

Annual Report and Accounts



18/19

serving the community through the administration of justice

Northern Ireland Courts and Tribunals Service

Annual Report and Accounts for the year ended 31 March 2019

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on

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GLOSSARY

AME	Annually Managed Expenditure
ARAC	Audit and Risk Assurance Committee
ASLC	Accrued Superannuation Liability Charges
BCS	Business Consultancy Services
CAL	Centre for Applied Learning
CARE	Career Average Revalued Earnings
C&AG	Comptroller & Auditor General
CAT	Community Asset Transfer
CETV	Cash Equivalent Transfer Values
CFO	Court Funds Office
CJB	Criminal Justice Board
CPI	Consumer Price Index
CRC	Carbon Reduction Commitment
CSNI	Coroners Service for Northern Ireland
CSP	Civil Service Pensions
DAO	Dear Accounting Officer
DEL	Departmental Expenditure Limit
DfC	Department for Communities
DoF	Department of Finance
DoJ	Department of Justice
DRC	Depreciated Replacement Cost
ECHR	European Convention on Human Rights
EJO	Enforcement of Judgments Office
FCS	Fine Collection and Enforcement Service
FPJPS	Fee Paid Judicial Pension Scheme
FRem	Government Financial Reporting Manual
GAD	Government Actuary's Department
GDPR	General Data Protection Regulations
HMCTS	Her Majesty's Courts and Tribunals Service
HMRC	Her Majesty's Revenue and Customs
IAS	International Accounting Standard
ICO	Information Commissioner's Office
ICOS	Integrated Court Operations System
IFRS	International Financial Reporting Standards
JASPAR	Judicial Allocations and Sittings Programme And Records
JPS	Judicial Pension Scheme

LPS	Land and Property Services
MoJ	Ministry of Justice
MPMNI	Managing Public Money Northern Ireland
NEBM	Non-Executive Board Member
NIAO	Northern Ireland Audit Office
NICF	Northern Ireland Consolidated Fund
NICS	Northern Ireland Civil Service
NICTS	Northern Ireland Courts and Tribunals Service
NIJPS	Northern Ireland Judicial Pension Scheme
NIPS	Northern Ireland Prison Service
OCP	Office of Care and Protection
OLCJ	Office of the Lord Chief Justice
OSO	Official Solicitor's Office
PAC	Public Accounts Committee
PACWAC	Planning Appeals Commission and Water Appeals Commission
PBNI	Probation Board for Northern Ireland
PCNI	Parole Commissioners for Northern Ireland
PCSPS	Principal Civil Service Pension Scheme
PfG	Programme for Government
PFI	Private Finance Initiative
PPS	Public Prosecution Service
PSNI	Police Service of Northern Ireland
RAP	Rent Assessment Panel
RPI	Retail Price Index
RTTCWG	Report to Those Charged with Governance
SCS	Senior Civil Service
SIB	Strategic Investment Board
SMC	Substance Misuse Court
SoCNE	Statement of Comprehensive Net Expenditure
SoFP	Statement of Financial Position
SPG	Strategic Planning Group
TAS	The Appeals Service
VAT	Value Added Tax

PART 1 PERFORMANCE REPORT

OVERVIEW

The purpose of the overview is to provide sufficient information to ensure the remit and purpose of the Northern Ireland Courts and Tribunals Service (NICTS) is understood. It includes:

- a statement from the Acting Chief Executive providing his perspective on the performance of NICTS over the period;
- a statement of the purpose and activities of NICTS;
- the key issues and risks that could impact delivery of objectives; and
- a performance summary.

FOREWORD BY THE CHIEF EXECUTIVE

I am delighted to be writing my third foreword for the NICTS Annual Report.

NICTS is an Agency of the Department of Justice (DoJ), responsible for the provision of administrative support for all Northern Ireland's courts and the majority of Northern Ireland's tribunals. We provide administrative support to the Coroners Service for Northern Ireland (CSNI) and are also responsible for enforcing the judgments of the civil courts through the Enforcement of Judgments Office (EJO), for funds held in court by the Court Funds Office (CFO) and the Parole Commissioners Secretariat. During the period of this report we also assumed responsibility for the newly established Fine Collection and Enforcement Service (FCS).

I would like to record my thanks to NICTS staff for their continued dedication and commitment. Against a backdrop of financial uncertainty and diminishing resources, staff across the organisation remain focused on delivering a high quality service to the broad range of courts and tribunal users.

We are committed to delivering the Northern Ireland Executive's draft Programme for Government (PfG). To that end we will work to ensure "we have a safe community where we respect the law and each other". We will also contribute to the delivery of the following draft PfG indicators:

- to reduce crime;
- to increase the effectiveness of the justice system; and
- to reduce reoffending.

During 2018-19 the Substance Misuse Court (SMC) pilot operated under the supervision of the Presiding District Judge in Laganside Courts. The pilot was designed to challenge defendants whose offending behaviour is related to substance misuse. A total of 110 defendants have gone through the screening/assessment process and in mid-October 2018 the pilot reached its stated target of 50 participants. DoJ has committed in principle

to the SMC pilot continuing into 2019-20 when the project will be subject to a formal evaluation.

The new FCS came into operation on 1 June 2018 following the commencement of the Justice Act (NI) 2016 and related secondary legislation. The new service is located in Laganside House and provides a broader range of additional collection methods such as instalment plans, deduction from benefits, attachment of earnings orders and interim bank account orders. A formal review of the new arrangements will be completed during 2019-20.

During 2018-19 worked continued to scope NICTS' Transformation Portfolio. The overall Portfolio contains three interrelated change programmes that look to transform how we deliver services and includes digital justice, the NICTS estate and an optimum business operating model. To date the focus has been establishing the necessary structure and filling key staff posts. Progress has been made in developing the Portfolio Business Case, commissioning detailed surveys of the estate, scoping a review of existing line of business systems and initiating several ICT pilots. The Transformation Portfolio will span several years and will continue to feature in subsequent plans.

The Business Consultancy Services (BCS) of the Department of Finance (DoF) completed a review of court operations in June 2018. Recommendations included the development of a single operational guide for use in all areas of court business and a formal training programme to assist with staff development and knowledge transfer. A project team will be established early in the 2019-20 business year to take forward the agreed recommendations arising from the Review.

Finally I should also highlight the work completed throughout the year in preparations for the potential of a no deal EU Exit (Brexit). We have engaged with a range of justice organisations such as HM Courts and Tribunals Service (HMCTS) to best consider the potential impact of a no deal scenario across the different court tiers. We have also worked closely with other Northern Ireland Departments to determine if any new policies or requirements could impact on court business. In addition, we have contributed to the Northern Ireland Civil Service (NICS) civil contingency arrangements and continue to work with Criminal Justice Organisations in developing civil contingency plans.

Looking forward to 2019-20, in addition to Brexit and taking forward recommendations arising from the BCS Review and the Transformation Portfolio, the NICTS priorities will include:

- working with DoJ and the Office of the Lord Chief Justice (OLCJ), to establish a fully resourced Legacy Inquest Unit to progress outstanding legacy inquests;
- subject to funding, supporting the implementation of the justice elements contained in the Mental Capacity Act (Northern Ireland) 2016;
- supporting the evaluation of FCS; and
- implementing the agreed legislative changes arising from the consultations on civil and family fees and the future structure of CFO.

In closing, I wish to thank the members of the NICTS Agency Board for their help, support and co-operation over the past year. I also want to take this opportunity to thank justice partners and other stakeholders for the contribution they make to the work of NICTS.

A handwritten signature in blue ink, appearing to read 'Peter Luney', with a long, sweeping underline.

Peter Luney
Acting Chief Executive

STATEMENT OF PURPOSE AND ACTIVITIES

This is the Annual Report and Accounts for NICTS for the financial year ended 31 March 2019. These Statements have been prepared in accordance with directions given by DoF in pursuance of the Government Resources and Accounts Act (Northern Ireland) 2001.

Who we are

NICTS is an Executive Agency of the DoJ of Northern Ireland. During this reporting year there continued to be no established Assembly in place. Following the passage of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 in November 2018, certain decisions can be made by Departmental Permanent Secretaries in the absence of a Minister. A Minister of Justice will be appointed when a new Executive is established.

The role of NICTS is to:

- provide administrative support for Northern Ireland's courts, tribunals, Parole Commissioners for Northern Ireland (PCNI) and the Planning Appeals Commission and Water Appeals Commission (PACWAC);
- support an independent Judiciary;
- provide advice to the Department on matters relating to the operation of the courts, tribunals, EJO and PCNI;
- enforce civil court judgments through EJO;
- manage funds held in court on behalf of minors and patients;
- provide suitable courthouses and tribunal hearing centres; and
- act as the Central Authority under certain international conventions.

Corporate Aims and Values

Our corporate aim is: "Serving the community through the administration of justice".

Delivery of this aim is assessed against the 2016-21 NICS PfG. The PfG encourages cross-departmental collaborative working and external stakeholder agreement to successfully deliver the desired outcomes. NICTS aim to deliver against two outcomes:

1. Outcome 7 – We have a safe community where we respect the law and each other.
2. Outcome 11 – We connect people and opportunities through our infrastructure.

We aim, at all times, to demonstrate the following corporate values:

Integrity	to interact with our customers with the highest degree of integrity, promoting an atmosphere of honesty and trust;
Openness	to undertake our work in an open and transparent manner;
Professionalism	to conduct our business to the highest standard;
Accountability	to be responsible for delivering a high quality service to the public; and
Fairness	to treat everyone fairly.

How we are structured

There are 18 courthouses in operation, the largest being Laganside Courts and the Royal Courts of Justice (RCJ) in Belfast, and a number of tribunal hearing centres across Northern Ireland. Further information on our structure is included in the appendices to this Report:

Appendix 1	Administrative Court Divisions;
Appendix 2	Northern Ireland Courts and Tribunals Service Structure; and
Appendix 3	Judicial Complement in Northern Ireland.

The Agency Framework Document sets out the arrangements for the effective governance, financing and operation of NICTS and is available on the NICTS website at www.justice-ni.gov.uk/courts-and-tribunals.

Support for the Northern Ireland Judiciary

NICTS is responsible for providing administrative support to the Northern Ireland Judiciary. There are 70 salaried judicial office holders (along with two vacancies), 61 deputy court judicial officers, 128 Lay Magistrates, 40 Parole Commissioners, 14 PACWAC Commissioners (along with 3.5 vacancies) and 365 tribunal members.

The Lord Chief Justice of Northern Ireland is head of the Judiciary and President of the Courts of Northern Ireland. In addition, he is responsible for:

- assigning the Judiciary to the courts, listing business with the courts and determining sitting times;
- dealing with complaints against members of the Judiciary. The Code of Practice on Complaints and the Protocol on Judicial Discipline are published on the judiciary in Northern Ireland website (<https://judiciaryni.uk/>);
- maintaining arrangements for the welfare, training and guidance of the Judiciary; and

- representing the views of the Northern Ireland Judiciary to Parliament and, when sitting, to the Northern Ireland Assembly.

The Lord Chief Justice, the Rt Hon Sir Declan Morgan, is supported by the Presiding Coroner (The Hon Mrs Justice Keegan), the Presiding County Court Judge (His Honour Judge McFarland, Recorder of Belfast), the Presiding District Judge (Magistrates' Courts) (Judge Fiona Bagnall), the Presiding District Judge (Judge Isobel Brownlie), the Presiding Master (Master Cathal McCorry) and the Presiding Lay Magistrate (Ms Delia Devlin). Further information on the judicial complement can be found in Appendix 3.

Principal Risks and Uncertainties

Risk management is integrated into the activities of NICTS by linking risk directly to the achievement of objectives supported by effective risk management arrangements as detailed in a Risk Management Policy Statement. These include developing, monitoring and reviewing a Corporate Risk Register which identifies the key risks, those responsible for ensuring risks are managed and the actions that will be taken to mitigate them.

There were eight risks escalated to the Corporate Risk Register at the end of the 2018-19 reporting period:

- (1) insufficient resource to deliver services to the required standard;
- (2) failure to safeguard the needs and interests of patients in the Official Solicitor's Office;
- (3) failure to secure adequate funding in the 2019-20 budget;
- (4) degradation of the Court Estate;
- (5) confidentiality, integrity or availability of records compromised resulting in non-compliance with legislation;
- (6) a no deal Brexit impacting on the delivery of services;
- (7) failure to progress the Transformation Portfolio delaying benefits realisation; and
- (8) inadequate resourcing of the Mental Health Review Tribunal.

2018-19 PERFORMANCE SUMMARY

Deliver efficient and effective Court, Tribunal and Enforcement services

- During 2018-19 NICTS met or exceeded 32 out of 37 of its performance standards. A summary of performance can be found at Annex D.
- The Substance Misuse Court pilot was launched in April 2018.
- The new Fine Collection and Enforcement Service was implemented on 1 June 2018.
- The consultation on the future structure for civil and family fees was launched in December 2018.

Deliver high quality services that support an independent Judiciary and meet the needs of our customers

- During 2018-19 a Transformation Programme Board was established to take forward the 'Courts 2020' Transformation Programme.
- The consultation on the reform of CFO was launched in February 2019.
- NICTS continued to support DoJ and OLCJ in taking forward recommendations from the Civil and Family Justice Review, particularly in relation to the Commercial Hub in the Royal Courts of Justice.

Develop and lead our people to achieve our business objectives

- A corporate training plan for 2018-19 was agreed and delivered which increased effectiveness and better supported the delivery of business objectives.
- Actions from the Staff Engagement Plan (2017-19) continue to be implemented across NICTS.
- BCS completed a review of Court Operations in June 2018 and provided a number of recommendations for consideration.

Deliver a controlled financial and commercial environment achieving value for money

- Overall expenditure was contained within the total budget set by DoJ, with an underspend in Resource DEL of £521k.
- As part of a three year phased increase to fees, civil and family court fees were increased by 10% on 1 April 2017, 7.5% on 1 April 2018 and 5% on 1 April 2019.
- NICTS met all statutory financial reporting deadlines.
- Work continued to deliver value for money and generate savings through best practice contract management and procurement during 2018-19.

- New General Data Protection Regulations (GDPR) were embedded into business practices and reviewed throughout the year.

2019-20 FORWARD LOOK

Within the next financial year, NICTS is aiming to:

- continue work on Courts and Tribunals operational readiness in the event of a no deal Brexit;
- commence work on implementing the accepted recommendations contained in the BCS Review of Court Operations;
- continue work on the Transformation Portfolio including commencing a review of all line of business systems, developing a draft NICTS Estate Strategy, completing a review of accommodation options in the North West and continuing a series of ICT pilot projects;
- work with DoJ and OLCJ, to establish a fully resourced Legacy Inquest Unit to progress outstanding legacy inquests;
- support the implementation of the justice elements contained in the Mental Capacity Act (Northern Ireland) 2016;
- support DoJ in the evaluation of FCS;
- review results and implement changes arising from the consultation on the future role of CFO;
- continue to support the Substance Misuse Court in Laganside Courts and contribute to the evaluation process; and
- review results and implement changes arising from the consultation on the future fee structure for civil and family business.

PERFORMANCE ANALYSIS

The Business Plan for 2018-19 contained the following strategic objectives:

- to deliver efficient and effective Court, Tribunal and Enforcement services;
- to deliver high quality services that support an independent Judiciary and meet the needs of our customers;
- to develop and lead our people to achieve our business objectives; and
- to deliver a controlled financial and commercial environment achieving value for money.

NICTS published a number of performance targets in its Business Plan in support of these strategic aims. The following commentary explains what was done during 2018-19 to achieve these strategic objectives.

Deliver efficient and effective Court, Tribunal and Enforcement services

Business volumes during 2018-19 were as follows:

	Cases Received	Cases Disposed of
Criminal	42,536	41,579
Civil	26,682	28,505
Family	10,170	9,338
Legacy and Coronial Services	3,947	3,998
Tribunals*	13,534	11,974
Parole Commissioners	623	637

* including The Appeals Service and Rent Assessment Panel, but excluding PACWAC

Criminal Business

Criminal business includes criminal cases dealt with in the Crown Court and in the Magistrates' Courts.

The Crown Court hears all offences charged on indictment. Offences tried on indictment are the more serious offences. Most Crown Court trials will be heard by a jury although, in certain circumstances, a Judge sitting alone may determine a case.

The majority of criminal cases are dealt with by Magistrates' Courts. These will generally be less serious offences. In addition, Youth Courts are specially constituted Magistrates' Courts where the District Judge will usually sit with two Lay Magistrates to deal with criminal matters in relation to children.

During 2018-19 there was a 1% increase in the number of criminal cases received to 42,536 (2017-18: 41,950). The number of criminal cases disposed of in 2018-19 also increased by 1% to 41,579 (2017-18: 41,341).

Civil Business

Civil court business is dealt with primarily in the High Court and the County Court.

During 2018-19, there was a 7% decrease in civil business received to 26,682 (2017-18: 28,836). The volume of civil business disposed of also decreased by 7% to 28,505 (2017-18: 30,533).

Family Business

Family business is dealt with in the High Court, County Courts (Family Care Centres) and Magistrates' Courts (Family Proceedings Courts). This area of business includes divorces and proceedings under the Children (Northern Ireland) Order 1995 in relation to the care or welfare of children.

During 2018-19, the total family business received increased by 5% to 10,170 (2017-18: 9,657). Business disposed of during 2018-19 increased by 9% to 9,338 (2017-18: 8,597).

Coroners Service for Northern Ireland

CSNI inquire into reported deaths that appear to be unexpected or unexplained. The Coroner will seek to establish the cause of death and will make whatever inquiries are necessary to do this.

During 2018-19, the number of deaths reported to the Coroner decreased by 6% to 3,947 (2017-18: 4,210). The number of post-mortems with no inquest increased by 17% to 1,177 (2017-18: 1,007), whilst the number of inquests held decreased by 16% to 104 (2017-18: 124). The number of deaths with no post-mortem and no inquest decreased by 6% to 2,261 (2017-18: 2,407) and the number of other disposals of registered entries decreased by 19% to 456 (2017-18: 562).

Court Funds Office

CFO is the Office of the Accountant General for the Court of Judicature of Northern Ireland. It administers and manages funds brought under the control of the civil courts in Northern Ireland from three main sources:

- damages awarded to children (minors) as a result of civil legal action, held until the child reaches 18 years of age;
- assets belonging to people who are deemed by the court to be unable to manage their own financial affairs; and

- money held in court pending settlement of civil court action; monetary bails received by the courts, or where the Court of Judicature acts as a receiver of last resort for assets of individuals, partnerships or companies.

During the year, CFO held funds on behalf of approximately 12,800 individuals. At 31 March 2019, CFO held funds totalling approximately £302m.

Tribunals

The Tribunal Hearing Centre hears cases from a number of NICTS administered Tribunals. During 2018-19 there was an increase of 5% in the number of appeals received, 2,085 compared to 1,989 in 2017-18.

Parole Commissioners Secretariat

Over the past year, 623 cases were referred to the Parole Commissioners for review, recommendation and consultation, a decrease of 6% on the 662 received during 2017-18. The Chief Commissioner publishes an Annual Report on the work of the Parole Commissioners.

Planning Appeals Commission/Water Appeals Commission (PACWAC)

The Commission represents two independent appellant bodies who share the same aims, objectives and core values. Commissioners are appointed to determine both Planning and Water appeals. The Planning Appeals Commission decide on a wide range of appeals and report on various matters under planning and other legislation. During the year there was a 4% increase in appeals received to 323 (2017-18: 310).

The Water Appeals Commission exercises a wide range of functions under water, fisheries and drainage legislation. During the year there was an increase in appeals received with the number rising to three (2017-18: one).

The Chief Commissioner publishes an Annual Report on the work of the Commission, which is expected to be published in Summer 2019.

Department for Communities (DfC) Tribunals

The Appeals Service (TAS)

NICTS currently administers TAS on behalf of DfC under a Service Level Agreement. DfC retains statutory and financial responsibility for TAS.

TAS administers welfare benefit appeals from decisions of DfC, HM Revenue and Customs (HMRC), Northern Ireland Housing Executive and Land and Property Services (LPS). In 2018-19, there was an increase of 4% in the number of appeals received to 11,443 (2017-18: 10,959).

Rent Assessment Panel (RAP)

NICTS also administers RAP on behalf of DfC under a Service Level Agreement. DfC retains statutory and financial responsibility for RAP through TAS.

RAP, through the rent assessment committees, consider, at the request of a landlord or tenant, if the rent determined by the rent officer is appropriate. During 2018-19 there was an increase of 50% in the number of appeals received to six (2017-18: four).

Enforcement of Judgments Office

EJO provides a centralised enforcement service for civil court judgments relating to the recovery of money, goods and property.

In 2018-19 receipts of the initiating document, Notice of Intention to Enforce a Judgment, decreased by 14% to 9,148 (compared to 10,578 in 2017-18). The number of applications to enforce also decreased by 21% to 4,964 (compared to 6,323 in 2017-18). Enforcement activity has continued to see a large amount of debt recovered in 2018-19 (£7.95m), which is a small increase of 2% compared with the £7.79m recovered during 2017-18.

Repossession cases lodged for enforcement has shown a decrease of 6% in 2018-19 (558 cases lodged) compared to that lodged during 2017-18 (in which 591 cases were lodged). The corresponding number of completed repossessions also showed a small decrease in 2018-19 (with 330 repossessions completed) compared to 2017-18 (in which 354 repossessions were completed).

EJO continues to develop contacts with Departments and Agencies in the debt advice sector. For example, EJO recently attended a workshop hosted by HM Treasury relating to plans to roll out a new statutory framework 'Breathing Space' in England and Wales. This initiative is designed to provide someone with debt problems the right to legal protections from creditor action while they receive debt advice and enter a statutory debt solution. However the introduction of such a scheme in Northern Ireland is a devolved matter. EJO also continued to deliver presentations to a wide range of organisations highlighting the work of the office and the governing legislation.

Speeding up Justice

Case Progression Officer Pilot – 2019-20

At a meeting on 17 April 2018 the Criminal Justice Board (CJB) accepted all six recommendations made in the Northern Ireland Audit Office (NIAO) Report – Avoidable Delay in the Criminal Justice System, published on 27 March 2018.

Recommendation one indicated that the Department, in consultation with the Lord Chief Justice, should ensure adequate administrative support is provided to the judiciary to facilitate more effective management of cases and case progression in the Crown Court. It also stated that both the Police Service of Northern Ireland (PSNI) and the Public Prosecution Service (PPS) should ensure that any corresponding arrangements required to improve case management are also implemented.

DoJ accepted this recommendation and commissioned a pilot to support effective case progression in the Crown Court. In line with the recommendations and overarching objectives defined by the NIAO Report, the Case Progression Officer Pilot aims to reduce avoidable delay across the court system and also address the impact of delay on victims and witnesses.

The project has seen the identification of three pilots operating across Crown Court cases in Laganside, Craigavon and Newry court offices. The newly appointed Case Progression Officers have worked to define new case progression procedures, agree case management and progression with relevant judges, and establish new ways of working with colleagues in PSNI. They communicated the changes to key stakeholders in advance of the formal launch in April 2019.

Committal Reform

NICTS continues to work with key partners to plan for a major reform of the committal process. In the course of the year progress has been made on preparations for the first stage of this reform programme. However, it has not been possible to implement the changes planned as the Bill requires to be taken through a legislative body.

The project looks to implement changes that include:

- the direct committal from the Magistrates' Court to the Crown Court of an accused person charged with murder or manslaughter or an inchoate form of such an offence;
- the direct committal of a co-accused person who is charged with an offence related to a specified offence; and
- a mechanism to deal with those cases which are suitable to be tried on indictment where the accused indicates at an early stage that he/she intends to plead guilty .

There are currently two project groups and a governance committee working on delivery of all aspects of committal reform and this will continue into 2019-20.

Problem Solving Justice

Problem Solving Justice aims to get beneath the symptoms of the problem to address the issues that drive the negative behaviours in offenders. Since April 2018, the SMC pilot has been based at Laganside Courts operating under the supervision of the Presiding District Judge. The pilot has been designed to challenge defendants whose offending behaviour is related to substance misuse.

In the adult Magistrates' Court the Judge refers defendants for screening and an intensive assessment process. If the offender is admitted to the pilot, a care programme specifically tailored to meet their needs is drawn up and approved by the court. Each care programme includes elements from a range of interventions and social supports including health, education, benefits, housing, training, counselling and probation appointments. Intervention services are delivered by an Assessment and Intervention Team comprising staff from the Probation Board (PBNI) and Addiction NI, a voluntary sector organisation

specialising in providing treatment and support for people who are dependent on alcohol or drugs.

A total of 110 defendants have gone through the assessment process and by mid-October 2018 the first phase of the pilot reached its stated target of 50 participants. Phase one of the pilot will run until 30 June 2019, followed by an initial evaluation.

It is anticipated that a second phase of the pilot will commence in July 2019.

Brexit

Throughout this year work has continued to prepare for the impact a no deal Brexit may have on NICTS and ensure that courts and tribunals can continue to operate beyond the exit date.

DoJ has led the overall preparations for Brexit Day One planning in the event of a no deal scenario. In these circumstances planning assumes there will be a level of uncertainty around business volumes, associated delay and anticipated challenges in the form of judicial reviews.

Using historic data NICTS has reviewed how peak business volumes and pressures were previously managed and engaged with a range of justice organisations such as HMCTS to best consider the potential impact of a no deal scenario across the different court tiers. NICTS has also worked closely with other Northern Ireland Departments to determine if any new policies or requirements might impact on court business. This preparatory work has contributed to the development of a judicial and staff resourcing model to help forecast potential outcomes.

NICTS has contributed to the NICS civil contingency arrangements and worked closely with other Criminal Justice Organisations to develop civil contingency plans, particularly around the ability to respond to events that may impact on court business.

NICTS continues to plan for a no deal basis that courts and tribunals can continue to operate efficiently whatever the outcome of the current Brexit extension of 31 October 2019.

Coroners Service for Northern Ireland

In the absence of any political agreement, the progression of legacy inquests in line with the Lord Chief Justice's five year plan has been difficult. During the period, 2018-19, eight of the 53 outstanding cases were progressed within resources made available by DoJ.

The Presiding Coroner developed new draft arrangements to deal with the complex disclosure arrangements for legacy inquests and held a successful stakeholder event to agree a disclosure protocol. The aim of the protocol is to provide a clear pathway for disclosure to manage cases in the most efficient, proportionate and cost effective way. The draft will be finalised as part of the implementation arrangements for the new Legacy Inquest Unit.

Following the announcement by the Secretary of State in March 2019 on the funding to progress legacy cases and support the Chief Justice's five year plan, work has commenced on setting up the new Legacy Inquest Unit within NICTS. The team is being led by a Grade 6 Administrator who will work closely with colleagues in NICS HR, Finance and the other relevant justice bodies to establish the new unit.

The Attorney General continues to review applications under Section 14(1) of the Coroners Act (Northern Ireland) 1959 and refer cases to the Coroner to hold a fresh inquest.

The Legacy and Coronial Service, in keeping with the NICTS transformation program, has engaged a contractor to provide a new case management system for Legacy and Coroners Service. The Project team are working with the contractor on the developmental stages with a proposed go-live date of October 2019.

The Coroners User Forum and operational and health sub-groups continued to meet throughout the year working to improve the quality and responsiveness of NICTS services. Significant engagement with stakeholders also took place to ensure a more joined up approach to service delivery. A Medico-Legal Conference was held on 19 June 2018 which was aimed at the legal profession, delivering a unique series of presentations on "Life and Death on a Knife Edge" with more events planned on topics including Article 2 inquests and disclosure.

Fine Collection and Enforcement

The new FCS came into operation on 1 June 2018 following the commencement of the Justice Act (NI) 2016 and related secondary legislation. The new arrangements provide for a broader range of additional collection methods, including the ability for dedicated collection officers to make instalment plans, deduction from benefits applications, attachment of earnings orders and interim bank account orders. Where payment has not been made cases are progressed to a referral hearing where the judge can consider default options including making supervised activity order, bank account order or vehicle seizure order.

An FCS Oversight Board has been established to monitor performance, the effectiveness of inter-agency systems, costs of the new arrangements and any operational issues. A formal review of the fine collection and enforcement arrangements will commence in 2019-20.

Fine Default Litigation

In March 2013 the Divisional Court held that the long-standing procedures for the enforcement of unpaid fines and other monetary penalties in Northern Ireland were unlawful. Subsequently, five test cases were remitted to the High Court so that issues of liability and compensation could be determined. Following legal advice the decision was taken to settle the test cases and damages were paid for a breach of Article 5 of the European Convention of Human Rights.

The settlement terms agreed in December 2016 provided a sound basis for settling future claims, minimising the need to negotiate settlement terms for individual cases. They also provided for the 'claw back' of outstanding fines including the grounding fine on which the unlawful detention was imposed.

Pursuant to section 7(5) of the Human Rights Act 1998 proceedings alleging a breach of a Convention Right must normally be brought within one year beginning with the date on which the act complained of, took place. Therefore in accordance with legal advice, NICTS applied the one year limitation on all claims presented. Authority to negotiate settlements within the terms of those agreed for the test cases was provided by DoF Supply Division.

To date, NICTS has received a total of 929 claims. Of these, 58 claims have been assessed as valid and received letters of settlement.

A number of claimants (171) with claims deemed to be invalid have subsequently lodged a Writ of Summons in the High Court or Civil Bill in the County Court seeking damages to challenge the one year limitation period and NICTS' refusal to award them compensation for their detention for fine default. A case before the County Court in September 2018 tested the statutory limitation for the first time, however it was struck out with no order as to costs. The plaintiff has lodged an appeal. A further case has been fixed for May 2019 to also challenge the statutory limitation point. The remaining cases are progressing through the pre-court preparation stages.

In addition, recently leave was sought to judicially review the decisions to imprison fine defaulters imprisoned under the interim (2014-2018) arrangements. These arrangements were put in place following the March 2013 ruling and were designed to ensure compliance with the Human Rights Act. The plaintiffs are seeking that the interim procedures be declared unlawful. If these were to succeed it could have a range of significant consequences including the potential for damages for anyone imprisoned under the interim arrangements. A date for the leave hearing has yet to be set. Consequently, there remains uncertainty on the potential liability and associated financial implications which could be significant.

Interpreter Services

NICTS arranges interpreter services for court and tribunal users who do not have English as their first language. The main languages requested in 2018-19 were Polish, Romanian, Lithuanian and Bulgarian. In total, there were 2,550 requests for language interpretation in courts, a decrease of 16% (2017-18: 3,044) and 239 requests for the translation of documents, a decrease of 38% (2017-18: 384). NICTS also has arrangements in place to allow for telephone interpretation across all court locations and during 2018-19 this was used on 24 occasions (23 occasions in 2017-18).

Deliver high quality services that support an independent Judiciary and meet the needs of our customers

NICTS Transformation

The Transformation Portfolio is a collection of three interrelated change programmes, seeking to transform how NICTS delivers services. The need for transformation is far reaching and over recent years there have been many reviews articulating the areas ripe for change within the Northern Ireland justice system. Principal amongst these are the comprehensive reviews of the Civil and Family Justice systems in Northern Ireland led by Sir John Gillen. The reviews clearly articulate how systems can be transformed to improve access to justice, achieve better outcomes for court users and create a more responsive and proportionate system that makes better use of available resources, including new technologies.

The NICTS Transformation Portfolio has three key programmes: Digital Justice; the NICTS Estate; and an optimum business operating model.

Digital Programme

An independent review of NICTS line of business systems has been approved to help inform future requirements. There is an increasing demand to bring digital evidence to court which will be considered as part of the digital programme. To support future developments it is planned to continue to digitally refresh courtrooms and infrastructure during 2019-20.

Estates Programme

A key output from the Estates Programme will be a long-term affordable NICTS Estates Strategy. NICTS has been working with Strategic Investment Board (SIB) colleagues, allowing preparatory work to commence with an initial focus on NICTS accommodation in the North West. The work to produce an Estates Strategy will take a number of years and in the interim NICTS is taking forward work to more proactively manage the existing estate, inform maintenance plans and develop long term investment plans.

Optimum Business Operating Model

This programme will look broadly at how NICTS delivers its services and how that can be best supported by the work of the Digital and Estates Programmes. Three pilot projects have been selected to provide an indication of potential risks, issues, costs and benefits to help inform the direction of future work. This approach will also test viability, scalability and enable proposed processes and procedures to be trialled. The three pilot projects are:

- i. **On-line Non-Contentious Probate Application or On-line Application for Divorce.** This pilot is the online application for either non-contentious probate or for divorce; though different areas of business the proposed pilots are similar. Both seek to test a new approach in terms of the viability of a model for online application, storage, payment of fees, and statement of truth. Further research on the feasibility of both these areas will be completed before a final decision is taken.

- ii. **On-Line Court Monetary Penalties and Fixed Penalty Notice Payments.** This pilot will focus on how cash is collected and managed. This is an area of high volume for NICTS with over 100,000 transactions per annum. There is significant potential to reduce footfall by greatly enhancing online provision and by using alternative facilities.
- iii. **Enhanced Remote Evidence Facilities.** The final pilot relates to extending the use of remote evidence facilities. Although already in use in some areas, this has the potential to transform how some justice services are delivered. NICTS will build on experience to date to deliver more streamlined, reliable, user friendly technology. Some court and tribunal appearances could be carried out remotely to maximise efficient running of cases and deliver savings in time and cost for the user and NICTS.

NICTS Estate

The Court Estate comprises 21 freehold courthouses and hearing centres (four of which are presently vacant); Laganside Courts which is a Private Finance Initiative (PFI); and Park House and Laganside House (two leased buildings). In conjunction with SIB, NICTS continues to develop accommodation solutions while ensuring facilities at courthouses and tribunal hearing centres are maintained. Work is also on-going in relation to the disposal of vacant premises, this includes the transfer of Bangor Courthouse through the Community Asset Transfer (CAT) Scheme. Approval was received from DoF in May 2019 to dispose of Larne Courthouse; this will progress in early 2019-20.

During the year NICTS has continued to work closely with other DoJ organisations in supporting a strategic review of the justice estate and improve asset management reporting to better inform the DoJ Asset Management Plan.

Supporting an independent Judiciary

NICTS works in partnership with the Judiciary on a wide range of issues which impact on the courts and tribunals including the achievement of the performance standards set by the Lord Chief Justice (the 2018-19 performance standards can be found at **Annex D**).

Improved Services for Victims and Witnesses and other Court Users

Sir John Gillen's Review of Serious Sexual Offences was carried out in the course of this year and NICTS has been fully engaged throughout providing information in respect of facilities and services available at court and statistical information. The Review Team met with many court personnel including court clerks and managers to assess current experiences at court. NICTS also worked with NSPCC and Victim Support NI in their role as representative organisations. The draft recommendations include significant changes to procedures and policies and we anticipate that consideration will require additional resource going forward.

NICTS continues to support the listing arrangement for victims of domestic violence in Londonderry Magistrates' Court. The Domestic Violence Perpetrator Programme is a new

problem solving justice approach that aims to break the cycle of abusive behaviour, reduce offending and future victimisation as well as ensure victim safety. Under the pilot offenders return to court for regular reviews with the judge who encourages and monitors progress. A Women's Aid partnership link worker provides support and advice to victims.

NICTS is represented on various cross-agency working groups to improve services for victims and witnesses including those affected by hate crime and domestic and sexual violence. Domestic Violence Protection Notices, Domestic Violence Protection Orders and the creation of a new Domestic Abuse Offence were not introduced as planned as these require a legislative body. NICTS remains involved and will be ready to implement when an Executive is in place.

Victim Support NI has appointed members of the public as court observers in Crown Court trials where rape and/or sexual offences are involved. Observers will collect information against a set framework of questions, designed to record how the trial is being conducted, in the context of the interests of the victim. The information will help inform Victim Support NI in assessing the experience of victims and witnesses and support the development of victim policy.

NICTS has been working closely with Victim Support NI and OLCJ to assess current witness waiting times at court and consider options to help tackle lengthy waiting times. Further engagement with the judiciary and prosecution colleagues is planned in 2019-20.

Children and Young People

A new bespoke Family Proceedings Court was opened in Laganside Courts in May 2018. This courtroom provides separate facilities for court users coming into the family proceedings court, away from the main criminal courts in Laganside. Aside from the courtroom itself level 3 provides separate waiting and consultation facilities and direct access to the Court Children's Officer on that floor if required.

Enhanced waiting and consultation areas are being developed at Court 3 in Londonderry. This courtroom is used for all Youth and Family Proceedings Courts. These new facilities will provide increased and separate waiting facilities as well as providing two additional consultation rooms.

Outreach

NICTS continues to promote knowledge and understanding of the justice system through its Community Outreach Programme by facilitating community groups, schools visits and a work placement programme.

During summer 2018, three law students from Fordham University, New York, completed a five week internship in OLCJ and in September an undergraduate law student from Cambridge University participated in the three week annual internship scheme. During each of the programmes the interns observed court proceedings, engaged with members of the judiciary and the legal profession, met other justice stakeholders and undertook specific administrative duties. Feedback showed the internships were a worthwhile and

enjoyable experience which potentially enhanced career prospects. Interns noted they would recommend the schemes to anyone interested in a legal career.

Londonderry Courthouse hosted the Crown Court mock trial heat for the North West in December 2018 and in March 2019 Craigavon Courthouse hosted the National Magistrates' Mock Trial Competition with 12 schools taking part. These competitions offer local secondary school students the opportunity to gain a further insight into the legal system and encourage active participation.

Once again Downpatrick and Armagh Courthouses participated in the European Heritage Open Day and for the third year Armagh Courthouse opened its doors for a period Mock Trial during the city's annual Georgian Day festivities.

Business Continuity

NICTS has business continuity plans to ensure critical business functions can be maintained. During the period of this report, local response plans were successfully utilised following an explosion outside Londonderry Courthouse ensuring minimal disruption to court business. The Department has recently published a framework aimed at ensuring consistency of approach in respect of continuity planning and existing plans will be reviewed to reflect the Departmental format.

IT Assist provide and host all NICTS information systems. They provide a resilient solution, based on high availability, redundancy and mirrored data centres. Disaster Recovery tests were completed in April 2018 for Causeway and during August 2018 for the line of business applications.

Develop and lead our people to achieve our business objectives

Training was delivered in line with the Corporate Learning Plan through the Centre for Applied Learning (CAL) and office based line of business training as appropriate.

In September 2017 NICTS commissioned BCS to conduct a review of court operations. The review considered the resource requirements necessary to meet the current workload levels based on the provision of workload information from both statistics and consultation with staff. BCS also developed a court operations resourcing model to help forecast staffing levels resulting from changes in business volumes.

Recommendations included the development of a single operational guide for use in all areas of court business and a formal training programme to assist staff development and knowledge transfer for new members of staff. A project team will be established early in the 2019 business year to take forward the agreed recommendations from the BCS Review.

The Court Operations Forum continued to meet quarterly throughout 2018-19, supported by two sub groups of experienced staff with a particular focus on the Family Proceedings Courts and the Family Care Centres. The aim of the forum is twofold; to quality assure

existing operational guidance and to develop approved guidance to be added to the Knowledge Bank.

Operational Business Managers continue to share their training plans in order to coordinate line of business training during the monthly training sessions which were extended for a second year. This was considered useful in particular for new staff following the Voluntary Early Severance Scheme.

Deliver a controlled financial and commercial environment achieving value for money

Accounting Boundary

The accounting boundary specifically excludes the funds invested by CFO and third party monies. CFO publishes separate audited financial statements.

Details of income (fines, confiscation orders, fixed penalties and other monetary penalties) collected as an agent for the Northern Ireland Consolidated Fund (NICF) will be disclosed in the NICTS' Trust Statement, in accordance with the Accounts Direction Dear Accounting Officer (DAO) (DFP) 03/13. The Trust Statement is published separately from these accounts.

Net Expenditure Review

NICTS' Net Expenditure for the three most recent financial years is as follows:

	2018-19	2017-18	2016-17
	£'000	£'000	£'000
Total Operating Income	(30,229)	(27,699)	(25,132)
Staff costs	25,168	24,373	23,428
Purchase of goods and services	46,441	44,261	45,566
Depreciation and impairment charges	7,572	7,330	7,028
Provision expense	1,540	(228)	169
Total operating expenditure	80,721	75,736	76,191
Net operating expenditure	50,492	48,037	51,059
Finance expense	862	927	1,003
Net Expenditure	51,354	48,964	52,062

The 2018-19 summary position against budget is presented in the table below:

	2018-19 Actual £'000	2018-19 Budget £'000	Variance £'000
Net Resource DEL	49,008	49,529	(521)
Net Resource AME	874	17,008	(16,134)
Non-Budget Costs	1,472	1,518	(46)
Net Expenditure	51,354	68,055	(16,701)
Net Capital DEL	2,443	3,713	(1,270)
Total Expenditure	53,797	71,768	(17,971)

The £17,971k underspend is due to:

- £521k underspend in resource DEL as a result of £373k underspend in non-staff costs and £259k underspend in depreciation; offset by £13k under recovery in income, £44k in staff costs and judicial fees and £54k overspend in provisions;
- £16,134k underspend in non-cash AME due to legal provisions not required during the period. There are a number of ongoing legal challenges against NICTS and the AME budget was increased during the year to consider the worst case scenario of £17.2m. However the hearings were not advanced as anticipated. Given the ongoing uncertainty in relation to the cases at year end, a contingent liability has been disclosed;
- £46k net underspend in non-budget items due to more notional charges than anticipated, offset against grant income; and
- £1,270k underspend in capital due to uncontrollable delays in the progress of capital works programmes.

Non-Current Assets

Non-current asset expenditure movements are detailed in the notes to the financial statements. Capital additions in 2018-19 totalled £2,443k (2017-18: £998k) which included expenditure on boiler replacements, courtroom technology refresh and IT Committal Reform.

Financial Position

The total net assets of NICTS at 31 March 2019 were £182,951k (2017-18: £172,135k). This is the value of all assets, less the liabilities of NICTS as at the year end.

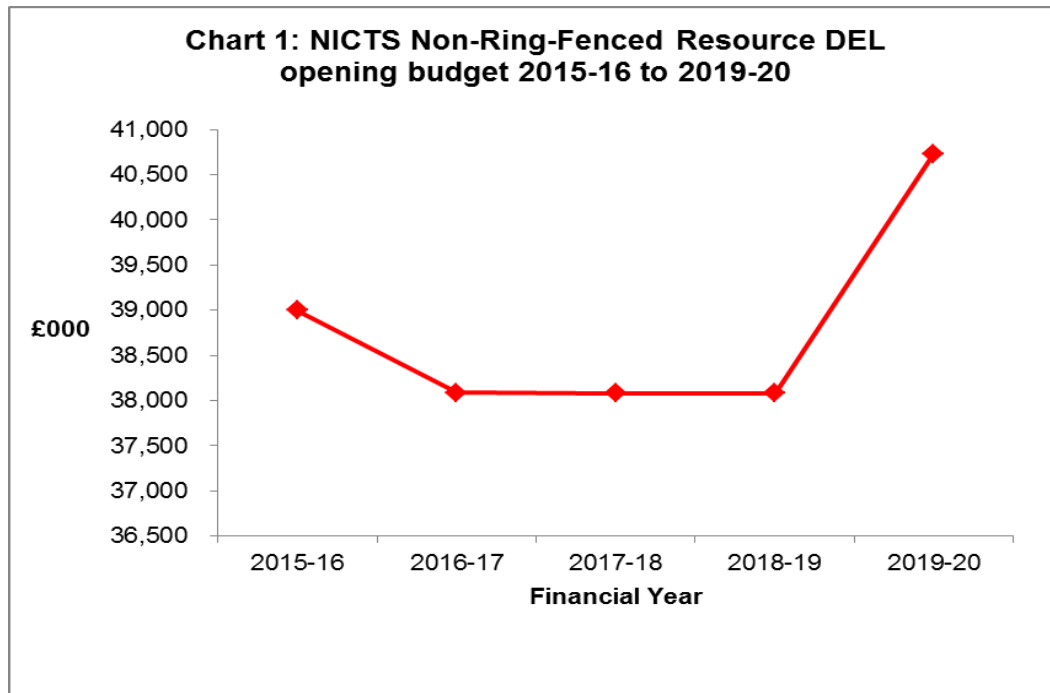
Cash Flow

As detailed in the notes to the Accounts, the NICTS Net Assembly draw down in 2018-19 was £35,639k (2017-18: £34,138k) and the net decrease in cash and cash equivalents in the year is £638k (2017-18: increase of £1,367k).

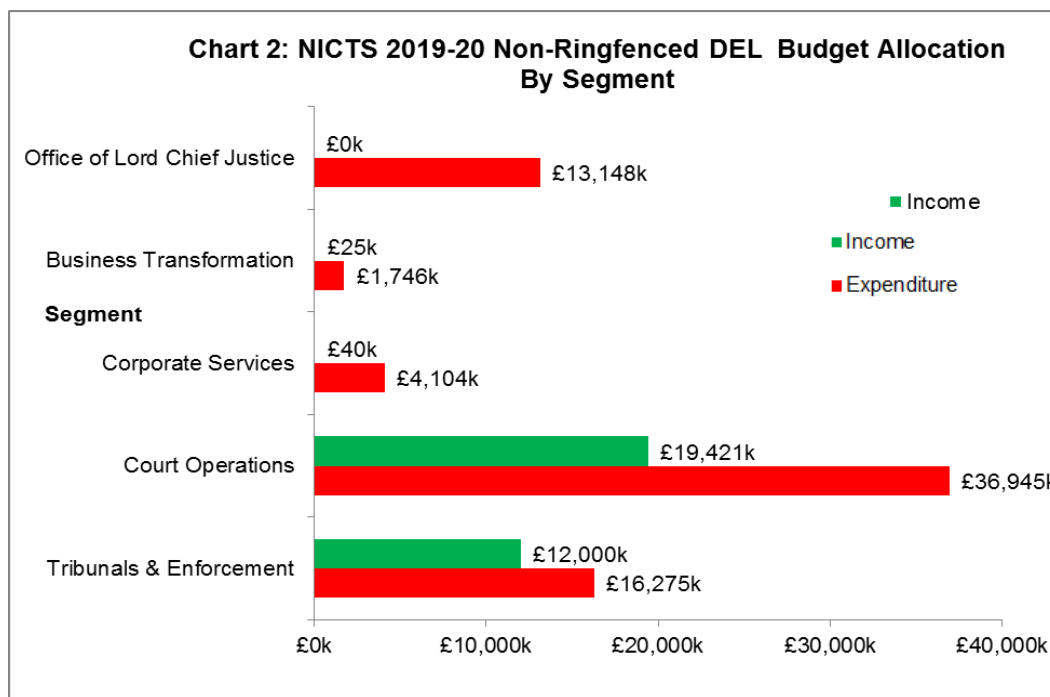
Long Term Expenditure Trends

The charts below show:

- **Chart 1:** the movement in NICTS non-ringfenced Resource DEL opening budget over the period 2015-16 to 2019-20 ; and
- **Chart 2:** the 2019-20 non-ringfenced Resource DEL budget split by the NICTS Segments.



* The figures have been restated from 2015-16 to include £1,889k for PACWAC . PACWAC transferred to NICTS on 09 May 2016.



2015-16 to 2017-18 Financial Years

During the period 2015-16 to 2017-18, NICTS non-ringfenced Resource DEL opening budget has been reduced by 2.3% from £38,997k to £38,083k. Taking into account the effect of inflation, the real term impact was significantly greater.

2018-19 Financial Year

In 2018-19 NICTS received a 'flat cash' non-ringfenced Resource DEL budget settlement of £38,083k in 2018-19 (£69,442k expenditure and £31,359k income). Whilst there was no baseline reduction, NICTS generated £3,496k of savings to meet internal pressures including inflation. This equates to a 9.2% real reduction. During 2018-19 NICTS received additional funding of £3,460k resulting in a full year non-ring-fenced Resource DEL budget of £41,543k.

2019-20 Financial Year

NICTS has received a non-ringfenced Resource DEL budget allocation of £40,732k; a net increase of £2,649k on the 2018-19 opening budget settlement. This increased allocation takes into account baseline transfers reductions of £664k, giving a revised NICTS baseline of £37,419k (£38,083k in 2018-19), as well as additional funding of £3,313k to assist towards NICTS pressures.

Given the magnitude of pressures, NICTS will continue to fund internal pressures of £2,440k, including inflation, from the baseline. This equates to a 6.5% real reduction which will be achieved by continuing prudent financial management and a further uplift in civil fees. Chart 2 outlines the NICTS 2019-20 non-ring-fenced Resource DEL budget split between expenditure (£72,218k) and income (£31,486k) by segment.

Capital Investment Priorities

The NICTS 2019-20 capital DEL budget is £4,464k. This will allow a number of important projects to be taken forward including NICTS digitisation and estates projects.

Looking Ahead – Budgets beyond 2019-20

Preparatory work for 2020-21 and beyond will be taken forward over the coming months and further strategic decisions will need to be made with the aim of having a budget in place as far in advance of the new financial year as possible.

Payment of suppliers

NICTS policy is to pay bills in accordance with contractual conditions or, where no such conditions exist, within ten days of receipt of a properly rendered invoice, whichever is earlier. During the financial year, NICTS achieved an average 93.4% (2017-18: 91.9%) of invoices paid within ten working days on receipt of the invoice. NICTS achieved an average of 98.0% (2017-18: 96.6%) of invoices paid to suppliers within 30 calendar days of receipt of invoice.

Auditors

The financial statements of NICTS are audited by the Comptroller and Auditor General for Northern Ireland (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001.

The audit of the financial statements for 2018-19 resulted in a notional audit fee of £107k (2017-18: £97.5k), £55k of which relates to the audit of NICTS Annual Report and Accounts (2017-18: £45k), £32.5k (2017-18: £33.5k) relates to the audit of the Trust Statement, £12k (2017-18: £11.5k) relates to the audit of Funds in Court and £7.5k (2017-18: £7.5k) relates to the audit of the NICTS Investment Account.

Financial Risk

For 2018-19, NICTS relied primarily on DoJ for funding, and the risk to funding is low. All transactions are in sterling and there are no borrowings. As such, NICTS is not exposed to any exchange rate or liquidity risk.

Sustainability Reporting

NICTS, in line with the DoJ sustainability statement, continues its commitment to incorporate sustainability into its core activities. It is recognised that activities have both direct and indirect environmental impacts; NICTS is committed to working continually towards a more environmentally sustainable future. The commitment was made to achieving annual targets under the Carbon Reduction Commitment (CRC) Scheme and associated accreditation. This year five court venues have been converted to gas heating resulting in a 33% reduction in carbon omissions.

The CRC scheme has been abolished, and the Climate Change Levy will be increased from April 2019 to compensate. This is a tax on energy such as natural gas and electricity delivered to non-domestic users in the UK. No further payments will be required under the CRC scheme.

Environmental Issues

NICTS continues to explore areas that provide energy efficiency savings. It remains committed to the principles of sustainable development, the integration of environmental consideration into its policies and the operational aspects of estate management and procurement. NICTS continues to adhere to waste management strategies with the continuation of recycling contracts and support of the NICS cycle to work scheme.

Corporate Social Responsibility

Working in a socially responsible way underpins NICTS' values of delivering effectively, valuing our people, working together, being outwardly focused and taking responsibility. NICTS aims to make a positive impact on the wider community through being environmentally friendly, promoting staff wellbeing and engaging with local communities on a range of issues.

Anti-corruption and Anti-bribery

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

Managing the risk of fraud and bribery is seen in the context of managing a wider range of risks. NICTS promotes an anti-fraud and anti-bribery culture by encouraging management to create conditions in which staff members have neither the motivation nor the opportunity to commit fraud or either offer or accept bribes. Professional staff are the first line of defence against these issues, supported by the establishment and maintenance of carefully designed and consistently operated procedures. Managers have prime responsibility for establishing internal control arrangements to minimise the risk of fraud, corruption and other irregularities within their business areas.

NICTS complies with the DoJ Anti-Fraud & Anti-Bribery Policy and Response Plan and the DoJ Whistleblowing Policy. DoJ is currently completing a review and update of these two policies. A fraud log is maintained and presented periodically to NICTS Audit and Risk Assurance Committee (ARAC) and updates are provided to Departmental Audit and Risk Committee.

Any new regulations or Best Practice Guidance issued from DoJ, DoF or NIAO are considered and embedded accordingly.



Peter Luney
Accounting Officer
19 June 2019

PART 2 ACCOUNTABILITY REPORT

The Accountability section of the Annual Report outlines how NICTS meets its key accountability requirements to the Assembly and ensures best practice with corporate governance norms and codes.

1. Corporate Governance Report

The purpose of this section is to explain the composition and organisation of the governance structures and how they support the achievement of objectives. It includes:

- a. the Directors report;
- b. Statement of Accounting Officer's Responsibilities;
- c. Non-Executive Members Report; and
- d. Governance Statement.

2. Remuneration and Staff Report

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

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

3. Assembly Accountability and Audit Report

This brings together the key Assembly accountability documents. It comprises:

- a. Regularity of expenditure;
- b. Assembly accountability disclosures; and
- c. Certificate and Report of the C&AG to the Assembly.

CORPORATE GOVERNANCE REPORT

DIRECTORS REPORT

Agency Board

The work of NICTS is co-ordinated and monitored by the NICTS Agency Board (the Board). The role of the Board is to provide direction to NICTS in the discharge of its responsibilities.

The Acting Chief Executive, Peter Luney, is the Board Chair and the Accounting Officer. Peter is supported by the Heads of Court Operations, Tribunals and Enforcement, Corporate Services, Transformation, two independent Board members, a Departmental representative and four judicial attendees.

Membership of the Board is shown below – members were in post for the period covered by these accounts unless otherwise stated:

- Acting Chief Executive, **Peter Luney**;
- Head of Court Operations, **Elaine Topping**;
- Acting Head of Tribunals and Enforcement, **Jim Coffey**;
- Head of Corporate Services (until November 2018) and Head of Transformation Team (December 2018 – March 2019), **Sharon Hetherington**;
- Acting Head of Corporate Services (December 2018 – March 2019), **Louise Lavery**;
- a DoJ representative, **Mr David A Lavery CB**; and
- Independent members **Nicole Lappin** and **Graham Dalton**.

Ms **Nicole Lappin** joined the Board in October 2017. Her contract will run until 30 September 2020, with the possibility of a one year extension. Ms Lappin is also the Chair of the Audit and Risk Assurance Committee.

Mr **Graham Dalton** joined the Board in October 2017. His contract will run until 30 September 2020, with the possibility of a one year extension. Mr Dalton also sits on the Finance Committee and the Transformation Board.

The **Judicial Representatives** are nominated by the Lord Chief Justice and keep the Board informed of the views of the Judiciary on NICTS and its operations. The Judicial Representatives are:

The Right Honourable Lord Justice Deeny;

His Honour Judge McFarland, Recorder of Belfast and Presiding County Court Judge;

District Judge Bagnall, Presiding District Judge (Magistrates' Courts); and

Mr John Duffy, President of the Appeals Tribunal.

The Board meets quarterly and is responsible for the oversight of NICTS performance. It has specific functions in relation to finance, planning and performance which are set out in the Agency Framework Document.

Other Committees

The work of the Board is supported by a Finance Committee and the Audit and Risk Assurance Committee.

The Chief Executive is supported by four Grade 6 staff that are responsible for the following business areas:

Court Operations (Elaine Topping)

Court Operations is responsible for providing administrative support for criminal, civil and family court business and CSNI. The courts deal with approximately 80,000 criminal, civil and family cases each year. Coroners deal with around 4,000 deaths reported to them and hold around 104 inquests per year.

Tribunals and Enforcement (Jim Coffey)

Tribunals and Enforcement Division is responsible for providing the administrative support for the majority of Northern Ireland's tribunals¹ and PCNI. It is also responsible for EJO, which incorporates the Court of Judicature Northern Ireland Taxing Office.

Tribunals and PCNI hear around 12,000 cases each year. EJO receives approximately 9,000 notices of intent to enforce a judgment and 5,000 applications to enforce judgments are lodged with EJO annually. The Taxing Office receives 1,100 applications for taxation of legal costs in respect of civil cases and appeals to the Court of Appeal.

NICTS also provides administrative support for a number of UK-wide tribunals sitting in Northern Ireland, including Tax Tribunal, Immigration and Asylum Tribunal, Information Tribunal and the Upper Tribunal (Administrative Appeals Chamber).

Corporate Services (Sharon Hetherington/Louise Laverty)

Corporate Services support the efficient use of resources and open and transparent accounting practices. The Division's remit includes management of NICTS finances, security, procurement, contract management, the operation of CFO, information assurance and the central management function. In November 2018 Sharon Hetherington was

¹ Including the Appeals Tribunal and Rent Assessment Tribunal, under the terms of an Agency Agreement with DfC

moved on a temporary basis to Head the 'Courts 2020' Transformation Team. Louise Lavery was temporarily promoted to Head of Corporate Services from December 2018.

Transformation (Sharon Hetherington)

The Transformation Team was established in March 2018 on a temporary basis to take forward the work for the Courts' 2020 Transformation Portfolio. The Transformation Portfolio includes three related programmes focusing on digital services, the NICTS Estate and an optimum business model.

Register of Interests

A register of interests is maintained by NICTS, detailing any significant interests which may conflict with Board Members' management responsibilities. Further information can be found in Note 23 to the accounts.

Reporting of Complaints

NICTS' complaints procedure is designed to address complaints regarding the quality of service provided by its officials. It publishes a set of Customer Service Standards that outline the minimum standard of service that can be expected.

Complaints are handled in the Central Management Team and can be made in writing to:

Complaints Co-ordinator
Central Management Team
Northern Ireland Courts and Tribunals Service
Laganside House
23-27 Oxford Street
BELFAST
BT1 3LA

STATEMENT OF ACCOUNTING OFFICERS RESPONSIBILITIES

Under the Government Resources and Accounts Act (Northern Ireland) 2001, DoF has directed NICTS to prepare for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of NICTS and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by 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 FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accounting Officer of DoJ has designated the Acting Chief Executive of NICTS as the Accounting Officer of NICTS. 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 NICTS' assets, are set out in the Accounting Officers' Memorandum in 'Managing Public Money in Northern Ireland' (MPMNI) issued by DoF.

The Chief Executive of NICTS is responsible for the maintenance and integrity of the information on the NICTS website.

The Accounting Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

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

NON EXECUTIVE MEMBERS REPORT

We were delighted to be appointed as Non-Executive Board Members (NEBMs) for NICTS back in October 2017. It is an honour to undertake the important role as NEBMs for this Agency of DoJ.

During the last 18 months we have spent time with the Acting Chief Executive, NICTS Directors and staff, and engaged with DoJ officials, members of the Judiciary and OLCJ. It is fair to say that NICTS is a complex organisation and undertakes several varied roles and responsibilities.

As NEBMs our role is to 'protect and serve' by providing independent, external advice and expertise to help inform decision making. We aim to do this by providing both constructive challenge and support to help identify and resolve difficulties and help make important decisions. We aim to:

- Assist and advise on strategic planning, budgeting, finance and risk management;
- Monitor and challenge NICTS' performance in relation to its objectives and commitments; and
- Advise on new challenges, initiatives and opportunities.

We are both members of the Agency Board which is responsible for NICTS' business and corporate planning and reporting as well as overseeing the work of NICTS in delivering its aims and objectives. As independent members we bring an external perspective and expertise to compliment the balance of skills of the Agency.

Nicole has significant skills, knowledge and experience in corporate governance having been an inaugural member of the Education Authority Board. In addition, Nicole currently chairs the NI Ambulance Service Health and Social Care Trust and is a non-executive Director of the Irish Auditing and Accounting Supervisory Authority and a member of its Audit Committee. In addition to her Agency Board role, Nicole is also Chair of the Audit and Risk Assurance Committee (ARAC). The ARAC is an essential part of NICTS' governance and control framework – the system by which it is directed and controlled by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the Annual Report. Nicole's main focus and contribution this year has been on providing oversight and assurance on the implementation of GDPR and NICTS' preparedness for EU-exit. In addition, she has sought to foster closer relationships with the Department's Audit and Risk Committee.

Graham has significant skills, knowledge and experience in transformational change and benefits management, governance and organisational design. Graham has spent over 15 years as a senior operations manager and over 15 years working as a management consultant. In addition to his role on the Agency Board, Graham also sits on the Finance Committee and the Transformation Portfolio Board. The role of the Finance Committee is to review financial reports, consider proposals for Annual Estimates submissions and

budget expenditure; and make recommendations to the Board. The objective of the Transformation Portfolio Board is to work with staff and stakeholders to create an optimum business model to deliver court and tribunal processes and improve accessibility across justice services both from a physical and digital perspective. Graham's main focus and contribution this year has been in helping set up the Transformation Portfolio Board for success.

We congratulate Peter Luney, as Acting Chief Executive, his Directors, managers and staff on the continued delivery of a high-quality service to the broad range of courts and tribunals users; and thank them for their continued dedication and commitment. Against a backdrop of political and financial uncertainty and diminishing resources, NICTS has not only successfully delivered its wide remit; but has also progressed a number of important new services – most notably, the Substance Misuse Court pilot and the new Fine Collection and Enforcement Service.

Looking forward, NICTS has committed to a challenging and ambitious Business Plan for 2019-2020. In addition to day-to-day operations, managing Brexit implications, taking forward the recommendations from the BCS review and the Transformation Portfolio, NICTS priorities will include establishing a Legacy Inquest Unit, evaluating and embedding the FCS, implementing relevant changes in civil and family fees and the justice elements contained in the Mental Capacity Act (Northern Ireland) 2016. As Non-Executive Board Members we commit ourselves to supporting NICTS in the successful delivery of these plans.

Nicole Lappin
Graham Dalton

NICTS GOVERNANCE STATEMENT 2018-19

SCOPE OF RESPONSIBILITY

NICTS is an executive Agency of DoJ sponsored by the Access to Justice Directorate. As an Agency of DoJ, NICTS operates under a Framework Document that has been agreed by DoJ and DoF. The Agency Framework Document sets out the arrangements for the effective governance, financing and operation of NICTS.

As Acting Chief Executive I am responsible for the day-to-day operation and administration of NICTS and the leadership and management of its staff. I am accountable, through the Director of Access to Justice, to the Permanent Secretary in the DoJ. During this reporting year there has been no established Assembly in place. A new Minister of Justice will be appointed when a new Executive is established.

I am also accountable for the NICTS budget and the efficient and effective delivery of NICTS business.

The role of NICTS is to:

- provide administrative support for Northern Ireland's courts, tribunals, PCNI and PACWAC;
- support an independent Judiciary;
- provide advice to the Permanent Secretary on matters relating to the operation of the courts, tribunals, EJO and PCNI;
- enforce civil court judgments through EJO;
- manage funds held in court on behalf of minors and patients;
- provide high quality courthouses and tribunal hearing centres; and
- act as the Central Authority under certain international conventions.

Strategic Context

The 2018-19 Business Plan sets out the strategic objectives, priorities and key targets for NICTS. The annual plan is derived from the NICTS Corporate Plan 2012-15, the objectives and targets of which were extended until March 2019. This approach was taken to ensure consistency of approach with DoJ and the wider NICS. A new DoJ Corporate Plan for 2019-22 is being developed, together with the 2019-20 Business Plan.

As a front-line service delivery Agency, one of our main priorities for 2018-19 was to continue to deliver our business objectives and performance standards. The Agency Board reviewed progress against the 2018-19 Business Plan throughout the year and progress is reported at Annex D of this Annual Report.

PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework is the system which ensures the effectiveness of the direction and control of NICTS. As Accounting Officer I have established a governance framework and management structure to support me in the management of the key risks of NICTS. The framework is not designed to eliminate all risk but to manage risk to a reasonable level. The framework is based on an ongoing process which is designed to identify and prioritise the risks to the achievement of policies, aims and objectives; evaluate the likelihood of those risks being realised and the impact should they be realised; and manage them efficiently, effectively and economically.

GOVERNANCE FRAMEWORK AND MANAGEMENT STRUCTURE

During 2018-19, NICTS complied with the key principles of the Corporate Governance in Central Government Departments – Code of Good Practice (NI) 2013, which it considered applicable. The key management structures which support the delivery of effective corporate governance in NICTS are the:

- Agency Board;
- Finance Committee;
- Audit and Risk Assurance Committee (ARAC); and
- Strategic Planning Group (SPG).

Agency Board

The Board provides a vital role in shaping and directing the organisation to ensure it is equipped to deliver high quality and cost effective services to court and tribunal users. The Board is responsible for business and corporate planning and reporting, and the oversight of the functions of NICTS including finance, planning, performance, and policy initiatives. The Board operates within the parameters of the Agency Framework Document and the agreed Terms of Reference. The Framework Document is published on the NICTS website.

The Board has established two formal sub-Committees to assist it in carrying out its functions – the Finance Committee and ARAC.

There were no Ministerial Directions given during the year.

The Board met on four occasions during the 2018-19 financial year. At the beginning of each Board meeting members are asked by me, as the Chair, to declare any conflicts or potential conflicts of interest. To allow members to prepare and consider any potential conflicts of interest members are provided with an agenda and all papers to be discussed five working days before the meeting. During 2018-19 two new potential conflicts of interests were raised at the Board in relation to pension entitlements and GDPR. Details of any significant interests which may conflict with Board members management responsibilities can be found in Note 23 to the accounts.

Attendance by members is shown below for the four meetings of the Board during 2018-19:

Member	Position	Attendance
Mr P Luney	Acting Chief Executive (Chair)	4 / 4
Mrs E Topping	Head of Court Operations	2 / 4
Mr J Coffey	Acting Head of Tribunals & Enforcement	3 / 4
Ms S Hetherington	*Head of Corporate Services/ Transformation Programme Team	3 / 4
Mrs L Lavery	*Acting Head of Corporate Services	2 / 2
Ms N Lappin	Non-Executive Member	4 / 4
Mr G Dalton	Non-Executive Member	4 / 4
Mr D A Lavery CB	DoJ Representative	3 / 4
The Right Honourable Lord Justice Deeny	**Judicial Representative	3 / 4
His Honour Judge McFarland (Recorder of Belfast and Presiding County Court Judge)	Judicial Representative	4 / 4
District Judge Bagnall (Presiding District Judge (Magistrates' Court))	Judicial Representative	1 / 4
Mr J Duffy (President of the Appeals Tribunal)	Judicial Representative	4 / 4

*Ms Sharon Hetherington moved temporarily to the Transformation Programme Team in November 2018. Mrs Louise Lavery has temporarily replaced Ms Sharon Hetherington as Acting Head of Corporate Services and both sit on the Board.

**The Right Honourable Lord Justice Deeny resigned from the Agency Board in April 2019, and will be replaced by The Honourable Mr Justice Colton.

Key work of the Board during the year included:

- review of key risks to achievement of NICTS objectives during 2018-19;
- review of resourcing implications and discussions on financial pressures and easements across NICTS;
- review of NICTS' Audit and Risk Report;
- review of NICTS' Sick Absence Report;
- review of GDPR to assess compliance;
- review of the implications of Brexit on NICTS;
- review of reports from the newly formed Fine Collection Service Oversight Board on the performance of the FCS formed in June 2018; and
- progress with regard to the new Legacy Inquest Unit.

Finance Committee

The Finance Committee (“the Committee”) assists the Board with financial oversight and budgetary control. The role of Finance Director in NICTS is performed by the Head of Corporate Services who advises the Committee on any material issues concerning financial oversight and budgetary control. The Terms of Reference for the Committee are included in the Agency Framework Document.

Attendance by members is shown below for the four meetings of the Finance Committee during 2018-19:

Member	Position	Attendance
Mr P Luney	Acting Chief Executive (Chair)	4 / 4
Mrs E Topping	Head of Court Operations	4 / 4
Mr J Coffey	Acting Head of Tribunals and Enforcement	2 / 4
Ms S Hetherington	*Head of Corporate Services/Transformation Programme Team	4 / 4
Mrs L Lavery	*Acting Head of Corporate Services	1 / 1
Mr G Dalton	Non-Executive Member	4 / 4
The Right Honourable Lord Justice Deeny	**Judicial Representative	3 / 4

*Ms Sharon Hetherington moved temporarily to the Transformation Programme Team in November 2018. Mrs Louise Lavery has temporarily replaced Ms Sharon Hetherington as Acting Head of Corporate Services and both sit on the Finance Committee.

**The Right Honourable Lord Justice Deeny resigned from the Finance Committee in April 2019, and will be replaced by The Honourable Mr Justice Colton.

After each meeting the Finance Director provides a highlight report to the Board covering the main issues discussed by the Committee.

Audit and Risk Assurance Committee

The role of the ARAC is to provide the Board and myself, as Accounting Officer, with independent assurance over the adequacy and effectiveness of the established internal control and risk management systems within NICTS. The ARAC monitor the effective implementation of all agreed audit recommendations; examine the effectiveness of the overall risk management process, and receive assurance from the NICTS Risk Co-ordinator.

The ARAC operates in accordance with the Audit Committee Handbook (NI), published on 29 May 2013 and updated on 1 April 2018. Although ARAC primarily considers matters within NICTS, it also ensures that the inter-relationships between it and the Departmental Audit and Risk Committee are documented and agreed, particularly where assurance is provided on matters which properly support the Departmental Governance Statement.

The Terms of Reference for ARAC are included in the Framework Document.

Attendance by members is shown below for the six meetings of the ARAC during 2018-19:

Member	Position	Attendance
Ms N Lappin	Chair	6 / 6
The Right Honourable Mr Justice Burgess	*Judicial Representative	1 / 2
The Honourable Madam Justice McBride	Judicial Representative	3 / 4
Mr G Wilkinson	Non-Executive Member	2 / 6

* The Right Honourable Mr Justice Burgess retired from the ARAC in June 2018 and was replaced by The Honourable Madam Justice McBride in September 2018.

After each meeting the Chair of ARAC presents a report to the Board covering the main issues discussed by the Committee. Matters considered include:

- Changes to the Corporate Risk Register;
- NIAO Reports to Those Charged with Governance (RTTCWG);
- Internal Audit Reports;
- Internal Audit work programme;
- Head of Internal Audit's Annual Assurance Statement;
- Annual Reports and Accounts;
- Updates on Fraud and Whistleblowing; and
- Financial Governance updates.

Strategic Planning Group

The Strategic Planning Group (SPG) is the decision making group for the senior executive team within NICTS. SPG takes a strategic look at the work of NICTS and considers resources, budget, business performance and operational issues. The Group meets once a month, and is attended by a representative from NICS-HR. Further meetings of the Group can be called as and when required.

RISK MANAGEMENT AND INTERNAL CONTROL

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding public funds and the NICTS assets for which I am personally responsible, in accordance with the responsibilities assigned to me in MPMNI.

Internal Control

The system of internal control is not designed to eliminate all risk of failure but to manage risk to a reasonable level to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control has been in place in NICTS for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts. This accords with DoF guidance.

NICTS has in place a range of policies and processes to ensure that it is compliant with MPMNI, policies and guidance issued by DoJ and financial delegations granted by DoJ and DoF.

Risk Management

Risk management forms a central element of the governance framework. Risk management is championed by the Head of Corporate Services, with the Agency Board owning the overall risk management framework.

A Risk Management Policy is in operation and Risk Co-ordinators are in place throughout NICTS. They are responsible for promoting, supporting and co-ordinating risk management in their business areas. Risk management responsibilities are included in job descriptions and there is support and provision of guidance on risk issues from the Central Management Team.

Emerging risks are identified, considered and managed, and all risks are assessed in terms of their probability of occurrence and impact on the achievement of objectives; then scored and reported on accordingly.

The corporate risk appetite is set by the Board and used as a starting point for setting levels of risk tolerance. Managers and Heads of Division escalate risks which have exceeded specific risk appetites to the next level of management. Risk management is considered formally by senior management through quarterly reviews of the Corporate Risk Register and Corporate Plan monitoring reports.

Risk is also considered by ARAC at each of its quarterly meetings. NICTS operates a process to enable escalation of risks to the DoJ Corporate Risk Register if risks breach NICTS tolerance level.

Information Assurance

NICTS is committed to ensuring personal data is appropriately protected and managed in accordance with data protection legislation and DoJ policies and procedures. NICTS is represented on a number of departmental groups including the Information Risk Owners' Council, Accreditation Panel and Security Managers' Forum. In addition, bi-annual updates on records and information management are provided to the NICTS ARAC.

Data incidents are reported and managed in line with the DoJ Security Incident reporting policy that was revised to reflect changes to data protection legislation in May 2018. As a result, all data incidents are now reported to the Department to comply with the requirement to report significant data incidents to the Information Commissioner's Office (ICO) within 72 hours of becoming aware of the incident. During 2018-19, a total of 145 incidents were reported with the highest proportion relating to errors in data entry. All data incidents were fully investigated with the findings reviewed to identify any lessons learned and existing processes were amended as appropriate. Two data breaches were reported to the ICO during this period; one of which has been investigated with no further action recommended with the remaining incident still under investigation.

The accreditation of the network and infrastructure are the responsibility of DoF's Enterprise Shared Services, who have confirmed that these elements of its service are fully accredited.

NICTS is responsible for only accrediting the aspects of the service that relate to line of business systems. Typically this relates to the operating system, database and application software. Accreditation Certificates have been issued by DoJ for all NICTS line of business systems, including For The Record (digital audio recording), Sydney Enterprise (library system), Badge Maker (staff vetting and staff passes), Judicial Allocations and Sittings Programme And Records (JASPAR), the Integrated Court Operating System (ICOS), EJO, Office of Care and Protection (OCP), CFO, Online Services and Coroners Case Management System.

NICTS continues to monitor and review the application of Information Assurance policies (including a series of unannounced clear desk inspections) to ensure data is handled appropriately and that any associated risks are identified and managed. IT Assist provides and hosts all NICTS information systems. They provide a resilient solution, based on high availability, redundancy and mirrored data centres. Disaster Recovery tests were completed for Causeway during 14-21 April 2018 and on 1-2 August 2018 for the NICTS line of business applications.

REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

As Accounting Officer I have responsibility for reviewing the effectiveness of the governance framework. The Board and I receive regular reports from ARAC concerning internal controls, risks and governance. At the end of the reporting period, Heads of Division reviewed the stewardship statements completed by Business Managers to create a series of divisional statements from which I have been able to take assurance in respect of the management of risk and the achievement of objectives.

Internal Audit operates to Public Sector Internal Audit Standards. It submits regular reports, including an independent opinion by the Head of Internal Audit, on the adequacy and effectiveness of the NICTS system of risk management, control and governance.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within NICTS who have responsibility for the development and maintenance of the internal control framework as well as the comments made by the external auditors in their RTTCWG and other reports.

The Head of Internal Audit has provided overall **Satisfactory Assurance** based on the work carried out during the year. An audit plan which included eleven separate reviews was agreed in April 2018 and progress against the plan was monitored by the ARAC throughout the year. In total, ten reviews were completed, with one postponed until 2019-2020.

While it is the Head of Internal Audit's overall assessment that the control environment within NICTS is 'Satisfactory', the assurance provided in relation to the Official Solicitor Office (OSO) remains limited pending the introduction of a new case management system.

The implementation of audit recommendations is subject to internal audit monitoring and regular updates on priority one recommendations are provided to the ARAC.

Agency Board Effectiveness

Information presented to the Board is fundamental for its assessment and understanding of the performance of NICTS. Information received is considered to be of a high standard and allows the Board to be kept informed of any issues it needs to be aware of, or take action on, to allow the Board to effectively carry out its duties. A Board evaluation exercise is normally completed annually, however as there has been significant change at Board level during the previous year it was considered more appropriate to carry out a Board Effectiveness Review in 2019-20.

Budget

In the continuing absence of an 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 provide 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.

The Northern Ireland Secretary of State set out the 2019-20 budget allocation for Northern Ireland departments on 28 February 2019. Following this announcement, the NICTS 2019-20 budget allocation was confirmed by the DoJ Permanent Secretary on 8 March 2019. NICTS has a profiled 2019-20 resource and capital budget which enables NICTS to plan for the incoming financial year. NICTS will monitor expenditure closely to try and live within the resource and capital allocations provided. NICTS will continue to complete internal Monitoring Rounds to ensure forecast expenditure is up-to-date.

SIGNIFICANT INTERNAL CONTROL ISSUES

The following issues have been identified as significant to the organisation during 2018-19 as a result of the assurance activity. Each of the control issues has been subjected to rigorous review and plans are in place to address identified weaknesses.

Official Solicitors Office Cases

Internal Audit carried out a review of OSO during 2015-16 which resulted in limited assurance. Internal Audit was unable to verify the completeness of the case workload within OSO as there was no independent record that could be used to reconcile the composition of the current Minors and Patients details. This has now been addressed.

The planned introduction of an IT workflow based solution to capture all case file details and act as a centralised information hub will allow for more efficient working practices and greater visibility of cases within OSO. A permanent appointment was made to the post of Official Solicitor on 27 November 2017 and work on the new IT system is now

progressing. As part of this, a systems review was carried out by BCS to develop the specification for the system. A decision has now been taken to implement the new OSO system together with a new system for OCP. While this will elongate the time required to fully implement the system it represents better business sense and, feedback from a market warming exercise, indicated that it would be better value for money to implement the two systems together given the commonality of work across the two areas.

Legacy Inquests

During this financial year, the existing programme of 53 legacy inquests continued to be a risk managed by DoJ. Another has been referred in year, giving a total of 54 outstanding at year end.

DoJ in conjunction with NICTS and key justice organisations, developed a composite business case for legacy inquest funding. This was submitted to DoF in August 2018 and approved, in principle, during September 2018.

In the absence of an Executive, the UK Government and DoF agreed to provide funding as part of the overall Budget for 2019-20 to further progress legacy inquests in line with the Lord Chief Justice's five year plan. This is provided for in the departmental allocation.

Pending confirmation of full funding arrangements, DoJ agreed in January 2019 with the Lord Chief Justice, the Chief Constable and the Director of Public Prosecutions that preparatory work could progress. This work is underway.

AUDIT RECOMMENDATIONS

Public Accounts Committee (PAC)

The C&AG's report to the Assembly on the Trust Statement as at 31 March 2013 was published on 21 January 2015 and contained six recommendations for DoJ, calling for reform of the system for collecting financial penalties. The report urged that reform must be implemented as a matter of urgency to address the problem of fine default. NICTS, PSNI and DoJ have worked together to implement the recommendations and the remaining two recommendations were fully implemented during the financial year when the new FCS came into operation on 1 June 2018. A formal review of the new arrangements will be completed during the first quarter of 2019-20.

In May 2015, the PAC published its 'Report on Managing and Protecting Funds Held in Court', which made six recommendations relating to the improvement of governance structures and the progress of business modernisation. A Memorandum of Reply was published in July 2015. Of the six recommendations in the report, four have been fully implemented. A programme of work is ongoing to meet the remaining two recommendations. One recommendation is in relation to establishing the appropriate oversight arrangements for CFO in statute. The second recommendation relates to NICTS consulting on policy options in respect of the extent to which funds should be held in court. A public consultation entitled **Management of Minors' and Patients' Funds** was launched on 13 February 2019 with the consultation period closing on 8 May 2019.

Among other issues, the consultation asks for views on the extent to which funds should be held in court and the oversight arrangements for CFO. It is expected that full implementation of the PAC recommendations will require legislative reform, so is dependent on the political institutions being in place.

Internal Audit

There are currently four priority one Internal Audit recommendations that have not yet been implemented:

- One recommendation - Craigavon Court Office Court Resulting & Cash Compliance (2018-19);
- One recommendation - Official Solicitor's Office (2015-16) and (2016-17); and
- Two recommendations - Office of Care and Protection (2017-18).

The 2015-16 audit and subsequent 2016–17 follow up audit of the OSO recommended the introduction of an IT workflow based solution to capture all case file details and act as a one stop shop for all administrative processing and management monitoring/review of cases. The follow up audit for 2018-19 has provided a further update regarding progress of the implementation of this recommendation. A Project Board has been established under NICTS Transformation Programme with a Senior Responsible Officer appointed. Representatives from both OSO and OCP are Senior Users on the Project Board. A business case has been prepared and it is anticipated that this will be approved in the coming months to enable the procurement process to commence.

The audit of OCP during 2017-18 provided an overall satisfactory assurance based on the level of work that is currently being done by OCP in ensuring annual reviews on the patients' files are up to date. However, two priority one recommendations were made pertaining to clearing the current postal backlog and utilising the "brought forward" system to ensure appropriate action is taken on a timely basis following recommendations arising from annual case reviews. Internal Audit performed a follow up review of these priority one recommendations during 2018-19 and noted that these have been partially implemented and will be implemented fully following the introduction of the new case management system for both OSO and OCP.

The final outstanding priority one recommendation was made during an audit of Craigavon Court House in 2018-19 and relates to delays in serving court orders. A follow up review will be conducted during 2019-20.

All outstanding recommendations are monitored by ARAC every six months and Internal Audit is satisfied that appropriate action will be taken on these outstanding priority one recommendations.

The 2019-20 Annual Internal Audit Plan was endorsed by ARAC who will monitor progress during the year towards completion of the plan.

External Audit

NIAO made one priority two recommendation in the RTTCWG on the 2017-18 NICTS Agency Accounts. This recommendation was in relation to information and calculations included in the accounts. Management have taken steps during 2018-19 to ensure this has been fully addressed.

ACCOUNTING OFFICER STATEMENT ON ASSURANCE

NICTS has established a robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity and by an Independent Internal Audit team operating to Public Sector Internal Audit Standards. They deliver an agreed prioritised programme of systems based audits covering all NICTS systems over time. The Head of Internal Audit provides me with an Annual Report and her professional opinion on the level of assurance based on the work done. For the 2018-2019 year overall **Satisfactory Assurance** has been provided.



Peter Luney
Accounting Officer
19 June 2019

REMUNERATION REPORT

Remuneration Policy

The pay remit for the 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 HM Treasury 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.

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

Service Contracts

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

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

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

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Chief Executive Officer and the Agency Board. Of those reported only Peter Luney falls within SCS. Staff at Grade 6 and below fall within the pay settlement provided by the NICS Comprehensive Pay and Grading Review.

Remuneration (including salary) and pension entitlementsAudited information

Officials	Salary £000	Benefits in kind (to nearest £100)	*Pension Benefits £000	2018-19
				Total £000
Mr P Luney Acting Chief Executive Officer	65-70	-	23	90-95
Mrs E Topping Head of Court Operations Division	60-65	-	35	95-100
Mr J Coffey Acting Head of Tribunals & Enforcement Division	55-60	-	17	70-75
Ms S Hetherington Head of Corporate Services Division/ Head of Transformation	60-65	-	26	85-90
Mrs Louise Lavery Acting Head of Corporate Services (03/12/2018 – 31/03/2019)	15-20 (55-60 FYE)	-	7	25-30
Ms N Lappin** Non-Executive Member (Fee per attendance)	5-10	300	-	5-10
Mr G Dalton** Non-Executive Member (Fee per attendance)	5-10	200	-	10-15

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

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

Audited information

Officials	Salary £000	Benefits in kind (to nearest £100)	*Pension Benefits £000	2017-18
				Total £000
Mr P Luney Acting Chief Executive Officer	65-70	-	46	110-115
Mrs E Topping Head of Court Operations Division	55-60	-	15	75-80
Mr J Coffey Acting Head of Tribunals & Enforcement Division	55-60	-	36	90-95
Ms S Hetherington Head of Corporate Services Division	60-65	-	22	85-90
Mr C McKenna** Non-Executive Member (01/04/2017 – 30/09/2017) (Fee per attendance)	5-10	-	-	5-10
Ms N Lappin** Non-Executive Member (01/10/2017 – 31/03/2018) (Fee per attendance)	0-5	-	-	0-5
Mr G Dalton** Non-Executive Member (01/10/2017 – 31/03/2018) (Fee per attendance)	0-5	-	-	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 include increases due to inflation or any increase or decreases due to a transfer of pension rights.

** Payment to the Independent Board Members is on a per diem basis for attendance at meetings and therefore a figure for full year equivalent is not applicable. As Non-Executive Member, there are no entitlements to pension or other contributions from NICTS.

Salary

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by NICTS and treated by HMRC as a taxable emolument. No officials received benefits in kind during 2018-19 or 2017-18.

Fair Pay Disclosure

NICTS is required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce.

Audited information

	2018-19	restated** 2017-18
Band of Highest Paid Director's Total Remuneration* (£'000)	65-70	65-70
Median Total Remuneration (£)	26,086	24,975
Ratio	2.59	2.70

* 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.

** 2017-18 has been restated to exclude the effects of overtime.

The banded remuneration of the highest-paid director in the financial year 2018-19 was £65,000 - £70,000 (2017-18: £65,000 - £70,000). This was 2.59 times (2017-18 restated: 2.70) the median remuneration of the workforce, which was £26,086 (2017-18 restated: £24,975).

In 2018-19, no employees (2017-18 restated: none) received remuneration in excess of the highest paid director. Remuneration ranged from £18,000 to £70,000 (2017-18: £18,000 to £69,000).

Pension Entitlements

Audited information

Officials	Accrued pension at pension age as at 31/3/19 and related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31/3/19	CETV at 31/3/18	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	(Nearest £100)
Mr P Luney Acting Chief Executive Officer	25-30 plus 60-65 lump sum	0-2.5 plus nil lump sum	449	388	9	-
Mrs E Topping Head of Court Operations Division	30-35 plus nil lump sum	0-2.5 plus nil lump sum	490	420	21	-
Mr J Coffey Acting Head of Tribunals & Enforcement Division	25-30 plus 65-70 lump sum	0-2.5 plus nil lump sum	517	461	7	-
Ms S Hetherington Head of Corporate Services Division/ Head of Transformation	10-15 plus 10-15 lump sum	0-2.5 plus nil lump sum	155	123	14	-
Mrs L Laverty Acting Head of Corporate Services (03/12/2018– 31/03/2019)	10-15 plus nil lump sum	0-2.5 plus nil lump sum	162	157	4	-

No pension benefits are provided to the Independent Board Members.

NICS Pension Schemes

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

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who, on 1 April 2012, were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a '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 to 31 March 2020 are as follows:

Scheme Year 1 April 2019 to 31 March 2020

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 1 April 2019 to 31 March 2020
£0	£23,500.99	4.60%
£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>.

Cash Equivalent Transfer Values

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

Real increase in CETV

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

Compensation on early retirement or for loss of office

There were no compensation benefits paid by NICTS to any senior staff members during the financial year (2017-18: £Nil).

STAFF REPORT

Staff Costs

Staff costs comprise:

<u>Audited Information</u>	2018-19			2017-18
	Permanently Employed Staff £'000	Others £'000	Total £'000	Total £'000
Wages and Salaries	18,379	1,067	19,446	18,774
Social Security costs	1,706	-	1,706	1,692
Other pension costs	4,016	-	4,016	3,907
Total	24,101	1,067	25,168	24,373

The NICS main pension arrangements are unfunded multi-employer defined benefit schemes but NICTS 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, employers' contributions of £4,014,206 were payable to the NICS pension arrangements (2017-18: £3,982,389) 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 £10,656 (2017-18: £9,264) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay (2017-18: 8% to 14.75%).

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.

Employers' contributions of 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.

III-Health retirement

During 2018-19 no individuals (2017-18: one) retired early on ill-health grounds; therefore there were no additional accrued pension liabilities in the year (2017-18: £7,508).

Average number of persons employed

The average number of whole-time equivalent persons employed during the year is set out below. These figures include senior management, staff on secondment or loan into NICTS and agency/temporary staff, but do not include staff on secondment out of NICTS. There were a further 123 (2017-18: 114) whole time equivalent staff employed by DfC to support TAS which is administered by NICTS. The majority of staff (87%) are located in frontline service posts in courthouses, tribunal hearing centres, PCNI, EJO or in CFO.

<u>Audited Information</u>	Permanently Employed Staff	Others	2018-19 Total	2017-18 Total
Court Operations	408	27	435	423
Tribunals and Enforcement	118	3	121	123
Office of the Lord Chief Justice	25	2	27	27
Corporate Services	80	7	87	88
Business Transformation	3	-	3	-
Total*	634	39	673	661

* Of the total, one whole-time equivalent member of staff was engaged on a capital project (2017-18: one).

Further information on NICTS staff profile can be found at Annex C.

Staff Composition

The staff composition as at 31 March 2019 in NICTS was as follows (based on headcount):

	Female Staff	Male Staff	Total Staff
Agency Board	3	2	5
Senior Civil Service	1	1	2
Employees	497	218	715

Exit packages (Audited Information)

There were no exit packages paid out during the 2018-19 year (2017-18: none).

Judicial Office Holders

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

The Judicial Pension Scheme (JPS) 2015 and Northern Ireland Judicial Pension Scheme (NIJPS) 2015, were introduced on 1 April 2015. These mirror each other and, as far as possible, other public service career average pension schemes. From 1 April 2015 NICTS pay contributions in relation to salaried and fee-paid excepted and devolved salaried Judicial Office Holders sponsored by DoJ. The employer contribution rate during 2018-19 was 38.45%. This comprised the rate of 38.2% recommended by the Government Actuary's Department (GAD) plus 0.25% of pensionable pay to reflect the cost of scheme administration paid to the Ministry of Justice (MoJ). From 1 April 2019, the employer contribution rate will rise to 51.35%.

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

Provision for the excepted fee paid judicial office holders' pension entitlement is recognised in the MoJ JPS Accounts. Accordingly, NICTS does not recognise a liability in respect of back payments or the pension liability arising pursuant to O'Brien litigation claims. Consistent with the accounting for salaried judicial office holders, and in accordance with FReM Table 6.2, NICTS accounts for employer contributions payable to the JPS for eligible fee paid judicial office holders as they are incurred.

Provisions have been recognised in these accounts for the liability to fee paid judicial office holders in respect of the Judicial Service Award, as this liability is not covered by the Judicial Pension Schemes and the governing legislation.

A number of claims by judicial office holders have been made against DoJ under the Part Time Workers (Prevention of Less Favourable Treatment) Regulations (Northern Ireland) 2000. NICTS has also received a number of claims from judicial office holders claiming discrimination on the grounds of age and indirect discrimination on the grounds of sex in respect of NJPS and NIJPS.

Further details of these provisions can be found in Note 16 to the accounts.

Managing Attendance

Staff sickness and absence is managed in accordance with the NICS Inefficiency Sickness Absence Policy. Absence levels across DoJ are managed against indicators which are set for each of the agencies and contribute to the overall Departmental target.

The average days lost per whole time equivalent member of staff for 2018-19 has been estimated at 11.3 days (2017-18: 10.0 days). Official finalised figures will be available on publication of the "Sickness Absence in the Northern Ireland Civil Service 2018-19" report later this year.

Staff in NICTS are supported by both the NICS Welfare Services and the Employee Assistance Programme. Feedback from staff continues to be very positive on the support provided by Welfare Services and the advice and professional counselling services provided by Inspire. All staff who are on long term sickness or any stress related absences are encouraged to contact these services.

Responsibility for recording sickness absence rests with line managers and decisions on the action to be taken, for example the issue of an inefficiency warning, rests with NICS HR working closely with staff and line managers.

STAFF POLICIES

Equal Opportunities and Diversity

NICTS is proactive in compliance with fair employment, sex discrimination and race discrimination legislation in Northern Ireland. It is committed to the promotion of good relations amongst staff and service users. NICTS promotes a working environment where all members of staff are treated with dignity and respect, as well as promoting equality of opportunity, supporting the commitments set out in the DoJ Equality Scheme.

Employment, training and advancement of disabled persons

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

On recruitment, candidates are appointed 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. NICTS staff have also completed mandatory unconscious bias training throughout the year.

Learning and Development

NICTS is committed to ensuring staff have the right skills and knowledge to perform their jobs effectively. Opportunities for learning and development are offered to staff through NICTS' Corporate Learning Plan which is monitored by the Learning and Development Committee. As well as NICS generic training provided by CAL and e-learning packages

on LINKS online learning system, other training specific to specialist roles is also offered as continuous professional development.

Training sessions in Court Operations Division are scheduled for the second Wednesday of each month and these focus primarily on line of business training delivered by subject experts. To facilitate this, a revised Knowledge Bank has been added to the intranet to supplement staff learning and development. There is still much work to be done to standardise and update the operational guidance and the documents are quality assured by subject matter experts who participate in various sub groups of the Court Operations Forum.

Pay, Workforce Planning and Performance Management

Under the Civil Service (NI) Order 1999, pay arrangements for NICTS are the responsibility of DoF. It continues work to strengthen its approach to workforce planning. Current pay scales are available online. Formal negotiations with Trade Unions on the 2018 pay award are ongoing.

All staff use the performance management module on HR Connect. Staff can either access the performance management form online or in a downloadable format.

Pensions and Early Departure Costs

Present and past employees of NICTS are covered by the Principal Civil Service Pension Scheme (PCSPS (NI)). NICTS meets the costs of pensions provided for the staff they employ by the payment of charges called Accrued Superannuation Liability Charges (ASLC). This is charged to the Statement of Comprehensive Net Expenditure (SoCNE) on an accrued basis annually.

Employee Involvement

The NICTS Staff Engagement Action Plan 2017-19 (the 'Action Plan') was launched on 3 January 2018 to consolidate any issues still to be progressed following a review of the NICTS Stress Management Action Plan in June 2017, and taking into account the results of the NICS Staff Survey. A short online survey was issued in November 2018 to all staff to inform the midway review of the Action Plan, to highlight progress to date and address any concerns which need to be considered. The Action Plan, which consolidated issues that remained outstanding after the Stress Management Action Plan, covers communication, training, change management and roles and responsibilities.

The survey was completed by 23% of staff; the relatively low response rate may have been due to it coinciding with the issue of the NICS Staff Satisfaction Survey. Results of the NICTS survey showed that whilst improvements could be made in the delivery of Team Briefs and participation in structured line of business training, staff said they were aware of relevant NICS policies and felt that the Court Operations monthly training sessions were generally worthwhile and should continue. Feedback was sought from operational managers on the revised office opening hours and the general consensus was that the new arrangements were working well and should remain.

Expenditure on consultancy and temporary staff

NICTS did not incur any expenditure on external consultancy in the financial year (2017-18: nil).

The following details the expenditure incurred on temporary staff:

	2018-19	2017-18
	£'000	£'000
Charged to Administration	135	157
Charged to Programme	932	897
Total	1,067	1,054

Off-Payroll Payments

As required by DAO (DFP) 08/12 Tax Arrangements of Public Sector Appointees, NICTS undertook a review of the arrangements for making payments to individuals engaged by NICTS who are paid fees totalling over £58,200 in the financial year and are not included in the PAYE system. The number of off-payroll engagements is as follows:

Opening engagements at 1 April 2018	2
New engagements during 2018-19	1
Number onto NICTS payroll during 2018-19	-
Engagements ended during 2018-19	-
Number whose earnings fell below threshold in 2018-19	(1)
Closing engagements at 31 March 2019	2

ASSEMBLY ACCOUNTABILITY AND AUDIT REPORTS

OTHER ACCOUNTABILITY DISCLOSURES

Regularity of Expenditure (Audited Information)

Losses and Special Payments

The total value of losses did not exceed £250k (2017-18: did not exceed £250k) and therefore no disclosure is required.

During 2018-19, final compensation payments were made in 21 cases (2017-18: 43 cases) by NICTS. The total amount of compensation paid in these cases was £289k (2017-18: £1,764k).

Fees and Charges

An analysis of fees and charges from civil business services provided to external and public sector customers is as follows:

	2018-19			2017-18 (restated)		
	Income £'000	Full Cost £'000	Surplus/ (deficit) £'000	Income £'000	Full Cost £'000	Surplus/ (deficit) £'000
NICTS	22,578	(28,392)	(5,814)	22,168	(26,659)	(4,491)
- Civil Business						

Income and costs shown are in respect of fee earning business and have been accounted for in accordance with MPMNI. The costs above are calculated on a full cost basis, and include an allocation of administrative, judicial and overhead costs. NICTS is committed to achieving full cost recovery for the services it provides in respect of civil court business. The target of full cost recovery takes account of measures in place to protect access to justice, namely the operation of a court fee exemption and remission policy and also the subsidisation of fees in the family and children's arenas. The income for 2018-19 represents 80% of cost recovery (2017-18 restated: 83%).

2017-18 has been restated to take into consideration subsidised fees within the cost recovery calculation, in addition to fees which have been exempted and remitted to individuals on specified benefits or who genuinely cannot afford the fee.

The total amount of fees within the family and children's arenas which have been subsidised was £470.9k in 2018-19 (2017-18: £429.9k). Applicants in receipt of certain means tested benefits are entitled to automatic fee exemption. Total fee exemptions during 2018-19 amounted to £60.9k (2017-18: £72.0k). Remission of fees is considered on an individual basis and is granted in cases of hardship. Total fees remitted during 2018-19 amounted to £5.4k (£2017-18: £6.3k).

Remote Contingent Liabilities

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. NICTS had no significant remote contingent liabilities during 2018-19 that require disclosure. Note 22 provides further details regarding the contingent liabilities that are included within the financial statements.



PETER LUNEY
Accounting Officer
19 June 2019

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 Northern Ireland Courts and Tribunals Service (NICTS) for the year ended 31 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 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 NICTS' affairs as at 31 March 2019 and of its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the 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 NICTS 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 included in the annual report. 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 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 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.

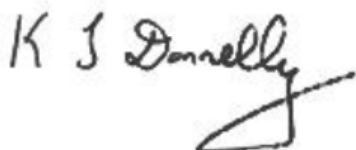
Matters on which I report by exception

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.

A handwritten signature in black ink that reads "K J Donnelly". The signature is written in a cursive style with a long, sweeping underline.

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

26 June 2019

PART 3 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 includes changes to the values of non-current assets and other financial instruments that cannot yet be recognised as income or expenditure.

		2018-19	Restated*
	Note	£'000	2017-18 £'000
Revenue from contracts with customers	7.1	(29,554)	(27,092)
Other operating income	7.2	(675)	(607)
Total Operating Income		(30,229)	(27,699)
Staff costs	3	25,168	24,373
Purchase of goods and services	4.1	46,441	44,261
Depreciation and impairment charges	4.1	7,572	7,330
Provision expense	4.1	1,540	(228)
Total Operating Expenditure		80,721	75,736
Net Operating Expenditure		50,492	48,037
Finance income		-	-
Finance expense	5,6	862	927
Net expenditure for the year		51,354	48,964
Other Comprehensive Net Expenditure			
Items that will not be reclassified to net operating expenditure:			
- Net (gain)/loss on revaluation of property, plant and equipment	9	(16,352)	(11,959)
- Net (gain)/loss on revaluation of intangible assets	10	(24)	(58)
- Actuarial (gain)/loss on pension liability	16	(112)	282
Total other comprehensive net expenditure		(16,488)	(11,735)
Comprehensive net expenditure for the year		34,866	37,229

*2017-18 Other operating Income has been restated due to reclassification of revenue on adoption of IFRS 15 *Revenue from contracts with customers* (Note 1.7).

All income and expenditure is derived from continuing operations.

The notes on pages 72 to 105 form part of these accounts.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

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

	Note	2018-19 £'000	2017-18 £'000
Non-current assets			
Property, plant and equipment	9	211,457	199,395
Intangible assets	10	952	1,698
Total non-current assets		212,409	201,093
Current assets			
Assets classified as held for sale	12	60	60
Trade and other receivables	14	5,015	4,907
Cash and cash equivalents	13	1,881	2,672
Total current assets		6,956	7,639
Total assets		219,365	208,732
Current liabilities			
Cash and cash equivalents	13	(257)	(410)
Trade and other payables	15	(18,462)	(17,925)
Provisions	16	(1,753)	(729)
Total current liabilities		(20,472)	(19,064)
Total assets less current liabilities		198,893	189,668
Non-current liabilities			
Provisions	16	(3,629)	(3,735)
Other payables	15	(12,313)	(13,798)
Total non-current liabilities		(15,942)	(17,533)
Total assets less total liabilities		182,951	172,135
Taxpayers' equity and other reserves			
General fund		45,500	46,959
Revaluation reserve		137,451	125,176
Total equity		182,951	172,135



Peter Luney
Accounting Officer

19 June 2019

The notes on pages 72 to 105 form part of these accounts.

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 NICTS during the reporting period. It shows how NICTS 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 NICTS. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to future public service delivery.

	Note	2018-19 £'000	2017-18 £'000
Cash flows from operating activities			
Net operating expenditure		(51,354)	(48,964)
Adjustments for non-cash transactions	4.2	10,585	8,620
(Increase)/decrease in trade and other receivables	14	(108)	(457)
<i>Movements in receivables relating to items not passing through the SoCNE</i>		(1)	(17)
Increase/(decrease) in trade and other payables	15	(948)	955
<i>Movement in payables relating to items not passing through the SoCNE</i>		755	1,855
Use of provisions	16	(510)	(717)
Net cash outflow from operating activities		(41,581)	(38,725)
Cash flows from investing activities			
Purchase of property, plant and equipment	9,15	(1,388)	(696)
Purchase of intangible assets	10,15	(417)	(836)
Net cash outflow from investing activities		(1,805)	(1,532)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		35,639	34,138
From the Consolidated Fund (non-supply)		8,500	8,790
Capital element of payments in respect of SoFP PFI contracts		(1,395)	(1,305)
Net financing		42,744	41,623
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(642)	1,366
Receipts due to the Consolidated Fund which are outside the scope of the NICTS' activities		10	24
Payments of amounts due to the Consolidated Fund		(6)	(23)
Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(638)	1,367
Cash and cash equivalents at the beginning of the period	13	2,262	895
Cash and cash equivalents at the end of the period	13	1,624	2,262

The notes on pages 72 to 105 form part of these accounts.

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

	Note	General Fund £'000	Revaluation Reserve £'000	Taxpayers' Equity £'000
Balance at 1 April 2017		48,139	116,779	164,918
Net Assembly Funding – drawn down		34,138	-	34,138
Consolidated Fund Standing Services	6,16	8,790	-	8,790
Comprehensive Net Expenditure for the year		(49,246)	12,017	(37,229)
Auditors' remuneration	5,6	98	-	98
Other notionals	5,6	1,420	-	1,420
Transfers between reserves		3,620	(3,620)	-
Balance at 31 March 2018		46,959	125,176	172,135
Net Assembly Funding – drawn down		35,639	-	35,639
Consolidated Fund Standing Services	6,16	8,500	-	8,500
Comprehensive Net Expenditure for the year		(51,242)	16,376	(34,866)
Auditors' remuneration	5,6	107	-	107
Other notionals	5,6	1,436	-	1,436
Transfers between reserves		4,101	(4,101)	-
Balance at 31 March 2019		45,500	137,451	182,951

The notes on pages 72 to 105 form part of these accounts.

NOTES TO THE AGENCY RESOURCE ACCOUNTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2018-19 FReM and the Accounts Direction issued by DoF. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adapted or interpreted for the public sector context.

Where FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NICTS for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. They have been applied consistently in the year and the preceding year in dealing with items considered material in relation to the accounts unless otherwise stated.

1.1 Accounting Convention

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

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

1.2 Accounting Boundary

These accounts incorporate the core activity of NICTS.

The funds invested by CFO are specifically excluded from NICTS accounts following DoF guidance. Third party monies are similarly excluded. The funds held on behalf of third parties by CFO are included in Note 24. Financial information about CFO may be obtained from their separately published annual accounts.

Details of income collected as an agent for NICF will be disclosed in NICTS' Trust Statement which is published separately from these financial statements.

1.3 Property, Plant and Equipment

NICTS holds title to the land and buildings shown in the accounts with the exception of Laganside Courts Complex which is leased under a PFI Contract (see Notes 9 and 19).

Land has been included within the Statement of Financial Position (SoFP) on the basis of open market value for existing use. Due to the specialised nature of courthouses, they are included within SoFP at depreciated replacement cost (DRC). Land and buildings that are non-operational or surplus assets are valued on the basis of open market value less any directly attributable selling costs. Land and buildings are restated to current value using professional valuations, in accordance with IAS 16, every five years and in the intervening years by the use of indices provided by LPS, specific to the Northern Ireland property

sector. A full revaluation exercise for land and buildings was carried out by LPS as at 31 March 2019.

Antiques are professionally valued every five years and were revalued at 31 March 2019 by John Ross & Co. (Member of the Irish Auctioneers and Valuers Institute). All other assets are included at DRC.

Upward revaluations are credited to the revaluation reserve and downward revaluations are debited to the revaluation reserve to the extent that upward revaluations have previously been credited for the same asset, with any excess downward revaluation charged to the SoCNE.

Expenditure on property, plant and equipment of over £1,000 is capitalised in line with NICTS' capitalisation policy.

1.4 Intangible Assets

Expenditure on intangible assets consists of computer software and licences and the associated costs of implementation are capitalised where expenditure of £1,000 or more is incurred.

1.5 Depreciation and Amortisation

All property, plant and equipment and intangible assets are depreciated/amortised at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives.

No depreciation is provided on land since it has unlimited or very long estimated useful life. Useful lives are normally in the following ranges:

Land	- Freehold	Not depreciated
	- Leasehold	Not depreciated
Buildings	- Freehold	Individually assessed
	- Leasehold	Period of lease
Furniture and fittings		10 years
Office machinery & equipment		5 years
Computer hardware		3-7 years
Telecoms & networks		3-7 years
Intangible assets – Software licences		3 years
Computer software		3 years
Antiques (non-operational)		Not depreciated

Additions to assets are depreciated/amortised from the month of acquisition. Disposals from assets are not depreciated/amortised in the month of disposal.

Antiques (non-operational) are included in the furniture and fittings section in property, plant and equipment (Note 9).

1.6 Inventory

Inventory of consumable stores held by NICTS are not considered material and are written off in the SoCNE as they are purchased.

There was no inventory held in 2018-19.

Assets seized by EJO are not included in inventories on the basis that they are not owned by NICTS, but are held for resale in settlement of third party creditors. Third party assets held by EJO at the year end are disclosed in Note 24 under Third Party Assets.

1.7 Revenue Recognition

NICTS have adopted IFRS 15 *Revenue from contracts with customers* for the first time in 2018-19, with 2017-18 balances reclassified accordingly.

NICTS recognises revenue as follows:

Revenue from Contracts with Customers – revenue is recognised at an amount that reflects the consideration to which NICTS is expected to receive, or has already received in exchange for transferring goods or services to a customer. For each contract with a customer, revenue is recognised when NICTS' performance obligations in the contract have been met. Where a performance obligation has not been met, or is expected to be met at a point in the future, this is recognised as a Contract Liability within Payables (Note 15). Where revenue is expected based on performance obligations being met by NICTS, this is recognised as a Contract Asset within Receivables (Note 14).

Court Fees, levies and charges – comprises fees, levies and charges provided on a full cost basis to external customers. Revenue is recognised over time as the services are rendered, based on either a fixed price or an agreed rate.

Rendering of Services – revenue from a contract to provide services is recognised over time as the services are rendered, based on actual costs incurred and in some instances, plus an additional management fee.

Other revenue from contracts – recognised when NICTS has met its performance obligations and the right to receive a payment has been established.

Other operating income – this includes other non-trading income for which no associated good or service has been provided, or it is unrelated to the NICTS' ordinary business activities, for example court facility rental payments and capital grant income. This is recognised when revenue is received, or when the right to receive payment is established.

Fine income is not treated as accruing resources for the purposes of these accounts. All fine income is recorded in the Trust Statement and paid to NICF via DoJ as Consolidated Fund Extra Receipts (CFERs). An analysis of fines collected is detailed within Note 8.

1.8 Administration and Programme Expenditure

SoCNE can be further analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs under the administrative cost control regime set by DoF. Broadly, administration expenditure reflects the costs of running NICTS and includes expenditure on administrative staff and associated costs including accommodation, information technology, communications and office supplies. Programme costs relate to service delivery costs for operating, managing and maintaining the courts.

1.9 Operating Leases

Rentals paid under operating leases are charged to SoCNE on a straight line basis over the lease term.

1.10 Pensions

Past and present employees are covered by the provisions of PCSPS (NI) which is an unfunded defined benefit scheme and is non-contributory except in respect of dependents' benefits. NICTS 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 PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on PCSPS (NI). In respect of the defined contribution schemes, NICTS recognises the contributions payable for the year.

1.11 Early Departure Costs

NICTS has met the additional costs of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retire early by paying the required amounts annually to PCSPS (NI), over the period between early departure and normal retirement date. NICTS has provided for this in full, when the early retirement programme became binding on the organisation.

The last employee to receive benefits under this scheme reached retirement age in March 2019.

1.12 Value Added Tax (VAT)

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

1.13 Private Finance Initiative Transactions

DoF has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure, and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of the International Financial Reporting

Standards Interpretations Committee Update (IFRIC 12). NICTS therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- Payment for the fair value of services received;
- Payment for the PFI assets, including replacement of components; and
- Payment for finance (interest costs).

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'Programme costs' (Note 6).

PFI Assets

The PFI assets are recognised as property, plant and equipment when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS 17 Leases. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with NICTS' approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the 'sum of digits' methodology to the anticipated total interest due over the life of the contract. This is charged to 'Operating expenditure' within SoCNE.

Further details of current on-going agreements are shown in Note 19 to the accounts.

1.14 Provisions

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

Rate	Term	Real Rate	Gross Rate
Short-term	Up to 5 years	-1.31%	0.76%
Medium-term	5 to 10 years	-0.94%	1.14%
Long-term	Over 10 years	-0.11%	1.99%

Further details on provisions are contained in Note 16.

1.15 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, NICTS 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 are required to be reported to the Assembly in accordance with the requirements of MPMNI.

There were no contingent liabilities arising during the period which required reporting to the Assembly.

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.

Further details of contingent liabilities are contained within Note 22.

1.16 Third Party Assets

Third party assets are assets for which NICTS acts as custodian or trustee, but in which neither NICTS nor public sector more generally has a direct beneficial interest in. 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 NICTS third party assets are provided in Note 24.

1.17 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying NICTS' accounting policies. NICTS continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Depreciation of property, plant and equipment

Depreciation is provided in the accounts so as to write-down the respective assets to their residual values over their expected useful lives and as such the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 1.5.

(ii) Revaluation of property, plant and equipment and intangibles

Where property, plant and equipment have been revalued in accordance with IAS 16, a number of assumptions have been used to estimate the valuations, including an estimation of the useful life of the properties, applying the modern equivalent asset principle to determine DRC, and cost of purchasing a notionally similar piece of land.

(iii) Judicial Service Award (JSA) – Salaried Judicial Office Holders and Fee Paid Office Holders

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

The fee paid office holders JSA provision relates to fee paid office holders' employment terms and conditions that are subject to an additional degree of uncertainty as they are calculated using assumptions, some of which are subject to ongoing litigation. Further details on the pension provision are contained in Note 16.3.

(iv) Contract Liabilities and Deferred Income

Most of NICTS' deferred income is accounted for as Contract Liabilities in accordance with IFRS 15: Revenue from Contracts with Customers. Fee revenue is recognised in the accounting period in which NICTS' performance obligations are deemed to have been met. Any fee income received prior to full performance obligations being met is treated as a contract liability. The calculation of the liability is based on estimates of the time taken to dispose of cases (within High Court, County Court and Magistrates' Court) and the duration of enforcement activity (within EJO). Average time statistics for the different case types are obtained annually.

(v) Contingent Liabilities

NICTS have a number of contingent liabilities relating to the potential outcomes of ongoing legal cases (Note 22). Judgement has been applied in determining the classification and disclosure of these cases as contingent liabilities based on an assessment of the status of the legal cases and potential outcomes, which remain uncertain..

1.18 Financial Instruments

Financial assets and financial liabilities are recognised in the SoFP when NICTS becomes a party to the contractual provisions of the instrument. They are measured initially at fair value and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to, or deducted from, the fair value as appropriate on initial recognition.

Financial Assets

NICTS has financial assets in the form of trade receivables, cash and cash equivalents. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are initially recognised at fair value, which is usually the original invoiced amount, and measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of Financial Assets

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

Impairment gains or losses are recognised in SoCNE, with a corresponding adjustment to their carrying amount through a loss allowance account. The carrying amount of the financial asset in the SoFP is not adjusted.

Derecognition of Financial Assets

Financial assets are derecognised when the contractual rights to receive cash flows have expired or have been transferred and NICTS has transferred substantially all the risks and rewards of ownership. On derecognition of a financial instrument measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised on SoCNE.

Financial Liabilities

NICTS has financial liabilities in the form of trade payables. These are subsequently measured at amortised cost using the effective interest method.

Derecognition of Financial Liabilities

NICTS derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

1.19 Employee Benefits including Pensions

Under the requirements of IAS 19, all 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 as at the year end. NICTS has recognised both annual and flexi leave entitlements that have been earned by the year end but not yet taken. These are included in current liabilities for both administration and programme staff across NICTS.

1.20 Segmental Reporting

Under the requirement of IFRS 8 'Operating Segments' - Disclosures (amendment) NICTS must disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business in which it engages and the economic environment in which it operates. 'Total Assets' are only required to be disclosed in reporting segments where total assets for segments are regularly reported to the chief operating decision maker. As total assets for segments are not regularly reported to the chief operating decision maker (currently defined as Peter Luney) NICTS has adopted this amendment. The amendment does not have a material impact on NICTS financial statements. Details of the reporting segments are contained within Note 2.

1.21 Accounting standards, interpretations and amendments to published standards and FReM – issued and effective in 2018-19 for the first time

Standard	IFRS 9 <i>Financial Instruments</i>
Effective date	1 January 2018 (EU endorsed 22 November 2016)
FReM application	2018-19
Description of revision	<p>IFRS 9 includes several improvements, and introduces substantially greater disclosure requirements, to the previous IAS 39 which includes:</p> <ul style="list-style-type: none"> • a single approach to classification and measurement; • a new forward-looking 'expected loss' impairment model; and • a revised approach to hedge accounting.
Comments	IFRS 9 will affect all public sector bodies that have any financial instruments (including trade receivables, lease receivables, loan commitments and contract assets).

Standard	IFRS 15 - <i>Revenue from Contracts with Customers</i>
Effective date	1 January 2018 (EU endorsed 31 October 2017)
FReM application	2018-19
Description of revision	<p>IFRS 15 introduces a new five stage model for assessing and recognising revenue from contracts with customers. It also introduces substantially greater disclosure requirements to address the shortcomings of the previous Standards (IAS 1 and IAS 18).</p> <p>A number of restatements have been made to reflect the requirements of the standard.</p>
Comments	IFRS 15 will affect all public sector bodies with activities that generate revenue within the scope of the standard.

1.22 Accounting standards, interpretations and amendments to published standards not yet effective

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2019, but which NICTS has not adopted early. Other than as outlined in the table below, NICTS considers that these standards are not relevant to its operations.

Standard	IFRS 16 - <i>Leases (replaces IAS 17 Leases and related interpretations)</i>
Effective date	1 January 2019 (EU endorsed 31 October 2017)
FReM application	2020-21
Description of revision	<p>The IASB issued IFRS 16 in January 2016 with an effective date for annual periods beginning on or after 1 January 2019. Early application is permitted for those entities applying IFRS 15.</p> <p>IFRS 16 represents a significant change in lessee accounting by largely removing the distinction between operating and finance leases and introducing a single lessee accounting model. A lessee is required to recognise assets and liabilities for all leases, unless they qualify for low value or short-term exemptions. In addition, there are updated disclosure requirements.</p> <p>The lessor accounting model is generally unchanged from IAS 17 but entities should be aware of the introduction and impacts of IFRS 9 Financial Instruments, enhanced disclosure requirements and that a sub-lessor now determines whether a lease is finance or operating based on the right of use asset it subleases.</p>
Comments	In line with the requirements of FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2020. IFRS 16 will affect all public sector bodies with lease arrangements.

1.23 Financial Reporting - Future Developments

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

2. Statement of Operating Costs by Operating Segment

NICTS is made up of the following operating segments for financial reporting purposes:

- Court Operations;
- Tribunals and Enforcement;
- OLCJ;
- Corporate Services; and
- Business Transformation.

NICTS operating segments are determined by the services provided both to external and internal customers. Business Transformation was reported as a separate segment for the first time in 2018-19. In 2017-18 all expenditure was within Corporate Services.

	Court Operations £'000	Tribunals & Enforce. £'000	OLCJ £'000	Corporate Services £'000	Business Trans. £'000	2018-19 Total £'000
Gross Expenditure	45,718	15,674	13,720	3,395	3,076	81,583
Income	(18,912)	(11,158)	(4)	(62)	(93)	(30,229)
Net Expenditure	26,806	4,516	13,716	3,333	2,983	51,354

	Court Operations £'000	Tribunals and Enforce. £'000	OLCJ £'000	Corporate Services £'000	2017-18 Total £'000
Gross Expenditure	43,227	13,566	13,974	5,896	76,663
Income	(18,813)	(8,838)	-	(48)	(27,699)
Net Expenditure	24,414	4,728	13,974	5,848	48,964

3. Staff Costs

Staff costs for NICTS comprise:

	Permanently Employed Staff £'000	Others £'000	2018-19 Total £'000	2017-18 Total £'000
Wages and salaries	18,379	1,067	19,446	18,774
Social security costs	1,706	-	1,706	1,692
Other pension costs	4,016	-	4,016	3,907
Total Costs*	24,101	1,067	25,168	24,373

Charged to Administration £'000	Charged to Programme £'000	2018-19 £'000	Charged to Administration £'000	Charged to Programme £'000	2017-18 £'000
3,269	21,899	25,168	3,012	21,361	24,373

* In addition, staff costs of £60,636 (2017-18: £58,060) have been capitalised in respect of staff directly assigned to major capital projects.

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

4. Summary of Information for Statement of Comprehensive Net Expenditure

4.1 Operating Income and Expenditure

		Administration £'000	Programme £'000	2018-19 Total £'000
	Note			
Revenue from Contracts with Customers		(75)	(29,479)	(29,554)
Other operating income		-	(675)	(675)
Total operating income		(75)	(30,154)	(30,229)
Staff costs	3	3,269	21,899	25,168
Purchase of goods and services	5,6	1,471	44,970	46,441
Depreciation and impairment charges	5,6	1,305	6,267	7,572
Provision expense	6	-	1,540	1,540
Total operating expenditure		6,045	74,676	80,721
Net operating expenditure		5,970	44,522	50,492
Finance income		-	-	-
Finance expense	5,6	-	862	862
Net expenditure for the period		5,970	45,384	51,354

		Administration £'000	Programme £'000	Restated* 2017-18 Total £'000
	Note			
Revenue from Contracts with Customers		(40)	(27,052)	(27,092)
Other operating income		-	(607)	(607)
Total operating income		(40)	(27,659)	(27,699)
Staff costs	3	3,012	21,361	24,373
Purchase of goods and services	5,6	1,339	42,922	44,261
Depreciation and impairment charges	5,6	1,166	6,164	7,330
Provision expense	6	-	(228)	(228)
Total operating expenditure		5,517	70,219	75,736
Net operating expenditure		5,477	42,560	48,037
Finance income		-	-	-
Finance expense	5,6	(1)	928	927
Net expenditure for the period		5,476	43,488	48,964

*2017-18 Other operating income has been restated due to reclassification of revenue on adoption of IFRS 15 Revenue from contracts with customers (Note 1.7). See further details at note 7.

4.2 Non-cash costs

		Administration	Programme	2018-19 Total
	Note	£'000	£'000	£'000
Non-cash grant income		-	(71)	(71)
Purchase of goods and services	5,6	438	1,106	1,544
Depreciation and Impairment charges	5,6	1,305	6,267	7,572
Provision expense	6	-	1,540	1,540
Total non-cash costs		1,743	8,842	10,585

		Administration	Programme	2017-18 Total
	Note	£'000	£'000	£'000
Non-cash grant income		-	-	-
Purchase of goods and services	5,6	414	1,104	1,518
Depreciation and Impairment charges	5,6	1,166	6,164	7,330
Provision expense	6	-	(228)	(228)
Total non-cash costs		1,580	7,040	8,620

5. Other Administration Expenditure

	Note	2018-19 £'000	2017-18 £'000
Purchase of goods and services			
Cash items:			
Staff related costs		67	72
Accommodation costs		5	69
Office services		205	191
Contracted out services		197	304
Professional costs		223	135
Consultancy costs		194	25
Managed services		89	94
Commission and Tribunal costs		29	16
Non-capital purchases		23	18
Other costs		1	1
		<u>1,033</u>	<u>925</u>
Non-cash items:			
(Profit)/loss on disposal of non-current assets		1	-
Auditors remuneration and expenses		88	79
Notional charges		344	331
Intra-departmental notional charges		5	4
Increase/(decrease) in provision for doubtful debts	14	-	-
		<u>438</u>	<u>414</u>
Total purchase of goods and services		<u>1,471</u>	<u>1,339</u>
Depreciation and impairment charges			
Depreciation	9	620	630
Amortisation	10	683	536
Revaluation released to SoCNE	11	2	-
		<u>1,305</u>	<u>1,166</u>
Total administration costs excluding finance expense		<u>2,776</u>	<u>2,505</u>
Interest payable and similar charge		-	(1)
Total administration costs including finance expense		<u>2,776</u>	<u>2,504</u>

6. Programme Expenditure

	Note	2018-19 £'000	2017-18 £'000
Purchase of goods and services			
Cash items:			
Staff related costs		263	275
Rentals under operating leases		53	46
Accommodation costs		4,579	4,671
Office services		2,712	2,458
Contracted out services		5,180	5,078
PFI service charges		3,015	2,953
Professional costs		874	1,044
Consultancy costs		64	102
Managed services		313	110
Commission and Tribunal costs		10,847	7,867
Non-capital purchases		137	22
Intra-departmental hard charges		93	36
Client and other programme operating costs		631	551
Judicial costs		7,013	6,866
Judicial costs – Consolidated Fund		8,156	8,205
Other costs		(66)	1,534
		43,864	41,818
Non-cash items:			
Loss on disposal of non-current assets		-	-
Auditors remuneration and expenses		19	19
Notional charges		1,087	1,085
		1,106	1,104
Total purchase of goods and services		44,970	42,922
Depreciation and impairment charges			
Depreciation	9	6,078	5,684
Amortisation	10	346	479
Revaluation released to SoCNE	11	(157)	1
		6,267	6,164
Provision expense			
Provided in year	16	1,817	408
Written back in year	16	(315)	(675)
Borrowing costs	16	38	39
		1,540	(228)
Total programme costs excluding finance expense		52,777	48,858
Interest payable and similar charge		862	928
Total programme costs including finance expense		53,639	49,786

7. Income

7.1 Revenue from Contracts with Customers

	2018-19 £'000	Restated* 2017-18 £'000
Court Fees, Levies and Charges	23,369	22,906
Rendering of Services	5,168	4,162
Other revenue from Contracts	1,017	24
	29,554	27,092

Disaggregation of Revenue from Contracts with Customers per NICTS operating segment is as follows:

	Court Operations £'000	Tribunals and Enforcement £'000	Office of the Lord Chief Justice £'000	Corporate Services £'000	Business Trans.** £'000	2018-19 Total £'000
Court Fees, Levies and Charges	18,202	5,167	-	-	-	23,369
Rendering of Services	186	4,929	-	53	-	5,168
Other revenue from Contracts	5	990	-	-	22	1,017
	18,393	11,086	-	53	22	29,554

	Court Operations £'000	Tribunals and Enforcement £'000	Office of the Lord Chief Justice £'000	Corporate Services £'000	2017-18 Total £'000
Court Fees, Levies and Charges	18,125	4,781	-	-	22,906
Rendering of Services	142	3,996	-	24	4,162
Other revenue from Contracts	-	-	-	24	24
	18,267	8,777	-	48	27,092

** Business Transformation was reported as a separate segment for the first time in 2018-19. In 2017-18 all expenditure was within Corporate Services.

7.2 Other Operating Income

	2018-19 £'000	Restated* 2017-18 £'000
Rental income	496	492
Other non-trading income	179	115
	675	607

* Following the adoption of IFRS 15 Revenue from Contracts with Customers, income for 2017-18 was restated with other operating income of £27,699k as presented in the 2017-18 financial statements reclassified to revenue from contracts with customers of £27,092k and other operating income of £607k.

8. Summary of fine income payable to NICF

Income shown in Note 7 does not include any amounts collected by NICTS where it was acting as an agent for NICF rather than as principal. These amounts will be disclosed in the NICTS Trust Statement which is published separately from these financial statements. Due to the timing of the laying of the Trust Statement for 2018-19, NICTS has continued to disclose these details for the current year.

NICTS accepts payment for amounts imposed in the Magistrates' and Crown courts for onward transmission to NICF via DoJ. Amounts imposed in court can be cleared either by payment or by means other than payment, including committal to prison.

NICTS also receives payment for penalties that are imposed externally to the courts including fixed penalties imposed for motoring offences. These penalties are accounted for as NICF income from date of imposition.

On collection of fines the receipts are held on trust and accounted for as amounts due to NICF until paid over.

The net revenue payable to the consolidated fund consists of the following elements:

	2018-19 £'000	2017-18* £'000
Trust Statement Revenue		
Fixed Penalty Notices	2,617	1,850
Court Imposed Fines	5,669	4,619
Offender Levy	484	421
Extra Costs	(2)	18
Confiscation Orders	2,775	1,076
Other Party Criminal	2,186	1,934
	13,729	9,918
Expenditure		
Credit Losses	(1,426)	(1,567)
Revenue retained by NICTS under statute	(1,165)	(153)
Disbursements		
Amounts paid to Other Parties	(1,633)	(2,447)
Amounts paid to Safety Camera Scheme	(948)	(584)
	(5,172)	(4,751)
Net Revenue for the Consolidated Fund	8,557	5,167

The amounts that have been received and are due to be paid over to NICF consist of the following elements:

Amounts Held On Trust	2018-19 £'000	2017-18* £'000
Balance held on trust at 1 April	266	645
Fines cleared by receipt of payment (NICF fines)	7,458	7,034
Payments to Consolidated Fund	(5,347)	(6,676)
Payments to others	(2,113)	(737)
Balance held on Trust at 31 March	264	266

The receivables balance at year end was £13.7m (2017-18 restated: £10.1m), this includes those receivables which are not payable to NICF, for example compensation.

	2018-19 £'000	2017-18* £'000
Balance receivable at 1 April	10,137	11,175
Amounts Imposed	13,729	9,918
Fines Cleared by receipt of Payment	(8,699)	(9,389)
Fines Cleared by Competent Authority	(1,426)	(1,428)
(Increase)/decrease in impairment provision	-	(139)
Balance receivable at 31 March	13,741	10,137

*The 2017-18 balances have been restated within this note to reflect the contents of the Trust Statement for 2017-18 and in line with the requirements of Chapter 8.2 of FReM, Consolidated Fund Revenue. We note that within the DoJ consolidated accounts comparative figures have not been restated as these are included in the Statements of Assembly Supply in DoJ consolidated accounts and, for the purposes of Assembly Control, these figures are indelible.

9. Property, Plant and Equipment

	Land £'000	Buildings £'000	Furniture & Fittings £'000	Office Machinery & Equipment £'000	Computer Hardware £'000	Telecoms & Networks £'000	Total £'000
Cost or valuation							
At 1 April 2018	30,345	193,100	677	2,420	1,720	840	229,102
Additions	-	1,329	65	234	499	56	2,183
Disposals	-	-	(6)	(14)	(33)	(73)	(126)
Transfers	-	-	4	64	2	-	70
Reclassification	-	(15)	-	15	-	-	-
Revaluation released to SoCNE	137	13	-	(1)	-	-	149
Indexation	-	88	2	2	10	-	102
Revaluation	5,828	(19,178)	-	-	-	-	(13,350)
At 31 March 2019	36,310	175,337	742	2,720	2,198	823	218,130
Depreciation							
At 1 April 2018	-	25,206	652	2,086	983	780	29,707
Charged in year	-	6,361	15	81	184	57	6,698
Disposals	-	-	(6)	(14)	(33)	(73)	(126)
Transfers	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Revaluation released to SoCNE	-	(6)	-	-	-	-	(6)
Indexation	-	54	1	-	4	-	59
Revaluation	-	(29,659)	-	-	-	-	(29,659)
At 31 March 2019	-	1,956	662	2,153	1,138	764	6,673
Carrying amount at 31 March 2019	36,310	173,381	80	567	1,060	59	211,457
Carrying amount at 31 March 2018	30,345	167,894	25	334	737	60	199,395
Asset financing:							
Owned	36,310	131,367	80	567	1,060	59	169,443
On balance sheet PFI contracts	-	42,014	-	-	-	-	42,014
Carrying amount at 31 March 2019	36,310	173,381	80	567	1,060	59	211,457

	Land £'000	Buildings £'000	Furniture & Fittings £'000	Office Machinery & Equipment £'000	Computer Hardware £'000	Telecoms & Networks £'000	Total £'000
Cost or valuation							
At 1 April 2017	30,383	179,517	680	2,239	1,265	1,258	215,342
Additions	-	(79)	-	225	426	(422)	150
Disposals	-	-	(3)	(38)	-	-	(41)
Transfers	-	-	-	-	-	-	-
Reclassification	(30)	(17)	-	(11)	-	(2)	(60)
Revaluation released to SoCNE	(8)	(1)	-	-	-	-	(9)
Indexation	-	13,683	-	8	29	7	13,727
Revaluation	-	(3)	-	(3)	-	(1)	(7)
At 31 March 2018	30,345	193,100	677	2,420	1,720	840	229,102
Depreciation							
At 1 April 2017	-	17,560	608	2,099	775	639	21,681
Charged in year	-	5,870	47	55	201	141	6,314
Disposals	-	-	(3)	(38)	-	-	(41)
Transfers	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Revaluation released to SoCNE	-	(8)	-	-	-	-	(8)
Indexation	-	1,784	-	3	8	6	1,801
Revaluation	-	-	-	(33)	(1)	(6)	(40)
At 31 March 2018	-	25,206	652	2,086	983	780	29,707
Carrying amount at 31 March 2018	30,345	167,894	25	334	737	60	199,395
Carrying amount at 31 March 2017	30,383	161,957	72	140	490	619	193,661
Asset financing:							
Owned	30,345	130,175	25	334	737	60	161,676
On balance sheet PFI contracts	-	37,719	-	-	-	-	37,719
Carrying amount at 31 March 2018	30,345	167,894	25	334	737	60	199,395

IAS 16 requires measurement of assets at fair value.

Land and buildings were valued as at 31 March 2019 by LPS. The valuation was carried out by LPS in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. All other PPE have been adjusted to their current value by reference to the appropriate indices compiled by ONS.

All Buildings are valued at DRC with the exception of two Courthouses that were revalued at market value, due to their non-operational status, one of which is classified as held for sale (Note 12).

Antiques have been included in the Furniture and Fittings classification and are professionally valued every five years. The valuation was carried out at 31 March 2019 by John Ross & Co.

There are no donated assets to report.

At 31 March 2019, the amount of revaluation surplus that relates to property, plant and equipment is £137,398k (at 31 March 2018: £125,092k).

10. Intangible Assets

Intangible assets comprise internally and externally developed software, software licences and websites.

	Software Licences £'000	IT £'000	Total £'000
Cost or valuation			
At 1 April 2018	353	11,626	11,979
Additions	-	260	260
Disposals	-	(244)	(244)
Transfers	-	-	-
Reclassification	-	-	-
Revaluation released to SoCNE	-	-	-
Indexation	-	68	68
As at 31 March 2019	353	11,710	12,063
Amortisation			
At 1 April 2018	342	9,939	10,281
Charged in year	4	1,025	1,029
Disposals	-	(243)	(243)
Reclassification	-	-	-
Revaluation released to SoCNE	-	-	-
Indexation	-	44	44
As at 31 March 2019	346	10,765	11,111
Carrying amount at 31 March 2019	7	945	952
Carrying amount at 31 March 2018	11	1,687	1,698
Asset financing			
Owned	7	945	952
On balance sheet PFI contracts	-	-	-
Carrying amount at 31 March 2019	7	945	952

	Software Licences £'000	IT £'000	Total £'000
Cost or valuation			
At 1 April 2017	352	11,650	12,002
Additions	-	848	848
Disposals	(1)	(994)	(995)
Transfers	-	-	-
Reclassification	-	-	-
Revaluation released to SoCNE	-	-	-
Indexation	2	122	124
As at 31 March 2018	353	11,626	11,979
Amortisation			
At 1 April 2017	324	9,871	10,195
Charged in year	17	998	1,015
Disposals	(1)	(994)	(995)
Reclassification	-	-	-
Revaluation released to SoCNE	-	-	-
Indexation	2	64	66
As at 31 March 2018	342	9,939	10,281
Carrying amount at 31 March 2018	11	1,687	1,698
Carrying amount at 31 March 2017	28	1,779	1,807
Asset financing			
Owned	11	1,687	1,698
On balance sheet PFI contracts	-	-	-
Carrying amount at 31 March 2018	11	1,687	1,698

Intangible assets are adjusted to their current value each year by reference to appropriate indices supplied by ONS.

At 31 March 2019, the amount of revaluation surplus that relates to intangible assets is £53k (at 31 March 2018: £84k).

11. Impairment

	2018-19 £'000	2017-18 £'000
Charged directly to the SoCNE		
Property, plant and equipment	(155)	1
Intangible assets	-	-
	(155)	1
Taken through the revaluation reserve		
Property, plant and equipment	(16,352)	(11,959)
Intangible assets	(24)	(58)
	(16,376)	(12,017)
Total impairment charge for the year	(16,531)	(12,016)

12. Assets classified as held for sale

	Land & Buildings £'000
Opening balance at 1 April 2018	60
Transfers	-
Closing balance at 31 March 2019	60

13. Cash and cash equivalents

	2018-19 £'000	2017-18 £'000
Balance at 1 April	2,262	895
Net change in cash and cash equivalent balances	(638)	1,367
Balance at 31 March	1,624	2,262
The following balances at 31 March were held at:		
Office of HM Paymaster General	-	-
Commercial banks and cash in hand	1,624	2,262
Balance at 31 March	1,624	2,262

The closing balance as at 31 March 2019 consists of cash balances of £1,881k and liabilities of £257k (2017-18: cash balance of £2,672k and liabilities of £410k).

14. Trade receivables and other current assets

	2018-19 £'000	Restated* 2017-18 £'000
Amounts falling due within one year:		
Trade receivables	-	-
Value Added Tax	517	660
Other receivables	735	688
Prepayments	851	877
Accrued Income	2,297	2,095
Contract Assets	615	587
Total	5,015	4,907

*2017-18 has been restated to separately classify prepayments, accrued income and contract assets on adoption of IFRS 15 *Revenue from contracts with customers* (Note 1.7).

Within other receivables there is a provision for bad debt of £37k. As this is a provision, and therefore a non cash movement, it has been excluded from the movement in trade receivables for inclusion within the Statement of Cash Flows (2017-18: £37k).

There are no receivable amounts falling due after more than one year.

15. Trade payables and other current liabilities

	2018-19	Restated*
	£'000	2017-18
		£'000
Amounts falling due within one year		
Trade payables	89	210
Other payables	2,944	3,101
Accruals	8,374	7,991
Deferred Income	9	-
Contract Liabilities	5,557	5,226
Current part of imputed finance lease element of PFI contracts	1,485	1,395
Consolidated Fund extra receipts due to be paid to the Consolidated Fund received and receivable	4	2
	18,462	17,925
Amounts falling due after more than one year		
Imputed finance lease element of PFI contracts	12,313	13,798
Total	30,775	31,723

*2017-18 has been restated to separately classify accruals, deferred income and contract liabilities on adoption of IFRS 15 *Revenue from contracts with customers* (Note 1.7).

Within accruals are accruals for non-current assets of £1,268k (2017-18: £630k).

15.1 Contract Balances

Contract Assets primarily relate to Taxing Master revenue, where performance obligations have been met or partially met, but the revenue is yet to be collected. This is based on the average fees received over the previous 12 month period.

Contract liabilities primarily relate to Courts and EJO fees paid in advance, for which NICTS is yet to meet its performance obligations in relation to the service. Due to the volume of contracts with customers that exist, contract liabilities are calculated based on estimates of time taken to dispose of cases and the average duration of enforcement activities.

Movement in contract balances during the reporting period is as follows:

	Contract	Contract
	Assets	Liabilities
	£'000	£'000
Opening balance at 1 April 2018	587	5,226
Movement In-Year	28	331
Closing balance at 31 March 2019	615	5,557

It is assumed that the full opening balance of contract liabilities has been recognised as income throughout the 2018-19 reporting year, as the majority of deferral periods used are less than 12 months.

16. Provisions

	Early departure costs £'000	Legal Claims £'000	Judicial Service Award £'000	Judicial Litigation £'000	Total £'000
Balance at 1 April 2018	65	309	4,090	-	4,464
Provided in the year	5	289	323	1,200	1,817
Provisions not required written back	-	(315)	-	-	(315)
Provisions utilised in the year	(70)	(96)	-	-	(166)
Provisions settled from Consolidated Fund	-	-	(344)	-	(344)
Borrowing Costs	-	-	38	-	38
Actuarial (gain)/loss	-	-	(112)	-	(112)
Balance at 31 March 2019	-	187	3,995	1,200	5,382

Analysis of expected timing of discounted flows:

	Early departure costs £'000	Legal Claims £'000	Judicial Service Award £'000	Judicial Litigation £'000	Total £'000
Not later than one year	-	187	366	1,200	1,753
Later than one year and not later than five years	-	-	1,462	-	1,462
Later than five years	-	-	2,167	-	2,167
Balance at 31 March 2019	-	187	3,995	1,200	5,382

	Early departure costs £'000	Legal Claims £'000	Judicial Service Award £'000	Total £'000
Balance at 1 April 2017	146	434	4,547	5,127
Provided in the year	-	131	277	408
Provisions not required written back	-	(203)	(472)	(675)
Provisions utilised in the year	(79)	(53)	-	(132)
Provisions settled from Consolidated Fund	-	-	(585)	(585)
Borrowing Costs	(2)	-	41	39
Actuarial (gain)/loss	-	-	282	282
Balance at 31 March 2018	65	309	4,090	4,464

Analysis of expected timing of discounted flows:

	Early departure costs £'000	Legal Claims £'000	Judicial Service Award £'000	Total £'000
Not later than one year	65	309	355	729
Later than one year and not later than five years	-	-	1,437	1,437
Later than five years	-	-	2,298	2,298
Balance at 31 March 2018	65	309	4,090	4,464

16.1 Early departure costs

NICTS met the additional costs of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retired early by paying the required amounts annually to PCSPS (NI) over the period between early departure and normal retirement date. NICTS had provided for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 0.29% in nominal terms. The final employee under the scheme reached retirement age in March 2019 and so no further provision is required at 31 March 2019.

16.2 Legal Claims

Provision has been made for various legal claims against NICTS. The provision reflects all known claims where legal advice indicates that there is a present obligation due to a past event and payment is probable and the amount of the claim can be reliably estimated. The amount provided is on a percentage expected probability basis. The provision is based on the estimated cash flow. No reimbursement will be received in respect of any of these claims. Legal claims, which may succeed but are less likely to do so or cannot be estimated reliably, are disclosed as contingent liabilities in Note 22.

16.3 Judicial Service Award – Salaried and Fee Paid Judicial Office Holders

Provision has been made for a JSA entitlement for salaried and eligible fee paid judicial office holders who are members of a JPS. The JSA was created to equalise the tax position of judicial pensions affected by the provisions of the Finance Act 2004.

Following a ruling by the UK Supreme Court on 6 February 2013 that a retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder, a provision has been recognised in the NICTS Accounts in respect of JSA liabilities relating to fee paid judges.

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

The provision includes estimated amounts due to Judiciary funded by both NICTS and the Consolidated Fund.

16.4 Judicial Service Award – Judicial Litigation

In January 2017, an Employment Tribunal ruled that a group of judges had been subject to age discrimination when they were transferred to the new career average Judicial Pension Schemes (JPS 2015 and NIJPS) in April 2015. MoJ subsequently appealed this ruling, but

this was rejected, with the Court of Appeal upholding the ruling that the protections afforded to a Judge up to 14 years from normal pension age were unlawful. MoJ has lodged an application seeking leave to appeal to the Supreme Court. A provision has been created in the pension accounts of JPS 2015 and NIJPS. NICTS may be impacted in relation to future JSAs, as any increase in future benefits payable may increase the value of future lump sums and in turn, the value of JSA payable. GAD have provided an estimate of £1.2m in respect of additional JSAs that might be payable as a result of the litigation ruling if it is not successfully appealed.

17. Capital commitments

NICTS entered into the following capital commitments as at 31 March 2019:

	2018-19 £'000	Restated* 2017-18 £'000
Property, plant and equipment	1,049	976
Intangible assets	1,128	181
	2,177	1,157

*Capital commitments in 2017-18 have been restated from £nil in order to correctly reflect capital commitments at 31 March 2018.

18. Commitments under leases

18.1 Operating leases

NICTS has no commitments under operating leases as at 31 March 2019 (2017-18 none).

18.2 Finance leases

NICTS has no obligations under finance leases other than the PFI commitment contained in Note 19.

19. Commitments under PFI contracts

Laganside Complex

In February 1999, NICTS entered into a PFI agreement with a private sector provider for the provision and maintenance of a high quality court complex in Belfast. In accordance with the agreement, service charges became payable with effect from February 2002 to December 2026 and these are charged to the SoCNE. The court complex has been accounted for as an asset and included in the accounts as property, plant and equipment.

The liabilities to pay for the assets are in substance finance lease obligations and therefore contractual payments comprise two elements – imputed finance lease charges and service charges.

The total amount charged in SoCNE in respect of the service element of on-balance sheet (SoFP) PFI transactions was £3,015k (2017-18: £2,953k). Total future obligations under on-balance sheet PFI arrangements are given in the table below for each of the following periods:

	2018-19	2017-18
	£'000	£'000
Rentals due not later than one year	2,182	2,182
Rentals due later than one year and not later than five years	8,728	8,728
Rentals due later than five years	5,937	8,119
	16,847	19,029
Less interest element	(3,049)	(3,836)
Present value of obligations	13,798	15,193

	2018-19	2017-18
	£'000	£'000
Service charge due within one year	1,639	1,503
Service charge due later than one year and not later than five years	6,738	6,166
Service charge due later than five years	4,758	5,971
Total	13,135	13,640

20. Other financial commitments

NICTS has not entered into any non-cancellable contracts at 31 March 2019 (2017-18: nil).

21. Financial instruments

IFRS 9: Financial Instruments, IAS 32: Financial Instruments: Presentation, and IFRS 7: Financial Instruments: Disclosures, requires disclosure that enables evaluation of the significance of financial instruments for NICTS financial position and performance, the nature and extent of risks arising from financial instruments to which NICTS is exposed during the period and at the reporting date, and how NICTS manages those risks. As a result of the non-trading nature of its activities and the way in which it is financed, NICTS is not exposed to the degree of financial risk faced by business entities.

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

Classification of financial instruments

NICTS financial instruments are measured at amortised cost. NICTS financial assets are classified as receivables and comprise trade and other receivables (Note 14) and cash and cash equivalents (Note 13). NICTS financial liabilities comprise trade payables excluding tax assets, accruals and deferred income (Note 15). 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. NICTS recognises the components of net gain/loss through the SoCNE.

Risk Management

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

NICTS cash requirements are financed by resources voted annually by the Northern Ireland Assembly. It is not, therefore, exposed to any material credit or liquidity risk.

All of the NICTS financial assets and liabilities carry nil or fixed rates of interest. NICTS is therefore not exposed to any interest rate risk. NICTS is not exposed to any currency risk as all invoices are paid in sterling.

Embedded Derivatives

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

22. Contingent liabilities disclosed under IAS 37

NICTS has contingent liabilities where the possibility of the liability crystallising is judged to be possible. Unless otherwise stated, the quantum of the liability can either not be determined with reasonable certainty or to quantify it would jeopardise the outcome of the case.

22.1 Litigation Claims

There are contingent liabilities relating to ongoing legal claims upon which it is not possible to put a value. It is NICTS' assertion that these claims are unsubstantiated.

On 17th June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI 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 judgment; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgment and the implications for NICS and wider public sector will need further consideration. DoF is leading a piece of work across 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.

22.2 Fee Paid Office Holders

There is continuing litigation regarding the pension liability for fee paid judges. Following the judgment of the Court of Justice of the European Union (CJEU) in December 2018, it has been determined that additional pension benefits are payable to eligible fee paid judges in respect of service incurred prior to the date (7 April 2000) that the Part-Time Worker Directive should have been transposed into domestic law. MoJ have made provisions for the potential liabilities arising from this case, which includes increased JSA and the requirement to make payments in lieu of pension and associated interest charges. NICTS does not have any increased liability from the December 2018 ruling as these additional liabilities are pre devolution.

A further related case is listed in the Supreme Court in July 2019 in relation to the operation of the time limits to make a claim. NICTS does not expect any new claims as a result of this.

It is not possible to estimate the total number of additional claimants who may be eligible for a remedy, subject to the outcome of the Supreme Court case and Tribunal Reform. There are therefore further potential liabilities for NICTS for JSA, payments in lieu of pension and associated interest costs, in addition to the provisions recognised, which cannot be quantified at this stage.

22.3 Other Judicial Office Holders

A number of judicial office holders made claims to an Industrial Tribunal under the Part Time Workers (Prevention of Less Favourable Treatment) Regulations (Northern Ireland) 2000. These claims related to the appointment of salaried judicial office holders who hold or held concurrent judicial posts. The Tribunal concluded in its Reserved Judgment issued on 5 June 2017 that the respondents unlawfully discriminated against the claimants in respect of pay and pension and an out of court settlement was agreed and paid out in 2018-19 to the claimants. An Industrial Tribunal was scheduled for 18 and 19 June 2019 to address the outstanding matters in this case, which included how this settlement will affect the judges' pensions. An out of court settlement was made on 18 June 2019, however the future remuneration and deployment of these individuals is still to be determined.

22.4 Legacy Inquests

Funding was confirmed by the Secretary of State in March 2019 for progression of Legacy cases and work has commenced in setting up a new Legacy Inquest Unit in NICTS. There are currently 54 outstanding Legacy cases, and there is on-going potential for a further increase should the Attorney General refer further cases. The progression of each individual case could determine if further funding is required, therefore having an unknown financial impact for NICTS and the Department.

22.5 Fine Default Litigation

NICTS Operational Policy Branch Fine Default Claims Team has processed a total of 929 claims, relating to the previous Divisional Court decision in 2013 that the enforcement of unpaid fines and other monetary penalties in Northern Ireland was unlawful. From this, 58 offers of settlement have been issued. The majority of claims were rejected as they fell outside the one year limitation period pursuant to section 7(5) of the Human Rights Act 1998. At the time of producing the accounts, a total of 171 writs and civil bills have been issued challenging NICTS' decision to refuse compensation. A case before the County Court in September 2018 tested the one year limitation period but this was struck out. Another case arguing the same point of law was heard in May 2019 and adjourned to allow for revised submissions.

Further to this, in 2018-19 leave was sought to judicially review the decision to imprison fine defaulters under the interim arrangements that were put in place following the 2013 Divisional Court decision. The leave hearing has been listed before a Divisional Court on 9 September 2019.

If either of these were to succeed, there may be significant financial implications in the future for NICTS and the Department. As yet these are unquantifiable.

23. Related-party transactions

NICTS is an executive Agency of DoJ. DoJ is regarded as a related party. During the year, NICTS has had various material transactions with DoJ, and with other entities for which DoJ is regarded as the parent Department, namely PSNI, Northern Ireland Prison Service (NIPS), Youth Justice Agency and Legal Services Agency NI. In addition, NICTS has had various material transactions with other government Departments and other central government bodies.

During the year, no Board members have undertaken any material transactions with NICTS.

24. Third-party assets

NICTS holds as custodian or trustee certain assets belonging to third parties.

Third Party Monetary Assets

NICTS, through CFO, continues to provide a banking and investment service for funds that are deposited in court. The investment service is carried out by an external service provider. Examples of the types of funds include monies held for minors, certain assets of some mental health patients, and payments into court in satisfaction of a claim as well as statutory deposits and unclaimed balances in court.

There are third party bank accounts maintained by the various court offices and OSO. These are not NICTS assets and are not included in the accounts. The assets held at the reporting date to which it was practical to ascribe monetary values, comprised monetary

assets such as bank balances and monies on deposit, and listed securities. They are set out in the table below.

	31 March 2018 £'000	Gross inflows £'000	Gross outflows £'000	31 March 2019 £'000
Monetary assets such as bank balances and monies on deposit	99,308	88,172	(79,580)	107,900
Listed securities	199,803	21,906	(26,436)	195,273
Total Third Party Assets	299,111	110,078	(106,016)	303,173

Third Party Inventory Assets

The Official Solicitor may be appointed to act as a financial controller for persons deemed by the courts to be incapable of managing their financial affairs and assets. In such capacity the Official Solicitor acts as custodian of a number of property assets. Title deeds for property may also be held by the court service as security for bails in relation to legal actions.

EJO provides a centralised enforcement service for civil court judgments. A number of cases result in property repossessions.

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

	31 March 2019 Number	31 March 2018 Number
Property assets	1,587	925

25. Entities within the accounting boundary

The accounting boundary incorporates only the core Agency.

The funds invested by CFO are specifically excluded from the accounting boundary, following HM Treasury guidance. Third party monies are similarly excluded. CFO publish separate audited financial accounts.

Details of income collected as an agent for NICF will be disclosed in the NICTS Trust Statement which is published separately from these financial statements.

26. Criminal Injuries Compensation Appeals Panel Northern Ireland

The administrative functions of Criminal Injuries Compensation Appeals Panel Northern Ireland (CICAPNI) transferred from the Secretary of State for Northern Ireland (SoSNI) to the Secretary of State for Justice (SoSJ) in the 2007-08 financial year and were delivered by a Machinery of Government letter on 1 December 2007.

The administrative functions of CICAPNI transferred from the SoSJ to DoJ following the devolution of policing and justice in Northern Ireland on 12 April 2010.

DoJ has directed a statement of account in accordance with the 2002 Order and the Scheme only requires a simple statement providing the full cost of CICAPNI for the year, given as a note in the NICTS accounts.

This direction is in accordance with The Criminal Injuries (NI) Order 2002 (“the 2002 Order”) and with the Northern Ireland Criminal Injuries Compensation Scheme 2002 (“the Scheme”) which establish CICAPNI. Both the 2002 Order and the Scheme provide that DoJ may direct the form of the accounts of CICAPNI.

This accounting note has been prepared in accordance with the accounts direction issued by DoJ.

CICAPNI Statement of Account As At 31 March 2019

	2018-19		2017-18	
	£	£	£	£
Income	-		-	
Staff Costs				
Staff Payroll costs	(203,771)		(101,818)	
Judicial Payroll costs	(171,433)		(164,249)	
Total Payroll costs		(375,204)		(266,066)
Other operating costs		(40,251)		(63,569)
Net Cost of operations		(415,455)		(329,635)

27. Events after the Reporting Period

27.1 Community Asset Transfer

NICTS continues to work with Bangor Open House Festival, a community arts based group, to facilitate the Community Asset Transfer of Bangor Courthouse. DoF approval had been received in April 2018, however changes to the way the asset transfer would be achieved has necessitated an amendment to the existing business case and further approvals are to be sought from both DoJ and DoF. When this work is complete the asset transfer will proceed. It is hoped this will have completed by December 2019.

27.2 Asset Disposal

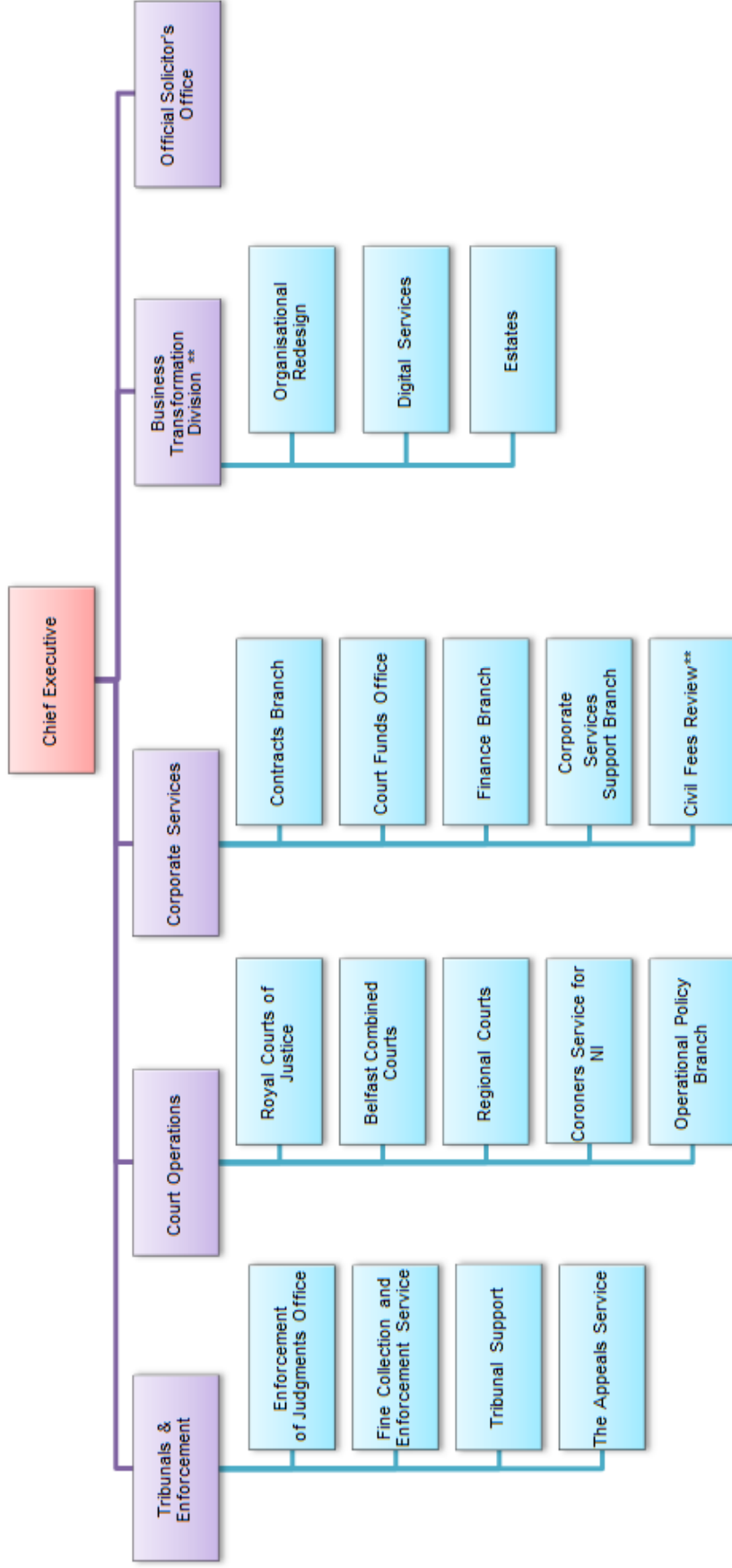
Approval was received in May 2019 from DoF for the disposal of Larne Courthouse. This will progress in early 2019-20.

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on the same date that they were certified by the C&AG.

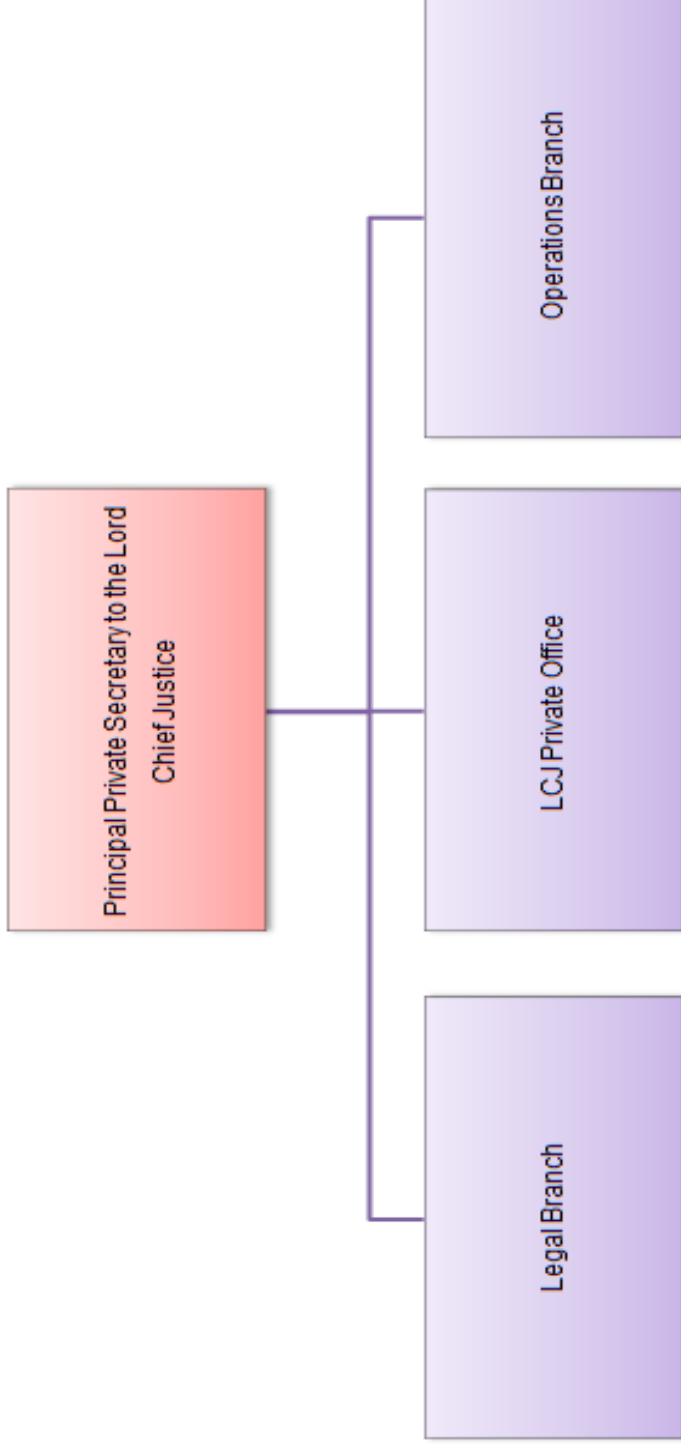
PART 4 APPENDICES

Annex A Northern Ireland Courts and Tribunals Service Organisational Chart 2019



** These posts are time bound would move into the relevant business area once complete.

Annex B Office of the Lord Chief Justice Structure 2019



Annex C Staffing

At the end of March 2019, the number of staff employed by NICTS was 715. A breakdown is provided below.

Staff Headcount	
Court Operations Division	462
Tribunals and Enforcement Division	126
Corporate Services	95
Office of the Lord Chief Justice	31
Chief Executive	1
Total	715

Staff Headcount by Grade	
Administrative Assistant	3
Administrative Officer	310
Executive Officer II	55
Executive Officer I	193
Staff Officer	69
Deputy Principal	40
Principal Officer	35
Grade 6	8
Grade 5	2
Total	715

Annex D Court and Tribunal Performance Standards 2018-19

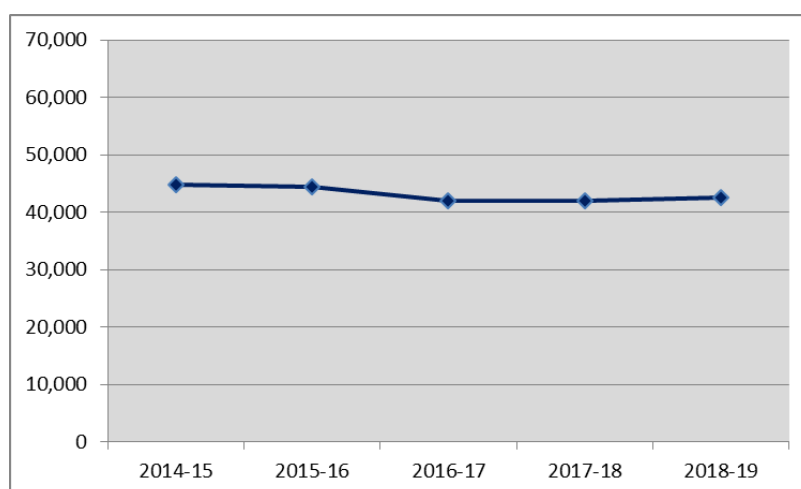
Criminal Business

To facilitate the efficient disposal of criminal business²

- 80% of Crown Court defendants will be arraigned within six weeks of committal;
(In 2018-19 we achieved 91%)
- 80% of Crown Court defendants will start their trial within 18 weeks of committal;
(In 2018-19 we achieved 83%)
- 80% of Crown Court defendants will be sentenced within six weeks of a plea or finding of guilt;
(In 2018-19 we achieved 73%)
- 80% of Magistrates' Courts adult defendants will have their case disposed of within nine weeks of first listing;
(In 2018-19 we achieved 84%)
- A finding will be reached within 12 weeks from first listing for 80% of Youth Court defendants;
(In 2018-19 we achieved 82%)
- 90% of appeals against a sentence will be listed within four weeks of leave being granted to appeal to the Court of Appeal;
(In 2018-19 we achieved 84%)

The chart below shows the levels of criminal business received over the past five years.

Figure 1: Criminal Business Received



² These Standards, with the exception of the Court of Appeal, Causeway and Court Order Standards, are set by the Lord Chief Justice.

Criminal Court Business – Volumes, Disposals and Performance

Business Volumes Received	2018-19	2017-18	% difference
Total Criminal business	42,536	41,950	1%
Crown Court cases	1,331	1,173	13%
Magistrates' adult defendants	39,816	39,307	1%
Magistrates' youth defendants	1,389	1,470	-6%
Business Volumes disposed			
Total criminal business	41,579	41,341	1%
Crown Court cases	1,213	1,320	-8%
Magistrates' adult defendants	38,976	38,580	1%
Magistrates' youth defendants	1,390	1,441	-4%
Sittings			
Total criminal sittings	5,712	5,713	0%
Crown Court	2,489	2,345	6%
Magistrates' adult	2,894	2,972	-3%
Magistrates' youth	329	396	-17%
Performance against a target of 80% compliance			
Crown Court ³	83%	80%	3pp
Magistrates' adult	84%	84%	0pp
Magistrates' youth	82%	88%	-6pp

pp – percentage point

Civil Business

To facilitate the efficient disposal of civil business

- 95% of civil bills will be allocated a hearing date within 15 weeks of receipt of the certificate of readiness;
(In 2018-19 we achieved 100%⁴)
- 98% of claims for Clinical Negligence will be listed for review before the Master within 13 months of receipt of the writ (applicable to writs lodged since 2011);
(In 2018-19 we achieved 97%)

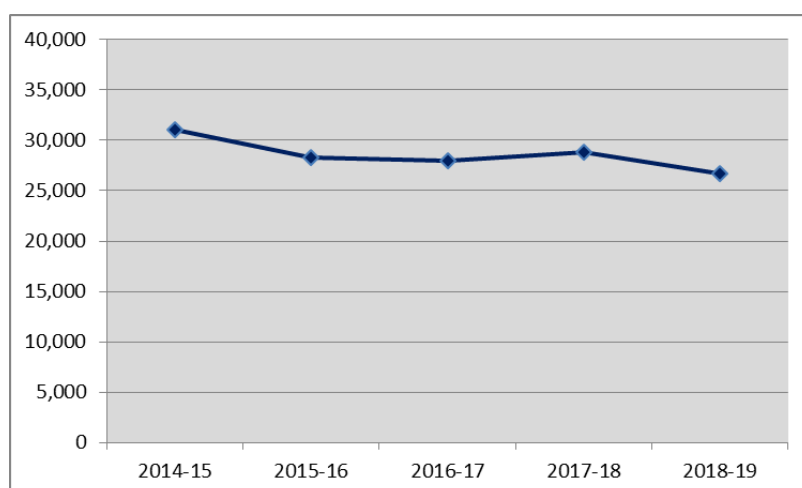
³ Committal to hearing target

⁴ A small number of civil bills were allocated a hearing date outside the standard, however, performance, when rounded, is reported as 100%.

- 98% of claims for Personal Injury will be listed for review within three months of setting down;
(In 2018-19 we achieved 99%)
- 97% of petitions for bankruptcy (presented by creditors) will be listed for hearing within six weeks;
(In 2018-19 we achieved 100%⁵)
- 90% of petitions for bankruptcy (presented by debtors) will be listed for hearing within three weeks;
(In 2018-19 we achieved 99%)
- 85% of applications for Grant of Probate/Letters of Administration will be issued within seven days of receipt of correct information;
(In 2018-19 we achieved 96%)

The chart below shows the levels of civil business received over the past five years.

Figure 2: Civil Business Received



⁵ A small number of petitions for bankruptcy (presented by creditors) were listed for hearing outside the standard, however, performance, when rounded, is reported as 100%.

Civil Court Business – Volumes, Disposals and Performance

Business Volumes Received	2018-19	2017-18	% difference
Total civil business	26,682	28,836	-7%
Civil Bills (Notice of Intentions to Defend)	7,408	7,067	5%
Small Claims	9,537	12,170	-22%
Writs set down	797	718	11%
Mortgages received	1,127	1,072	5%
Bankruptcies received	1,172	1,449	-19%
Probate grants received	6,641	6,360	4%
Business Volumes disposed			
Total civil business	28,505	30,533	-7%
Ordinary Civil Bills	9,348	9,809	-5%
Small Claims	8,304	9,862	-16%
Writs disposed	1,842	2,063	-11%
Mortgages disposed	641	729	-12%
Bankruptcies disposed	1,217	1,463	-17%
Probate grants issued	7,153	6,607	8%
Sittings			
Total civil sittings	2,786	2,740	2%
County Court	2,122	2,059	3%
Queen's Bench	443	470	-6%
Chancery	221	211	5%
Performance against a target of compliance			
Civil Bill Writs set down (98%)	100%	98%	2pp
Petitions for bankruptcy (presented by creditors)	100%	98%	2pp

^R Historical figure for Writs set down was restated during 2017-18

pp – percentage point

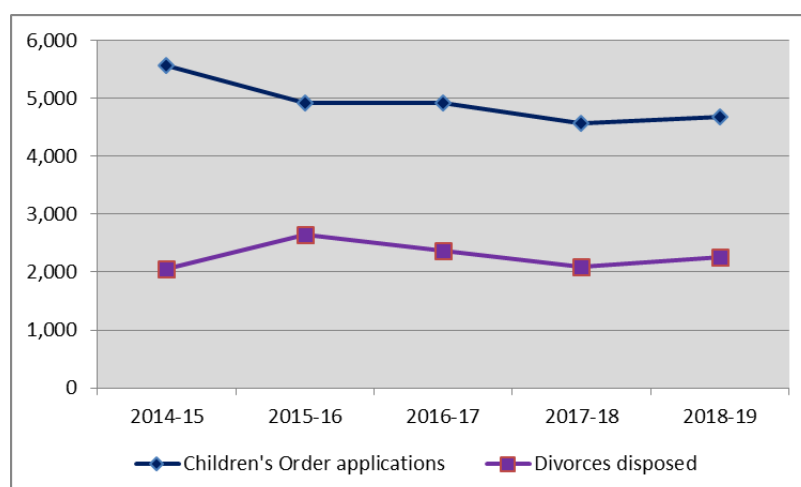
Family Business

To facilitate the efficient disposal of family business⁶

- 92% of Children Order applications will be listed for first directions within six weeks of receipt of correct information;
(In 2018-19 we achieved 98%)
- 95% of annual accounts filed by Controllers on behalf of patients will be reviewed by the Office of Care and Protection within eight weeks of receipt;
(In 2018-19 we achieved 99%)
- 95% of accounts held in court on behalf of patients will be reviewed by the Office of Care and Protection within 12 weeks of the annual review date;
(In 2018-19 we achieved 98%)
- 95% of applications for Enduring Power of Attorney (where no objection has been lodged) will be registered within 40 days of receipt of all required information;
(In 2018-19 we achieved 100%)
- 97% of undefended divorces and dissolution of civil partnerships will be listed for hearing within six weeks of date of receipt and, in the High Court, confirmation of readiness;
(In 2018-19 we achieved 93%)

The chart below shows the levels of family business disposed over the past five years.

Figure 3: Family Business Disposed



⁶ The courts seek to attain the requirement prescribed in the Children (Northern Ireland) Order 1995 that any matter relating to children will be dealt with expeditiously. Any steps in the process will be informed by that statutory imperative and by the provisions of the Case Management Protocol for Public Law cases.

Family Court Business – Volumes, Disposals and Performance

Business Volumes Received	2018-19	2017-18	% difference
Total Family Business	10,170	9,657	5%
Children Order applications	5,042	5,246	-4%
Divorces received	2,507	2,428	3%
Enduring Power of Attorney applications received	1,330	1,037	28%
Controllership applications received	1,291	946	36%
Business Volumes disposed			
Total Family Business	9,338	8,597	9%
Children Order applications	4,686	4,576	2%
Divorces disposed	2,252	2,095	7%
Enduring Power of Attorney registered	1,109	980	13%
Controllership orders issued	1,291	946	36%
Sittings			
Children Order	2,121	1,972	8%
Performance against a target of 90% compliance			
Children Order	98%	97%	1pp

pp – percentage point

Coroners Service Business

To facilitate the efficient disposal of Coroners Service business:

- 97% of all deaths investigated that do not require a post-mortem examination will have the certificate of registration issued to the Registrar of Deaths within three working days of the relevant documentation being received by the Coroner;
(In 2018-19 we achieved 100%⁷)
- 95% of all deaths where a post-mortem examination reveals a natural cause of death will have the certificate of registration issued to the Registrar of Deaths within five working days of the Coroner making the decision to close the case following receipt of the post-mortem report;
(In 2018-19 we achieved 99%)

⁷ A small number of deaths investigated that did not require a post-mortem examination had the certificate of registration issued to the Registrar of Deaths outside the standard, however, performance, when rounded, is reported as 100%.

- In 95% of inquests the administrative listing arrangements will be completed within 28 days of the Coroner's direction to list;
(In 2018-19 we achieved 100%)

Coroners Service Business – Volumes and Performance

Business Volumes	2018-19	2017-18	% difference
Deaths reported	3,947	4,210	-6%
Post mortems with no inquest	1,177	1,007	17%
Inquests held	104	124	-16%
No post mortem and no inquest	2,261	2,407	-6%
Other disposals of registered entries	456	562	-19%
Performance against a target of compliance			
Certificate of registration for deaths not requiring a post-mortem	100%	100%	0pp
Certificate of registration for deaths requiring a post-mortem	99%	99%	0pp

pp – percentage point

Court Funds Office (CFO)

To facilitate the efficient disposal of CFO business:

- 90% of dividend receipts will be posted within five working days of the Registrar's payment date;
(In 2018-19 we achieved 87%)
- 95% of direct credits will be posted within two working days of receipt in the bank account;
(In 2018-19 we achieved 100%⁸)
- 95% of other receipts (cheques, cash or money orders) will be posted on the day of receipt;
(In 2018-19 we achieved 98%)
- 95% of regular payments will be made on or before the due date;
(In 2018-19 we achieved 100%⁸)

⁸ A small number of direct credits and regular payments were outside the standard, however, performance, when rounded, is reported as 100%.

- 95% of payments will be made within five working days of receiving the relevant paperwork in respect of payments made:
 - to minors reaching 18 years old;
 - on foot of a court order or invoice; or
 - on receipt of a Notice of Acceptance.
 (In 2018-19 we achieved 100%⁹)
- 98% of investment sale and purchase transactions will be completed within five working days of the relevant trade;
 (In 2018-19 we achieved 99%)
- 95% of confirmations that funds have been received by CFO will be issued within five working days of receipt of the funds in full in respect of minor cases;
 (In 2018-19 we achieved 99%)

Enforcement of Judgments Office and Taxation Office Business

To facilitate the efficient disposal of EJO and Taxation Office business:

EJO will:

- Accept 90% of Enforcement Applications within ten working days;
 (In 2018-19 we achieved 96%)
- Complete 85% of repossessions within 26 weeks of acceptance;
 (In 2018-19 we achieved 95%)
- Produce summons for interview in 90% of debt cases within six weeks of acceptance;
 (In 2018-19 we achieved 93%)

The Taxing Office will:

- Produce 95% of Taxation Assessments within 15 working days;
 (In 2018-19 we achieved 100%)

⁹ A small number of payments were outside the standard, however, performance, when rounded, is reported as 100%.

Enforcement of Judgments Business – Volumes and Performance

Business Volumes	2018-19	2017-18	% difference
Total money recovered by the Enforcement process	£7.95m	£7.79m	2%
Notices of Intent to Enforce a Judgment	9,148	10,578	-14%
Applications to Enforce a Judgment	4,964	6,323	-21%
Applications for Repossession	558	591	-6%
Repossessions	330	354	-7%
Performance against a target of compliance			
Accept Enforcement Applications	96%	95%	1pp
Issue summons for interview	93%	93%	0pp
Complete Repossessions	95%	98%	-3pp

pp – percentage point

Taxation Office Business – Volumes and Performance

Business Volumes	2018-19	2017-18	% difference
Taxing Applications Lodged	1,179	1,308	-10%
Taxing Assessments Completed	1,240	1,191	4%
Performance against a target of compliance			
Issue Taxation Assessments	100%	100%	0pp

pp – percentage point

Parole Commissioners Secretariat

To facilitate the efficient delivery of support to Parole Commissioners:

- 95% of cases will be scheduled within five working days of receipt from the Department of Justice;
(In 2018-19 we achieved 99%)
- 95% of all decisions will be issued within five working days of receipt from a Commissioner;
(In 2018-19 we achieved 100%¹⁰)

¹⁰ A small number were issued outside the standard, however, performance, when rounded, is reported as 100%.

Parole Commissioners Secretariat – Volumes and Performance

Business Volumes	2018-19	2017-18	% difference
Lifers referrals received	79	85	-7%
Indeterminate/ Extended Custodial Sentence referrals received	185	194	-5%
Determinate Custodial Sentence referrals received	359	383	-6%
Performance against a target of compliance			
Schedule cases	99%	99%	0pp
Issue decisions	100%	100%	0pp

pp – percentage point

Tribunals

- 90% of all Tribunal hearing dates will be offered within the specified number of weeks;
(In 2018-19 we achieved 92%)
- 80% of Mental Health Review Tribunal (MHRT) appeals will be disposed of within eight weeks of receipt¹¹;
(In 2018-19 we achieved 86%)
- 80% of appeals will be offered a first date of hearing within 11 weeks of the Hearing Type Enquiry return;
(In 2018-19 we achieved 85%)
- 95% of parties to the appeal will receive notification of the appeal hearing date 14 days in advance of the hearing;
(In 2018-19 we achieved 100%)

Tribunal Business – Volumes and Performance

Business Volumes Received	2018-19	2017-18	% difference
Total Tribunal Business	13,534	12,952	4%
Care Tribunal	3	4	-25%
Charity Tribunal	10	5	100%
Criminal Injuries Compensation Appeals Panel	284	344	-17%
The Health and Personal Social Services	0	0	N/A

¹¹ This standard is set by the Tribunal President

Business Volumes Received	2018-19	2017-18	% difference
Disqualification Tribunal			
Health and Safety Tribunal	1	0	N/A
Lands Tribunal	151	178	-15%
Mental Health Review Tribunal	287	274	5%
Northern Ireland Traffic Penalty Tribunal	560	531	5%
Northern Ireland Valuation Tribunal	49	41	20%
Office of the Social Security and Child Support Commissioner	220	178	24%
Pensions Appeal Tribunal	142	134	6%
Rent Assessment Panel	6	4	50%
Special Educational Needs and Disability Tribunal	378	300	26%
The Appeals Tribunal	11,443	10,959	4%

Business Volumes Disposed	2018-19	2017-18	% difference
Total Tribunal Business	11,974	9,429	27%
Care Tribunal	3	1	200%
Charity Tribunal	2	7	-71%
Criminal Injuries Compensation Appeals Panel	309	349	-11%
The Health and Personal Social Services Disqualification Tribunal	0	0	N/A
Health and Safety Tribunal	1	0	N/A
Lands Tribunal	150	160	-6%
Mental Health Review Tribunal	271	275	-1%
Northern Ireland Traffic Penalty Tribunal	605	521	16%
Northern Ireland Valuation Tribunal	42	40	5%
Office of the Social Security and Child Support Commissioner	181	191	-5%
Pensions Appeal Tribunal	124	137	-9%
Rent Assessment Panel	6	2	200%
Special Educational Needs and Disability Tribunal	339	254	33%
The Appeals Tribunal	9,941	7,492	33%

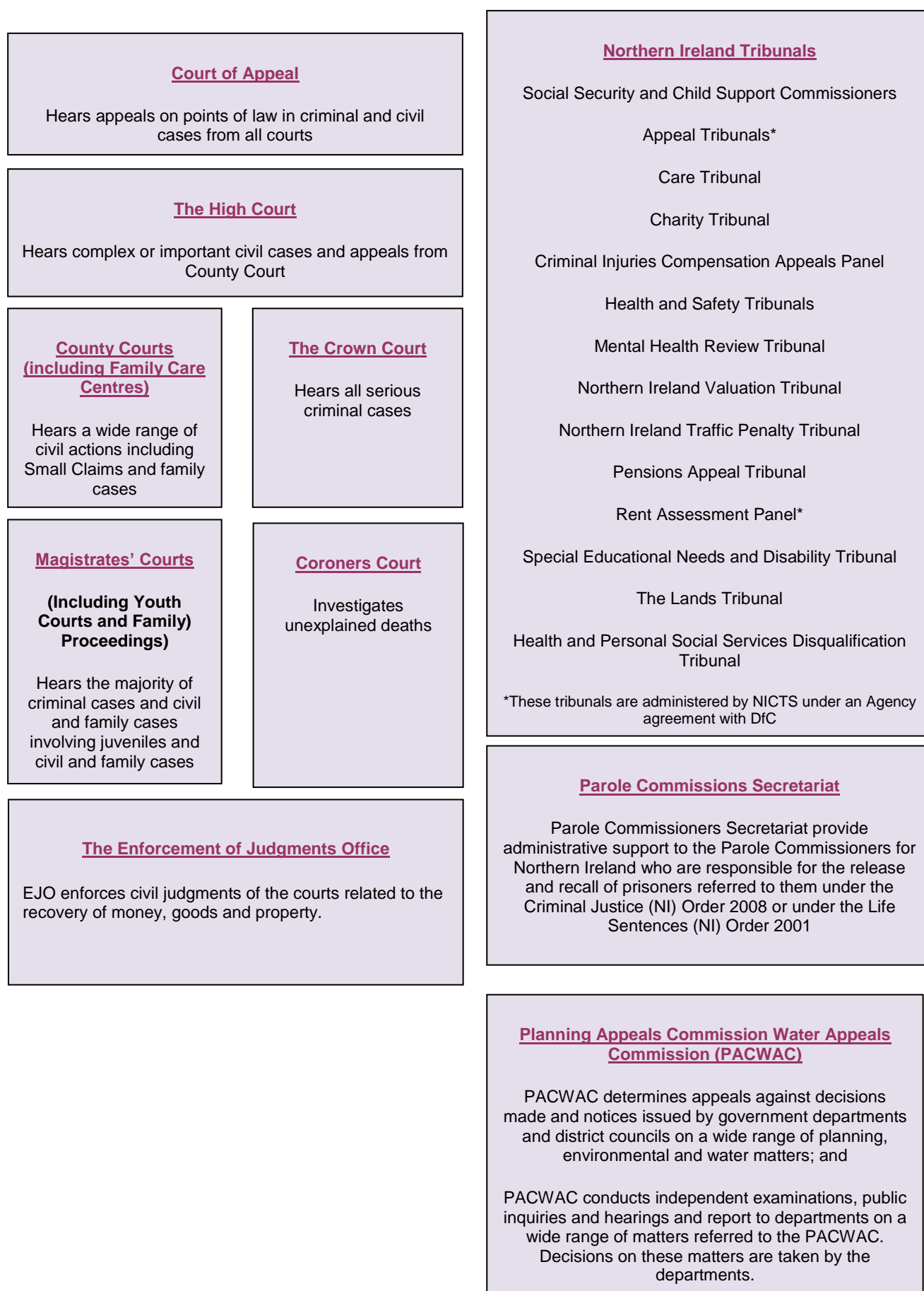
Appendix 1 Administrative Court Divisions



Administrative Court Division	Court venues within the Administrative Court Division	Local Government District
North Eastern	<ul style="list-style-type: none"> Antrim Ballymena Coleraine Limavady Laganside Courts 	<ul style="list-style-type: none"> Antrim and Newtownabbey *Belfast Causeway Coast and Glens Mid and East Antrim
South Eastern	<ul style="list-style-type: none"> Armagh Craigavon Downpatrick Newry Newtownards Lisburn 	<ul style="list-style-type: none"> Armagh, Banbridge and Craigavon Newry, Mourne and Down North Down and Ards Lisburn and Castlereagh *Belfast
Western	<ul style="list-style-type: none"> Dungannon Enniskillen Londonderry Omagh Strabane Magherafelt 	<ul style="list-style-type: none"> Derry and Strabane Fermanagh and Omagh Mid Ulster

* The Belfast Local Government District Wards of Ladybrook, Dunmurry, Lagmore, Poleglass and Twinbrook are within South Eastern ACD.

Appendix 2 Northern Ireland Courts and Tribunals Structure



Appendix 3

Judicial Complement in Northern Ireland

Judicial complement of salaried and fee paid judicial officers in Northern Ireland as at 31 March 2019:

Lord Chief Justice	1
Lord Justices of Appeal	3
High Court Judges	10
County Court Judges	18
District Judges (Magistrates' Courts)	21
District Judges	4
High Court Masters	7
Social Security and Child Support Commissioners	2
Coroners	3*
Lands Tribunal Member	1
Appeal Tribunal Member	2
Total	72
Lay Magistrates	128
Fee Paid Tribunal members	365
Number of Deputy and fee paid Judicial Officers	61
Parole Commissioners	40
PACWAC Commissioners	17.5

* In addition, there are 12 salaried judges who hold the role of Coroner concurrently with their other judicial post

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