

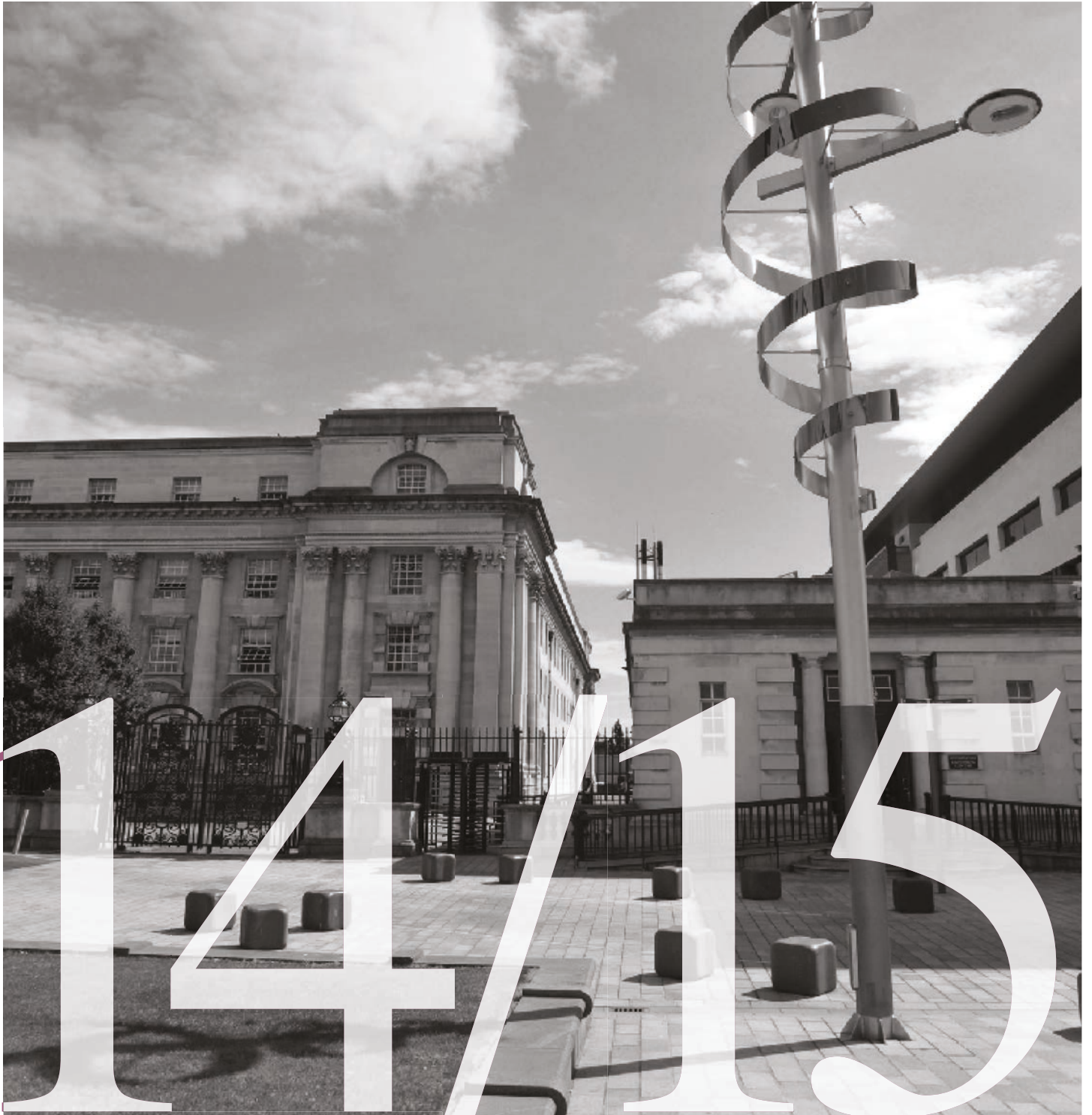


Northern Ireland

Courts and
Tribunals Service

www.courtsni.gov.uk

Annual Report and Accounts



serving the community through the administration of justice

Northern Ireland Courts and Tribunals Service

Annual Report and Accounts for the year ended 31 March 2015

Laid before the Northern Ireland Assembly under section 11(3) (c) of the
Government Resources and Accounts Act (Northern Ireland) 2001 by the
Department of Justice on **02 July 2015**



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FOREWORD BY THE CHIEF EXECUTIVE

In presenting this my first Annual Report and Accounts as Chief Executive of the Northern Ireland Courts and Tribunals Service, I would wish to pay tribute to my predecessor Mrs Jacqui Durkin. Jacqui worked in the Northern Ireland Courts and Tribunals Service (NICTS) for over 30 years, serving as Chief Executive from 1 October 2012 to 14 September 2014. On 15 September 2014 Jacqui transferred to a senior post in the Department of Education (NI).

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 are also responsible for enforcing the judgments of the civil courts through the Enforcement of Judgments Office (EJO), for funds in court through the Court Funds Office (CFO) and the Parole Commissioners Secretariat.

2014-15 was a challenging year for the NICTS as we like other public sector organisations were required to deliver significant budget reductions. During the year our budget was reduced by £2.7m and as a result we had to take a series of difficult decisions including one that resulted in the temporary closure of the Old Townhall Courthouse. A savings plan aimed at delivering an additional £1.8m reduction in our funding allocation is in place for 2015-16.

Notwithstanding the difficulties we face, NICTS remains committed to the delivery of quality services and the pursuit of continuous improvement. This was clearly demonstrated during the year when our Customer Service Excellence (CSE) re-accreditation was awarded.

In preparation for the financial challenges ahead and in the context of the Executive's Programme of Public Sector Reform and Restructuring, we launched a Modernisation Programme in November 2014. The Programme, which comprises the five projects briefly outlined below, aims "to ensure NICTS is structured and resourced to provide efficient and effective service delivery to users; and to have a workforce that is equipped to work in a new and increasingly challenging environment". The projects are:

- Rationalisation of the NICTS Estate;
- Service Delivery;
- Income Generation;
- Court Funds Reform; and
- Workforce Planning.

As we consider the need to rationalise the court estate, a consultation document was published in January 2015 seeking the views of the public on the possibility of closing up to eight courthouses. The consultation closed on 18 May 2015 and it is our intention to report the outcome to the Justice Minister later this year. NICTS recognises that this is a sensitive issue and will consider carefully all consultation responses received.

As you read this Report I trust that you will find it informative. NICTS is responsible for delivering services in Courts across Northern Ireland and a range of Tribunals. 81% of our staff are engaged in operational frontline duties often dealing with complex and sensitive issues with individuals at some of the most difficult times in their lives.

In presenting this Report it is right that I pay tribute to all our staff for the commitment they show and the work they do. Since joining NICTS I have been impressed by the dedication and hard work I have witnessed right across the organisation.



Ronnie Armour
Chief Executive, NICTS

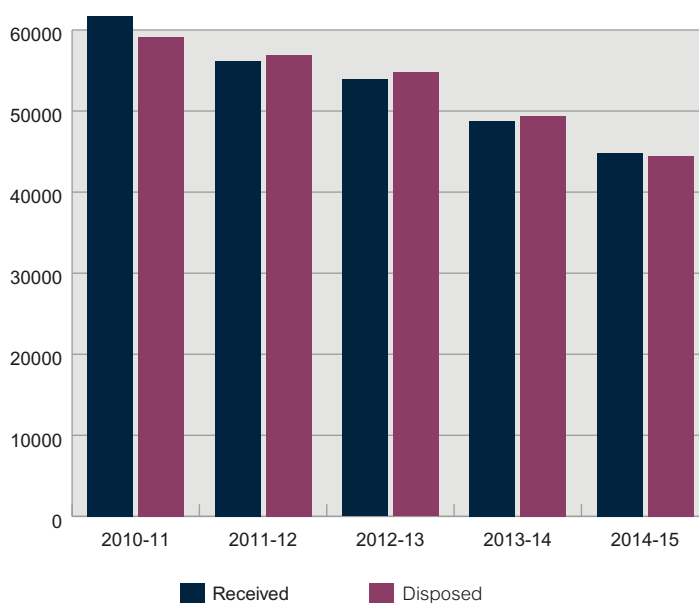
2014-15 HIGHLIGHTS

Deliver efficient and effective court, tribunal and enforcement services

Criminal Court Business

- The Crown Court received 1,530 and disposed of 1,504 cases, a decrease of 12% and 22% respectively from the previous year.
- The number of adult defendants received in the Magistrates' Courts decreased by 8% to 41,374, with disposals decreasing by 9% to 40,994.
- There has been a 12% decrease in the number of Youth Court defendants received to 1,965, while the number disposed of decreased by 16% to 1,914.
- The total volumes of criminal court business received and disposed decreased by 8% and 10% respectively compared to 2013-14.

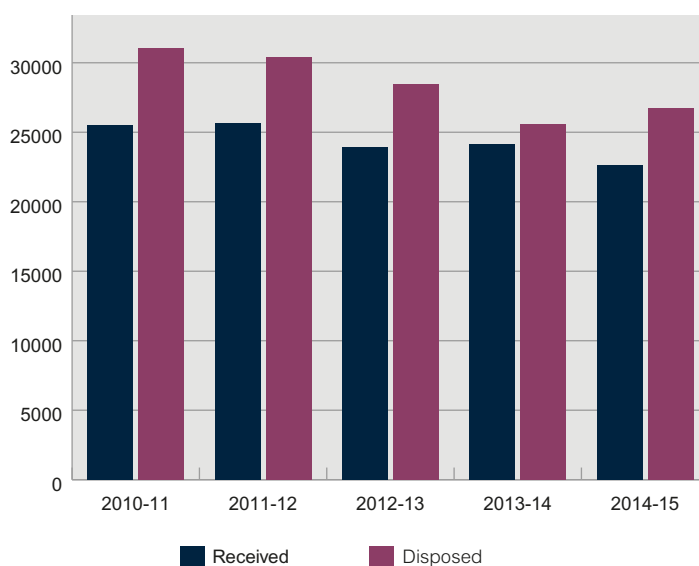
Criminal Court Business Cases Receipts and Disposals 2010-11 to 2014-15



Civil Court Business

- The volume of civil court business received decreased by 6%, with disposals increasing by 4%.

Civil Court Business Cases Receipts and Disposals 2010-11 to 2014-15



Family Court Business

- There has been a 5% decrease in the number of Children Order applications received and a 4% increase in the number of those disposed of.

Court Funds Office (CFO)

- The number of minor and patient cases with funds in court decreased from 13,141 at 31 March 2014 to 13,023 at 31 March 2015. During the year, a total of 1,895 cases were paid out in full with funds received for 1,777 new cases.
- The value of funds under the management of CFO increased from £301m to £309m.

Tribunal Business

- 15,183 cases were received in 2014-15, a decrease of 28% on the previous years total of 21,114.
- 17,429 cases were disposed of during 2014-15, a decrease of 29% on the previous years total of 24,382.

Parole Commissioners Secretariat

- Referrals and caseload continued to rise with 618 referrals received and 893 decisions and recommendations issued during 2014-15. This represents an increase of 7% and 22% respectively on the previous year.
- The new electronic case management system introduced in 2014-15 has assisted in providing for the discrete processing of all referrals and recording of case information.

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

- All 19 courthouses in Northern Ireland maintained their CSE Standard, the Government standard for Public Service Excellence.
- A consultation paper was launched in January 2015 on the rationalisation of the court estate, which also seeks views on reconfigured court boundaries and the concept of dedicated civil and family centres with the co-location of criminal business at certain court venues.
- Under the Modernisation Programme a Service Delivery Review project was initiated which aims to design an enhanced, integrated and affordable service delivery model for court users.
- Interpreting and translation services were delivered across all court and tribunal venues in compliance with EU Directive 2010/64.
- NICTS worked in partnership with the Police Service of Northern Ireland (PSNI) to deliver streamlined, consistent and secure arrangements for the service of domestic violence orders.
- Additional information sharing security protocols were developed so that both family and probation reports can be sent electronically and NICTS continue to outreach to other customers to maximise the use of online services.
- NICTS implemented new territorial arrangements for fine default courts following a legal challenge on the long established arrangements. These commenced in June 2014.
- NICTS worked with partners to extend the use of remote witness links for vulnerable witnesses and is planning a pilot in one court location in 2015-16 to test the success of various options to reduce waiting times for witnesses at court.

- Effective case management of the Crown business at Belfast Crown Court resulted in a continued decrease in outstanding business and a significant reduction in delays in cases being listed for trial. At the end of March 2014 outstanding trials had reduced to 238 and this reduced to 69 cases at the end of March 2015.
- In July 2014 the Administrative Bail Protocol was extended to allow the same procedures for Crown bail applications from regional offices over recess periods. The protocol was further revised in respect of the cases managed by the High Court Judges in October 2014. This has resulted in a high volume of bails being completed administratively; reducing judicial/court time, legal expenses and the need to produce prisoners.
- NICTS carried out an internal review of the Coroners Service for Northern Ireland and is committed to implementing recommendations that will provide enhanced support to Coroners, improve performance and deliver an on-line solution for death reporting.
- NICTS has developed and maintained an effective governance and accountability framework and ensured effective administrative support for the Parole Commissioners for Northern Ireland (PCNI) to support the delivery of high quality services.

Develop and lead our people to achieve our business objectives

- Investors in People (IiP) standards were adhered to.
- A corporate training plan for 2014-15 was agreed and delivered which increased effectiveness and better supported the delivery of the business objectives.
- An effective induction and job skills training programme was implemented which covered key areas across all court tiers.
- NICTS worked in partnership with the Northern Ireland Prison Service (NIPS) to deliver Safe Talk - Suicide Awareness training to front line staff in contact with distressed and vulnerable customers.

Deliver a controlled financial and commercial environment achieving value for money

- Overall expenditure was contained within the total budget set by DOJ, however there was an overspend of £141k in non-ring fenced Departmental Expenditure Limits (DEL).
- NICTS met all statutory financial reporting deadlines.
- Efficiencies were delivered from the HRConnect project by embedding the new service delivery model and exploiting further business improvement opportunities.
- An Internet Protocol (IP) telephony project was delivered which maximised Northern Ireland Civil Service (NICS) shared services benefits and redirected resource efficiencies to frontline staff.

Full details of business volumes received and disposed of can be found at **Annex D**.

PART 1 CHIEF EXECUTIVE'S REPORT

This is the Annual Report and Accounts for NICTS (“the Agency”) for the financial year ended 31 March 2015. These Statements have been prepared in accordance with directions given by the Department of Finance and Personnel (DFP) in pursuance of the Government Resources and Accounts Act (Northern Ireland) 2001.

Who we are

The Agency is an Executive Agency of DOJ of Northern Ireland. We are accountable to the Northern Ireland Assembly through the Minister of Justice, **David Ford MLA** (“the Minister”).

The role of the Agency is to:

- provide administrative support for Northern Ireland’s courts, tribunals and Parole Commissioners;
- support an independent Judiciary;
- provide advice to the Minister on matters relating to the operation of the courts and the tribunals;
- 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 for the registration of judgments under international conventions.

Corporate Aims and Values

Our corporate aim is:

“Serving the community through the administration of justice”

Corporate Values

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 19 courthouses and a number of tribunal hearing centres across Northern Ireland, the largest being Laganside Courts and the Royal Courts of Justice (RCJ) in Belfast. All of our courthouses have achieved the **CSE Standard** in recognition of the high level of customer service provided. Further information on our structure is included in the appendices to this Report:

Appendix 1 Court Divisions and Map;

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 the Agency. The Framework Document was last updated in November 2013 and the current version is available on our website (www.courtsni.gov.uk).

Agency Board

The NICTS Agency Board (“the Board”) provides direction to the Agency in the discharge of its responsibilities.

The Chief Executive, **Ronnie Armour**, is the Board Chair and the Agency’s Accounting Officer. He is supported by the Heads of Court Operations, Tribunals and Enforcement, Finance and Estates, two independent Board members, a Departmental representative and four judicial attendees. During 2014-15 the Head of Business Support attended as requested.

The Board consists of:

- Chief Executive, **Ronnie Armour**, who chairs the Board;
- Head of Court Operations, **Peter Luney**;
- Acting Head of Tribunals and Enforcement, **Mandy Morrison**;
- Head of Finance and Estates, **Sharon Hetherington**;
- a DOJ representative, **Mr David A Lavery CB**; and
- two independent members, **PJ Fitzpatrick** and **Colm McKenna**.

Mr PJ Fitzpatrick was appointed in April 2009 and re-appointed on 1 April 2013 until 31 March 2016. Mr Fitzpatrick chairs the Agency Audit and Risk Committee.

Mr Colm McKenna joined the Board in May 2011, with his contract extended in April 2014 to run until 31 March 2016. Mr McKenna is a member of the Agency’s Finance Committee and the CFO Judicial Liaison Committee.

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 Honourable Mr 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 (replacing Mr Conall MacLynn who retired in October 2014).

The Board meets quarterly and is responsible for 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 Committee.

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

Court Operations (Peter Luney)

Court Operations is responsible for providing administrative support for criminal, civil and family court business and the Coroners Service. The courts deal with approximately 79,000 criminal, civil and family cases each year. Coroners deal with around 4,000 deaths reported to them and hold nearly 120 inquests per year.

Tribunals and Enforcement (Mandy Morrison)

Tribunals and Enforcement Division is responsible for providing the administrative support for the majority of Northern Ireland's tribunals¹, PCNI and EJO. Tribunals and PCNI hear around 33,000 cases each year and approximately 19,000 notices of intention to enforce are lodged with EJO annually.

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).

Business Support (Elaine Topping)

Business Support delivers corporate support, information assurance, communications and information communications technology (ICT) and a payroll support service to Judicial Office Holders.

Finance and Estates (Sharon Hetherington)

Finance and Estates support NICTS to make efficient use of resources and to deliver open and transparent accounting practices. The Division's remit includes management of NICTS finances, estate maintenance and security, procurement, contract management and the operation of CFO.

Our People

The number of staff employed by NICTS at the end of the year was 732 with a further 143 employed by the Department for Social Development (DSD) to support The Appeals Service (TAS) which is administered by NICTS. The majority of staff (81%) are located in frontline service posts in courthouses, tribunal hearing centres, Parole Commissioners Secretariat, EJO or in CFO.

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

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

NICTS is committed to ensuring staff have the right skills and knowledge to perform their jobs effectively. In addition to the training opportunities provided to staff through the Agency's Corporate Learning Plan, NICTS continue to offer staff the opportunity to undertake a specific court and tribunal National Vocational Qualification (NVQ).

A Staff Engagement Forum was established in May 2014 with representatives from every grade and business area and a Staff Engagement Action Plan was developed to build on the work established under the liP framework and principles.

Agency-specific induction training is delivered to all new entrants and includes a Victims and Witnesses Awareness half-day session delivered by Victim Support and Women's Aid.

As well as NICS generic training provided by the Centre for Applied Learning other training specific to specialist roles is also offered as continuous professional development.

The Job Skills Training Programme which is designed specifically for operational staff continues to offer focussed training sessions. In 2014 courses were delivered in the new Fine Default procedures and extensive operational guidance was developed in Family Proceedings, Family Care, Domestic and County Court Civil resulting processes as well as some of the more complex areas of criminal resulting.

Staff sickness and absence is managed in accordance with the NICS Inefficiency Sickness Absence Policy. Absence levels across the Department are managed against indicators which are set for each of the agencies and feed into the overall Departmental target. The indicator agreed for NICTS for 2014-15 was 8.7 days. The DOJ target for 2014-15 was 9.2 days.

The average days lost per whole time equivalent member of staff for 2014-15 was 11.1 days (2013-14: 11.0 days).

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

The Agency 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. It promotes a working environment where all members of staff are treated with dignity and respect. The Agency promotes equality of opportunity and supports the commitments set out in the DOJ Equality Scheme.

Support for the Northern Ireland Judiciary

NICTS is responsible for providing administrative support to the Northern Ireland Judiciary. There are 69 full-time and two part-time judicial office holders, 61 deputy court judicial officers, 165 Lay Magistrates, 41 Parole Commissioners and 361 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 Protocol on Judicial Discipline are published on the NICTS website (www.courtsni.gov.uk);
- maintaining arrangements for the welfare, training and guidance of the Judiciary; and

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

The Lord Chief Justice, the Rt Hon Sir Declan Morgan, is supported by the Presiding Coroner (The Hon. Mr Justice Weir), the Presiding County Court Judge (His Honour Judge McFarland, Recorder of Belfast), the Presiding District Judge (Magistrates' Courts) (Mrs Fiona Bagnall), the Presiding District Judge (Ms Isobel Brownlie), the Presiding Master (Mr Cathal McCorry) and the Presiding Lay Magistrate (Mr David Moore).

Further information on the judicial complement can be found in **Appendix 3**.



Ronnie Armour
Accounting Officer
23 June 2015

PART 2 STRATEGIC REPORT

The NICTS Business Plan for 2014-15 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 2014-15 to achieve these strategic objectives.

Deliver efficient and effective court, tribunal and enforcement services

Business volumes during 2014-15 were as follows:

	Cases Received	Cases Disposed of
Criminal	44,869	44,412
Civil	22,654	26,757
Family	7,898	7,613
Tribunals	15,183	17,429
Parole Commissioners	618	629 ²

Criminal Business

Criminal business includes criminal cases dealt with in the Crown Court and in 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 2014-15 there was an 8% decrease in the number of criminal cases received to 44,869 (2013-14: 48,798). The number of criminal cases disposed of also decreased by 10% to 44,412 (2013-14: 49,429).

² based on an offender going through the totality of the processes available in his/her particular circumstances

Civil Business

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

During 2014-15 there was a 6% decrease in civil business received to 22,654 (2013-14: 24,119). During 2014-15, the disposal rate for civil business increased by 4% to 26,757 (2013-14: 25,606).

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 2014-15 overall family business received decreased by 5% to 7,898 (2013-14: 8,275). Business disposed of during 2014-15 decreased by 1% to 7,613 (2013-14: 7,726).

Coroners Service

Coroners inquire into deaths reported to them 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 2014-15 the number of deaths reported to the Coroner increased by 4% to 4,006 (2013-14: 3,856). There was an 18% decrease in the number of inquests heard to 115 (2013-14: 140); a 3% decrease in the number of post-mortems held to 1,092 (2013-14: 1,124); an 8% increase in the number of cases that did not require a post-mortem to 2,014 (2013-14: 1,872) and a 4% decrease in other disposals to 691 (2013-14: 719).

Court Funds Office (CFO)

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;
- 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 13,000 individuals. At 31 March 2015, CFO held funds totalling just over £309m.

Tribunals

Northern Ireland Valuation Tribunal (NIVT)

NIVT hears appeals by home owners against their domestic rates. NIVT also hears appeals from decisions relating to rating rebates. During 2014-15 there was an increase of 11% in the number of appeals received, 59 compared to 53 in 2013-14.

Social Security and Child Support Commissioners

The Social Security Commissioners and Child Support Commissioners determine appeals on points of law from the Appeals Tribunal under the Social Security and Child Support legislation.

During 2014-15 there was an increase of 18% in the number of applications and appeals received, 273 (2013-14: 232).

Pensions Appeal Tribunal (PAT)

PAT hears appeals from ex-servicemen or women who have had their claims for a War Pension rejected by the Secretary of State for Defence. During 2014-15 there was a decrease of 3% in the number of appeals received to 138 (2013-14: 143).

Northern Ireland Traffic Penalty Tribunal (NITPT)

NITPT hears appeals from Penalty Charge Notices (PCNs) issued by or on behalf of the Roads Service. During 2014-15 there was an increase of 1% to 574 (2013-14: 570).

Criminal Injuries Compensation Appeals Panel Northern Ireland (CICAPNI)

The purpose of CICAPNI is to support the victims of violent crime by determining appeals from decisions made by the Compensation Service in respect of entitlement to criminal injury and criminal damages payments. During 2014-15 there was a decrease of 1% in the number of appeals received to 502 (2013-14: 506).

Special Educational Needs and Disability Tribunal (SENDIST)

SENDIST considers parents' appeals from the decisions of Education and Library Boards (the "Board") about children's special educational needs, where the parents cannot reach agreement with the Board. It also deals with claims of disability discrimination in relation to children at school. During 2014-15 there were 121 appeals received, which mirrors the figure from the previous year.

Mental Health Review Tribunal (MHRT)

MHRT reviews the cases of patients who are compulsorily detained or are subject to guardianship under the Mental Health (Northern Ireland) Order 1986. MHRT's function is to provide mental health patients with a safeguard against unjustified detention in hospital or control under guardianship. During 2014-15 there was an increase of 2% in the number of applications and referrals to 311 (2013-14: 304).

Northern Ireland Charity Tribunal (NICT)

NICT was established on 1 April 2010 to hear appeals from decisions made by the Charity Commission in respect of the registration of an organisation as a charity. During 2014-15 there was an increase of 60% in appeals received to 16 (2013-14: 10).

Care Tribunal

The Care Tribunal hears appeals from decisions prohibiting or restricting the employment of individuals teaching or working with children, working with vulnerable adults, or decisions concerning the registration of social workers. The Tribunal also hears appeals from decisions relating to the regulation of residential care homes, nursing homes, children's homes, nursing agencies and independent health care providers. During 2014-15 there was over double the number of appeals received compared to 2013-14 (10 in 2014-15 compared to 4 in 2013-14).

Lands Tribunal

The Lands Tribunal hears cases concerning the value of land and buildings and about their occupation, use or development. In 2014-15 there was an increase of 8% in the number of cases received to 150 (2013-14: 139).

The Appeals Tribunal (TAS)

TAS is responsible for welfare benefit appeals from decisions of the Social Security Agency (SSA), in addition to appeals from decisions made by the Child Maintenance Service, HM Revenue and Customs (HMRC), Northern Ireland Housing Executive (NIHE) and Land and Property Services (LPS). In 2014-15 there was a decrease of 32% in the number of appeals received to 13,016 (2013-14: 19,016).

Northern Ireland Health and Safety Tribunal (NIHST)

NIHST was established on 1 April 2010 and adjudicates on appeals from decisions made in relation to asbestos or petroleum-spirit licences. During 2014-15 the Tribunal did not receive any appeals, as was also the case in 2013-14.

Health and Personal Social Services Disqualification Tribunal

The Tribunal enquires into cases where it is represented that continued inclusion of any person in any list of practitioners prepared under Part VI of the Health and Personal Services (Northern Ireland) Order 1972 for the provision of general medical, dental, ophthalmic or pharmaceutical services would be prejudicial to the efficiency of the services. During 2013-14 the Tribunal did not receive any appeals, as was also the case in 2013-14.

Rent Assessment Panel (RAP)

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 2014-15 there was a decrease of 13% in the number of appeals to 13 (2013-14: 15).

Parole Commissioners Secretariat

Over the past year the number of cases referred to the Parole Commissioners for review, recommendation and consultation has continued to increase although at a much slower rate. Whilst most cases remain at a steady rate for referral and completion, there has been a significant rise in the number of Extended Custodial Sentenced (ECS) prisoners recalled and subsequently reviewed (57 cases in year against 33 last year – a 73% increase). The overall workload has increased this year by 7%.

The Chief Commissioner publishes an Annual Report on the work of the Parole Commissioners.

Enforcement of Judgments Office

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

In 2014-15 receipts of the initiating document, Notice of Intention to Enforce a Judgment, decreased slightly by 7% to 18,583 (compared to 19,971 in 2013-14). The number of applications to enforce has decreased by 4% to 12,417 (compared to 12,990 in 2013-14).

The economic climate continues to have an impact on the work of EJO, particularly in progressing existing debt cases. However, increasing enforcement activity in debt cases has significantly raised the total monies recovered through the enforcement process by 41% to £10.0m (compared to £7.1m in 2013-14).

The number of applications for the possession of property has decreased this year by 17% to 1,438 (2013-14: 1,733). The number of cases ending in the property being repossessed by EJO, rather than by way of voluntary arrangement, whilst still significant compared to the start of the recession in 2008, has fallen by 33% to 1,084 during 2014-15 from 1,629 in 2013-14.

Enforcement Officers continue to work closely with PSNI colleagues to ensure that judgments are executed fully and to effectively manage any risks to those involved in the enforcement process.

Further, EJO also liaised closely with advice bodies including the Housing Rights Service, Advice NI, Christians Against Poverty and with creditors' representatives to encourage early and better engagement between creditors and debtors. EJO has also engaged with the Public Health Authority and the Health and Social Care Board to develop enhanced arrangements for vulnerable debtors and held a number of User Forum meetings (chaired by the Chief Enforcement Officer) with EJO users.

Other initiatives to improve performance and efficiency have continued and include:

- review of the role of Enforcement Officers and new ways of working introduced to improve efficiency;
- introduction of revised arrangements for the interview of all debtors;
- increased flexibility in the listing of repossession cases;
- charging for late cancellation of repossessions cases by creditors;
- promotion of online case tracking as a preferred method of contact;
- the creation of a single team to process money judgments and implementation of revised processes and procedures;
- the development of an IT interface with the Bankruptcy Court; and
- closer working partnership with LPS by developing a Memorandum of Understanding (MOU) and the completion of a Data Sharing Agreement.

Supporting an independent Judiciary

NICTS works in partnership with the Judiciary on a wide range of issues which impact on the courts and the tribunals, including the achievement of the performance standards set by the Lord Chief Justice (the 2014-15 performance standards can be found at **Annex D**).

Speeding up Justice

Throughout 2014-15 NICTS continued to work with DOJ colleagues on a number of legislative changes being developed to tackle delay. These initiatives include the abolition of Preliminary Investigations in the Magistrates' Court, direct transfer of murder and manslaughter cases to the Crown Court, robust protocols for the identification and management of early guilty pleas plus arrangements for statutory case management.

In January 2015 NICTS participated in the launch of a 12 month pilot in the Division of Ards to evaluate new arrangements to tackle delay in the investigation and prosecution of indictable (Crown Court) cases. The pilot arrangements were developed in partnership with other criminal justice organisations, and are intended to improve the quality and timeliness of the investigative stages with enhanced engagement between Public Prosecution Service (PPS) and PSNI at key points. The process also contains measures to maximise the opportunities for early guilty pleas and, in addition, has specific interventions in relation to the preparation and management of contested cases.

Court and Tribunal Orders

A Criminal Justice Inspectorate review of Court Orders was published on 13 September 2013. The inspectors acknowledged the significant improvements made by NICTS in its administrative arrangements, which has resulted in an accuracy level of 99.2% in all criminal court orders. This report highlights the investment made by NICTS in reviewing checking mechanisms and implementing improvements to processes and systems.

NICTS is committed to ensuring that court orders are recorded and prepared accurately and issued in a timely way. Internal Audit carry out periodic independent, unannounced reviews of court orders as part of their inspection programme. NICTS continues to review its checking mechanisms and in 2014-15 introduced a new single control document to assist staff in this important area.

In Tribunals and EJO, robust quality control procedures are in place to ensure administrative and information assurance processes are effective and tribunal decisions and performance standards are recorded accurately.

The Quality Assurance Team within TAS has completed on average 3,000 man hours of in-house staff training across a wide range of administrative processes. A review of document management at selected stages of appeal was also initiated to improve the efficiency and integrity of the process.

Administrators continued to support and inform the President of TAS on the implementation of new initiatives to maximise the volume of tribunal hearings and reduce adjournments. The backlog which had accrued, following a high volume of Employment Support Allowance appeals at the beginning of this financial year has been managed downwards. NICTS continued to provide administrative support to DSD and the Social Security Agency (SSA) in their implementation of the Welfare Reform Programme. The DSD Appeal Reform Project Board was proactive in mapping new processes to underpin the introduction of Direct Lodgement and Mandatory Reconsideration. It also conducted a review of existing processes to identify potential efficiencies to reduce delay and costs.

The preparatory work to publish future and historical decisions of SENDIST has been completed and decisions will be posted on the NICTS website early in the new financial year along with an explanatory guide to assist tribunal users.

Administrators have continued to work in close collaboration with Tribunal Judiciary throughout the year. With on-going support from our Judiciary, staff have benefited from bespoke training on the remit and jurisdiction of the Office of Social Security and Child Support Commissioners and PAT. A number of tribunals benefited from group training events led by tribunal Presidents and Chairpersons and a training session dedicated to raising awareness of Autism was also delivered.

Preparation for the relocation of the Hearing Centre to a dedicated suite within RCJ was extensive, with the move taking place in April 2015. The consultation and advice from judiciary and stakeholders proved extremely valuable in enabling NICTS identify ways to continue to provide as positive an experience as possible for tribunal users. This joint consultation will continue into 2015-16 to maximise the potential of the location and to address any key issues that arise.

NICTS continues to support and maintain Her Majesty's Courts and Tribunals Service under the current Service Level Agreement. There has been a significant increase in sitting days requested by the UK Tribunal Service during 2014-15, particularly in respect of the Immigration and Asylum Tribunal, which provides a significant income stream for the Tribunal Hearing Centre.

Business Processing

In January 2015 NICTS launched a 12 week public consultation period on the rationalisation of the court estate. The consultation in addition to seeking views on proposals to rationalise the court estate is seeking views on:

- a reconfiguration of the existing court boundaries to take account of changes to Local Government Districts in Northern Ireland; and
- the concept of dedicated civil and family centres and the brigading of criminal business at certain court venues.

The proposed re-configuration of court boundaries would divide Northern Ireland administratively into three Administrative Court Divisions rather than the current seven statutory Divisions.

NICTS has also initiated a Service Delivery Review project to examine the current operating model of NICTS, including processes, practices and resources, with a view to establishing integrated services and support for courts and tribunal users and ensure the organisational structure is fit for purpose.

Coroners Service

An internal review of the Coroners Service was carried out during 2014-15 to determine if the Coroners Service for Northern Ireland (CSNI) was performing effectively and to identify any issues relating to working practices or decision making processes. The full report was issued in August 2014 with 26 recommendations for improvement.

A key recommendation was the creation of a dedicated case management team to provide more visible support to Coroners and improve case handling procedures. This recommendation was welcomed by Coroners and staff and a new case management unit became operational from January 2015. Initially focus will be on clearing older cases and increasing the number of cases that can be listed for inquest generally, for example, greater emphasis has been placed on scheduling multiple listings for courts outside Belfast.

In addition, the CSNI out of hours service at weekends and public holidays re-located to Front of House in RCJ from Mays Chambers in November 2014.

Fine Collection and Enforcement

Following a legal challenge to the long established procedures for collecting and enforcing unpaid fines, NICTS implemented new territorial arrangements which include a fine default hearing before a Judge who will determine what enforcement action should be taken. These hearings commenced for Crown Court imposed fines in January 2014 and those in respect of Magistrates Court imposed fines commenced in June 2014.

NICTS supported the Judiciary in reviewing 32,631 outstanding fine warrants (recalled from PSNI following the Judicial Review challenge) which resulted in just over 71% of the fines by value being subject to a new fine default hearing process and just under 29% of fines by value being remitted by the Judiciary.

The Agency continued to operate its Fine Collection Scheme throughout 2014-15 to encourage debtors to pay without the need for enforcement. Fine Officer interventions have resulted in 37% more debtors making payment during the period.

NICTS continued to work with DOJ colleagues on the fine default reform proposals being taken forward in the Fines and Enforcement Bill which will include the development of a civilianised fine enforcement service. Work on creating the new system is well underway in preparation for the drafting of the Bill. Legislative programme in relation to the Fine and Enforcement Bill remains on schedule and the intention is to introduce the Bill to the Assembly before the summer recess to enable the legislation to have obtained Royal Assent by April 2016. Supporting regulations will also be progressed to enable the new service to be operational by the end of 2016. The new Service to be introduced will create a more cost effective system which will represent value for money and better use of the limited resources available.

Criminal Justice Inspection Northern Ireland (CJINI) Engagement

Although there were no reports published during 2014-15 specifically on the work of NICTS, CJINI published several thematic cross agency follow-up reviews relevant to the work of NICTS.

NICTS will continue to monitor those CJINI recommendations that impact on it to ensure they are addressed and that agreed recommendations are implemented at the earliest possible date.

Interpreter Services

NICTS arrange interpreter services for court and tribunal users who do not have English as their first language. The main languages requested in 2014-15 were Polish, Lithuanian and Mandarin. In total, there were 3,461 (2013-14: 3,529, a reduction of 2%) requests for language interpretation in courts and 335 (2013-14: 428, a reduction of 22%) requests for the translation of documents. NICTS also has arrangements in place to allow for telephone interpretation across all court locations. During 2014-15 this was used on 28 occasions (15 occasions in 2013-14).

Information Assurance

NICTS is committed to ensuring personal data is appropriately protected and managed in line within established policies. Guidance and training provided to staff during 2014-15 included advice on the implementation of the new Government Classification Scheme and general information handling procedures. The annual ICT disaster recovery test and independent healthcheck were completed as part of the planned 2014-15 work programme. ICT systems continue to be accredited by the DOJ Accreditation Panel. A series of unannounced clear desk inspections were also completed across the NICTS estate.

During 2014-15 a total of 13 incidents were reported to DOJ. All incidents were investigated and where appropriate existing processes amended. No incidents were notified to the Information Commissioner's Office during this period.

NICTS continues to monitor and review the application of Information Assurance policies to ensure data is handled appropriately and any associated risks are identified and managed

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

Business Improvement

In January 2015 NICTS and PSNI implemented new administrative arrangements to streamline and improve service times for ex-parte non-molestation and exclusion orders, with one central PSNI email address for the above orders and improved information sharing between PSNI and NICTS on the actions taken on receipt of the emailed orders.

During January and February 2015 NICTS participated in a number of joint presentations with the Law Society for Northern Ireland and Northern Ireland Guardian ad Litem Agency to promote the understanding and uptake of the government accredited Criminal Justice Secure email exchange solution.

During 2014-15 NICTS secured approval from the Children Order Advisory Committee (COAC) to implement a pilot to provide all court orders issued under the Children Order (Northern Ireland) 1996 electronically on-line rather than being issued in hard copy format. Discussions are continuing with the local solicitors' associations on agreeing the implementation date of the pilot.

Throughout the year the Agency has sought to improve the quality, accessibility and delivery of services to all our customers and continue to build closer liaisons with a wide range of stakeholders and delivery partners. Court Operations staff regularly engage on a formal basis with the Judiciary, representatives from the Law Society, Bar Council, PSNI and voluntary sector via court user groups and Liaison Committees. These meetings facilitate discussion on a range of customer issues; forthcoming changes to legislation and business processes and performance data.

NICTS has well established links with customer representative groups and the community and voluntary sector to inform customer insight, service delivery and communication. During the year, NICTS continued productive engagement with the Housing Rights Service. This organisation provides a free onsite court representation service at the High Court and County Court venues for

people who are facing repossession or ejectment proceeding and have no legal representation. Funding for the scheme is provided by the Northern Ireland Legal Services Commission.

NICTS participated on the Housing Repossessions Taskforce established in early 2014 to investigate the impact of repayment arrears, repossessions and negative equity in Northern Ireland. NICTS will continue to engage with DSD and other key stakeholders to support delivery of the recommendations within the final report published by the taskforce in February 2015 to help and encourage households to help themselves, and to increase the number of people who seek help at an early stage.

A range of customer research was also commissioned, including a Repossession Customer Journey exercise and a customer satisfaction survey of Financial Controllers appointed by the Office of Care and Protection (OCP) and unrepresented Petitioners in divorce proceedings.

Throughout the year, staff from RCJ have facilitated a range of information sessions for the Alzheimer's Society and Carers Groups; the Regulation and Quality Improvement Authority and the Association for Real Change whose members include representatives from Praxis, Positive Futures, the Cedar Foundation and Beacon and staff and social workers from local Health and Social Care Trusts. The key objectives of the sessions are to raise awareness of the role and purpose of OCP, explain the Controllership and Enduring Power of Attorney process and augment relationships with service delivery partners.

Court Estate

During the year the main focus of the capital investment programme was to improve the heating system throughout the court estate and realise utility savings through a more efficient system. Estates branch continued to review the rationalisation of the court estate to enable efficiency savings in accommodation costs. A key priority was the relocation of the Tribunals Hearing Centre from Bedford House to RCJ which took place in April 2015.

Due to immediate financial pressures and the need to find savings the decision was taken to temporarily close the Old Townhall Building in November 2014 and transfer existing business to Laganside Courts. The future of Old Townhall Building is to be considered as part of the wider public consultation on the rationalisation of the court estate.

In February 2015 a public consultation was launched on rationalisation of the court estate which seeks the views of the public on proposals to close six court venues (in addition to the previously announced closures of Limavady and Magherafelt Hearing Centres). The proposals broadly seek to make greater use of the larger, more modern courthouses which will offer better accommodation and facilities for court users while delivering vital running cost savings to enable NICTS to respond to increasing budgetary pressures.

Improved Services for Victims and Witnesses

NICTS has continued to support a pilot listing arrangement for victims of domestic violence in Londonderry magistrate's court. This arrangement has been made permanent during the year, following an evaluation report into the success of the pilot. NICTS is working with partners and the judiciary to see whether the good practises identified within the pilot can be extended elsewhere.

NICTS has fully supported and assisted the pilot on Registered Intermediaries currently operating in Crown Courts (and associated committal proceedings in Magistrates' Courts) in respect of offences that are triable only on indictment. Intermediaries are communication specialists, such as speech and language therapists and social workers, who assist vulnerable victims, witnesses, suspects and defendants with significant communication deficits to communicate their answers more effectively during police interview and when giving evidence at trial.

Work continues with criminal justice partners and Judiciary to tackle the issue of witness waiting times at court. Agreement has been secured from NICTS' partners for a pilot to trial a combination

of measures to try to reduce witness waiting times at court. Plans are being developed to run this pilot in one court location during the next reporting year.

Children and Young People

Following the temporary closure of the Old Townhall Building in November 2014, NICTS provided new accommodation for the Young Witness Service in Laganside Courts and a new remote link for young and vulnerable witnesses based in the PPS building in Chichester Street. This will provide a truly remote facility in Belfast and, together with the similar links in Londonderry, Lisburn and Ballymena will allow a greater number of younger witnesses to give their evidence away from a court building.

NICTS has also conducted a survey in all youth courts to monitor compliance with the revised Youth Court Guidelines.

Service Improvement

NICTS value the quality of service that is provided to customers. The complaints procedure enables us to say sorry and learn from any mistakes that may have occurred.

During 2014-15 NICTS received a total of 110 complaints. However, a number of these related to judicial decisions or to other organisations and are consequently outside of the scope of the NICTS complaints procedure. A total of 98 applicable complaints were received, this represents a 5% decrease on the previous year.

The vast majority (89%) of complaints were responded to within the set target of 15 working days. Just under half of all complaints (47%) were fully or partially upheld.

There were a variety of reasons for the complaints, with 17% relating to delays and 13% about the conduct of staff.

A breakdown of complaints received and actions taken is included in the quarterly complaints reports which are published on the Agency's website.

Business Continuity

The Agency has in place business continuity plans to ensure that critical business functions can be maintained. These plans are continually reviewed and updated and are available to staff on the NICTS intranet. The ICT Business Continuity and Disaster Recovery Plan was fully tested in three phases over the Spring and Autumn of 2014.

Outreach

NICTS continues to promote knowledge and understanding of the justice system through its Community Outreach Programme. It is committed to re-launching the Education Online portal, which supports classroom and individual learning about the courts and tribunals in Northern Ireland for a range of educational levels. NICTS also hosted the National Magistrates' Mock Trial Competition, facilitated community visits and completed a Business in the Community Challenge.

In addition, Downpatrick, Armagh and Omagh Courthouses participated in the European Heritage Open Day attracting over 400 visitors.

In September 2014 ten second-year law students participated in the NICTS annual Internship scheme, with placements in each of the major court venues across the province and the two highest scoring students in the Lord Chief Justice's Office.

During the three week programme the interns observed court proceedings, engaged with members of the legal profession and undertook specific administrative duties. Feedback from all candidates was unanimous that it was a worthwhile and enjoyable experience which will

potentially enhance their career prospects and they would recommend it to anyone who is interested in advocacy.

Develop and lead our people to achieve our business objectives

The Learning and Development Committee continued their oversight of the corporate and job skills training plans and emerging development needs. NICTS is committed to ensuring that learning and development is planned, relevant, timely, affordable and aligned to support the delivery of business objectives.

In addition to the generic training delivered to staff through the Agency's Corporate Learning Plan, a number of NICTS managers and staff participated in the department's Mentoring Programme. This method of staff development is both innovative and resource efficient.

During 2014-15 a further 20 candidates have undertaken the Level 2 and Level 3 Courts and Tribunals Operations NVQ and the Assessor Qualification bringing the total number of staff to have received these Agency specific qualifications to over 100, approximately 17% of NICTS front-line staff.

A total of 160 managers and front-line staff including all of the EJO Office received training in 'Safe Talk – Suicide Awareness' to address a training need to support staff when dealing with the increasing number of distressed callers, including those threatening to cause harm to themselves.

In line with the cross-departmental Autism Strategy, NICTS staff have attended 'Train the Trainer' sessions in Autism Awareness delivered by Autism NI. The objective of these courses is to equip those who have received this training to deliver a series of autism awareness sessions to all remaining front-line staff and other NICTS employees whose role specifically involves engagement with people who have autism. All NICTS staff have received an autism fact sheet and a series of eight awareness sessions has been delivered to front-line staff. Further sessions are planned to be delivered in 2015-16.

The Job Skills Training Strategy, which is aimed specifically at staff working in front-line services, continued to be implemented. In 2014 staff in court operations were trained in the new Fine Default procedures and extensive operational guidance was developed in Family Proceedings, Family Care, Domestic and County Court Civil resulting processes as well as some of the more complex areas of criminal resulting.

Deliver a controlled financial and commercial environment achieving value for money

Funding

NICTS is funded principally by monies voted to DOJ and also by income generated from court fees.

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 Agency's Trust Statement which is published separately from these financial statements.

Key Events

O'Brien (impact on Fee Paid Judicial Office Holders)

There are currently a number of Employment Tribunal cases against NICTS from fee paid judicial office holders claiming retrospective pension rights on the basis of the O'Brien case. A UK Supreme Court hearing on 6 February 2013 ruled that a retired fee paid recorder is entitled to a pension on terms equivalent to those of a salaried circuit judge. The Judicial Pension Scheme (JPS) is the mechanism which provides for the pension entitlements of NICTS salaried Judicial Office Holders. Consistent with the accounting for salaried judicial office holders, and in accordance with Government Financial Reporting Manual (FRoM) 9.3, NICTS accounts for employer contributions payable to JPS as they are incurred but does not recognise a liability in respect of back payments or the pension liability arising pursuant to the claim. Accordingly, £4.7m (2013-14: £3.6m) has been recognised in the JPS accounts as the pension liability associated with NICTS fee paid judicial office holders as at 31 March 2015. NICTS will potentially have to fund £3.1m of this (2013-14: £2.2m) which relates to the period following the devolution of police and justice powers to the NI Assembly, however the timing of these cash flows remains uncertain. This lead case set the precedent for other stayed cases, which in addition to pension entitlements, extended to non-pension entitlements relating to fee paid judicial office holders' employment terms and conditions, such as annual leave, sick pay and training fees.

Provision has been made in these Accounts for the liability to fee paid judiciary in respect of the Judicial Service Award, compensatory interest, and legal claims that relate to fee paid judicial office holders' employment terms and conditions. There are also contingent liabilities arising from the pension liability in the JPS accounts associated with NICTS fee paid judicial office holders and pension and non-pension claims which have been lodged outside the time limit provided by the latest available judgments. The provision of £270k and estimated contingent liabilities of £135k have been calculated based on a pension model which has been developed by the Government Actuary's Department (GAD) and a non-pension model which has been developed by the Ministry of Justice (MOJ). Further details are contained within Notes 12.5 and 18.2 to the financial statements.

From 1 April 2015 NICTS has started making employer contributions in respect of NICTS fee paid excepted judiciary at a rate of 38.45% to the New Judicial Pension Scheme (NJPS). This is as a result of the O'Brien litigation in England and Wales and MOJ's subsequent concession that fee paid excepted judiciary are entitled to a pension. Pension entitlement for NICTS fee-paid devolved judiciary is still to be determined by O'Brien related litigation in Northern Ireland. To date, no concession has been made in respect of NICTS fee-paid devolved judiciary.

Financial Position (Statement of Financial Position (SoFP))

The NICTS's SoFP consists primarily of non-current assets totalling £187.6m (2013-14: £181.1m). Of this, £186.2m (2013-14: £179.0m) represents land and buildings: the remainder being information technology assets, furniture and fittings, plant and machinery and intangibles.

Results for the Year (Statement of Comprehensive Net Expenditure (SoCNE))

The SoCNE represents the net total administration and programme resources consumed during the year. The results for the year are set out in the SoCNE and are as follows:

- Net Operating Costs amounted to £48.1m (2013-14: £46.5m);
- Staff Costs of £23.6m (2013-14: £24.4m);
- Other Administrative Costs of £3.2m (2013-14: £2.7m);
- Gross Expenditure of £50.4m (2013-14: £51.5m) relating to the Agency's programme activities; and
- Operating Income of £29.1m (2013-14: £32.0m).

The number of staff employed by NICTS at the end of the year was 675 (Full Time Equivalent (FTE)) with a further 127 (FTE) employed by DSD to support TAS which is administered by NICTS. NICTS employed an average of 693 (FTE) staff during 2014-15, a decrease of 30 from 2013-14. Accommodation rentals, information technology charges, and non-cash asset related charges accounted for the majority of other administration costs.

As required by Department Accounting Officer (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 2014	2
New engagements during 2014-15	3*
Number onto NICTS payroll during 2014-15	–
Engagements ended during 2014-15	–
Closing engagements at 31 March 2015	5

*New engagements commenced pre 1 October 2014

Fees from civil court work are included in these financial statements as Accruing Resources. It is government policy that the provision of services for civil court proceedings must be self-financing, so the fees earned from this type of work must cover the cost of that provision. Note 6 shows the level of civil court costs, and the associated income generated. In 2014-15 the recovery level was 104% (2013-14: 105%).

In 2014-15 NICTS had net operating costs of £48.1m, which were £0.3m less than the net budget allocation of £48.4m. The capital spend of £1.3m was £0.7m less than the budget allocation of £2.0m.

	2014-15 Actual £'000	2014-15 Budget £'000	Variance £'000
Net Operating Costs	48,092*	48,386**	(294)
Capital Expenditure	1,273	2,042	(769)
Overall Total Expenditure	49,365	50,428	(1,063)

* Includes £1,554k non-budgetary notional charges

** Includes £782k non-budgetary notional charges

The main expenditure areas contributing to this underspend were:

- i. expenditure on staff costs was overspent by £0.1m, due to the Employee Benefit accrual at 31 March 2015;
- ii. expenditure on non-staff costs was underspent by £0.6m;
- iii. income was under recovered by £0.8m; and
- iv. expenditure on non-cash costs was underspent by £0.6m.

Non-Current Assets

Non-current asset expenditure is detailed within Notes 7 and 8 to the financial statements. Non-current asset purchases include building enhancements, IT hardware and software, plant and equipment and furniture. During 2014-15 the total Net Book Value has increased by £6.56m, mainly resulting from annual indexation.

Cash Flow Statement

The Cash Flow Statement provides information on how NICTS finances its ongoing activities. It shows a net cash outflow from operating activities of £38.1m (2013-14: £39.6m).

Pensions and Early Departure Costs

Details about NICTS pensions and early departure costs policies are included in Notes 3 and 12 to the accounts. Details of pension benefits and schemes for Board members are included in the Remuneration Report.

Remote Contingent Liabilities

As stated in Note 18 of the accounts there are estimated contingent liabilities of £117k in relation to legal cases pending. There are also contingent liabilities in respect of fee paid judicial office holders of £135k. There are unquantifiable contingent liabilities disclosed for Judicial Reviews on fine enforcement, legacy inquests and the NICS Voluntary Exit Scheme. In accordance with IAS 37, Provisions: Contingent liabilities and contingent assets, this requires disclosure in the accounts.

Donations to Charity

In the current year there have been no charitable donations (2013-14: None).

Payment within ten calendar days

NICTS seeks to comply with “The Better Payments Practice Code” for achieving good payment performance in commercial transactions. Further details regarding this are available on the website www.payontime.co.uk. Under this Code, the policy is to pay bills in accordance with contractual conditions or, where no such conditions exist, within ten days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. The prompt payment results for 2014-15 showed that 89.3% of invoices were paid in accordance with the terms of the standard (2013-14: 88.5%).

Auditors

The financial statements of NICTS are audited by the Comptroller and Auditor General for Northern Ireland (C&AG).

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

The audit of the financial statements for 2014-15 resulted in an audit fee of £106k (2013-14: £104k), £51k of which relates to the year-end audit of NICTS (2013-14: £49k), £32k (2013-14: £32k) relates to the audit of the Trust Statement, £12k (2013-14: £12k) relates to the year-end audit of CFO, £9k (2013-14: £9k) relates to the audit of Investment Accounts and the remaining £2k (2013-14: £2k) relates to Land Purchase Accounts.

C&AG may also undertake other statutory activities that are not related to the audit of the body’s Financial Statements such as Value for Money (VFM) reports. A VFM audit was carried out by the

Northern Ireland Audit Office (NIAO) in CFO during 2012-2013 and the report was issued in July 2014. The report concluded that current arrangements and existing legislation for managing and protecting funds in court do not ensure value for money or proper accountability for clients' funds. The recommendations made in the report are being considered and an action plan is to be agreed with DOJ to implement as many of the recommendations that are affordable and possible within legislative and other constraints, with a longer term action plan to be considered for the legislative limitations.

During the financial year, NICTS paid £1,232 (2013-14: £nil) to NIAO for work associated with the National Fraud Initiative.

Directorships and other Significant Interests

A register is maintained by NICTS that includes details of company directorships and other significant interests held by Board members which may conflict with their management responsibilities. The register is available for public inspection upon request.

Trust Statement

NICTS collects fines on behalf of NICF and therefore is required, in accordance with the Accounts Direction DAO (DFP) 03/13, to produce a Trust Statement for the financial year 2014-15. The Trust Statement will separately record the revenue collected by the Agency on behalf of the NICF.

Sustainability Reporting

NICTS has been participating with other agencies and NICS Departments since August 2009 on sustainability matters. NICTS continues to participate in the DOJ Sustainability Working Group as part of the Public Sector Energy Campaign and is aligned to the Office of the First Minister and Deputy First Minister Implementation Plan containing high level strategic targets, covering all of the NICS Departments, which impact on business supported by DOJ. The Agency is committed to achieving annual targets under the Carbon Reduction Commitment (CRC) Scheme and associated accreditation and strives in its day to day activities towards maintaining the best possible environmental performance. Based on the figures supplied for 2014-15 it is estimated that NICTS apportionment will remain comparative to the 2013-14 costs of £42k, based on NICTS paying £15.60 per tonne of actual carbon used.

Environmental Issues

NICTS continues to explore areas that will provide energy efficiency savings and remains committed to the principles of sustainable development and to the integration of environmental consideration into its policies and the everyday operational aspects of estate management and procurement.

Principal Risks and Uncertainties

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

Risk management is championed by the Head of Business Support. Senior management are responsible for the day to day management of risk, with the Agency Board owning the overall risk management framework. Divisional Heads are responsible for ensuring the management systems in their area are robust in respect of accountability, critical challenge and oversight of risk. Risk management is taken forward as an integral part of the business planning process and is monitored on a quarterly basis.

The main risks to NICTS business objectives in 2014-15 were:

- qualification of the 2013-14 Trust Statement and the potential qualification of the 2014-15 Trust Statement;
- failure to operate within allocated budget;
- legacy inquests not progressing; and
- disruption, delay or loss of the CFO system.



Ronnie Armour
Accounting Officer
23 June 2015

PART 3 REMUNERATION REPORT

Remuneration Policy

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

Service Contracts

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

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

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

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Chief Executive Officer (CEO) and the Agency Board. Of those reported only Jacqui Durkin and Ronnie Armour fall 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 entitlements

	Audited Information 2014-15				2013-14			
	Salary £'000	Benefits in Kind (to nearest £100)	Pension Benefits ³ £'000	Total £'000	Salary £'000	Benefits in Kind (to nearest £100)	Pension Benefits £'000	Total £'000
Mrs J Durkin Chief Executive Officer (01/04/2014 – 14/09/2014)	35-40 (70-75 full year equivalent)	–	10	45–50	70-75	–	13	80-85
Mr R Armour Chief Executive Officer (15/09/2014 – 31/03/2015)	20-25 (65-70 full year equivalent)	–	11	30-35	–	–	–	–
Mr P Luney Head of Court Operations Division	60-65	–	6	65-70	60-65	–	10	70-75
Ms M Morrison Head of Tribunals and Enforcement Division	55-60	–	41	95-100	15-20 (50-55 full year equivalent)	–	16	30-35
Ms S Hetherington Head of Finance and Estates Division	60-65	–	13	75-80	60-65	–	13	75-80
Mr PJ Fitzpatrick* Non-Executive Director (Fee per attendance)	0-5	–	–	0-5	0-5	–	–	0-5
Mr C McKenna ** Non-Executive Director (Fee per attendance)	5-10	–	–	5-10	5-10	–	–	5-10
Band of Highest Paid Directors' Total Remuneration (£'000)			65-70				70-75	
Median Total Remuneration			23,688				22,291	
Ratio			2.85				3.25	

* PJ Fitzpatrick, Non-Executive Director, supplies his services under the terms of a contract which commenced on 1 April 2009 and was re-appointed on 1 April 2013 until 31 March 2016; he is remunerated by way of a daily attendance fee.

* C McKenna, Non-Executive Director, supplies his services under the terms of a contract which commenced on 1 May 2011 and was extended in April 2014 to 31 March 2016; he is remunerated by way of a daily attendance fee.

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

As Non-Executive Directors, there are no entitlements to pension or other contributions from the Agency.

Median Salary

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

At 31 March 2015, the banded remuneration (taking into account salary, benefits in kind and bonus payments) of the highest-paid director in the Agency in the financial year 2014-15 was £65,000 - £70,000 (2013-14: £70,000 - £75,000). This was 2.85 times (2013-14: 3.25) the median remuneration of the workforce, which was £23,688 (2013-14: £22,291).

In 2014-15, no employees (2013-14: one) received remuneration in excess of the highest-paid director.

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

During 2014-15 the ratio decreased by 0.4.

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 the Agency and treated by HM Revenue and Customs as a taxable emolument.

Bonus Payments

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they are payable to the individual. There were no bonuses in 2013-14 or 2014-15.

Pension Entitlements

Name and title	Audited Information					
	Accrued pension at pension age at 31/03/15 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/15 £'000	CETV at 31/03/14 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account Nearest £100
Mrs J Durkin Chief Executive Officer (01/04/2014-14/09/2014)	25-30 plus lump sum of 75-80	0-2.5 plus lump sum of 0-2.5	438	412	9	–
Mr R Armour Chief Executive Officer (15/09/2014-31/03/2015)	25-30 plus lump sum of 80-85	0-2.5 plus lump sum of 0-2.5	456	442	7	–
Mr P Luney Head of Court Operations Division	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 0-2.5	271	254	2	–
Ms M Morrison Head of Tribunals and Enforcement Division	15-20 plus lump sum of 55-60	0-2.5 plus lump sum of 5-7.5	319	273	28	–
Ms S Hetherington Head of Finance and Estates	0-5 plus lump sum of 10-15	0-2.5 plus lump sum of 0-2.5	64	50	8	–

NICS Pension arrangements

Pension benefits are provided through NICS pension arrangements which are administrated by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the Nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

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

For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

Employee contribution rates for all members for the 2015-16 year are as follows:

Pay band – assessed each pay period		Contribution rates – Classic members	Contribution rates – classic plus, premium, nuvos and alpha
From	To	From 1 April 2015 to 31 March 2016	From 1 April 2015 to 31 March 2016
£0	£15,000.99	3%	4.6%
£15,001.00	£21,000.99	4.6%	4.6%
£21,001.00	£47,000.99	5.45%	5.45%
£47,001.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or on immediately ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. The normal pension age in alpha will be linked to the member's State Pension Age but cannot be before age 65. Further details about the Civil Service pension arrangements can be found at the website www.dfpni.gov.uk/civilservicepensions-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 figures 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 pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to 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.

Compensation for loss of office

There was no compensation paid for loss of office in 2014-15.



Ronnie Armour
Accounting Officer
23 June 2015

PART 4 ANNUAL ACCOUNTS 2014-15

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (Northern Ireland) 2001, DFP 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 FReM and in particular to:

- observe the Accounts Direction issued by DFP, 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 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, (keeping proper records and for safeguarding the Agency's assets), are set out in the Accounting Officers' Memorandum in 'Managing Public Money in Northern Ireland' (MPMNI) issued by DFP.

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

NICTS Governance Statement 2014-15

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 DFP. The Agency Framework Document sets out the arrangements for the effective governance, financing and operation of NICTS.

As 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 DOJ Permanent Secretary and ultimately to the Assembly, working under the direction of the Justice Minister and in accordance with the Framework Document. 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 and Parole Commissioners;
- support an independent Judiciary;
- provide advice to the Minister on matters relating to the operation of the courts and the tribunals;
- 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 for the registration of judgments under international conventions.

Strategic Context

The strategic direction of NICTS is set out in the Corporate Plan 2012-15 which supports DOJ's Corporate Plan for 2012-15. It has been developed in the context of the Programme for Government 2011-15 commitments of the Executive. It was agreed at the December 2014 Board meeting to extend the NICTS Corporate Plan for one more year (2012-16) to keep in line the approach taken by DOJ.

The NICTS Corporate Plan outlines the strategic objectives and the priorities underpinning them for the period of the plan and NICTS publishes a business plan for each year of the Corporate Plan which outlines the business delivery objectives for that year. The main focus in shaping the delivery of our objectives is to support the achievement of the Justice Minister's strategic commitment of "faster, fairer justice" and the NICTS Corporate Aim of 'serving the community through the administration of justice'. The NICTS strategic objectives are:

- 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.

The Agency Board ("the Board") review progress against the 2014-15 Business Plan throughout the year and progress is reported on in **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

The key management structures which support the delivery of effective corporate governance in NICTS are the:

- Agency Board;
- Finance Committee;
- Audit and Risk Committee; and
- Strategic Planning Group.

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 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 which are as follows:

- Finance Committee; and
- Audit and Risk Committee.

There were no Ministerial Directions given during the 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 2014-15 one member and one judicial representative advised of a potential conflict of interest at each of the Board meetings during the year. These potential conflicts were discussed by the Board and action was taken as appropriate.

Full details of the membership and attendance of the Board and its sub-Committees are shown in Tables 1-3 on pages 49-50.

Finance Committee

The Finance Committee (“the Committee”) assist the Board with financial oversight and budgetary control. The role of Finance Director in NICTS is performed by the Head of Finance and Estates 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 Framework Document.

The Committee met on four occasions during 2014-15 and after each meeting the Finance Director provides a highlight report to the Board covering the main issues discussed by the Committee.

Audit and Risk Committee

The role of the Audit and Risk Committee (“the Committee”) 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 Committee 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 Committee operates in accordance with the Audit Committee Handbook which was updated on 29 May 2013. Although the Committee 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 the Committee are included in the Framework Document.

The Committee met on six occasions during 2014-15 and after each meeting the Chair of the Committee 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;
- Relevant Public Accounts Committee (PAC) Reports;
- Annual Reports and Accounts; 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 consider resources, budget, business performance and operational issues. SPG meets approximately fortnightly.

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 the 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 2015 and up to the date of approval of the annual report and accounts, and accords with DFP 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 DFP.

Risk Management

Risk management forms a central element of the governance framework. Risk management is championed by the Head of Business Support 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 Business Support Team.

Formal branch and divisional risk management meetings take place quarterly and support the corporate risk management process. Risks are primarily identified through risk identification workshops; they are assessed in terms of their probability of occurrence and impact on the achievement of objectives and then scored and reported on accordingly. Responsibility for the management of each risk is assigned to a risk owner and recorded on the risk register along with controls in place to mitigate the risk or action plans in place to enhance the level of control. The updated risk registers record any movement of risks in terms of impact and probability of occurrence from one period to another and this enables an appreciation of how the risk has changed over time.

Risk management is considered formally by senior management through quarterly reviews of the Corporate Risk Register and Corporate Plan monitoring reports. Senior management review, recommend and pursue actions in place to manage the risks. 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.

NICTS operate a process to enable escalation of risks to the DOJ Corporate Risk Register if risks breach the organisation's tolerance level.

Information Assurance

NICTS is committed to ensuring personal data is appropriately protected and managed in line with DOJ policies. NICTS is represented on a number of Departmental groups including the Information Risk Owner Council, Accreditation Panel and Security Managers' Forum.

Any incidents are reported and managed in line with established Departmental guidance. During 2014-15 a total of thirteen incidents were reported to DOJ. Of these incidents twelve related to human error in a process and one related to an actual physical loss of information. While these incidents were of a minor nature, all were investigated with the findings reviewed to identify any lessons learnt and where appropriate existing processes amended. No incidents were notified to the Information Commissioner's Office during this period.

Further guidance and training was provided to all staff during 2014-15. This included advice on the implementation of the new Government Classification Scheme and further mandatory on-line training covering general information assurance procedures. In addition further training was provided for Information Asset Owners. The annual Information ICT disaster recovery test and independent ICT Healthcheck Assessment were also completed as part of the planned 2014-15 work programme. The Healthcheck Assessment focused on Servers and Workstation Build with recommendations / fixes allocated against categories defined as Low, Medium and Critical. Of the 42 issues raised, 13 have been fixed and 29 are being managed given there will be new workstations when NICTS move to IT Assist in December 2015. A series of unannounced clear desk inspections were also completed across the NICTS estate.

NICTS continues to monitor and review the application of Information Assurance policies to ensure data is handled appropriately and that any associated risks are identified and managed.

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 the Audit and Risk Committee concerning internal control, risk 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 operated, and continues to operate, to the Public Sector Internal Audit Standards. It submitted and will continue to submit 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 2013-14 RTTCWG included only one recommendation in respect of maintenance of the Private Finance Initiative (PFI) model. The recommendation has been accepted by management and has been fully implemented.

The Head of Internal Audit has provided overall **Satisfactory Assurance** based on the work carried out during the year. An audit plan which included nine separate reviews was agreed in March 2014 and progress against the plan was monitored by the Audit and Risk Committee throughout the year. While it is the Head of Internal Audit's overall assessment that the control environment within NICTS is 'Satisfactory', some audits from previous years, provided limited assurance. The implementation of audit recommendations in these audits is subject to internal audit monitoring and confirmation for all priority one recommendations. No limited assurance reports issued during the 2014-15 year.

Agency Board Effectiveness

The Board met on six occasions during the reporting period. Two additional meetings were held during the 2014-15 year to discuss proposals in relation to the rationalisation of the Court Estate. A Public Consultation document was subsequently issued on 28 January 2015. Members completed a self-assessment questionnaire in September 2014. The exercise indicated that effective corporate governance is operating at the top level with commitment from all Board members. The key findings of this exercise are set out below.

- The majority of Board members agreed that the Board has a clear set of objectives, assesses its performance and has developed a strategy for the organisation;
- In terms of performance management, the Board members agreed that performance information is integrated with financial reporting and they receive regular reports from management highlighting any issues that might adversely affect key outcomes;
- There was strong agreement that NICTS has sound risk management processes and procedures in place to identify, review and update the Board on all risks that can be taken into account in the decision-making process;
- Board members expressed a need for improvements in relations with the sponsor department; and
- Scoring was extremely high across all contributors indicating that members have full confidence in the Audit and Risk Committee, Internal Audit and corporate reporting.

While the overall assurance provided is positive, the Board was asked to repeat the exercise in twelve months' time, September 2015, and agree to actively participate in discussions on Board strategy, objectives, performance and assessment on an annual basis and raise relevant issues throughout the year as well as at the annual appraisal point.

The periodic completion of independent Board self-analysis is considered to be a useful way of enhancing effectiveness and demonstrates compliance with corporate governance best practice as recommended by MPMNI.

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 that it needs to be aware of or take action on and allows the Board to effectively carry out its duties.

Corporate Governance in Central Government Departments - Code of Good Practice (NI) 2013

The Corporate Governance in Central Government Departments - Code of Good Practice (NI) 2013 was published by HM Treasury and applies to DOJ. NICTS has adopted key principles as best practice where appropriate. A review of the code has identified that NICTS is compliant with key principles which are considered applicable.

SIGNIFICANT INTERNAL CONTROL ISSUES

The following issues have been identified as significant to the organisation during 2014-15 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.

Issues resulting from the judgment in fine default Judicial Reviews

Two judgments were given by the Divisional Court on 22 March 2013 in relation to five judicial review applications that had been lodged challenging the arrangements for imposing and enforcing fines and confiscation orders. The Divisional Court found that a number of long established processes failed to comply fully with the legislative provisions. In particular, the court held that there should be a further 'default' court hearing at which the defendant can attend and make representations before a decision is made as to how any outstanding fine should be enforced.

In response to the two judgments NICTS worked with the Office of the Lord Chief Justice (OLCJ) to develop more detailed arrangements which reflect legislative requirements. Default hearings in Crown Court imposed fines commenced in January 2014 under existing legislative provisions. Default hearings in respect of Magistrates' Court imposed fines commenced under new court rules on 26 June 2014. An internal project team has been established to respond to the judgment and develop future processes; remedy existing fines; amend Line of Business systems and provide appropriate training and guidance.

Funding was provided by the Department to restart the enforcement process in 2014-15, however, this is currently an unfunded pressure for 2015-16.

As at 31 March 2015 there are currently 52,685 fines (relating to 25,998 defendants) which remain unpaid after the payment date with a value of £12,541k (£8,932k relating to Magistrates' Court and £3,609k relating to Crown Court).

The Department has co-ordinated a Programme, sponsored by the Criminal Justice Board, to improve the collection and enforcement of fines in line with Ministerial priorities. To take forward the necessary reforms the Department has established a Fine Enforcement Programme Board (FEPB). FEPB membership includes representatives from DOJ, NICTS, PSNI, NIPS and Probation Board NI.

The five Judicial Reviews have been converted to writs and are currently listed before the Master of the Queen's Bench Division to consider preliminary issues. The claims will be robustly defended however if, following the substantive hearing the court finds NICTS liable and proceeds to consider an award of damages, it may be possible to invite the Court to use these five test cases to establish a scale which could be applied to future claims thereby avoiding the need for unnecessary litigation. However, NICTS would be required to seek approval and appropriate funding from DOJ and DFP if such a scheme was required. The cases have been listed for trial from 26 to 28 January 2016. Depending on the outcome of the test cases, there may be significant financial implications for the Department, arising from compensation payments from claims which cannot yet be estimated with any accuracy. A Strategic Outline Case for the potential unlawful imprisonment damages has been prepared and submitted to Financial Services Division. This represents a potentially significant unfunded pressure.

Trust Statement

C&AG has qualified the 2013-14 Trust Statement on the basis of a limitation in scope arising from insufficient evidence that material error does not exist within the estimate of impairment and collectability of overdue debt.

The limitation of the audit opinion relates to insufficient evidence to substantiate the completeness and accuracy of the value of the impairment and collectability of outstanding debt at 31 March 2014. With the changes to the fine default process, including the introduction of fine default hearings and a reduction in the number of warrants, it is difficult to estimate the impact on debt collection rates and the behaviour of defaulters. The revised fine default processes is still in its infancy therefore there is insufficient evidence and data to provide statistically robust impairment estimates.

Resolving this impairment qualification issue will take time as an estimate of this nature requires past historical trend data to be available to base estimates on and as the fine default hearing was a new process first introduced in January 2014 for Crown Court Cases and in June 2014 for Magistrate Court Cases, only a short period of historical data has accumulated.

It should be noted that resolving the impairment qualification may also depend on progress in relation to the revised 'fine' legislation. The Fines and Enforcement Bill will include the establishment of a new fine collection and enforcement service which will further change the existing fine enforcement and collection processes. The new service will have an enhanced range of powers to collect and enforce fines and other monetary penalties, and will reduce the number of cases requiring a default hearing. This will affect trends and therefore data will again need to be collected and analysed in relation to collection/ default rates under this new regime.

In addition to the qualification above, the 2011-12 and 2012-13 Trust Statements were also qualified on the basis that there was insufficient evidence to substantiate that material fraud did not occur during 2011-12 and 2012-13 in the collection of cash on outstanding warrants through cash being collected by PSNI but not lodged. As PSNI had suspended the cash collection of warrants during most of the 2013-14 year, NIAO has not limited the scope of the 2013-14 account on this basis. However, it is anticipated that this qualification will apply to the 2014-15 Trust Statement as PSNI recommenced during November 2014 the collection of cash warrants. NICTS was informed on 6 February 2015 that an additional suspected fraud has been uncovered by PSNI in relation to monies collected by PSNI but never paid over to NICTS. This was uncovered as part of the on-going investigation into outstanding warrant monies and the case is currently being reviewed by PSNI.

The current process only allows for payment of warrants to be made in cash to PSNI. PSNI internal auditors conducted a review of the processes for the execution of fine warrants and highlighted a number of control weaknesses with regards to the collection and reconciliation of fines and cash collection procedures. PSNI developed new policies and procedures to mitigate, where possible, the risks and Internal Audit provided reviewed the revised guidelines. The new

guidelines came into operation when PSNI recommenced the execution and collection of fine warrants in November 2014 and are regularly monitored for compliance.

PSNI note that there are inherent difficulties and risks associated with the collection of warrant monies and they are working alongside DOJ and NICTS with the aim of implementing a civilianised enforcement service based on a 'Fine Officer' model largely removing police from fine enforcement. This is a DOJ lead project which is part of the Fine Collection Programme Board. Legislative provisions to allow for it are included in the Fine Enforcement Bill which is due to be introduced within this Assembly mandate and the new service remains on track to be implemented by the end of 2016.

Financial Management and Vacancy Management

There is a risk of overspend in 2015-16 as NICTS is operating within an extremely tight and uncertain financial climate. The current forecast reflects that 2015-16 spend will be greater than budget allocation. There is also a risk that budgeted income will not be received in 2015-16, due to Taxing, EJO and Court of Judicature income all showing signs of decline. NICTS currently has identified £4.5m of unfunded pressures in the June Monitoring Round. These pressures are mainly due to the continuing decrease in income, pressures in the Coroners Service due to legacy inquest cases, the new fine default hearings and pension contributions for fee paid excepted members. Coupled with the unfunded pressures, NICTS will have to find £1.8m new savings in 2015-16.

The financial austerity facing NICTS has resulted in me having to consider the effectiveness of the existing court operating model. A NICTS Modernisation Programme was established in December 2014, with the objective to ensure that NICTS is structured and resourced to provide efficient and effective service delivery to court users; and has a workforce that is equipped to work in a new and increasingly challenging environment. The Programme is looking at the services we offer to users; how we are structured to deliver them; and the processes and procedures we follow. The Service Delivery work stream will be completed and a report published in August 2015 which will detail a number of short, medium and long term recommendations to improve efficiency and effectiveness.

The Agency's Senior Management Team will review the staffing position across the Agency to identify the best way to develop a strategic vision for the next three years aimed at living within resources and also to take cognisance of the impact of Court Modernisation. This will include the impact of the Voluntary Exit Scheme on NICTS staffing.

Official Solicitor's Office Cases (OSO)

Throughout this year a number of further steps have been taken to provide assurance that patient's needs and interests are protected. Formal reporting arrangements have been agreed to ensure that the NICTS Accounting Officer, OLCJ and Internal Audit are alerted to any incidences of financial mismanagement, potential fraud and activity likely to result in failure to protect patient's interests, adverse criticism, loss of confidence in NICTS, OLCJ and OSO.

The Official Solicitor has provided updates to the Departmental and NICTS Audit Committee on investigations in two cases which remain on the Departmental suspected Fraud Log. In both cases the suspected fraud has been perpetrated by an external individual / organisation. Issues are almost resolved in one case, however there is potential for civil proceedings by and/or against OSO and the Health and Social Care Trust in the other.

The Lord Chief Justice has identified a High Court Judge to provide judicial leadership and oversight of the Office of Care and Protection (Patients section) and OSO.

Internal Audit carried out a review of OSO during 2014-15 and reported in December 2014. Whilst previous audits had found that control over the administration of the OSO has not been adequate in the past, this latest review found that an adequate framework of controls is being worked through to ensure effective on-going monitoring of cases. The Memorandum of Understanding

setting out respective roles and responsibilities for the management and oversight of the Official Solicitors Office has also been revised. The administration of the office has now been allocated to the RCJ Principal Officer.

Legacy Inquests

The number of legacy inquests continues to rise with significant potential for further increase as the Attorney General continues to refer cases. A business case, to progress a Legacy Inquest Unit, has been submitted to secure funding for administrative, judicial and legal resource. This is now being taken forward in the context of the Stormont House Agreement and there is a need to ensure that the different strands of working being taken forward by DOJ and NICTS are coordinated.

Court Funds Office

CFO is currently operating an outdated bespoke computer system. Given that CFO use the system to administer funds totalling approximately £300m on behalf of vulnerable individuals, the continuity of critical CFO functions must be ensured. An Outline Business Case to replace the system has been approved by DOJ and a project to implement a new IT system is now being taken forward. It is planned for this to be in place by December 2015. Local contingency arrangements are in place to ensure that payments can continue to be made in the event of a partial or short-term failure of the system. However, in the event of an irrecoverable failure in the system, CFO would be required to revert to manual systems, which would have a significant impact on the ability of the office to meet business and service requirements.

In August 2012 a High Court judgment indicated that some historical deductions of stockbroker fees from CFO client accounts may have been unlawful. The judgment was appealed and the Court of Appeal ruling was delivered on 30 September 2013. The Court of Appeal ruled that historical deductions of stockbroker management fees were lawful, provided that they had been authorised by the court. Legal advice on some aspects of the historic deductions was received in September 2014. Subsequently, an exercise to review court orders to ascertain whether CFO had the necessary authority to deduct the fees was completed. As a result of the advice and review, a total of £645,387 (£544,807 plus VAT of £100,580) was recovered by NICTS from clients of CFO out of a total of £734,391 (£620,155 plus VAT of £114,236) stockbroker management fees that had previously been paid by NICTS. It was considered that the balance of the fees was unable to be collected as the funds had already been paid out of court and DOJ approved this course of action. In addition, a total of £53,102 has been refunded to clients of CFO by NICTS in respect of fees which had been deducted without the appropriate authorisation of the court.

AUDIT RECOMMENDATIONS

Public Accounts Committee

C&AG report to the Assembly on the Trust Statement as at 31 March 2013 was considered by PAC in October 2014. The PAC report was published on 21 January 2015 and contains six recommendations for the Department.

The PAC report calls for reform of the system for collecting financial penalties. The report highlights that DOJ has failed to coordinate a joined up approach to fine collection and, as a result, current governance arrangements are not robust. It is also detailed that the costs associated with enforcing the current system are significant. The report urges that reform must be implemented as a matter of urgency to address the problem of fine default.

NICTS are working with DOJ and PSNI to implement the recommendations included in the PAC report. PSNI has commenced monthly reconciliations of warrants issued by NICTS to PSNI since August 2014 and these reconciliations are monitored and reported on internally and to the Fine Collection and Enforcement Programme (FCEP) Board. This reconciliation incorporates the number of warrants issued by NICTS, the number of warrants executed by PSNI and the number

of warrants outstanding. Processes have also been developed to monitor and reconcile the flow of information between the criminal justice organisations involved which is addressing many of the issues raised in the PAC hearing. Plans are in place to significantly reform the existing fine enforcement processes. The Legislative programme in relation to the Fine and Enforcement Bill remains on schedule and the intention is still to introduce the Bill to the Assembly before the summer recess to enable the legislation to have obtained Royal Assent by April 2016. Supporting regulations will also be progressed to enable the new service to be operational by the end of 2016. This will considerably address many of the remaining recommendations contained in the report. The Memorandum of Reply was presented to the Assembly on 10 March 2015.

The NIAO VFM report entitled "Managing and Protecting Funds Held in Court" was considered by PAC in February 2015. The PAC report was published on 13 May 2015 and contains six recommendations. The recommendations relate to the improvement of governance structures and the progress of business modernisation. The Memorandum of Reply is due to be presented to the Assembly by 9 July 2015. Further information will be available in the Annual Report and Accounts for Funds in Court, which will be published later in the year.

Internal

There is currently one priority one Internal Audit recommendation that has not yet been fully implemented.

A recommendation in respect of the limited assurance reported from the 2012-13 Internal Audit review of CFO. It highlighted the importance of the computer system which administers funds on behalf of vulnerable individuals and recommended the replacement of the existing bespoke computer system which was first introduced some twenty years ago and which has not been significantly updated for some time. In addition it recommended putting contingency arrangements in place to ensure continuity of payments in the event of this computer system not being available over an extended period of time. Contingency arrangements have been significantly enhanced since the report date and a project to implement a new IT system is underway. It is anticipated that the new system will be implemented before the end of 2015-16.

All outstanding recommendations are monitored by the Audit and Risk Committee every six months and Internal Audit is satisfied that appropriate action is being taken on these outstanding priority one recommendations.

The 2014-15 Annual Audit Plan was endorsed by the Audit and Risk Committee who monitor progress during the year towards completion of the plan. The 2014-15 Annual Audit Plan has been substantially completed.

External

NIAO raised one priority one recommendation in RTTCWG on the 2013-14 NICTS Agency Accounts in relation to the updating and maintenance of the PFI model. Management within Finance Branch ensured that a full review of the PFI model was completed during 2014-15 to ensure future charges and liabilities are accurately stated based on most recent actual costs. New procedures have now been drafted to ensure proper update of the PFI model takes place on an annual basis.

NIAO issued the final 2013-14 Trust Statement RTTCWG in February 2015 which made two priority one recommendations in relation to the value of receivables and creating a separate bank account for Trust Statement monies. NICTS continue to work towards the full implementation of the recommendation in relation to the value of receivables in the Trust Statement including the refinement of the impairment provision methodology. The new Trust Statement bank accounts were opened on 2 March 2015.

There were no recommendations raised by NIAO in their RTTCWG for the 2013-14 Funds in Court accounts.

A VFM report entitled 'Managing and Protecting Funds Held in Court' was published by NIAO on 1 July 2014. It concluded that current arrangements and existing legislation for managing and protecting funds in court do not ensure value for money or proper accountability for clients' funds. I am considering the recommendations included in the report and will agree an action plan with DOJ to implement as many of those recommendations as are affordable and possible within legislative and other constraints. We will also consider an action plan for the longer term to address some of the legislative limitations.

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 his professional opinion on the level of assurance that he can provide based on the work done. For the 2014-15 year he has provided overall Satisfactory Assurance.



R Armour
Accounting Officer
23 June 2015

Table 1 – Membership and attendance at Agency Board for 2014-2015

Members Name and Position	Date of Meeting					
	Jun 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Mar 2015
Mr R Armour CEO and Chairperson	–	✓	✓	✓	✓	✓
Mrs J Durkin CEO and Chairperson*	✓	–	–	–	–	–
Mr P Luney Head of Court Operations Division	✓	✓	✓	✓	✓	✓
Miss M Morrison Acting Head of Tribunal and Enforcement Division (from 2 December 2013**)	✓	✓	✓	✓	✓	✓
Ms S Hetherington Head of Finance and Estates Division	✓	✓	✓	✓	✓	✓
Mr PJ Fitzpatrick Non-Executive Director	✓	✓	✓	✓	✓	✓
Mr C McKenna Non-Executive Director	✓	✓	✓	✓	✓	✓
Mr D A Lavery CB DOJ Representative	✓	✓	✓	✓	✓	✓
Judge McFarland Recorder of Belfast Judicial Representative	✓	✓	✓	x	✓	x
Mrs F Bagnall Presiding District Judge Judicial Representative	✓	x	✓	✓	✓	x
The Honourable Mr Justice Deeny Judicial Representative	✓	x	✓	✓	✓	✓
Mr C MacLynn President of the Appeals Tribunal Judicial Representative***	x	✓	–	–	–	–
Mr John Duffy President of the Appeals Tribunal Judicial Representative	–	–	–	–	–	✓

*Mrs J Durkin left NICTS on 14 September 2014 to take up a post in the Department of Education (DE). Mr R Armour took over as Chief Executive on 15 September 2014.

**Miss M Morrison is covering this post. Mrs M Kilpatrick left NICTS on secondment to the Office of the First and Deputy First Minister (OFMDFM) effective from 14 October 2013.

***Mr C MacLynn President of the Appeals Tribunal Judicial Representative retired on 31 October 2014 and was replaced by Mr John Duffy who was appointed to the Board on 16 February 2015.

Table 2 – Membership and attendance at Finance Committee for 2014-2015

Members Name and Position	Date of Meeting			
	Jun 2014	Sep 2014	Dec 2014	Mar 2015
Mr R Armour CEO and Chairperson	–	✓	✓	✓
Mrs J Durkin CEO and Chairperson*	✓	–	–	–
Mr P Luney Head of Court Operations Division	✓	✓	✓	✓
Miss M Morrison Acting Head of Tribunal and Enforcement Division (from 2 December 2013**)	✓	✓	✓	✓
Ms S Hetherington Head of Finance and Estates Division	✓	✓	✓	✓
Mr C McKenna Non-Executive Director	✓	✓	✓	✓
The Honourable Mr Justice Deeny Judicial Representative	✓	✓	x	✓

*Mrs J Durkin left NICTS on 14 September 2014 to take up a post in DE. Mr R Armour took over as Chief Executive on 15 September 2014.

**Miss M Morrison is covering this post. Mrs M Kilpatrick left NICTS on secondment to OFMDFM effective from 14 October 2013.

Table 3 – Membership and attendance of the NICTS Audit and Risk Committee for 2014-2015

Members Name and Position	Date of Meeting					
	May 2014	(Audit only) Jun 2014	Oct 2014	Dec 2014	(Audit only) Jan 2015	March 2015
Mr PJ Fitzpatrick Chairman	✓	✓	✓	✓	✓	✓
Mr Justice Burgess Judicial Representative	✓	✓	✓	✓	✓	✓
Mr G Wilkinson Non-Executive Member	✓	✓	✓	x	✓	✓

The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

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

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

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

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



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

30 June 2015

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2015

		Staff Costs	Other Costs	2014-15 Income	2013-14 Total
	Note	£'000	£'000	£'000	£'000
Administration Costs					
Staff costs	3	2,060			2,936
Other administration costs	4		3,252		2,680
Income	6			(374)	(490)
Programme Costs					
Staff costs	3	21,533			21,417
Programme costs	5		50,353		51,519
Income	6			(28,732)	(31,538)
Totals		23,593	53,605	(29,106)	46,524
Net Operating Cost	2			48,092	46,524

Other Comprehensive Expenditure

for the year ended 31 March 2015

	Note	2014-15 £'000	2013-14 £'000
Net Operating Cost		48,092	46,524
Items that will not be reclassified to net operating costs:			
Net (gain)/loss on revaluation of Property, Plant and Equipment	7	(11,618)	4,460
Net (gain) on revaluation of Intangibles	8	(8)	(16)
Actuarial (gain)/ loss on pension liability	12	(262)	(100)
Total Comprehensive Expenditure for the year ended 31 March 2015		36,204	50,868

The notes on pages 57 to 91 form part of these accounts.

Statement of Financial Position

as at 31 March 2015

	Note	2014-15 £'000	2013-14 £'000
Non-current assets:			
Property, plant and equipment	7	186,881	180,125
Intangible assets	8	732	925
Total non-current assets		187,613	181,050
Current assets:			
Trade and other receivables	9	5,008	7,167
Cash and cash equivalents	10	1,812	1,308
Total current assets		6,820	8,475
Total assets		194,433	189,525
Current liabilities:			
Cash and cash equivalents	10	(697)	(389)
Trade and other payables	11	(17,391)	(17,243)
Provisions	12	(1,507)	(1,912)
Total current liabilities		(19,595)	(19,544)
Non-current assets less net current liabilities		174,838	169,981
Non-current liabilities:			
Provisions	12	(4,121)	(4,244)
Other payables	11	(17,712)	(18,836)
Total non-current liabilities		(21,833)	(23,080)
Assets less liabilities		153,005	146,901
Taxpayers' equity:			
General fund		46,944	49,746
Revaluation reserve		106,061	97,155
Total taxpayers' equity		153,005	146,901

Ronnie Armour

R Armour
Accounting Officer
23 June 2015

The notes on pages 57 to 91 form part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2015

	Note	2014-15 £'000	2013-14 £'000
Cash flows from operating activities			
Net operating cost		(48,092)	(46,524)
Adjustment for non-cash transactions	4, 5	8,457	6,353
Decrease in trade and other receivables	9	2,159	39
Less movements in receivables relating to items not passing through the SoCNE		(11)	(160)
(Decrease)/Increase in trade payables	11	(976)	716
Add movements in payables relating to items not passing through the SoCNE		1,036	600
Use of provisions	12	(727)	(625)
Net cash outflow from operating activities		(38,154)	(39,601)
Cash flows from investing activities			
Purchase of property, plant and equipment	7, 11	(794)	(804)
Purchase of intangible assets	8, 11	(461)	(284)
Net cash outflow from investing activities		(1,255)	(1,088)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		32,326	34,090
From the Consolidated Fund (non-supply)		8,322	8,426
Capital element of payments in respect of finance leases and PFI contracts		(1,034)	(943)
Net financing		39,614	41,573
Net increase in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		205	884
Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities		13	199
Payments of amounts due to the Consolidated Fund		(22)	(187)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		196	896
Cash and cash equivalents at the beginning of the period	10	919	23
Cash and cash equivalents at the end of the period	10	1,115	919

The notes on pages 57 to 91 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2015

	Note	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2013		49,646	104,906	154,552
Changes in taxpayers' equity for 2013-14				
Net Assembly Funding – drawn down		34,090	–	34,090
Consolidated Fund Standing Services	5, 12	8,426	–	8,426
Comprehensive Expenditure for the Year		(46,524)	–	(46,524)
Non-cash charges – auditor's remuneration	4, 5	104	–	104
Non-cash charges – actuarial loss	12	100	–	100
Non-cash charges – notional costs	4	597	–	597
Net loss on revaluation of non-current assets	7, 8	–	(4,444)	(4,444)
Transfers between reserves	*	3,307	(3,307)	–
Balance at 31 March 2014		49,746	97,155	146,901
Changes in taxpayers' equity for 2014-15				
Net Assembly Funding – drawn down		32,326	–	32,326
Consolidated Fund Standing Services	5, 12	8,322	–	8,322
Comprehensive Expenditure for the Year		(48,092)	–	(48,092)
Non-cash charges – auditor's remuneration	4, 5	106	–	106
Non-cash charges – actuarial gain	12	262	–	262
Non-cash charges – notional costs	4	1,554	–	1,554
Net gain on revaluation of non-current assets	7, 8	–	11,626	11,626
Transfers between reserves	*	2,720	(2,720)	–
Balance at 31 March 2015		46,944	106,061	153,005

*The transfer between reserves of £2.7m (2013-14: £3.3m) relates to the movement of realised depreciation resulting from the indexation of assets.

The notes on pages 57 to 91 form part of these accounts.

Notes to the Agency Resource Accounts

1.0 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2014-15 FReM and the Accounts Direction issued by DFP. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

1.1 Accounting Convention

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

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 (Funds in Court) are specifically excluded from NICTS accounts following DFP guidance. Third party monies are similarly excluded. The funds held on behalf of third parties by CFO are included in Note 21.

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 the Agency's 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 the PFI Contract (see Notes 7 and 15).

Land has been included within the SoFP on the basis of open market value for existing use. Due to the specialised nature of courthouses, most are included within the SoFP at depreciated replacement cost. Other buildings are included within the SoFP on the basis of existing use value. Land and buildings that are non-operational or surplus to requirements are valued on the basis of open market value less any directly attributable selling costs. Antiques are professionally valued every five years and were revalued at 31 March 2014 by John Ross & Co. (Member of the Irish Auctioneers and Valuers Institute). All other assets are included at depreciated replacement cost.

Professional valuations of land and buildings take place at least once every five years in accordance with IAS 16 Property, Plant and Equipment and appropriate indices are applied to revalue in intervening years. Land and buildings were valued by LPS of DFP at 31 March 2014.

Other property, plant and equipment have been stated at their value to the business by reference to Office for National Statistics (ONS) indices. The indices for other property, plant and equipment were obtained from ONS MM22 Price Index Numbers for Current Cost Accounting as at March 2015.

NICTS capitalisation threshold is £1,000 and individual assets below this amount are expensed through the SoCNE.

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. Computer software and licences are amortised over the shorter of the term of the licence and the useful economic life.

1.5 Depreciation

Property, plant and equipment are depreciated at rates calculated to write them down to estimated residual value on a straight-line basis over their estimated useful lives. Assets in the course of construction are depreciated from the point at which the asset is brought into use. A further adjustment is made for any backlog depreciation arising from the requirement to value assets by reference to current costs and from this the backlog depreciation is posted to the revaluation reserve.

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 - Leasehold	Not depreciated Not depreciated
Buildings	- Freehold - Leasehold	Individually assessed Period of lease
Furniture and fittings		10 years
Plant and machinery		5 years
Computer equipment		3-7 years
Intangible assets – Software licences		3 years
Computer software		3 years
Motor vehicles		3 years
Antiques (non-operational)		Not depreciated

Additions to assets will be depreciated from the month of acquisition. Disposals from assets will not be depreciated in the month of disposal.

Antiques (non-operational) are included in the furniture and fittings section in property, plant and equipment (Note 7).

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 2014-15.

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 21 under Third Party Inventory Assets.

1.7 Operating Income

Operating income is income that relates directly to the operating activities of NICTS. Operating income comprises fees and charges for services provided to external customers, rents receivable, and miscellaneous receipts.

Income is recognised in the period in which it is earned in the SoCNE and is accrued or deferred as necessary. Operating income is stated net of VAT.

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 (CFER's). An analysis of fines collected is detailed within Note 11.3.

1.8 Administration and Programme Expenditure

The SoCNE is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs guidance set out in the most recent guidance on Estimates issued by DFP.

Administration costs reflect the costs of running NICTS and include expenditure on administrative staff and associated costs including accommodation, information technology, communications and office supplies.

Programme costs reflect the costs of related service delivery costs for operating, managing and maintaining the courts. It includes staff costs and administration costs where they directly relate to service delivery.

1.9 Operating Leases

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

1.10 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS (NI)) that are described at Note 3. The defined benefit schemes are unfunded, multi-employer defined benefit schemes. 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 the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, NICTS recognises the contributions payable for the year.

1.11 Early Departure Costs

NICTS meets 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 the PCSPS (NI), over the period between early departure and normal retirement date. NICTS provides for this in full, when the early retirement programme becomes binding on the organisation, by establishing a provision for the estimated payments discounted by the Treasury discount rate of 1.3% in real terms.

Pension liabilities may arise in respect of provisions for lump sum early departure costs and the balance of any unpaid Accruing Superannuation Liability Charges (ASLC).

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 (PFI) Transactions

DFP 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:

- a) Payment for the fair value of services received;
- b) Payment for the PFI assets, including replacement of components; and
- c) 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'.

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 the Agency 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 'Programme costs' within the SoCNE.

Further details of current on-going agreements are shown in Note 15 to the accounts.

1.14 Provisions

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

Rate	Term	Real Rate
Short-term	Up to 5 years	-1.50%
Medium-term	5 to 10 years	-1.05%
Long-term	Over 10 years	2.20%

Further details on provisions are contained in Note 12.

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 18.

1.16 Third Party Assets

Third party assets are assets for which NICTS acts as custodian or trustee, but in which neither NICTS nor the 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 21.

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. We continually evaluate our 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) Impairment of property, plant and equipment and intangibles

Where there is an indication that the carrying value of items of property, plant and equipment or intangibles may have been impaired through events or changes in circumstances, a review will be undertaken of the recoverable amount of that asset.

(iii) Judicial Service Award

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. Further details on the pension provision are contained in Note 12.

(iv) Deferred income

NICTS accounts for deferred income in accordance with IAS 18 Revenue. Fee income or revenue is recognised in the accounting period in which services are rendered. Any fee income which is received prior to delivery of the service is treated as deferred income within the accounts. The calculation of deferred income 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) Fee Paid Judicial Office Holders

In respect of fee paid judicial office holders, the provisions relating to the Judicial Service Award, compensatory interest, and legal claims that relate to fee paid judicial office holders' employment terms and conditions are subject to a degree of uncertainty as they are calculated using assumptions many of which are due to be appealed at the Employment Appeal Tribunal. In addition, as the provisions relating to the Judicial Service Award and the compensatory interest are derived from the JPS fee paid pension entitlement, a level of uncertainty also stems from the pension liability actuarial assumptions adopted. Further information on these provisions is set out in Note 12.

1.18 Financial Instruments

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

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when, and only when, it is extinguished.

Financial Assets

NICTS has financial instruments in the form of trade receivables, cash and cash equivalents.

In accordance with IAS 39 Financial Instruments: Recognition and Measurement, trade receivables, cash and other receivables are classified as "loans and receivables". Loans and receivables are non-derivative non-current assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method less any impairment.

Financial assets within trade and other receivables are initially recognised at fair value, and subsequently carried at amortised cost using the effective method less provisions for doubtful receivables.

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

NICTS assesses at each SoFP date whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired.

The amount of the loss is calculated as the difference between the carrying amount of the asset and the present value of estimated future cash flows from the asset discounted at the effective interest rate of the instrument at initial recognition.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar

risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

Impairment losses are recognised in the SoCNE and the carrying amount of the financial asset or group of financial assets reduced by establishing an allowance for impairment losses. If in a subsequent period the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

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

Financial Liabilities

NICTS also has financial instruments in the form of trade payables that are classified in accordance with IAS 39 as “other financial liabilities”. These are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

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. This cost has been estimated using average staff numbers and costs applied to the average untaken leave balance determined from the results of a survey to ascertain leave balances as at 31 March 2015. It is not anticipated that the level of untaken leave will vary significantly from year to year.

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.

Note 3: Staff numbers and related costs includes information on employee benefits associated with pensions.

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 Ronnie Armour) 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 2014-15 for the first time

Standard	Comment
IFRS 10 - <i>Consolidated Financial Statements</i>	<p>The International Accounting Standards Board (IASB) have issued new and amended Standards that affect the consolidation and reporting of subsidiaries, associates, joint ventures and investment entities. These standards are effective with EU adoption from 1 January 2014.</p> <p>Accounting boundaries for IFRS purposes are currently adapted in the <i>FReM</i> so that the Westminster departmental accounting boundary is based on Office of National Statistics control criteria, as designated by Treasury. A review of the Northern Ireland (NI) financial process, which will bring NI departments under the same adaptation, has been presented to the Executive, but a decision has yet to be made. Should the Executive agree to the recommendations, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. Arm's Length Bodies (ALBs) apply IFRS in full and their consolidation boundary may change as a result of the new Standards.</p> <p>With the continuation of current adaptations, the impact on departments mainly relates to the disclosure requirements under IFRS 12.</p>
IFRS 11 - <i>Joint Arrangements</i>	
IFRS 12 - <i>Disclosure of Interests in Other Entities</i>	
IAS 27 - <i>Separate Financial Statements</i>	
IAS 28 - <i>Investments in Associates and Joint Ventures</i>	

NICTS has reviewed the standards, interpretations and amendments to published standards and FReM that became effective during 2014-15. The adoption of these standards are either not relevant to its operations or have not had a significant impact on its financial position or results.

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

NICTS has reviewed the additional or revised accounting standards and new (or amendments to) interpretations contained within the FReM 2014-15 and considers that these changes are not relevant to its operations.

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 2015 or later periods, 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 13 - <i>Fair Value Measurement</i> (new)
Description of revision	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise).</p> <p>The standard defines fair value, provides guidance on fair value measurement techniques, and sets out the disclosure requirements. The standard requires fair value be measured using the most reliable data and inputs available to determine the exit price for an asset/liability. This exit price is taken to be the price that two market participants (a buyer and seller) would settle on - based on a hierarchy for input quality. Entities are required to use the most appropriate inputs available to them in determining fair value. The inference is that the higher the quality, the more appropriate the input.</p> <p>IFRS 13 requires additional disclosures where Level 3 inputs are used to assess fair value, to give readers an understanding of the sensitivity of the valuation to changes in those inputs.</p>
Effective date	1 January 2013 (EU adopted) - <i>FReM</i> 2015-16.
Comments	Although IFRS 13 is applied without adaptation, IAS 16 and IAS 38 have been adapted and interpreted for the public sector context to limit the circumstances in which a valuation is prepared under IFRS 13.

1.23 Financial Reporting - Future Developments

In addition to the changes identified above, there are a number of future developments that will impact NICTS including:

Standard (amendment/new)	Effective date and FReM application	Description of revision	Comments
<p>IFRS 15 - Revenue from Contracts with Customers</p> <p>(IAS 18 replacement - Revenue Recognition and Liabilities Recognition)</p>	<p>1 January 2017 (not yet EU adopted) but could be 1 January 2018.</p> <p>With a view to include in the 2017-18 FReM.</p>	<p>The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements for accounting for contract costs.</p>	<p>The introduction of IFRS 15 is subject to analysis and review by HM Treasury and other Relevant Authorities. A work plan recently began to assess the impact on the public sector.</p>
<p>IFRS 9 - Financial Instruments (new)</p>	<p>1 January 2018 (not yet EU adopted).</p> <p>With a view to include in the 2018-19 FReM.</p>	<p>The objective of the new standard is to provide users with more useful information about an entity's expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date of financial instruments.</p>	<p>The introduction of IFRS 9 is subject to analysis and review by HM Treasury and other relevant Authorities. A work plan has recently started to assess the impact on the public sector.</p>
<p>IAS 17 Leases (replacement)</p>	<p>The IASB plans to issue the new Standard before the end of 2015.</p> <p>FReM inclusion will be subject to consultation.</p>	<p>The current proposals include the elimination of the current operating lease categorisation for virtually all leases. Instead, assets and liabilities will be recognised on a 'right of use' basis. Two possible exemptions are anticipated, one being for short leases (less than 1 year) and the second being for small value assets.</p> <p>The latest update emphasises that service contracts are not required to be capitalised on the balance sheet and that the new Standard will include accompanying guidance to help entities assess whether a contract is (or contains) a lease.</p>	<p>HM Treasury has continued to analyse this process including the project update and consideration of practical implications. HM Treasury and Relevant Authorities will review the implications and follow due process once there is a final Standard.</p>

Standard (amendment/new)	Effective date and FReM application	Description of revision	Comments
IAS 1 - Disclosure Initiative (amendment)	1 January 2016 (not yet EU adopted) With a view to include in the 2016-17 FReM.	These amendments encourage professional judgement to be used in determining what information to disclose in financial statements, and where and in what order information is presented in the financial disclosures. The amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.	HM Treasury and other Relevant Authorities will review the implications of this amendment and follow due process nearer to the EU adoption date. Any substantive changes to the FReM will follow normal due process.
IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation (amendment)	1 January 2016 (not yet EU adopted) With a view to include in the 2016-17 FReM.	This amendment prohibits revenue-based depreciation methods and generally presumes that such methods are an inappropriate basis for amortising intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.	HM Treasury and other Relevant Authorities will review the implications of these changes and follow due process nearer to the EU adoption date. Any substantive changes to the FReM will follow normal due process.

NICTS has considered the remaining additional or revised accounting standards and new (or amendments to) interpretations contained within FReM 2015-16. NICTS considers that these changes are not relevant to its operations.

2. Analysis of Net Expenditure by Reporting Segment

NICTS operating segments are determined by the services provided both to external and internal customers.

Aim	2014-15 £'000			2013-14 £'000		
	Gross	Income	Net	Gross	Income	Net
Segment 1	55,882	(29,074)	26,808	60,964	(31,872)	29,092
Segment 2	7,779	(32)	7,747	3,691	(15)	3,676
Segment 3	13,537	–	13,537	13,897	(141)	13,756
Net Operating Costs	77,198	(29,106)	48,092	78,552	(32,028)	46,524

Segment 1 Operations

Segment 2 Business Support

Segment 3 Office of the Lord Chief Justice

3. Staff numbers and related costs

Staff costs comprise:

	2014-15 £'000			2013-14 £'000
	Total	Permanently employed staff	Others	Total
Wages and salaries	18,488	18,142	346	19,201
Social security costs	1,298	1,298	–	1,400
Other pension costs	3,807	3,807	–	3,752
Sub Total	23,593	23,247	346	24,353
Less recoveries in respect of Outward secondments	(344)	(344)	–	(449)
Total Net Costs	23,249	22,903	346	23,904

In 2014-15 £49,329 has been charged to capital (2013-14: £50,300)

Average number of persons employed

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

Segment	2014-15 Number			2013-14 Number
	Total	Permanent staff	Others	Total
1 – Operations	560	550	10	584
2 – Business Support	94	91	3	99
3 – Office of the Lord Chief Justice	39	39	–	40
Total	693	680	13	723

* Of the total, one whole-time equivalent member of staff was engaged on a capital project (2013-14: one).

PCSPS (NI) is an unfunded multi-employer defined benefit scheme but NICTS is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. The valuation was then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £3,509k were payable to the NICS pension arrangements (2013-14: £3,672k) at one of four rates in the range 18% to 25% (2013-14: 18% to 25%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new valuation scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2015-16, the new rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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

As at 31 March 2015, two employees (2013-14: one employee) of NICTS opted for a partnership pension account. Employer's contributions were £5k (2013-14: £2k).

Exit Packages

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where the Department has agreed early retirements, the additional costs are met by the Department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the following table:

Exit Package cost band	2014-15			2013-14
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
< £10,000	–	1	1	–
£10,000 - £25,000	–	1	1	2
£25,000 - £50,000	–	3	3	–
£50,000 - £100,000	–	–	–	–
£100,000 - £150,000	–	–	–	–
£150,000 - £200,000	–	–	–	–
Total number of exit packages	–	5	5	2
Total Resource Cost £	–	129,091	129,091	35,922

During 2014-15 five members of staff (2013-14: two) opted to leave under an early departure scheme. The resource impact was £129,091 (2013-14: £35,922).

III-Health retirement

During 2014-15 one individual (2013-14: 1) retired on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £2,251 (2013-14: £1,963).

Judicial Office Holders

Judicial office holders are covered by the provisions of the JPS. The terms of most of the pension arrangements are set out in (or in some cases are analogous to) the provisions of two Acts of Parliament, the Judicial Pensions Act 1981 and the Judicial Pensions & Retirement Act 1993 (JUPRA). The JPS is an unfunded public service scheme, providing pensions and related benefits for members of the Judiciary. The costs of benefits accruing for each year of service is shared between the Appointing Bodies and the judicial office-holders.

For the Appointing Bodies their contributions rate was 32.15% of pensionable pay (2013-14: 32.15%), this includes an element of 0.25% (2013-14: 0.25%) as a contribution towards the administration costs of the scheme. For judicial office-holders their share was 1.8% or 2.4% of pensionable pay (2013-14: 1.8% or 2.4%). Judicial office holders in the 1981 scheme pay contributions of 2.4% for a maximum of 15 years or 1.8% for 20 years and those in the 1993 scheme pay contributions of 1.8% for a maximum of 20 years (subject to an earnings cap).

The Pensions Act 2011 amended the judicial pension legislation to allow the taking of contributions towards the cost of the personal pension for those judicial office holders who have not yet accrued full service. The Judicial Pensions (Contributions) Regulations 2012 determined the rate of the personal pension contribution (PPC) which was 1.28% of gross salary (the pension cap does not apply to the PPC). The contributions commenced from 1 April 2012 in line with other public service pension schemes. Those members who had accrued full service prior to 1 April 2012 did not have PPC. The PPC increased to 2.56% from 1 April 2013 and increased further to 3.2% from 1 April 2014 in accordance with Statutory Instrument 2013 no.484 The Judicial Pensions (Contributions) (Amendment) Regulations 2014.

Although the JPS is a defined benefit scheme, in accordance with FReM Table 6.2, NICTS accounts for the scheme as a defined contribution scheme and recognises employer contributions payable as an expense in the year they are incurred.

Following the Hutton Review on Public sector pensions, two new pension schemes, NJPS and Northern Ireland Judicial Pension Scheme (NIJPS), have been introduced from 1 April 2015. These mirror each other and other public sector career average pension schemes. From 1 April 2015 NICTS pay contributions in relation to salaried excepted and devolved salaried Judicial Office Holders and excepted fee paid Judicial Office Holders.

In September 2005, a retired fee paid judicial office holder brought a claim in the Employment Tribunal seeking retrospective parity of treatment with salaried judicial office holders by claiming pension entitlements under the Part Time Workers Regulations. A UK Supreme Court hearing on 6 February 2013 ruled that the retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder.

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

Provisions have been recognised in these Accounts for the liability to fee paid judicial office holders in respect of the Judicial Service Award and compensatory interest, as neither of these liabilities are covered by JPS and its governing Acts. A provision has also been made for further claims that relate to the terms and conditions of fee paid office holders which have historically not matched those of their salaried comparators.

Further information on these provisions is set out in Note 12.

4. Other Administration Costs

	Note	2014-15 £'000	2013-14 £'000
Rentals under operating leases			
Hire of plant and machinery		7	20
Rentals for accommodation		112	246
		119	266
Non-cash items			
Depreciation	7	300	328
Amortisation	8	60	59
Auditors' remuneration and expenses		94	92
Notional charges		1,554	597
		2,008	1,076
Other expenditure			
Court Security		42	77
Staff Related costs		73	149
Accommodation costs		215	258
Services		579	710
Professional costs		200	71
Other Costs		16	73
		1,125	1,338
Total		3,252	2,680

5. Programme Costs

	Note	£'000	2014-15 £'000	2013-14 £'000
Rentals under operating leases				
Hire of plant and machinery		71		54
Rentals for accommodation		545		675
			616	729
PFI service charges				
Service element of PFI contracts		2,455		2,420
Interest charges: Finance leases		1,148		1,239
			3,603	3,659
Non-cash items				
Depreciation	7	5,392		7,206
Amortisation	8	424		695
Loss on disposal of property, plant and equipment		-		29
Auditors remuneration and expenses		12		12
Provision provided in the year	12	788		1,007
Provision not required written back	12	(435)		(4,135)
Borrowing costs		108		116
Impairment Losses	7	160		347
			6,449	5,277
Other expenditure				
Court Security		5,241		5,173
Staff Related costs		258		293
Accommodation costs		4,438		4,916
Services		5,988		6,287
Professional costs		482		889
Coroners, Tribunals and Other Court costs*		8,174		8,861
Other		804		609
			25,385	27,028
Judicial costs (Non-consolidated fund)				
Judicial costs		3,417		3,954
Judicial pensions		2,819		2,809
			6,236	6,763
Consolidated Fund standing services				
Judicial wages and salaries		7,144		7,137
Judicial social security costs		920		926
			8,064	8,063
Total			50,353	51,519

* Includes legal advice for legacy inquests

6. Income

	2014-15 £'000	2013-14 £'000
	Total	Total
Court Fees	22,766	24,499
Recovery of Tribunals	3,660	4,561
Other Income	2,680	2,968
	29,106	32,028

Other income relates to income from other sources which are not arising from court fees. This includes rental and service charges generated from court room accommodation and recovery of costs associated with the provision of the service of summons servers and the administration of the safety camera scheme.

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

	2014-15			2013-14		
	Income £'000	Full Cost £'000	Surplus/ (deficit) £'000	Income £'000	Full Cost £'000	Surplus/ (deficit) £'000
Court Service	22,693	21,828	865	24,431	23,263	1,168
- Civil Business						
	22,693	21,828	865	24,431	23,263	1,168

Income shown is in respect of civil fee earning business and has been accounted for in accordance with MPMNI.

NICTS is committed to achieving full cost recovery for the services it provides in respect of civil court business. The income for 2014-15 represents 104% of cost recovery (2013-14: 105%).

The civil business fee recovery target above is based on expenditure net of exemptions and remissions. Applicants in receipt of certain means-tested benefits are entitled to automatic fee exemption. Total fee exemptions during 2014-15 amounted to £68k (2013-14: £63k). Remission of fees is considered on an individual basis and is granted in cases of hardship. Total fees remitted during 2014-15 amounted to £5k (2013-14: £4k).

7. Property, Plant and Equipment

	Land £'000	Buildings £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Payments on Account & Assets under Construction £'000	Total £'000
Cost or valuation							
At 1 April 2014	30,555	148,397	4,972	2,124	783	–	186,831
Additions	–	726	264	–	–	–	990
Impairment	(30)	(142)	–	2	–	–	(170)
Indexation	–	12,421	–	–	2	–	12,423
Revaluation	(165)	(247)	–	(3)	–	–	(415)
At 31 March 2015	30,360	161,155	5,236	2,123	785	-	199,659
Depreciation							
At 1 April 2014	–	–	4,453	1,775	479	–	6,707
Charged in year	–	4,955	349	310	77	–	5,691
Impairment	–	(12)	–	2	–	–	(10)
Indexation	–	412	–	–	1	–	413
Revaluation	–	(18)	–	(5)	–	–	(23)
At 31 March 2015	–	5,337	4,802	2,082	557	–	12,778
Net book value at 31 March 2015	30,360	155,818	434	41	228	–	186,881
Net book value at 31 March 2014	30,555	148,397	519	349	304	–	180,125
Asset financing:							
Owned	30,360	118,990	434	41	228	–	150,053
On balance sheet PFI contracts	–	36,828	–	–	–	–	36,828
Net book value at 31 March 2015	30,360	155,818	434	41	228	–	186,881

	Land £'000	Buildings £'000	Information Technology £'000	Plant & Machinery £'000	Furniture & Fittings £'000	Payments on Account & Assets under Construction £'000	Total £'000
Cost or valuation							
At 1 April 2013	26,058	183,271	4,811	2,151	777	–	217,068
Additions	–	892	188	–	–	–	1,080
Disposals	–	(73)	–	–	–	–	(73)
Impairment	(381)	(378)	(5)	(16)	–	–	(780)
Revaluation	4,878	(35,315)	(22)	(11)	6	–	(30,464)
At 31 March 2014	30,555	148,397	4,972	2,124	783	–	186,831
Depreciation							
At 1 April 2013	–	21,009	2,828	1,418	399	–	25,654
Charged in year	–	5,438	1,648	372	76	–	7,534
Disposals	–	(44)	–	–	–	–	(44)
Impairment	–	(430)	(3)	–	–	–	(433)
Revaluation	–	(25,973)	(20)	(15)	4	–	(26,004)
At 31 March 2014	–	–	4,453	1,775	479	–	6,707
Net book value at 31 March 2014	30,555	148,397	519	349	304	–	180,125
Net book value at 31 March 2013	26,058	162,262	1,983	733	378	–	191,414
Asset financing:							
Owned	30,555	113,400	519	349	304	–	145,128
On balance sheet PFI contracts	–	34,997	–	–	–	–	34,997
Net book value at 31 March 2014	30,555	148,397	519	349	304	–	180,125

Notes

IAS 16 requires measurement of assets at fair value.

Land and buildings were valued as at 31 March 2014 by LPS. The valuation was carried out by LPS in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. In accordance with the accounting policy the Land and Buildings have been revalued using appropriate indices as provided by LPS. Indices for assets other than land and buildings were obtained from ONS MM22 Price Index Numbers for Current Cost Accounting as at March 2015.

All Buildings are valued at Depreciated Replacement Cost (DRC) with the exception of two Courthouses that were revalued at 31 March 2015 at market value, due to their non-operational status.

Antiques have been included in the Furniture and Fittings classification and are professionally valued every five years. The valuation was carried out at 31 March 2014 by John Ross & Co.

There are no donated assets to report.

8. 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 2014	311	10,162	10,473
Additions	–	283	283
Indexation	4	14	18
At 31 March 2015	315	10,459	10,774
Amortisation			
At 1 April 2014	205	9,343	9,548
Charged in year	72	412	484
Indexation	3	7	10
At 31 March 2015	280	9,762	10,042
Net Book Value at 31 March 2015	35	697	732
Net Book Value at 31 March 2014	106	819	925
Asset Financing			
Owned	35	697	732
On balance sheet PFI contracts	–	–	–
Net book value at 31 March 2015	35	697	732

	Software Licences £'000	IT £'000	Total £'000
Cost or valuation			
At 1 April 2013	305	9,632	9,937
Additions	–	500	500
Indexation	6	30	36
At 31 March 2014	311	10,162	10,473
Amortisation			
At 1 April 2013	128	8,645	8,773
Charged in year	74	681	755
Indexation	3	17	20
At 31 March 2014	205	9,343	9,548
Net Book Value at 31 March 2014	106	819	925
Net Book Value at 31 March 2013	177	987	1,164
Asset Financing			
Owned	106	819	925
On balance sheet PFI contracts	–	–	–
Net book value at 31 March 2014	106	819	925

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

9. Trade receivables and other current assets

9.1 Analysis by type

	2014-15 £'000	2013-14 £'000
Amounts falling due within one year:		
Trade receivables	103	115
Value Added Tax	860	718
Other receivables	1,081	2,506
Prepayments and accrued income	2,964	3,828
Total	5,008	7,167

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 (2013-14: £39k).

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

9.2 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2014-15 £'000	2013-14 £'000	2014-15 £'000	2013-14 £'000
Balances with other central government bodies	3,380	4,898	–	–
Balances with local authorities	–	–	–	–
Subtotal: intra-government balances	3,380	4,898	–	–
Balances with bodies external to government	1,628	2,269	–	–
Total receivables at 31 March	5,008	7,167	–	–

10. Cash and cash equivalents

	2014-15 £'000	2013-14 £'000
Balance at 1 April	919	23
Net change in cash and cash equivalent balances	196	896
Balance at 31 March	1,115	919
The following balances at 31 March were held at:		
Office of HM Paymaster General	–	–
Commercial banks and cash in hand	1,115	919
Balance at 31 March	1,115	919

11. Trade payables and other current liabilities

11.1 Analysis by type

	2014-15 £'000	2013-14 £'000
Amounts falling due within one year		
Trade payables	90	26
Other payables	288	796
Accruals and deferred income	15,784	15,260
Current part of imputed finance lease element of PFI contracts	1,124	1,034
Consolidated Fund extra receipts due to be paid to the Consolidated Fund received and receivable	105	127
	17,391	17,243
Amounts falling due after more than one year		
Imputed finance lease element of PFI contracts	17,712	18,836
	35,103	36,079

Within accruals and deferred income are accruals for non-current assets of £995k (2013-14: £977k).

11.2 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2014-15 £'000	2013-14 £'000	2014-15 £'000	2013-14 £'000
Balances with other central government bodies	3,791	4,185	–	–
Balances with local authorities	1	1	–	–
Balances with NHS Trusts	–	–	–	–
Balances with public corporations	3	–	–	–
Subtotal: intra-government balances	3,795	4,186	–	–
Balances with bodies external to government	13,596	13,057	17,712	18,836
Total payables at 31 March	17,391	17,243	17,712	18,836

11.3 Summary of fine income payable to the Northern Ireland Consolidated Fund (NICF)

The following details the income collected by NICTS acting as an agent for the NICF. 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 2014-15, 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 the 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 the NICF until paid over (see Note 11.1).

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

Trust Statement Revenue	2014-15 £'000	Restated 2013-14 £'000
Fixed Penalties	2,469	2,234
Court Imposed fines	5,074	6,099
Offender Levy	311	339
Extra Costs	17	61
Confiscation Orders	2,062	2,830
Other Party Criminal	1,675	2,287
	11,608	13,850
Expenditure		
Credit Losses	(2,823)	(2,556)
Revenue retained by NICTS under statute	(157)	(174)
Disbursements		
Amounts paid to Other Parties	(1,253)	(2,456)
Amounts paid to Safety Camera Scheme	(872)	(888)
	(5,105)	(6,074)
	6,503	7,776
Net Revenue for the Consolidated Fund	6,503	7,776

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

Amounts Held On Trust	2014-15 £'000	2013-14 £'000
Balance held on trust at 1 April	539	860
Fines cleared by receipt of payment (NICF fines)	8,603	7,046
Payments to Consolidated Fund	(7,458)	(6,305)
Payments to others	(1,029)	(1,062)
Balance held on Trust at 31 March	655	539

The receivables balance at year end was £15.0m (2013-14: £16.2m), this includes those receivables which are not payable to the NICF, for example compensation.

	2014-15 £'000	Restated 2013-14 £'000
Balance receivable at 1 April	16,201	12,486
Amounts Imposed	11,608	13,850
Fines Cleared by receipt of Payment	(10,019)	(8,446)
Fines Cleared by Competent Authority	(2,823)	(2,556)
(Increase) in impairment provision	–	867
Balance receivable at 31 March	14,967	16,201

The 2013-14 balances have been restated within this note to reflect the contents of the Trust Statement for 2013-14 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 Statement of Assembly Supply and Note 2 in these accounts and, for the purposes of Assembly Control, these figures are indelible.

12. Provisions

	Early departure costs £'000	Legal Claims £'000	Judicial Service Award £'000	Court Funds Office £'000	Fee Paid Officer Holders £'000	Total £'000
Balance at 1 April 2014	267	789	4,500	330	270	6,156
Provided in the year	5	315	468	–	–	788
Provisions not required written back	–	(158)	–	(277)	–	(435)
Provisions utilised in the year	(65)	(131)	(220)	(53)	–	(469)
Provisions settled from Consolidated Fund	–	–	(258)	–	–	(258)
Borrowing Costs	12	–	96	–	–	108
Actuarial gain	–	–	(262)	–	–	(262)
Balance at 31 March 2015	219	815	4,324	–	270	5,628

Analysis of expected timing of discounted flows:

	Early departure costs £'000	Legal Claims £'000	Judicial Service Award £'000	Court Funds Office £'000	Fee Paid Officer Holders £'000	Total £'000
Not later than one year	43	815	617	–	32	1,507
Later than one year and not later than five years	176	–	1,759	–	37	1,972
Later than five years	–	–	1,948	–	201	2,149
Balance at 31 March 2015	219	815	4,324	–	270	5,628

	Early departure costs £'000	Legal Claims £'000	Judicial Service Award £'000	Court Funds Office £'000	Fee Paid Officer Holders £'000	Total £'000
Balance at 1 April 2013	357	659	4,500	3,773	603	9,892
Provided in the year	5	583	419	–	–	1,007
Provisions not required written back	(20)	(338)	–	(3,443)	(334)	(4,135)
Provisions utilised in the year	(91)	(115)	(56)	–	–	(262)
Provisions settled from Consolidated Fund	–	–	(363)	–	–	(363)
Borrowing Costs	16	–	100	–	1	117
Actuarial loss	–	–	(100)	–	–	(100)
Balance at 31 March 2014	267	789	4,500	330	270	6,156

Analysis of expected timing of discounted flows:

	Early departure costs £'000	Legal Claims £'000	Judicial Service Award £'000	Court Funds Office £'000	Fee Paid Officer Holders £'000	Total £'000
Not later than one year	60	789	700	330	33	1,912
Later than one year and not later than five years	207	–	2,100	–	37	2,344
Later than five years	–	–	1,700	–	200	1,900
Balance at 31 March 2014	267	789	4,500	330	270	6,156

12.1 Early departure costs

NICTS meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to PCSPS over the period between early departure and normal retirement date. NICTS provides 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 1.3% in real terms.

12.2 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 18.

12.3 Judicial Service Award

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

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

12.4 Courts Funds Office: Stockbroker Management Fees

Provision was made last year for reimbursement of stockbroker management fees which were charged to CFO client accounts without the appropriate authorisation between 1996 and 2010.

The legal and administrative process to determine which fees had been deducted lawfully was long and complex, but this completed in March 2015 and repayment, including interest of £53,102 was made to the Court Funds Office clients in March 2015, discharging this obligation in full. The details of this are more fully disclosed in the CFO accounts, where these transactions are reflected.

12.5 Fee Paid Office Holders

Judicial Service Award

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

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

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

Compensatory Interest

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

Non-Pension Entitlements

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

During 2013-14 hearings held by the Employment Tribunal and Employment Appeal Tribunal addressed claims for non-pension entitlements relating to the terms and conditions of fee paid

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

13. Capital commitments

NICTS has not entered into any capital commitments as at 31 March 2015 (2013-14: none).

14. Commitments under leases

14.1 Operating leases

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

	2014-15 £'000	2013-14 £'000
Obligations under operating leases comprise:		
Buildings:		
Not later than one year	576	683
Later than one year and not later than five years	1,657	1,701
Later than five years	752	1,097
	2,985	3,481
Other:		
Not later than one year	74	77
Later than one year and not later than five years	34	86
Later than five years	–	–
	108	163

14.2 Finance leases

The Agency had no finance leases operating during the year.

15. Commitments under PFI contracts

15.1 Laganside Complex

During 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 of NICTS under IFRIC 12.

The substance of the contract is that NICTS has a finance lease and payments comprise two elements – imputed finance lease charges and service charges.

Details of the imputed finance lease charges are given in the table below for each of the following periods:

	2014-15 £'000	2013-14 £'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	14,666	16,847
	25,576	27,757
Less interest element	(6,740)	(7,888)
Present value of obligations	18,836	19,869

Details of the minimum service charge are given in the table below for each of the following periods:

	2014-15 £'000	2013-14 £'000
Service charge due within one year	1,457	1,429
Service charge due later than one year and not later than five years	5,957	5,834
Service charge due later than five years	10,519	11,851
Total	17,933	19,114

15.2 Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the SoCNE in respect of the service element of on balance sheet (SoFP) PFI transactions was £2,455k (2013-14: £2,420k); and the payments to which NICTS is committed is as follows:

	2014-15 £'000	2013-14 £'000
Not later than one year	2,452	2,398
Later than one year and not later than five years	9,980	9,594
Later than five years	17,454	20,647
Total	29,886	32,639

16. Other financial commitments

NICTS has entered into a five year contract with Fujitsu Services for the provision of ICT services which is due to expire on 31 December 2015. The future commitments in revenue terms for the remaining nine months of this contract from April 2015 to December 2015 is approximately £3.2m (at 31 March 2014, £8.0m remained on the contract up to December 2015). There are no other contracted non-capital commitments at 31 March 2015.

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

17. 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 Agencies are 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 9) and cash and cash equivalent (Note 10). NICTS financial liabilities comprise trade payables excluding tax assets, accruals and deferred income (Note 11). 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).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. NICTS is not exposed to significant credit risk and manages its exposure via credit risk management policies which require review of the credit history of the organisations that NICTS wishes to trade with. Publicly available credit information from recognised providers is utilised for this purpose where available. The maximum exposure to credit risk is represented by the carrying amounts of the trade receivables carried in the SoFP.

Liquidity risk

NICTS net revenue resource requirements are financed by resources voted annually by the Northern Ireland Assembly, as is its capital expenditure. It is not, therefore, exposed to significant liquidity risks.

NICTS financial assets of £1,115k (2013-14: £919k), found in Note 10, are non-interest bearing financial assets and comprise of cash and cash equivalents. Cash and cash equivalents are held in sterling and are available on demand.

Currency Risk

Currency risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in foreign exchange rates.

NICTS does not have the authority to manage currency risk through hedging.

Interest Rate Risk

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

Embedded Derivatives

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

18. 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.

18.1 Legal Claims and Costs

There is an estimated contingent liability of £117k (2013-14: £120k) in relation to legal claims and costs; further information is disclosed within Note 12.2.

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

18.2 Fee Paid Office Holders

Pension entitlements are provided to salaried judges under the JPS. In September 2005, a retired fee paid judicial office holder brought a claim in the Employment Tribunal seeking retrospective parity of treatment with salaried judicial office holders by claiming pension entitlements under the Part Time Workers Regulations.

The UK Supreme Court ruled on 6 February 2013 that the retired fee paid judicial office holder was entitled to a pension on terms equivalent to those applicable to a salaried judicial office holder. This lead case set the precedent for other stayed cases, which in addition to pension entitlements, extended to non-pension entitlements relating to fee paid judicial office holders' employment terms and conditions, such as annual leave, sick pay and training fees. The case was remitted to the Employment Tribunal to determine the quantum of the liability to the eligible fee paid judicial office holders.

During 2013-14, there were several hearings held at the Employment Tribunal and Employment Appeal Tribunal to address the quantum of the pension entitlement and which judicial office holders were eligible to make claims. In addition to pension entitlements, these hearings also addressed claims for non-pension entitlements relating to fee paid judicial office holders' employment terms and conditions.

As detailed in Note 12.5 provisions have been recognised for eligible fee paid judicial office holders based on the UK Supreme Court ruling and the latest judgments from the Employment Tribunal and Employment Appeal Tribunal. There are a number of outstanding appeals in relation to these judgments which have not been heard prior to the finalisation of these accounts.

In the JPS accounts, £4.7m has been recognised as the pension liability associated with NICTS fee paid judicial office holders as at 31 March 2015. NICTS will potentially have to fund £3.1m

of this however the timing of these cash flows remains uncertain. In addition to this an estimated contingent liability of £135k has been disclosed, arising from pension and non-pension claims which have been lodged outside the time limit provided by the latest available judgments. These judgments allow for the Employment Tribunal to use discretion and extend this time limit if it rules that it is just and equitable to do so. As cases in Northern Ireland have been further postponed until September 2015, awaiting the outcome of the related litigation in England and Wales, there is currently no evidence in respect of the number of claims that the Employment Tribunal will allow and therefore NICTS has no present obligation in relation to claims lodged outside the timeframe.

18.3 Legacy Inquests

The programme of legacy inquests continues to create a budgetary pressure. The number of legacy inquests has increased with on-going potential for further increase as the Attorney General continues to refer cases. The Stormont House Agreement (SHA) provides a foundation for dealing with issues relating to the past in Northern Ireland. Paragraph 31 of the Agreement requires the Executive to improve the way the legacy inquest function is conducted to comply with ECHR Article 2 requirements. This enables the Department to bid for funds made available through the SHA in order to make a number of improvements to the current legacy inquest system and hence enable the requirements of the SHA to be met. However, pending confirmation that the necessary funds will be made available through the SHA there is no specific funding in place for legacy work at this time.

18.4 Judicial Reviews on Fine Enforcement

The recent court hearing to consider five Judicial Review applications challenging imposing and enforcing fines has resulted in the court finding many of the processes to be flawed. One of the significant points to be found was that the court should not consider how to deal with default at the point of sentence but should only do so after the default has occurred. The implications of this judgment for NICTS are that there could be potential claims against NICTS for unlawful imprisonment for unpaid fines but the quantum of these fines is uncertain.

The five Judicial Reviews have been converted to writs and will be considered before the Master of the Queen's Bench Division. A trial date has been set for three days from 26 to 28 January 2016 to consider the issues and potential immunity under the Crown Proceedings Act 1947. If the judge proceeds to consider an award of damages a scale may be established and applied to future claims avoiding the need for unnecessary litigation. Depending on the outcome of these cases, there may be significant financial implications for NICTS and the Department arising from compensation payments for claims that cannot yet be estimated with any accuracy.

18.5 Voluntary Exit Scheme

The NICS launched a Voluntary Exit Scheme (VES) across all departments on 2 March 2015. The closing date for applications was 27 March 2015. At the reporting date, there is a possible obligation on the Department which may give rise to a liability should any NICTS employees apply and be successful. It is not possible, at the reporting date, to quantify what this potential liability may be.

19. Losses and special payments

During the year, there were two losses totalling £30 (2013-14: 10 cases totalling £833).

There were no special payments in 2014-15 (2013-14: £nil).

20. 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 the Department, and with other entities for which DOJ is regarded as the parent Department, namely PSNI, NIPS, the Youth Justice Agency and

the Northern Ireland Legal Services Commission. 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.

Mr David A Lavery CB's wife is a fee paid office holder of the Mental Health Review Tribunal and the Appeals Tribunals. She received fees totalling £46,144 (2013-14: £67,920).

Conall MacLynn's wife is a fee paid office holder of the Appeals Tribunals. She received fees totalling £5,458 (2013-14: £38,764).

His Honour Judge McFarland's wife is a fee paid office holder of the Appeals Tribunals. She received fees totalling £27,561 (2013-14: £46,001).

21. 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 the Office of the Official Solicitor.

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 2014 £'000	Gross inflows £'000	Gross outflows £'000	31 March 2015 £'000
Monetary assets such as bank balances and monies on deposit	133,334	113,545	(122,971)	123,908
Listed securities	169,373	46,505	(28,912)	186,966
Total Third Party Assets	302,707	160,050	(151,883)	310,874

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 2015 Number	31 March 2014 Number
Property assets	964	1,839

22. Entities within the accounting boundary

The accounting boundary incorporates only the core Agency.

The funds invested by the 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.

23. 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 accounts 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 2015

	£	2014-15 £	£	2013-14 £
Income	-		-	
Staff Costs				
Staff Payroll costs	(189,758)		(204,034)	
Judicial Payroll costs	(167,925)		(183,659)	
Total Payroll costs		(357,683)		(387,693)
Other operating costs		(21,745)		(142,226)
Net Cost of operations		(379,428)		(529,919)

24. Events after the reporting period

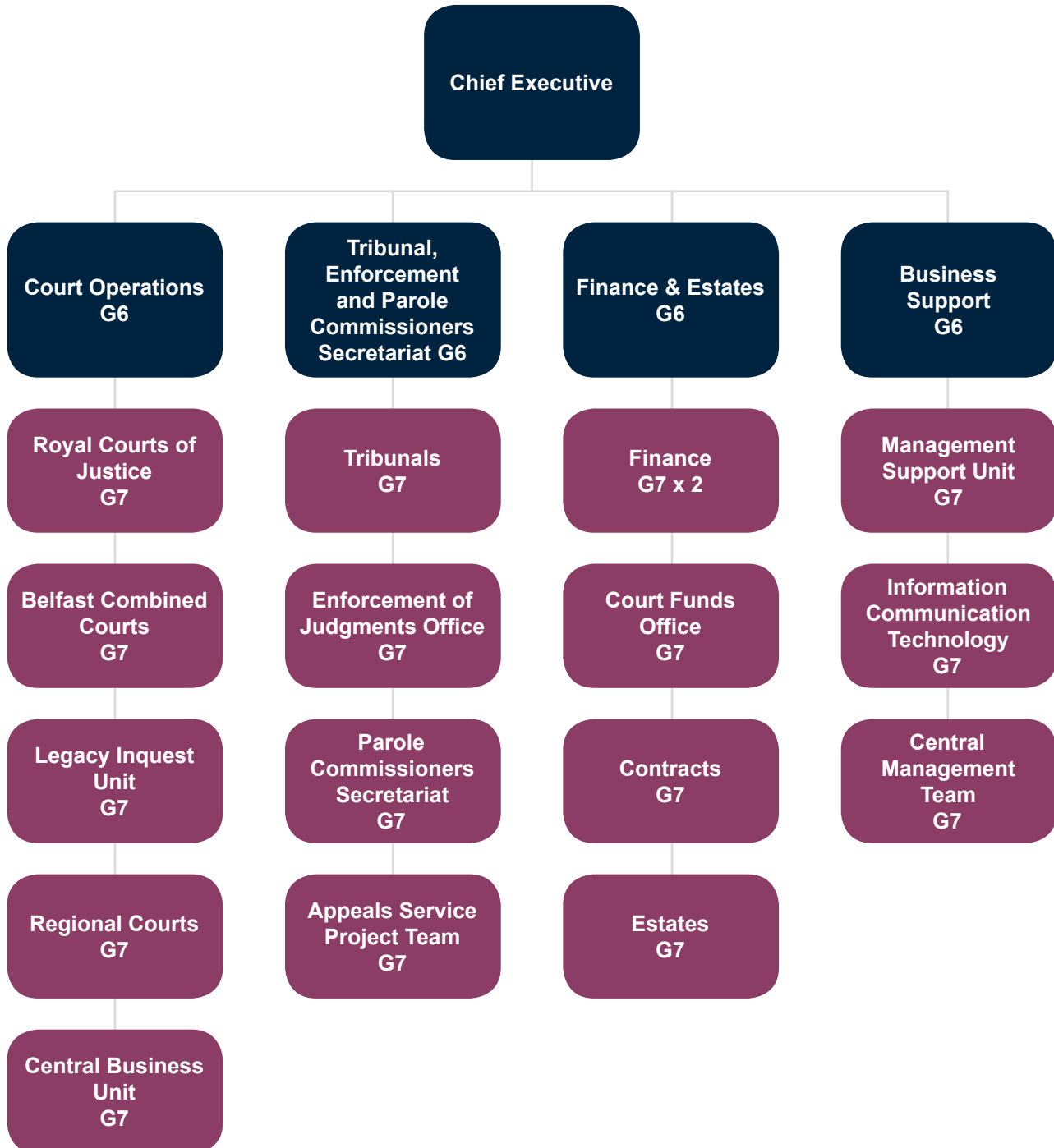
24.1 Voluntary Exit Scheme

Since 31 March 2015, applications for the Voluntary Exit Scheme are being processed, communicated and agreed with staff based on conditional offers. This will result in an obligation arising on NICTS since the reporting date, but the value of the liability cannot be quantified at this stage. This is a non-adjusting event and consequently, the 2014-15 accounts have not been adjusted. It is expected that payments to settle this liability will be made during the 2015-16 financial year.

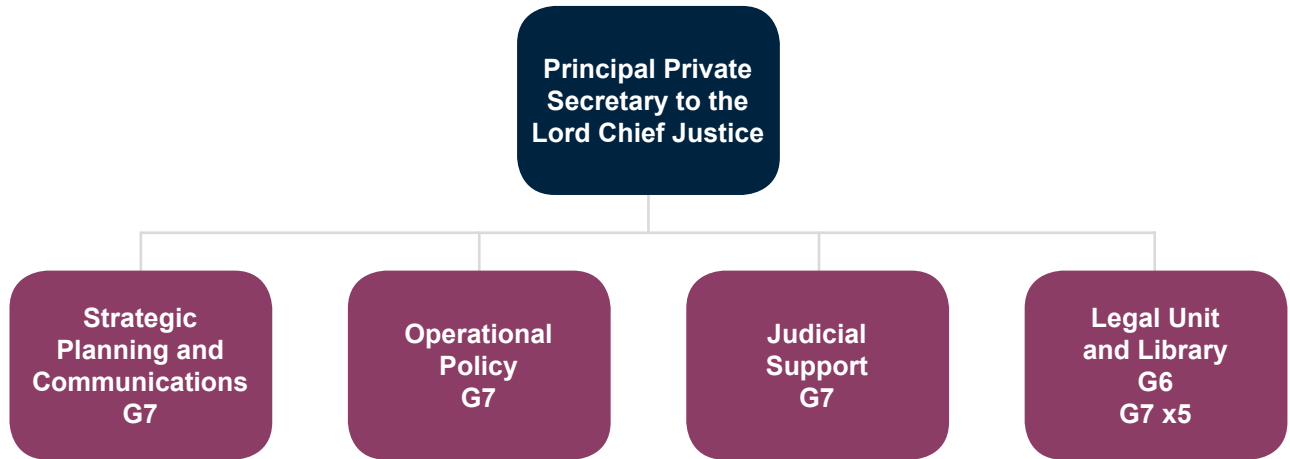
The Accounting Officer authorised these financial statements for issue on the same date that they were certified by the C&AG.

PART 5 APPENDICES

Annex A Northern Ireland Courts and Tribunals Service Organisational Chart 2015



Annex B Office of the Lord Chief Justice Structure 2015



Annex C Staffing

At the end of March 2015, the number of staff employed by the Agency was 732. A breakdown is provided below.

Staff Headcount	
Tribunals and Enforcement Division	129
Court Operations Division	467
Finance and Estates	61
Business Support	30
Office of the Lord Chief Justice	42
Chief Executive's Office	3
Total	732*

* There are six secondees out which have been excluded from this total

Staff Headcount by Grade	
Administrative Assistant	7
Administrative Officer	339
Executive Officer 2	54
Executive Officer 1	187
Staff Officer	72
Deputy Principal	36
Principal Officer	29
Grade 6	7
Grade 5	1
Total	732

Annex D Court and Tribunal Performance Standards 2014-15

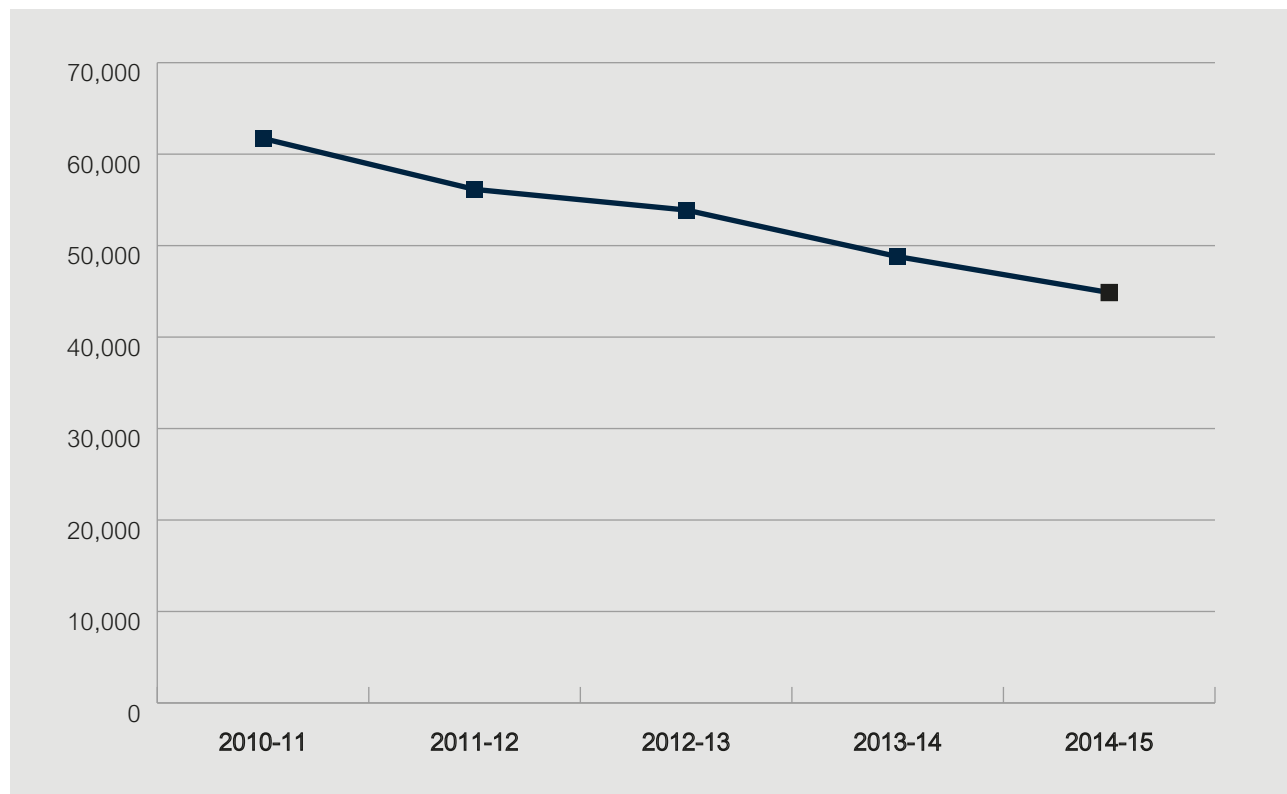
Criminal Business

To facilitate the efficient disposal of criminal business⁴

- 80% of Crown Court defendants will be arraigned within six weeks of committal;
(In 2014-15 we achieved 93%)
- 80% of Crown Court defendants will start their trial within 18 weeks of committal;
(In 2014-15 we achieved 86%)
- 80% of Crown Court defendants will be sentenced within six weeks of a plea or finding of guilt;
(In 2014-15 we achieved 80%)
- 80% of Magistrates' Courts adult defendants will have their case disposed of within nine weeks of first listing;
(In 2014-15 we achieved 86%)
- A finding will be reached within 12 weeks from first listing for 80% of Youth Court defendants;
(In 2014-15 we achieved 88%)
- 90% of appeals against a sentence will be listed within four weeks of leave being granted to appeal to the Court of Appeal;
(In 2014-15 we achieved 96%)

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

Figure 1: Criminal Business Received



⁴ 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	2014-15	% difference*
Total Criminal business	44,869	-8%
Crown Court cases	1,530	-12%
Magistrates' adult defendants	41,374	-8%
Magistrates' youth defendants	1,965	-12%
Business Volumes disposed		
Total criminal business	44,412	-10%
Crown Court cases	1,504	-22%
Magistrates' adult defendants	40,994	-9%
Magistrates' youth defendants	1,914	-16%
Sittings		
Total criminal sittings	6,184	-7%
Crown Court	2,528	-10%
Magistrates' adult	3,165	-4%
Magistrates' youth	491	-3%
Performance against a target of 80% compliance		
Crown Court ⁵	86%	4pp
Magistrates' adult	86%	2pp
Magistrates' youth	88%	1pp

* compared with equivalent data for the 2013-14 period

pp – percentage point

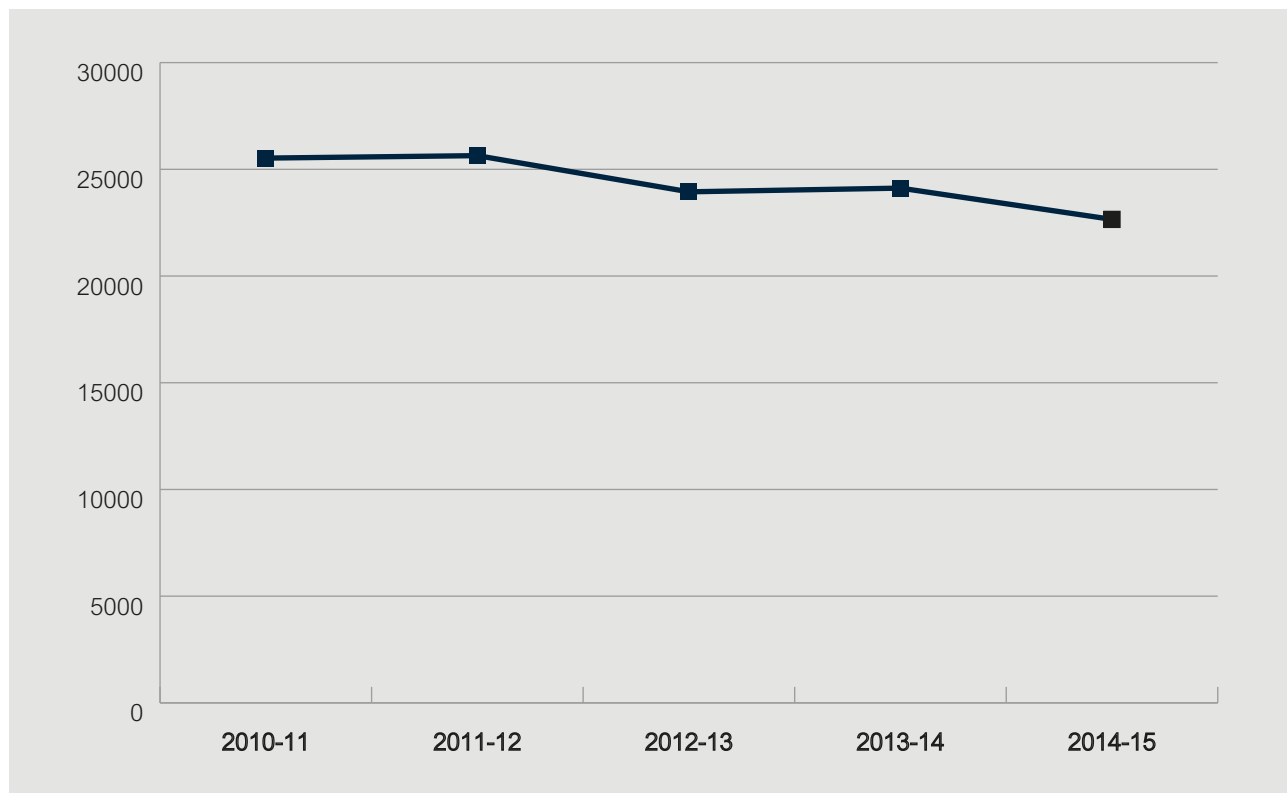
Civil Business

To facilitate the efficient disposal of civil business

- 98% of civil bills will be allocated a hearing date within 15 weeks of receiving a certificate of readiness;
(In 2014-15 we achieved 100%)
- 98% of claims for Clinical Negligence will be listed for review before the Master within 15 months of receipt of the writ (applicable to writs lodged since 2011);
(In 2014-15 we achieved 100%)
- 98% of claims for Personal Injury will be listed for review within three months of receipt of the certificate of readiness;
(In 2014-15 we achieved 100%)
- 97% of petitions for bankruptcy (presented by creditors) will be listed for hearing within six weeks;
(In 2014-15 we achieved 100%)
- 97% of petitions for bankruptcy (presented by debtors) will be listed for hearing within two weeks;
(In 2014-15 we achieved 96%)
- 85% of applications for Grant of Probate/Letters of Administration will be issued within seven days of receipt of correct information
(In 2014-15 we achieved 96%)

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

Figure 2: Civil Business Received



Civil Court Business – Volumes, Disposals and Performance

Business Volumes Received	2014-15	% difference*
Total civil business	22,654	-6%
Civil Bills (Notice of Intentions to Defend)	8,035	5%
Small Claims	11,456	-3%
Writs set down	770	-31%
Mortgages received	2,393	-33%
Business Volumes disposed		
Total civil business	26,757	4%
Ordinary Civil Bills	9,158	6%
Small Claims	10,014	-3%
Writs disposed	5,507	39%
Mortgages disposed	2,078	-24%
Sittings		
Total civil sittings	2,823	4%
County Court	2,053	6%
Queen's Bench	562	-3%
Chancery	208	1%
Performance against a target of compliance		
Civil Bills Writs set down (98%)	100%	2pp
Petitions for bankruptcy (presented by creditors)	100%	0pp

* compared with equivalent data for the 2013-14 period

pp – percentage point

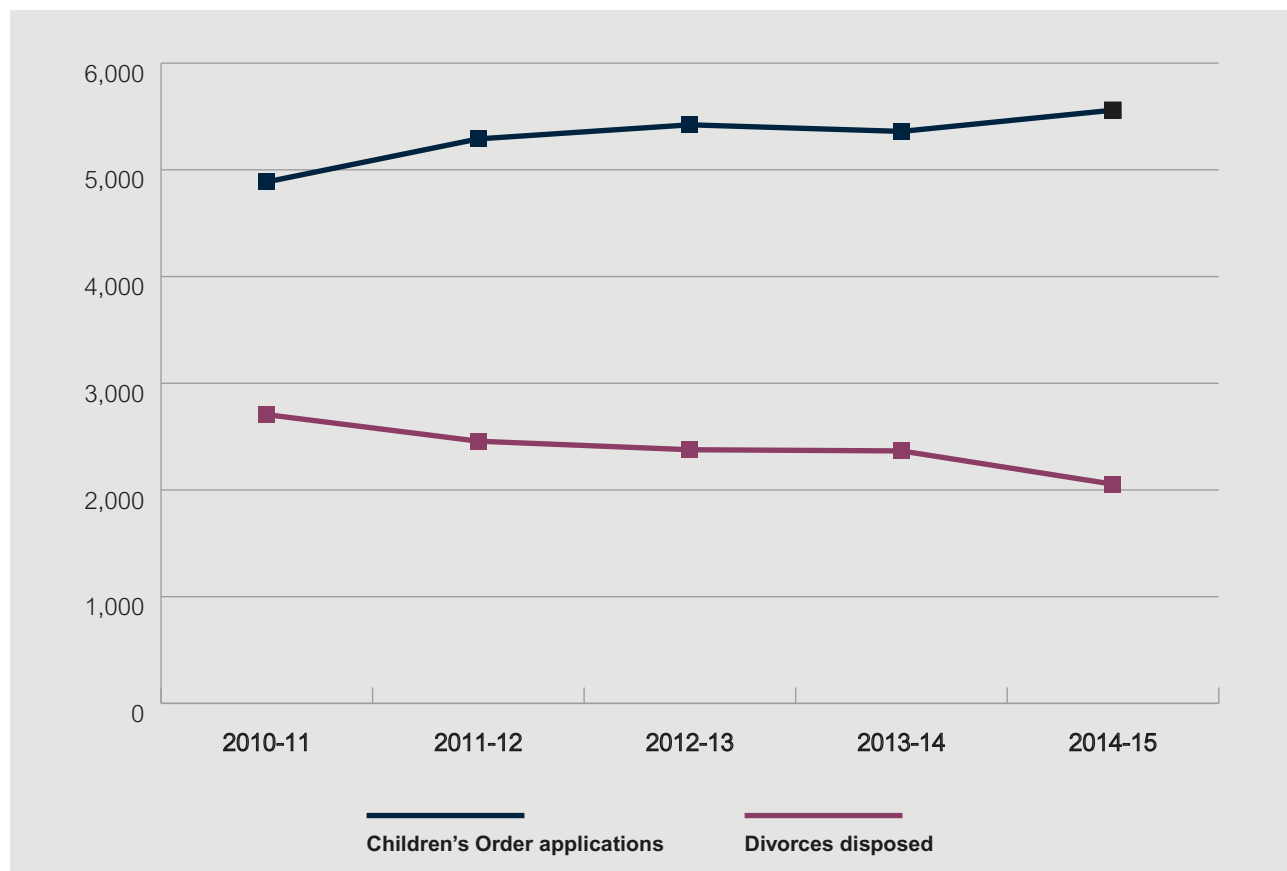
Family Business

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 2014-15 we achieved 96%)
- 95% of annual accounts filed by Controllers will be reviewed by the Office of Care and Protection within six weeks of receipt;
(In 2014-15 we achieved 100%)
- 95% of orders appointing Controllers in patients' cases will be listed within 14 days of receipt of all required information;
(In 2014-15 we achieved 95%)
- 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 2014-15 we achieved 100%)
- 97% of undefended divorces and dissolution of civil partnerships will be listed for hearing within six weeks of receipt and in the High Court, confirmation of readiness;
(In 2014-15 we achieved 98%)

The chart below shows the levels of family business received 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	2014-15	% difference*
Children Order applications	5,523	-5%
Divorces received	2,375	-2%
Business Volumes disposed		
Children Order applications	5,559	4%
Divorces disposed	2,054	-13%
Sittings		
Children Order	1,841	5%
Performance against a target of 90% compliance		
Children Order	96%	-2pp

* compared with equivalent data for the 2013-14 period

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 death being reported to the Coroner;
(In 2014-15 we achieved 98%)
- 92% 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 receipt of the post-mortem report;
(In 2014-15 we achieved 95%)
- 92% of inquests will have administrative listing arrangements completed within 28 days of the Coroner's direction to list;
(In 2014-15 we achieved 98%)

Coroners Service Business – Volumes and Performance

Business Volumes	2014-15	% difference*
Deaths reported	4,006	4%
Post mortems with no inquest	1,092	-3%
Inquests held	115	-18%
No post mortem and no inquest	2,014	8%
Other disposals of registered entries	691	-4%
Performance against a target of compliance		
Post mortem not required	98%	-1pp
Post mortem reveals natural case of death	95%	-2pp

* compared with equivalent data for the 2013-14 period

pp – percentage point

Court Funds Office

To facilitate the efficient disposal of CFO business:

- CFO receipts

98% of receipts will be credited to client accounts within two working days of the receipt of the relevant documentation;
(In 2014-15 we achieved 99%)

- CFO payments

98% of payments will be made within 10 working days of the receipt of the relevant documentation;
(In 2014-15 we achieved 100%)

- Sales of CFO investments

98% of sales will be executed within three working days of the receipt of the relevant court authority;
(In 2014-15 we achieved 98%)

98% of sales proceeds will be credited to the client's account within two working days of the receipt of the bank statement;
(In 2014-15 we achieved 100%)

- Purchase of CFO investments

98% of purchases will be executed within three working days of the receipt of the relevant court authority (or sufficient funds becoming available, if later);
(In 2013-14 we achieved 98%)

- Customer services

In 98% of new patient cases, confirmation that funds have been received by the Court Funds Office will be issued within five working days of receipt of funds or notification of appointment of a controller (whichever is later);
(In 2014-15 we achieved 100%)

In 98% of new minor cases, confirmation that funds have been received by the Court Funds Office will be issued within five working days of receipt of funds;
(In 2014-15 we achieved 98%)

- CFO Accounts

Draft accounts to be issued to C&AG for Northern Ireland by 30 November 2014. (This was achieved in 2014-15)

Enforcement of Judgments Office and Taxation Office Business

To facilitate the efficient disposal of EJO and Taxation Office business

- Produce 90% of Notices of Intention within two weeks of receipt;
(In 2014-15 we achieved 79%)
- Accept 90% of Enforcement Applications within two weeks of receipt;
(In 2014-15 we achieved 77%)
- Allocate a date for repossession in 90% of cases within eight weeks of acceptance;
(In 2014-15 we achieved 97%)
- Complete 80% of repossessions within 26 weeks of acceptance;
(In 2014-15 we achieved 92%)
- Produce summonses for interview in 90% of all debt cases within six weeks of acceptance;
(In 2014-15 we achieved 96%)
- Process 95% of priority casework within two weeks;
(In 2014-15 we achieved 87%)
- Accept 90% of Taxation Applications within four weeks;
(In 2014-15 we achieved 100%)
- Produce 95% of Taxation Assessments within three weeks.
(In 2014-15 we achieved 100%)

Enforcement of Judgments Business – Volumes and Performance

Business Volumes	2014-15	% difference*
Total money recovered by the Enforcement process	£10.0m	41%
Notices of Intent to Enforce a Judgment	18,583	-7%
Applications to Enforce a Judgment	12,417	-4%
Applications for Repossession	1,438	-17%
Repossessions	1,084	-33%
Performance against a target of compliance		
Produce Notices of Intention	79%	-13pp
Accept Enforcement Applications	77%	-6pp
Produce summons for interview	96%	20pp
Process priority casework	87%	14pp
Allocation of a Repossession Date	97%	N/A
Completion of Repossessions	92%	N/A

Court of Judicature of Northern Ireland Taxing Office Business

Business Volumes	2014-15	% difference*
Taxing Applications Lodged	1,528	-13%
Taxing Assessments Completed	1,453	-22%
Taxing Certificates Issued	1,588	-19%
Performance against a target of compliance		
Accept Taxation Applications	100%	0pp
Produce Taxation Assessments	100%	1pp

* compared with equivalent data for the 2013-14 period

pp – percentage point

Parole Commissioners Secretariat - Volumes and Performance

To facilitate the efficient delivery of support to Parole Commissioners:

- 95% of cases will be scheduled within five working days of receipt from DOJ;
(In 2014-15 we achieved 96%)
- 95% of all provisional directions/directions will be issued within five working days of receipt from a Commissioner;
(In 2014-15 we achieved 99%)

Business Volumes	2014-15	% difference*
Lifers referrals received	70	6%
ICS/ECS referrals received	200	35%
DCS referrals received	348	-5%
Performance against a target of compliance		
Schedule cases	96%	-2pp
Issue provisional directions	99%	-1pp

* compared with equivalent data for the 2013-14 period

pp – percentage point

Tribunal Business

To facilitate the efficient disposal of tribunal business.

Northern Ireland Valuation Tribunal (NIVT)

- 98% of NIVT cases will have a first hearing date within eight weeks of agreed papers being received;
(In 2014-15 we achieved 64%)

Social Security and Child Support Commissioner (OSSC)

- 98% of applications for leave to appeal and appeals to the Social Security Commissioner will have a first hearing date offered within seven weeks of a Commissioner's direction;
(In 2014-15 we achieved 100%)

Pension Appeals Tribunal (PAT)

- 90% of pension appeals will have a first hearing date offered within 12 weeks of agreed papers being received;
(In 2014-15 we achieved 84%)

Northern Ireland Traffic Penalty Tribunal (NITPT)

- 90% of NITPT postal/in person applications will have a first hearing date offered within six weeks of agreed papers being received;
(In 2014-15 we achieved 45%)

Criminal Injuries Compensation Appeals Panel NI (CICAPNI)

- 98% of CICAPNI cases will have a first hearing date offered within 16 weeks of agreed papers being received;
(In 2014-15 we achieved 92%)

Special Educational Needs and Disability Tribunal (SENDIST)

- 90% of SENDIST appeals will have a first hearing date offered within seven weeks of the end of the case statement period;
(In 2014-15 we achieved 90%)

Mental Health Review Tribunal (MHRT)

- 83% of MHRT appeals will be disposed of within eight weeks of receipt⁷;
(In 2014-15 we achieved 89%)

Northern Ireland Charity Tribunal (NICT)

- 95% of Charity appeals will have a first hearing date offered within six weeks of agreed papers being received;
(In 2014-15 we achieved 100%)

Health and Safety Tribunal (NIHST)

- 95% of Health and Safety Appeals will have a first hearing date offered within six weeks of agreed papers being received;
(No appeals received to date)

Care Tribunal

- 97% of Care appeals will have a first hearing date offered within six weeks of agreed papers being received;
(In 2014-15 we achieved 80%)

Lands Tribunal

- 95% of appeals will have a first mention date offered within six weeks of agreed papers being received;
(In 2014-15 we achieved 99%)

7 This standard is set by the Tribunal President

The Appeals Tribunal*

- The first hearing for Disability Living Allowance and Attendance Allowance appeals will be within nine weeks of receipt of appeal by the Appeals Tribunal*;
(In 2014-15 the average time taken was 13.89 weeks)
- The first hearing for Employment and Support Allowance appeals will be within eight weeks of receipt of appeal by the Appeals Tribunal*;
(In 2014-15 the average time taken was 21.58 weeks)
- The first hearing for Income Support; Job Seekers Allowance; Social Fund and Incapacity Benefit appeals will be within eight weeks of receipt of appeal by the Appeals Tribunal*;
(In 2014-15 the average time taken was 11.65 weeks)
- The first hearing for all jurisdictions will be within nine weeks of receipt of appeal by the Appeals Tribunal;
(In 2014-15 the average time taken was 17.75 weeks)

* *reporting against the standards is based on averages*

Tribunal Business – Volumes and Performance

Business Volumes Received	2014-2015	% difference*
Total Tribunal Business	15,183	-28%
Care Tribunal	10	150%
Charity Tribunal	16	60%
Criminal Injuries Compensation Appeals Panel	502	-1%
The Health and Personal Social Services Disqualification Tribunal**	0	N/A
Health and Safety Tribunal**	0	N/A
Lands Tribunal	150	8%
Mental Health Review Tribunal	311	2%
Northern Ireland Traffic Penalty Tribunal	574	1%
Northern Ireland Valuation Tribunal	59	11%
Office of the Social Security and Child Support Commissioner	273	18%
Pensions Appeal Tribunal	138	-3%
Rent Assessment Panel	13	-13%
Special Educational Needs and Disability Tribunal	121	0%
The Appeals Tribunal	13,016	-32%

* Compared with equivalent data for the 2013-14 period.

** No cases have been received in 2014-15. Standard is subject to review.

Business Volumes Disposed	2014-2015	% difference*
Total Tribunal Business	17,429	-29%
Care Tribunal	6	100%
Charity Tribunal	2	-80%
Criminal Injuries Compensation Appeals Panel	430	-10%
The Health and Personal Social Services Disqualification Tribunal**	0	N/A
Health and Safety Tribunal**	0	N/A
Lands Tribunal	127	-25%
Mental Health Review Tribunal	304	-1%
Northern Ireland Traffic Penalty Tribunal	547	2%
Northern Ireland Valuation Tribunal	42	-32%
Office of the Social Security and Child Support Commissioner	240	3%
Pensions Appeal Tribunal	131	2%
Rent Assessment Panel	10	-38%
Special Educational Needs and Disability Tribunal	106	-7%
The Appeals Tribunal	15,484	-30%

* Compared with equivalent data for the 2013-14 period.

** No cases have been received or disposed in either 2013-14 or 2014-15.

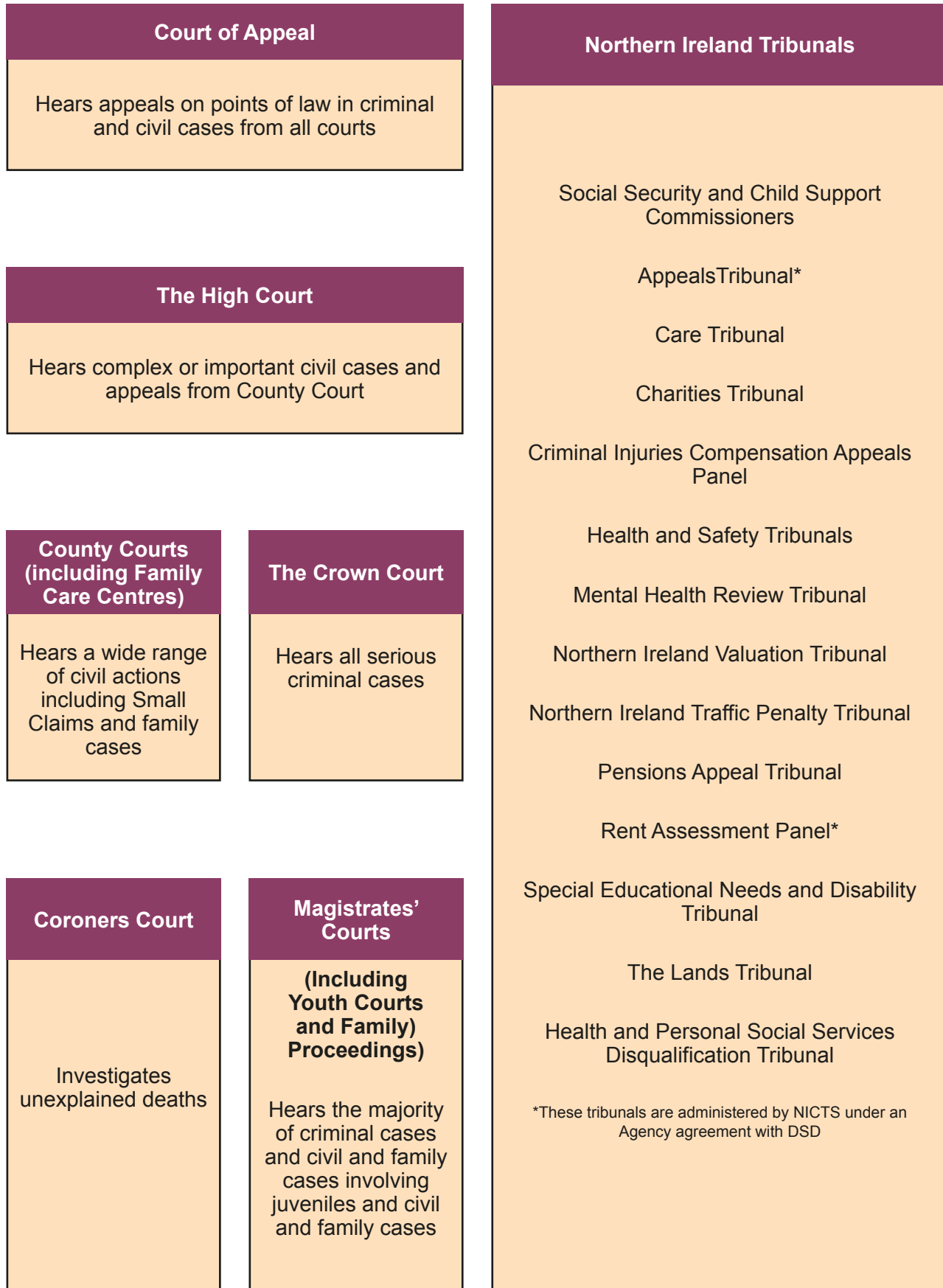
APPENDIX 1 COURT DIVISIONS AND MAP



Belfast	Royal Courts Of Justice, Laganside Courts Complex, Mays Chambers
Division of Antrim	Antrim, Ballymena, Coleraine
Division of Armagh	Armagh, Newry
Division of Craigavon	Craigavon, Lisburn
Division of Londonderry	Londonderry, Limavady, Magherafelt
Division of Newtownards	Newtownards, Downpatrick
Division of Omagh	Omagh, Enniskillen, Strabane, Dungannon

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 2015:

Lord Chief Justice	1
Lord Justices of Appeal	3
High Court Judges*	10
County Court Judges	17
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
Appeals Tribunal Members	2
Total	71
Lay Magistrates	165
Fee Paid Tribunal members	361
Deputy and fee paid Judicial Officers	61
Parole Commissioners	41

* One on secondment to Asylum and Immigration Tribunal

** Includes two part-time



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