

# Northern Ireland Courts and Tribunals Service

## ANNUAL REPORT AND ACCOUNTS 2022-23



HC 1615

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# **Northern Ireland Courts and Tribunals Service**

## **Annual Report and Accounts 2022-23 for the year ended 31 March 2023**

Presented to the House of Commons pursuant to  
Section 67A(2) of the Northern Ireland Act 1998

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 20 July 2023

Ordered by the House of Commons to be printed on 20 July 2023

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ISBN 978-1-5286-4197-5

E02923136 07/23

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd on behalf of the Controller of His Majesty's Stationery Office.

**CONTENTS**

	<b>Page</b>
<b><u>PART 1 - PERFORMANCE REPORT</u></b>	
Overview	1
Performance Summary and Analysis	6
<b><u>PART 2 - ACCOUNTABILITY REPORT</u></b>	
Corporate Governance Report	
• Directors' Report	30
• Statement of Accounting Officer's Responsibilities	34
• Non-Executive Members' Report	35
• Governance Statement	36
Remuneration and Staff Report	46
Assembly Accountability and Audit Report	
• Other Accountability Disclosures	67
• Certificate and Report of the Comptroller and Auditor General	69
<b><u>PART 3 - FINANCIAL STATEMENTS</u></b>	
Statement of Comprehensive Net Expenditure	74
Statement of Financial Position	75
Statement of Cash Flows	76
Statement of Changes in Taxpayers' Equity	77
Notes to the Accounts	78
<b><u>PART 4 - APPENDICES</u></b>	
Annex A - Organisational Chart	121
Annex B - Courts and Tribunals Performance Standards	122
Appendix 1 - Acronyms	134

## **PART 1 - PERFORMANCE REPORT**

### **OVERVIEW**

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

- a statement from the Director of NICTS providing his perspective on the performance of NICTS over the period;
- a statement of the purpose and activities of NICTS;
- the key issues and risks that could affect NICTS in delivering its objectives; and
- a performance summary.

### **FOREWORD BY THE DIRECTOR OF NICTS**

I am pleased to introduce the NICTS Annual Report and Accounts for 2022-23.

Something that always strikes me as I see the work of the Agency and visit staff is the range of work carried out by our organisation and the commitment and professionalism of colleagues in ensuring our essential public services are delivered. I would like to take this opportunity to formally record my thanks to staff across NICTS for their work. Supporting and developing our staff is a priority and one of our most important deliverables this year was the launch of our first NICTS People Strategy.

As we look ahead, we continue to face a range of challenges, including recovery from the impacts of COVID-19 and a difficult budgetary environment. However there are also significant opportunities as we focus on business recovery, deliver our Vision 2030 modernisation portfolio and build on the innovative ways of delivering business that emerged from the pandemic.

Delivering our objectives is very much a collaborative effort and I would also like to thank the judiciary and our many partner organisations and stakeholders for their support.

**Glyn Capper**  
**Acting Director of NICTS**

## STATEMENT OF PURPOSE AND ACTIVITIES

This is the Annual Report and Accounts for NICTS for the financial year ended 31 March 2023. These financial statements have been prepared in accordance with directions given by the Department of Finance (DoF) in pursuance of the Government Resources and Accounts Act (Northern Ireland) 2001.

### Who we are

NICTS is an Executive Agency of the Department of Justice (DoJ) in Northern Ireland accountable to the Northern Assembly through the Minister for Justice. The Northern Ireland Assembly was dissolved on 3 February 2022 with an election taking place on 5 May 2022, on which date Ministers ceased to hold office. An Executive was not formed following the May 2022 election. Consequently, the DoJ minister, Naomi Long, retained her role in a caretaker capacity until 28 October 2022. The *Northern Ireland (Executive Formation etc) Act 2022* has provided a framework for progressing decisions in the absence of a Minister which has enabled some of the work of the Department to continue.

The role of NICTS includes:

- **supporting:**
  - an independent Judiciary;
  - Northern Ireland's courts;
  - the majority of Northern Ireland's tribunals;
  - the Coroners' Service for Northern Ireland (CSNI); and
  - the delivery of legacy inquests through the Legacy Inquest Unit (LIU).
- **enforcing** civil court judgments through the Enforcement of Judgments Office (EJO);
- **collecting and enforcing** outstanding financial penalties imposed (or registered) by a criminal court through the Fine Collection and Enforcement Service (FCS);
- **managing** funds held in court on behalf of minors and patients; and
- **advising** the DoJ and Minister of Justice on matters relating to the operation of NICTS.

NICTS also provides **administrative support** to:

- the Parole Commissioners for Northern Ireland (PCNI);
- the Planning Appeals Commission and Water Appeals Commission (PACWAC); and
- the Historical Institutional Abuse (HIA) Redress Board.

An overview of the work of the Agency is provided below:



## NICTS at a Glance

based on the 2022-23 financial year



We have over 900 members of staff.



We support a judicial complement of over 70 salaried and 600 fee paid judicial office holders.



We supported over 75,000 criminal, civil and family court cases.



We supported over 10,000 tribunal cases.



We supported 18 legacy inquest hearings.



Coroners Service dealt with 4,914 deaths and supported 58 inquests.



We are transforming our services: 14 are now available online.



64 courtrooms have been digitally enabled for remote and hybrid hearings.



Over 680,000 audio or video connections were made for remote and hybrid court and tribunal hearings.



Our total resource expenditure was £104m.



We received £38m in fees and income.



We operate 24 properties with an asset value of £213m.



We managed £337m of funds held in court.



We collected £12m of fines.



We manage contracts with a combined value of over £170m.



The Enforcement of Judgments Office enabled the recovery of £5m of debt and 266 properties.



We made over 1,100 compensation payments totalling 1,100 compensation payments totalling £27m to victims of historical institutional abuse on behalf of the HIA Redress Board.

### Corporate aims and values

Our three corporate aims are “Working in Partnership; Supporting the Judiciary; and Improving Courts and Tribunals’.”

All of our work is underpinned by the Northern Ireland Civil Service (NICS) values of:

**Integrity** - putting the obligations of public service above your own personal interests;

**Honesty** - being truthful and open;

**Objectivity** - basing our advice and decisions on rigorous analysis of the evidence; and

**Impartiality** - acting solely according to the merits of the case and serving equally well Ministers of different political persuasions.

### How we are structured

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

## Shared Services

The Agency makes use of a number of Departmental and NICS centralised functions including:

- Human Resources - Northern Ireland Civil Service Human Resources (NICSHR)<sup>1</sup> and HR Connect;
- Procurement - Construction and Procurement Delivery (CPD);
- IT services - IT Assist (for PC's and Network Services) and NI Direct (for call handling and citizen facing services);
- Finance functions - Account NI;
- Management information - DoJ Analytical Support Group (ASG);
- Legal services - Departmental Solicitor's Office (DSO); and
- Internal Audit Services - NICS Group Internal Audit and Fraud Investigation Services within DoF incorporates the DoJ Internal Audit team.

## Working with partners

Courts and tribunals are an important component of the justice system in Northern Ireland; the Agency works with a wide range of partners and other justice system stakeholders. These include:

- Lady Chief Justice's Office (LCJO);
- The Law Society of Northern Ireland;
- The Bar of Northern Ireland;
- Guardian Ad Litem Agency;
- The Public Prosecution Service (PPS) for Northern Ireland;
- The Police Service of Northern Ireland (PSNI); and
- Voluntary sector organisations.

The Agency's relationships with stakeholders and providers are central to its work and the ongoing recovery of court business.

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<sup>1</sup> NICSHR is the NICS' centralised human resources function. It falls under the responsibility of the DoF



## New Ways of Working

NICTS employs just under 1,000 staff. A NICTS-wide service mapping exercise was conducted during the year to map posts for suitability against three workstyle options. 48% of NICTS posts were identified as capable of supporting hybrid working i.e. a mix of working from home and from the workplace, 1% of posts were suitable for mobile working and the remaining 51% were deemed workplace-based posts responsible for the delivery of frontline services.

Following the launch of the NICS Hybrid Working Policy and the removal of two metre social distancing in June 2022, NICTS facilitated a phased return to the workplace for those staff that had been working from home.

## Support for the Northern Ireland Judiciary

NICTS is responsible for providing administrative support to the Northern Ireland Judiciary. There are 76 salaried judicial office holders, 56 deputy court judicial officers, 104 Lay Magistrates, 41 Parole Commissioners, 20 PACWAC Commissioners and 372 tribunal members.

## Principle Risks and Uncertainties

NICTS has well-established governance structures that include the identification and mitigation of risks within a formal risk management process. A risk management review is commissioned each quarter across all areas of the Agency and a Corporate Risk Register is maintained reflecting the Departmental format and scoring methodology. The Corporate Risk Register is reviewed each quarter by the Senior Management Team and is presented to the Audit and Risk Assurance Committee (ARAC). Each risk is pro-actively managed with controls and countermeasures agreed, with a view to minimising impact on the objectives of the Agency.

Strategic risks are regularly reviewed and scrutinised by the Agency Board and ARAC. A summary of the organisation's key risks identified in 2022-23 include:

- resources (staffing and budget);
- business recovery;
- accommodation;
- records and information management; and
- Official Solicitor's Office (OSO) IT System.

## 2022-23 PERFORMANCE SUMMARY

### Agency Business Plan

The 2022-23 NICTS Business Plan was approved by the Agency Board in September 2022. As noted in the Business Plan, the Agency is committed to supporting DoJ in delivering the Executive's strategic objectives. The plan also reflected the key priorities and what could realistically be achieved in the context of a budget not being agreed in the absence of an Executive.

The Business Plan sets out Business Objectives to measure the Service's performance. The NICTS three corporate aims are supported by four key themes:

- Working in partnership, deliver efficient and effective court, tribunal and enforcement services and support an independent Judiciary;
- develop and lead our people to achieve our business objectives;
- develop improved court, tribunal, and enforcement services that meet the needs of our stakeholders; and
- deliver effective corporate governance, finance and procurement arrangements.

The four themes were translated into actions for delivery across the organisational business areas. The tables in the Performance Analysis section summarise the key activities and priorities as noted in the Business Plan including a statement on the year end position.

### Forward look

Supporting and developing our staff is a priority and this year we launched our first NICTS People Strategy. Next year we move to the delivery stage. Our People Strategy 2023-24 Delivery Plan contains twelve practical actions that we will deliver between April 2023 and March 2024 to increase opportunities for learning and development; improve how we communicate; support health and wellbeing; help secure the resources we need to deliver our objectives; and improve the experience of new staff joining NICTS. We will also continue to focus on recovering from the impacts of COVID-19. As we do this, in conjunction with the Lady Chief Justice and our justice system partners, we will seek to optimise the use of technology and the benefits of working differently.

Delivering our Vision 2030 modernisation portfolio remains a key priority. This includes a range of important programmes focusing on digital modernisation; improved service design; and the modernisation of our estate. Key projects that we will progress this year include Themis (our new digital system and web portal); the Royal Courts of Justice (RCJ) infrastructure upgrade; and North West accommodation.

The full range of objectives and targets for the incoming business period will be published in the NICTS Business Plan in due course and will be available at: <https://www.justice-ni.gov.uk/publications/north-ireland-courts-and-tribunal-service-business-plan>.

## PERFORMANCE ANALYSIS

### Performance against Business Plan for 2022-23

As previously noted, the Business Plan for 2022-23 set out Strategic Objectives to measure the Agency's performance.

More detail on how NICTS performed against our four themes is set out in the following tables, including a statement on the year-end position:

Strategic Objective 1 Working in partnership, deliver efficient and effective court, tribunal and enforcement services and support an independent Judiciary.		
Ref	Objective	Position at 31 March 2023
1.1	<p>Continue to work in support of the judiciary and in partnership with stakeholders, to support recovery of the justice system taking account of the prevailing public health guidance and available resources including:</p> <ul style="list-style-type: none"> <li>ensuring the availability of sufficient trained staff;</li> <li>maximising the number of court/hearing venues available;</li> <li>increasing the flexibility of court/hearing accommodation; and</li> <li>securing sufficient additional funding to support COVID-19 recovery.</li> </ul>	<p><b>Achieved</b></p> <p>Northern Ireland Statistics and Research Agency (NISRA) research into Remote and Hybrid hearings published in September 2022. Public consultation responses on Audio and Video Links (Live Links) for NICTS Hearings published in March 2023. Work commenced to establish best practice and wider consideration of the recommendations. Work programme initiated to determine additional court resources requirements for 2023-24 and mitigating actions should funding be unavailable.</p>
1.2	Support the delivery of the scheduled legacy inquest caseload for 2022-23.	<p><b>Achieved</b></p> <p>In 2022-23, one Year 1 case was completed, and findings delivered; findings were delivered in three further Year 1 cases that had concluded in the previous year. One Year 1 inquest and one Year 2 inquest were completed, and findings are awaited. In addition, ten more inquests were commenced in 2022-23 and adjourned to new dates in 2023-24.</p>
1.3	Implement the remaining recommendations in the Criminal Justice Inspection Northern Ireland (CJINI) report on FCS.	<p><b>Substantially Achieved</b></p> <p>Work is ongoing on the remaining two recommendations, scoping out the proposed solutions with the third-party ICT provider.</p>

### Strategic Objective 2 Develop and lead our people to achieve our business objectives.

Ref	Objective	Position at 31 March 2023
2.1	Launch a new NICTS People Strategy.	<b>Achieved</b> NICTS People Strategy was launched on 17 October 2022.
2.2	Implement New Ways of Working in line with the NICS policy and timeline.	<b>Achieved</b> New Ways of Working implemented in Quarter 2 of 2022-23.
2.3	Establish a New Ways of Working proof of concept in Laganside House.	<b>Achieved</b> New Ways of Working proof of concept was completed for Laganside House in December 2022.

### Strategic Objective 3 Develop improved court, tribunal and enforcement services that meet the needs of our stakeholders.

Ref	Objective	Position at 31 March 2023
3.1	Develop an Estates Strategy.	<b>Partially Achieved</b> Draft Estates Strategy complete and an Estates Strategy Advisory Group (ESAG) has been established to take this forward.
3.2	Progress the RCJ refurbishment through the appointment of an Integrated Consultancy Team and commence the development of an Outline Business Case.	<b>Achieved</b> Integrated Consultancy Team has been appointed and building surveys completed. Work is underway on the development of the Outline Business Case.
3.3	Agree the scope of services for the future utilisation of Old Townhall.	<b>Achieved</b> Consensus reached with NICTS Senior Management Team and LCJO on the future purpose and anchor tenancy of the Old Townhall.
3.4	Commence the revision of the Strategic Outline Case for the North West Accommodation project.	<b>Achieved</b> Revised Strategic Outline Case initiated in October 2022.

<b>Strategic Objective 3 Develop improved court, tribunal and enforcement services that meet the needs of our stakeholders.</b>		
<b>Ref</b>	<b>Objective</b>	<b>Position at 31 March 2023</b>
3.5	Continue to monitor estates related greenhouse gas emissions and deliver an agreed programme of energy efficiency projects to reduce energy demand and improve energy efficiency and environmental sustainability.	<b>Achieved</b> NICTS achieved significant carbon savings through a combination of demand reduction interventions and capital projects.
3.6	Implement a new case management system for PACWAC.	<b>Achieved</b> Go live achieved on 26 September 2022.
3.7	Implement a new case management for OSO and Office of Care and Protection (OCP).	<b>Not Achieved</b> There has been some delay with this project following issues identified during testing. A revised project plan has been agreed with a July 2023 go live date.
3.8	Procure a supplier to develop a new case management system PCNI.	<b>Achieved</b> Procurement complete and contract awarded on 11 October 2022.
3.9	Deliver a new judicial information portal.	<b>Not Achieved</b> This project has been delayed due to a number of procurement issues. A new procurement was published at the end of February 2023 and a contract was awarded May 2023.
3.10	Complete the ongoing programme of Courtroom Technology upgrades.	<b>Substantially Achieved</b> 64 of the 69 courtrooms now complete (7 completed in 2022-23). The remaining courtrooms to be updated were delayed due to global shortages in the stock required.
3.11	Commence the procurement of our Future Core Solution IT system. (Note: This project has been rebranded as Themis).	<b>Achieved</b> Procurement launched 27 February 2023 and contract award due in June 2024.
3.12	Commence the Discovery Phase for the design of revised jury management processes and Enduring Power of Attorney.	<b>Achieved</b> Discovery work completed for both Jury Management and Enduring Power of Attorney.

<b>Strategic Objective 3 Develop improved court, tribunal and enforcement services that meet the needs of our stakeholders.</b>		
<b>Ref</b>	<b>Objective</b>	<b>Position at 31 March 2023</b>
3.13	Progress delivery of an action plan in consultation with Prisoner Escorting and Court Custody Service (PECCS) and PSNI to address the CJINI recommendations made in respect of court custody.	<b>Achieved</b> CJINI operational and strategic recommendations implemented February 2023.
3.14	Support delivery of justice reform initiatives including: <ul style="list-style-type: none"> <li>• committal reform;</li> <li>• implementation of Gillen review recommendations; and</li> <li>• speeding up justice.</li> </ul>	<b>Achieved</b> NICTS worked collaboratively to implement the Criminal Justice (Committal Reform) Act (NI) 2022 to introduce the Abolition of Oral Evidence in the Magistrates' Court.  There is ongoing liaison to develop the establishment of Domestic Abuse and Stalking Orders. NICTS continue to work with the Department on Speeding Up initiatives and to consider CJINI recommendations on bail and remand.
3.15	Continue to work with Department for Communities (DfC) to prepare for the statutory transfer of The Appeals Service (TAS).	<b>Achieved</b> In the absence of an Executive, work continues regarding a review of the funding model and updating the DfC/NICTS Service Level Agreement (SLA).

<b>Strategic Objective 4 Deliver effective corporate governance, finance, and procurement arrangements.</b>		
<b>Ref</b>	<b>Objective</b>	<b>Position at 31 March 2023</b>
4.1	Ensure the effective use of the Agency's budget to maximise efficiency and utilise resources for maximum effectiveness.	<b>Achieved</b> Financial position monitored throughout the reporting period to ensure underspend kept to a minimum.
4.2	Ensure effective and appropriate corporate governance processes are adhered to across the Agency including appraisal and evaluation of expenditure, procurement of goods and services, contract management and statutory compliance.	<b>Achieved</b> Finance Branch continues to review and approve business cases across the Agency, ensuring appraisal and evaluation of expenditure proposals.

Strategic Objective 4 Deliver effective corporate governance, finance, and procurement arrangements.		
Ref	Objective	Position at 31 March 2023
4.3	Develop an updated Agency Framework Document.	<b>Achieved</b> Updated Framework Document agreed by the Lady Chief Justice and Agency Board. Requires sign-off from incoming Minister.
4.4	Develop and agree an NICTS Governance Framework.	<b>Achieved</b> Governance Framework complete.

### *Court Operations*

The key focus for the 2022-23 business year was managing the ongoing recovery of court and tribunal business.

The positive steps taken during the initial steps of the pandemic in 2020-21 to recover business, continued during the period of this report.

The ongoing use of remote and hybrid hearings enabled cases to proceed and has proven effective in the use of court time, reducing waiting time, travelling time and costs for many participants. Virtual courtroom capacity has significantly increased, using Sightlink and WebEx video conferencing technology, enabling a mixture of physical, remote and hybrid hearings.

Work has continued to maximise the number of courtrooms available to safely deliver business while maintaining compliance with public health guidance. Key achievements include:

- extensive refurbishment work was completed to facilitate recovery of Crown Court business.
- all courthouses with the exception of the two smallest hearing centres have now reopened;
- a programme of work to install Wi-Fi enabled carbon dioxide monitors throughout the estate was completed;
- in response to wider changes to guidance across the NICS, a new Autumn/Winter Venue Safety guidance document was completed in August 2022; and
- the most recently published Quarterly Statistical bulletins show that during the quarter January to March 2023, there were 2% more Magistrates Court sittings, no change in Crown Court sittings, 6% less County Court sittings, 5% more High Court sittings, and 3% less Children's Order sittings when compared to the same period in 2022.

Progress in reducing the backlog of cases in the criminal justice system is monitored regularly by the Criminal Justice Board.

### *Criminal Business*

In the Magistrates Court there were 1,400 more cases dealt with during 2022-23 than in 2021-22,

a rise of approximately 4%. The investment in jury trial courtrooms has seen an increase of 7% in the number of Crown Court cases being dealt with between 2021-22 and 2022-23.

### *Civil Business*

The County Court has seen an increase of over 800 in the number of cases dealt with during 2022-23 compared to 2021-22, an increase of 3%. There have also been increases in the volume of cases dealt with across most of the Divisions within the High Court.

### *Family Business*

While overall there was a 2% decrease in the number of Family Courts cases disposed during 2022-23, disposals in Enduring Power of Attorney registered cases and Orders issued by OCP rose by 6% and 46% respectively.

## *Tribunals and Enforcement Division*

### *Tribunal Business*

The Tribunals Hearing Centre has retained remote hearing technology for appellants who wish to avail of this hearing format as well as accommodating in person hearings, should that be the appellants choice. The preferred choice across all tribunals is for video and audio hybrid hearings.

We continue to optimise the use of the cloud-based solution to facilitate the secure digital exchange of information with tribunal panel members and other government departments. This electronic process continues to realise significant efficiencies, while ensuring the security of sensitive data through the provision of electronic evidence bundles for remote hearings.

Tribunals as a whole has exceeded all disposal targets for 2022-23. For example, despite facing the challenge of a 9% increase in cases during the financial year, the Review Tribunal (which deals with referrals to safeguard those who lack mental capacity from being unlawfully deprived of their liberty) successfully met agreed performance standards and published targets.

### *The Appeals Service (TAS)*

Plans were well advanced to facilitate the transfer of TAS and Rent Assessment Panel (RAP) from DfC to DoJ. However, in the absence of a First and Deputy First Minister, it was not possible to complete the Transfer of Functions Order and move a motion in the Assembly, resulting in a delay in transferring the tribunal. DoJ remains committed to the transfer and will, as soon as is practicably possible, re-commence work in this area.

### *Enforcement of Judgments Office (EJO)*

New applications for the recovery of money debts continued to increase during 2022-23 but still remain below 2019-20 levels. Repossession activity has increased significantly in 2022-23 in terms of new repossession cases lodged as well as the number of repossessions completed. The total debt recovered in 2022-23 was £4,930k.

Streamlining enforcement processes and putting the needs of the customer at the heart of the process has continued as EJO focuses on enforcement outcomes and utilising direct investigative techniques to achieve this. Performance figures are positive, with 1,097 enforcement outcomes achieved on new cases lodged from April 2022, 83% of which were achieved under the new



processes and taking on average 49 days to issue.

EJO management continued developments in the line of business application Enforcement of Judgments Office System (JEMS), with a number of enhancements completed in year to support governance, compliance with legislation, process efficiencies and customer needs. EJO management has also launched a new EJO Staff Knowledge Bank on the Intranet to continue to support staff training and development and increase business knowledge.

### *Fine Collection and Enforcement Service (FCS)*

In April 2022, a legacy case team to deal with the recovery of outstanding fines in cases that predate June 2018 was established. From April 2022 to March 2023 FCS have recovered a total of £3,549k in fines, £839k of which is attributed to legacy cases.

In 2022-23 the number of collection orders activated in FCS increased by 25.7% from 2021-22.

### *Vision 2030*

The Vision 2030 team successfully progressed a number of projects across four programmes (people, digital modernisation, service design and estates modernisation) during 2022-23.

A new NICTS People Strategy was launched on 17 October 2022 and a Year 1 action plan has been launched.

The Themis Project (formerly known as Future Core Solution) is NICTS' cornerstone digital modernisation project for the delivery of the strategic objectives set out in the NICTS Digital Strategy. The project is to procure a delivery partner to deliver business transformation and implement a new digital solution and web portal for courts and tribunals business that will replace the aging line of business systems and online services. Key priorities in 2022-23 included developing the associated business case (which was approved in August 2022) and capturing requirements for the new digital solution following extensive staff and stakeholder engagement. The competitive dialogue procurement launched on 27 February 2023 and is expected to take approximately 15 months to complete with award of contract planned for June 2024.

The Courtroom Technology project has delivered upgraded audio and video technology in a further seven courtrooms, bringing the number of courtrooms upgraded to 64. This technology in the courtrooms has facilitated a number of digital justice initiatives such a display of digital evidence and the use of e-bundles in court. Five courtrooms remain to be upgraded once global stock shortages become available again in 2023-24.

A procurement for a new Judicial Information Portal and App, to replace the aging judicial intranet site, launched at the end of February 2023. The contract was awarded in May 2023 with a new portal and app to be implemented by December 2023.

The Service Design Team has taken forward the implementation of a number of new case management systems. A new case management system and web portal for PACWAC went live on 26 September 2022, in time for the closure of the existing system delivered under the NI Direct contract which ended in October 2022. A new case management system has been progressed for OSO and OCP in the High Court and is currently at the testing phase. This project has been delayed to July 2023 due to issues raised during the user acceptance testing and data migration phase. A further new case management system and upload portal is being developed for PCNI,

with procurement completed and contract awarded on 11 October 2022. A go live date for PCNI has been planned for July 2023.

The Service Design Team has also undertaken discovery work on the jury end to end process and on Enduring Power of Attorney. Discovery Reports for both have been drafted setting out recommendations for next steps that will be built into future Vision 2030 Delivery Plans.

Work continued on the development of the NICTS Estates Strategy. The Estates Strategy has been drafted around a set of twelve Strategic Outcomes, and in the next period, these will be evaluated by ESAG, comprising of senior partners and stakeholders. Data development on the estate's metrics continued.

Work continued on the RCJ Infrastructure Upgrade with the appointment of an Integrated Consultancy Team to progress the early-stage designs. The first draft of the Outline Business Case was completed and will be submitted for approval in the next reporting period.

The scope of the project to refurbish the Old Town Hall building was refined during this period, and the future anchor tenancy arrangements have been finalised, to allow the procurement process to proceed in the next period.

A new Strategic Outline Case (SOC) for the North West Accommodation project commenced in this period, and to inform this work, a Conservation Management Plan has been completed for Bishop Street Courthouse.

An appraisal of the Laganside Courts Public Finance Initiatives (PFI) contract during this period has confirmed that this key asset will revert to NICTS ownership in 2026. A project manager was appointed to lead the exit and expiry process, and a project board will be established within the next period.

NICTS continued to manage the health, safety, statutory compliance and physical security of its property portfolio during this period, and handled over 1,700 work reactive, cyclical and planned maintenance work orders.

### ***Coroners' Service for Northern Ireland (CSNI)***

Throughout this reporting period, the CSNI continued delivery of inquests through the optimum use of available court accommodation and technology which provided an essential service to families. Following the fall of the provisions in the Coronavirus Act on death certification, during the second half of the reporting period, the CSNI managed a continued increase in the number of deaths reported. As a result, an engagement project commenced with the Department of Health (DoH). The number of inquests heard has remained on a par with last year.

### *Legacy Inquest Unit (LIU)*

Since the UK Government's Command Paper 498 "Addressing the Legacy of Northern Ireland's Past" (issued July 2021), the LIU has continued to progress the legacy inquests contained in the five-year plan and will continue to do so until the UK Government plans to introduce the Northern Ireland Troubles (Legacy and Reconciliation) Bill are finalised.

### *Reporting on specific issues significantly impacting the department*

The key issue facing NICTS during 2022-23 was the continued recovery of court, tribunal and enforcement business from the impacts of COVID-19. Further detail on progress is included in the Performance Analysis section above.

### *Policy Support*

The Agency continued to support the DoJ in a range of reform and policy initiatives.

#### *Domestic Abuse Legislation*

While the Domestic Abuse and Civil Proceedings Act (Northern Ireland) 2021, has been operational since 21 February 2022, NICTS continues to work collaboratively on outstanding aspects of the legislation which will offer greater protection to all victims and survivors of domestic abuse. These include the establishment of Domestic Abuse and Stalking Protection Orders which will allow victims and concerned parties to seek a protection order from the Courts on their own or on the victim's behalf. The legislation also includes a clause which will prohibit cross examination by personal litigants in civil and family cases where domestic abuse may be a factor. Both features will have a significant impact on IT and operational procedures but will offer better support to the victims of crime and their extended families.

#### *Criminal Justice (Committal Reform) Act (NI) 2022*

NICTS continued to support DoJ in implementing other significant legislative initiatives like the Criminal Justice (Committal Reform) Act (NI) 2022. This saw the introduction of the Abolition of Oral Evidence in the Magistrates' court, which removed some avoidable delay and reduced the need to give oral evidence on separate occasions by victims and witnesses. From 17 October 2022, no victim or witness in a new case can be cross-examined in a committal hearing as well as the actual trial.

#### *Other Policy Development*

NICTS continued to support DoJ in a review of the Hate Crime Bill while also supporting the implementation of legislation on behalf of other departments such as DfC. This included the Licensing and Registration of Clubs (Amendment) Act (NI) 2021. While DfC is responsible for the legislation, operational aspects are managed and supported by NICTS. This legislation carried significant amendments to the general permitted hours for licensed premises; allowed for additional permitted hours on certain occasions; introduced new rules around young people being on licensed premises and enabled local breweries to apply for alcohol licenses and sell to the public.

NICTS continued to work with DoJ on speeding up justice initiatives, CJINI recommendations around bail and remands, Public Accounts Committee (PAC) recommendations and Gillen

recommendations that strive to make the justice journey as easy as possible for victims and witnesses.

NICTS also acts as a Central Authority for Northern Ireland in terms of Reciprocal Enforcement of Maintenance Orders and International Child Abduction. We continue to work with our counterparts across the UK and international cross border agencies to identify issues and develop new procedures as a result of Brexit.

## FINANCIAL REVIEW

### Accounting Boundary

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

Details of income (fines, confiscation orders, fixed penalties and other monetary penalties) collected as an agent for the Northern Ireland Consolidated Fund (NICF) will be disclosed in the NICTS Trust Statement, in accordance with the Accounts Direction Dear Accounting Officer (DAO) (DoF) 01/23. The Trust Statement is published separately from these accounts.

### Budgeting framework

DoF is responsible for management of the Northern Ireland Budget process in line with a budgetary framework set by His Majesty's Treasury (HMT).

The total amount a department spends is referred to as the Total Managed Expenditure (TME); which is split into:

- Annually Managed Expenditure (AME); and
- Departmental Expenditure Limit (DEL).

HM Treasury, and in turn DoF, do not set firm AME budgets. They are volatile or demand-led in a way that departments cannot control. Departments monitor AME forecasts closely and this facilitates reporting to DoF, who in turn report to HM Treasury.

As DEL budgets are understood and controllable, HM Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations at each Spending Review. The Northern Ireland Executive, based on the advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive departments. In the event that no Executive is in place, then the Secretary of State for Northern Ireland may act to set the budget for the Northern Ireland departments.

DEL budgets are classified into resource and capital:

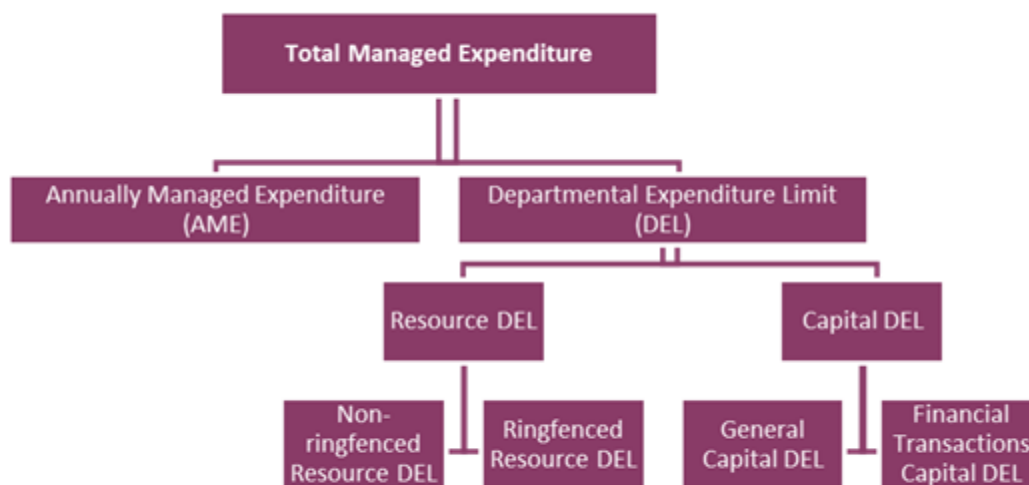
- Resource budgets are further split into non-ringfenced resource that pays for programme delivery and departmental running costs, and separately ringfenced resource that covers non-cash charges for depreciation and impairment of assets; and
- Capital DEL is split into 'financial transactions' for loans given or shares purchased and 'general capital' for spending on all other assets or investments.

Further detail on the Budgeting Framework can be found in the Consolidated Budgeting Guidance published by HM Treasury:

<https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2022-to-2023>.

Previously the information contained within budgetary controls did not read directly to financial information presented in Financial Statements due to a number of misalignments. The Executive's Review of Financial Process (RoFP), which was implemented in 2022-23, had helped address these differences and improve transparency. Further information on the Executive's RoFP can be found on the Northern Ireland Assembly website.

## Budget structure



## Budgetary performance

Details of performance against Budgetary Control totals is set out in the table below for 2022-23.

	Provisional Outturn 2022-23 £000	Final Plan 2022-23 £000	Underspend/ (Overspend) £000	%
Non-ringfenced DEL - Income	(37,895)	(38,198)	(303)	1%
Non-ringfenced DEL - Expenditure	94,374	95,713	1,339	1%
<b>Total non-ringfenced DEL</b>	<b>56,479</b>	<b>57,515</b>	<b>1,036</b>	<b>2%</b>
Ringfenced DEL	8,816	8,733	(83)	(1)%
<b>Total Resource DEL</b>	<b>65,295</b>	<b>66,248</b>	<b>953</b>	<b>1%</b>
Net Resource AME	(985)	317	1,302	411%
Non-Budget Costs	1,492	1,525	33	2%
<b>Net Expenditure</b>	<b>65,802</b>	<b>68,090</b>	<b>2,288</b>	<b>3%</b>
Net Capital DEL	6,297	6,408	111	2%
Capital AME	170	170	-	0%
<b>Total Expenditure</b>	<b>72,269</b>	<b>74,668</b>	<b>2,399</b>	<b>3%</b>

The main reasons for the variances are outlined below.

The £2,399k underspend is due to:

### *Resource Departmental Expenditure Limit (Resource DEL)*

#### *Non-ringfenced Resource DEL (cash)*

The non-ringfenced resource DEL net underspend of **£1,036k** (2% of total budget) mainly relates to underspends in staff costs as a result of unfilled vacancies and non-pay expenditure in relation to energy costs and contract security.

#### *Ringfenced Resource DEL (non-cash)*

This is a technical budget that can only be used for costs such as depreciation. The immaterial overspend of **£83k** (1% of total budget) was a result of impairment and depreciation being higher than expected.

### *Annually Managed Expenditure (AME)*

The AME underspend of **£1,302k** (411% of total budget) was due to fine default cases not progressing as anticipated and some litigation cases becoming classified as accruals as opposed to provisions.

### *Non-Budget Costs*

The Non-Budget Costs underspend of **£33k** (2% of total budget) was due to lower than anticipated notional charges in relation to HR and Internal Audit services.

## Capital Departmental Expenditure Limit (Capital DEL)

### General Capital DEL

The Capital underspend of **£111k** (2% of total budget) was due to lower than anticipated capitalised staff costs and estate upgrade projects not progressing as quickly as expected due to supply chain issues with raw materials, meaning that some capital plans due to be completed by the end of March have slipped into 2023-24.

### Accounts framework

The Annual Report and Accounts ('the Accounts') provides a comprehensive view of the NICTS financial position and performance. The requirement for all NICS departments to produce Accounts is set out in legislation (*Government Resources and Accounts Act (Northern Ireland) 2001*), and every year departments and agencies must prepare a set of Accounts, have them audited by Northern Ireland Audit Office (NIAO) and lay them in the Assembly. The Accounts are prepared in accordance with the Government Financial Reporting Manual (*FReM*) and in line with International Financial Reporting Standards (IFRS).

### Accounts performance

The Net Expenditure for the three most recent financial years is outlined below:

	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>
	<b>£000</b>	<b>restated £000</b>	<b>restated £000</b>
<b>Total operating income</b>	<b>(37,895)</b>	<b>(32,669)</b>	<b>(25,640)</b>
Staff costs	34,588	33,011	31,957
Purchase of goods and services	58,522	53,844	45,467
Depreciation and impairment charges	8,795	8,478	8,404
Provision expense	(222)	(323)	555
<b>Total operating expenditure</b>	<b>101,683</b>	<b>95,010</b>	<b>86,383</b>
<b>Net operating expenditure</b>	<b>63,788</b>	<b>62,341</b>	<b>60,743</b>
Finance expense	522	593	700
Notional charges	1,492	1,562	1,444
<b>Net expenditure</b>	<b>65,802</b>	<b>64,496</b>	<b>62,887</b>

Further details of Income and Expenditure are contained in Notes 4, 5 and 6 to the Accounts.

### Non-Current Assets

Non-current asset expenditure movements are detailed in the notes to the financial statements.

Capital additions in 2022-23 totalled £6,467k (2021-22: £4,271k).

Property, plant and equipment (PPE) additions of £4,028k consist of costs incurred in respect of ongoing capital projects at various locations across the Court Estate and the capitalisation of leases for office accommodation following the adoption of IFRS 16 *Leases* on 1 April 2022.

These included costs in respect of hardware for the Courtroom Technology Refresh project, the Wifi upgrade project and the installation of new IT on hybrid working desks and meeting rooms in Laganside House to facilitate New Ways of Working and a more digitally enabled workplace.

Also included are costs in respect of the rolling energy efficiency scheme to convert the Court Estate to gas and replace inefficient oil boilers with more energy efficient gas boilers, as well as costs for the enhancement of CCTV and air conditioning systems.

There were refurbishment and structural improvements at various locations across the Court Estate including the upgrade and replacement of windows at Newtownards Court House and enhancements to the electrical infrastructure and emergency lighting, including initial costs in respect of the installation of LED lighting at Antrim and Coleraine Court Houses. Costs were also incurred at Laganside Courts to upgrade the solar PV system.

Intangible asset additions of £2,439k were in respect of Integrated Court Operations System (ICOS) and Line of Business (LOB) enhancements, Coroner's IT system, Digital Projects, Online Services, the new IT systems for OSP, OCP, PACWAC and PCNI and assets under construction in respect of the ongoing modernisation project.

## Financial Position

The total net assets of NICTS at 31 March 2023 were £199,422k (2021-22: £188,972k). This is the value of all assets, less the liabilities of NICTS as at the year end.

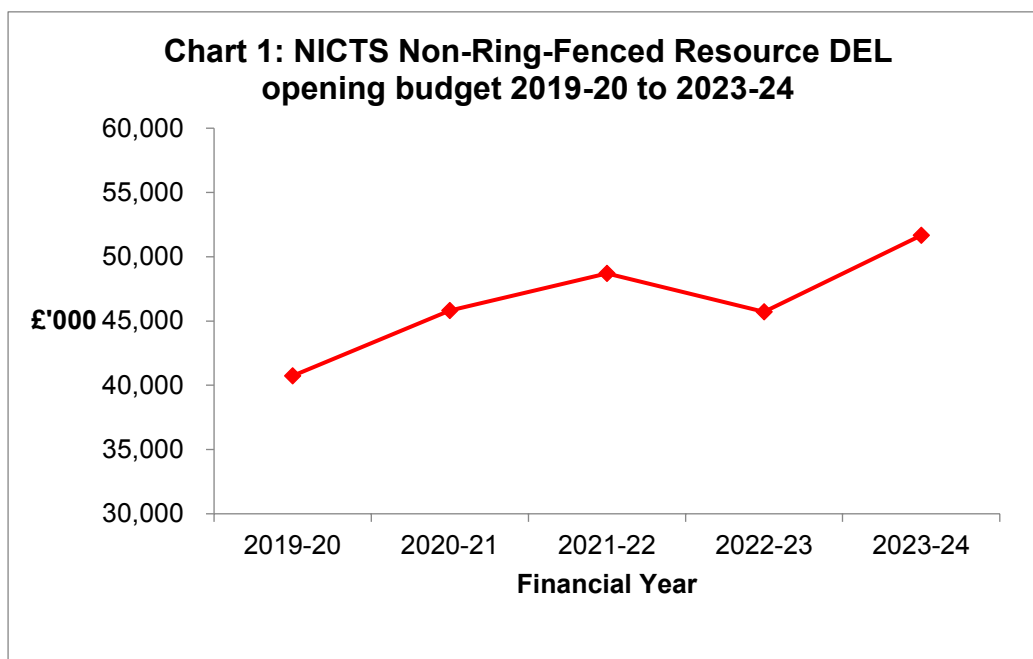
## Cash Flow

As detailed in the Statement of Cash Flows, the NICTS Net Assembly draw down in 2022-23 was £50,782k (2021-22: £49,475k) and the net decrease in cash and cash equivalents in the year is £223k (2021-22: decrease of £2,328k).



## Long Term Expenditure Trends

Chart 1 shows the movement in NICTS non-ringfenced Resource DEL opening budget over the period 2019-20 to 2023-24.



### 2019-20 to 2021-22 Financial Year

During the period 2019-20 to 2021-22, NICTS non-ringfenced DEL baseline budget increased from £38,083k to £48,711k primarily due to increases for pension and additional funding for NICTS pressures including inflationary increases, Legacy Inquests, and COVID-19 recovery.

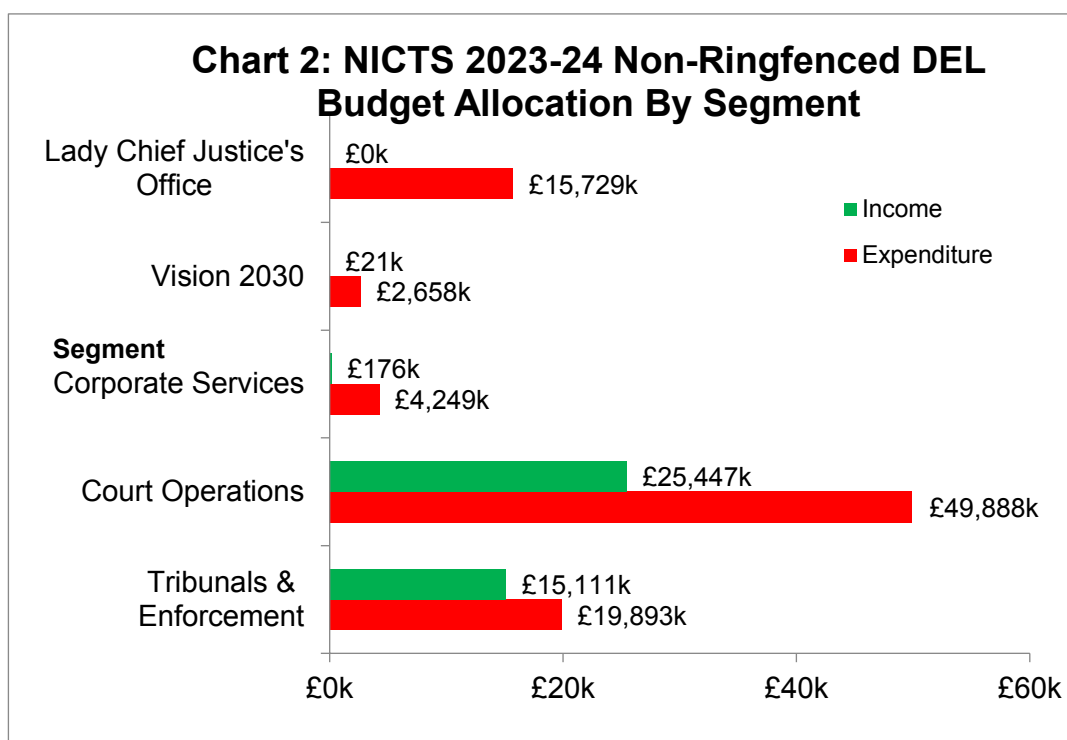
### 2022-23 Financial Year

In the absence of an Executive the Northern Ireland Office agreed the individual departmental allocations and an overall Budget for 2022-23. At the beginning of 2022-23 NICTS was allocated a non-ringfenced Resource DEL contingency planning envelope of £45,711k; a net decrease of £3,000k on the 2021-22 opening budget allocation due to initial removal of funding for COVID-19. The Secretary of State announced the NI Budget in a Written Statement on 24 November 2022. As a result, NICTS received a further £11,804k in-year allocations to meet inescapable pressures, including those as a result of COVID-19, energy price increases and Legacy Inquests. This increased the non-ringfenced Resource DEL allocation to £57,515k.

## 2023-24 Financial Year

On 27 April 2023, in a Written Ministerial Statement, the Secretary of State for Northern Ireland set out a final budget for 2023-24. NICTS has been allocated a non-ringfenced Resource DEL indicative budget of £51,662k, which is in line with a 1.7% cut based on the 2022-23 final budget and excluding some in-year adjustments.

Chart 2 shows the 2023-24 non-ringfenced Resource DEL allocation split by the NICTS segments.



## Capital Investment Priorities

The NICTS capital DEL is £4,342k. This will allow a number of important projects to be taken forward, particularly the NICTS Estates Strategy and the Vision 2030 Programme.

## Looking Ahead – Budgets beyond 2023-24

Preparatory work for 2024-25 and beyond will be taken forward over the coming months and further strategic decisions will need to be made with the aim of having a budget in place as far in advance of the new financial year as possible.

## Auditor

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

The notional audit fee for the work performed by the staff of the C&AG during the reporting period was:

	<b>2022-23</b>	<b>2021-22</b>
	<b>£000</b>	<b>£000</b>
NICTS Annual Report and Accounts	68.7	67.50
Trust Statement	36.5	33.00
Funds in Court	14.4	14.15
NICTS Investment Account	8.0	7.40
<b>Total</b>	<b>127.6</b>	<b>122.05</b>

The fee paid to NIAO in 2022-23 for the National Fraud Initiative (NFI) was £1,319. This is included in Note 4, within Professional and consultancy services.

## Financial Risk

For 2022-23, NICTS relied primarily on DoJ for funding, and therefore the risk to funding is low. All transactions are in sterling and there are no borrowings. As such, NICTS is not exposed to any exchange rate or liquidity risk.

## Payment of suppliers

The NICTS policy is to pay bills from all suppliers within 10 working days following receipt of a properly rendered invoice or in accordance with contractual conditions, whichever is the earlier. During the financial year, NICTS achieved an average of 97% (2021-22: 98%) of invoices paid to suppliers within 10 working days following receipt of a properly rendered invoice. NICTS achieved an average of 99% (2021-22: 99%) of invoices paid to suppliers within 30 calendar days following receipt of a properly rendered invoice.

## Sustainability reporting and environmental issues

The Climate Change Act (NI) 2022 received Royal Assent in June 2022. The Act sets out a number of requirements for each department, to include providing input to the lead department for an overall Climate Action Plan (CAP) with the first Plan to be published by the end of 2023. NICTS submitted its first input to the CAP in December 2022, and is also represented on the Technical Advisory Group.

NICTS established a carbon baseline for the year 2019-20 against which emission reduction targets can be measured. The following table illustrates recent progress against the 2019-20 baseline position.

Table 1: Estate Carbon emissions (kg CO<sub>2</sub> e):

Fuel	2022-23	2021-22	2020-21	2019-20
Electricity	1,059,385	1,166,805	1,170,917	1,109,261
Natural Gas	993,951	1,391,655	1,695,874	1,093,614
Oil	125,283	132,809	564,188	533,515
<b>Total</b>	<b>2,178,619</b>	<b>2,691,269</b>	<b>3,430,979</b>	<b>2,736,390</b>

In advance of the publication of the first CAP, NICTS has incorporated sustainability within its Vision 2030 Modernisation Portfolio, and has already taken action to help the DoJ and Northern Ireland Executive meet carbon targets and reduce operating costs.

In the last period, NICTS achieved significant carbon reductions of approximately 450 tonnes, through a combination of demand reduction interventions and capital projects. Notable successes include a window replacement project at Newtownards Courthouse, a roofspace insulation upgrade at Antrim Courthouse, a multi-site LED lighting upgrade, and the installation of a new solar photovoltaic array at Laganside Court

Reducing energy demand and choosing low carbon solutions will remain a key priority for the Agency to help the DoJ and Northern Ireland Executive meet carbon targets and reduce operating costs.

### Corporate social responsibility

In December 2022, NICTS participated in the DoJ Christmas Charity Appeal in support of the Trussell Trust which aims to support people in crisis. A total of eight local collection points were established across the NICTS estate and there was an overwhelming response from staff donating food and other essential household products to foodbanks across Northern Ireland.

NICTS and LCJO also hosted a number of visits and events throughout the year at courthouse venues. In August 2022, a group of Year 13 pupils, who were taking part in Queen's University's Law Pathway Summer School, visited RCJ and Laganside Courts and met the Lady Chief Justice. Bishop Street Courthouse participated for the first time in Londonderry's annual civic Halloween celebrations, with a special projection on its façade.

November 2022 saw Armagh Courthouse host the return of the popular annual Georgian Day event which was organised in conjunction with Armagh, Banbridge and Craigavon Council for the first time since the COVID-19 pandemic. Over 100 members of the public donned Georgian clothing to witness the staging of mock trials.

In January 2023, RCJ hosted the Northern Ireland heat of the Young Citizens Bar Mock Trial, with NICTS and LCJO staff accommodating the 11 schools who competed in the event. A group of 34 law students from the UK and Ireland Malaysian Law Students' Union were given a tour of Laganside Courts and RCJ in February 2023.

## Equality

In carrying out its functions relating to Northern Ireland, NICTS as an Executive Agency of the DoJ is required to have due regard to the need to promote equality of opportunity between:

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

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

Schedule 9, Paragraph 4 (1) of the Northern Ireland Act 1998 requires DoJ, as a designated public authority, to set out in an Equality Scheme how it proposes to fulfil the duties imposed by Section 75 in relation to its relevant functions. This Equality Scheme fulfils that statutory requirement. It is both a statement of arrangements for fulfilling the Section 75 statutory duties and the plan for their implementation.

Some of the arrangements for assessing DoJ's compliance with the Section 75 statutory duties are outlined in relevant parts of the DoJ Equality Scheme. Key arrangements for compliance include consulting; assessing, monitoring and publishing the impacts of policies; ensuring and assessing public access to information and services; and the complaints procedure.

The DoJ Equality Unit provides quality assurance through reviewing Section 75 Screening forms from policy areas that are developing or revising a policy or strategy. Two-way discussion between the Equality Unit and policy areas ensures due regard is taken to the needs of Section 75 categories throughout the policy development process and to ensure equality is mainstreamed.

## NICTS People Strategy

In October 2021, the NICTS Vision 2030 Portfolio was expanded to include a People Programme, the key objective of which was to develop a five-year People Strategy and supporting delivery plans.

In recognition of the need to fully involve staff and Trade Union throughout the development of the Strategy, a People Strategy Working Group (PSWG) was established which comprised 15 staff at all grades from across the NICTS.

That engagement informed the development of the [NICTS People Strategy 2022-27](#) which was published in October 2022. The People Strategy sets out our commitment to the development, empowerment, wellbeing and support of our staff.

The strategy will be underpinned by a series of annual delivery plans, the first of which was published at the end of March 2023. This first delivery plan is underpinned by twelve practical

actions that will be delivered between April 2023 and March 2024.

## Engagement and Communication

In our People Strategy we committed to improving how we share important information and to ensuring that staff are kept up to date on what is happening across the organisation. An NICTS People Hub was developed and launched in December 2022. The Hub has been designed to bring together a range of information relating to the five pillars of the Strategy and provides a direct link to the DoJ Staff Zone and NICTS Induction material which was launched in June 2022. The content on the People Hub will continue to grow as we deliver our People Strategy and will be regularly updated.

In June 2022, NICTS held its first ever Wellbeing Week, further details are provided in the Health and Wellbeing section below. Online events were also held during the year to inform staff about the RCJ upgrade project and the new hybrid working facilities in Laganside House. Throughout the year a monthly DoJ Team Brief containing news on key NICTS initiatives, continued to be shared with all staff. In December 2022, the first NICTS e-zine “The Hearing” was published, with a second edition in March 2023. The Hearing will be published on a quarterly basis and will be complemented by quarterly, themed, all staff WebEx events to keep staff informed about what is happening across the Agency. A week of articles and video interviews were published on the NICTS Intranet celebrating International Women’s Day in March 2023, profiling a number of people across the Agency.

## Health and Wellbeing

NICTS continued to ensure that the health and wellbeing of staff was of paramount importance.

In June 2022, NICTS delivered its first Wellbeing Focus Week. Staff were invited to participate in a range of online and in-person events focussing on mental and emotional wellbeing, physical and nutritional wellbeing, and financial and social wellbeing. The aims of the Focus Week included reducing stress, enhancing personal resilience and increasing connections with others. Sessions were delivered by a range of key stakeholders from within NICS and the voluntary and community sector.

Work has commenced to develop a NICTS Wellbeing Framework to support our people and create a workplace where everyone is encouraged and supported to reach their full potential in a safe and healthy environment with access to the support and services that they may need. A Wellbeing Working Group (WWG) was established to inform the development of the framework and to agree the actions we need to take to support wellbeing across NICTS. In addition, engagement has commenced with a range of external stakeholders including other NICS departments and criminal justice agencies.

We also plan to develop and launch an NICTS “Wellbeing Hub” on the NICTS intranet to signpost staff to the relevant support services and to also inform them of upcoming relevant activities and events. This will include a Wellbeing Toolkit for staff and managers and an annual calendar of events, aimed at supporting the health and wellbeing of staff throughout the year.

The Agency continues to promote staff participation in ‘NICS Well’ and DoJ events to support health and wellbeing.

Through our participation in the NICS New Ways of Working Project, we will seek to ensure that

sustainability, health and wellbeing are embedded in all of our workplace improvement projects. In particular, we will ensure that any physical changes to our office environments also consider opportunities to improve environmental performance and the sensory environment.

### ***Fraud and error analysis***

NICTS is not aware of any material fraud during 2022-23. There were two minor instances of fraud reported within NICTS during the financial year (2021-22: one case). Both incidents related to a small amount of cash being unaccounted for. There is a zero-based tolerance level to any fraud within NICTS and all managers are aware of their responsibilities to detect and prevent fraud.

### ***Fraud and error analysis on COVID-19 government support schemes***

NICTS made use of the supplier relief scheme introduced by the Department for the Economy (DfE). This scheme was introduced at the onset of COVID-19 to ensure Government departments continued to pay their suppliers as quickly as possible to maintain cash flow and protect jobs. NICTS Contracts Branch monitored each supplier relief scheme, adhering to government guidelines to guarantee the provision of essential services. It is recognised that fraud risks increase in times of change or crisis. NICTS adopted measures to mitigate those risks including:

- ensuring that there was an effective route for employees and suppliers to raise concerns about possible fraudulent activity;
- timing to test internal controls, particularly in areas of increased risk; and
- ensuring that staff reassigned to unfamiliar work were given appropriate training, guidance and supervision.

### ***Anti-corruption and anti-bribery***

NICTS complies with the DoJ Anti-Fraud and Anti-Bribery Policy and Response Plan. A fraud log is maintained and presented as a standing agenda item to NICTS ARAC and updates are provided to Departmental Audit and Risk Committee (DARC). The DoJ Anti-Fraud & Anti-Bribery Policy and Response Plan are available to staff on the DoJ intranet.

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

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

Managing the risk of fraud and bribery is seen in the context of managing a wider range of risks. NICTS promotes an anti-fraud and anti-bribery culture by encouraging management to create conditions in which staff members have neither the motivation nor the opportunity to commit fraud or either offer or accept bribes. Professional staff are the first line of defence against these issues, supported by the establishment and maintenance of carefully designed and consistently operated

procedures. Managers have prime responsibility for establishing internal control arrangements to minimise the risk of fraud, corruption and other irregularities within their business areas.

## **PERFORMANCE REPORT**

A handwritten signature in black ink, consisting of two large, overlapping loops followed by a long, horizontal flourish extending to the right.

**Glyn Capper**  
**Accounting Officer**  
**22 June 2023**



## **PART 2 - ACCOUNTABILITY REPORT**

The Accountability section of the Annual Report outlines how NICTS meets its key accountability requirements to the Assembly and ensures best practice with corporate governance norms and codes. The three sub-sections within the Accountability Report are outlined below.

### **i Corporate Governance Report**

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

The Corporate Governance Report includes:

- Directors' Report;
- Statement of Accounting Officer's responsibilities;
- Non-Executive Members' Report; and
- Governance Statement.

### **ii Remuneration and Staff Report**

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

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

### **iii Assembly Accountability and Audit Report**

This section brings together the key Assembly accountability documents within the Annual Report and Accounts. It comprises:

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

## CORPORATE GOVERNANCE REPORT

### DIRECTORS' REPORT

#### Agency Board

The work of NICTS is co-ordinated and monitored by the NICTS Agency Board (the Board). The Board oversees the work of the NICTS in delivering its aims and objectives. The Board acts in an advisory and consultative capacity, offering guidance when sought. It is the senior tier for decision making in NICTS. It does not usually direct any of its Executive members on how their business areas should be run, with day-to-day operational matters the responsibility of the Director of NICTS.

The Director of NICTS is the Chair of the NICTS Agency Board and membership of the Board is detailed below. The Director of NICTS is also the designated Accounting Officer of NICTS.

The Board meets quarterly to consider progress on strategic and management issues. It has specific functions in relation to finance, planning and performance which are set out in the Agency Framework Document.

The Board is supported by the ARAC, the Finance Committee and the NICTS Senior Management Team. ARAC supports the Board in its responsibilities for issues of risk control and governance by reviewing the completeness of assurances provided to the Accounting Officer. The Finance Committee supports the Board by providing financial oversight and budgetary control.

All Board members are required to adhere to the Seven Principles of Public Life (also known as the Nolan Principles). These principles apply to anyone who works as a public office-holder and are available on the Treasury website at the following link [The Seven Principles of Public Life - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/the-seven-principles-of-public-life).

Membership of the Board at 31 March 2023 is as follows:

- Acting Director of NICTS                      Glyn Capper;
- Acting Chief Operating Officer              Elaine Topping;
- Chief Modernisation Officer                Karen Ward; and
- Non-Executive Members                      Nicole Lappin and Graham Dalton.

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

- The Right Honourable Mr Justice Colton;
- Her Honour Judge Smyth, Recorder of Belfast and Presiding County Court Judge;
- District Judge Keown, Presiding District Judge (Magistrates' Courts); and
- Mr John Duffy, President of the Appeal Tribunals.

Patrick Butler, Head of Legacy Inquest Unit and Coroners Service, and Alison Houston, Principal Private Secretary to the Lady Chief Justice, also attend the Board.

Nicole Lappin joined the Board in October 2017. Her contract was extended in September 2020 for a period of three years to September 2023. Ms Lappin is also the Chair of the ARAC.

Graham Dalton joined the Board in October 2017. His contract was extended in September 2020 for a period of three years to September 2023. Mr Dalton also sits on the Finance Committee and the Vision 2030 Portfolio Board.

The role of the Non-Executive Members includes:

- providing strategic advice to the Board, contributing to decision-making and supporting the good corporate governance of the Agency;
- using their experience to challenge and support the Board, acting corporately;
- ensuring that the Board obtains and considers all appropriate information; and
- notifying the Board of any matters that threaten the regularity, propriety or value-for-money within the Agency.

### Register of interests

A Register of Interests is maintained by NICTS and no significant interests are currently held by Board members which may conflict with their management responsibilities.

### Data related incidents

There were no personal data related incidents reported to the Information Commissioner's Office (ICO) during 2022-23.

### Complaints

NICTS is committed to providing a high-quality service across all business areas. Key to demonstrating this commitment is a robust and effective complaints procedure which addresses any customer dissatisfaction fairly, comprehensively and with a view to early resolution. The complaints procedure allows customers to report when they are unhappy with the quality of service provided and receive redress where appropriate. The policy and a policy procedure document to assist staff are available on the Service's website at [www.justice-ni.gov.uk/articles/nicts-complaints-and-policy-procedures](http://www.justice-ni.gov.uk/articles/nicts-complaints-and-policy-procedures).

The NICTS complaints policy and procedures are reviewed annually, with the latest review carried out in October 2022.

The Complaints Procedure reflects the overall Departmental approach to managing complaints and is a two-stage process. Initial complaints are dealt with by the local business area with any complaints escalated to stage two overseen by a member of the NICTS Senior Management Team.

Should the complainant remain dissatisfied with the response following this second stage, they

can raise the complaint with the Northern Ireland Public Services Ombudsman.

The Complaints Officer monitors the progress of all complaints to ensure compliance with procedures, including adherence to the timescales contained within the policy, and to ensure the Service operates a transparent and consistent complaints system, with all complaints being treated fairly.

There were 60 complaints (2021-22: 82 complaints) recorded in the Complaints Register during 2022-23:

Stage 1 complaints	Number	%
Upheld	16	27
Partially upheld	17	28
Not upheld	27	45
<b>Total</b>	<b>60</b>	<b>100</b>

The Complaints Officer will request that the relevant business area dealing with a complaint documents any lessons learned, which will be collated and listed in the bi-annual update report to the Senior Management Team to note and take action where necessary. Any recommendations based on the lessons learnt are passed to the Complaints Officer to amend the complaints procedure and communicated to the relevant business area with a view to improving service delivery and maximising quality.

Complaints are handled by the NICTS Corporate Support Branch and can be made:

- in writing to: Complaints Co-ordinator  
Corporate Support Branch  
Northern Ireland Courts and Tribunals Service  
Laganside House  
23-27 Oxford Street  
Belfast  
BT1 3LA
- by e-mail: [Complaints@courtsni.gov.uk](mailto:Complaints@courtsni.gov.uk)

## Raising a Concern

NICTS complies with the DoJ Raising a Concern Policy, which is available on the NICTS intranet.

The policy tells staff how to report a concern and what they should expect to happen. It is designed to reassure staff that they can raise genuine concerns about potential wrongdoing, in confidence, through a clear internal reporting process, without putting their position at risk. The policy also provides arrangements through which anyone who is not a member of staff (for example members of the public) can raise concerns about the proper conduct of public business by the Department or any of its Agencies. It explains the types of concerns covered by this policy, how DoJ staff members (including those in its Agencies) and anyone external to the DoJ can raise a concern and how these concerns will be managed by the Department. Where appropriate, it signposts individuals to other relevant policies such as the Complaints Policy, NICS Grievance Policy and Anti-Fraud and Anti-Bribery Policy and Response Plan. The Head of Internal Audit

may be contacted by NICTS to conduct independent investigations into issues raised under the policy.

The policy is designed to encourage an open-door culture within NICTS and includes details of other regulatory bodies, which may also provide assistance in raising concerns.

Three concerns were raised and investigated by NICTS during 2022-23 (2021-22: two concerns were raised).

## STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the Government FReM and in particular to:

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

The DoJ Accounting Officer has designated the Director 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 an Accounting Officer is answerable, for keeping proper records and for safeguarding the NICTS' assets, are set out in the Accounting Officers' Memorandum issued by DoF and published in *Managing Public Money Northern Ireland (MPMNI)*.

The Accounting Officer is responsible for the maintenance and integrity of the information on the NICTS website.

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

## NON-EXECUTIVE MEMBERS' REPORT

We begin this report by noting that the eagerly anticipated draft Agency Framework document has been agreed with the Senior Management Team and the Lady Chief Justice's Office. The work which has taken place to deliver this requires signing off by an incoming Minister. As independent Board members, we are delighted that the work has progressed to this point and look forward to an Executive being established so the document can be finalised.

It was pleasing to note some other developments during the year and, while much of the detail can be found elsewhere in this report, we take the opportunity to highlight a number of these.

The continued focus on Vision 2030 is yielding welcome developments, such as movement towards identifying a delivery partner to deliver business transformation by implementing a new digital solution and web portal for the courts. This important project is essential to realising the modernisation of the services which NICTS provides. Digital transformation is important in several areas. For example, the Courtroom Technology project has led to upgraded audio and video technology in a further seven courtrooms, bringing the number of courtrooms upgraded to 64.

A further welcome achievement in the 2022-23 year was the delivery of the scheduled Legacy Inquest caseload. Given the impact which this has, we appreciate the efforts applied to ensure that work continues to conclude some inquests while others are commenced.

Along with the many achievements which the organisation has benefited from, we mention one area which requires further focus in the 2023-24 year. We are concerned about the delay to the implementation of a new case management system for OSO and OCP. We agree that the system developed must be fit for purpose and welcome the lessons learned approach being taken to the reasons for the delay in developing and delivering an appropriate IT solution. Nevertheless, this delay means that there is a historical unimplemented audit recommendation which must be addressed, and which will continue to be monitored by the Audit Committee and at Board level.

We also want to note our concern about the current uncertain economic climate. In the continuing absence of an Executive, the Secretary of State has moved to set a budget for Northern Ireland that will result in significant cuts across the public sector. Additionally, without local Ministers, the nature of the cuts required will be difficult to deliver, and this adds to the current challenges facing public bodies. We acknowledge that NICTS is in the same position as all public sector bodies in this regard. However, we are particularly concerned about the potential impact of financial constraints on The Agency's capacity to deliver its strategic objectives – most notably around the necessary improvements to its estate and modernisation goals.

There is much to be optimistic about without ignoring the challenges which NICTS faces. We are assured that Senior Management has identified these and is solution focused to deal with these and anything else which may arise in 2023-24.

**Graham Dalton**

**Nicole Lappin**

## GOVERNANCE STATEMENT

### 1. Role and responsibilities of NICTS

NICTS is an Agency of DoJ. NICTS operates under a Framework Document that has been agreed by DoJ and DoF. The Agency Framework Document sets out the arrangements for the effective governance, financing, and operation of NICTS. An updated version of the Framework Document was agreed by the NICTS Agency Board on 27 March 2023 and will remain in draft until it is approved by a future Minister of Justice.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Service's policies, aims and objectives, whilst safeguarding the public funds and assets for which, in accordance with the responsibilities assigned to me in my letter of delegation and in accordance with MPMNI.

As Director of NICTS I am responsible for the day-to-day operation and administration of NICTS and the leadership and management of its staff. I am accountable to the DoJ Permanent Secretary. There is currently no established Assembly in place. A new Minister of Justice will be appointed when a new Executive is established.

#### *Strategic Context*

The 2022-23 Business Plan set out the strategic objectives, priorities and key targets for NICTS. The annual plan was derived from the DoJ Corporate Plan 2022-25 and Departmental Business Plan 2022-23.

The Agency Board reviewed progress against the 2022-23 Business Plan throughout the year and progress is reported in the Performance Analysis section and at Annex B of this Annual Report.

### 2. Purpose of the governance framework

The governance framework is the system which ensures the effectiveness of direction and control of NICTS. The framework encompasses the following internal controls:

- **governance** - how NICTS plans, sets, communicates and monitors its corporate objectives;
- **risk management** - how NICTS identifies, considers and manages the risks to the achievement of corporate objectives; and
- **business controls** - how NICTS assures itself and its stakeholders that it is in control of its business and the risks to the achievement of its objectives.

The governance framework is designed to manage risk to a reasonable level rather than to eliminate all risk. The framework is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

As Accounting Officer I have established a governance framework and management structure to support me in the management of the key risks of NICTS.



### 3. Governance framework

During 2022-23 NICTS complied with the key principles of the Corporate Governance in Central Government Departments - Code of Good Practice (NI) 2013 which it considered applicable. The key organisational structures which support the delivery of effective corporate governance are:

- Agency Board;
- Finance Committee; and
- Audit and Risk Assurance Committee (ARAC).

#### *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, reporting, and the oversight of the functions of NICTS including finance, planning, performance, and policy initiatives. The Board operates within the parameters of the Agency Framework Document and the agreed Terms of Reference. The Framework Document is published on the NICTS website.

#### *Declarations of Interests*

NICTS maintains a Register of Interests for Board Members. Declarations include anything which may give rise to conflict with the position of a Board member, including:

- any Directorships (including Non-Executive Directorships) held in Private Companies or Public Limited Companies (PLC's);
- any private companies, businesses or consultancies which they may own (or part-own), and which may seek to do business with the DoJ and the public bodies it sponsors;
- position of authority held in Charities or Voluntary Bodies in fields related to the work of the DoJ;
- any connections which they may have with voluntary, or other bodies, contracting with the DoJ and the public bodies it sponsors; and
- any other interests that could have a conflict.

For 2022-23, the Accounting Officer has been provided with assurance that no Board members have declared any conflict of interest with the business of NICTS.

The Board met on four occasions during the 2022-23 financial year. At the beginning of each Board meeting members are asked by me, as the Chair, to declare any conflicts or potential conflicts of interest. To allow members to prepare and consider any potential conflicts of interest members are provided with an agenda and all papers to be discussed, five working days before the meeting. Details of any significant interests which may conflict with Board members' management responsibilities can be found in Note 21 to the accounts.

Attendance by members is shown below for the four meetings of the Board during 2022-23:

Position	Member	Attendance
Acting Director of NICTS (Chair)	Glyn Capper	4/4
Acting Chief Operating Officer	Elaine Topping	3/4
Chief Modernisation Officer	Karen Ward	3/4
Non-Executive Member	Nicole Lappin	4/4
Non-Executive Member	Graham Dalton	4/4
Judicial Representative	The Honourable Mr Justice Colton	4/4
Judicial Representative	Her Honour Judge Smyth QC, Recorder of Belfast *	1/3
	His Honour Judge Fowler QC, Recorder of Belfast *	0/1
Judicial Representative	Presiding District Judge Keown, Magistrates Court **	0/1
	Presiding District Judge McGarrity, Magistrates Court **	1/3
Judicial Representative	John Duffy, President of the Appeals Tribunal	4/4
Lady Chief Justice's Office (LCJO)	Alison Houston, Principal Private Secretary to the Lady Chief Justice ***	1/2
	Mandy Kilpatrick, Principal Private Secretary to the Lady Chief Justice ***	2/2
Head of Legacy Inquest Unit and Coroners Service NI	Patrick Butler	3/4

\* His Honour Judge Fowler QC, Recorder of Belfast resigned from the Agency Board and was replaced by Her Honour Judge Smyth QC, Recorder of Belfast on 20 July 2022.

\*\* Presiding District Judge McGarrity, Magistrates' Court resigned from the Agency Board and was replaced by Presiding District Judge Keown, Magistrates' Court on 19 January 2023.

\*\*\* Mandy Kilpatrick (Principal Private Secretary to the Lady Chief Justice) resigned from the Agency Board and retired from NICTS and has been replaced by Alison Houston on 05 December 2022.

Key work of the Board during the year included:

- delivery of the NICTS key priorities against the Business Plan within the constraints of significant financial pressures;
- continuing business recovery from the COVID-19 pandemic;

- monitoring and mitigating against NICTS risks;
- overseeing the management of NICTS resources including staff, information, physical and financial resources; and
- review of the NICTS Audit and Risk Assurance Report.

The Board has established two formal sub-Committees to assist it in carrying out its functions – the Finance Committee and ARAC. There were no Ministerial Directions given during the year.

### **Finance Committee**

The Finance Committee (“the Committee”) assists the Board with financial oversight and budgetary control. The Head of Finance in NICTS advises the Committee on any material issues concerning financial oversight and budgetary control. The Terms of Reference for the Committee are published on the NICTS website.

Attendance by members is shown below for the four meetings of the Finance Committee during 2022-23:

<b>Position</b>	<b>Member</b>	<b>Attendance</b>
Acting Director of NICTS (Chair)	Glyn Capper	4/4
Acting Chief Operating Officer	Elaine Topping	4/4
Chief Modernisation Officer	Karen Ward	3/4
Acting Head of Finance	Louise Laverty	4/4
Non-Executive Member	Graham Dalton	4/4
Judicial Representative	The Honourable Mr Justice Colton	4/4

After each meeting the Acting Head of Finance provides a highlight report to the Agency Board covering the main issues discussed by the Finance Committee.

### **Audit and Risk Assurance Committee (ARAC)**

The role of the ARAC is to provide the Board and myself, as Accounting Officer, with independent assurance over the adequacy and effectiveness of the established internal control and risk management systems within NICTS. ARAC monitors the effective implementation of all agreed audit recommendations; examines the effectiveness of the overall risk management process and receives assurance from the NICTS Risk Co-ordinator. ARAC operates in accordance with the Audit and Risk Assurance Committee Handbook (NI), published on 29 May 2013 and updated on 1 April 2018. Although ARAC primarily considers matters relating to NICTS, it also ensures that the inter-relationships between it and the Departmental Audit and Risk Committee (DARC) are documented and agreed, particularly where assurance is provided on matters which properly support the Departmental Governance Statement.

The Terms of Reference for ARAC are published on the NICTS website.

The Committee is chaired by an independent Non-Executive Member of the Agency Board.

Attendance by members is shown below for the five meetings of the Committee during 2022-23:

Position	Member	Attendance
Non-Executive Member (Chair)	Nicola Lappin	5/5
Non-Executive Member	Philip Cromie	5/5
Judicial Representative	The Honourable Mr Justice Huddleston	5/5

Key work of ARAC included consideration of:

- NIAO audit strategies and reports to those charged with governance;
- Internal Audit's plan including strategy, activity reports and progress updates;
- Head of Internal Audit's annual opinion and report;
- Risk management and corporate governance;
- Financial governance and fraud reporting; and
- Annual reports and accounts.

After each meeting the Chair of ARAC presents a report to the Agency Board covering the main issues discussed by the Committee.

#### 4. Risk management and internal control

##### Risk Management

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

The Agency aims to assess and effectively manage risk in the achievement of its business objectives. Its capacity to manage risk derives from the experience and ability of managers to operate the fully documented risk management process. The Departmental Risk Management Framework is in line with best practice set out in the NIAO report on Good Practice in Risk Management.

The Framework details the approach to risk management, including: risk appetite; the hierarchy for managing risks; the risk identification and escalation process; and the roles and responsibilities of the various levels of management.

This approach allows risks to be identified and managed at all levels and to be escalated as appropriate.

The Board provides leadership and direction in managing the risk environment in which the Agency operates. Each Head of Division provides leadership to the risk management process in their particular areas of responsibility, as well as corporately through their involvement in the Board, the ARAC and local management meetings. Each business area prioritises risk against

standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. 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. The Agency's overall arrangements for effective risk management include:

- an approach to risk management that aligns directly with that of the Department;
- an agreed risk appetite in line with the DoJ's policy;
- quarterly review of Branch, Divisional and Corporate Risk Registers to identify and escalate the risks threatening to impact upon the achievement of the Agency's objectives;
- quarterly review of corporate risks by the Board;
- ARAC agenda items focusing specifically on risk management;
- structures in place to assess and report on information risk; and
- bi-annual Stewardship Statements from managers, providing formal assurance on their management of risk for their respective business areas.

A key element of the Agency's risk and control framework is a professionally led Internal Audit function that works to Government Internal Audit Standards. Internal Audit reviews the overall arrangements for managing risk, provides assurance, and subsequently reports any matters of concern to ARAC. Assurance is also obtained from NIAO who present their audit report to ARAC following the statutory audit of the Agency's Annual Report and Accounts.

### *Information assurance*

NICTS is committed to managing and protecting personal data in line with data protection legislation and DoJ policies and procedures. NICTS is represented on a number of Departmental groups including the Information Risk Owners' Council (IROC), Accreditation Panel and Security Managers' Forum. In addition, NICTS provides bi-annual updates on records and information management to the Agency ARAC.

Data incidents are reported and managed in line with the DoJ Security Incident Reporting policy. Minor or low risk incidents are recorded and managed locally by NICTS. Major incidents which involve an actual data breach, may result in the ICO taking enforcement action or could cause harm and/or distress to individuals. Major incidents are reported to the DoJ Information Security (IS) Team to allow for potential notification to the ICO within 72 hours of becoming aware of the incident.

During 2022-23, 69 data incidents (2021-22: 50 data incidents) occurred with the highest proportion relating to post lost in transit. Of the 69 incidents, 5 were deemed reportable to DoJ (2021-22: 4 incidents). However, none of the incidents met the threshold for reporting to the ICO. All data incidents are investigated to identify lessons learned and appropriate remedial actions including the implementation of revised business processes as required.

The Information Assurance Risk Register continues to be reviewed at every meeting of IROC and the Chief Information Officer (CIO) presents a report for discussion covering all incidents. The accreditation of the network and infrastructure are the responsibility of DoF Enterprise Shared Services (ESS), who have confirmed that these elements of its service are fully accredited.

NICTS is responsible for accrediting only the aspects of the service that relate to line of business systems. Typically, this relates to application software, databases and online interfaces. Full Accreditation Certificates have been issued by DoJ for all NICTS line of business systems, including a number of new systems.

Annual IT Health Checks on all NICTS Line of Business systems were completed in 2022 and are planned for Summer 2023.

IT Assist, part of DoF Enterprise Shared Services (ESS), provides and hosts all NICTS information systems. They provide a resilient solution, based on high availability, redundancy and mirrored data centres. Disaster Recovery tests were completed in September 2022 for Causeway and May 2023 for the main NICTS line of business applications.

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.

### 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 2023 and up to the date of approval of the annual report and accounts. This accords with DoF guidance.

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

## 5. Review of effectiveness of the governance framework

As Accounting Officer I have responsibility for reviewing the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit, the internal control framework and comments made by external audit in their reports to those charged with governance and other reports. A sound governance framework has been established across NICTS which includes:

- Agency Board;
- ARAC with independent membership;
- Governance reviews;
- Annual governance statement;
- Stewardship statements; and
- Independent reviews by Internal Audit.

I received additional comfort from the inter-departmental assurance report relating to shared services provided to the various NI departments, by the DoF Head of Internal Audit. This report offers an update on the key business areas and provides satisfactory assurance.

The Head of Internal Audit has provided **Satisfactory Assurance** based on the work carried out during the year.

The 2022-23 Annual Internal Audit Plan, which included eight separate reviews, was endorsed by ARAC.

The audits of OSO and OCP were deferred until 2023-24 as the introduction of new case management system, which will contribute to addressing the outstanding priority one recommendations, has been postponed until July 2023. During 2022-23 six separate reviews were completed including a follow up of the Review of Non-invested Patients and Minors Funds.

Progress against the plan was monitored by ARAC throughout the year. While it is the Head of Internal Audit's overall assessment that the control environment within NICTS is 'Satisfactory', the assurance provided in relation to OSO remains limited pending the introduction of a new case management system. The implementation of audit recommendations is subject to internal audit monitoring and updates on priority one recommendations are provided bi-annually to ARAC. In 2022-23 there were five satisfactory reports and a Management Letter for the follow up to the Review of Non-invested Patients and Minors Funds raising the assurance in this area from limited to satisfactory.

### Agency Board Effectiveness

Information presented to the Board is fundamental for its assessment and understanding of the performance of NICTS. The Board receives a variety of standard information, and other papers, which are quality reviewed by the Board secretariat. The information received allows the Board to be kept informed of any issues that it needs to be aware of, or take action on, to support decision making and drive improvement.

A review of effectiveness of the Board was commissioned in March 2023 and the findings will be analysed and presented to the Board during 2023-24. The Board considers that it is fulfilling its governance requirements.

## 6. Budget position

The Northern Ireland Budget Act 2023 was passed by Parliament and received Royal Assent on 8 February 2023 which authorised the cash and use of resources for all departments and other bodies for the full 2022-23 year, and also included a Vote on Account for the early months of the 2023-24 financial year. This will be followed by a further Budget Bill which the Secretary of State will bring to Parliament in due course, following the 2023-24 Northern Ireland Budget which he set in his Written Ministerial Statement on 27 April 2023.

## 7. Significant internal control issues

The following sections outline the significant internal control issues identified as a result of assurance activities in NICTS together with details of the plans in place to address any weaknesses identified.

### *Official Solicitor's Office (OSO) cases*

Internal Audit carried out a review of OSO during 2015-16 which resulted in limited assurance. Internal Audit was unable to verify the completeness of the case workload within OSO as there was no independent record that could be used to reconcile the composition of the current Minors and Patients details. Subsequent to the audit a spreadsheet system was developed to record all cases until such times as the recommended bespoke IT workflow system was procured.

The planned introduction of an IT workflow-based solution to capture all case file details and act as a centralised information hub will allow for more efficient working practices. This should allow for greater visibility of cases within OSO and provide a full and complete audit trail. Implementation of the new IT system is well underway but, due to the impact of the pandemic and the complexities associated with design, the go-live date has been re-scheduled to July 2023.

OSO has been included on the 2023-24 Audit Plan and the scope of the audit will include control, governance and risk management arrangements associated with Case Reviews and File Management.

### *Priority One recommendations from Internal Audit*

#### *Internal Audit*

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

There are currently four outstanding priority one Internal Audit recommendations as follows:

- Management should consider the introduction of an IT workflow-based solution - OSO - 2015-16 and 2016-17;
- OCP continue work to clear the backlog in cases. Further recommend that Management review the historic delegated limit of £500 with a view to increasing this limit to better reflect current costs - OPC - 2017-18;
- Recommend staff are assigned a period of time to clear their 'bring forward'(b/f) backlog particularly items that are historic - OCP - 2017-18; and
- A review of the current b/f system in OCP - Non-invested Patient's and Minor's Funds - 2021-22.

The implementation of any Priority One recommendations relating to these audits is subject to review by both Internal Audit and ARAC and management are in the process of addressing these recommendations.

## **8. Accounting Officer Statement On Assurance**

NICTS has an established and 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.

In addition, independent assurance is provided by the NICS Group Internal Audit and Fraud Investigation Service, operating to Public Sector Internal Audit Standards. Internal Audit delivers 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 Opinion on the level of assurance that can be provided based on the work done. For the 2022-23 year an overall **satisfactory assurance** was provided.

NICTS has maintained a framework of control to ensure that there are sufficient processes in



place to provide assurance over financial and operational risks, as well as performing a regular review of the effectiveness of the system of internal control.

I am therefore satisfied that I have effective governance arrangements and the necessary policies and procedures in place to provide a sound system of internal control to support NICTS in delivering its statutory duties and to meet the aims and objectives set by the Department, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in my letter of delegation and in accordance with *MPMNI*.

**Glyn Capper**

**Accounting Officer**

## REMUNERATION AND STAFF REPORT

### REMUNERATION REPORT

#### Remuneration policy

The pay remit for the NICS, including Senior Civil Servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for Northern Ireland's 24 November 2022 Written Ministerial Statement (WMS) on the Budget and the Northern Ireland (Executive Formation) Act receiving Royal Assent on 6 December 2022, the Northern Ireland public sector pay policy was published on 8 December 2022.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay awards for NICS non-industrial staff, including SCS, for 2022-23 has been finalised and is due to be paid in June 2023.

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

#### Service contracts

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

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

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

#### Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the Accounting Officer and the Agency board members.

Of those reported in 2022-23 all are SCS.

## Remuneration and pension entitlements

[Audited information]

## Single total figure of remuneration

2022-23

Officials	Salary £000	Benefits in kind (to nearest £100)	* Pension benefits (to nearest £1,000)	Total £000
<b>Glyn Capper**</b> Acting Director of NICTS	95 - 100	-	10	<b>105 – 110</b>
<b>Elaine Topping</b> Acting Chief Operating Officer (from 4 April 2022)	70 - 75 (70 – 75 FYE)	-	37	<b>110 – 115</b>
<b>Karen Ward</b> Chief Modernisation Officer	75 - 80	-	(12)	<b>60 – 65</b>
<b>Nicole Lappin***</b> Non-Executive Member	5 – 10	-	-	<b>5 - 10</b>
<b>Graham Dalton***</b> Non-Executive Member	5 - 10	-	-	<b>5 - 10</b>

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

\*\*\* Payment to the Non-Executive Members (NEMs) is on a per diem basis for attendance at meetings and therefore a figure for full year equivalent is not applicable. Amounts disclosed as benefits in kind relate to payments for travel and subsistence. There are no entitlements to pension or other contributions from NICTS for NEMs.

[Audited information]

## Single total figure of remuneration

2021-22

Officials	Salary £000	Benefits in kind (to nearest £100)	* Pension benefits (to nearest £1,000)	Total £000
<b>Glyn Capper**</b> Acting Director of NICTS (from 26 July 2021)	30 - 35 (95 – 100 FYE)	-	26	<b>55 - 60</b>
<b>Anthony Harbinson**</b> Director of NICTS (until 26 July 2021)	15 - 20 (105 – 110 FYE)	-	9	<b>25 - 30</b>
<b>Mark Goodfellow</b> Chief Operating Officer (from 4 May 2021 until 4 April 2022)	75 - 80 (80 – 85 FYE)	-	11	<b>85 - 90</b>
<b>Peter Luney</b> Chief Operating Officer (until 30 April 2021)	5 - 10 (75 – 80 FYE)	-	14	<b>20 - 25</b>
<b>Karen Ward</b> Chief Modernisation Officer (from 25 May 2021)	65 - 70 (75 – 80 FYE)	-	23	<b>85 - 90</b>
<b>Nicole Lappin***</b> Non-Executive Member	5 - 10	-	-	<b>5 - 10</b>
<b>Graham Dalton***</b> Non-Executive Member	5 - 10	-	-	<b>5 - 10</b>

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

\*\* Glyn Capper also held the position of DoJ Director of Access to Justice until 3 July 2022, splitting his time between the two roles.

\*\*\* Payment to the Non-Executive Members (NEMs) is on a per diem basis for attendance at meetings and therefore a figure for full year equivalent is not applicable. Amounts disclosed as benefits in kind relate to payments for travel and subsistence. There are no entitlements to pension or other contributions from NICTS for NEMs.

## Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments. This report is based on accrued payments made by NICTS and thus recorded in these accounts.

The Northern Ireland Assembly was dissolved from 3 February 2022 with an election taking place on 5 May 2022, on which date Ministers ceased to hold office. An Executive was not formed following the 5 May 2022 election. Consequently, the former Ministers retained their roles in a caretaker capacity until 28 October 2022. As such, the DoJ was under the control of Naomi Long during the financial year. Her salary and allowances were paid by the Department and are not included in these accounts.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by NICTS and treated by His Majesty's Revenue and Customs (HMRC) as a taxable emolument.

No officials received benefits in kind during 2022-23 (2021-22: none).

## Fair pay disclosures

*[Audited information]*

## Pay Ratios

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

The banded remuneration of the highest paid director in NICTS in the financial year 2022-23 was £95,000 - £100,000 (2021-22: £95,000 - £100,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2022-23	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Total remuneration (£)	23,237	26,295	29,331
Pay ratio	4.2:1	3.7:1	3.3:1

2021-22	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
Total remuneration (£)	23,955	26,575	29,307
Pay ratio	4.1:1	3.7:1	3.3:1

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

For 2022-23 and 2021-22, the 25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile remuneration values consisted solely of salary payments.

In 2022-23, no employees (2021-22: none) received remuneration in excess of the highest paid director.

Remuneration ranged from £19,121 to £97,500 (2021-22: £15,148 to £97,500).

### **Percentage change in remuneration**

NICTS is also required to disclose the percentage change from the previous financial year in the:

- (a) salary and allowances; and
- (b) performance pay and bonuses.

of the highest paid director and of its employees as a whole.

The percentage changes in respect of NICTS are shown in the following table. It should be noted that the calculation of the highest paid director is based on the mid-point of the band within which their remuneration fell in each year.

<b>Percentage change for:</b>	<b>2022-23 v 2021-22</b>	<b>2021-22 v 2020-21</b>
Average employee salary and allowances	(0.2)%	3.1%
Highest paid director's salary and allowances	0%	(9.3)%
Average employee performance pay and bonuses	N/A*	(100)%*
Highest paid director's performance pay and bonuses	N/A**	N/A**

\* The NICS special bonus scheme was withdrawn with effect from 31 March 2021.

\*\* No performance pay or bonuses were payable to the highest paid director in these years.

The 0.2% decrease in average employee salary and allowances is due to the delay in implementing the 2022 Pay award and an increase in the number of temporary staff at the AO grade (2021-22: 3.1% increase).

The current Acting Director of NICTS was appointed in July 2021. This appointment has resulted in 0% change in the percentage change of the remuneration band of the highest paid director (2021-22: 9.3% decrease), again due to the delay in implementing the SCS 2022 Pay Award.

**Pension benefits***[Audited information]*

<b>Officials</b>	<b>Accrued pension at pension age as at 31/3/23 and related lump sum</b>	<b>Real increase in pension and related lump sum at pension age</b>	<b>CETV at 31/3/23**</b>	<b>CETV at 31/3/22*</b>	<b>Real increase in CETV</b>	<b>Employer contribution to partnership pension account</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Nearest £100</b>
<b>Glyn Capper</b> Acting Director of NICTS	30 – 35	0 – 2.5	475	428	(3)	-
<b>Elaine Topping</b> Acting Chief Operating Officer (from 4 April 2022)	40 – 45	0 – 2.5	724	627	24	-
<b>Karen Ward</b> Chief Modernisation Officer	30 – 35 plus lump sum of 20 – 25	-	494	457	(19)	-

\* Or date of joining if later.

\*\* Or date of leaving if earlier.

No pension benefits are provided to the Non-Executive Members.

**NICS Pension Schemes**

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

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the classic, premium, classic plus and nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) 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 (tapered protection).

**McCloud Judgment**

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps are being taken by DoF to remedy those 2015 reforms, making pension scheme provisions fair to all members. Some active members will have seen changes from April 2022.

The remedy is made up of two parts. The first part was completed last year with all active members now being members of alpha from 1 April 2022, this provides equal treatment for all active pension scheme members.

The second part is to put right, 'remedy,' the discrimination that has happened between 2015 and 2022. DoF are currently working on the new scheme regulations and processes in readiness for this.

It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative schemes e.g. legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completed Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

From 1 April 2015, all new entrants joining the NICS can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (Partnership Pension Account).

### *Information on the PCSPS(NI) – Closed Scheme*

New entrants joining on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a CARE arrangement in which members accrued pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate of accrual was 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' legacy defined benefit arrangements (Classic, Premium and Classic Plus). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants who joined on or after 1 October 2002 and before 30 July 2007 will have chosen between membership of Premium or joining the Partnership Pension Account.

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.



### Partnership Pension Account

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

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The scheme pension age is 60 for any pension accrued in the legacy Classic, Premium and Classic Plus arrangements and 65 for any benefits accrued in Nuvos. Further details about the NICS pension schemes can be found at the website [www.finance-ni.gov.uk/civilservicepensions-ni](http://www.finance-ni.gov.uk/civilservicepensions-ni).

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2022 was 10.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2023.

### Employee contribution rates

For all members the employee contribution rates for the period covering 1 April 2023 to 31 March 2024 are as follows:

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution Rates - all members
From	To	
£0	£25,049.99	4.6%
£25,050.00	£56,999.99	5.45%
£57,000.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

### Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS

pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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

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

### ***Compensation for loss of office***

There were no compensation benefits paid by NICTS to any senior staff members during the financial year (2021-22: £Nil).

## STAFF REPORT

### Staff costs

Staff costs comprise:

[Audited information]

	Permanently Employed Staff £000	Others £000	2022-23 Total £000	2021-22 Total £000
Wages and salaries	23,301	3,410	26,711	25,392
Social security costs	2,475	-	2,475	2,251
Other pension costs	6,934	-	6,934	6,489
<b>Total net costs</b>	<b>32,710</b>	<b>3,410</b>	<b>36,120</b>	<b>34,132</b>
<b>Of which:</b>				
Charged to Administration	3,943	134	4,077	3,761
Charged to Programme	27,285	3,226	30,511	29,250
Subtotal	31,228	3,360	34,588	33,011
Charged to Capital Projects	1,482	50	1,532	1,121
<b>Total net costs</b>	<b>32,710</b>	<b>3,410</b>	<b>36,120</b>	<b>34,132</b>

The NICS main pension schemes are unfunded multi-employer defined benefit schemes but NICTS is unable to identify its share of the underlying assets and liabilities.

The *Public Service Pensions Act (NI) 2014* provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. DoF have also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs within a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found on the DoF website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>.

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the Northern Ireland Assembly on 1 November 2021 provisions are included in

the Act for devolved schemes in Northern Ireland. A second LCM was laid in the Northern Ireland Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2022-23, employers' contributions of £7,052,020 were payable to the NICS pension arrangements (2021-22: £6,870,303) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a Partnership Pension Account, a stakeholder pension with an employer contribution. Employers' contributions of £9,591 (2021-22: £11,696) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2021-22: 8% to 14.75%) of pensionable pay.

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

Employer contributions of £389; 0.5% (2021-22: £429; 0.5%) of pensionable pay, were payable to the NICS pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the **partnership** pension providers at the reporting period date were £Nil. Contributions prepaid at that date were £Nil.

During 2022-23 no persons (2021-22: no persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £Nil (2021-22: £Nil).

### **Judicial office holders**

Judicial office holders were covered by the provisions of the Judicial Pension Schemes (JPS) the terms of which were, until the end of 2021-22, set out in (or in some cases are analogous to) the provisions of two Acts of Parliament, (*Judicial Pensions Act 1981* and *Judicial Pensions and Retirement Act (JUPRA) 1993*), the *Judicial Pensions Regulations 2015* and the *Judicial Pensions Regulations (Northern Ireland) 2015*. From 2022-23 Judicial office holders are covered by the provisions of the *Judicial Pensions Regulations 2022*. The JPS are unfunded public service schemes, providing pensions and related benefits for members of the Judiciary in eligible offices.

The JPS 2015 and Northern Ireland Judicial Pension Scheme (NIJPS) 2015, were introduced on 1 April 2015. These mirror each other and, as far as possible, other public service career average pension schemes. From 1 April 2015 NICTS paid contributions in relation to salaried and excepted fee-paid and devolved salaried Judicial Office Holders sponsored by DoJ.

The Fee-Paid Judicial Pension Scheme, established under the *Judicial Pensions (Fee-Paid Judges) Regulations 2017*, was implemented from 1 April 2017 to deliver the litigation remedy to

eligible fee-paid office-holders in the case of *O'Brien v Ministry of Justice (MoJ)* and related litigation, including in Northern Ireland.

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

Provisions have been recognised in these accounts for the liability to fee paid judicial office holders in respect of the Judicial Service Award (JSA) for the period up to the end of 2021-22, as this liability is not covered by the Judicial Pension Schemes and the governing legislation. However, JSA liability for pensionable service from 1 April 2022 onward falls to the new JPS 2022 scheme. Details on the new judicial scheme are set out below.

In order to equalise treatment across the judiciary, all eligible judicial office holders moved into JPS 2022 on 1 April 2022. JPS 2022 is intended to deliver on the commitment the government made to develop a pensions-based solution to the serious recruitment and retention problems identified by the Senior Salaries Review Body (SSRB) in its Major Review of the Judicial Salary Structure, published in 2018.

JPS 2022 is designed to be in line with the Hutton principles for public service pension reform but is also non-registered for tax purposes. The Public Service Pensions and Judicial Offices Act received Royal Assent on 10 March 2022, closing all existing judicial pension schemes for future accrual. The Judicial Pension Regulations 2022 were made on 17 March 2022 and the scheme came into effect on 1 April 2022. The Judicial Pension Regulations 2022 included an amendment to the JPS 2015 regulations which was made to regularise payments from the Consolidated Fund.

The JPS 2022 is an unfunded, career average scheme for both salaried and fee-paid judges. As JPS 2022 is not a tax registered scheme, member contributions do not attract income tax relief. JPS 2022 does not provide an automatic lump sum. However, it is possible for members to commute part of their pension into a lump sum at the rate of £12 for every £1 per annum of pension commuted, subject to HMRC limits. The employer contribution rate during 2022-23 was 51.35%. This comprised the rate of 51.1% recommended by the GAD plus 0.25% of pensionable pay to reflect the cost of scheme administration paid to the MoJ.

JPS 2022 also provides for a surviving adult's pension at a rate of 37.5% of the member's pension.

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

## Average number of persons employed

The average number of whole-time equivalent persons employed during the year is set out below. These figures include senior management, staff on secondment or loan into NICTS and agency/temporary staff, but do not include staff on secondment to other organisations.

[Audited information]

	Permanently Employed Staff Number	Others Number	2022-23 Total Number	2021-22 Total restated Number
Court Operations	459	105	564	543
Tribunals and Enforcement	133	28	161	155
Lady Chief Justice's Office	29	1	30	31
Vision 2030	14	3	17	16
Corporate Services	62	4	66	69
Staff engaged on capital projects	23	1	24	15
<b>Total</b>	<b>720</b>	<b>142</b>	<b>862</b>	<b>829</b>

\* In 2022-23 Court Funds Office was reclassified as Corporate Services, was previously included in Court Operations.

These figures include 34 (2021-22: 31) whole time equivalent staff employed by NICTS to support the HIA Redress Board, an Arm's Length Body (ALB) of The Executive Office (TEO).

There were a further 112 (2021-22: 116) whole time equivalent staff employed by DfC to support TAS which is administered by NICTS.

The majority of staff (89%) are located in frontline service posts in courthouses, tribunal hearing centres, PCNI, EJO or in the CFO.

## Staff composition

The staff composition as at 31 March 2023 in NICTS was as follows (based on headcount):

	Female staff	Male staff	Total staff
Agency Board	2	1	3
Senior Civil Service	3	2	5
Employees	591	330	921

## Number of Senior Civil Service (SCS) staff by band

The breakdown of SCS staff by pay scale is as follows:

	Total staff
Pay Scale 1 - £74,912 to £84,122	4
Pay Scale 2 - £96,170 to £107,566	1
Pay Scale 3 - £124,282 to £141,866	-
Pay Scale 4 - £167,829 to £192,057	-

## Sickness absence

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

Departmental level annual sickness absence figures can be found in the report [Sickness Absence in the Northern Ireland Civil Service 2022/23 | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](#). The figures for the 2022-23 financial year will be published in late June 2023.

NICTS had a sickness absence rate of 13.5 days lost per employee in 2021-22. The NICS wide absence figure for 2021-22 was 12.2 average days lost per staff member, representing 5.6% of all available working days. The equivalent figures for DoJ in 2021-22 were 18.5 days or 8.5% of available working days.

Managers at all levels have a critical role in addressing the level of sickness absence. HR business partners proactively engage with Directors, Heads of Divisions, Line Managers and business areas, offering appropriate advice and support to help manage sickness absence, staff wellbeing and potential measures to reduce absence.

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

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

## Staff turnover

Based on information provided by NISRA the level of staff turnover was as follows:

	2022-23 Turnover %	2021-22 Turnover %
NICTS	10.0%	12.8%
General	3.0%	6.3%

The NICTS Staff Turnover percentage is the total number of people that have left NICTS including those who have moved within the NICS. The General Staff Turnover percentage is the people who have left NICTS and have not gone elsewhere in the NICS. This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

## Staff engagement scores

The Head of the NI Civil Service issued a message on 7 November 2022 indicating that the launch of the next People Survey would be postponed until Spring 2023 and therefore no survey was conducted in 2022. The results of the survey conducted in 2023 were not available in advance of finalising the Annual Report and Accounts. However, the full survey is expected to be made available in Summer 2023 at <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>.

## Staff policies and other employee related matters

### *Pay, workforce planning and performance management*

All general service staff in NICTS have been on-boarded to HR Connect. This standardises the use of the performance management module on HR Connect for these staff.

### *Pay policy*

Under the *Civil Service (NI) Order 1999*, DoF is responsible for the pay arrangements of NICS civil servants (apart from those Agencies, non-ministerial Government departments and other bodies with an agreed pay delegation). Current pay scales are available online. The pay award system aims to:

- be a system which will help to recruit, retain and motivate staff to perform efficiently the duties required of them;
- encourage staff to improve their individual performance by providing a direct and regular link between satisfactory performance and pay;
- ensure equity of treatment in respect of pay in accordance with legal requirements and the equal opportunities policy of the NICS;
- secure the confidence of staff that their pay will be determined fairly;
- secure the confidence of the public and their representatives in the system for determining the pay of the staff; and
- enable the Government to reconcile its responsibilities for the control of public expenditure with its responsibilities as an employer.

### *Pensions and early departure costs*

Present and past employees of NICTS are covered by the NICS pension arrangements. NICTS meets the costs of pensions provided for the staff they employ by the payment of charges called Accrued Superannuation Liability Charges. This is charged to the Statement of Comprehensive Net Expenditure (SoCNE) on an accrued basis annually.

NICTS is also required to meet the additional cost of benefits beyond the normal benefits in respect of employees who retire early. NICTS provides in full for this cost, charged against the SoCNE, when an early retirement programme has been announced.

In addition to information contained within the Remuneration and Staff Report, Notes 1.17 and 1.18 to the Accounts provide further detail on how the pension liabilities are calculated.



### *Employment, training and advancement of disabled persons*

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all. The NICS Diversity Champions Network was established in 2015 and continues to drive diversity and inclusion across the service. The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the service.

The NICS applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Panel members must complete mandatory recruitment and selection training prior to participating on any selection panel. This training includes specific learning on equality and diversity, relevant legislation, and reasonable adjustments for disabled candidates. Unconscious bias training is available to all staff.

The NICS continues to be a lead partner of Employers for Disability Northern Ireland (EFDNI) and is committed to the employment and career advancement of disabled people. A range of activities to encourage and promote Civil Service career opportunities to the disability sector were delivered during 2022-23, including positive action advertising, targeted advertising and outreach information sessions for large volume recruitment competitions. The NICS continues to have a permanent presence on EFDNI's Jobs Bulletin Board which is an online career opportunities service circulated to disability organisations.

The NICS operates a Guaranteed Interview Scheme (GIS) which applies to all external NICS recruitment competitions (at any grade and any discipline) where appropriate. This ensures a guaranteed number of disabled applicants, who meet the minimum essential eligibility criteria for the role they have applied for, are offered an interview. For more information refer to the "Information for disabled applicants" section of the [NICS recruit website](#).

Due to the ongoing COVID-19 restrictions, the NICS Work Experience Scheme for Disabled People remained closed to applications until November 2022. The NICS continued its' participation in International Job Shadow Day (IJS) by facilitating 13 work placements in 2022. This initiative provides work experience for disabled people of all ages.

During this year the nine-month placement work placement opportunities under the Job Start Scheme pilot within the DfC for 15 young disabled people (aged 16-24) concluded. As a result of an amendment to Recruitment Code merit principle approved by the Civil Service Commissioners, nine of the successful participants were made permanent offers of appointment in the NICS. Another three placement workers successfully obtained employment with other employers.

In June 2022, the Northern Ireland Executive, in partnership with the Harkin Institute, hosted the Harkin International Summit 2022. The event brought together leaders and activists across Business, Government, Philanthropy, the Third and Voluntary Sector, and Academia to highlight and address disability employment issues, showcase best practice and success, build relationships and challenge for change. The NICS as an employer participated, attended and supported the summit to promote its commitment to disability inclusion.

To maintain and promote a disability inclusive workplace, the NICS has policies in place to support reasonable adjustments to working practices or the work environment as required by disabled persons. During the year a programme of awareness training was available to all staff.

## *Learning and development*

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

Development and delivery of generic staff training is centralised in NICSHR. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and highlights the importance of the development conversation between managers and staff, with a number of resources already available within the existing talent management toolkit.

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

In June 2022, NICTS launched a “Welcome to NICTS” intranet hub. The induction process is designed to provide staff with an overview of the important and diverse work carried out across all areas of NICTS and its place in the wider justice system. The hub is designed to complement existing NICS and DoJ induction materials and its content will be reviewed and updated on a regular basis to ensure its continuing effectiveness. From June 2023, it will be supplemented by in-person “Welcome to NICTS” sessions, led by members of the Senior Management Team, for all new staff to the Agency.

NICTS staff are participating in a DoJ Staff Officer Mentoring Circle pilot which will continue until Autumn 2023 and NICTS will continue to encourage and facilitate staff, at all grades, to participate in DoJ leadership and mentoring opportunities. During 2023 we will build on existing induction and court operations training plans to develop a Court Clerk Training Plan and will create dedicated multipurpose facilities to enable staff to participate in learning and development, wellbeing and team events.

## *Employee consultation and trade union relationships*

DoF is responsible for the NICS Industrial Relations Policy. People and Organisational Development consults on HR policy with all recognised Trade Unions and local arrangements in place to enable consultation on matters specific to NICTS or an individual business area.

## *Staff equality, diversity and inclusion*

The NICS values and welcomes diversity and is committed to creating a truly inclusive workplace for all.

Our Diversity Champions Network includes senior colleagues as designated Diversity Champions for each of the nine NICS departments, as well as four thematic leads for gender, race and ethnicity, disability and LGBTQ+.

We deliver an ambitious diversity and inclusion programme of work through the implementation of an annual NICS Diversity Action Plan, which sets out our priorities for action by diversity and inclusion theme and cross-cutting priorities.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. Further information on the NICS' commitment to equality of opportunity is available in the [Equality, Diversity and Inclusion Policy](#).

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of data. The statistics are available on the NICS Human Resources Statistics section of the [Northern Ireland Statistics and Research Agency \(NISRA\)'s website](#).

The annual "Equality Statistics for the Northern Ireland Civil Service" reports work force composition and trends over time and, where appropriate, makes comparisons with the wider labour market and the Civil Service in Great Britain.

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for Northern Ireland (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. Although not a statutory requirement, the NICS also conducts a similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the NICS [Workforce Reviews](#).

The NICS uses the findings of all the equality monitoring and analysis to inform its programme of targeted outreach activity to address any areas of under-representation.

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available on its website [Department of Justice](#).

The NICTS People Strategy includes a range of actions that will help accelerate our ambition of a truly inclusive workforce, which reflects the society we serve.

### **Expenditure on consultancy**

*[Audited information]*

NICTS did not incur any expenditure on external consultancy in the financial year (2021-22: £Nil).

### **Expenditure on temporary staff**

These amounts are included in 'Others' within the Staff Costs note in the Staff Report.

Temporary staff are engaged when there is difficulty filling staff headcount, particularly vacancies at the Administrative Officer (AO) grade, and to backfill for permanent staff on temporary promotion while working on projects. The average FTE of temporary staff engaged in 2022-23 was 142 (2021-22: 116, an increase of 26).

Expenditure incurred on temporary staff was as follows:

	<b>2022-23</b>	<b>2021-22</b>
	<b>£000</b>	<b>£000</b>
Charged to Administration	178	138
Charged to Programme	3,232	2,893
<b>Total</b>	<b>3,410</b>	<b>3,031</b>

The average FTE of temporary staff charged to Administration did not change during the year (2022-23: 5 and 2021-22: 5). These temporary staff were engaged by Finance and Vision 2030. The main reason for the £40k increase in administration expenditure is that temporary staff of higher grades were engaged in 2022-23.

Of the 137 average FTE temporary staff charged to Programme in 2022-23 (2021-22: 111), 105 were engaged by Court Operations (2021-22: 87, an increase of 18), 29 by Tribunals and Enforcement (2021-22: 21, an increase of 8), 2 by Court Funds Office (no change) and 1 by LCJO (no change).

### Off-payroll payments

*[Audited information]*

As required by DAO (DFP) 08/12 Tax Arrangements of Public Sector Appointees and FD (DoF) 02/21, NICTS undertook a review of the arrangements for making payments to individuals engaged by NICTS who are paid fees of £245 or more per day in the financial year and are not on the NICTS payroll. The £245 threshold is set to approximate the minimum point of the pay scale for a SCS. The number of off-payroll engagements is as follows:

Table 1: Temporary off-payroll worker engagements as at 31 March, earning £245 per day or greater:

	<b>2022-23</b>	<b>2021-22</b>
<b>Number of existing engagements as of 31 March</b>	<b>24</b>	<b>25</b>
<i>Of which have existed for:</i>		
Less than one year at time of reporting	-	6
Between one and two years at time of reporting	6	-
Between two and three years at time of reporting	-	-
Between three and four years at time of reporting	-	-
Four or more years at time of reporting	18	19

Table 2: All temporary off-payroll workers engaged at any point during the financial year, earning £245 per day or greater:

	2022-23	2021-22
<b>Number of off-payroll workers engaged during the year ended 31 March</b>	<b>24</b>	<b>25</b>
<i>Of which:</i>		
Not subject to off-payroll legislation	24	25
Subject to off-payroll legislation and determined as in-scope of IR35	-	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	-	-
Number of engagements reassessed for compliance or assurance purposes during the year	-	-
<i>Of which: Number of engagements that saw a change to IR35 status following review</i>	-	-

Table 3: For any off-payroll engagements of board members (and/or senior officials with significant financial responsibility) between 1 April and 31 March:

	2022-23	2021-22
Number of off-payroll engagements of board members (and/or senior officials with significant financial responsibility) during the financial year.	-	-
Total number of individuals on payroll and off-payroll that have been deemed "board members (and/or senior officials with significant financial responsibility)" during the financial year.	3	5
This figure includes both on payroll and off-payroll engagements.		

## Reporting of Civil Service and other compensation schemes - exit packages

[Audited information]

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2022-23	2021-22	2022-23	2021-22 restated*	2022-23	2021-22 restated*
< £10,000	-	-	2	-	2	-
£10,000 - £25,000	-	-	-	-	-	-
£25,001 - £50,000	-	-	1	-	1	-
£50,001 - £100,000	-	-	-	1	-	1
£100,001 - £150,000	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-
<b>Total number of exit packages</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>1</b>
<b>Total resource cost £</b>	<b>£Nil</b>	<b>£Nil</b>	<b>£33,630</b>	<b>£62,607</b>	<b>£33,630</b>	<b>£62,607</b>

\* There was a misstatement in the Exit Packages disclosure in 2021-22.

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*. The table above shows the total cost of exit packages agreed and accounted for in 2022-23 and 2021-22. Exit costs of £33,630 were paid in 2022-23, the year of departure (2021-22 (restated): £62,607).

Where NICTS has agreed early retirements, the additional costs are met by NICTS and not by the Civil Service pension scheme.

Ill-health retirement costs are met by the pension scheme and are not included in the table.

## ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

### ASSEMBLY ACCOUNTABILITY

#### OTHER ASSEMBLY ACCOUNTABILITY DISCLOSURES

##### Losses and Special Payments

[Audited information]

##### Losses statement

The total value of losses did not exceed £250k (2021-22: did not exceed £250k) and therefore no disclosure is required.

##### Special payments

During 2022-23 special payments were made in 52 cases (2021-22: 47 cases) by NICTS. The total amount paid in these cases was £354k (2021-22: £183k).

There were no individual special payments in either year exceeding £250k.

##### Fees and charges

[Audited information]

An analysis of income from civil and family court services provided to external and public sector customers is as follows:

	Income £000	Full Cost £000	2022-23 Surplus/ (deficit) £000	Income £000	Full Cost £000	2021-22 Surplus/ (deficit) £000
Civil Business	24,875	(29,960)	(5,085)	21,508	(29,564)	(8,056)

The above information is provided for fees and charges purposes, and not for IFRS 8 *Operating Segments* purposes.

Income and costs shown are in respect of fee earning business and have been accounted for in accordance with *MPMNI*. The costs above are calculated on a full cost basis, and include an allocation of administrative, judicial and overhead costs.

NICTS is committed to achieving full cost recovery for the services it provides in respect of civil court business. The target of full cost recovery takes account of measures in place to protect access to justice, namely the operation of a court fee exemption and remission policy and also the subsidisation of fees in the family and children's arenas. The income for 2022-23 represents 83% of cost recovery (2021-22: 73%).

The total amount of fees within the family and children's arenas which have been subsidised was £486.0k in 2022-23 (2021-22: £507.1k). Applicants in receipt of certain means tested benefits are entitled to automatic fee exemption. Total fee exemptions during 2022-23 amounted to £70.4k

(2021-22: £64.6k). Remission of fees is considered on an individual basis and is granted in cases of hardship. Total fees remitted during 2022-23 amounted to £13.0k (2021-22: £13.6k).

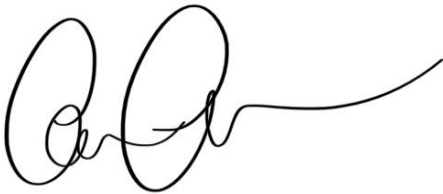
### Remote contingent liabilities

*[Audited information]*

In addition to contingent liabilities reported within the meaning of International Accounting Standard (IAS) 37 *Provisions, Contingent Liabilities and Contingent Assets*, NICTS is required to report liabilities for which the likelihood of economic benefit in settlement is too remote to meet the definition of a contingent liability. NICTS had no significant remote contingent liabilities during 2022-23 that require disclosure.

Note 20 provides further details regarding the contingent liabilities that are included within the financial statements.

### ACCOUNTABILITY REPORT



**Glyn Capper**  
**Accounting Officer**  
**22 June 2023**



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

### Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Courts and Tribunals Service for the year ended 31 March 2023 under the *Government Resources and Accounts Act (Northern Ireland) 2001*. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Courts and Tribunals Service's affairs as at 31 March 2023 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

### Opinion on regularity

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

### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of the Northern Ireland Courts and Tribunals Service in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)

### Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Northern Ireland Courts and Tribunals Service's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Northern Ireland Courts and Tribunals Service's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for the Northern Ireland Courts and Tribunals Service is adopted in consideration of the requirements set out in the Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

### Other Information

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

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the *Government Resources and Accounts Act (Northern Ireland) 2001*; and

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)

- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

In the light of the knowledge and understanding of the Northern Ireland Courts and Tribunals Service and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

### Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ensuring the annual report, which includes the Remuneration and Staff Report is prepared in accordance with the applicable financial reporting framework; and
- assessing the Northern Ireland Court and Tribunal Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Northern Ireland Courts and Tribunals Service will not continue to be provided in the future.

### Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

## THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Courts and Tribunals Service through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the *Government Resources and Accounts Act (Northern Ireland) 2001*;
- making enquires of management and those charged with governance on the Northern Ireland Courts and Tribunals Service's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Northern Ireland Court and Tribunal Service's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate, testing of journal entries, discussing regularity with management, reading internal audit reports, and review of legal provisions. With regard to revenue recognition, our procedures included testing the design and implementation of relevant controls in place around revenue recognition, testing the process through which management has identified and quantified any income that needs to be accrued or deferred, evaluation accounting policies around revenue recognition and performing test of details in relation to cut off on revenue;

**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY (continued)**

- addressing the risk of fraud as a result of management override of controls by:
  - performing analytical procedures to identify unusual or unexpected relationships or movements;
  - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
  - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
  - investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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

**Report**

I have no observations to make on these financial statements.



**Dorinnia Carville**  
**Comptroller and Auditor General**  
Northern Ireland Audit Office  
106 University Street  
BELFAST  
BT7 1EU

**29 June 2023**

## **PART 3 - FINANCIAL STATEMENTS**

### **STATEMENT OF COMPREHENSIVE NET EXPENDITURE for the year ended 31 March 2023**

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

	Note	2022-23 £000	2021-22 restated £000
Revenue from contracts with customers	6.1	(37,195)	(32,089)
Other operating income	6.2	(700)	(580)
<b>Total operating income</b>		<b>(37,895)</b>	<b>(32,669)</b>
Staff costs	4, 5	34,588	33,011
Purchase of goods and services	4, 5	58,522	53,844
Depreciation and impairment charges	4, 5	8,795	8,478
Provisions expense	5	(222)	(323)
<b>Total operating expenditure</b>		<b>101,683</b>	<b>95,010</b>
<b>Net operating expenditure</b>		<b>63,788</b>	<b>62,341</b>
Finance expense	4, 5	522	593
<b>Net expenditure for the year before notional charges</b>		<b>64,310</b>	<b>62,934</b>
Audit notional charges		128	123
Other notional charges		1,364	1,439
<b>Total notional charges</b>		<b>1,492</b>	<b>1,562</b>
<b>Net expenditure for the year after notional charges</b>		<b>65,802</b>	<b>64,496</b>
<b>Other comprehensive net expenditure</b>			
Items that will not be reclassified to net operating expenditure:			
- net gain on revaluation of property, plant and equipment	8	(13,748)	(8,281)
- net gain on revaluation of intangibles	9	(256)	(117)
- actuarial (gain)/loss on pension liability	16	(235)	669
<b>Total other comprehensive net expenditure for the year</b>		<b>(14,239)</b>	<b>(7,729)</b>
<b>Comprehensive net expenditure for the year</b>		<b>51,563</b>	<b>56,767</b>

All income and expenditure is derived from continuing operations.

The notes on pages 78 to 120 form part of these accounts.

## STATEMENT OF FINANCIAL POSITION

### as at 31 March 2023

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

	Note	2023 £000	2022 £000
<b>Non-current assets</b>			
Property, plant and equipment	8	220,186	210,520
Intangible assets	9	5,684	3,615
<b>Total non-current assets</b>		<b>225,870</b>	<b>214,135</b>
<b>Current assets</b>			
Assets classified as held for sale	12	60	60
Trade and other receivables	14	6,624	6,441
Contract assets	14	941	784
Cash and cash equivalents	13	2,419	2,355
<b>Total current assets</b>		<b>10,044</b>	<b>9,640</b>
<b>Total assets</b>		<b>235,914</b>	<b>223,775</b>
<b>Current liabilities</b>			
Trade and other payables	15	(19,261)	(15,805)
Contract liabilities	15	(5,540)	(5,304)
Provisions	16	(1,318)	(1,639)
<b>Total current liabilities</b>		<b>(26,119)</b>	<b>(22,748)</b>
<b>Total assets less current liabilities</b>		<b>209,795</b>	<b>201,027</b>
<b>Non-current liabilities</b>			
Provisions	16	(4,083)	(4,739)
Other payables	15	(6,290)	(7,316)
<b>Total non-current liabilities</b>		<b>(10,373)</b>	<b>(12,055)</b>
<b>Total assets less total liabilities</b>		<b>199,422</b>	<b>188,972</b>
<b>Taxpayers' equity and other reserves</b>			
General fund		51,192	49,875
Revaluation reserve		148,230	139,097
<b>Total equity</b>		<b>199,422</b>	<b>188,972</b>



**Glyn Capper**  
Accounting Officer  
22 June 2023

The notes on pages 78 to 120 form part of these accounts.

## STATEMENT OF CASH FLOWS

### for the year ended 31 March 2023

This statement shows the changes in cash and cash equivalents of NICTS during the reporting period. It shows how NICTS generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by NICTS. Investing activities represent the extent to which cash inflows and outflows have been made for resources which are intended to contribute to future public service delivery.

	Note	2022-23 £000	2021-22 £000
<b>Cash flows from operating activities</b>			
Net expenditure for the year		(65,802)	(64,496)
Adjustment for non-cash transactions	3.2	10,055	9,790
Increase in trade and other receivables	14	(340)	(1,488)
<i>Movement in receivables relating to items not passing through the SoCNE</i>		31	(61)
Increase/(decrease) in trade and other payables	15	2,379	(120)
<i>Movement in payables relating to items not passing through the SoCNE</i>		494	617
Use of provisions	16	(711)	(506)
<b>Net cash outflow from operating activities</b>		<b>(53,894)</b>	<b>(56,264)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,548)	(1,702)
Purchase of intangible assets		(2,502)	(1,520)
<b>Net cash outflow from investing activities</b>		<b>(5,050)</b>	<b>(3,222)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply) - current year		50,782	49,475
From the Consolidated Fund (non-Supply)		9,739	9,349
Capital element of payments in respect of leases and on-balance sheet (SoFP) PFI contracts		(1,809)	(1,666)
<b>Net financing</b>		<b>58,712</b>	<b>57,158</b>
<b>Net decrease in cash and cash equivalents in the period before adjustment for receipts and payments to NICF</b>		<b>(232)</b>	<b>(2,328)</b>
Receipts due to NICF which are outside scope of NICTS' activities		17	1
Payments of amounts due to NICF		(8)	(1)
<b>Net decrease in cash and cash equivalents in the period after adjustment for receipts and payments to NICF</b>		<b>(223)</b>	<b>(2,328)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	13	<b>1,895</b>	<b>4,223</b>
<b>Cash and cash equivalents at the end of the period</b>	13	<b>1,672</b>	<b>1,895</b>

The notes on pages 78 to 120 form part of these accounts.



## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY for the year ended 31 March 2023

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

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
<b>Balance at 31 March 2021</b>		<b>49,949</b>	<b>135,404</b>	<b>185,353</b>
Net Assembly Funding - drawn down		49,475	-	<b>49,475</b>
Consolidated Fund Standing Services	5, 16	9,349	-	<b>9,349</b>
Comprehensive net expenditure for the year		(65,165)	8,398	<b>(56,767)</b>
Auditor's remuneration	3.1	123	-	<b>123</b>
Other notional charges	3.1	1,439	-	<b>1,439</b>
Transfer between reserves		4,705	(4,705)	-
<b>Balance at 31 March 2022</b>		<b>49,875</b>	<b>139,097</b>	<b>188,972</b>
Net Assembly Funding - drawn down		50,782	-	<b>50,782</b>
Consolidated Fund Standing Services	5, 16	9,739	-	<b>9,739</b>
Comprehensive net expenditure for the year		(65,567)	14,004	<b>(51,563)</b>
Auditor's remuneration	3.1	128	-	<b>128</b>
Other notional charges	3.1	1,364	-	<b>1,364</b>
Transfer between reserves		4,871	(4,871)	-
<b>Balance at 31 March 2023</b>		<b>51,192</b>	<b>148,230</b>	<b>199,422</b>

The notes on pages 78 to 120 form part of these accounts.

## NOTES TO THE ACCOUNTS

### 1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2022-23 FReM issued by DoF. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector context.

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

#### 1.01 Accounting convention

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

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

#### 1.02 Accounting boundary

These accounts incorporate the core activity of NICTS.

The funds invested by CFO are specifically excluded from the NICTS accounts, following DoF guidance. Third party monies are similarly excluded. The funds held on behalf of third parties by the CFO are included in Note 22. Financial information about the CFO may be obtained from their separately published annual accounts.

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

#### 1.03 Property, plant and equipment

NICTS holds title to the land and buildings shown in the accounts with the exception of Laganside Courts Complex which is leased under a Public Finance Initiative (PFI) contract (see Notes 8 and 18).

NICTS also occupies properties within the Northern Ireland Executive Estate. These are owned and/or managed by DoF and are excluded from these Accounts. The costs of occupancy of such properties are recovered on a notional basis from NICTS by DoF. Terms of occupancy of these buildings are outlined in an agreement known as the 'Memorandum of Terms of Occupancy.'

The property, plant and equipment note requires the amalgamation of asset categories under the plant and machinery heading. The asset categories represented by the plant and machinery heading include:

- plant and machinery;
- furniture and fittings;
- office equipment;
- security equipment; and
- antiques.

#### 1.04 Valuation of property, plant and equipment

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

On initial recognition property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition. Items classified as 'under construction' are recognised in the SoFP to the extent that money has been paid or a liability has been incurred.

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

Professional valuations of land and buildings are carried out independently by Land and Property Services (LPS) within DoF. Land and buildings are carried at the last professional valuation, in accordance with the Appraisal and Valuation Manual produced jointly by the Royal Institute of Chartered Surveyors (RICS), the Institute of Revenues Rating and Valuation and the Incorporated Society of Valuers and Auctioneers. Land and buildings are restated to current value using professional valuations, in accordance with IAS 16, every five years and in the intervening years by the use of indices provided by LPS, specific to the Northern Ireland property sector. The last full valuation was carried out at 31 March 2019.

Land has been included in the accounts on the basis of open market value for existing use. Properties regarded as operational are valued on the basis of existing use, unless there is no market for the property or they are deemed to be specialised (e.g. courthouses), in which case they are valued on a depreciated replacement cost basis.

Land and buildings that are non-operational or surplus assets are valued on the basis of open market value less any directly attributable selling costs.

Antiques held by NICTS are included in the plant and equipment classification and are professionally valued every five years. The valuation was carried out at 31 March 2019 by John Ross & Co (a member of the Irish Auctioneers and Valuers Institute).

All other property, plant and equipment is revalued annually using appropriate indices provided by the Office for National Statistics (ONS).

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

## 1.05 Intangible assets

Expenditure on intangible assets consists of licences and software.

Expenditure on computer software licences lasting more than one year and costing more than £1,000 is capitalised and classified as intangible assets. Software licences are amortised over the shorter of the term of the licence and the useful economic life.

Expenditure of over £1,000 on intangible assets is capitalised in line with the NICTS capitalisation policy.

All intangible assets are carried at depreciated replacement cost and revalued annually using appropriate indices provided by the ONS.

## 1.06 Depreciation and amortisation

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

Land is not depreciated since it has an unlimited or very long estimated useful life. Assets in the course of construction are depreciated from the point when the asset is brought into use.

Estimated useful lives are normally in the following ranges:

Asset category		Estimated useful life
Land	Freehold	Not depreciated
	Leasehold	Not depreciated
Buildings	Freehold	20 - 83 years
	Leasehold	Period of lease
Plant and machinery	Furniture and fittings	10 years
	Office machinery and equipment	5 years
	Antiques (non-operational)	Not depreciated
Information technology	Computer hardware	3 - 7 years
	Telecoms and networks	3 - 7 years
Assets under construction		Not depreciated
Intangible assets	Software licences	3 - 7 years
	Software	3 - 7 years

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

## 1.07 Realised element of depreciation from Revaluation Reserve

Depreciation is charged to expenditure on the revalued amount of property, plant and equipment. An element of depreciation therefore arises due to the increase in valuation and is in excess of the depreciation that would be charged on the historical cost of assets. The amount relating to this excess is a realised gain on disposal and is transferred from the Revaluation Reserve to the General Fund.

## 1.08 Financial instruments

### Recognition and de-recognition of financial assets and financial liabilities

IFRS 9 *Financial Instruments* requires the recognition of a financial asset or financial liability in the SoFP when NICTS becomes a party to the contractual provisions of the instrument. They are measured initially at fair value and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to, or deducted from, the fair value as appropriate on initial recognition.

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 NICTS becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when NICTS no longer has rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

### Financial assets

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term (held for trading) or if so, designated by management. Financial assets held in this category are initially recognised and subsequently measured at fair value, with changes in value recognised in the income statement in the line which most appropriately reflects the nature of the item or transaction.

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

### Trade and other receivables

Financial assets within trade and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest rate method less provisions for doubtful receivables. Trade receivables are usually due for settlement within 30 days. Provisions for doubtful receivables are made specifically where there is objective evidence of a dispute or inability to pay.

### Cash and cash equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents are as defined above net of outstanding bank overdrafts.

### Impairment of financial assets

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate.

Impairment gains or losses are recognised when the rights to receive cash flows have expired or have been transferred and NICTS has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

### ***Derecognition of financial assets***

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and NICTS has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

### **Financial liabilities**

#### ***Trade and other payables***

Financial liabilities within trade and other payables are initially recognised at fair value, which is usually the original invoiced amount, and subsequently carried at amortised cost using the effective interest rate method.

### ***Derecognition of financial liabilities***

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

## **1.09 Assets classified as held for sale**

Assets are classified as held for sale if their carrying amount will be recovered through sale rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale and it should be expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation is not charged once an asset has been classified as held for sale.

## **1.10 Inventory**

There was no inventory held in 2022-23. Inventory of consumable stores held by NICTS are not considered material and are written off in the SoCNE as they are purchased.

Assets seized by the 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 the EJO at the year end are disclosed in Note 22 (Third Party Assets).

## 1.11 Value Added Tax (VAT)

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

## 1.12 Leases

IFRS 16 *Leases* has been implemented from 1 April 2022. It largely removes the distinction between operating and finance leases and introduces a single lease accounting model. A lessee is required to recognise ('right-of-use') assets and liabilities for all leases (apart from the exemptions listed below). This replaces the previous standard, IAS 17 *Leases*, representing a change in accounting policy applied in accordance with IAS 1 and IAS 8 as adapted by the FReM.

### Implementation and assumptions

NICTS has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under *IAS 17 Leases*. The cumulative effect of adopting IFRS 16 is included as an adjustment to equity at the beginning of the current period. IAS 17 operating leases are included within the SoFP as a lease liability and right of use asset for the first time with changes made through the General Fund as a cumulative catch-up adjustment where necessary.

NICTS has elected not to recognise right of use assets and lease liabilities for the following leases:

- low value assets, with an assessment performed on the underlying asset when new (these are determined to be in line with capitalisation thresholds); and
- leases with a lease term of 12 months or less.

### Previous treatment

In the comparative period, as a lessee NICTS classified leases that transferred substantially all the risks and rewards of ownership as finance leases. The leased assets were measured at an amount equal to lower of the fair value and the present value of minimum lease payments.

Leases other than finance leases were classified as operating leases. Assets previously held as operating leases were not recognised in the SoFP. Payments were recognised in the SoCNE on a straight-line basis over the term of the lease. Lease incentives were recognised as an integral part of the total lease expense, over the term of the lease.

### Policy applicable from 1 April 2022

At inception of a contract, NICTS assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time. To assess whether a contract conveys the right to control the use of an identified asset, NICTS assesses whether:

- the contract involves use of an identified asset;
- NICTS has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and

- NICTS has the right to direct how and for what purpose the asset is used for.

The policy is applied to contracts entered into, or changed, on or after 1 April 2022.

## NICTS as a lessee

### *Right of use assets*

NICTS recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease. The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- a longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and;
- the fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property, plant and equipment assets.

NICTS applies *IAS 36 Impairment of Assets* to determine whether the right of use asset is impaired and to account for any impairment loss identified.

### *Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (0.95% for leases recognised in 2022, 3.51% for those in 2023).

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the NICTS estimates of the amount expected to be payable under a residual value guarantee, or if NICTS changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;



- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that NICTS is reasonably certain to exercise; and
- penalties for early termination of a lease unless NICTS is reasonably certain not to terminate early.

At the commencement of a lease (or on the date of transition to IFRS 16, if later), NICTS recognises a right of use asset and a lease liability.

### NICTS as lessor

Where NICTS acts as a lessor, the arrangement will be assessed to determine whether it constitutes a finance lease, this being where the risks and rewards incidental to ownership of an underlying asset are substantially transferred to the lessee. For these leases the asset is derecognised, and a receivable is recognised, with accrued interest being treated as income over its life. All other leases are treated as operating leases and rental income is recognised in the SoCNE on a straight-line basis.

### Impact on financial statements

The table below reconciles the amounts of operating lease commitments as at 31 March 2022 to the lease liabilities as at 1 April 2022 immediately following the adoption of IFRS 16.

	<b>£000</b>
Closing operating lease disclosed at 31 March 2022	14
Adjustment to closing operating lease disclosed at 31 March 2022	140
Restated closing operating lease disclosed at 31 March 2022	154
<i>Adjustments from IAS 17 to FRS 16</i>	
Impact of discounting	(1)
Short term and low value leases	(10)
Other (service charges)	(84)
<b>IFRS 16 opening balance lease liabilities at 1 April 2022</b>	<b>59</b>

Following the adoption of IFRS 16, NICTS recognised an additional £1.2m of right of use assets and £1.1m of lease liabilities in 2022-23.

Further details on leases are contained in Note 17.

### 1.13 Public Private Partnership (PPP)/Public Finance Initiatives (PFI) transactions

DoF has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure, and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of the International Financial Reporting Interpretations Committee Update (IFRIC 12 *Service Concession Arrangements*). NICTS therefore recognises the PFI asset as a non-current asset and the liability to pay for it is accounted for as a finance lease.

Contract payments are apportioned between an imputed finance lease charge and a service charge. The services received under the contract are recorded as operating expenses.

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

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

#### Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within Note 5 (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 NICTS' approach for each relevant class of asset in accordance with the principles of IAS 16.

#### PFI liability

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

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

Further details of current on-going agreements are shown in Note 18.

### 1.14 Provisions

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

which varies by the term of the liability, as shown in the table below.

Rate	Nominal Rate
Short-term	3.27%
Medium-term	3.20%
Long-term	3.51%
Very long-term	3.00%

Further details on provisions are contained in Note 16.

### 1.15 Contingent liabilities

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, NICTS discloses as contingent liabilities potential future obligations arising from past obligating events where the existence of such obligations remain uncertain pending the outcome of future events outside the control of NICTS, unless their likelihood is considered to be remote.

In addition, 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 have been reported to the Assembly in accordance with the requirements of *MPMNI*.

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 20.

### 1.16 Third party assets

Third party assets are assets for which NICTS acts as custodian or trustee, but in which neither NICTS nor public sector more generally has a direct beneficial interest. 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 22.

### 1.17 Employee benefits

Under the requirements of IAS 19 *Employee Benefits*, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the costs of any untaken leave as at the reporting date. NICTS has recognised both annual and flexi leave entitlements that have been earned by the year end but not taken. The cost of untaken leave has been included in the Staff Costs.

### 1.18 Pension costs

Past and present employees of NICTS are covered by the provisions of the NICS pension arrangements, which are unfunded defined benefit schemes and are non-contributory, except in respect of dependents' benefits.

NICTS recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the NICS pension arrangements of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the NICS pension arrangements. In respect of defined contribution schemes, NICTS recognises the contributions payable for the year.

Further details regarding the above schemes are contained in the Staff Report.

### 1.19 Early departure costs

NICTS is required to meet the additional cost of benefits beyond the normal NICS pension arrangements in respect of employees who retire early by paying the required amounts annually to the NICS pension arrangements over the period between early departure and normal retirement age. NICTS provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments.

### 1.20 Administration and programme analysis

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 under the administrative cost control regime set by DoF. Broadly, administration expenditure reflects the costs of running NICTS and includes expenditure on administrative staff and associated costs including accommodation, information technology, communications and office supplies. Programme costs relate directly to service delivery activities for operating, managing and maintaining the courts and tribunals.

### 1.21 Notional charges

Notional charges, in respect of services received from other Government departments and agencies, are included to reflect the full economic cost of services.

### 1.22 Revenue recognition

In accordance with IFRS 15 *Revenue from Contracts with Customers* NICTS recognises income as follows:

#### *Financing*

NICTS is primarily resourced by funds approved by the Assembly through the annual Supply process. Resources are drawn down each month to meet expenditure requirements and are credited to the General Fund. In addition, NICTS is financed by non-supply funding from the NICF in respect of the costs relating to Judicial Salaries.

### ***Revenue from contracts with customers***

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

### ***Fees, levies and charges***

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

Further details are contained in Note 2 (Statement of Operating Expenditure by Operating Segment).

### ***Rendering of services***

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

### ***Other revenue from contracts***

Revenue is recognised when NICTS has met its performance obligations and the right to receive a payment has been established.

### ***Other operating income***

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

### ***Consolidated Fund Extra Receipts (CFERs)***

CFERs which do not fall to be treated as operating income are payable directly to the Consolidated Fund. These amounts comprise sundry receipts which have not been incorporated into the Estimate due to their irregular nature and/or uncertainty of receipt.

Fines income received by NICTS is not treated as income for the purposes of these accounts. All fines income is recorded in the NICTS Trust Statement and is payable to the NICF via DoJ as CFERs. An analysis of fines collected is detailed within Note 7.

## **1.23 Segmental reporting**

Under the requirements of IFRS 8 *Operating Segments*, 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 NICTS has adopted this amendment. The amendment does not have a material impact on the NICTS financial statements.

Full details of the reporting segments are contained within Note 2.

#### **1.24 Critical accounting estimates and key judgements**

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

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

##### ***(i) Depreciation of property, plant and equipment and amortisation of intangible assets***

Depreciation and amortisation 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 1.06.

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

Where property, plant and equipment have been revalued in accordance with IAS 16, a number of assumptions and judgements have been used to estimate the valuations.

##### ***(iii) Judicial Service Awards (JSA) – Salaried Judicial Office Holders and Fee Paid Office Holders***

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

The fee paid office holders JSA provision relates to fee paid office holders' employment terms and conditions that are subject to an additional degree of uncertainty as they are calculated using assumptions, some of which are subject to ongoing litigation. Further details on the pension provision are contained in Note 16.2.

##### ***(iv) Contract liabilities and deferred income***

NICTS' deferred income is accounted for as Contract Liabilities in accordance with IFRS 15. Fee revenue is recognised in the accounting period in which NICTS' performance obligations are deemed to have been met. Any fee income received prior to full performance obligations being met is treated as a contract liability. The calculation of the liability is based on estimates of the

time taken to dispose of cases (within High Court, County Court and Magistrates' Court) and the duration of enforcement activity (within EJO). Average time statistics for the different case types are obtained annually.

### **(v) Contingent liabilities**

NICTS have a number of contingent liabilities relating to the potential outcomes of ongoing legal cases. While the outcomes remain uncertain, the calculation of potential impacts on NICTS will be subject to a number of different estimates and assumptions. Further details on the contingent liabilities are contained in Note 20.

Other than as noted above, no material accounting estimates or judgements were made by NICTS in preparing these accounts.

### **1.25 Accounting standards, amendments, interpretations or other updates that were issued and effective for the 2022-23 financial year**

NICTS has considered those new Standards, interpretations and amendments to existing Standards which have been published and are mandatory for the NICTS accounting periods beginning on or after 1 April 2022 or later periods, but which NICTS has not adopted. NICTS considers that these are either not relevant or material to its operations.

### **1.26 Accounting standards, interpretations and amendments to published Standards not yet effective**

NICTS has considered those new Standards, interpretations and amendments to existing Standards which have been published but are not yet effective, nor adopted early, for these accounts. NICTS considers that these are either not relevant or material to its operations.

### **1.27 Financial reporting - future developments**

NICTS has considered the accounting initiatives identified by HM Treasury and DoF covering potential changes and projects where standards, amendments or interpretations are in development. NICTS considers that these changes are either not relevant or material to its operations.

### **1.28 Prior period adjustment**

Northern Ireland departments implemented the Review of Financial Process (RoFP) in 2022-23. The aim of RoFP is to align the boundaries of Budgets, Estimates and Accounts as far as it is practicable, including consolidation of Non-Departmental Public Bodies (NDPBs) and other central government bodies in Estimates and Accounts.

Costs associated with the provision of shared services, or services provided by one department or agency to another, are notionally charged. Under RoFP, this would result in a misalignment due to notional charges being recorded in Accounts and Estimates but not in Budgets.

DoF has therefore issued guidance for departments and agencies to adapt the presentation of notional charges on the SoCNE. Notional charges will now be shown below 'Net expenditure for the year', followed by a new total of 'Net expenditure for the year including notional charges'. The impact of this change on comparative disclosures for 2021-22 are shown below.

## Statement of Comprehensive Net Expenditure

	Published Accounts	Reclassifi- cation of Notionals	2021-22 restated Total
	£000	£000	£000
Revenue from contracts with customers	(32,089)	-	(32,089)
Other operating income	(580)	-	(580)
<b>Total operating income</b>	<b>(32,669)</b>	<b>-</b>	<b>(32,669)</b>
Staff costs	33,011	-	33,011
Purchase of goods and services	55,406	(1,562)	53,844
Depreciation and impairment charges	8,478	-	8,478
Provisions expense	(323)	-	(323)
<b>Total operating expenditure</b>	<b>96,572</b>	<b>(1,562)</b>	<b>95,010</b>
<b>Net operating expenditure</b>	<b>63,903</b>	<b>(1,562)</b>	<b>62,341</b>
Finance expense	593	-	593
Audit notional charges	-	123	123
Other notional charges	-	1,439	1,439
<b>Total notional charges</b>	<b>-</b>	<b>1,562</b>	<b>1,562</b>
<b>Net expenditure for the year including notional charges</b>	<b>64,496</b>	<b>-</b>	<b>64,496</b>



## 2. Statement of Operating Expenditure by Operating Segment

The following operating segments are reported to senior managers for financial management purposes:

- Court Operations;
- Tribunals and Enforcement;
- Lady Chief Justice's Office;
- Vision 2030; and
- Corporate Services.

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

	Court Operations	Tribunals and Enforcement	Lady Chief Justice's Office	Vision 2030	Corporate Services	2022-23 Total
	£000	£000	£000	£000	£000	£000
Gross expenditure	60,802	18,860	15,300	3,030	5,705	<b>103,697</b>
Income	(23,063)	(14,002)	-	(21)	(809)	<b>(37,895)</b>
<b>Net expenditure</b>	<b>37,739</b>	<b>4,858</b>	<b>15,300</b>	<b>3,009</b>	<b>4,896</b>	<b>65,802</b>

	Court Operations	Tribunals and Enforcement	Lady Chief Justice's Office	Vision 2030	Corporate Services	2021-22 restated* Total
	£000	£000	£000	£000	£000	£000
Gross expenditure	57,236	17,220	14,115	3,286	5,308	<b>97,165</b>
Income	(19,649)	(12,262)	-	(19)	(739)	<b>(32,669)</b>
<b>Net expenditure</b>	<b>37,587</b>	<b>4,958</b>	<b>14,115</b>	<b>3,267</b>	<b>4,569</b>	<b>64,496</b>

\* In 2022-23 Court Funds Office was reclassified as Corporate Services, was previously included in Court Operations.

### 3.1 Summary of operating income and expenditure

	Note	Administration £000	Programme £000	2022-23 Total £000
Revenue from contracts with customers	6.1	(165)	(37,030)	(37,195)
Other operating income	6.2	-	(700)	(700)
<b>Total operating income</b>		<b>(165)</b>	<b>(37,730)</b>	<b>(37,895)</b>
Staff costs	4, 5	4,077	30,511	34,588
Purchase of goods and services	4, 5	2,501	56,021	58,522
Depreciation and impairment charges	4, 5	1,250	7,545	8,795
Provisions expense	5	-	(222)	(222)
<b>Total operating expenditure</b>		<b>7,828</b>	<b>93,855</b>	<b>101,683</b>
<b>Net operating expenditure</b>		<b>7,663</b>	<b>56,125</b>	<b>63,788</b>
Finance expense	4, 5	1	521	522
<b>Net expenditure before notionals</b>		<b>7,664</b>	<b>56,646</b>	<b>64,310</b>
Audit notional charges		106	22	128
Other notional charges		396	968	1,364
<b>Total notional charges</b>		<b>502</b>	<b>990</b>	<b>1,492</b>
<b>Net expenditure for the year including notional charges</b>		<b>8,166</b>	<b>57,636</b>	<b>65,802</b>
	Note	Administration restated £000	Programme restated £000	2021-22 Total restated £000
Revenue from contracts with customers	6.1	(166)	(31,923)	(32,089)
Other operating income	6.2	-	(580)	(580)
<b>Total operating income</b>		<b>(166)</b>	<b>(32,503)</b>	<b>(32,669)</b>
Staff costs	4, 5	3,761	29,250	33,011
Purchase of goods and services	4, 5	1,010	52,834	53,844
Depreciation and impairment charges	4, 5	1,474	7,004	8,478
Provisions expense	5	-	(323)	(323)
<b>Total operating expenditure</b>		<b>6,245</b>	<b>88,765</b>	<b>95,010</b>
<b>Net operating expenditure</b>		<b>6,079</b>	<b>56,262</b>	<b>62,341</b>
Finance expense	4, 5	-	593	593
<b>Net expenditure before notionals</b>		<b>6,079</b>	<b>56,855</b>	<b>62,934</b>
Audit notional charges		101	22	123
Other notional charges		386	1,053	1,439
<b>Total notional charges</b>		<b>487</b>	<b>1,075</b>	<b>1,562</b>
<b>Net expenditure for the year including notional charges</b>		<b>6,566</b>	<b>57,930</b>	<b>64,496</b>

### 3.2 Non-cash costs

	Note	Administration £000	Programme £000	2022-23 Total £000
Purchase of goods and services	4, 5	-	(31)	(31)
Notional charges	3.1	502	990	1,492
Depreciation and impairment charges	4, 5	1,250	7,545	8,795
Provisions expense	5	-	(222)	(222)
Finance expense	5	-	21	21
<b>Total non-cash costs</b>		<b>1,752</b>	<b>8,303</b>	<b>10,055</b>

	Note	Administration restated £000	Programme restated £000	2021-22 Total restated £000
Purchase of goods and services	4, 5	6	61	67
Notional charges	3.1	487	1,075	1,562
Depreciation and impairment charges	4, 5	1,474	7,004	8,478
Provisions expense	5	-	(323)	(323)
Finance expense	5	-	6	6
<b>Total non-cash costs</b>		<b>1,967</b>	<b>7,823</b>	<b>9,790</b>

#### 4. Other administration expenditure

		2022-23	2021-22
	Note	£000	restated £000
<b>Staff costs*</b>			
Wages and salaries		2,879	2,706
Social security costs		322	274
Other pension costs		876	781
		<u>4,077</u>	<u>3,761</u>
<b>Purchase of goods and services</b>			
<b>Cash items:</b>			
Accommodation costs		49	36
Office services		53	50
Consumables and equipment costs		5	36
Contracted out and managed services		519	425
Professional and consultancy services**		699	376
Staff related costs		86	64
Other costs		1,075	-
Commission and tribunal costs		15	17
		<u>2,501</u>	<u>1,004</u>
<b>Non-cash items:</b>			
Loss on disposal of non-current assets	8, 9	-	6
		-	6
		<u>2,501</u>	<u>1,010</u>
<b>Total purchase of goods and services</b>			
<b>Depreciation and impairment charges</b>			
Depreciation	8	754	1,039
Amortisation	9	515	400
Revaluation released to SoCNE	8, 9	(19)	35
		<u>1,250</u>	<u>1,474</u>
<b>Total administration operating expenditure</b>			
		<b>7,828</b>	<b>6,245</b>
<b>Finance expense</b>			
Interest payable and similar charges		1	-
<b>Total administration expenditure before notional charges</b>			
		<u>7,829</u>	<u>6,245</u>

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

\*\* Includes NFI fee paid to NIAO

## 5. Programme expenditure

		2022-23	2021-22
	Note	£000	restated £000
<b>Staff costs*</b>			
Wages and salaries		22,754	21,905
Social security costs		2,027	1,885
Other pension costs		5,730	5,460
		<b>30,511</b>	<b>29,250</b>
<b>Purchase of goods and services</b>			
<b>Cash items:</b>			
Accommodation costs		5,731	5,458
Office services		1,075	981
Consumables and equipment costs		30	55
Contracted out and managed services		10,545	9,902
Professional and consultancy services		2,289	2,190
Client and other programme operating costs		556	442
Rentals under operating leases		26	454
Staff related costs		216	226
Other costs		206	146
Commission and tribunal costs		11,727	10,185
PFI service charges		3,353	3,127
Judicial costs		10,803	10,535
Judicial costs - Consolidated Fund		9,495	9,072
		<b>56,052</b>	<b>52,773</b>
<b>Non-cash items:</b>			
Loss on disposal of non-current assets	8, 9	-	-
Other non-cash items		(31)	61
		<b>(31)</b>	<b>61</b>
<b>Total purchase of goods and services</b>		<b>56,021</b>	<b>52,834</b>
<b>Depreciation and impairment charges</b>			
Depreciation	8	7,438	6,915
Amortisation	9	109	87
Revaluation released to SoCNE	8, 9	(2)	2
		<b>7,545</b>	<b>7,004</b>
<b>Provisions expense</b>			
Provided in year	16	489	1,028
Written back in year	16	(711)	(1,351)
		<b>(222)</b>	<b>(323)</b>
<b>Total programme operating expenditure</b>		<b>93,855</b>	<b>88,765</b>
<b>Finance expense</b>			
Interest payable and similar charges		500	587
Borrowing costs on provisions	16	21	6
		<b>521</b>	<b>593</b>
<b>Total programme expenditure before notional charges</b>		<b>94,376</b>	<b>89,358</b>

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

## 5.1 Programme expenditure relating to the HIA Redress Board

The HIA Redress Board, an ALB of TEO, was established in December 2019 and became operational on 31 March 2020. Through a service level agreement, NICTS is responsible for providing administrative support and making the necessary compensation payments to victims and survivors, as advised by the HIA Redress Board.

The running costs borne by NICTS on behalf of the HIA Redress Board are recouped from TEO each month, along with a NICTS management fee for services rendered. The compensation payments processed by NICTS are also recouped from TEO but the recoupment is netted off against the payment so the expenditure and income relating to compensation payments are excluded from the NICTS SoCNE. In 2022-23 compensation payments of £26,445k were processed (2021-22: £26,781k).

The running costs relating to the HIA Redress Board included in Programme Expenditure (Note 5) are:

	<b>2022-23</b>	<b>2021-22</b>
	<b>£000</b>	<b>£000</b>
<b>Staff costs</b>		
Wages and salaries	1,190	1,080
Social security costs	101	75
Other pension costs	275	211
	<b>1,566</b>	<b>1,366</b>
<b>Purchase of goods and services</b>		
Office services	2	4
Consumables and equipment costs	1	-
Contracted out and managed services	94	81
Professional and consultancy services	942	797
Staff related costs	6	1
Commission and tribunal costs	395	424
Judicial costs	1,278	1,215
	<b>2,718</b>	<b>2,522</b>
Notional charges*	-	-
Interest payable and similar charges	-	1
	<b>-</b>	<b>1</b>
<b>Total programme costs</b>	<b>4,284</b>	<b>3,889</b>
<b>Programme expenditure recouped from TEO</b>		
Income – rendering of services	<b>(4,284)</b>	<b>(3,889)</b>
<b>Balance not recouped from TEO**</b>	<b>-</b>	<b>-</b>

\* In 2022-23 the HIA Redress Board incurred £25k of the notional charges charged to NICTS by DoF for NICS shared services (2021-22: £25k). These notional charges have been transferred to TEO as the sponsoring department of the HIA Redress Board.

## 6. Income

### 6.1 Revenue from contracts with customers

	2022-23 £000	2021-22 £000
Court fees, levies and charges	26,658	22,705
Rendering of services	8,863	8,052
Other revenue from contracts	1,674	1,332
	<b>37,195</b>	<b>32,089</b>

Disaggregation of Revenue from contracts with customers per operating segment is as follows:

	Court Operations	Tribunals and Enforcement	Lady Chief Justice's Office	Vision 2030	Corporate Services	2022-23 Total
	£000	£000	£000	£000	£000	£000
Fees, levies and charges	17,908	8,171	-	-	579	26,658
Rendering of services	4,579	4,139	-	-	145	8,863
Other revenue from contracts	-	1,653	-	21	-	1,674
<b>Revenue from contracts with customers</b>	<b>22,487</b>	<b>13,963</b>	<b>-</b>	<b>21</b>	<b>724</b>	<b>37,195</b>

	Court Operations	Tribunals and Enforcement	Lady Chief Justice's Office	Vision 2030	Corporate Services	2021-22 restated Total
	£000	£000	£000	£000	£000	£000
Fees, levies and charges	14,929	7,184	-	-	592	22,705
Rendering of services	4,171	3,734	-	-	147	8,052
Other revenue from contracts	-	1,313	-	19	-	1,332
<b>Revenue from contracts with customers</b>	<b>19,100</b>	<b>12,231</b>	<b>-</b>	<b>19</b>	<b>739</b>	<b>32,089</b>

## 6. Income (continued)

### 6.2 Other operating income

	2022-23 £000	2021-22 £000
Rental income	574	527
Other non-trading income	126	53
	<u>700</u>	<u>580</u>

## 7. Summary of fine income payable to Consolidated Fund

The income shown in Note 6 does not include any amounts collected by NICTS where it was acting as an agent for the NICF, rather than as principal. These amounts will be disclosed in the NICTS Trust Statement which is published separately from these financial statements. Due to the timing of the laying of the Trust Statement for 2022-23, NICTS has continued to disclose these details for the current year.

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

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

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

The net revenue payable to the Consolidated Fund consists of the following elements:

### *Trust Statement Net Revenue*

	2022-23 £000	2021-22 restated* £000
<b>Revenue</b>		
Fixed Penalty Notices	2,845	2,675
Court Imposed Fines	5,482	5,705
Offender Levy	487	458
Extra Costs	4	3
Confiscation Orders	1,634	937
Other Party Criminal	1,628	1,572
	<u>12,080</u>	<u>11,350</u>
<b>Expenditure</b>		
Credit Losses	(1,004)	(103)
Revenue retained by NICTS under Statute	(2,700)	(1,825)
<b>Disbursements</b>		
Amounts paid to Other Parties	(1,702)	(2,267)
Amounts paid to Safety Camera Scheme	(1,479)	(1,151)
	<u>(6,885)</u>	<u>(5,346)</u>
<b>Net Revenue for the Consolidated Fund</b>	<u>5,195</u>	<u>6,004</u>



## 7. Summary of fine income payable to Consolidated Fund (continued)

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

### *Trust Statement Balance Held on Trust*

	2022-23 £000	2021-22 £000
Balance Held on Trust at 1 April	51	773
Fines cleared by receipt of payment	8,280	7,712
Payments to Consolidated Fund	(3,597)	(5,458)
Payments to Others	(4,179)	(2,976)
<b>Balance Held on Trust at 31 March</b>	<b>555</b>	<b>51</b>

The receivables balance at the year end was £9.7m (2021-22: £9.2m). This includes those receivables which are not payable to the Consolidated Fund, for example compensation.

### *Trust Statement Balance Receivable*

	2022-23 £000	2021-22 restated* £000
Balance receivable at 1 April	9,169	7,189
Amounts imposed	12,080	11,350
Fines cleared by receipt of payment	(10,570)	(9,267)
Refund due from Consolidated Fund	-	-
Fines cleared by competent authority	(1,004)	(1,227)
Decrease/(increase) in impairment provision	-	1,124
<b>Balance receivable at 31 March</b>	<b>9,675</b>	<b>9,169</b>

\* The 2021-22 balances have been restated within this note to reflect the contents of the Trust Statement for 2021-22 and in line with the requirements of Chapter 8.2 of FReM, Consolidated Fund Revenue. We note that within the DoJ consolidated accounts comparative figures have not been restated as these are included in the Statements of Assembly Supply in the DoJ consolidated accounts and, for the purposes of Assembly Control, these figures are indelible.

## 8. Property, plant and equipment

	Land	Buildings	Plant and Machinery	Information Technology	2022-23 Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 April 2022	36,220	195,034	4,619	5,070	<b>240,943</b>
Opening balance adjustment	-	59	-	-	<b>59</b>
Restated balance at 1 April 2022	36,220	195,093	4,619	5,070	<b>241,002</b>
Additions	-	1,965	1,158	905	<b>4,028</b>
Transfers and reclassifications	-	(2)	-	(1)	<b>(3)</b>
Revaluation, indexation and impairment released to SoCNE	-	1	-	59	<b>60</b>
Revaluation, indexation and impairment released to Revaluation Reserve	-	15,878	196	99	<b>16,173</b>
<b>At 31 March 2023</b>	<b>36,220</b>	<b>212,935</b>	<b>5,973</b>	<b>6,132</b>	<b>261,260</b>
<b>Depreciation</b>					
At 1 April 2022	-	24,476	3,170	2,777	<b>30,423</b>
Charged in year	-	7,289	140	763	<b>8,192</b>
Transfers and reclassifications	-	-	-	-	<b>-</b>
Revaluation, indexation and impairment released to SoCNE	-	-	-	34	<b>34</b>
Revaluation, indexation and impairment released to Revaluation Reserve	-	2,344	40	41	<b>2,425</b>
<b>At 31 March 2023</b>	<b>-</b>	<b>34,109</b>	<b>3,350</b>	<b>3,615</b>	<b>41,074</b>
<b>Carrying amount at 31 March 2023</b>	<b>36,220</b>	<b>178,826</b>	<b>2,623</b>	<b>2,517</b>	<b>220,186</b>
<b>Carrying amount at 31 March 2022</b>	<b>36,220</b>	<b>170,558</b>	<b>1,449</b>	<b>2,293</b>	<b>210,520</b>
<b>Asset financing:</b>					
Owned	36,220	134,533	2,623	2,517	<b>175,893</b>
Leased	-	1,183	-	-	<b>1,183</b>
On SoFP PFI contracts*	-	43,110	-	-	<b>43,110</b>
<b>Carrying amount at 31 March 2023</b>	<b>36,220</b>	<b>178,826</b>	<b>2,623</b>	<b>2,517</b>	<b>220,186</b>

\* Further details regarding the PFI contract are contained in Note 18.

There are no donated assets to report.

IAS 16 requires measurement of assets at fair value.

Land and buildings were externally valued by LPS as at 31 March 2019. The valuation was carried out by LPS in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

The next valuation by LPS will be effective from 31 March 2024. Indexation (as advised by LPS) is applied between asset valuations to update the asset register.

## 8. Property, plant and equipment (continued)

All Buildings are valued on a depreciated replacement cost basis with the exception of one Courthouse that was valued at market value, due to its non-operational status, and is classified as held for sale (Note 12).

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

As at 31 March 2023 Plant and Machinery (excluding Antiques) and Information Technology assets have been adjusted to their current value by reference to the appropriate indices compiled by ONS.

At 31 March 2023 the amount of revaluation surplus that relates to property, plant and equipment is £147,885k (at 31 March 2022: £138,962k).

	Land	Buildings	Plant and Machinery	Information Technology	2021-22 Total
	£000	£000	£000	£000	£000
<b>Cost or valuation</b>					
At 1 April 2021	36,220	184,369	4,323	4,886	229,798
Additions	-	1,403	224	695	2,322
Disposals	-	-	-	(450)	(450)
Revaluation, indexation and impairment released to SoCNE	-	1	-	(60)	(59)
Revaluation, indexation and impairment released to Revaluation Reserve	-	9,261	72	(1)	9,332
<b>At 31 March 2022</b>	<b>36,220</b>	<b>195,034</b>	<b>4,619</b>	<b>5,070</b>	<b>240,943</b>
<b>Depreciation</b>					
At 1 April 2021	-	16,375	3,025	2,484	21,884
Charged in year	-	7,069	126	759	7,954
Disposals	-	-	-	(444)	(444)
Revaluation, indexation and impairment released to SoCNE	-	-	-	(22)	(22)
Revaluation, indexation and impairment released to Revaluation Reserve	-	1,032	19	-	1,051
<b>At 31 March 2022</b>	<b>-</b>	<b>24,476</b>	<b>3,170</b>	<b>2,777</b>	<b>30,423</b>
<b>Carrying amount at 31 March 2022</b>	<b>36,220</b>	<b>170,558</b>	<b>1,449</b>	<b>2,293</b>	<b>210,520</b>
<b>Carrying amount at 31 March 2021</b>	<b>36,220</b>	<b>167,994</b>	<b>1,298</b>	<b>2,402</b>	<b>207,914</b>
<b>Asset financing:</b>					
Owned	36,220	129,176	1,449	2,293	169,138
On SoFP PFI contracts*	-	41,382	-	-	41,382
<b>Carrying amount at 31 March 2022</b>	<b>36,220</b>	<b>170,558</b>	<b>1,449</b>	<b>2,293</b>	<b>210,520</b>

\* Further details regarding the PFI contract are contained in Note 18.

## 9. Intangible assets

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

	Software Licences	Externally Developed Software	Assets Under Construction	2022-23 Total
	£000	£000	£000	£000
<b>Cost or valuation</b>				
At 1 April 2022	201	13,850	1,620	<b>15,671</b>
Additions	2	627	1,810	<b>2,439</b>
Transfers and reclassifications	268	46	(311)	<b>3</b>
Revaluation, indexation and impairment released to SoCNE	-	(6)	-	<b>(6)</b>
Revaluation, indexation and impairment released to Revaluation Reserve	46	415	-	<b>461</b>
<b>At 31 March 2023</b>	<b>517</b>	<b>14,932</b>	<b>3,119</b>	<b>18,568</b>
<b>Amortisation</b>				
At 1 April 2022	132	11,924	-	<b>12,056</b>
Charged in year	78	546	-	<b>624</b>
Transfers and reclassifications	-	-	-	<b>-</b>
Revaluation, indexation and impairment released to SoCNE	-	(1)	-	<b>(1)</b>
Revaluation, indexation and impairment released to Revaluation Reserve	11	194	-	<b>205</b>
<b>At 31 March 2023</b>	<b>221</b>	<b>12,663</b>	<b>-</b>	<b>12,884</b>
<b>Carrying amount at 31 March 2023</b>	<b>296</b>	<b>2,269</b>	<b>3,119</b>	<b>5,684</b>
<b>Carrying amount at 31 March 2022</b>	<b>69</b>	<b>1,926</b>	<b>1,620</b>	<b>3,615</b>
<b>Asset financing:</b>				
Owned	296	2,269	3,119	<b>5,684</b>
<b>Carrying amount at 31 March 2023</b>	<b>296</b>	<b>2,269</b>	<b>3,119</b>	<b>5,684</b>

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

At 31 March 2023, the amount of revaluation surplus that relates to intangible assets is £344k (at 31 March 2022: £135k).

## 9. Intangible assets (continued)

	Software Licences	Externally Developed Software	Assets Under Construction	2021-22 Total
	£000	£000	£000	£000
<b>Cost or valuation</b>				
At 1 April 2021	383	12,868	520	13,771
Additions	52	595	1,302	1,949
Disposals	(244)	-	-	(244)
Transfers and reclassifications	-	202	(202)	-
Revaluation, indexation and impairment released to Revaluation Reserve	10	185	-	195
<b>At 31 March 2022</b>	<b>201</b>	<b>13,850</b>	<b>1,620</b>	<b>15,671</b>
<b>Amortisation</b>				
At 1 April 2021	336	11,399	-	11,735
Charged in year	35	452	-	487
Disposals	(244)	-	-	(244)
Transfers and reclassifications	-	-	-	-
Revaluation, indexation and impairment released to Revaluation Reserve	5	73	-	78
<b>At 31 March 2022</b>	<b>132</b>	<b>11,924</b>	<b>-</b>	<b>12,056</b>
<b>Carrying amount at 31 March 2022</b>	<b>69</b>	<b>1,926</b>	<b>1,620</b>	<b>3,615</b>
<b>Carrying amount at 31 March 2021</b>	<b>47</b>	<b>1,469</b>	<b>520</b>	<b>2,036</b>
<b>Asset financing:</b>				
Owned	69	1,926	1,620	3,615
<b>Carrying amount at 31 March 2022</b>	<b>69</b>	<b>1,926</b>	<b>1,620</b>	<b>3,615</b>

## 10. Impairment

	2022-23 £000	2021-22 £000
<b>(Credited)/charged directly to the SoCNE</b>		
Property, plant and equipment	(26)	37
Intangible assets	5	-
	<b>(21)</b>	<b>37</b>
<b>Taken through the revaluation reserve</b>		
Property, plant and equipment	(13,748)	(8,281)
Intangible assets	(256)	(117)
	<b>(14,004)</b>	<b>(8,398)</b>
<b>Total revaluation gain for the year</b>	<b>(14,025)</b>	<b>(8,361)</b>

## 11. Financial instruments

### 11.1 Disclosures

IFRS 9: *Financial Instruments*, IAS 32: *Financial Instruments: Presentation*, and IFRS 7: *Financial Instruments: Disclosures*, requires disclosure that enables evaluation of the significance of financial instruments for NICTS financial position and performance, the nature and extent of risks arising from financial instruments to which NICTS is exposed during the period and at the reporting date, and how NICTS manages those risks.

Due to the non-trading nature of its activities and the way in which it is financed, NICTS is not exposed to the degree of financial risk faced by business entities.

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

#### *Classification of financial instruments*

All NICTS financial instruments are measured at amortised cost. NICTS financial assets are classified as receivables and comprise trade and other receivables (Note 14) and cash and cash equivalents (Note 13). NICTS financial liabilities comprise payables excluding tax assets, accruals and deferred income (Note 15). The carrying value of these financial assets and liabilities, as disclosed in the notes to the accounts, approximates to fair value because of their short maturities. NICTS recognises the components of net gain/loss through the SoCNE. Interest on financial instruments is recognised as a finance expense under Programme Costs in Note 5.

#### *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 exposed to credit risk in relation to the carrying amounts of the trade receivables carried in the SoFP. The size of the risk is reflected in the receivables impairment (Note 14.1).

#### *Liquidity risk*

Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. NICTS net revenue resource requirements are financed by resources voted annually by the Northern Ireland Assembly, as is capital expenditure. NICTS is therefore not exposed to significant liquidity risks.

#### *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. NICTS' financial assets and liabilities carry nil or fixed rates of interest. NICTS is therefore not exposed to any interest rate risk.

### Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. NICTS does not have the authority to manage currency risk through hedging.

### Embedded derivatives

In accordance with IFRS 9 *Financial Instruments*, NICTS has reviewed 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 the Laganside PFI contract for NICTS, there is a payment mechanism that determines the charge that NICTS 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 in which NICTS operates.

### 11.2 Financial guarantees, indemnities and letters of comfort

NICTS has not entered into any unquantifiable guarantees, indemnities or provided letters of comfort. There are no contingent liabilities within the meaning of IFRS 9 since the likelihood of a transfer of economic benefit in settlement is too remote.

NICTS has not entered into any quantifiable guarantees, indemnities or provided letters of comfort that fall to be measured under IFRS 9.

### 12. Assets classified as held for sale

	2022-23 £000	2021-22 £000
<b>Land and building</b>		
Balance at 1 April	60	60
Transfers	-	-
<b>Balance at 31 March</b>	<b>60</b>	<b>60</b>

The disposal of Larne Courthouse for sale has been delayed due to the covid pandemic and requirement to decommission security infrastructure.

Following LPS recommendation, in October 2022 the asset was again included on the Central Advisory Unit interest circular covering the public and third party sectors. The expression of interest period closed on 27 October 2022 with the Northern Ireland Housing Executive (NIHE) declaring an interest. NIHE have now formally progressed their interest and completed required acquisition questionnaire advising they have secured the funds to acquire the site and land for the purposes of developing social housing. Negotiations are presently ongoing.

### 13. Cash and cash equivalents

	2022-23 £000	2021-22 £000
Balance at 1 April	1,895	4,223
Net change in cash and cash equivalent balances	(223)	(2,328)
<b>Balance at 31 March</b>	<b>1,672</b>	<b>1,895</b>

The following balances at 31 March are held at:

NI Banking Pool	1,671	1,894
Commercial banks and cash in hand	1	1
<b>Balance at 31 March</b>	<b>1,672</b>	<b>1,895</b>

Balances for cash and cash equivalents are disclosed in the SoFP as follows:

	Note	2022-23 £000	2021-22 £000
Current assets		2,419	2,355
Current liabilities	15	(747)	(460)
<b>Total</b>		<b>1,672</b>	<b>1,895</b>

#### 13.1 Reconciliation of liabilities arising from financing activities

	2021-22 £000	Cash flows £000	Non-cash changes: Acquisition £000	2022-23 £000
Lease liabilities	-	(54)	1,121	1,067
PFI liabilities	9,072	(1,756)	-	7,316
<b>Total liabilities from financing activities</b>	<b>9,072</b>	<b>(1,810)</b>	<b>1,121</b>	<b>8,383</b>

### 14. Trade receivables, financial and other assets

	Note	2022-23 £000	2021-22 £000
<b>Amounts falling due within one year:</b>			
VAT recoverable		1,060	917
Other receivables		2,211	1,462
Prepayments		1,043	822
Accrued income		2,310	3,240
Contract assets	14.2	941	784
<b>Total</b>		<b>7,565</b>	<b>7,225</b>

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



## 14.1 Impairment

Other receivables are stated net of the following impairment:

	2022-23 £000	2021-22 £000
Balance at 1 April	103	42
Increase in impairment during the year	32	135
Impaired debts recovered during the year	(39)	(3)
Impaired debts written off during the year	(24)	(71)
<b>Impairment at 31 March</b>	<b>72</b>	<b>103</b>

As this impairment is a provision, and therefore a non-cash movement, it has been excluded from the movement in other receivables for inclusion within the Statement of Cash Flows.

## 14.2 Contract assets

Contract assets primarily relate to Taxing Master revenue for which NICTS has met or partially met its performance obligations in relation to the service but the revenue is yet to be collected. This is based on the average fees received over the previous 12 month period.

The movement in the contract assets during the reporting period is as follows:

	2022-23 £000	2021-22 £000
Balance at 1 April	784	603
Movement in year	157	181
<b>Balance at 31 March</b>	<b>941</b>	<b>784</b>

## 15. Trade payables, financial and other liabilities

	Note	2022-23 £000	2021-22 £000
<b>Amounts falling due within one year:</b>			
Bank overdraft	13	747	460
Trade payables		492	466
Other payables		4,060	4,137
Accruals		11,860	8,986
Contract liabilities	15.1	5,540	5,304
Current part of finance leases		247	-
Current part of capital and interest lease elements of PFI contracts		1,846	1,756
CFERs to be paid to Consolidated Fund		9	-
		<u>24,801</u>	<u>21,109</u>
<b>Amounts falling due after more than one year:</b>			
Leases		820	-
Capital and interest lease elements of PFI contracts		5,470	7,316
		<u>6,290</u>	<u>7,316</u>
<b>Total</b>		<u>31,091</u>	<u>28,425</u>

Within Accruals are capital amounts of £2,212k (2021-22: £2,026k).

### 15.1 Contract liabilities

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

The movement in the contract liabilities during the reporting period is as follows:

	2022-23 £000	2021-22 £000
Balance at 1 April	5,304	4,220
Movement in year	236	1,084
<b>Balance at 31 March</b>	<u>5,540</u>	<u>5,304</u>

It is assumed that the full opening balance of contract liabilities has been recognised as income throughout the 2022-23 reporting year, as the majority of deferral periods used are less than 12 months.

## 16. Provisions for liabilities and charges

	Judicial Service Awards £000	Judicial Litigation £000	Auto- enrolment £000	Legal Claims £000	Others £000	2022-23 Total £000
Balance at 1 April 2022	4,446	700	357	875	-	6,378
Provided in the year	-	-	-	363	296	659
Provisions not required written back	(90)	(100)	(34)	(487)	-	(711)
Provisions utilised in the year	(257)	-	-	(210)	-	(467)
Provisions settled from NICF	(244)	-	-	-	-	(244)
Borrowing costs	21	-	-	-	-	21
Actuarial gain	(235)	-	-	-	-	(235)
<b>Balance at 31 March 2023</b>	<b>3,641</b>	<b>600</b>	<b>323</b>	<b>541</b>	<b>296</b>	<b>5,401</b>

	Judicial Service Awards £000	Judicial Litigation £000	Auto- enrolment £000	Legal Claims £000	Other £000	2021-22 Total £000
Balance at 1 April 2021	3,821	1,800	250	661	-	6,532
Provided in the year	159	-	107	762	-	1,028
Provisions not required written back	(20)	(1,100)	-	(231)	-	(1,351)
Provisions utilised in the year	88	-	-	(317)	-	(229)
Provisions settled from NICF	(277)	-	-	-	-	(277)
Borrowing costs	6	-	-	-	-	6
Actuarial loss	669	-	-	-	-	669
<b>Balance at 31 March 2022</b>	<b>4,446</b>	<b>700</b>	<b>357</b>	<b>875</b>	<b>-</b>	<b>6,378</b>

## 16.1 Analysis of expected timing of discounted flows

	Judicial Service Awards £000	Judicial Litigation £000	Auto- enrolment £000	Legal Claims £000	Other £000	2022-23 Total £000
Due within one year	601	100	-	541	76	1,318
Due later than one year and not later than five years	2,400	400	323	-	220	3,343
Due later than five years	640	100	-	-	-	740
<b>Balance at 31 March 2023</b>	<b>3,641</b>	<b>600</b>	<b>323</b>	<b>541</b>	<b>296</b>	<b>5,401</b>

	Judicial Service Awards £000	Judicial Litigation £000	Auto- enrolment £000	Legal Claims £000	Other £000	2021-22 Total £000
Due within one year	660	104	-	875	-	1,639
Due later than one year and not later than five years	2,642	414	357	-	-	3,413
Due later than five years	1,144	182	-	-	-	1,326
<b>Balance at 31 March 2022</b>	<b>4,446</b>	<b>700</b>	<b>357</b>	<b>875</b>	<b>-</b>	<b>6,378</b>

## 16.2 Litigation claims - £5,105k (2021-22: £6,378k)

### (i) Judicial Service Awards (JSA) - £3,641k (2021-22: £4,446k)

Provision has been made for a JSA entitlement for salaried and eligible fee paid judicial office holders who are members of a JPS. The JSA was created to equalise the tax position of judicial pensions affected by the provisions of the Finance Act 2004. Following a ruling by the UK Supreme Court on 6 February 2013 that a retired fee paid judicial office holder is entitled to a pension on terms equivalent to those of a salaried judicial office holder, the Fee Paid Judicial Pensions Scheme (FPJPS) was introduced on 1 April 2017.

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

JSA benefits ceased to accrue on 1 April 2022 as a result of the introduction of the Reformed Judicial Pension Scheme (JPS 2022). JSAs accrued before that date remain the liabilities of the relevant departments and where members continue in active service remain linked to salaries or fee-rates at retirement. The fall in provision is due to; benefits paid out during the year, updated membership data being used and because benefits ceased to accrue from 1 April 2022. JSAs accrued under JPS 2022 are funded by the scheme itself rather than sponsoring departments.

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

### (ii) Judicial Litigation (McCloud) - £600k (2021-22: £700k)

In January 2017, an Employment Tribunal in England and Wales ruled that a group of judges had been subject to age discrimination when they were transferred to the new career average Judicial Pension Schemes (JPS 2015 and NIJPS) in April 2015. MoJ subsequently appealed this ruling, but this was rejected, with the Court of Appeal upholding the ruling that the protections afforded to a Judge up to 14 years from normal pension age were unlawful. A written ministerial statement made by the Chief Secretary to the Treasury on 15 July 2019 set out the government's intention to remedy this discrimination across all public sector pension schemes. Consultation documents issued by HM Treasury, MoJ and DoJ proposed that changes should apply to all members who were in service on 31 March 2012 and 31 March 2015.

MoJ published their response to the consultation in February 2021, and DoJ published their response to the consultation in March 2021. In particular, they proposed that the McCloud remedy will be achieved through an options exercise, likely to take place in 2023, which offers members who were in service on 31 March 2012 and 31 March 2015 a choice whether to have retrospectively accrued benefits in either the relevant pre-2015 scheme or JPS from 1 April 2015. GAD expect that all or almost all members will elect to return to the relevant pre-2015 scheme and previous calculations are consistent with this approach.

GAD estimate the provision in respect of additional JSAs that might be payable to members who were in service on 31 March 2012 and 31 March 2015 as a result of the McCloud ruling to be

£600k as at 31 March 2023 (2021-22 £700k). The decrease from £700k as at 31 March 2022 arises primarily due to the increase in the discount rate used to place a value on the liabilities.

**(iii) Auto-Enrolment - £323k (2021-22: £357k)**

A District Judge brought a claim to the UK Employment Tribunal in relation to mistreatment, having acted as a 'whistle blower.' The significant point was whether, as a judicial office holder, she was a 'worker' under the *Employment Rights Act, 1996*. It would then follow that judicial office holders were entitled to a workplace pension under the Pensions Act 2008.

NICTS has a number of both legal and non-legal devolved officers who may be impacted by this case. MoJ has accepted that eligible Tribunal Members are entitled to a workplace pension under auto-enrolment. DoJ are developing a plan and timetable to manage the assessment and enrolment of eligible officers and have recognised a provision to meet the estimated potential backdated costs. The provision has been calculated on the basis of backdated employee and employer contributions payable and NICTS has assumed a 100% opt-in for the purposes of calculating an estimated provision.

**(iv) Legal claims - £541k (2021-22: £875k)**

This represents public liability, employer liability, contract and compensation claims as advised by the business areas within NICTS. It also includes judicial reviews.

Public liability claims include personal injury claims. Employer liability claims include legal costs that will have to be borne by NICTS and relate to accidents or injury caused due to faults in the fabric of a NICTS building and other damages including fair employment and industrial tribunal cases.

These are legal claims against NICTS by third parties, prisoners and staff. The estimations are based on any potential damages or compensation that may be due. No reimbursement will be received in respect of any of these claims. The timing of the settlement of claims depends on the circumstances of each case.

Legal claims which may succeed but are less likely to do so, or cannot be estimated reliably, are disclosed as contingent liabilities in Note 20.

**Other legal issues**

The Court of Appeal (CoA) judgment from 17 June 2019 (*PSNI v Agnew*) determined that claims for Holiday Pay shortfall can extend as far back as 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The hearing was held in December 2022 but the Supreme Court judgment has not yet been issued. The 2022-23 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

- the appeal to the Supreme Court (as detailed above); and
- lack of accessible data for years previous to 2011;
- ongoing negotiations with Trade Unions.

### 16.3 Other Provisions - £296k (2021-22: £Nil)

#### (i) Probate fee - £126k (2021-22: £Nil)

Last year NICTS discovered an issue in relation to the statutory authority to charge a fee for a certified or sealed copy of a probate grant. When the issue was discovered, remedial action was taken to revert to a copy fee of £6 which is covered by the Fees legislation. However, it remains the case that many Probate customers have been inadvertently mischarged, each by a modest amount, over the past number of years.

NICTS considered options to provide a satisfactory solution and, after consulting with key stakeholders, and obtaining DoF approval to proceed, have decided to progress a publicly available refund scheme; this is due to be implemented in 2023-24.

A provision of £126k has been recognised in the accounts. The level of provision will be kept under review and the level of uptake by the public will be easier to determine once the scheme has been operational for a few months. A contingent liability was recognised in 2021-22 accounts due to the uncertainties which existed at the time and the need to explore various options to remedy the matter.

#### (ii) PACWAC lease dilapidation - £170k (2021-22: £Nil)

The £170k restoration costs included in the building lease contract for PACWAC's office accommodation (leased from November 2022) has resulted in this new provision.

## 17. Leases

### 17.1 Quantitative disclosures around right-of-use assets

Non-current assets, as recorded in the SoFP, include the following amounts for leased right-of-use assets:

	<b>2022-23</b>
	<b>£000</b>
<b>Buildings</b>	
As at 1 April	59
Additions	1,252
Depreciation expense	(128)
<b>As at 31 March</b>	<b>1,183</b>

## 17.2 Quantitative disclosures around right-of-use liabilities

	<b>2022-23</b> <b>£000</b>
<b>Buildings</b>	
Not later than one year	255
Later than one year and not later than five years	833
Later than five years	-
	<u>1,088</u>
Less interest element	(21)
<b>Present value of obligations</b>	<b><u>1,067</u></b>
Current portion	247
Non-current portion	820
	<u>1,067</u>

## 17.3 Quantitative disclosures around elements in the SoCNE

	<b>2022-23</b> <b>£000</b>
<b>Expense related to short-term leases</b>	<b><u>26</u></b>

## 17.4 Quantitative disclosures around cash outflows for leases

	<b>2022-23</b> <b>£000</b>
<b>Total cash outflow for leases</b>	<b><u>53</u></b>

## 18. Commitments under PFI contracts

### 18.1 On-Balance Sheet (SoFP)

The following PFI transactions have been accounted for in accordance with IFRIC 12 *Service Concession Arrangements* as being 'on-balance sheet.'

#### *Laganside Complex*

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

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

The total amount charged in the SoCNE in respect of the service element of 'on-balance sheet' (SoFP) transactions was £3,353k (2021-22: £3,127k). Total future obligations under 'on-balance sheet' arrangements are given in the table below for each of the following periods:

	2022-23 £000	2021-22 £000
<b>Minimum lease payments:</b>		
Due within one year	2,182	2,182
Due later than one year and not later than five years	5,937	8,119
Due later than five years	-	-
	<b>8,119</b>	<b>10,301</b>
Less interest element	(803)	(1,229)
<b>Present value of obligations</b>	<b>7,316</b>	<b>9,072</b>
<b>Service elements due in future periods:</b>		
Due within one year	1,723	1,496
Due later than one year and not later than five years	5,161	5,914
Due later than five years	-	-
<b>Total service elements due in future periods</b>	<b>6,884</b>	<b>7,410</b>
<b>Total commitments under PFI contracts</b>	<b>14,200</b>	<b>16,482</b>

## 19. Capital and other commitments

### 19.1 Capital commitments

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

	2022-23 £000	2021-22 £000
Property, plant and equipment	461	386
Intangible assets	697	300
<b>Total</b>	<b>1,158</b>	<b>686</b>

### 19.2 Other financial commitments

NICTS has not entered into non-cancellable contracts (which are not leases or PFI contracts) at 31 March 2023 (2021-22: £Nil).

## 20. Contingent liabilities

NICTS has the following 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.

The settlement dates are unknown in all cases.

### (i) Legacy Inquests

In 2022-23 one Year 1 inquest was completed and findings delivered; findings were delivered in relation to two further Year 1 and one Year 0 inquests that had concluded in the previous year. One year 1 inquest and one Year 0 inquest were completed, and findings are awaited. In addition, eleven more inquests commenced in 2022-23 and subsequently were adjourned to new dates in 2023-24; these related to two Year 1 inquests, seven Year 2 inquests and two Year 3 inquests.



At the end of 2022-23, the following inquests have yet to commence: two Year 1 inquests; one Year 2 inquest and seven Year 3 inquests.

All remaining unallocated inquests will be reviewed by the Presiding Coroner in June 2023, after which a further announcement will be made in due course in relation to Year 4 and 5 inquests.

### ***(ii) Fine Default Litigation***

Following a decision by the Divisional Court in 2013 that ruled that the longstanding procedure for the enforcement of unpaid fines in Northern Ireland was unlawful, NICTS introduced a settlement scheme. A number of claims were refused compensation having been deemed out of time as, pursuant to section 7(5) of the Human Rights Act 1998, proceedings alleging a breach of a Convention right must be brought within one year, beginning with the date on which the act complained of took place. NICTS is currently dealing with approximately 170 High Court writs challenging NICTS' decision to refuse compensation.

NICTS plans to contest three cases, selected to raise a broad spread of issues for consideration by the court and are likely to offer the greatest assistance to the resolution of other cases. The cases have been listed for hearing June 2023 with any subsequent judgment most likely to be delivered in Autumn 2023.

### ***(iii) Litigation claims***

#### ***- Supplier contracts, employment, personnel and legal cases outstanding against NICTS***

There are contingent liabilities relating to ongoing legal claims upon which it is not possible to put a value.

### ***(iv) Judicial Pension***

There are a number of on-going legal claims in relation to discrimination between fee-paid and salaried judges. In addition, there is an on-going legal claim relating to the calculation of holiday pay for a part-year worker. We are currently unable to estimate the extent of the potential liability for these claims.

## **21. Related party transactions**

NICTS is an Executive Agency of DoJ. DoJ is regarded as a related party.

During the year NICTS had a number of material transactions with DoJ and with another entity for which DoJ is regarded as the parent Department, namely PSNI.

In addition, NICTS has had various material transactions with other Government departments and other central government bodies, namely DoF, DfC, TEO, Crown Solicitors' Office (CSO) and PPS.

For financial reporting purposes, these entities are regarded as related parties.

No Board member, key manager or other related parties have undertaken any material transactions with NICTS during the year.

## 22. Third party assets

NICTS holds as custodian or trustee monies belonging to third parties, over and above those monies disclosed in Note 13 Cash and cash equivalents.

### 22.1 Third party monetary assets

NICTS continues to provide a banking and investment service, through CFO, 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.

CFO prepares separate annual reports and accounts that are audited by the C&AG.

There are third party bank accounts maintained by the various court offices and OSO. These are not NICTS assets and are not included in the accounts. The assets held at the reporting date to which it was practical to ascribe monetary values, comprised monetary assets such as bank balances and monies on deposit, and listed securities. Further details are set out in the following table.

	<b>31 March 2022 £000</b>	<b>Gross Inflows £000</b>	<b>Gross Outflows £000</b>	<b>31 March 2023 £000</b>
Monetary assets such as bank balances and monies on deposit	103,293	148,546	(144,216)	107,623
Listed securities	239,531	57,592	(66,646)	230,477
<b>Total</b>	<b>342,824</b>	<b>206,138</b>	<b>(210,862)</b>	<b>338,100</b>

### 22.2 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 NICTS 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:

	<b>2022-23 Number</b>	<b>2021-22 Number</b>
Property assets	832	1,036

### **23. Entities within the Agency boundary**

The accounting boundary incorporates only the core Agency.

PACWAC is an Independent Tribunal Non-Departmental Public Body. In line with DAO 05/13, it is within the accounting boundary and subsequently accounted for within NICTS.

The funds invested by CFO are specifically excluded from the accounting boundary, following HM Treasury guidance. CFO publishes separate audited financial statements.

Income collected by NICTS as an agent for NICF is excluded. This income is disclosed in the NICTS Trust Statement. The NICTS Trust Statement is audited and published separately from these financial statements.

Third party monies are also excluded from these financial statements.

### **24. Criminal Injuries Compensation Appeals Panel for Northern Ireland**

The administrative functions of Criminal Injuries Compensation Appeals Panel for 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 (MoG) letter on 1 December 2007.

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

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

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

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

**CICAPNI Statement of Account**

	2022-23		2021-22	
	£	£	£	£
<b>Income</b>		-		-
<b>Expenditure</b>				
Staff payroll costs	154,589		192,695	
Judicial payroll costs	69,210		177,365	
		223,799		370,060
Other operating costs		4,029		4,482
<b>Net cost of operations</b>		<b>227,828</b>		<b>374,542</b>

**25. Events after the reporting period**

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the C&AG to the Assembly.

A full actuarial valuation for judicial pensions is undertaken every four years and its purpose is to assess the pension liability in respect of the liabilities due, and to recommend contribution rates payable by employees and employers. The latest actuarial valuation undertaken for the JPS was completed as at 31 March 2016. Work on the 2020 valuation continues and GAD is due to provide its report in 2023-24.

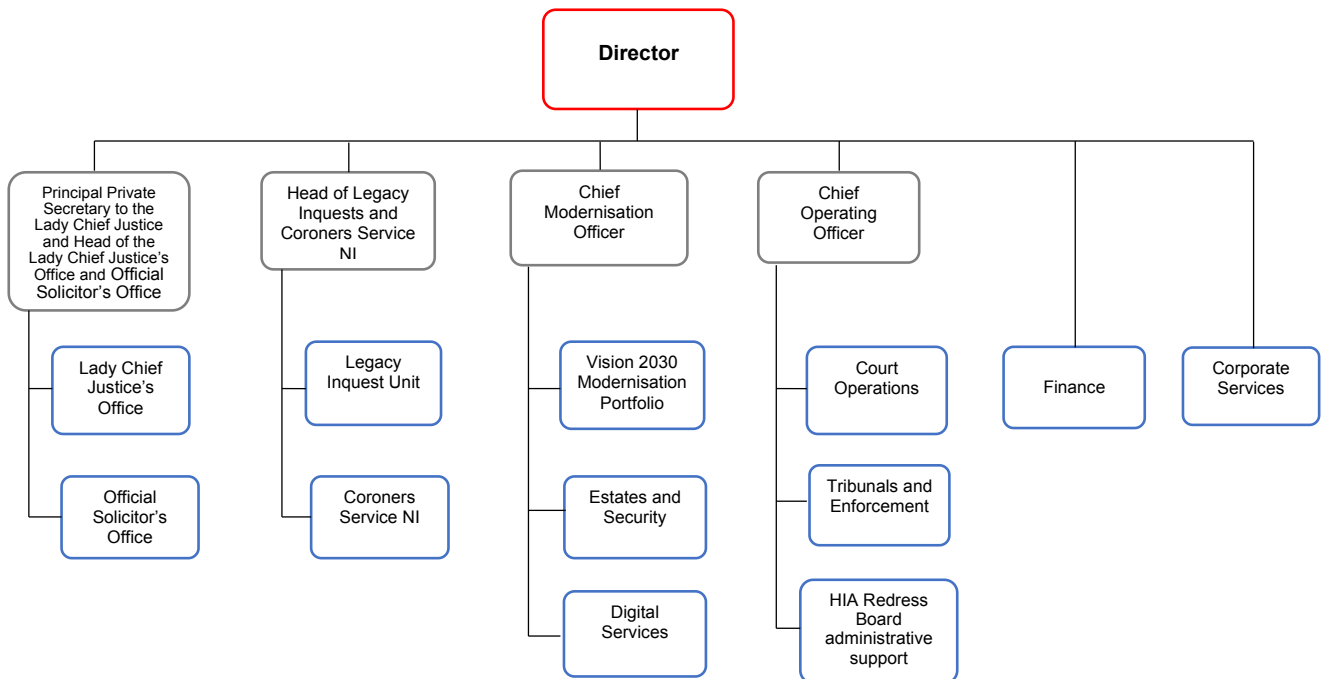
There were no other events between the end of the reporting period and the date the financial statements were authorised that would significantly affect these accounts.

**Date for authorisation of issue**

The Accounting Officer authorised these financial statements for issue on 29 June 2023.

**PART 4 - APPENDICES**

**Annex A - Northern Ireland Courts and Tribunals Service Organisational Chart 2022-23**



## Annex B - Court and Tribunal Performance Standards 2022-23

### Criminal Business

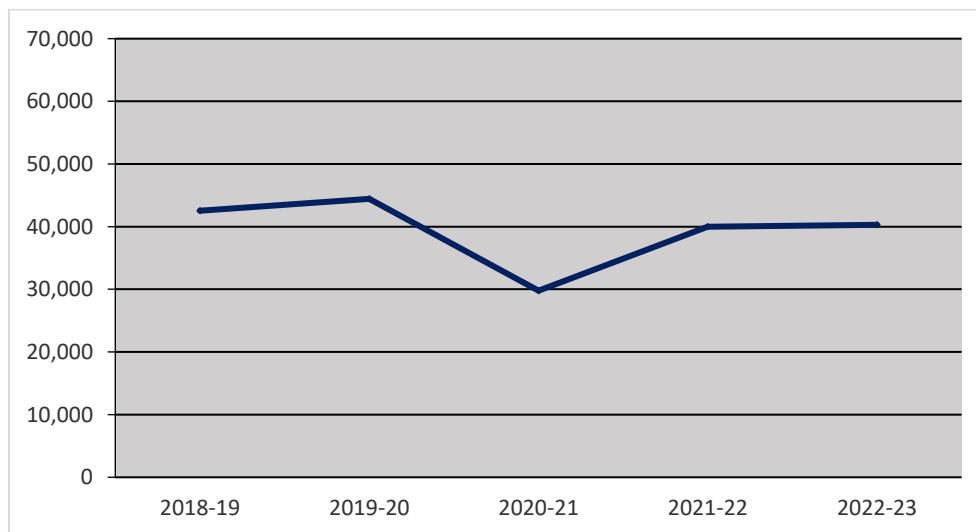
To facilitate the efficient disposal of criminal business:<sup>1</sup>

Performance Standard	2022 23 % Target	2022 23 % Achieved
Crown Court defendants will be arraigned within six weeks of committal	80%	82%
Crown Court defendants will start their trial within 18 weeks of committal	80%	66%
Crown Court defendants will be sentenced within six weeks of a plea or finding of guilt	80%	46%
Magistrates' Courts adult defendants will have their case disposed of within nine weeks of first listing	80%	73%
Youth Court defendants will have a finding reached within 12 weeks from first listing	80%	75%
Appeals against a sentence will be listed within four weeks of leave being granted to appeal to the Court of Appeal	90%	79%

<sup>1</sup> These Standards, with the exception of the Court of Appeal, Causeway and Court Order Standards, are set by the Lady Chief Justice.

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

**Figure 1: Criminal Business Received**



## Annex B - Court and Tribunal Performance Standards 2022-23 (continued)

## Criminal Court Business – Volumes, Disposals and Performance

<b>Business Volumes received</b>	<b>2022 23</b>	<b>2021 22</b>	<b>% difference</b>
<b>Total Criminal Business</b>	<b>40,287</b>	<b>39,974</b>	<b>1%</b>
Crown Court cases	1,314	1,621	-19%
Magistrates' adult defendants	37,875	37,429	1%
Magistrates' youth defendants	1,098	924	19%
<b>Business Volumes disposed</b>			
<b>Total Criminal Business</b>	<b>40,241</b>	<b>38,754</b>	<b>4%</b>
Crown Court cases	1,469	1,368	7%
Magistrates' adult defendants	37,796	36,375	4%
Magistrates' youth defendants	976	1,011	-3%
<b>Sittings</b>			
<b>Total Criminal Sittings</b>	<b>6,186</b>	<b>6,058</b>	<b>2%</b>
Crown Court	2,753	2,692	2%
Magistrates' adult defendants	3,176	3,106	2%
Magistrates' youth defendants	257	260	-1%
<b>Performance against a target of 80% compliance</b>			
Crown Court <sup>2</sup>	66%	72%	-6%
Magistrates' adult defendants	73%	72%	1%
Magistrates' youth defendants	75%	68%	7%

<sup>2</sup> Committal to hearing target.

## Annex B - Court and Tribunal Performance Standards 2022-23 (continued)

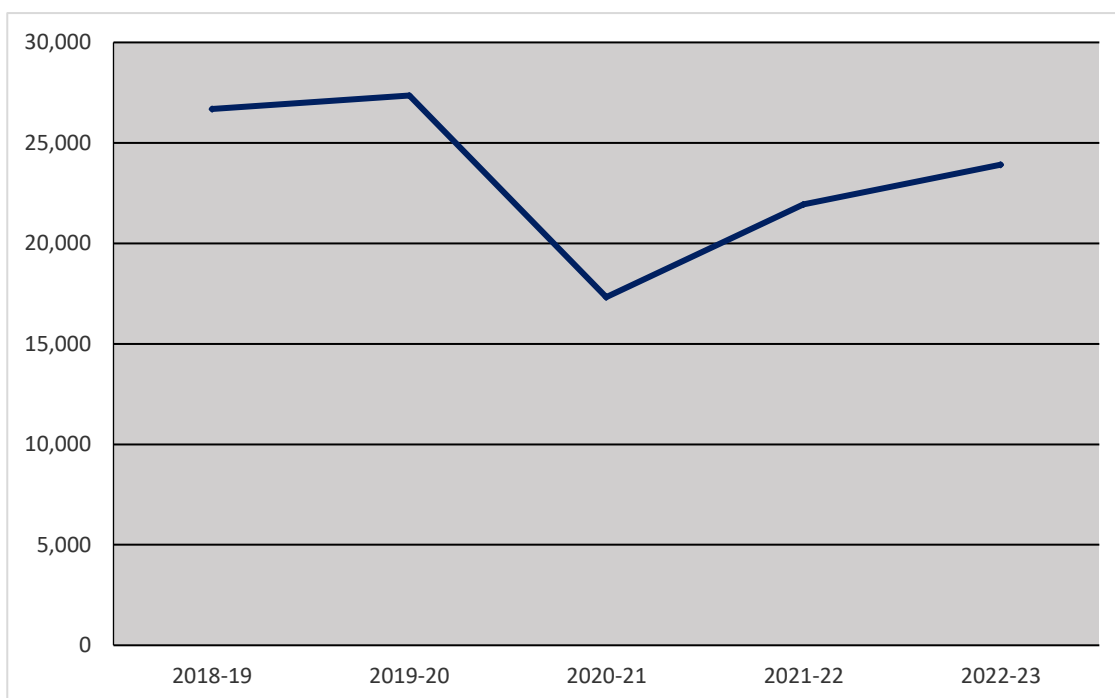
### Civil Business

To facilitate the efficient disposal of civil business:

Performance Standard	2022 23 % Target	2022 23 % Achieved
Civil bills will be allocated a hearing date within 15 weeks of receipt of the certificate of readiness	95%	89%
Claims for Clinical Negligence will be listed for review before the Master within 13 months of receipt of the writ (applicable to writs lodged since 2011);	98%	88%
Claims for Personal Injury will be listed for review within three months of setting down	98%	97%
Petitions for bankruptcy (presented by creditors) will be listed for hearing within six weeks	97%	52%
Petitions for bankruptcy (presented by debtors) will be listed for hearing within three weeks	90%	94%
Applications for Grant of Probate/Letters of Administration will be issued within seven days of receipt of correct information	85%	91%

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

**Figure 2: Civil Business Received**





## Annex B - Court and Tribunal Performance Standards 2022-23 (continued)

## Civil Court Business – Volumes, Disposals and Performance

Business Volumes received	2022 23	2021 22	% difference
<b>Total Civil business</b>	<b>23,914</b>	<b>21,948</b>	<b>9%</b>
Civil Bills (Notice of Intentions to Defend)	6,961	6,603	5%
Small Claims	7,479	6,490	15%
Writs set down	745	769	-3%
Mortgages received	609	665	-8%
Bankruptcies received	274	204	34%
Probate grants received	7,846	7,217	9%
<b>Business Volumes disposed</b>			
<b>Total Civil business</b>	<b>25,952</b>	<b>25,117</b>	<b>3%</b>
Ordinary Civil Bills	8,859	8,800	1%
Small Claims	6,601	5,598	18%
Writs disposed	2,653	1,701	56%
Mortgages disposed	361	371	-3%
Bankruptcies disposed	272	397	-31%
Probate grants issued	7,206	8,250	-13%
<b>Sittings</b>			
<b>Total Civil sittings</b>	<b>2,619</b>	<b>3,043</b>	<b>-14%</b>
County Court*	2,126	2,466	-14%
Queen's Bench	278	349	-20%
Chancery	215	228	-6%
<b>Performance against a target of compliance</b>			
Civil Bills listed for hearing (95%)	89%	85%	4%
Petitions for bankruptcy (presented by creditors)	52%	0%	52%

\*Comparative figures were provisional in the previous reporting period and have been restated based on the Judicial Statistics National Statistics publication

## Annex B - Court and Tribunal Performance Standards 2022-23 (continued)

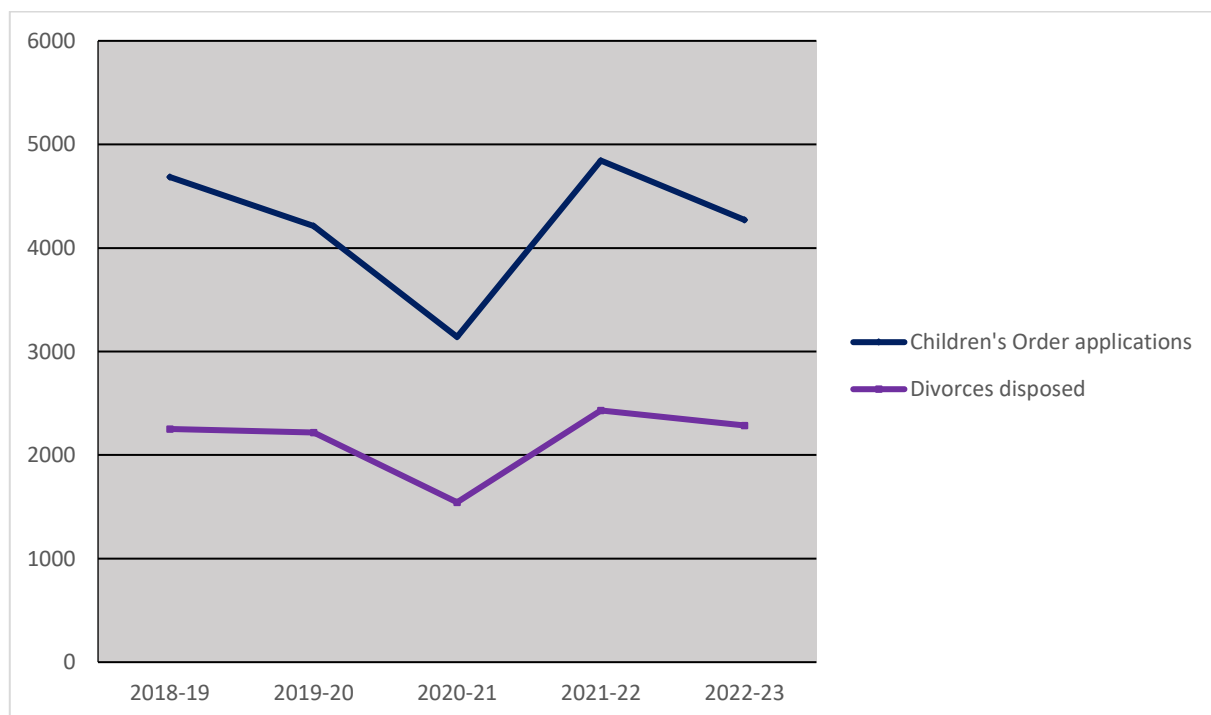
Family Court Business

To facilitate the efficient disposal of family business:

Performance Standard	2022 23 % Target	2022 23 % Achieved
Children Order applications will be listed for first directions within six weeks of receipt of correct information	92%	94%
Annual accounts filed by Controllers on behalf of patients will be reviewed by the Office of Care and Protection within eight weeks of receipt	95%	27%
Accounts held in court on behalf of patients will be reviewed by the Office of Care and Protection within 12 weeks of the annual review date	95%	13%
Applications for Enduring Power of Attorney (where no objection has been lodged) will be registered within 40 days of receipt of all required information	95%	98%
Undefended divorces and dissolution of civil partnerships will be listed for hearing within six weeks of date of receipt and, in the High Court, confirmation of readiness or transfer from the High Court to the County Court	97%	78%

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

**Figure 3: Family Court Business Disposed**



## Annex B - Court and Tribunal Performance Standards 2022-23 (continued)

## Family Court Business – Volumes, Disposals and Performance

<b>Business Volumes received</b>	<b>2022 23</b>	<b>2021 22</b>	<b>% difference</b>
<b>Total Family Court Business</b>	<b>9,786</b>	<b>9,903</b>	<b>-1%</b>
Children Order applications	4,237	4,698	-10%
Divorces received	2,514	2,488	1%
Enduring Power of Attorney applications received	1,618	1,745	-7%
Controllership applications received	1,417	972	46%
<b>Business Volumes disposed</b>			
<b>Total Family Court Business</b>	<b>9,341</b>	<b>9,537</b>	<b>-2%</b>
Children Order applications	4,269	4,844	-12%
Divorces disposed	2,287	2,431	-6%
Enduring Power of Attorney registered	1,368	1,290	6%
Controllership orders issued	1,417	972	46%
<b>Sittings</b>			
Children Order	1,957	2,121	-8%
<b>Performance against a target of 92% compliance</b>			
Children Order	94%	91%	3%

**Annex B - Court and Tribunal Performance Standards 2022-23 (continued)****Coroners Service Business**

To facilitate the efficient disposal of Coroners Service business:

<b>Performance Standard</b>	<b>2022 23 % Target</b>	<b>2022 23 % Achieved</b>
All deaths investigated that do not require a post-mortem examination will have the certificate of registration issued to the Registrar of Deaths within three working days of the relevant documentation being received by the Coroner	97%	90%
All deaths where a post-mortem examination reveals a natural cause of death will have the certificate of registration issued to the Registrar of Deaths within five working days of the Coroner making the decision to close the case following receipt of the post-mortem report	95%	81%
Inquests the administrative listing arrangements will be completed within 28 days of the Coroner's direction to list	95%	97%

**Coroners Service Business – Volumes and Performance**

<b>Business Volumes</b>	<b>2022 23</b>	<b>2021 22</b>	<b>% difference</b>
Deaths reported	4,914	3,529	39%
Post mortems with no inquest	1,046	1,009	4%
Inquests held	61	70	-13%
No post mortem and no inquest	2,634	1,156	128%
Other disposals of registered entries	690	1,021	-32%
<b>Performance</b>			
Certificate of registration for deaths not requiring a post-mortem	90%	99%	-9
Certificate of registration for deaths requiring a post-mortem	81%	98%	-17%

**Annex B - Court and Tribunal Performance Standards 2022-23 (continued)****Court Funds Office (CFO)**

To facilitate the efficient disposal of Court Funds Office business:

<b>Performance Standard</b>	<b>2022 23 % Target</b>	<b>2022 23 % Achieved</b>
Dividend receipts will be posted within seven working days of the Registrar's payment date	90%	96%
Direct credits will be posted within two working days of receipt in the bank account	95%	100%
Other receipts (cheques, cash or money orders) will be posted on the day of receipt	95%	100%
Regular payments will be made on or before the due date	95%	100%
Payments will be made within five working days of receiving the relevant paperwork in respect of payments made: <ul style="list-style-type: none"> <li>- to minors reaching 18 years old;</li> <li>- on foot of a court order or invoice; or</li> <li>- on receipt of a Notice of Acceptance</li> </ul>	95%	99%
Investment sale and purchase transactions will be completed within five working days of the relevant trade	98%	98%
Confirmations that funds have been received by Court Funds Office will be issued within five working days of receipt of the funds in full in respect of minor cases	95%	100%

**Annex B - Court and Tribunal Performance Standards 2022-23 (continued)****Enforcement of Judgments Office Business**

To facilitate the efficient disposal of EJO business:

<b>Performance Standard</b>	<b>2022 23 % Target</b>	<b>2022 23 % Achieved</b>
Enforcement Applications accepted within ten working days	90%	97%
Repossessions completed within 26 weeks of acceptance	85%	99%
For all applications accepted, an instruction will be issued to make arrangement to be interviewed or summons produced in 90% of debt cases within four weeks	90%	100%

**Enforcement of Judgments Business – Volumes and Performance**

<b>Business Volumes</b>	<b>2022 23</b>	<b>2021 22</b>	<b>% difference</b>
Total money recovered by the Enforcement process	£4.93m	£5.26m	-6%
Notices of Intent to Enforce a Judgment	3,940	2,799	41%
Applications to Enforce a Judgment	2,710	1,737	56%
Applications for Repossession	403	119	239%
Repossessions	266	140	90%
<b>Performance against a target of compliance</b>			
Accept Enforcement Applications	97%	95%	2%
Issue summons for interview	100%	100%	-
Complete Repossessions	99%	90%	9%

**Annex B - Court and Tribunal Performance Standards 2022-23 (continued)****Taxation Office Business**

To facilitate the efficient disposal of Taxation Office business:

Performance Standard	2022 23 % Target	2022 23 % Achieved
Produce Taxation Assessments within 15 working days	95%	98%

**Taxation Office Business – Volumes and Performance**

Business Volumes	2022 23	2021 22	% difference
Taxing Applications Lodged	1,282	1,256	2%
Taxing Assessments Completed	1,190	1,171	2%
Performance against a target of compliance			
Issue Taxation Assessments	98%	100%	-2%

**Parole Commissioners' Secretariat**

To facilitate the efficient delivery of support to Parole Commissioners:

Performance Standard	2022 23 % Target	2022 23 % Achieved
Cases will be scheduled within five working days of receipt from the DoJ	95%	99%
All decisions will be issued within five working days of receipt from a Commissioner	95%	99%

**Parole Commissioners' Secretariat – Volumes and Performance**

Business Volumes	2022 23	2021 22	% difference
Lifers referrals received	113	118	-4%
Indeterminate/ Extended Custodial Sentence referrals received	134	143	-6%
Determinate Custodial Sentence referrals received	422	378	12%
Performance against a target of compliance			
Schedule cases*	99%	100%	-1%
Issue decisions	99%	100%	-1%

\*Comparative figures were provisional in the previous reporting period and have been restated based on the Judicial Statistics National Statistics publication

**Annex B - Court and Tribunal Performance Standards 2022-23 (continued)****Tribunals**

To facilitate the efficient disposal of Tribunals business:

<b>Performance Standard</b>	<b>2022 23 % Target</b>	<b>2022 23 % Achieved</b>
All Tribunal hearing dates will be offered within the specified number of weeks	90%	94%
Review Tribunal appeals will be disposed of within eight weeks of receipt of application/referral	80%	82%
Cases regarding Deprivation of Liberty within the provision of the Mental Capacity Act 2016 will be disposed of within 14 weeks	80%	80%

**Tribunal Business – Volumes and Performance**

<b>Business Volumes Received</b>	<b>2022 23</b>	<b>2021 22</b>	<b>% difference</b>
<b>Total Tribunal Business</b>	<b>8,185</b>	<b>7,702</b>	<b>6%</b>
Care Tribunal	14	3	367%
Charity Tribunal	2	1	100%
Criminal Injuries Compensation Appeals Panel	131	201	-35%
Health and Safety Tribunal	-	-	-
Lands Tribunal	204	178	15%
Mental Health Review Tribunal	241	273	-12%
Mental Health Review Tribunal – Mental Capacity Act (NI) Act 2016	2,127	1,966	8%
Northern Ireland Traffic Penalty Tribunal	248	159	56%
Northern Ireland Valuation Tribunal	38	22	73%
Office of the Social Security and Child Support Commissioner	96	108	-11%
Pensions Appeal Tribunal	116	110	5%
Rent Assessment Panel	11	1	1,000%
Special Educational Needs and Disability Tribunal	502	315	59%
The Appeal Tribunals	4,455	4,365	2%



## Annex B - Court and Tribunal Performance Standards 2022-23 (continued)

## Tribunal Business – Volumes and Performance (continued)

Business Volumes Disposed	2022 23	2021 22	% difference
<b>Total Tribunal Business</b>	<b>10,788</b>	<b>9,684</b>	<b>11%</b>
Care Tribunal	4	7	-43%
Charity Tribunal	4	8	-50%
Criminal Injuries Compensation Appeals Panel	167	339	-51%
Health and Safety Tribunal	0	1	-100%
Lands Tribunal	214	197	9%
Mental Health Review Tribunal	243	269	-10%
Mental Health Review Tribunal – Mental Capacity Act (NI) Act 2016	1,826	2,037	-10%
Northern Ireland Traffic Penalty Tribunal	206	265	-22%
Northern Ireland Valuation Tribunal	42	33	27%
Office of the Social Security and Child Support Commissioner	90	138	-35%
Pensions Appeal Tribunal	120	90	33%
Rent Assessment Panel*	7	2	250%
Special Educational Needs and Disability Tribunal	440	330	33%
The Appeal Tribunals	7,425	5,968	24%

\*Comparative figures were provisional in the previous reporting period and have been restated based on the Judicial Statistics National Statistics publication

## Appendix 1 - Acronyms

<b>Acronym</b>	<b>Details</b>
ALBs	Arm's Length Body
AME	Annually Managed Expenditure
ARAC	Audit and Risk Assurance Committee
ASG	Analytical Support Group
C&AG	Comptroller and Auditor General
CAP	Climate Action Plan
CARE	Career Average Revalued Earnings
CCM	Cost Cap Mechanism
CETV	Cash Equivalent Transfer Value
CFER's	Consolidated Fund Extra Receipts
CFO	Court Funds Office
CICAPNI	Criminal Injuries Compensation Appeals Panel for Northern Ireland
CIO	Chief Information Officer
CJINI	Criminal Justice Inspection Northern Ireland
CPD	Construction and Procurement Delivery
CPI	Consumer Prices Index
CSNI	Coroners' Service for Northern Ireland
CSO	Crown Solicitors' Office
CSP	Civil Service Pensions
DAERA	Department of Agriculture, Environment and Rural Affairs
DAO	Dear Accounting Officer
DARC	Departmental Audit and Risk Committee
DEL	Departmental Expenditure Limit
DfC	Department for Communities
DfE	Department for the Economy
DoF	Department of Finance
DoH	Department of Health
DoJ	Department of Justice
DSO	Departmental Solicitor's Office
ECNI	Equality Commission Northern Ireland
EJO	Enforcement of Judgments Office
ESAG	Estates Strategy Advisory Group
ESS	Enterprise Shared Services
FCS	Fine Collection and Enforcement Service
FPJPS	Fee Paid Judicial Pension Scheme
FRem	Financial Reporting Manual
FYE	Full Year Equivalent
GAD	Government Actuary's Department
GDP	Gross Domestic Product
GIS	Guaranteed Interview Scheme
HIA	Historical Institutional Abuse
HMRC	His Majesty's Revenue and Customs
HMT	His Majesty's Treasury
HRA	Human Rights Act
ICO	Information Commissioner's Office
ICOS	Integrated Court Operations System
ICT	Information and Communications Technology
IFRIC	International Financial Reporting Interpretations Committee

<b>Acronym</b>	<b>Details</b>
IFRS	International Financial Reporting Standards
IJSD	International Job Shadow Day
IROC	Information Risk Owners' Council
IS	Information Security
JEMS	Enforcement of Judgments Office System
JPS	Judicial Pension Scheme
JSA	Judicial Service Awards
JUPRA	Judicial Pensions and Retirement Act
LCJO	Lady Chief Justice's Office
LCM	Legislative Consent Motion
LIU	Legacy Inquest Unit
LOB	Line of Business
LPS	Land and Property Services
MoG	Machinery of Government
MoJ	Ministry of Justice
MPMNI	Managing Public Money Northern Ireland
NDPB	Non-Departmental Public Body
NEMs	Non-Executive Members
NFI	National Fraud Initiative
NIAO	Northern Ireland Audit Office
NICF	Northern Ireland Consolidated Fund
NICS	Northern Ireland Civil Service
NICSHR	Northern Ireland Civil Service Human Resources
NICTS	Northern Ireland Courts and Tribunals Service
NIHE	Northern Ireland Housing Executive
NIJPS	Northern Ireland Judicial Pension Scheme
NISRA	Northern Ireland Statistics and Research Agency
OCP	Office of Care and Protection
ONS	Office for National Statistics
OSO	Official Solicitor's Office
PAC	Public Accounts Committee
PACWAC	Planning Appeals Commission and Water Appeals Commission
PCNI	Parole Commissioners for Northern Ireland
PCSPS	Principal Civil Service Pension Scheme
PECCS	Prisoner Escorting and Court Custody Service
PfG	Programme for Government
PFI	Public Finance Initiatives
PLC	Public Limited Companies
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
PPS	Public Prosecution Service
PSNI	Police Service of Northern Ireland
PSP&JO	Public Service Pensions and Judicial Offices Bill
PSWG	People Strategy Working Group
RCJ	Royal Courts of Justice
RAP	Rent Assessment Panel
RICS	Royal Institution of Chartered Surveyors
RoFP	Review of Financial Process
RPI	Retail Price Index
RTTCWG	Report To Those Charged With Governance

<b>Acronym</b>	<b>Details</b>
SCS	Senior Civil Servants
SLA	Service Level Agreement
SOC	Strategic Outline Case
SoCNE	Statement of Comprehensive Net Expenditure
SoFP	Statement of Financial Position
SOSJ	Secretary of State for Justice
SOSNI	Secretary of State for Northern Ireland
SSRB	Senior Salaries Review Body
TAS	The Appeals Service
TEO	The Executive Office
TME	Total Managed Expenditure
VAT	Value Added Tax
WMS	Written Ministerial Statement
WWG	Wellbeing Working Group

E02923136

ISBN 978-1-5286-4197-5