drumragh IC.

In 2018-19, Investment and Infrastructure Division recovered almost £1m in clawback from closed VG schools, with a further £0.4m being received in capital receipts from the EA following disposal of surplus assets.

On 28 February 2019, the Secretary of State for Northern Ireland published the Northern Ireland 2019-20 Budget, allocating £152.69m capital to DE. This does not include 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 2019-20 including a number of major works construction projects e.g. Strabane Academy, St. Joseph's College Crossmaglen, Our Lady of Fatima Primary School, Woodburn Primary School, Methodist College, Rossmar School and Gaelscoil na gCrann.

In 2019-20 the Department will consider making a further announcement 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.

Strule Shared Education Campus (SSEC) 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 2018-19 financial year progress has been made across a number of areas - the Site Preparations Work contract is nearing completion as well as the Strathroy Link Road which is expected to complete by the end of 2019. Progress has continued in the development of the Funding Model, the Education Model Development Plan as well as the setup of the Strule Company and the Vacated Sites strategy.

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 significant amount of work has gone in to 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 the necessary approvals.

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

The work plan into 2019-20 and overall Programme timescales are dependent on the approval of the business case addendum as this will determine the way forward for the procurement strategy.

Education and Training Inspectorate (ETI)

ETI provides a wide range of inspection services to support organisations in the education and training sectors. As such, 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 have proceeded in 2018-19 and the evaluations based on the evidence as made available at the time of the inspection have been reported.

Across the 2018-19 business year⁶, ETI completed 228 whole-school inspections and nine youth setting inspections. In addition, ETI completed seven inspections of nursery units as part of primary school inspections and monitoring and baseline monitoring inspections in five primary and post-primary schools. As a follow through from associated full inspection outcomes, 167 sustaining improvement inspections of primary, post-primary, Education Other Than at School (EOTAS) and special school settings were completed, and follow-up inspections were also carried out in 50 organisations.

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 Looked After Children. Through the inspection of care and welfare, the provision for special education needs 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.

⁶ Based on the data available on the 26 March 2019.


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) and ETI during the business year 2018-19. There were also regular meetings with other inspectorates across the UK.

2.4 Summary of the Department’s financial performance

Statement of Comprehensive Net Expenditure

A summary of the Statement of Comprehensive Net Expenditure for the year to 31 March 2019 is set out below:

	2018-19 £000	2017-18 £000	Variance £000	Variance %
Net operating cost for the year ended 31 March	2,173,018	2,173,094	(76)	0.003 

In 2018-19, the Department paid a total of £2,110m in cash as Grant-in-Aid to its ALBs (2017-18: £2,123m) to pay for recurrent and capital expenditure on schools and youth services. The majority of this cash, £1,675m, was paid to the Department’s largest ALB, the EA. £408m was paid to VG and GMI schools.

In 2018-19, £45m (2017-18: £38m) was paid in grant by the Department to other organisations.

Total staff costs in 2018-19 amounted to £26.3m (2017-18: £26m) of which £1.0m was capitalised.


Purchase of goods and services amounted to £9.6m in 2018-19 which is a £4.7m increase from £4.9m in 2017-18 (these figures exclude notional costs which amounted to £3.5m in 2018-19 and £3.6m in 2017-18). This is largely due to a payment in 2018-19 for Investing in the Teaching Workforce Scheme⁷.

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

⁷ Teaching Workforce Scheme releases serving teachers and provides the opportunity for recruitment of the same number of recently qualified teachers in their place.

Statement of Financial Position

A summary of the Statement of the Statement of Financial Position for the year to 31 March 2019 is set out below:

	2018-19 £000	2017-18 £000	Variance £000	Variance %
Total assets less current liabilities	(31,319)	(23,006)	(8,313)	36.1 

The Department capitalised spend of £5.7m in 2018-19 mainly in respect of developing the Strule Shared Education Campus in Omagh. A valuation completed by Land and Property Services (a division of the DoF) resulted in an increase of £0.8m in the value of land.

Trade and other receivables were £5.1m at March 2019 and March 2018. Between March 2018 and March 2019 grants receivable for the EU Peace IV programme increased from £0.3m to £1.5m and the amount due from the Consolidated Fund in respect of Supply decreased from £3.1m to £1.7m.

Trade and other payables increased from £61.8m at March 2018 to £76.7m at March 2019, largely due to an increase in the major/minor works creditors and a decrease in Consolidated Fund Extra Receipts (CFERs) due to be paid to the Consolidated Fund.

2.5 Commentary on significant variances between Estimates and Outturn

The Department's Net Resource Outturn for the year shows an underspend of £119.9m (5.2%) against the Spring Supplementary Estimate for the year. This was mainly due to underspends in the following areas:

- £115.8m 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 services⁸. As this relates to cash, this does not represent an underspend against the DE budget; and
- £1.3m underspend for impairments due to a higher than anticipated valuation for land and buildings. This is non-cash and the associated budget is ring-fenced and cannot be used to fund other areas of education expenditure.

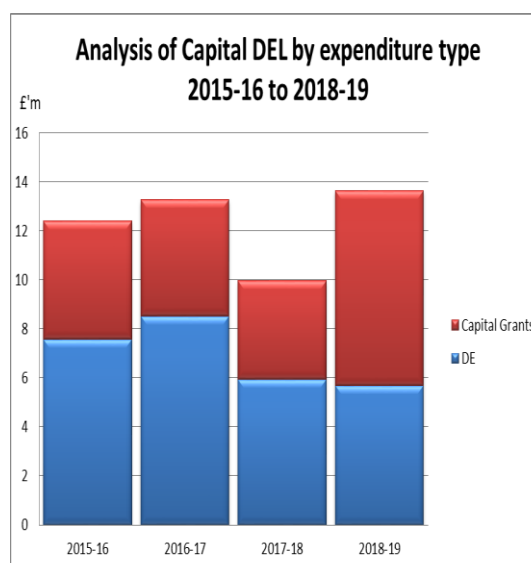
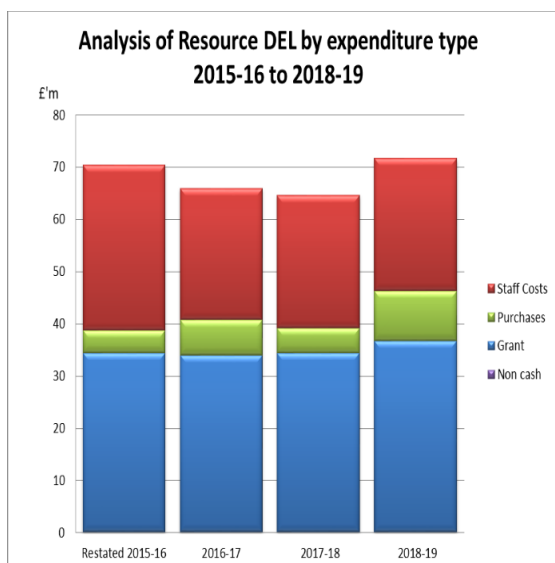
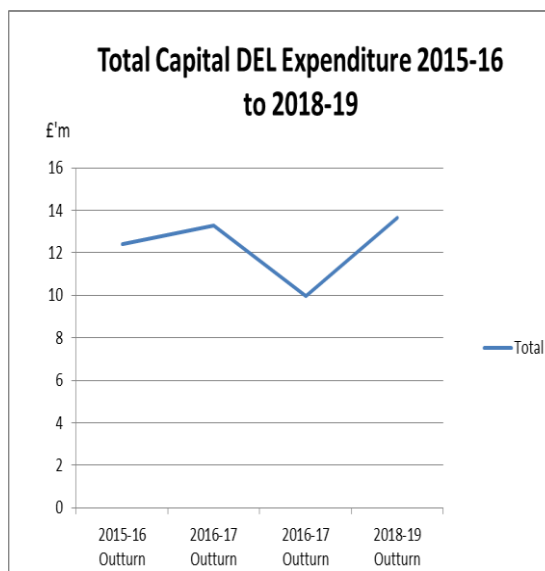
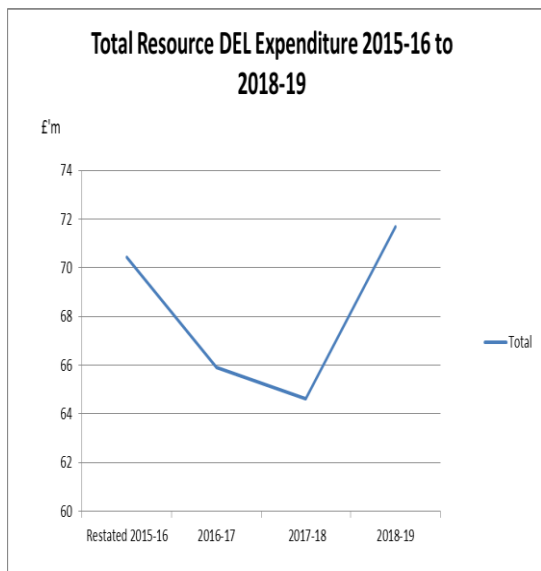
⁸ Cash grant-in-aid is "non-budget" and the Estimate figure represents the best forecast of the cash required by the Department and its ALBs when the Estimates were prepared i.e. the last revision to the Estimate is normally in January, well before the end of the financial year in question. As cash is 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.

The Net Cash Requirement shows a total underspend of £153.2m (6.6%) against the Spring Supplementary Estimate for the year. This was due to:

- resource outturn being less than the Estimate by £119.9m, as noted above;
- the following non-cash items: depreciation, amortisation and revaluation charge to the Statement of Comprehensive Net Expenditure were £1.3m lower than the Estimate due to a higher than anticipated valuation for land and buildings;
- other non-cash items were £0.6m 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 £34.9m 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 increased from £64.6m in 2017-18 to £71.7m in 2018-19. Purchase of goods increased by £4.7m (largely due to a payment in 2017-18 for Investing in the Teaching Workforce Scheme). Resource Grant increased by £2.3m (largely due to an increase in Peace Funding as 2018-19 was the first full year in operation).

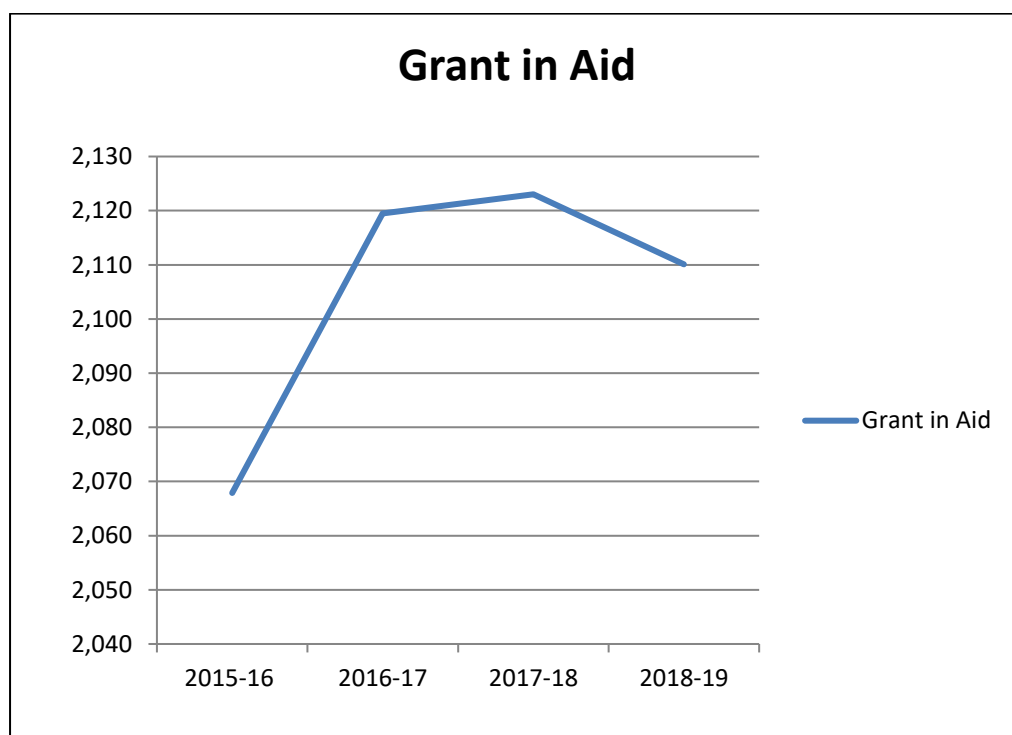
Capital DEL expenditure

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

Capital expenditure has increased from £10m in 2017-18 to £13.6m in 2018-19 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 2018-19 performance against targets* section of this report. 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 Northern Ireland 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 Northern Ireland Executive.

Under the Convention all ratified countries must report every five years to the UN Committee on their work in the area of children's rights. During the reporting cycle the Committee will hold constructive dialogue with each State so that it can make an accurate assessment of the child rights situation in that country. The UK's (comprising England, Scotland, Wales and Northern Ireland) 5th periodic reporting cycle with the United Nations concluded in June 2016.

The UN Committee scrutinised the UK State Party's progress in implementing the UNCRC and in July 2016 published their Concluding Observations. While the UN Committee acknowledged the good progress made across all the four jurisdictions at its oral examination in May 2016, there is a wide range of issues covered in the UN report and it is important that a collective approach across Executive Departments is taken when considering its recommendations.

There is no onus on governments to report progress against the concluding observations until the next reporting cycle; however the Department co-ordinated a cross-departmental update on the issues raised by the UN Committee in the concluding observations to inform the Northern Ireland Commissioner for Children and Young People's report 'State of Children's Rights in Northern Ireland'. The report and a table which included the Departmental information were published by the Commissioner in June 2018.

Children and Young People's Strategy

Both the UNCRC articles and Concluding Recommendations 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 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.

The Department is responsible for developing the new Children and Young People's Strategy on behalf of the Northern Ireland Executive. The analysis report of the consultation process was published on 30 March 2018, with an easy read version published in September 2018. The final strategy will be submitted to the incoming Minister and the Executive.

Developed to align with the draft Programme for Government and the Children's Services Co-operation (Northern Ireland) Act 2015, the new strategy seeks to outline how the Executive will work collaboratively to improve the lives of children and young people 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 & Peace IV

Funding through the Shared Education Signature Project and the Peace IV Programme is supporting 646 schools and 70 early years' settings, with almost 79,000⁹ children and young people engaged in shared education. The provision of a programme of professional learning across the education workforce continues to increase the capacity to deliver quality shared education experiences.

The Department leads on the Executive's Together: Building a United Community (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 Shared Education campus (SEC) Programme. Two post primary projects are leading the way; Limavady SEC has an anticipated construction start date of early 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 are currently under review for Duneane/Moneynick SEC and Brookeborough SEC. The Department is currently considering options how 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 three Rural Needs Impact Assessments were completed across the Department during the 2018-19 year. These assessments will be listed within the Rural Needs Annual Monitoring Report 2018-19, published by Department for Agriculture, Environment and Rural Affairs (DAERA).

2.9 Other Matters

Environmental issues

Properties Division in the Department of Finance 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.

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.

⁹Shared Education Signature Project at end of 2017-18 academic year. Individual pupil numbers are only available at the end of each academic year. Peace IV 2018-19, NI settings and children only.

DE also contributes to the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme that is designed to improve energy efficiency and cut emissions in large public and private sector organisations.

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.

Further to the installation of 30 automatic meter reader (AMR) systems in schools in the 2017-18 financial year, the EA has extended this programme to install a further 25 AMRs in 2018-19. The data received from these AMR systems will 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 will continue to engage with the SIB on actions to implement the recommendations in the strategy.

The CRC Energy Efficiency Scheme that is regulated by the Northern Ireland 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 Northern Ireland on 20 May 2013, through the CRC Energy Efficiency Scheme Order 2013. The Department complied fully with its commitments under the CRC Scheme during 2018-19.

The Department is represented on 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 Programme for Government, "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 Cross Departmental Working Group on Climate Change has also been developing complementary strategies to adapt to the changing climate. The first Northern Ireland 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. It is anticipated that the second Adaptation Programme will be finalised in 2019.

All schools in Northern Ireland 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 Northern Ireland Beautiful to consider how schools might reduce waste generation, increase recycling and food separation for collection and save money. In February 2019, the EA launched a competition to raise awareness across schools around 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 Construction and Procurement Delivery (CPD) within the Department of Finance.

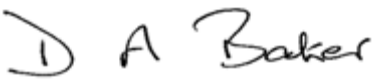
Building Research Establishment Environmental Assessment Method (BREEAM) is used to assess the environmental performance of new and existing buildings. Where possible, the Department requires all major works for schools to achieve a BREEAM rating of 'excellent' in new school builds and 'very good' for 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 Department of Finance. Contractors have to deliver these services in accordance with the Sustainable Development Strategy for Northern Ireland.

Signed: 
Accounting Officer

Date: 27 June 2019

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

No Ministerial appointment was made during 2018-19.

Senior officers

The Department is normally headed by the Minister for Education (although no Ministerial appointment was made in 2018-19), 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 Tommy O'Reilly	Deputy Secretary (until February 2019)
Mr John Smith	Deputy Secretary (from June 2017)
Mrs Lianne Patterson	Deputy Secretary (from March 2019)
Mrs Noelle Buick	Chief Inspector, Education and Training Inspectorate
Mr Gary Fair	Finance Director
Anne Breen	Departmental Strategic Human Resources Business Partner (until August 2018)
Sarah Wilson	Departmental Strategic Human Resources Business Partner (from September 2018)

Non-executive directors

Mrs Joan McEwan
Mrs Fiona Keenan

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 DE. Mrs Joan McEwan is a non-executive board member of the Patient and Client Council (an ALB of the Department of Health) and has confirmed that this role has not conflicted with her position as an independent non-executive director of the DE.

Auditor

The financial statements are audited by the Comptroller and Auditor General for Northern Ireland 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 Northern Ireland Assembly. He and his staff are wholly independent of the Department.

The audit of the financial statements for 2018-19 resulted in a notional audit fee of £54k which is included in the administration costs in the Statement of Comprehensive Net Expenditure.

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 2018-19, sixteen complaints were received under the procedure.

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.

Personal data related incidents

Under the (GDPR 2018, the Department should have data breach detection, investigation and internal reporting procedures in place and has a duty to report certain types of personal data breach to the Information Commissioner's Office (ICO). 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 line with the requirements of the GDPR and ICO guidance.

DE has a personal data breach policy and reporting procedure for staff and although the Department did not formally report any personal data breach incidents to the ICO or data subjects in 2018/19, DE provided an explanation of a "confidentiality breach", where there was an accidental disclosure of personal data that had been reported to the ICO by the data subject. On receipt of the Department's report into the breach, the ICO took no further action.

Events occurring since the end of the financial year

There are no events after the reporting period relating to the 2018-19 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 Northern Ireland 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 2018-19, 91% (92% 2017-18) of invoices were paid within 10 days and 98% (98% 2017-18) 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_2018-2019_march19.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, the Department of Finance (DoF) has directed the Department of Education 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* 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 Financial Reporting Manual* have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The 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 Department of Education's assets, are set out in *Managing Public Money Northern Ireland*.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Department of Education'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 2018-19 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 an opinion on the Department's governance, risk management and internal control system. There were no limited opinions awarded during 2018-19; however two limited opinions remain for the reviews of Additional Educational Needs and School Governance.

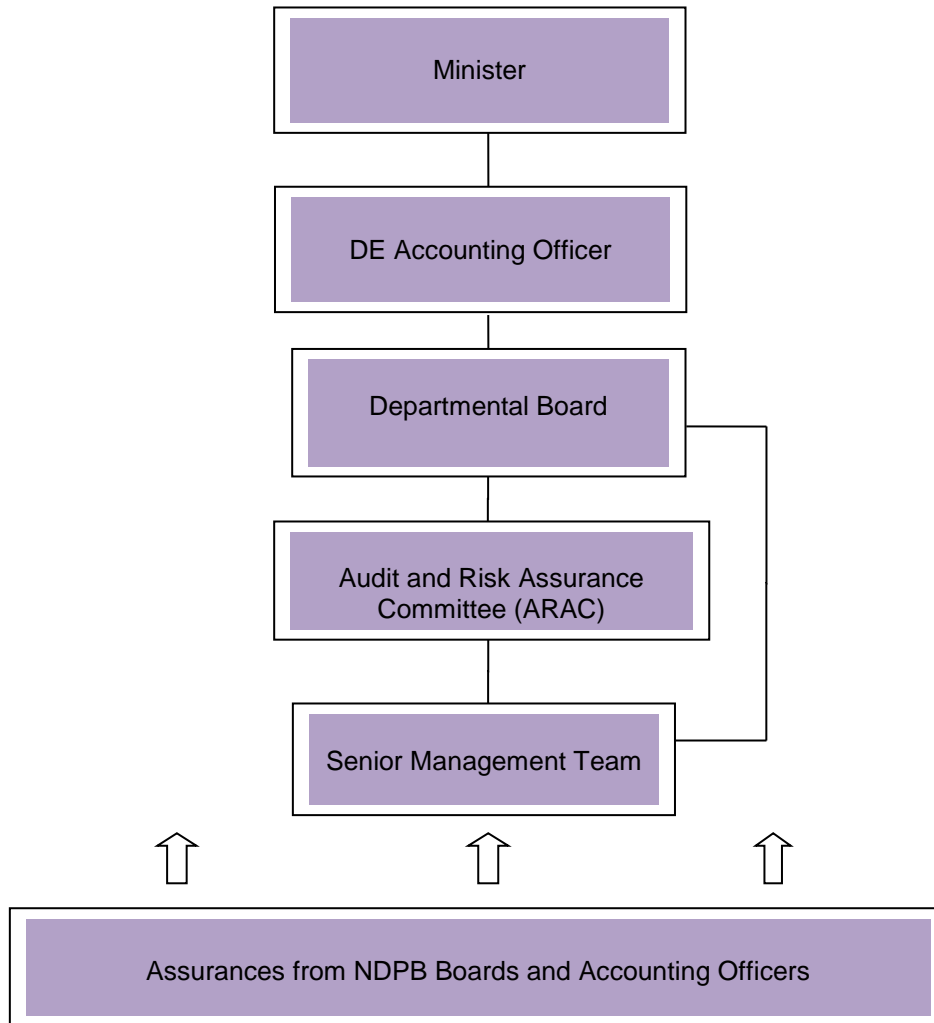
In addition, two NICS-wide thematic reviews are currently ongoing in relation to Whistleblowing and Risk Management.

The following statement primarily focuses on the Department, as each of its eight sponsored Non-Departmental Public Bodies (NDPBs) provides an equivalent statement within its published report and accounts.

3.3.2 DE's Governance Framework

DE normally operates under the direction and control of the Minister of Education who is the Head of the Department. A Minister normally 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 normally a Minister's principal adviser, the administrative head of the Department and the Accounting Officer. As Accounting Officer, I am personally normally responsible and accountable to a 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. As a result of the ongoing political impasse, the Department has been without a Minister since the Assembly election on 2 March 2017.

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 committees and my Senior Management Team. This structure is outlined in the following diagram:



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 the Education and Training Inspectorate (ETI); the Finance Director; the Departmental Strategic Human Resources Business Partner; and two independent non-executive directors. 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 2018-19, the Departmental Board met on 8 occasions.

Departmental Board Membership and Attendance 2018-19

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)	6	8
Fiona Hepper (Deputy Secretary)	7	8
Tommy O'Reilly (Deputy Secretary until Feb 2019)	6	7
John Smith (Deputy Secretary)	8	8
Lianne Patterson (Deputy Secretary from Mar 2019)	0	0
Gary Fair (Finance Director)	8	8
Anne Breen (Departmental Strategic Human Resource Business Partner – until August 2018)	4	4
Fiona Keenan Independent Board Member	6	8
Joan McEwan Independent Board Member and Chair of ARAC	8	8
Sarah Wilson (Departmental Strategic Human Resource Business Partner – from September 2018)	4	4

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 2018-19, 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 2018-19 the Departmental Board was supported by 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. During 2018-19, Gavin Patrick (serving senior civil servant) was appointed to replace Deborah Brown.

During 2018-19 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 representation from the Department's external auditors, the Northern Ireland Audit Office (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 (Directors) to attend and provide assurance on their areas of responsibility.

Attendance 2018-19

Name	Meetings Attended	Out of a possible
Joan McEwan Chairperson	4	5
Deborah Brown (to 28/02/19)	3	4
Fiona Keenan	5	5
Judith Andrews	5	5
Gavin Patrick (appointed 19/03/19)	1	1

A key role of the ARAC during 2018-19 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 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 2018-19, meeting regularly and considering relevant issues at the appropriate time. The Departmental Board fulfilled its role as set out at section 2 above.

2018-19 Review of Board Effectiveness

The annual evaluation of DE Board effectiveness commenced in March 2019 via a self-assessment exercise. As required, independent input was secured for the evaluation and will be provided by NICS Internal Audit. Terms of Reference for the external review are being prepared and it is expected that findings will be presented to the DE Board at a subsequent meeting. The Board will review the outcome of the 2018-19 Board effectiveness evaluation and discuss and agree a way forward for areas identified for improvement.

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 5 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.

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 GDPR preparations and implementation, the impact of and ongoing preparations for Brexit, Strule Shared Education Campus, inspection findings and the impact of the action short of strike, the Department's Education Transformation programme as well as ongoing budget pressures. The ARAC also sought to obtain a better understanding of high level challenges facing the Department's NDPBs with the introduction of a bi-annual high level update on significant risks. Additional assurance was also sought from the Education Authority (EA) on governance weaknesses, C2k (the critical systems infrastructure to support ICT use in schools), and ongoing child protection and safeguarding issues.

The Committee also sought to build on Departmental relationships with ALBs by holding a workshop in June 2018 for ALB ARACs. The ARAC Chair also attended an EA GAR meeting and held a meeting with the Chair of the EA ARAC.

In terms of its own governance and accountability, ARAC members also met with the NIAO in a separate closed session and the ARAC chair met with the Accounting Officer

for a bi-annual appraisal. The ARAC is currently preparing its annual report for 2018-19, summarising 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.

The independent ARAC members completed the ARAC self-assessment for 2018-19 on 13 May 2019 and concluded a satisfactory assessment of its own effectiveness. The self-assessment included a review of the recommendations from the 2016-17 and 2017-18 assessments and identification of new areas for attention in 2019-20.

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);
- Human Resources (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.

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.

Information on attendance management is sourced from official reports provided by the Northern Ireland Statistics and Research Agency (NISRA).

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 ongoing political impasse there was no Minister in 2018-19.

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 Risk Management Framework (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. During 2018-19 the RMF was revised in April 2018 and January 2019 to reflect organisational changes and other routine amendments. The January 2019 revision also reflected changes to the recording and management of risk arising from the launch of a Departmental on-line Risk Management application in October 2018.

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 Corporate Risk Register 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.

During 2018-19, the Departmental Board identified sixteen 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 Education 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.

New risks were identified during 2018-19 as follows.

- *Implementation of an effective Education Transformation Programme (included in the Corporate Risk Register from August 2018);*

The Department embarked upon a programme of work designed to contribute to the transformation of the education system in Northern Ireland, with a focus on ensuring that the system delivers positive outcomes for children and young people. The focus of the Programme is to critically review aspects of the existing education system; to develop options for a future Minister of Education; and to deliver a managed programme of transformation for the benefit of children and young people. The risk identifies potential root causes which would hinder delivery, such as a lack of financial resources; a lack of appropriate staffing resources; failure to secure and maintain stakeholder support; failure to realise expected benefits; and the continuing industrial action by teacher trade unions. A series of mitigating actions have been outlined. The Education Transformation Programme is overseen by a Programme Board chaired by the DE Permanent Secretary. The Programme Board will continue to oversee delivery and assess Programme level risks as identified in the Programme's Risk Register.

- *Procurement of fit for purpose educational Information Technology (IT) contracts (included in the Corporate Risk Register from November 2018);*

There are a number of key current IT projects underway involving both the Department and the EA which are of significant importance to the wider education system. A corporate risk was agreed in relation to the risk to the procurement of fit for purpose contracts within expected timescales and within the available budgets.

- *Availability of appropriate post-primary school places for children transferring to post-primary education in September 2019 (included in the Corporate Risk Register from January 2019);*

313 children were unplaced at the conclusion of the 2018 transfer process, which was between twice and three times as many than would traditionally have been unplaced and was caused in part by an increase in the cohort transferring (in the region of 950) over the 2017 cohort. A review of Transfer 2018, undertaken jointly with the EA, estimated that the cohort in 2019 would increase further by an estimated 1,300. If no proactive measures were taken, the likelihood would be that the number of unplaced children would increase substantially in 2019 and, given the numbers involved, there would be a real risk that schools in certain areas would not be able to accommodate all children at such short notice. Proactive measures taken forward to manage the risk included: improved communication with parents; engagement with schools in relation to setting appropriate

admissions criteria; increasing admissions numbers where required; and a consideration of the requirement for additional accommodation in areas where pressure was highest.

- *The effect of focusing human resources on EU Exit work on achievement of the Department's core business objectives (included in the Corporate Risk Register from February 2019);*

This risk related to the potential impact of EU Exit work on the Department's ability to undertake its business and meet its statutory obligations specifically arising from the transfer of staff to other departments following two NICS-wide calls for volunteers to work on EU Exit preparedness. In response, the Department agreed that, should staff transfer out of the Department for this purpose, it would prioritise internal staffing to posts with an associated statutory duty or where programmes and policies were essential to meeting business objectives.

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 2018-19 and reports were provided on the findings in relation to:

- a) the alignment of risks to those in the Department's Corporate Risk Register; 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 the Board requested that follow-up actions should be taken to improve the standard of risk management in the Department and ALBs. The DE representative on the EA ARAC raised concerns that the EA's risk register provided inadequate reference to an internal audit report relating to child protection and safeguarding. The DE Board therefore received a specific briefing on child safeguarding and protection risk management.

As mentioned earlier, in order to improve the standard of risk management across the Department, an on-line Risk Management application was launched in October 2018. The application hosts risk registers at Team/Project, Directorate/Programme and Corporate levels across the Department. Using a range of menus, context sensitive help notes and warning and error messages, the application helps steer users through the process of completing a risk template. The application has therefore made the risk recording and management process easier to understand and apply than was previously the case, and it

ensures that a consistent approach is being taken to the management of risk at all levels. A post-implementation review of the application will take place during 2019-20.

In September 2018, prior to the launch of the application, over 100 Departmental staff received training on risk management and the recording and managing of risks using the new application. A Risk Management desk aid was also developed and circulated to all DE staff in April 2018, with an ALB-friendly version circulated to ALBs in June 2018.

Significant issues arising during 2018-19

During 2018-19 the Department managed a number of significant issues in relation to:

- EA 2018-19 Provisional Outturn Overspend;
- Budget Authority in the absence of a NI Executive;
- 2019-20 Budget Position;
- Coláiste Feirste irregular spend;
- Fraud Prevention and Whistle-blowing;
- Data Security Lapses;
- Staff absence;
- EA's Transition to a Single Regional Authority;
- Strule Programme;
- Implementation of the EA "Providing Pathways" Area Plan and 2018-19; Annual Action Plan;
- Development Proposal Activity;
- The UK's Decision to Leave the European Union;
- EA IT Projects – One Project and Education Technology Services (Lot 8 Procurement) C2k Replacement;
- Child Protection and Safeguarding;
- GTCNI;
- Youth Council for NI (YCNI).

EA 2018-19 Provisional Outturn Overspend

The EA has, for the third consecutive financial year, reported a provisional outturn overspend in 2018-19, of £15.1m. Taking into consideration underspends in other areas, the net Departmental overspend reported at provisional outturn is £12.6m. While the EA reported overspends of £19.3m and £18.9m for 2016-17 and 2017-18 respectively, neither the EA's nor DE's accounts were qualified by the NIAO in these years.

The EA's 2018-19 overspend is mainly due to increased expenditure in schools and on Special Educational Needs (SEN) (including associated transport costs). As in previous years, key factors contributing to the overspend are the increasing service demands, including the number of pupils presenting with SEN. The established SEN Project Board continues to progress the recommendations from the NIAO report on SEN, with progress being monitored by the Programme Board.

The Department has been and will continue to work closely with the EA in its role as the funding authority for all grant-aided schools. Schools have faced unprecedented pressures as a result of having to absorb pay pressures for a number of years, and in a situation where about 80% of the education budget is consumed by staff costs, there is limited scope to generate reductions in running costs.

While there continues to be a focus on good financial management across the sector, the financial pressures facing schools are widely acknowledged.

On 16 October 2018, the NIAO published a report on the *Financial Health of Schools*, which recognised that the school system is coming close to a “tipping point”. The report examined the extent to which schools have been able to manage within their delegated budget for the period 2012-13 to 2016-17 and whether schools’ surpluses or deficits are within the limits set by the EA. The report also considered the actions and initiatives being taken by DE and the EA to address the financial issues currently facing schools. The Department has established the Financial Health of Schools Project, of which the key aim is to identify and, where appropriate, establish mechanisms to ensure that the recommendations contained within the NIAO report are being addressed and taken forward.

In August 2018, the Northern Ireland Affairs Committee launched an inquiry into education funding in Northern Ireland. The inquiry examined whether the levels of funding allocated to education in the Northern Ireland Budget are sufficient to meet the challenges facing the sector, and what the spending priorities should be for the Department of Education. The Department looks forward to the publication of the report.

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, in the last 12 months, established an Education Transformation Programme which will review different aspects of the education system and 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 is the starting point of a longer transformation journey. It has been shaped to focus on a number of key areas and in the context of the budget and staff resources currently available. It is not therefore in the sphere of fundamental transformation of the sector (nor of the scale of the ongoing transformation in the health sector), but it is considered appropriate that, in the absence of a Minister and Executive, a start is made in anticipation of their return. One of the key projects in delivering the outcomes of the Education Transformation Programme is the Review of the Common Funding Scheme (CFS) which aims to provide a suite of evidence-based options/potential changes to the current arrangements for consideration by an incoming Minister of Education.

Looking ahead to the 2019-20 financial year, the Department will continue to challenge the EA on the robustness of its forecast in-year pressures, particularly in relation to schools’ spend and the importance of ensuring that school plans are approved as early as possible. The Department is also engaging with the EA to seek assurance that appropriate financial management information systems are in place.

Budget Authority in the absence of a NI Executive

In the continuing absence of a NI Executive and a sitting Assembly, the Northern Ireland Budget Act 2018 was progressed through Westminster, receiving Royal Assent on 20 July 2018, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 which received Royal Assent on 15 March 2019. The authorisations, appropriations and limits in these Acts provided the authority for the 2018-19 financial year and a vote on account for the early months of the 2019-20 financial year as if they were Acts of the Northern Ireland Assembly.

2019-20 Resource Budget

The Secretary of State announced 2019-20 budget outcomes for all NI Departments on 28 February 2019. For the Department of Education, the 2019-20 budget outcome is effectively a real terms reduction and therefore some very difficult decisions had to be taken. This included the non-funding of pay pressures for a fifth consecutive year, which increases the financial challenges across the sector, particularly for schools.

Coláiste Feirste irregular spend

In November 2010, the then Department of Finance and Personnel approved a capital project for Coláiste Feirste at an estimated total capital cost of £15.2m. It was assumed within the business case that VAT was not applicable on the project. Following commencement of the work on site, the contracting authority sought appropriate advice on the applicability of VAT in relation to these works. This advice confirmed that payment of VAT was applicable to the entire project. Although this was identified in April 2016, the Department did not amend the business case or notify the Department of Finance immediately. However, an addendum was subsequently prepared in December 2017 and submitted to the Department of Finance in January 2018. This addendum reported that total costs had risen to £18.1m and this was primarily driven by a previously unreported requirement to pay VAT of £2.4m.

The Department of Finance was not content that sufficient evidence had been presented in support of a request for retrospective approval and that, as a result, £2.4m of the expenditure was deemed to be irregular (all relating to VAT). Total grants paid in 2018-19 were £367k, of which £61k was VAT.

Following identification of this issue, a number of changes to the governance arrangements have taken place to reduce the risk of a similar recurrence as follows.

- A checklist of all possible areas of cost for major projects has been created which must be completed and reviewed before sign-off of the business case. VAT is one of the specific line items in this checklist.
- A summary register of all business case approval limits together with the projected outturn for each project has been created. This is reviewed bi-monthly at the Capital Governance Oversight Board.

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. There was one suspected fraud reported within the Department during 2018-19. A PSNI investigation into this is ongoing.

Delivery of HR Services

The Department employs 536 staff who play an important role in the delivery of services to the Minister, education sector and citizens. Delivery of Human Resources (HR) services for all NICS staff has been centralised in the Department of Finance'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 of the DE People Plan for 2018-19.

Data Security Lapses

One significant lapse of data security was identified during the year, following a complaint made to the 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.

Staff absence

Final validated staff absence figures for 2018-19 will not be available until later in 2019, although provisional information from NISRA estimates that the Department will record 9.3 days lost per full time equivalent member of staff for 2018-19. The 2017-18 actual position was 9.7 days which demonstrates that the continuation of the same approach and management focus that was adopted in previous years is continuing to yield results in 2018-19. The sickness absence for NICS overall in 2018-19 is projected to be 12.6 days lost per full time equivalent member of staff.

EA's Transition to a Single Regional Authority

At its meeting on 26 June 2018, the EA Implementation Programme Management Board considered a final draft Programme Closure Report and agreed that, subject to agreed amendments to the Report, the Programme could now be closed. The final Programme Closure Report was subsequently approved by the Permanent Secretary and forwarded to the Department of Finance on 26 July 2018. The Report provided assurances in respect of the regionalisation of service delivery areas in line with the targets set out in the full business case for the establishment of the EA; and described the arrangements for ongoing governance to ensure that all EA services are delivered within a single regional structure. The updated Benefits Framework, appended to the Report, set out in detail the progress made by the EA in regionalising services and the work awaiting completion.

The Report recommended that the monitoring and oversight of EA activity should be subsumed within the “business as usual” reporting arrangements, including business planning; GAR meetings; DE/EA Director meetings; risk management; and an annual review of the Management Statement & Financial Memorandum until such time as the EA’s regional management structure is embedded and the targets in the Benefits Framework are met. Following formal closure of the programme, the Department continues to monitor benefits realisation by scrutinising progress against targets contained in the Benefit Profiles, both through quarterly business plan updates and reporting at GARs.

Strule Shared Education Campus (SSEC) Programme

Throughout the 2018-19 financial year, progress has been made across a number of areas. The Site Preparations Work contract is nearing completion and the Strathroy Link Road is expected to complete by the end of 2019. Progress has continued in the development of the Funding Model; the Education Model Development Plan; and the set-up of the Strule Company and the Vacated Sites strategy.

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 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 2013 Outline Business Case has been developed and is currently awaiting the necessary approvals.

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

Implementation of the EA “Providing Pathways” Area Plan and 2018-19 Annual Action Plan

The EA published the “Providing Pathways” Strategic Area Plan 2017-2020 on 28 April 2017. In April 2018, it published its second Annual Action Plan (AAP) under the three year area plan, setting out priorities for the 2018-19 year and those carried forward as unfinished from the 2017-18 AAP. The Area Planning process continues to be supported by the Department at all levels with the Area Planning Steering Group (APSG) (which includes 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 Annual Action Plan 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 2019-20 AAP, which has been submitted to the Department for endorsement.

Development Proposal (DP) Activity

Twenty-five DPs were published in 2018-19, a decrease of five from the previous year. Decisions were made by the Permanent Secretary on 19 of these, with 17 approved and two not approved. Approval decisions included the closure of one school, a four school amalgamation, and changes to approved admissions and enrolment numbers at a number

of schools. Too few DPs were brought forward in 2018-19 and as a result implementation of the Sustainable Schools Policy (SSP) has not progressed as expected. This was raised at APSG meetings and at EA GAR meetings. A workshop was also convened by the Department's Area Planning Directorate with the theme "*Area Planning – Looking to the Future, Monitoring, Reporting, Defining Success*" with a view to introducing a new monitoring and reporting mechanism for all of the workstreams identified in each of the Annual Area Actions Plans. The taking of decisions on DPs presented challenge in the continuing absence of a Minister and legal challenge to the capacity of decisions being taken by senior officials in departments led to a hiatus in decisions during the year. However, the implementation of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018, and the legal confirmation of its applicability for the taking of DP decisions, facilitated a resumption of decisions by the Permanent Secretary.

A majority judgment Court of Appeal case was also secured in favour of the Department following its challenge to a decision in the High Court.

The UK's Decision to Leave the European Union

Following the United Kingdom's decision to leave the European Union (EU), the Department has been fully involved at the strategic and operational level in the Northern Ireland Civil Service cross-departmental EU Future Relations Programme led by The Executive Office (TEO). Policy areas likely to be affected have been identified and assurances sought from ALBs that the delivery of services will 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 Departmental Operations Centre (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 a similar exercise to test communications with the Operations Centre established by the EA.

The Department continues to liaise with other NI departments (mainly the Department for the Economy and the Department of Agriculture, Environment and Rural Affairs 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 is also engaging with the Department of Finance 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".

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. However, the delivery of the HR & 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, which included the suspension of services provided by the new system supplier, the HR & Payroll element has been recast and a new implementation plan agreed. The new plan will see the full implementation completed by November 2020 (with post go-live support and contingency cover to March 2021). While the Department would still have some concerns around the resourcing of this Project, reported progress is currently in line with the revised timeline. The Department's concerns around resourcing relate to the Project's access to EA staff who have the particular skills and experience required at various junctures within the overall Project Plan. This has been raised with EA senior management, and an assurance has been given that the risk will be managed, or escalated if required.

As the sponsor Department, DE has a particular interest in this 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, DE Board and DE ARAC.

ETS - Lot 8 Procurement (C2k Replacement)

The EA is currently taking forward the re-procurement of a new system to provide critical systems infrastructure to support ICT use in schools. Pre-market engagement was undertaken during April 2019, and engagement with schools and wider stakeholders is ongoing. A Project management structure has been established and, following approval of the Strategic Outline Case, the outline business case is being progressed.

By way of contingency, the current contract to provide these IT services to schools (C2k) has been extended to 31 March 2021.

The Department will continue to challenge the EA to ensure delivery of this key Project through regular 6 weekly meetings between EA Project staff and DE officials, and at the DE ICT Programme Board Meetings. The DE Board and the DE ARAC are provided with regular updates.

While the Department would also have some concerns around the resourcing of this Project, reported progress is, to date, in line with a revised timeline.

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.

General Teaching Council for Northern Ireland (GTCNI)

The Internal Audit Annual opinion and report of the GTCNI for 2018-19 gave an overall **limited opinion** arising from:

- a limited audit opinion being awarded in relation to *Procurement and Contract Management*, with a review of *Corporate Governance and Risk Management* also likely to be awarded a limited audit opinion;
- GTCNI not having an adequate/fit for purpose business continuity process in place, meaning that the GTCNI's business operations are likely to be vulnerable; and
- Regulation, one of GTCNI's core statutory functions, not being fully operational.

The GTCNI Council will be taking actions to address these as a matter of priority in the 2019-20 year, and the Department's sponsor team will maintain an active role in monitoring progress in this respect.

YCNI

The current YCNI Board members' appointments ended on 31 March 2019. Legal advice has confirmed that, in the absence of a Minister, the Department is 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.

Consequently, the YCNI has been unable to function from 1 April 2019.

A list of suitable candidates for a reconstituted YCNI Board is available, following a public appointments competition in 2018. This list will remain in place for consideration by an incoming Minister or in the event that the YCNI is included in future Regulations relating to appointment functions.

Update on prior year significant issues

The remaining prior year significant issues were as follows:

- GDPR
- NIAO Review of SEN
- Industrial Action by Teacher Unions
- De La Salle College, Belfast
- CoPE status of the EA

GDPR

The Department appointed a Data Protection Officer in July 2018 and manages its data processing in line with NICS policies and procedures, with the aim of complying with

data protection and information management legislative requirements. GDPR is therefore being taken forward as a “business as usual” activity.

NIAO Review of SEN

The NIAO report on SEN was published in June 2017 and focused on SEN provision in mainstream schools. The Report looked at the process for identifying children with SEN, costs of providing for children with SEN and examined the process in place to monitor and evaluate the impact of the SEN provision. The report recognised that the educational achievements of children with SEN are improving. However, it noted that more needs to be done to monitor and evaluate progress and assess the effectiveness of the support provided.

A Programme Board, with representatives from DE, ETI and the EA, has 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. The project to improve the notification referral and statutory assessment process has been completed.

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. It is the strong view of education sector management that industrial action had an adverse impact on schools and pupils. Negotiations to resolve the dispute within the parameters of public sector pay policy continued during 2018-19. In June 2019 Teachers Unions and teachers’ employers reached an agreement in principle to end the long-running industrial action.

In January 2017, four of the Teacher Unions which make up the Northern Ireland Teachers’ Council declared an escalation of industrial action in relation to a pay dispute. This includes non-co-operation with the ETI. The ETI inspects on behalf of the Department and has a statutory duty to monitor, inspect and report on the quality of education and the professional practice of teachers, under Article 102 of the Education and Libraries (Northern Ireland) Order 1986. Therefore, inspections have proceeded and the evaluations based on the evidence as made available at the time of the inspection have been reported. However, owing to the impact of the action short of strike being taken by the staff, the ETI has been unable to assure the Department, parents/carers and the wider school community and stakeholder group on the quality of education being provided for the children.

If a school does not provide evidence that arrangements for safeguarding learners reflect or broadly reflect the guidance issued by DE, the ETI returns to the school within six weeks to monitor and report on the arrangements for safeguarding. If the school continues to not provide the necessary evidence or there are significant areas for improvement identified in relation to safeguarding under these circumstances, the Department seeks assurance from the EA (and/or the employing authority) that they are working with the school to address the issues.

If action short of strike prevents a school from demonstrating the necessary improvements in the follow-up process, and under normal circumstances a lack of improvement would have resulted in external support being provided through the Formal Intervention Process, the ETI is reporting accordingly, and the Department is seeking 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 being taken by teachers who are engaged in industrial action, principals are reporting regularly to the ETI, Department officials, the EA and CCMS that improvement work has been hindered by the ongoing industrial action.

As noted on the 2018-19 Risk Register, negotiations to resolve the dispute, within the parameters of public sector pay policy, have been positive and are continuing.

De La Salle College, Belfast

The De la Salle Project Programme Board completed its work on the Action Plan in August 2018 and a review of the lessons learned from the Project took place in September 2018 with a comprehensive report covering all issues being produced and the learning promulgated across the system.

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 Programme for Government outcomes and the establishment of a suitable governance mechanism to manage the implementation of the action plan.

At its meeting on 5 November 2018 the Procurement Board noted the EA’s action plan and, more generally, commented on the need for CoPEs to ensure they have the necessary resources to deliver on their respective action plans and to continue to operate effectively. Delivery against the action plan and the Strategic Framework was reviewed again by the Procurement Board at its meeting in June 2019 and a further 12 months extension was agreed.

The EA’s action plan forms part of a wider Procurement Transformation Project Plan (PTPP) that also covers 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.

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

In the meantime, the Department of Finance's Construction & Procurement Delivery business area has agreed with the Department and the EA that the EA will maintain its CoPE status.

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 47.

During 2018-19 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 Governance and Accountability Review 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 Arm's Length Bodies' was reviewed in June 2018 and further revised in November 2018 to reflect organisational changes within the Department. The next review is scheduled for the autumn of 2019.

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 2019. Governance Statements were received from all ALBs by 22 May 2019. 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 Senior Management Board of Directors of the Department, 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 remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is normally approved by the Minister of Finance. In the absence of an Executive, the DoF Permanent Secretary has set the 2018-19 NI Public Sector Pay Policy in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. (The pay award for SCS staff for 2018-19 has been finalised but not yet paid.)

SCS pay 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 Northern Ireland specifies the circumstances when appointments may be made otherwise.

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

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

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 and 2017-18.

Remuneration and pension entitlements – Officials (Audited)

Officials	2018-19			2017-18		
	Salary £000	Pension Benefits* £000	Total £000	Salary £000	Pension Benefits* £000	Total £000
Mr Derek Baker Permanent Secretary	115-120	6	120-125	110-115	42	150-155
Mrs Julie Thompson Deputy Secretary To 1 May 2017	-	-	-	5-10 (100-105 full year equivalent)	9	15-20
Mrs Fiona Hepper Deputy Secretary	90-95	25	115-120	85-90	3	90-95
Mr John Smith Deputy Secretary From 29 June 2017	90-95	133	225-230	65-70 (85-90 full year equivalent)	10	75-80
Mr Thomas O'Reilly Deputy Secretary From 2 May 2017 To 15 February 2019	90-95 (100-105 full year equivalent)	(71)	20-25	90-95 (100-105 full year equivalent)	(11)	80-85
Mrs Noelle Buick Chief Inspector	100-105	30	130-135	95-100	(10)	85-90
Mr Gary Fair Director	70-75	20	90-95	70-75	3	75-80
Mrs Barbara Swales Director To 30 April 2017	-	-	-	5-10 (65-70 full year equivalent)	(61)	(50)-(55)
Mrs Lianne Patterson Deputy Secretary From 7 March 2019	5-10 (90-95 full year equivalent)	43	50-55	-	-	-
Mr Gavin Boyd** Interim Chief Executive EA	145-150	-	145-150	145-150	-	145-150
Mr John Smyth*** Non-executive director To 31 August 2017	-	-	-	0-5 (5-10 full year equivalent)	-	0-5
Mrs Fiona Keenan*** Non-executive director	5-10	-	5-10	5-10	-	5-10
Mrs Joan McEwan*** Non-executive director From 20 November 2017	5-10	-	5-10	0-5 (5-10 full year equivalent)	-	0-5

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

**Mr Boyd is not a member of the DE Board. He was the interim Chief Executive of the EA and chose not to be covered by the NICS pension schemes during the reporting year.

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

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

Fair Pay Disclosure (Audited)

	2018-19	2017-18
Band of Highest Paid Director's Total Remuneration* (£000)	115-120	110-115
Median Total Remuneration * (£)	30,149	29,344
Ratio	3.9	3.8

*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 Department in the financial year 2018-19 was £115,000 - £120,000 (2017-18: £110,000 - £115,000). This was 3.9 times (2017-18: 3.8 times) the median remuneration of the workforce which was £30,149 (2017-18: £29,344).

In 2018-19, one employee (2017-18: one employee) received remuneration in excess of the highest paid director. This employee is Mr Boyd who is 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 will be paid by the EA.

Remuneration ranged from £9,000 to £146,000 (2017-18: £10,000 to £146,000).

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 Northern Ireland Assembly was dissolved on 26 January 2017. An Executive was not formed following the 2 March 2017 election, and from this date Ministers ceased to hold office. As a consequence, no Minister has been in place in the Department during 2017-18 and 2018-19.

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 2018-19 and 2017-18.

4.7 Pension Entitlements (Audited)

Pension Entitlements – Ministers (Audited)

There was no Minister in place during 2018-19 and 2017-18.

Pension Entitlements – Officials (Audited)

	Accrued pension at pension age as at 31 March 2019 and related lump sum £000	Real increase /(decrease) in pension and related lump sum at pension age £000	CETV at 31 March 2019* £000	CETV at 31 March 2018** £000	Real increase /(decrease) in CETV £000	Employer contribution to partnership pension account (nearest £100)
Mr Derek Baker Permanent Secretary	55-60 plus lump sum of 175-180	0-2.5 plus lump sum of 0-2.5	1376	1,312	6	-
Mrs Julie Thompson Deputy Secretary To 1 May 2017	-	-	-	491	-	-
Mrs Fiona Hepper Deputy Secretary	35-40 plus lump sum of 110-115	0-2.5 plus lump sum of 2.5-5	849	753	24	-
Mr John Smith Deputy Secretary	20-25	5-7.5	381	266	78	-
Mr Thomas O'Reilly Deputy Secretary From 2 May 2017 To 15 February 2019	35-40 plus lump sum of 240-245	0 plus lump sum of 107.5-110	991	1,013	(63)	-
Mrs Noelle Buick Chief Inspector	40-45	0-2.5	805	748	29	-
Mr Gary Fair Director	25-30 plus lump sum of 85-90	0-2.5 plus lump sum of 2.5-5	674	601	19	-
Mrs Barbara Swales Director To 30 April 2017	-	-	-	586	-	-
Mrs Lianne Patterson Deputy Secretary From 7 March 2019	25-30	0-2.5	395	369	25	-
Mr Gavin Boyd*** Interim Chief Executive EA	-	-	-	-	-	-
Mr John Smyth Non-executive director To 31 August 2017	-	-	-	-	-	-

	Accrued pension at pension age as at 31 March 2019 and related lump sum £000	Real increase /(decrease) in pension and related lump sum at pension age £000	CETV at 31 March 2019* £000	CETV at 31 March 2018** £000	Real increase /(decrease) in CETV £000	Employer contribution to partnership pension account (nearest £100)
Mrs Joan McEwan	-	-	-	-	-	-
Non-executive director						
From 20 November 2017						
Mrs Fiona Keenan	-	-	-	-	-	-
Non-executive director						

*CETV at 31 March 2019 or date of leaving the board, if earlier.

** CETV at 31 March 2018 or date of joining the board, if later.

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

4.8 Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who, on 1 April 2012, were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The 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 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 Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2018 was 2.4%

and HM Treasury has announced that public service pensions will be increased accordingly from April 2019.

Employee contribution rates for all members for the period covering 1 April 2019 – 31 March 2020 are as follows:

4.9 Scheme Year 1 April 2019 to 31 March 2020

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2019 to 31 March 2020
£0	£ 23,500.99	4.6%
£23,501.00	£54,500.99	5.45%
£54,501.00	£150,000.99	7.35%
£150,001.00 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 <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-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 2018-19.

Staff Report

4.13 Staff costs (Audited)

Staff costs comprise:

	Permanently employed staff* £000	Others £000	Ministers £000	2018-19 Total £000	2017-18 Total £000
Wages and salaries	18,286	1,777	-	20,063	19,892
Social security costs	1,982	-	-	1,982	1,961
Other pension costs	4,231	-	-	4,231	4,158
Total net costs**	24,499	1,777	-	26,276	26,011

	2018-19 £000	2017-18 £000
Analysed as:		
Administration costs	13,278	13,929
Minister's costs (notional)	-	-
Total administration costs	13,278	13,929
Programme costs	12,048	11,416
Total charged to the Statement of Comprehensive Net Expenditure	25,326	25,345
Capitalised	950	666
Total net costs	26,276	26,011

*There were no staff costs incurred in respect of the Department's Special Adviser in 2018-19 and 2017-18.

**Of the total, £950k has been charged to capital.

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Department of Education 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 2012 scheme valuation was completed by GAD in February 2015. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2015 to 31 March 2019.

For 2018-19, employer's contributions of £4,227,532.73 were payable to the NICS pension arrangements (2017-18: £4,153,055.51) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands.

Work was completed on the 2016 valuation, based on the position as at 31 March 2016. The outcome of this scheme valuation informed employer contribution rates for 2019-20. Employer contribution rates payable will range from 28.7% to 34.2% of pensionable pay, based on salary bands. This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% pa above CPI. 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 £3,776.78 (2017-18: £4,514.60) 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% (2017-18: 8% to 14.75%) of pensionable pay.

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

Employer contributions of £114.37, 0.5% (2017-18: £112.97, 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.

One person (2017-18: three people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £462.26 (2017-18: £13,325.12).

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	2018-19 Total Number	Restated 2017-18* Total Number
Aggregated Schools Budget	259	26	-	-	285	300
Education Authority (EA) Block Grant	142	15	-	-	157	150
Earmarked budgets	20	2	-	-	22	22
Other NDPBs	6	1	-	-	7	7
Other Education Services	1	-	-	-	1	2
Early Years Provision	6	1	-	-	7	7
Youth and Community Relations	8	1	-	-	9	9
Department of Education costs	6	1	-	-	7	7
Public Sector Transformation Fund	5	1	-	-	6	4
Capital grants	35	4	-	-	39	41
Staff engaged on capital projects	15	-	-	-	15	11
Total	503	52	-	-	555	560

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 2017-18 disclosure has been restated to align with changes in the format of the information reported to the Departmental Board.

4.15 Number of SCS staff by grade (Audited)

The number of senior civil service staff employed as at 31 March 2019 was as follows:

Grade (including Analogous Grades)	Number
Grade 2	2
Grade 3	4
Grade 5	14*

* The above Grade 5 figures do not include one staff member who was on temporary promotion to Grade 5 at 31 March 2019.

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

The analysis of the Department's employees by gender at 31 March 2019 was as follows:

	Male	Male %	Female	Female %	Total	Total %
Executive Directors	3	50	3	50	6	100
Non-executive Directors	-	-	2	100	2	100
Total Directors*	3	37.5	5	62.5	8	100
Senior Managers**	7	50	7	50	14	100
Other employees	196	38.1	318	61.9	514	100
Total ***	206	38.4	330	61.6	536	100

*Directors include members of the DE Board as at 31 March 2019.

**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 2019.

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	2018-19 Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	2017-18 Total number of exit packages by cost band
Less than £10,000	-	-	-	-	1	1
£10,000 - £25,000	-	1	1	-	1	1
£25,000 - £50,000	-	-	-	-	-	-
£50,000 - £100,000	-	-	-	-	-	-
£100,000-£150,000	-	-	-	-	-	-
Total number of exit packages	-	1	1	-	2	2
Total resource cost	£nil	£12,458	£12,458	£nil	£20,812	£20,812

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

4.18 Sickness absence

Information available from the NISRA estimates that for the period April 2018 to March 2019 the Department will record an average of 9.3 days lost per full time equivalent member of staff (in 2017-18, the outturn was 9.7 days).

It is important to note that these figures are provisional and are subject to change between now and the publication of the NICS absence report for the year 2018-19 in autumn 2019. Historically, though, changes between provisional and final figures have been minimal.

A sustained management focus in this area has been in place throughout 2018-19 together with a Health and Well Being Programme for staff – this will continue in 2019-20.

4.19 Staff policies

At 31 March 2019, the Department has 536 staff (which includes 2 non-executive directors) who play an important role in the development of policy and delivery of services to support the draft Programme for Government 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 has been refreshed for 2019-20 and work on a new People Plan is currently underway.

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 Northern Ireland, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all chairs of NICS recruitment panels. The NICS also has mandatory unconscious bias training for all staff.

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

The NICS has an active network of Diversity Champions and has appointed one of its Deputy Secretaries as the NICS Diversity Lead for Disability. The NICS has an active Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. Through this collaboration the NICS is working towards creating a truly inclusive workplace where all staff feel valued. The NICS promotes a number of schemes for

disabled staff, including a successful 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.

The NICS Centre for Applied Learning (CAL) 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 Department of Finance 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 2018-19, based on provisional outturn figures, is currently recorded as £1k on one individual project (final outturn figures for 2018-19 will not be available until August 2019, following agreement of overall DE final outturn with DoF).

Final external consultancy outturn figures for 2017-18 noted overall spend of £31k on 3 individual projects.

4.22 Temporary staff

Departmental temporary staff costs in 2018-19 amounted to £1,777k (2017-18: £1,458k). The majority of these costs are for staff on loan from DoF working in the specialist areas of Statistics and Building Advisory Team. The remainder of the costs were spent on agency workers and secondees.

The 2018-19 expenditure on temporary staff is 22% more than in 2017-18. The main reasons for this are a full year's charge from DoF in respect of the Internal Audit function (this was charged for 6 months in 2017-18) and an increase in costs relating to the Building Advisory Team.

4.23 Off-payroll engagements

There were no 'off-payroll' engagements at a cost of over £245 per day in place during 2018-19.

	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

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 and supporting notes, regularity of expenditure, Assembly accountability disclosures and the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

5 STATEMENT OF ASSEMBLY SUPPLY (AUDITED)

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

5.1 Summary of Resource Outturn 2018-19 (Audited)

Request for Resources	Note	Estimate			Outturn			2018-19	2017-18
		Gross expenditure £000	Accruing Resources £000	Net total £000	Gross expenditure £000	Accruing Resources £000	Net total £000	Net total outturn compared with Estimate: saving/ (excess) £000	Net total £000
Request for Resources A	SOAS1	2,260,818	(19,068)	2,241,750	2,142,822	(18,530)	2,124,292	117,458	2,133,127
Request for Resources B	SOAS1	52,600	-	52,600	50,204	-	50,204	2,396	42,599
Total resources	SOAS2	2,313,418	(19,068)	2,294,350	2,193,026	(18,530)	2,174,496	119,854	2,175,726
Non-operating cost									
Accruing Resources		-	-	-	-	-	-	-	-

5.2 Net Cash Requirement 2018-19 (Audited)

				2018-19	2017-18
	Note	Estimate £000	Outturn £000	Net total outturn compared with Estimate: saving/ (excess) £000	Outturn £000
Net cash requirement	SOAS3	2,315,067	2,161,858	153,209	2,180,281

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).

	Note	Forecast 2018-19 Income £000	Receipts £000	Outturn 2018-19 Income £000	Receipts £000
Total	SOAS4.1	2,000	<i>2,000</i>	1,478	<i>1,586</i>

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

The notes on pages 103 to 133 form part of these accounts.

5.4 SOAS1. Analysis of net resource outturn by function (Audited)

							2018-19			2017-18
							Outturn	Estimate		
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing Resources £000	Net total £000	Net total £000	Net total outturn compared with Estimate £000	Net total outturn compared with Estimate, adjusted for virements £000	Prior- year outturn £000
Request for Resources A										
Departmental Expenditure in DEL:										
1. Education Authority – Departmental overheads	7,915	13,540	-	21,455	(657)	20,798	22,107	1,309	1,309	20,428
2. Non-Departmental Public Bodies – Departmental overheads	627	14	-	641	-	641	656	15	15	672
3. Voluntary and Grant Maintained Integrated Schools – Departmental overheads	4,478	128	-	4,606	-	4,606	4,711	105	105	4,827
4. Centrally Financed Services	744	6,299	5,265	12,308	-	12,308	13,355	1,047	1,047	8,290
5. Early Years Services	131	4	29,157	29,292	-	29,292	29,426	134	134	28,535
6. Co-funded ALB income	-	-	-	-	(12,900)	(12,900)	(13,168)	(268)	(268)	(12,811)
7. European Union Programme for Peace and Reconciliation	-	-	2,167	2,167	(1,842)	325	331	6	6	59
8. Shared Education (from Atlantic Philanthropies)	-	53	-	53	(2,318)	(2,265)	(2,267)	(2)	(2)	(4,244)
9. Vulnerable Persons Relocation Scheme	-	-	-	-	(813)	(813)	(1,040)	(227)	(227)	(744)
Annually Managed Expenditure										
10. Provisions	21	-	-	21	-	21	175	154	154	128
11. Impairments	-	(263)	-	(263)	-	(263)	1,000	1,263	1,263	(867)
Non-Budget:										
12. Education Authority	-	-	1,633,753	1,633,753	-	1,633,753	1,730,370	96,617	96,440	1,635,410
13. Voluntary and Grant Maintained Integrated Schools	-	-	408,032	408,032	-	408,032	421,040	13,008	13,008	423,185
14. Council for the Curriculum, Examinations and Assessment	-	-	21,084	21,084	-	21,084	24,616	3,532	3,532	20,528

	Outturn						Estimate			2018-19	2017-18
	Admin £000	Other current £000	Grants £000	Gross resource expenditure £000	Accruing Resources £000	Net total £000	Net total £000	Net total outturn compared with Estimate £000	Net total outturn compared with Estimate, adjusted for virements £000	Prior- year outturn £000	
15. Council for Catholic Maintained Schools	-	-	3,570	3,570	-	3,570	4,018	448	448	3,771	
16. General Teaching Council for Northern Ireland	-	-	-	-	-	-	-	-	-	-	
17. Comhairle na Gaelscolaíochta	-	-	973	973	-	973	796	(177)	-	786	
18. Northern Ireland Council for Integrated Education	-	-	634	634	-	634	646	12	12	666	
19. Middletown Centre for Autism Ltd	-	-	1,220	1,220	-	1,220	1,248	28	28	1,159	
20. Notional Charges	3,276	-	-	3,276	-	3,276	3,730	454	454	3,349	
Total	17,192	19,775	2,105,855	2,142,822	(18,530)	2,124,292	2,241,750	117,458	117,458	2,133,127	
Request for Resources B											
Departmental Expenditure in DEL:											
1. Education Authority – Departmental overheads	409	-	-	409	-	409	418	9	9	429	
2. Youth Council – Departmental overheads	88	-	-	88	-	88	89	1	1	92	
3. Youth and Other Children’s Services	233	479	7,963	8,675	-	8,675	8,744	69	69	4,318	
Non-Budget:											
4. Education Authority	-	-	40,756	40,756	-	40,756	43,027	2,271	2,271	37,500	
5. Youth Council for Northern Ireland	-	-	40	40	-	40	52	12	12	19	
6. Notional Charges	236	-	-	236	-	236	270	34	34	241	
Total	966	479	48,759	50,204	-	50,204	52,600	2,396	2,396	42,599	
Resource Outturn	18,158	20,254	2,154,614	2,193,026	(18,530)	2,174,496	2,294,350	119,854	119,854	2,175,726	

Explanation of variance between Estimate and outturn

Request for Resources A

Request for Resources A shows a total underspend of £117.5m (5.2%) 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 £2.4m (4.6%) against the Spring Supplementary Estimate for the year. The underspend in the main was due to lower than anticipated 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.

5.5 SOAS2. Reconciliation of net resource outturn to net operating cost (Audited)

		2018-19			2017-18
	Note	Outturn £000	Supply Estimate £000	Outturn compared with Estimate £000	Outturn £000
Net resource outturn	SOAS1	2,174,496	2,294,350	119,854	2,175,726
Non-supply income (CFERs)	SOAS4.1	(1,478)	(2,000)	(522)	(2,632)
Net expenditure for the year in the Statement of Comprehensive Net Expenditure		2,173,018	2,292,350	119,332	2,173,094

Net expenditure for the year is the total of expenditure and income appearing in the statement of comprehensive net expenditure. 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 103 to 133 form part of these accounts.

5.6 SOAS3. Reconciliation of net resource outturn to net cash requirement (Audited)

	Note	Estimate £000	Outturn £000	2018-19 Net total outturn compared with Estimate: saving/ (excess) £000
Resource Outturn	SOAS1	2,294,350	2,174,496	119,854
Capital:				
Acquisition of property, plant and equipment and intangible assets	6, 7	6,100	5,683	417
Non-operating Accruing Resources				
Net book value of asset disposals	SOAS6	-	-	-
Accruals to cash adjustments				
<i>Adjustments to remove non-cash items:</i>				
Depreciation, amortisation and revaluations	3.1	(1,222)	53	(1,275)
New provisions and adjustments to previous provisions	3.1	(175)	(21)	(154)
Other non-cash items – notional charges	3.1	(4,000)	(3,512)	(488)
<i>Adjustments to reflect movements in working capital balances</i>				
Increase in receivables	12	-	1,492	(1,492)
Increase in payables falling due within one year	13	20,000	(16,353)	36,353
Use of provision	14	14	20	(6)
Net cash requirement		2,315,067	2,161,858	153,209

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

The notes on pages 103 to 133 form part of these accounts.

5.7 SOAS4. Income payable to the Consolidated Fund (Audited)

SOAS4.1 Analysis 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).

	Note	Forecast 2018-19		Outturn 2018-19	
		Income £000	Receipts £000	Income £000	Receipts £000
Other operating income and receipts not classified as Accruing Resources		2,000	<i>2,000</i>	1,478	<i>1,586</i>
	SOAS5	2,000	<i>2,000</i>	1,478	<i>1,586</i>
Non-operating income and receipts – excess Accruing Resources	SOAS6	-	-	-	-
Total income payable to the Consolidated Fund		2,000	<i>2,000</i>	1,478	<i>1,586</i>

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.

5.8 SOAS5. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (Audited)

	Note	2018-19 £000	2017-18 £000
Operating income	5	20,008	21,413
Gross income		20,008	21,413
Income authorised to be Accruing Resources	SOAS1	(18,530)	(18,781)
Operating income payable to the Consolidated Fund	SOAS4.1	1,478	2,632

5.9 SOAS6. Non-operating income – Excess Accruing Resources (Audited)

	2018-19 £000	2017-18 £000
Proceeds on disposal of assets	-	-
Non-operating income – excess Accruing Resources	-	-

The notes on pages 103 to 133 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 the Department of Finance in pursuance of the Government Resources and Accounts Act (Northern Ireland) 2001 and relate to the activities of the Department of Education and the Exceptional Circumstances Body.

For resource accounts purposes, with the exception of the Exceptional Circumstances Body, all other Non-Departmental Public Bodies (NDPBs) fall outside the Departmental accounting boundary, defined within the *Government Financial Reporting Manual (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 Schools (GMIS)*
Voluntary Grammar Schools (VGS)*

* Note: Other schools, maintained and controlled, are funded via the Education Authority. From the 1 April 2017 the administrative arrangements for the VG/GMI schools Funding Authority function transferred from the Department to the Education Authority. During 2018-19 further funding streams for the VG/GMI Schools transferred from the Department of Education to the Education Authority.

The notes on pages 103 to 133 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

2018-19 Number of cases	2018-19 £000	2017-18 Number of cases	2017-18 £000
-	-	1	3

No individual cases in 2018-19 or 2017-18 exceeded £250,000.

Special Payments

2018-19 Number of cases	2018-19 £000	2017-18 Number of cases	2017-18 £000
148	40	166	145

No individual cases in 2018-19 or 2017-18 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 IAS37, 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 Northern Ireland Assembly reporting and accountability.

Signed:



Accounting Officer

Date: 27 June 2019

The notes on pages 103 to 133 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 2019 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 2019 and of its net operating cost 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 2019 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.

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*

27 June 2019

DEPARTMENT OF EDUCATION

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

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	2018-19 £000	2017-18 £000
Other operating income	5	(20,008)	(21,413)
Total operating income		(20,008)	(21,413)
Staff costs	3.2	25,326	25,345
Purchase of goods and services	3.2	13,118	8,457
Depreciation and impairment credit	3.2	(53)	(651)
Provision expense	3.2	21	128
Other operating expenditure	3.2	2,154,614	2,161,228
Total operating expenditure		2,193,026	2,194,507
Net operating expenditure		2,173,018	2,173,094
Net expenditure for the year		2,173,018	2,173,094
Other comprehensive net expenditure			
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of property, plant and equipment	6	(830)	-
Comprehensive net expenditure for the year		2,172,188	2,173,094

All income and expenditure are derived from continuing operations.

The notes on pages 103 to 133 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Financial Position as at 31 March 2019

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	2019 £000	£000	2018 £000
Non-current assets:					
Property, plant and equipment	6	39,062		32,937	
Intangible assets	7	481		37	
Financial assets	10	815		815	
Total non-current assets			40,358		33,789
Current assets:					
Trade and other receivables	12	5,072		5,052	
Cash and cash equivalents	11	-		-	
Total current assets			5,072		5,052
Total assets			45,430		38,841
Current liabilities:					
Trade and other payables	13	(76,705)		(61,824)	
Provisions	14	(44)		(23)	
Total current liabilities			(76,749)		(61,847)
Total assets less current liabilities			(31,319)		(23,006)
Non-current liabilities:					
Provisions	14	(431)		(451)	
Total non-current liabilities			(431)		(451)
Total assets less total liabilities			(31,750)		(23,457)
Taxpayers' equity and other reserves:					
General fund			(33,051)		(23,929)
Revaluation reserve			1,301		472
Total equity			(31,750)		(23,457)

Signed:

D A Baker

Date: 27 June 2019

Accounting Officer

The notes on pages 103 to 133 form part of these accounts.

DEPARTMENT OF EDUCATION

Statement of Cash Flows

for the year ended 31 March 2019

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	2018-19 £000	2017-18 £000
Cash flows from operating activities			
Net expenditure for the year	SOAS2	(2,173,018)	(2,173,094)
Adjustments for non-cash transactions	3.1	3,480	3,067
(Increase)/decrease in trade and other receivables	12	(20)	2,736
<i>movements in receivables relating to items not passing through the statement of comprehensive net expenditure</i>	12	(1,364)	(3,371)
Increase/(decrease) in trade and other payables excluding bank overdraft	13	15,199	(3,295)
<i>movements in payables relating to items not passing through the statement of comprehensive net expenditure</i>	13	1,086	2,117
Use of provisions	14	(20)	(65)
Net cash outflow from operating activities		(2,154,657)	(2,171,905)
Cash flows from investing activities			
Purchase of non-financial assets - property, plant and equipment	6	(5,193)	(5,918)
Purchase of non-financial assets - intangible assets	7	(422)	(11)
Net cash outflow from investing activities		(5,615)	(5,929)
Cash flows from financing activities			
From the Consolidated Fund (supply) – current year		2,160,124	2,177,183
From the Consolidated Fund (supply) – prior year	12	3,098	6,469
Net financing		2,163,222	2,183,652
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		2,950	5,818
Payments of amounts due to the Consolidated Fund		(2,632)	(4,766)
Net increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	11	318	1,052
Cash and cash equivalents at the beginning of the period	11	(651)	(1,703)
Cash and cash equivalents at the end of the period	11	(333)	(651)

The notes on pages 103 to 133 form part of these accounts.

DEPARTMENT OF EDUCATION
Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2019

This statement shows the movement in the year on the different reserves held by the Department of Education, 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 2017		(32,078)	474	2	(31,602)
Net Assembly funding – drawn down		2,177,183	-	-	2,177,183
Supply receivable adjustment	12	3,098	-	-	3,098
CFERs payable to the Consolidated Fund		(2,632)	-	-	(2,632)
Comprehensive expenditure for the year		(2,173,094)	-	-	(2,173,094)
Non-cash charges – accommodation and other charges	3, 3.1	3,536	-	-	3,536
Non-cash charges – auditor’s remuneration and expenses	3, 3.1	54	-	-	54
Transfers between reserves		4	(2)	(2)	-
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	SOAS4.1	(1,478)	-	-	(1,478)
Comprehensive expenditure for the year	SOAS2	(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)

Under the Reinvestment and Reform Initiative, loans are made available to the Northern Ireland Block. The loans are financed by borrowing from the National Loans Fund and the funding is paid directly to the Northern Ireland Consolidated Fund. The associated cash, £nil (2017-18: £nil) is deemed paid to Departments from the Northern Ireland Consolidated Fund through the normal supply process.

The notes on pages 103 to 133 form part of these accounts.

DEPARTMENT OF EDUCATION

ANNUAL REPORT AND ACCOUNTS 2018-19

Notes to the Departmental Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2018-19 *Government Financial Reporting Manual (FReM)* issued by the Department of Finance. The accounting policies contained in the *FReM* apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the *FReM* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department of Education for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by the Department of Education 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 *Statement of Assembly Supply* 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 International Accounting Standard (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 Northern Ireland. 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 Statement of Comprehensive Net Expenditure, 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 the Department of Education. 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 Land and Property Services (LPS), a division of the Department of Finance, 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 (IRRV). 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 Statement of Comprehensive Net Expenditure.

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 Statement of Comprehensive Net Expenditure 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 Statement of Comprehensive Net Expenditure.

1.7 Investments

In 2004-05 the Department invested in the “Middletown Centre for Autism (Holdings) Limited”, which is a company registered in Northern Ireland and limited by guarantee. The Company is a joint venture between the Department of Education in Northern Ireland 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, Northern Ireland for the purpose of supporting the promotion of excellence throughout Northern Ireland 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 Department of Education in Northern Ireland 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 8 of FD (DoF) 01/19 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 Statement of Comprehensive Net Expenditure 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 Department for the Economy 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 the Department of Finance. 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 Statement of Comprehensive Net Expenditure.

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 leave will vary significantly from year to year.

Past and present employees are covered by the provisions of the Northern Ireland Civil Service Pension arrangements. The defined benefit schemes are multi-employer unfunded schemes, which produce their own resource accounts, but the Department of Education 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 Northern Ireland Civil Service Pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Northern Ireland Civil Service 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 Northern Ireland Civil Service Pension arrangements in respect of employees who retire early by paying the required amounts annually to the Northern Ireland Civil 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 Department of Finance Superannuation Vote. The amount provided is shown net of any such payments.

Teachers

The Teachers' Premature Retirement Compensation Scheme for Northern Ireland 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 Statement of Comprehensive Net Expenditure 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 Voluntary Grammar and Grant Maintained Integrated 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 Grant Maintained Integrated 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 Statement of Comprehensive Net Expenditure and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

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

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.

The 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 IFRSs 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 Northern Ireland, which will bring Northern Ireland departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2020-21, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

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 2020. As disclosed in note 16.2 the Department has leased Arvalee School (on the Strule Shared Education Campus) to the Education Authority for a peppercorn rent. IFRS 16 will have no impact on the Department's accounts.

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. During 2018-19 improvements were made to the structure of the financial information reported to the Departmental Board and focused on the following areas:

Aggregated Schools Budget - the main allocations to schools funded via the Common Funding Formula;

Education Authority (EA) Block Grant – funding allocated to schools from central budgets held by the Education Authority (including: Special Schools; Special Education Needs (SEN) in mainstream; C2k managed ICT service; rates; and teacher substitution costs); and funding attributed to schools for services provided by the Education Authority (including: transport; free school meals; 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 Comhairle na Gaelscolaíochta, the Council for Catholic Maintained Schools, the General Teaching Council for Northern Ireland, the Middletown Centre for Autism, the Northern Ireland Council for Integrated Education and the Northern Ireland Council for the Curriculum, Examinations and Assessment;

Other Education Services - 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;

Public Sector Transformation Fund - the Public Sector Transformation Fund has been used to fund 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	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 (EA) 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
Public Sector Transformation Fund	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

Operating Segments	Restated 2017-18 Gross expenditure £000	2017-18 Income £000	Restated 2017-18 Net expenditure £000
Aggregated Schools Budget**	1,186,224	-	1,186,224
Education Authority (EA) Block Grant**	593,112	-	593,112
Earmarked budgets**	106,782	(18,136)	88,646
Other NDPBs	26,165	-	26,165
Other Education Services	8,622	-	8,622
Early Years Provision	27,963	-	27,963
Youth and Community Relations	34,019	-	34,019
Department of Education costs	28,507	(58)	28,449
Public Sector Transformation Fund	16,935	-	16,935
Total resource	2,028,329	(18,194)	2,010,135
Capital grants and Departmental capital	169,057	(587)	168,470
Total resource and capital*	2,197,386	(18,781)	2,178,605

*The expenditure position reported above includes the cash grant in aid and not the resource and capital outturn reported to the Departmental Board. The 2017-18 disclosure has been restated to align with changes in the format of the information reported to the Departmental Board.

**The expenditure position which is based on the cash grant in aid for Aggregated Schools Budget, Education Authority Block Grant and Earmarked budgets has been apportioned using the

percentage spend reported by the Education Authority 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

	2018-19	2017-18
	£000	£000
Total net expenditure reported for operating segments	2,176,699	2,178,605
Reconciling items:		
AME – impairments	(263)	(867)
AME – provisions	21	128
Operating income payable to the Consolidated Fund	(1,478)	(2,632)
Depreciation	210	216
Notional charges	3,512	3,590
Departmental capital	(5,683)	(5,946)
Total net expenditure per the statement of comprehensive net expenditure	2,173,018	2,173,094

3. Other administration costs

	Note	£000	2018-19 £000	£000	2017-18 £000
Staff costs*					
Wages and salaries		10,211		10,703	
Social security costs		978		1,030	
Other pension costs		2,089		2,196	
			13,278		13,929
Purchase of goods and services					
Rentals under operating leases		5		9	
Travel and subsistence		78		73	
Other staff related costs		77		80	
Accommodation costs		124		17	
Office services		246		269	
Contracted out services		656		622	
Other professional fees		9		21	
Managed services – information technology		32		33	
Other expenses		112		240	
			1,339		1,364
Non-cash items (Note 3.1)					
Depreciation		6		10	
Amortisation		2		2	
			8		12
Notional charges					
- auditor's remuneration and expenses		54		54	
- accommodation		1,360		1,519	
- others		2,098		2,017	
			3,512		3,590
Increase in provisions (provision provided for in year less any release)	14		21		128
Total			18,158		19,023

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

During the year the Department paid £5,560.00 to the Northern Ireland Audit Office for the completion of non-audit work relating to the National Fraud Initiative.

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	2018-19 £000	£000	2017-18 £000
Depreciation and amortisation (Note 3)	8		12	
Depreciation, amortisation and revaluation credit to SOCNE (Note 4)	(61)		(663)	
		(53)		(651)
New provisions, and adjustments to previous provisions (Note 3)	21		128	
New provisions, and adjustments to previous provisions (Note 4)	-		-	
		21		128
Other non-cash items				
Notional charges (Note 3)	3,512		3,590	
Notional Minister's salary	-		-	
		3,512		3,590
Total non-cash transactions (Note SOAS3 and Statement of Cash Flows)		3,480		3,067

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	2018-19 £000	2017-18 £000
Staff costs	13,278	12,048	25,326	25,345
Purchase of goods and services (including notional charges)	4,851	8,267	13,118	8,457
Depreciation, amortisation and revaluation credit	8	(61)	(53)	(651)
Provision expense	21	-	21	128
Other operating expenditure	-	2,154,614	2,154,614	2,161,228
	18,158	2,174,868	2,193,026	2,194,507

4. Programme costs

	Note	£000	2018-19 £000	£000	2017-18 £000
Staff costs*					
Wages and salaries		9,141		8,686	
Social security costs		927		880	
Other pension costs		1,980		1,850	
			12,048		11,416
Other operating expenditure					
Grants		2,152,447		2,160,832	
EU Grant		2,167		396	
			2,154,614		2,161,228
Purchase of goods and services					
Rentals under operating leases		111		100	
Travel and subsistence		289		290	
Other staff related costs		75		70	
Accommodation costs		23		25	
Office services		1,858		1,795	
Contracted out services		33		20	
Other expenses		5,878		1,203	
			8,267		3,503
Non-cash items (Note 3.1)					
Depreciation		201		187	
Amortisation		1		17	
Revaluation credit to SOCNE		(263)		(867)	
			(61)		(663)
Total			2,174,868		2,175,484

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

5. Other operating income

	RfRA £000	RfRB £000	2018-19 Total £000	2017-18 Total £000
Co-funded ALB income (Further Education and Student Support (from Department for the Economy))	12,900	-	12,900	12,811
Shared Education (from Atlantic Philanthropies)	2,318	-	2,318	4,244
European Union Programme for Peace and Reconciliation	1,842	-	1,842	337
Sale of property, plant and equipment (NDPBs)	1,416	-	1,416	2,468
Vulnerable Persons Relocation Scheme	813	-	813	744
Other income	719	-	719	809
	20,008	-	20,008	21,413

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 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

Land comprises a site at Strule (formerly Lisanelly), Omagh, which was transferred from the Ministry of Defence to the Department of Education 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. Buildings relate to the Strule Shared Education Campus (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 Land and Property Services (LPS), a Division of the Department of Finance. 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.

	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 2017	6,180	8,897	25	152	76	11,446	26,776
Additions	-	21	-	-	-	5,914	5,935
Disposals	-	-	-	(59)	(4)	-	(63)
Revaluation credit to SOCNE	-	445	-	-	-	-	445
Revaluations	(26)	19	1	2	1	-	(3)
At 31 March 2018	6,154	9,382	26	95	73	17,360	33,090
Depreciation							
At 1 April 2017	-	-	16	108	70	-	194
Charged in year	-	178	7	10	2	-	197
Disposals	-	-	-	(59)	(4)	-	(63)
Revaluation depreciation	-	(172)	-	-	-	-	(172)
Revaluations	-	(6)	1	1	1	-	(3)
At 31 March 2018	-	-	24	60	69	-	153
Carrying amount at 31 March 2018	6,154	9,382	2	35	4	17,360	32,937
Carrying amount at 31 March 2017	6,180	8,897	9	44	6	11,446	26,582
Asset financing							
Owned	6,154	9,382	2	35	4	17,360	32,937
Carrying amount at 31 March 2018	6,154	9,382	2	35	4	17,360	32,937
Fair value of assets funded by government grant	5,854	-	-	-	-	1,577	7,431

7. Intangible assets

	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

	Information technology £000	Software licences £000	Asset under construction £000	Total £000
Cost or valuation				
At 1 April 2017	1,294	19	26	1,339
Additions	-	-	11	11
Revaluations	33	-	-	33
At 31 March 2018	1,327	19	37	1,383
Amortisation				
At 1 April 2017	1,275	19	-	1,294
Charged in year	17	2	-	19
Reclassification	2	(2)	-	-
Revaluations	33	-	-	33
At 31 March 2018	1,327	19	-	1,346
Carrying amount at 31 March 2018	-	-	37	37
Carrying amount at 31 March 2017	19	-	26	45
Asset financing				
Owned	-	-	37	37
Carrying amount at 31 March 2018	-	-	37	37

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	-	6
Property, plant and equipment	-	(264)
Intangible assets	-	1
Impairment (credit)/charge for the year ended 31 March 2019	-	(257)
Impairment (credit)/charge for the year ended 31 March 2018	-	(853)

9 Financial Instruments

International Financial Reporting Standard 7 (IFRS 7), *Financial Instruments: Disclosures*, requires disclosure that enables evaluation of the significance of financial instruments for the Department's financial position and performance, the nature and extent of risks arising from financial instruments to which the Department is exposed during the period and at the reporting date, and how the Department manages those risks. As a result of the non-trading nature of its activities and the way in which Government Departments are financed, the Department of Education 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 Statement of Comprehensive Net Expenditure by measurement category:

	From interest £000	From subsequent measurement			Net (gain)/loss	
		At fair value £000	Currency translation £000	Impairment /(reversal of impairment) £000	2018-19 £000	2017-18 £000
Held to maturity	-	-	-	-	-	(250)
Loans and receivables	-	-	-	6	6	14
Total	-	-	-	6	6	(236)

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 Northern Ireland Assembly, as is its capital expenditure. The Department of Education 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 1 April 2017	565
Revaluation credit to SoCNE	250
At 31 March 2018 and 31 March 2019	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 8 of FD (DoF) 01/19 has been valued at historical cost less impairment, within the Department's Statement of Financial Position.

11 Cash and cash equivalents

	2018-19 £000	2017-18 £000
At 1 April 2018	(651)	(1,703)
Net change in cash and cash equivalents	318	1,052
At 31 March 2019	(333)	(651)
The following balances at 31 March were held at:		
Commercial banks and cash in hand	(333)	(651)
At 31 March 2019	(333)	(651)
The balance comprises:		
Bank overdraft	(333)	(651)
	(333)	(651)

11.1 Reconciliation of liabilities arising from financing activities

There are no liabilities arising from financing activities at 31 March 2019 and 31 March 2018.

12 Trade receivables, financial and other assets

	2018-19 £000	2017-18 £000
Amounts falling due within one year:		
VAT	277	377
EU grants receivable	1,492	337
Trade receivables	230	204
Other receivables	88	83
Prepayments	533	23
Accrued income	718	930
	3,338	1,954
Amounts due from the Consolidated Fund in respect of Supply	1,734	3,098
	5,072	5,052

Included within accrued income is £77,000 (2017-18: £185,000) 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 2019 and 31 March 2018.

The following table shows the impairment of trade receivables through the bad debt provision account at the reporting period date:

	2018-19	2017-18
	£000	£000
At 1 April 2018	69	60
Impairment losses recognised on trade receivables	6	14
Amounts written off as uncollectable	-	(5)
At 31 March 2019	75	69

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:

	2018-19	2017-18
	£000	£000
Neither past due nor impaired trade receivables		
Less than 1 month	15	61
1 to 3 months	47	47
3 to 6 months	46	30
Past due but not impaired trade receivables	122	66
Impaired trade receivables	75	69
Gross carrying value	305	273
Less: impairment	(75)	(69)
Net carrying value	230	204

13 Trade payables and other current liabilities

	2018-19 £000	2017-18 £000
Amounts falling due within one year:		
Bank overdraft (Note 11)	333	651
Other taxation and social security	16,767	17,051
Trade payables	48,317	32,100
Other payables	998	1,014
Accruals	6,054	5,962
Deferred income	2,758	2,414
	74,894	58,541
Consolidated Fund extra receipts due to be paid to the Consolidated Fund		
received from other sources	1,401	2,447
receivable from other sources	77	185
	1,478	2,632
	76,705	61,824

There are no amounts falling due after more than one year at 31 March 2019 or 31 March 2018.

14 Provisions for liabilities and charges

	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

	Early departure costs £000	Legal claims £000	Total £000
At 1 April 2017	357	54	411
Provided in the year	116	-	116
Provisions utilised in the year	(15)	(50)	(65)
Change in discount rate	12	-	12
At 31 March 2018	470	4	474

Analysis of expected timing of cash flows

Not later than one year	19	4	23
Later than one year and not later than five years	76	-	76
Later than five years	375	-	375
At 31 March 2018	470	4	474

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 Department of Finance Superannuation Vote. The Treasury discount rate of 0.29 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.

15 Contingent liabilities and contingent assets

15.1 Contingent liabilities

The Department has contingent liabilities estimated at £75k for three legal challenges.

On 17 June 2019 the Court of Appeal ruled in respect of the Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the Police Service of Northern Ireland on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for the NICS and wider public sector will need further consideration. The DoF is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

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 2019 have not been included in the financial statements:

Nature	Number of cases	Value £000
Probable recoupment of monies from school trustees following closure	30	10,205

16 Leases

16.1 Finance leases

The Department does not have any finance leases.

16.2 Operating leases

£116,000 (2017-18: £109,000) was included as an expense on operating leases in the Statement of Comprehensive Net Expenditure.

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

	2019	2018
	£000	£000
Other		
Not later than one year	3	7
Later than one year and not later than five years	-	2
	3	9

In addition to the above, the Department has leased Arvalee School (on the Strule Shared Education Campus) to the Education Authority for a peppercorn rent. The lease runs from 1 September 2016 to 31 August 2020.

17 Capital and other commitments

17.1 Capital commitments

	2019	2018
	£000	£000
Contracted capital commitments at 31 March not otherwise included in these financial statements		
Property, plant and equipment	3,967	3,568
Intangible assets	393	-
	4,360	3,568

17.2 Other financial commitments

The Department has entered into non-cancellable contracts (which are not leases or PFI 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.

	2019	2018
	£000	£000
Not later than one year	1,008	1,080
Later than one year and not later than five years	271	1,041
	1,279	2,121

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
Grant Maintained Integrated Schools*
Voluntary Grammar 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 Department of Education has had a small number of transactions with other Government Departments and other Central Government bodies. Most of these transactions have been with the Department of Finance.

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 2019 £000	31 March 2018 £000
Monetary assets such as bank balances	13	16
Listed securities	772	728
Total	785	744

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 2018–19 were as follows:

Supply-financed agencies:	None
Non-executive NDPBs:	Exceptional Circumstances Body
Other entities:	None

21 Machinery of Government

Transfer of function from the Department of Education to the Education Authority

From 1 April 2018 the following funding streams for the VG/GMI Schools were transferred from the Department of Education to the Education Authority:

- Extended Schools;
- Entitlement Framework;
- PPP/PFI Unitary Payments;
- Education Maintenance Allowance; and
- Free School Meals.

The transfer did not involve any potential policy changes and the responsibility for the Common Funding Scheme remained with the Department.

As this was a transfer of function only, no staff transferred from the Department to the Education Authority.

The transfer has been accounted for using absorption accounting principles in accordance with the FReM. There is no impact on the 2018-19 or 2017-18 Statement of Assembly Supply and related notes, the Statement of Comprehensive Net Expenditure, the Statement of Financial Position or the Statement of Cash Flows and related notes.

22 Events after the reporting period

There are no events after the reporting period relating to the 2018-19 financial year.

Date of authorisation for issue

The Accounting Officer authorised the issue of these financial statements on 27 June 2019.

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