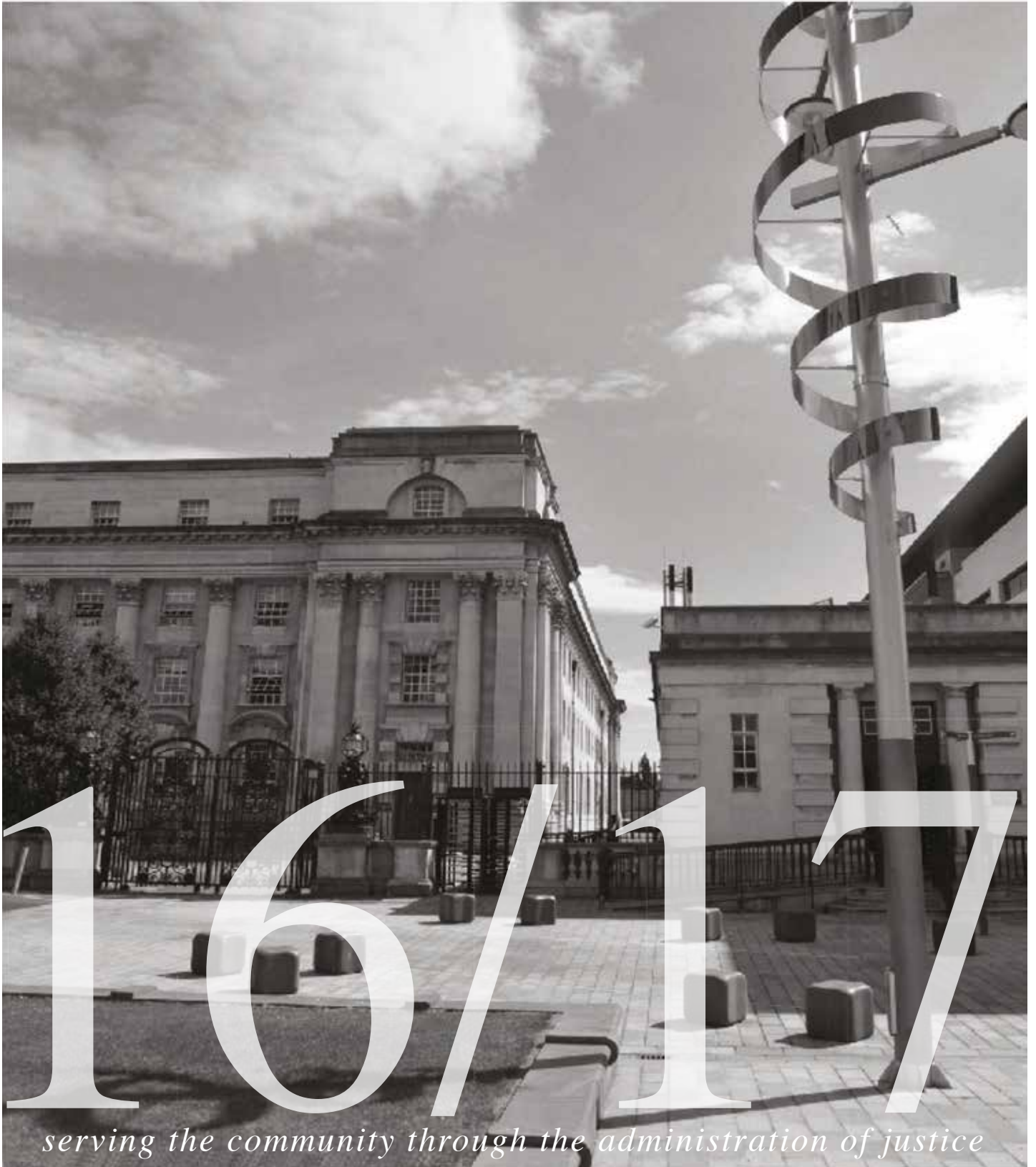


Annual Report and Accounts



16/17

serving the community through the administration of justice

Northern Ireland Courts and Tribunals Service

Annual Report and Accounts for the year ended 31 March 2017

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
30 June 2017



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PART 1 PERFORMANCE REPORT

OVERVIEW

FOREWORD BY THE CHIEF EXECUTIVE

In presenting my first Annual Report as Acting Chief Executive of the Northern Ireland Courts and Tribunal Service (NICTS), I would wish to pay tribute to my predecessor Mr Ronnie Armour, who served as Chief Executive from 15 September 2014 to 31 January 2017. Ronnie left NICTS having successfully been promoted to Director of Reducing Offending from February 2017 and I wish him every success in his new post.

I would like to continue by thanking staff for their dedication and commitment during a very challenging financial year. Against a backdrop of financial uncertainty and diminishing resources, staff across the organisation have continued to remain customer focused delivering a high quality service.

Since 1 April 2015 our net non-ring fenced resource budget has reduced, in real terms, by 31.6% or £13m. Expenditure was reduced by:

- a significant reduction in staff;
- a review of the estate resulting in an 80% reduction in leased accommodation, temporary closure of Old Townhall and a change in Enniskillen Courthouse to a three day hearing centre;
- a significant reduction in contract spend through effective re-procurement and contract management; and
- utilisation of shared services.

In addition to the expenditure reductions set out above, during 2016-17 we completed a review of civil and family court fees resulting in an increase in fees, over a three year period, commencing in April 2017. This ensures NICTS continues to work towards a full cost recovery position for civil and family business. The fee increases will generate additional estimated income estimated at £9.6m over the three year period up to April 2020. We also introduced new fees in Court Funds enabling the business area to be cost recoverable.

Despite the budget reductions we have also implemented a multifaceted Modernisation Programme in addition to the normal work of NICTS.

In October 2016 following careful consideration the then Justice Minister, Claire Sugden MLA, announced that the earlier decision to close six court buildings would be reversed. The Minister's decision was taken within the context of a transforming justice landscape. To address this transformation the Minister asked for a review to be carried out to ensure the future provision of a modern and affordable Courts and Tribunals Service capable of delivering access to justice efficiently and effectively during the next decade and beyond. This review, entitled Courts 2020, will be one of the key business priorities in the coming financial years.

Due to the current political impasse, formal agreement on a 2017-18 budget remains outstanding. However we have an indicative budget allocation in place, which provides clarity to our 2017-18 financial position; but this is open to adjustment by an incoming Executive. Whilst our baseline allocation has not been reduced it assumes we will meet all internal pressures (with the exception of Legacy) which equates to a 13.7% real cut. Extensive work has been and continues to be delivered to meet these pressures. Our indicative capital allocation is only 5% of our requirement which presents a risk to our modernisation programme, however this will increase on agreement of a budget. 2017-18 will no doubt be another financially challenging year.

Notwithstanding the current financial uncertainty, we will continue to drive forward the Courts 2020 Review, deliver our business objectives and work with our justice partners to continuously improve access to justice and efficiency through innovation and reform.

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

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

During 2017-18, subject to the political institutions being in place, a new Fine Collection and Enforcement Service will be established within NICTS which will provide more powers to recover outstanding fine debt. In addition we will continue to work towards the transfer of responsibility for the Appeals Service (TAS) from the Department for Communities (DfC).

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



Peter Luney
Acting Chief Executive

STATEMENT OF PURPOSE AND ACTIVITIES

This is the Annual Report and Accounts for NICTS ("the Agency") for the financial year ended 31 March 2017. These Statements have been prepared in accordance with directions given by the Department of Finance (DoF) (formerly the Department of Finance and Personnel) in pursuance of the Government Resources and Accounts Act (Northern Ireland) 2001.

Who we are

The Agency is an Executive Agency of Department of Justice (DoJ) of Northern Ireland. During March 2017 there have been intensive political discussions involving the five largest parties and the UK and Irish Governments. However, resolution on a number of key issues was not made in time for the deadline of 27 March 2017 to enable the nomination of a First Minister, deputy First Minister and other Executive Ministers. Claire Sugden MLA was Minister of Justice from 25 May 2016 until 2 March 2017. David Ford MLA was Minister of Justice until 5 May 2016. A new Minister of Justice will be appointed when a new Executive is established.

The role of the Agency is to:

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

Corporate Aims and Values

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

Corporate Values

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

- | | |
|------------------|--|
| Integrity | to interact with our customers with the highest degree of integrity, promoting an atmosphere of honesty and trust; |
| Openness | to undertake our work in an open and transparent manner; |

Professionalism to conduct our business to the highest standard;

Accountability to be responsible for delivering a high quality service to the public; and

Fairness to treat everyone fairly.

How we are structured

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

Appendix 1 Court Divisions and Map;

Appendix 2 Northern Ireland Courts and Tribunals Service Structure; and

Appendix 3 Judicial Complement in Northern Ireland.

The Agency **Framework Document** sets out the arrangements for the effective governance, financing and operation of the Agency. The Framework Document was last updated in November 2013 and the current version is available on our website (www.courtsni.gov.uk).

Support for the Northern Ireland Judiciary

NICTS is responsible for providing administrative support to the Northern Ireland Judiciary. There are 70 full-time and two part-time judicial office holders, 66 deputy court judicial officers, 140 Lay Magistrates, 41 Parole Commissioners and 341 tribunal members.

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

- assigning the Judiciary to the courts, listing business with the courts and determining sitting times;
- dealing with complaints against members of the Judiciary. The Code of Practice on Complaints and Protocol on Judicial Discipline are published on the NICTS website (www.courtsni.gov.uk);
- maintaining arrangements for the welfare, training and guidance of the Judiciary; and
- representing the views of the Northern Ireland Judiciary to Parliament and to the Northern Ireland Assembly.

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

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

Principal Risks and Uncertainties

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

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

There are five risks appearing on the Corporate Risk Register relating to the 2016-17 Business Plan:

1. failure to progress legacy inquests;
2. Northern Ireland Civil Service (NICS) /Departmental and Agency Restructuring initiatives resulting in workforce planning risks;
3. management of caseload in the Official Solicitor's Office;
4. finance - failure to secure sufficient funding from 2017-18 onwards resulting in; a financial risk that could permeate across NICTS; extended criticism; and reputational damage; and
5. transfer of the Appeals Service.

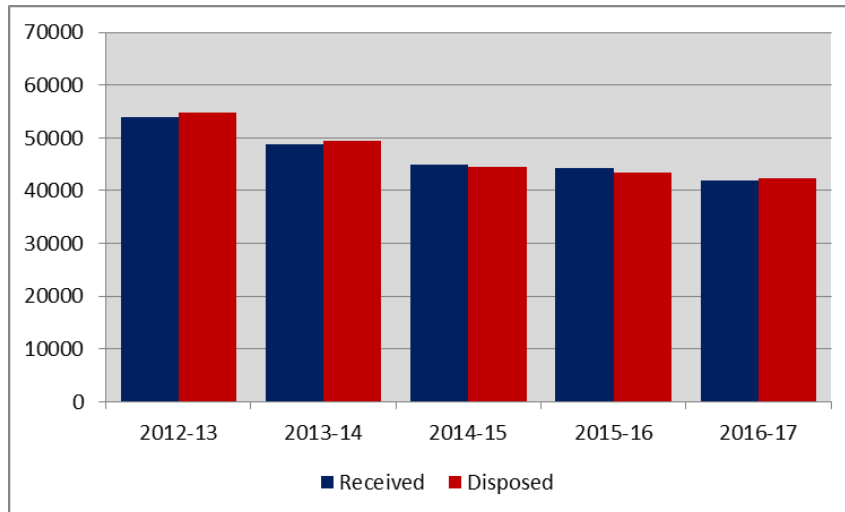
2016-17 PERFORMANCE SUMMARY

Deliver efficient and effective Court, Tribunal and Enforcement services

Criminal Court Business

- The Crown Court received 1,422 and disposed of 1,905 cases, a decrease of 2% in receipts and over double the number of disposals reported during the previous year.
- The number of adult defendants received and disposed in the Magistrates' Courts both decreased by 5% to 39,063 and 39,021 respectively with an 11% decrease in the number of Youth Court defendants received to 1,485, while the number disposed of decreased by 19% to 1,426.
- The total volumes of criminal court business received and disposed decreased by 5% and 3% respectively compared to 2015-16.

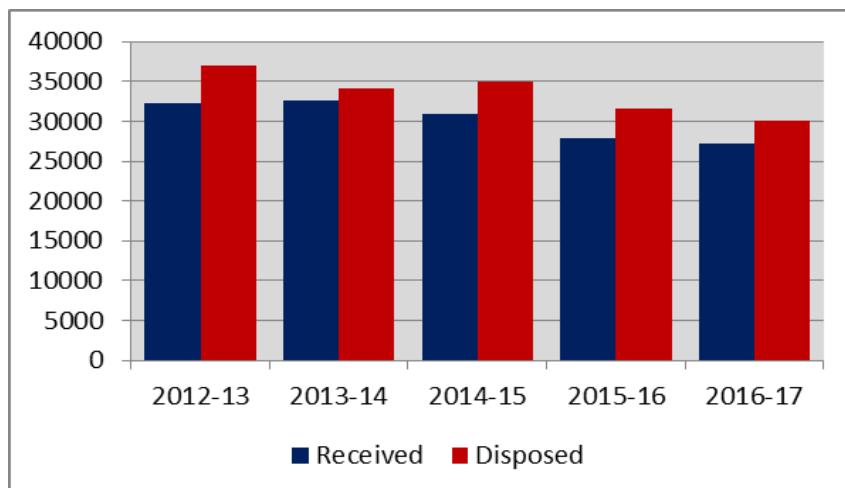
Criminal Court Business Cases Receipts and Disposals 2012-13 to 2016-17



Civil Court Business

- The volume of civil court business received and disposed decreased by 3% and 4% respectively.

Civil Court Business Cases Receipts and Disposals 2012-13 to 2016-17



Family Court Business

- The volume of family court business received increased by 2% and the volume disposed decreased by 2%.
- There has been an 8% increase in the number of Children Order applications received and a decrease of less than 1% in the number of those disposed of.
- The number of divorces received decreased by 12% with disposals decreasing by 10%.

Court Funds Office (CFO)

- The number of minor and patient cases with funds in court decreased from 12,892 at 31 March 2016 to 12,765 at 31 March 2017. During the year, a total of 1,654 cases were paid out in full with funds received for 1,527 new cases.
- The value of funds under the management of CFO increased from £291m to £316m. Net payments and transfers out of court totalled over £3m during the year, with the increase in fund value being attributable to investment income and valuation gains.

Tribunal Business

- 12,021 cases were received in 2016-17, a decrease of 29% on the previous year's total of 16,986.
- 13,028 cases were disposed of during 2016-17, a decrease of 23% on the previous year's total of 16,865.

Parole Commissioners Secretariat

- A total of 642 referrals were received and 950 decisions and recommendations were issued during 2016-17. The number of referrals was the same and the number of decisions and recommendations increased by 12% compared to the previous year.

Enforcement of Judgments Office (EJO)

- EJO processed 10,282 notices of intention and 4,795 applications to enforce civil court judgments.
- EJO received 653 applications for repossession and completed 403.
- £8.05m of debt was recovered for creditors during 2016-17 which represents a decrease of 4% on the previous year.
- The Taxing Office received 1,278 applications for taxation, completed taxation on 1,216 cases and issued 1,255 taxing certificates.

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

- Minister Sugden commissioned a Courts 2020 review to consider the future provision of services across the court estate. The purpose of the review is to develop a framework in consultation with the Lord Chief Justice and other stakeholders that will ensure the provision of a modern and affordable Courts and Tribunals Service capable of delivering access to justice efficiently and effectively during the next decade and beyond.
- Lord Justice Gillen is leading the Civil and Family Justice Review. The preliminary reports on family and civil justice were published in August and October respectively for public comment. NICTS has been represented on the Review Group and a number of the key recommendations will be addressed through the Courts 2020 Review.
- NICTS successfully ran a pilot in the Crown Courts NICTS for the provision of Registered Intermediaries to all Magistrates' Courts which has been rolled-out to all youth and adult Magistrates' Courts from 3 April 2017. Registered Intermediaries are communication specialists who assist vulnerable victims, witnesses, suspects and defendants with significant communication deficits to communicate their answers more effectively during police interview and when giving evidence at court. In addition, work continued with criminal justice partners, Victim Support and the National Society for the Prevention of Cruelty to Children (NSPCC) to optimise the use of remote links for vulnerable witnesses.
- Under the NICTS Modernisation Programme a number of recommendations were implemented on a phased basis in 2016-17 which will produce administrative efficiencies that allow front line staff to focus on the administration of justice services.
- Interpreting and translation services were delivered across all court and tribunal venues in compliance with EU Directive 2010/64.
- NICTS has worked closely with Police Service of Northern Ireland (PSNI) to implement a replacement IT system for processing and reconciling fixed penalty payments in Northern Ireland. The new system was introduced in the Fixed Penalty Office, Laganside Courts, in December 2016.
- NICTS worked with The Executive Office (TEO) to complete for the transfer of Planning Appeals Commission / Water Appeals Commission (PACWAC) to NICTS as part of the restructuring of Government Departments in May 2016.

Develop and lead our people to achieve our business objectives

- A corporate training plan for 2016-17 was agreed and delivered which increased effectiveness and better supported the delivery of business objectives.

Deliver a controlled financial and commercial environment achieving value for money

- Overall expenditure was contained within the total budget set by DoJ. There was a small underspend of £270k in total Departmental Expenditure Limits (DEL).
- As part of the programme of work by the Civil Fees Project Team, civil and family court fees were increased by 10% in April 2017; this is part of a three year phased increase to fees. Court Fees were last increased in 2007. It is estimated that by March 2018 this will increase income by £2m, and help to improve the cost recovery position, which currently sits at 73%.
- Significant savings continue to be generated from effective procurement and contract management best practice.
- NICTS met all statutory financial reporting deadlines.
- Work continued to deliver good value for money from procurement and contract management during 2017-18.

2017-18 FORWARD LOOK

Within the next financial year, NICTS is aiming to:

- establish a Fine Collection and Enforcement Service provided for in the Justice Act (NI) 2016;
- commence the Courts 2020 review to consider the future provision of services across the court estate;
- work towards a full cost recovery position of 100% which may result in further changes to fees and the creation of new fees where services are provided but where no fee currently exists;
- provide administrative support and bid for resources to effectively deliver legacy inquests and any associated reform proposals including operational arrangements to support the management and progression of legacy cases, subject to provision of adequate resources;
- continue to work with the DfC to achieve the statutory transfer of TAS to NICTS by 1 April 2018;
- consult on the future role of CFO;
- leading on the development of a Substance Misuse Court (SMC) pilot scheme as part of a portfolio of Problem-Solving initiatives being progressed by DoJ. The objective is to pilot a court aimed at reducing repeat offending and substance misuse among participants and to facilitate their rehabilitation;

- publish a five year Digital Strategy. Overall the strategy aims to support the implementation of digital justice, streamline services and improve the range and scope of digital services available to the public, by improving our online services and by digitising current manual processes and procedures;
- continue to work with Business Consultancy Services (BCS) to review processes within EJO and the Official Solicitors Office that will enable the delivery of a more efficient and effective service to customers; and
- work to develop a separate Family Proceedings Court facility on Level 3 in Laganside Courts commenced in May 2017. The unit will comprise a bespoke Family Proceedings courtroom, witness waiting areas, consultation rooms, separate accommodation for court Children's Officers and is expected to be fully operational by the end of the year.

PERFORMANCE ANALYSIS

The NICTS Business Plan for 2016-17 contained the following strategic objectives:

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

NICTS published a number of performance targets in its Business Plan in support of these strategic aims. The following commentary explains what was done during 2016-17 to achieve these strategic objectives.

Deliver efficient and effective Court, Tribunal and Enforcement services

Business volumes during 2016-17 were as follows:

| | Cases Received | Cases Disposed of |
|------------------------------|----------------|-------------------|
| Criminal | 41,970 | 42,352 |
| Civil | 27,198 | 30,127 |
| Family | 10,141 | 9,476 |
| Tribunals | 12,021 | 13,028 |
| Parole Commissioners | 642 | 641 ¹ |
| Legacy and Coronial Services | 4,113 | 4,131 |

Criminal Business

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

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

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

¹ based on an offender going through the totality of the processes available in his/her particular circumstance

During 2016-17 there was a 5% decrease in the number of criminal cases received to 41,970 (2015-16: 44,361). The number of criminal cases disposed of also decreased by 3% to 42,352 (2015-16: 43,507).

Civil Business

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

During 2016-17 there was a 3% decrease in civil business received to 27,198 (2015-16: 27,918). During 2016-17, the volume of civil business disposed decreased by 4% to 30,127 (2015-16: 31,546).

Family Business

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

During 2016-17 overall family business received increased by 2% to 10,141 (2015-16: 9,902). Business disposed of during 2016-17 decreased by 2% to 9,476 (2015-16: 9,633).

Coroners Service for Northern Ireland (CSNI)

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

During 2016-17 the number of deaths reported to the Coroner increased by 6% to 4,112 (2015-16: 3,895). There was a 59% increase in the number of inquests heard to 135 (2015-16: 85); an 8% decrease in the number of post-mortems held to 1,056 (2015-16: 1,149); a 12% increase in the number of cases that did not require a post-mortem to 2,329 (2015-16: 2,083) and an 8% increase in other disposals to 611 (2015-16: 564).

Court Funds Office (CFO)

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

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

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

During the year, CFO held funds on behalf of approximately 13,000 individuals. At 31 March 2017, CFO held funds totalling approximately £316m.

Tribunals

Northern Ireland Valuation Tribunal (NIVT)

NIVT hears appeals by home owners against their domestic rates. NIVT also hears appeals from decisions relating to rating rebates. During 2016-17 there was a decrease of 33% in the number of appeals received, 31 compared to 46 in 2015-16.

Social Security and Child Support Commissioners

The Social Security and Child Support Commissioners determine appeals on points of law from the Appeals Tribunal under the Social Security and Child Support legislation. During 2016-17 there was an increase of 8% in the number of applications and appeals received, to 230 (2015-16: 212).

Pensions Appeal Tribunal (PAT)

PAT hears appeals from ex-servicemen or women who have had their claims for a War Pension rejected by the Secretary of State for Defence. During 2016-17 there was a decrease of 12% in the number of appeals received to 129 (2015-16: 146).

Northern Ireland Traffic Penalty Tribunal (NITPT)

NITPT hears appeals from Penalty Charge Notices (PCNs) issued by or on behalf of the Roads Service. During 2016-17 there was an increase of 22% to 609 (2015-16: 500).

Criminal Injuries Compensation Appeals Panel Northern Ireland (CICAPNI)

The purpose of CICAPNI is to support the victims of violent crime by determining appeals from decisions made by the Compensation Service in respect of entitlement to criminal injury payments. During 2016-17 there was a decrease of 24% in the number of appeals received to 306 (2015-16: 400).

Special Educational Needs and Disability Tribunal (SENDIST)

SENDIST considers parents' appeals from the decisions of Education and Library Boards (the "Board") about children's special educational needs, where the parents cannot reach agreement with the Board. It also deals with claims of disability discrimination in relation to children at school. During 2016-17 there were 193 appeals received, an increase of 33% on the 145 received in the previous year.

Mental Health Review Tribunal (MHRT)

MHRT reviews the cases of patients who are compulsorily detained or are subject to guardianship under the Mental Health (Northern Ireland) Order 1986. MHRT's function is to provide mental health patients with a safeguard against unjustified detention in hospital or control under guardianship. During 2016-17 there were 297 applications and referrals, the same number as in 2015-16.

Northern Ireland Charity Tribunal (NICT)

NICT was established on 1 April 2010 to hear appeals from decisions made by the Charity Commission in respect of the registration of an organisation as a charity. During 2016-17 there was a decrease of 20% in appeals received to eight (2015-16: 10).

Care Tribunal

The Care Tribunal hears appeals from decisions prohibiting or restricting the employment of individuals teaching or working with children, working with vulnerable adults, or decisions concerning the registration of social workers. The Tribunal also hears appeals from decisions relating to the regulation of residential care homes, nursing homes, children's homes, nursing agencies and independent health care providers. During 2016-17 there was a 50% reduction in the number of appeals received compared to 2015-16 (three in 2016-17 compared to six in 2015-16).

Lands Tribunal

The Lands Tribunal hears cases concerning the value of land and buildings and about their occupation, use or development. In 2016-17 there was an increase of 14% in the number of cases received to 160 (2015-16: 140).

Northern Ireland Health and Safety Tribunal (NIHST)

NIHST was established on 1 April 2010 and adjudicates on appeals from decisions made in relation to asbestos or petroleum-spirit licences. During 2016-17 the Tribunal received one appeal, the same number as in the previous year.

Health and Personal Social Services Disqualification Tribunal

The Tribunal enquires into cases where it is represented that continued inclusion of any person in any list of practitioners prepared under Part VI of the Health and Personal Services (Northern Ireland) Order 1972 for the provision of general medical, dental, ophthalmic or pharmaceutical services would be prejudicial to the efficiency of the services. During 2016-17 the Tribunal did not receive any appeals, as was also the case in 2015-16.

Parole Commissioners Secretariat

Over the past year, 642 cases were referred to the Parole Commissioners for review, recommendation and consultation, the same number as that received during 2015-16. The

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

Planning Appeals Commission / Water Appeals Commission (PACWAC)

Administrative support for PACWAC transferred to the Department in May 2016 as part of the wider NICS reform programme. An interim Memorandum of Understanding has been agreed detailing the resources and services needed to enable the Commissions to carry out their functions while recognising their independent decision making status.

The Planning Appeals Commission is an independent appellate body established under statute to decide a wide range of appeals and to report on various matters under planning and other legislation. During the year was a 6% decrease in appeals received to 300 (2015-16: 319).

The Water Appeals Commission is a separate appellate body and exercises a wide range of functions under water, fisheries and drainage legislation. It shares the vision, aims, objectives and core values of the Planning Appeals Commission. During the year was no change in appeals received with the number remaining at 6 (2015-16: 6).

Department for Communities (DfC) Tribunals

The Appeals Service (TAS)

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

TAS administers welfare benefit appeals from decisions of the SSA, Child Maintenance Service, HM Revenue and Customs (HMRC), Northern Ireland Housing Executive (NIHE) and Land and Property Services (LPS). In 2016-17 there was a decrease of 33% in the number of appeals received to 10,048 (2015-16: 15,073).

Rent Assessment Panel (RAP)

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

RAP through the rent assessment committees, consider, at the request of a landlord or tenant, if the rent determined by the rent officer is appropriate. During 2016-17 there was a decrease of 45% in the number of appeals received to 6 (2015-16: 11²).

Enforcement of Judgments Office (EJO)

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

² Rent Assessment Panel figures for 2015/16 were restated in January 2017

In 2016-17 receipts of the initiating document, Notice of Intention to Enforce a Judgment, increased by 32% to 10,282 (compared to 7,797 in 2015-16). The number of applications to enforce decreased by 15% to 4,795 (compared to 5,647 in 2015-16). Enforcement activity has continued to see a large amount of debt recovered in 2016-17 (£8.05m), compared with £8.40m recovered during 2015-16.

A range of external factors have seen the number of repossession cases lodged for enforcement decrease by 41% in 2016-17 (653) to that lodged during 2015-16 (1,100). The fall in the number of repossession cases lodged has therefore impacted on the number of repossessions completed, which decreased by 35% in 2016-17 (403) compared to 622 in 2015-16. EJO Enforcement Officers continue to work closely with PSNI to ensure that judgments are executed fully and to effectively manage and mitigate any risks to those involved in the repossession process.

EJO continues to liaise closely with advice bodies such as the Housing Rights Service, Advice NI and with creditors' representatives to encourage early and better engagement between creditors and debtors. EJO has delivered a number of presentations to highlight the work they do and to support the legal profession with their continuous development programme. EJO continues to work with PSNI to develop a joint understanding of their statutory role to provide assistance to EJO to enable them to carry out their work effectively.

Supporting an independent Judiciary

NICTS works in partnership with the Judiciary on a wide range of issues which impact on the courts and the tribunals, including the achievement of the performance standards set by the Lord Chief Justice (the 2016-17 performance standards can be found at **Annex D**).

Speeding up Justice

Throughout 2016-17 NICTS continued to work with DoJ colleagues on a number of initiatives aimed at addressing delay in the criminal justice system including the development of new arrangements for statutory case management, enforced case of live links and other technology and provisions relating to early guilty pleas.

Following a joint Department of Health (DoH)/DoJ scoping exercise which identified aspects of delay within the family justice system the Care Proceedings Pilot was established. The aim of the Care Proceedings Pilot is to promote good decision making and minimise unnecessary delay for children and young people subject to public law proceedings, specifically Article 50 Care Order and Supervision Order applications.

The pilot validation phase ran for 15 months from January to March 2017 and includes all care order applications lodged by Western and South Eastern Health and Social Care Trusts at the Londonderry and Newtownards Family Proceeding Court. A formal evaluation report is currently being compiled by DoJ Analytical Services Group.

From January 2015 NICTS participated in a 12 month pilot in the Division of Ards to evaluate new arrangements to tackle delay in the investigation and prosecution of

indictable (Crown Court) cases. The pilot arrangements were developed in partnership with other criminal justice organisations, and sought to improve the quality and timeliness of the investigative stages with enhanced engagement between the Public Prosecution Service (PPS) and PSNI at key points. The process also contains measures to maximise the opportunities for early guilty pleas and, in addition, has specific interventions in relation to the preparation and management of contested cases. Following this it was agreed that the full implementation would be for the investigation, prosecution and progression of serious drugs cases, section 18 assault cases (wounding/Grievous Bodily Harm with intent); section 20 assault (unlawful wounding/Grievous Bodily Harm) cases and attempted murder cases and earlier admissions of guilt/ earlier guilty pleas and as a result of these investigations the full implementation took place in May 2017.

During 2016-17 the Executive introduced a new approach to developing the Programme for Government, concentrating on outcomes which improve the lives of the people of Northern Ireland, rather than focussing on how services are delivered. Problem Solving Justice is one of three Pathfinder Projects which will test this concept, known as Outcome Based Accountability. Problem Solving Justice aims to divert people away from offending behaviour but, where they do offend, offers them the appropriate targeted support and therapeutic interventions that they need to turn their lives around.

As part of this Problem-Solving approach, DoJ is progressing a portfolio of initiatives and pilot schemes across Northern Ireland. NICTS is playing a leading role in the development of a Substance Misuse Court (SMC) which seeks to apply problem-solving techniques to complex problems. The objective of the SMC pilot is to establish a court aimed at reducing reoffending and substance misuse among participants and to facilitate their rehabilitation. The objective links with indicator 39 (Reduce Reoffending) in the draft Programme for Government Outcomes Framework and six other multi-departmental outcomes, demonstrating the positive impact it could have throughout society.

Details of how the SMC will function are still being considered and will require Ministerial approval the consent of the Judiciary, and appropriate funding. However, it is currently planned that the court will place defendants that meet specific criteria onto a treatment programme to be overseen by the court and a multi-disciplinary Supervisory and Assessment Team. Therapeutic interventions are being designed to address a number of underlying issues related to substance misuse and it is intended that a range of social supports and mentoring will also be provided to assist participants following programme completion.

The pilot scheme has been accepted onto the Cross Cutting Reform Programme but the level of funding will not be confirmed until later in 2017-18. Governance of the project is provided by a Steering Group, led by NICTS and comprising representatives from several NICS departments and agencies, together with representation from Victim Support. With the necessary funding and approvals in place, it is planned that the SMC pilot scheme will become operational in the latter half of 2017-18.

Court and Tribunal Orders

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

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

NICTS staff have continued to work in close collaboration with Tribunal Judiciary throughout the year. The Chief Commissioner provided bespoke benchcraft training to newly appointed tribunal panel members while a number of tribunals benefited from group training events led by tribunal Presidents and Chairpersons. The Tribunals Hearing Centre, within its dedicated informal suite set apart from the daily business of the Royal Courts of Justice, maintains a strong customer focus and ethos. The Centre has recently expanded its facilities with the addition of a bespoke Hearing Room with disabled access and a planned video conferencing link to facilitate remote access.

NICTS continues to deliver the clerking and hosting of tribunal hearings for Her Majesty's Courts and Tribunals Service under a Service Level Agreement. There continues to be significant demand by the UK Tribunal Service for sitting days, particularly in respect of the Immigration and Asylum Tribunal and First Tier Tax Chambers, and more recently Asylum Support hearings, which contribute to the NICTS's income generation.

Business Processing

Following the NICTS extensive consultation on the rationalisation of the court estate the then Minister for Justice, David Ford, announced his decision to close four courthouses and to ratify his earlier decision to close two hearing centres and retain Enniskillen Courthouse as a hearing centre. NICTS developed the closure programme which was to be delivered in phases throughout the year however this was suspended pending the outcome of legal proceedings which challenged the decision to rationalise the court estate.

On 25 October 2016, the then Minister Sugden announced her decision to rescind the decision of the former Minister for Justice, David Ford. Consequently, the NICTS planned phased closure programme did not proceed with the exception of Enniskillen which was re-designated as a Hearing Centre. The Minister's decision was taken within the context of a transforming justice landscape whose future could be shaped by the preliminary recommendations within Lord Justice Gillen's Review of Civil and Family Justice and the priorities within the draft Programme for Government including the Pathfinder pilot on Problem Solving Justice.

The Courts 2020 Review will develop a framework in consultation with the Lord Chief Justice and other stakeholders to ensure the future provision of a modern and affordable Courts and Tribunals Service and maximise the capacity of digital services to deliver

access to justice in more innovative and effective ways. The review will commence in the early part of 2017-18 and be delivered in stages, the first of which will be to map out the long term vision for a future NICTS business model.

Under the Modernisation Programme an extensive Service Delivery Review was completed and a series of priority based recommendations designed to deliver an enhanced, integrated and affordable service delivery model for court users was accepted by the Project Board. An implementation working group has overseen the delivery of the first suite of recommendations including expanding the services provided to the legal profession via the Integrated Court Operating System (ICOS) Case Tracking On-line with Family Orders being available on line in PDF format reducing delay and maximising staff time on frontline services. This was further extended to reduce routine queries by telephone and in person from early 2017.

Significant preparatory work has been completed to design a training delivery programme for court staff. The Training programme is a 12 month pilot which commenced on 10 May 2017. It may be extended beyond this if the evaluation proves that it is worthwhile and effective. The training programme aims to build essential skills and knowledge into a workforce that has seen a high level of turnover and new entrants throughout 2016-17.

The NICTS public consultation "Redrawing the Map: A Consultation on Court Boundaries in Northern Ireland" contained proposals to replace the current rigid statutory framework of court boundaries for County Courts and Magistrates' Courts with a single jurisdiction within Northern Ireland underpinned by more flexible administrative arrangements. Feedback to the consultation was largely positive and the legislative authority to proceed with the implementation of the single jurisdiction was contained within the Justice Act (Northern Ireland) 2015.

Under the new arrangements which commenced in October 2016, the jurisdiction of county courts and magistrates' courts are no longer being defined into County Court Divisions and Petty Sessions Districts. This is intended to enhance judicial listing and enable more effective disposal of court business, improving customer service delivery. Three new Administrative Court Divisions (ACDs) have been created which will determine the area in which court business will usually be heard and provide a structure to help us manage our business and resources. We consider that this configuration will support a future design for the court estate which will be fit for purpose in terms of capacity and facilities and will preserve access to justice for court users.

Coroners Service for Northern Ireland (CSNI)

Building on the June 2015 Coroners Service Review, significant improvements were introduced in relation to the operation of CSNI. These changes were supported with the issue of revised guidance to reflect changes relating to witness attendance at inquest and death reporting to ensure a better understanding of legislation and processes and provide a more consistent standard of service.

The 2016-17 targets were reviewed taking account of strategic and operational challenges and more demanding targets were agreed and achieved to ensure a higher standard of

service delivery. Standardised targets were also set for the receipt of PSNI and Trust witness statements to address any delay whereby cases are referred to a Coroner to ensure timely case progression. An innovative approach was adopted through digitisation to achieve measurable improvements in performance and service delivery including remote out of hours working, increased electronic issue of court orders and increased use of video link to hear witness evidence. Also on-line death reporting has been made more accessible and a form has been introduced standardising the clinical summary provided by doctors detailing the deceased's medical history at the time of death. All Burial and Cremation Orders can now be requested and issued by e-mail and death confirmation e-mailed to the Registrar of Deaths. With the centralisation of PSNI Occurrence Case Management Team all PSNI correspondence is now sent to a centralised e-mail address.

A project for a new IT System was also progressed during the year, working in partnership with colleagues in ICT and Digital Transformation Services to procure a system that fits with the Agency and NICS vision for customer facing services.

The Coroners User Forum and operational and health sub-groups met throughout the year to continually improve the quality and responsiveness of the services. Significant engagement with stakeholders also took place to ensure a more joined up approach to service delivery. A Colloquium was held on 11 October 2016 which focused on the use of CT Imaging alongside traditional post mortems to consider new approaches.

Single points of contact were identified in the Northern Ireland Prison Service (NIPS), Pensions Branch and new working arrangements put in place with HMRC to ensure timely provision of information. Also improved information sharing arrangements were developed between CSNI and the Prison Ombudsman

Monthly review meetings were held with Coroners and medical officers to assess outstanding workloads and take corrective action in order to minimise delay and clear the backlog of cases.

Coroners' Liaison Officers (CLOs) provided training to newly appointed PSNI Family Liaison Officers (FLOs) and CRUSE Bereavement volunteers to clarify roles and responsibilities between the CLOs and the FLOs.

In the absence of any political agreement and a funding package for the progression of legacy inquests in line with the Lord Chief Justice's five year plan, work was taken forward to progress eight of the 55 outstanding cases within resources made available by DoJ. Also in preparation for the planned Legacy Inquest Unit, new disclosure procedures were introduced to improve the handling of disclosure and ensure appropriate information assurance arrangements. A number of Investigatory tools including unique CSNI forms, Preliminary Case Assessment and recording systems for witness interviews were designed and rolled out. In-House tracing capabilities increased and external tracing agencies identified to support witness tracing efforts in conjunction with the Ministry Of Defence, PSNI and other key stakeholders.

Fine Collection and Enforcement

NICTS has supported the development of provisions in the Justice Act (NI) 2016 which will establish a Fine Collection and Enforcement Service. Under the new arrangements there will be a much broader range of collection methods available, including deduction from benefits and attachment of earnings. Where payment is not made there will also be a broader range of default options, including supervised activity orders, bank account freezing orders and vehicle seizure. It is anticipated that the new arrangements will significantly reduce the number of cases which require going to a default hearing and will greatly reduce the reliance on committal to deal with non-payment. In the interim, NICTS continues to operate transitional enforcement arrangements to deal with fine default which require a fine default hearing before a Judge who will determine what enforcement action should be taken.

It was planned that the new service would be operational from April 2017, however this has been delayed due to the inability to progress the required secondary legislation until the NI Executive/Assembly is re-established. At a Programme Board on 20 January 2017 there was agreement to delay the commencement of the Justice Act (NI) 2016 and the new Fine Collection Service (FCS) until the required secondary legislation is in place.

This date will be kept under review by the Programme and Project Board.

Criminal Justice Inspection Northern Ireland (CJINI) Engagement

In July 2015 in a follow up to a 2012 report into the adequacy of the Courts Estate, CJINI reported that NICTS has made significant progress since the original inspection. It also concluded that the cost of maintenance, and the need to upgrade the court buildings to meet modern standards, is beyond the resources available to the NICTS. Therefore retaining the current estates infrastructure was not an option. A courthouse closure proposal was publically consulted on in 2015-16 and following that process the then Justice minister, David Ford, took the decision to close six courthouses.

In October 2016 his successor, the then Justice Minister, Claire Sugden, announced that she had decided to reverse the decision taken in the previous mandate to close six courthouses. She concluded that NICTS should retain maximum flexibility within the court estate for the time being. Following that announcement the key priorities for the estate became the modernisation of office accommodation in Antrim, Newry and Omagh and the improvement of the security and heating systems throughout the estate. This will be reviewed again as part of the Courts 2020 review. As a consequence of this development NICTS has recently been in discussions with SIB about developing an Estate Strategy for NICTS.

A separate CJINI Enforcement of Road Traffic Legislation report issued in September 2016 and recommended criminal justice organisations, including NICTS, should create a prosecution team for traffic offences within the jurisdiction of a centralised traffic court. An inter-agency Criminal Justice Road Traffic Feasibility Group led by DoJ has been established to consider this recommendation in detail.

NICTS will continue to monitor all CJINI recommendations from previous inspections to ensure they are addressed and that agreed recommendations are implemented at the earliest possible date.

Interpreter Services

NICTS arrange interpreter services for court and tribunal users who do not have English as their first language. The main languages requested in 2016-17 were Polish, Lithuanian, Mandarin and Romanian. In total, there were 3,215 (2015-16: 3,535, a decrease of 9%) requests for language interpretation in courts and 526 (2015-16: 493, an increase of 7%) requests for the translation of documents. NICTS also has arrangements in place to allow for telephone interpretation across all court locations. During 2016-17 this was used on 13 occasions (19 occasions in 2015-16).

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

Business Improvement

A single jurisdiction in Northern Ireland was implemented on 31 October 2016. The legislation giving effect to the single jurisdiction is contained in Part 1 of the Justice Act (Northern Ireland) 2015. Under the new arrangements, the jurisdiction of County Courts and Magistrates' Courts were no longer determined by reference to County Court Divisions and Petty Sessions Districts. Instead these courts are now able to exercise jurisdiction throughout Northern Ireland, similar to the way in which the Crown Court already operates.

The NICTS continues to seek to improve the quality, accessibility and delivery of services to all customers and to build closer links with a wide range of stakeholders and delivery partners. Court operations staff across all locations regularly engage with the Judiciary, representatives from the Law Society, Bar Council, PSNI and voluntary sector. While the majority of engagement is on a day-to-day basis on specific issues, the formal court user groups and Liaison Committees provide a platform for more focused discussions on issues such as service provision, forthcoming changes to legislation and business processes and performance data.

NICTS has been engaging with a number of service providers to test the concept of electronic document provision for court cases in specific business areas. Although at a very early stage of development the concept has considerable judicial support and has a number of benefits in terms of digital document use in court hearings and document storage and handling.

Work with partner organisations throughout the year has led to wider awareness of the Office of Care and Protection (OCP) and the work it does. OCP staff have participated in a number of stakeholder events including delivering presentations at various locations (Kilkeel, Newry and Lisburn) as part of the Alzheimer's Society Dementia Information Programme. OCP staff also delivered a number of information sessions to local solicitors associations – Omagh and District, Londonderry and Mid-Ulster and Belfast – as part of the Law Society's Continuing Professional Development Programme.

The Lord Chief Justice General Visitors completed 103 visits during the year, supporting OCP and the Official Solicitor's supervision and investigations activity.

In 2015 through the UK Department for Culture Media and Sport "Super-connected Cities programme" we installed "BelfastWiFi" a free public WiFi service in RCJ and Laganside Courts. Since its installation, the WiFi service has been extensively used by the public, staff and the legal profession. During 2016, NICTS decided to provide a public "NICTS-WiFi" and secure "LP&C" WiFi solution across the NICTS estate. To date the service is now available in Laganside Courts, Laganside House, RCJ, Belfast Coroners Court, Antrim, Coleraine, Craigavon, Downpatrick, Dungannon, Limavady, Londonderry, Newry, Newtownards, Omagh and Strabane Courthouses. Work is underway to complete the installation at our other court venues.

The NICTS has been facilitating a research project lead by the Human Rights Commission and University of Ulster to study the impact of litigants in person (LIPs) on the civil court system of Northern Ireland. The project is a two-year study and aims to fill a number of gaps in the understanding of the situation of litigants in person in the Northern Ireland context. The project is on-going and is expected to report by late 2018.

NICTS Estate

On 25 October 2016, the then Minister, Claire Sugden announced her decision to rescind the decision of the former Minister for Justice, David Ford, in February 2016, to close four courthouses and to confirm his earlier decision to close two hearing centres. Consequently, the NICTS planned phased closure programme did not proceed in 2016. The Minister's decision was informed by a range of factors including; the views of Assembly Members and local communities affected by closures; the priorities within the draft Programme for Government such as the innovative Pathfinder pilot on Problem Solving Justice; and the preliminary report from Lord Justice Gillen's Review of Civil and Family Justice.

In the context of this changing justice landscape it is appropriate to retain maximum flexibility within the court estate until these innovative reforms can be properly considered and established. Minister Sugden commissioned a Courts 2020 review to consider the future provision of services across the court estate. The purpose of the review is to develop a framework in consultation with the Lord Chief Justice and other stakeholders that will ensure the provision of a modern and affordable Courts and Tribunals Service capable of delivering access to justice efficiently and effectively during the next decade and beyond.

At the start of the year the main focus was the rationalisation of the court estate. Following the announcement that the four court houses would remain open, the key priorities became the modernisation of office accommodation in Antrim, Newry and Omagh courthouses and the improvement of the security and heating systems throughout the estate. The Ministers decision to keep the four court houses open, was taken within the context of a transforming justice landscape. As previously mentioned a review will be carried out that will ensure the future provision of a modern and affordable Courts and

Tribunals Service that will maximise the capacity to deliver access to justice in more innovative and effective ways during the next decade and beyond. This will be one of the key business priorities for 2017-18.

Improved Services for Victims and Witnesses

NICTS has continued to support the listing arrangement for victims of domestic violence in Londonderry Magistrates' Court. Identified by DoJ as one of several Problem Solving Justice initiatives a number of enhancements are at an advance stage. NICTS is installing a second remote link for the most vulnerable witnesses to give evidence away from the main courtroom, and improved arrangements and a revised referral process is planned for victims to access appropriate support services.

NICTS continues to support the use of Registered Intermediaries. Following a successful pilot in the Crown Courts NICTS is rolling out the provision of Registered Intermediaries to all Magistrates' Courts. Registered Intermediaries are communication specialists who assist vulnerable victims, witnesses, suspects and defendants with significant communication deficits to communicate their answers more effectively during police interview and when giving evidence at court. This was rolled-out to all youth and adult Magistrates' Courts from 3 April 2017.

NICTS has been involved in plans to run a pilot in respect of video-recorded cross examinations for vulnerable witnesses. This special measure will allow cross examinations to be held before the trial commences and under strict conditions agreed by the court. To help inform plans for this pilot NICTS has viewed this in operation in Liverpool. The pilot is due to commence during 2017-18.

Work continues with criminal justice partners and Judiciary to tackle the issue of witness waiting times at court and to ensure they are provided with timely updates while they wait at court. NICTS has contributed to ongoing discussions with a broad range of interested parties to agree the best way of implementing agreed practical improvements.

The Witness Charter, which includes NICTS as a provider of services to witnesses in the criminal justice system, was laid before the Northern Ireland Assembly under the Justice (Northern Ireland) Act 2015 in September 2015. As the Assembly did not have an opportunity to agree the Charter it is currently operating on an administrative basis. NICTS is represented on various cross-agency working groups to improve services for victims and witnesses including those affected by hate crime and domestic violence.

Along with DoJ, PSNI and Office of the Lord Chief Justice (OLCJ) colleagues, NICTS is currently planning for the introduction of Domestic Violence Protection Notices and Domestic Violence Protection Orders. Domestic Violence Protection Notices will be available to police officers responding to an incident of domestic violence and they will have authority to impose immediate suitable restrictions or conditions to protect the victim. The Notice must be brought to court by PSNI within 48 hours to apply for a Domestic Violence Protection Order. Implementation is planned for later in 2017.

Children and Young People

Work to develop a separate Family Proceedings Court facility on Level 3 in Laganside Courts is underway. The unit when completed will comprise a bespoke Family Proceedings courtroom, witness waiting areas, consultation rooms and separate accommodation for Court Children's Officers. The facility is expected to be fully operational within 12 months.

Business Continuity

The Agency has in place business continuity plans to ensure that critical business functions can be maintained. These plans are continually reviewed and updated and are available to staff on the NICTS intranet.

IT Assist provide and host all NICTS information systems. They provide a resilient solution, based on high availability, redundancy and mirrored data centres. NICTS conducted a successful disaster recovery test of ICOS in the Autumn and commissioned an independent IT Health check of NICTS systems which did not highlight any major issues. NICTS have just prepared new Risk Management Accreditation Document Sets (RMADs) for NICTS systems and will be submitting these to DoJ seeking formal accreditation.

Outreach

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

This year Dungannon Courthouse hosted the National Magistrates' Mock Trial Competition. It's the 11th successive year NICTS has hosted, and the first time outside Belfast. For the first time, Londonderry Courthouse held heats for the Crown Court Mock Trial Event, aided by the Citizenship Foundation. These competitions invite local secondary school students to gain further insight in the legal system by encouraging active participation.

Once again Downpatrick and Armagh Courthouses participated in the European Heritage Open Day attracting over 400 visitors, and for the first time Armagh Courthouse opened its doors for a period Mock Trial during the city's annual Georgian Day festivities.

During summer 2016, two law students from Fordham University, New York, completed a three week internship in OLCJ. In September 2016, one second-year law student from Queen's University Belfast participated in the three-week OLCJ annual Internship scheme. During each of the internship programmes, the interns observed court proceedings, engaged with judges and members of the legal profession, met other justice stakeholders and undertook specific administrative duties. Feedback from the interns showed that the internships were a worthwhile and enjoyable experience which potentially enhanced their career prospects and which they would recommend to anyone interested in a legal career.

Develop and lead our people to achieve our business objectives

Generic training was delivered to staff through the Agency's 2016-17 Corporate Learning Plan.

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

NICTS is committed to improving the health, safety and welfare of its employees and acknowledges the importance of addressing mental wellbeing in the workplace and is using the Health and Safety Executive's (HSE) management standards approach to this.

A number of NICTS staff volunteered to receive training as Witness Link Accompanying Officers. This is a vital role providing assurance to the court on the integrity of the witness link. Training commenced in March 2017 and is being facilitated by Victim Support Northern Ireland.

Deliver a controlled financial and commercial environment achieving value for money

Accounting Boundary

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

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

Net Expenditure Review

The 2016-17 summary position is presented in the table below.

| | 2016-17 Actual £'000 | 2016-17 Budget £'000 | Variance £'000 |
|-------------------------------------|-------------------------------------|-------------------------------------|---------------------------|
| Net Resource DEL Expenditure | 50,588 | 50,858 | (270) |
| Net Resource AME Expenditure | (574) | 32,141 | (32,715) |
| Notional Costs | 2,048 | 2,446 | (398) |
| Capital Expenditure | 1,940 | 2,186 | (246) |
| Total Expenditure | 54,002 | 87,631 | (33,629) |

The £33,629k underspend is due to:

- £270k in resource DEL created by a £375k underspend in non-staff costs, £80k underspend in staff costs, £58k underspend in provisions paid, £31k underspend in

depreciation offset by a £274k under recovery in income, namely, High Court fees, Magistrates' Court fees and Court Funds Office fees;

- £32,766k in non-cash AME due to legal provisions no longer required. A bid was submitted in the January Monitoring Round, for £32m associated with the liability for potential Fine Default Claims. However this liability was significantly reduced as a result of the settlement terms agreed in December 2016 on the five Judicial Reviews (see note 22.4 for further information). NICTS informed DoJ of the settlement, however there were no further monitoring rounds to release the AME budget with the current political situation;
- £398k less notional charges than anticipated; and
- £246k underspend in capital due to uncontrollable delays in capital works.

Non-Current Assets

Non-current asset expenditure movements are detailed in the notes to the financial statements. Capital additions in 2016-17 totalled £1,956k (2015-16: £1,891k) which included expenditure on enhancements to the ICOS system, introduction of a new Public WiFi system, video conferencing units and building improvements.

Financial Position

The total net assets of the Agency at 31 March 2017 were £165,030k (2015-16: £160,566k). This is the value of all assets, less the liabilities of the Agency as at the year end.

Cash Flow

As detailed in the notes to the Accounts, NICTS' Net Assembly draw down in 2016-17 was £41,391k (2015-16: £38,300k) and the net decrease in cash and cash equivalents in the year is £50k (2015-16: decrease of £170k).

Payment of suppliers

NICTS' policy is to pay bills in accordance with contractual conditions or, where no such conditions exist, within ten days of receipt of a properly rendered invoice, whichever is earlier. During the financial year, NICTS achieved an average 91.5% (2015-16: 92.0%) of invoices paid within ten working days on receipt of the invoice. NICTS achieved an average of 97.6% (2015-16: 97.2%) of invoices paid to suppliers within 30 calendar days of receipt of invoice.

Auditors

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

The audit of the financial statements for 2016-17 resulted in a notional audit fee of £104k (2015-16: £102k), £45k of which relates to the year-end audit of NICTS (2015-16: £45k), £33.5k (2015-16: £33.5k) relates to the audit of the Trust Statement, £11.5k (2015-16: £12k) relates to the year-end audit of CFO, £9.5k (2015-16: £9.5k) relates to the audit of Investment Accounts £4k (2015-16: £2k) relates to Land Purchase Accounts.

Financial Risk

For 2016-17, NICTS relied primarily on DoJ for funding, and the risk to funding is low. The Agency accounts for all transactions in sterling and has no borrowings. As such, the Agency is not exposed to any exchange rate or liquidity risk. NICTS received an indicative budget for 2017-18 in April 2017, a final budget allocation will be a matter for the incoming administration.

Sustainability Reporting

NICTS has been participating with other agencies and NICS Departments since August 2009 on sustainability matters. NICTS continues to participate in the DoJ Sustainability Working Group as part of the Public Sector Energy Campaign and is aligned to the Office of the First Minister and Deputy First Minister Implementation Plan containing high level strategic targets, covering all of the NICS Departments, which impact on business supported by DoJ. The Agency is committed to achieving annual targets under the Carbon Reduction Commitment (CRC) Scheme and associated accreditation and strives in its day to day activities towards maintaining the best possible environmental performance. Based on the estimated figures supplied for 2017-18 it is projected that NICTS apportionment will remain comparative to the 2016-17 costs. This is based on NICTS paying the 2017-18 forecast sale price of £16.60 per tonne of actual carbon used compared with the compliance sale price of £17.70 per tonne. The UK Government announced in 2016 that the Scheme will finish at the end of its current five year CRC cycle which ends in 2018-19.

Environmental Issues

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



Peter Luney
Acting Accounting Officer
20 June 2017

PART 2 ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

Agency Board

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

The Acting Chief Executive, **Peter Luney**, is the Board Chair and the Agency's Accounting Officer. Ronnie Armour was the Chief Executive and Agency Board Chair until 31 January 2017. Peter is supported by the Heads of Court Operations, Tribunals and Enforcement, Corporate Services, one independent Board member, a Departmental representative and four judicial attendees.

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

- Chief Executive, **Peter Luney (from 01/02/17)** and **Ronnie Armour (01/04/16 - 31/01/17)**;
- Head of Court Operations, **Elaine Topping (from 01/02/17)** and **Peter Luney (01/04/16 - 31/01/17)**;
- Head of Tribunals and Enforcement, **Jim Coffey (from 13/02/17)** and **Elaine Topping (01/04/16 - 31/01/17)**;
- Head of Corporate Services, **Sharon Hetherington**;
- a DoJ representative, **Mr David A Lavery CB**; and
- one independent member **Colm McKenna**.

Mr Colm McKenna joined the Board in May 2011, with his contract extended in April 2014 running until 31 March 2016 and extended again by a further one year to 31 March 2017. The contract has been extended again for a further six months to expire on 30 September 2017. Mr McKenna is a member of the Agency's Finance Committee, the CFO Judicial Liaison Committee and is Chair of the Audit and Risk Committee.

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

The Honourable Mr Justice Deeny;

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

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

Mr John Duffy, President of the Appeals Tribunal.

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

Other Committees

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

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

Court Operations (Elaine Topping /Peter Luney)

Court Operations is responsible for providing administrative support for criminal, civil and family court business and CSNI. The courts deal with approximately 82,000 criminal, civil and family cases each year. Coroners deal with around 4,100 deaths reported to them and hold around 135 inquests per year.

Tribunals and Enforcement (Jim Coffey /Elaine Topping)

Tribunals and Enforcement Division is responsible for providing the administrative support for the majority of Northern Ireland's tribunals³ and PCNI. It is also responsible for EJO, which incorporates the Court of Judicature Northern Ireland Taxing Office.

Tribunals and PCNI hear around 14,000 cases each year. EJO receives approximately 10,000 notices of intent to enforce a judgment and 5,000 applications to enforce judgments are lodged with EJO annually. The Taxing Office receives 1,300 applications for taxation of legal costs in respect of civil cases and appeals to the court of appeal.

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

³ Including the Appeals Tribunal and Rent Assessment Tribunal, under the terms of an Agency Agreement with DfC

Corporate Services (Sharon Hetherington)

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

Register of Interests

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

Information Assurance

Any incidents are reported and managed in line with established Departmental guidance. During 2016-17 a total of 15 Information Assurance incidents were received of which eight were reported to DoJ. Of the eight, four related to data breaches; two for data loss and two in relation to data found. All were investigated with the findings reviewed to identify any lessons learned and where appropriate, existing processes amended. One data breach incident was notified to the Information Commissioner's Office (ICO) during this period. Further detail on information assurance can be found in Governance Statement.

Mandatory eLearning, 'Responsible for Information General User' (all staff), 'Responsible for Information Level 2' (for DP-Grade 7) and 'Responsible for Information Level 3' (for Grade 6-SCS), was issued to all staff for completion in the financial year.

Reporting of Complaints

The Agency's complaints procedure is designed to address complaints regarding the quality of service provided by its officials. NICTS publish a set of Customer Service Standards that outline the minimum standard of service that could be expected.

Complaints are handled in the Agency's Central Management Unit and can be made:

- via the online complaints form at www.courtsni.gov.uk;
- in writing to:

*Communications Group
Northern Ireland Courts and Tribunals Service
Laganside House
23-27 Oxford Street
Belfast
BT1 3LA*

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

- observe the Accounts Direction issued by DoF, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accounting Officer of DoJ has designated the Acting Chief Executive of NICTS as the Acting Accounting Officer of NICTS. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, (keeping proper records and for safeguarding the Agency's assets), are set out in the Accounting Officers' Memorandum in 'Managing Public Money in Northern Ireland' (MPMNI) issued by DoF.

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

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

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

NICTS Governance Statement 2016-17

SCOPE OF RESPONSIBILITY

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

As Acting Chief Executive I am responsible for the day-to-day operation and administration of NICTS and the leadership and management of its staff. I am accountable, through the Director of Access to Justice, to the DoJ Permanent Secretary. During March/April 2017 there have been intensive political discussions involving the five largest parties and the UK and Irish Governments. However, resolution on a number of key issues was not made in time to enable the nomination of a First Minister, deputy First Minister and other Executive Ministers. Consequently we currently have no Ministers and hence, no Executive.

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

The role of NICTS is to:

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

Strategic Context

The 2016-17 Business Plan sets out the strategic objectives, priorities and key targets for NICTS. The annual Plan is derived from the Agency Corporate Plan 2012-15, the objectives and targets of which were extended until March 2017. This decision was taken to ensure consistency of approach with DoJ and the wider NICS.

During 2016-17 NICTS focused on two key priorities; delivering the business objectives and performance standards; and developing and implementing organisational change through the Modernisation Programme. The Agency Board ("the Board") reviewed progress against the 2016-17 Business Plan throughout the year and progress is reported at **Annex D** of this Annual Report.

PURPOSE OF THE GOVERNANCE FRAMEWORK

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

GOVERNANCE FRAMEWORK AND MANAGEMENT STRUCTURE

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

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

Agency Board

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

The Board has established two formal sub-Committees to assist it in carrying out its functions which are as follows:

- Finance Committee; and
- Audit and Risk Committee.

There were no Ministerial Directions given during the year.

The Agency board met on six occasions during the 2016-17 financial year. An additional meeting was convened during November to update members on the work undertaken by NICTS following Minister Sudgen's decision to reverse her predecessor's decision to close six courthouses. At the beginning of each Board meeting members are asked by me as the Chair to declare any conflicts or potential conflicts of interest. To allow members to prepare and consider any potential conflicts of interest members are provided with an agenda and all papers to be discussed five working days before the meeting. During

2016-17 no new conflicts of interest were raised. Details of any significant interests which may conflict with Board members management responsibilities can be found in Note 23 to the accounts.

Attendance by members is shown below for the six meetings of the Board during 2016-17:

| Member | Position | Attendance |
|---|---|-------------------|
| Mr P Luney | Acting Chief Executive (Chair) (from 1 February 2017)**Head of Court Operations (until 31 January 2017) | 4 |
| Mr R Armour | *Chief Executive (Chair) (until 31 January 2017) | 5 |
| Mrs E Topping | Acting Head of Court Operations (from 1 February 2017)/ Head of Tribunals and Enforcement (until 31 January 2017) | 6 |
| Mr Jim Coffey | Acting Head of Tribunals & Enforcement (from 13 February 2017) | 1 |
| Ms S Hetherington | Head of Corporate Services | 5 |
| Mr C McKenna | ***Non-Executive Director | 6 |
| Mr D A Lavery CB | DoJ Representative | 3 |
| The Honourable Mr Justice Deeny | Judicial Representative | 5 |
| His Honour Judge McFarland (Recorder of Belfast and Presiding County Court Judge) | Judicial Representative | 2 |
| District Judge Bagnall (Presiding District Judge (Magistrates Court)) | Judicial Representative | 4 |
| Mr John Duffy (President of the Appeals Tribunal) | Judicial Representative | 2 |

*Mr Ronnie Armour left NICTS on 31 January 2017 to take up the post Director of Reducing Offending.

**Mr Peter Luney took over as Acting Chief executive on 1 February 2017.

***Mr C McKenna joined the Board in May 2011, with his contract extended in April 2014 to run until 31 March 2016. A one year extension was granted to Mr McKenna's contract to run until 31 March 2017. A further extension has been granted to run until 30 September 2017.

Key work of the Agency Board during the year included:

- review of key risks to achievement of NICTS objectives 2016-17;
- review of resourcing implications and discussions on efficiency savings across the Agency, including the Civil Fee Review Project and the Modernisation Programme;
- review of Court Estate including a presentation from the Strategic Investment Board (SIB) and discussion surrounding the 2020 Courts Review;
- review of the Agency's Audit and Risk Report;
- review of the Agency's Sick Absence Report; and

- review of the transfer of PACWAC, which took place in May 2016, and the transfer of TAS which is still pending.

Finance Committee

The Finance Committee (“the Committee”) assist the Board with financial oversight and budgetary control. The role of Finance Director in NICTS is performed by the Head of Corporate Services who advises the Committee on any material issues concerning financial oversight and budgetary control.

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

Attendance by members is shown below for the four meetings of the Finance Committee during 2016-17:

| Member | Position | Attendance |
|---------------------------------|--|-------------------|
| Mr P Luney | Acting Chief Executive (Chair) (from 1 February 2017)/ Head of Court Operations (until 31 January 2017) | 4 |
| Mr R Armour | Chief Executive (Chair) (until 31 January 2017) | 2 |
| Mrs E Topping | Acting Head of Court Operations (from 01 February 2017)/ Head of Tribunals and Enforcement (until 31 January 2017) | 3 |
| Mr J Coffey | Acting Head of Tribunals and Enforcement (from 13 February 2017) | 1 |
| Ms S Hetherington | Head of Corporate Services | 4 |
| Mr C McKenna | Non-Executive Director | 3 |
| The Honourable Mr Justice Deeny | Judicial Representative | 3 |

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

Audit and Risk Committee

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

The Audit and Risk Committee operates in accordance with the Audit Committee Handbook which was published on 29 May 2013 and was updated on 4 April 2016. Although the Audit and Risk Committee primarily considers matters within NICTS, it also ensures that the inter-relationships between it and the Departmental Audit and Risk Committee are documented and agreed, particularly where assurance is provided on matters which properly support the Departmental Governance Statement.

The Terms of Reference for the Audit and Risk Committee are included in the Framework Document.

Attendance by members is shown below for the four meetings of the Audit and Risk Committee during 2016-17:

| Member | Position | Attendance |
|--------------------|-------------------------|-------------------|
| Mr C McKenna | Chair | 4 |
| Mr Justice Burgess | Judicial Representative | 4 |
| Mr G Wilkinson | Non-Executive Director | 2 |

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

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

Strategic Planning Group

The Strategic Planning Group (SPG) is the decision making group for the senior executive team within NICTS. SPG takes a strategic look at the work of NICTS and consider resources, budget, business performance and operational issues. SPG meets approximately fortnightly.

RISK MANAGEMENT AND INTERNAL CONTROL

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

Internal Control

The system of internal control is not designed to eliminate all risk of failure but to manage risk to a reasonable level to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control has been in place in NICTS for the year ended 31 March 2017 and up to the date of approval of the annual report and accounts, and accords with DoF guidance.

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

Risk Management

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

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

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

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

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

Information Assurance

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

Any incidents are reported and managed in line with established Departmental guidance. During 2016-17 a total of fifteen Information Assurance incidents were received of which eight were reported to DoJ. Of the eight, four related to data breaches; two for data loss and two in relation to data found. All were investigated with the findings reviewed to

identify any lessons learned and where appropriate, existing processes amended. One data breach incident was notified to the ICO during this period.

Mandatory eLearning, 'Responsible for Information General User' (all staff), 'Responsible for Information Level 2' (for DP-Grade 7) and 'Responsible for Information Level 3' (for Grade 6-SCS), was issued to all staff for completion in the financial year.

Under the Fujitsu Managed Services Contract, NICTS was responsible for accrediting all aspects of the service – networks, infrastructure and systems. With IT Assist's service the accreditation of the network and infrastructure are the responsibility of DoF's Enterprise Shared Services (ESS); who have confirmed that these elements of its service are fully accredited.

As a consequence the accreditation scope for NICTS systems has changed to reflect only the aspects of the service that relate to line of business systems (LOBs). Typically this relates to the operating system, database and application software. Due to the migration from Fujitsu to IT Assist in January 2016, NICTS was obliged to carry out full accreditation of all systems – which means that none of our systems are currently accredited.

To re-establish the accreditation of systems NICTS has:

1. agreed the scope of our accreditation with the Departmental Accrerator;
2. carried out an independent IT Healthcheck (ITHC) of all our LOBs. The report indicated there were no major risks, but did identify vulnerabilities that need to be addressed;
3. agreed a remedial action plan with IT Assist and Version 1 to address the vulnerabilities identified in the ITHC;
4. successfully carried out a disaster recovery (DR) test of ICOS, which also tested that ICOS could still send and receive Causeway messages; and
5. contracted a specialist supplier to create the Risk Management Accreditation Documents (RMADs) covering all our LOBs.

The DoJ's Accreditation Panel is closely monitoring our progress. Following an IT health-check carried out last November, NICTS have been working with the main IT support partners, IT Assist and Version 1 to carry out remediation action and recommendations from the health-check report. Most of this work has now been completed. At the Accreditation Panel meeting held on 10 May 2017, the Accrerator noted that good progress has been made. The Accrerator is now reviewing all NICTS RMADs documents.

A series of unannounced clear desk inspections were completed across the NICTS estate.

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

REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

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

Internal Audit operated, and continues to operate, to the Public Sector Internal Audit Standards. It submitted and will continue to submit regular reports, including an independent opinion by the Head of Internal Audit, on the adequacy and effectiveness of the NICTS system of risk management, control and governance.

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

The Head of Internal Audit has provided overall **Satisfactory Assurance** based on the work carried out during the year. An audit plan which included 12 separate reviews was agreed in March 2016 and progress against the plan was monitored by the Audit and Risk Committee throughout the year. The 2016-17 Annual Audit Plan has been substantially completed.

While it is the Head of Internal Audit's overall assessment that the control environment within NICTS is 'Satisfactory', an audit of the Official Solicitor's Office was given limited assurance in 2015-16 and a follow up audit will be completed early in 2017-18. No other limited assurance ratings remain at year end. The implementation of audit recommendations is subject to internal audit monitoring and regular updates on priority one recommendations are provided to the Audit and Risk Committee.

Agency Board Effectiveness

Board effectiveness was evaluated in September 2014 with the outcome being that the Board is fulfilling its governance requirements. The next evaluation exercise will be completed during 2017-18. This was due to happen in 2016-17 but did not as NICTS is awaiting a revised format from the Department.

Information presented to the Board is fundamental for its assessment and understanding of the performance of NICTS. Information received is considered to be of a high standard and allows the Board to be kept informed of any issues that it needs to be aware of or take action on and allows the Board to effectively carry out its duties.

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

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

SIGNIFICANT INTERNAL CONTROL ISSUES

The following issues have been identified as significant to the organisation during 2016-17 as a result of the assurance activity. Each of the control issues has been subjected to rigorous review and plans are in place to address identified weaknesses.

Budget 2017-18

Since March 2017 there have been intensive political discussions involving the five largest parties and the UK and Irish Governments. However, resolution on a number of key issues was not made in time for the deadline of 27 March 2017 to enable the nomination of a First Minister, deputy First Minister and other Executive Ministers. Consequently Northern Ireland continue to have no Ministers and hence, no Executive.

Before the Assembly was dissolved, the Executive had not agreed a budget for 2017-18. In the continuing absence of a Budget Act, the Permanent Secretary of DoF used his limited powers under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (NI) to release cash to departments until such times as a budget is agreed and provided for in legislation.

DoF has had extensive discussions with departments about how arrangements will operate. Departments have been provided with an indication of what they might reasonably have expected to receive in 2017-18 and will be planning the delivery of services on the basis of this advice. The advice has taken account of the financial challenges which will face the next Executive.

This is a limited measure designed to ensure that funds flow to departments so that public services can continue to be delivered. It is not a substitute for a budget agreed by an Executive. Accounting Officers are required to be prudent at this time and aim to avoid committing to new patterns of expenditure which would go beyond what they might reasonably expect to be allocated in a Budget for 2017-18 once this is agreed.

NICTS has a working draft budget and will monitor spend closely to try and live within initial control totals. NICTS will continue to complete internal Monitoring Rounds to ensure forecast spend is up-to-date.

Official Solicitor's Office Cases (OSO)

Formal reporting arrangements were introduced in 2013 to ensure that the NICTS Accounting Officer, OLCJ and Internal Audit are alerted to any incidences of financial mismanagement, potential fraud and activity likely to result in failure to protect patient's interests, adverse criticism and loss of confidence in NICTS, OLCJ and OSO.

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

The Acting Official Solicitor has provided regular updates to the Departmental and NICTS Audit Committee on investigations into a case which was on the Departmental Suspected Fraud Log. In this case, NICTS, based on legal advice, has accepted liability and therefore reinstated funds to the patients account. Court proceedings have issued against OSO in relation to this case and are continuing with the next listing for review at the end of June 2017 to consider the matter of discovery. A hearing date in the Michaelmas Term is expected to be agreed at the next review hearing.

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 is no independent record that can be used to reconcile the composition of the current minors' and patients' spreadsheets based lists. The introduction of an IT workflow based solution to capture all case file details and act as a centralised information hub allowing for more efficient working practices and greater visibility of cases within OSO is recognised as important. It was not progressed during 2016-17 as work was ongoing with Business Consultancy Services of DoF to review the office and as NICTS was seeking to make a permanent appointment to the post of Official Solicitor.

Internal Audit is due to commence a follow up Audit Review during 2017.

Legacy Inquests

The programme of legacy inquests continues to create a budgetary pressure. Political talks are continuing between the main political parties and the Secretary of State. Funding of those bodies and legacy inquests, as part of the overall funding package for dealing with the past made available in the Stormont House Agreement, is also under discussion.

A review of the composite funding bid for all justice bodies involved in legacy inquests has been completed and high level costs have been provided to the parties. If agreement is reached on legacy and other outstanding issues and an Executive formed, the bid will be considered initially by the Northern Ireland Executive before it is submitted for consideration by Her Majesty's Government. The current arrangements for dealing with legacy inquests continue to be managed at risk by the NICTS, in the absence of appropriate funding, with no specific baseline funding in place for legacy work at this time.

AUDIT RECOMMENDATIONS

Public Accounts Committee (PAC)

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

The PAC report calls for reform of the system for collecting financial penalties. The report urges that reform must be implemented as a matter of urgency to address the problem of fine default.

NICTS continues to work with DoJ and PSNI to implement the recommendations included in the report and of the six recommendations three have been fully implemented. Plans are in place to significantly reform the existing fine enforcement processes.

The Justice Act (NI) 2016 received Royal Assent on 12 May 2016. It was planned that the new service would be operational from April 2017, however this has been delayed due to the inability to progress the required secondary legislation until the NI Executive/Assembly is re-established. At Programme Board on 20 January 2017 there was full agreement to delay the commencement of the Justice Act (NI) 2016 and the new FCS until the required secondary legislation is in place.

This date will be kept under review by the Programme and Project Board.

Implementation of the FCS will considerably address the remaining recommendations contained in the PAC report.

In May 2015, the Public Accounts Committee published their 'Report on Managing and Protecting Funds Held in Court', which made six recommendations relating to the improvement of governance structures and the progress of business modernisation. A Memorandum of Reply was published in July 2015. Of the six recommendations in the report, four have been fully implemented. A programme of work is ongoing to meet the remaining two recommendations. One recommendation is in relation to establishing the appropriate oversight arrangements for CFO in statute. The second recommendation relates to NICTS consulting on policy options in respect of the extent to which funds should be held in court. These are longer term in nature and require legislative reform, so full implementation is dependent on the political institutions.

CFO had previously been operating with an outdated bespoke computer system. A new, fully supported system was implemented in June 2016, which removed the previous system weaknesses. An internal audit was completed in early 2017, which provided satisfactory assurance over the systems being operated in CFO.

Internal

There is currently only one priority one Internal Audit recommendation that has not yet been implemented. This relates to the OSO IT workflow based solution to capture all case file details and act as a one stop shop for all administrative processing and management monitoring/review. If implemented and operated correctly this will act as a centralised information hub allowing for more efficient working practices and greater visibility of cases within OSO. Progress has been delayed due to the ongoing BCS review and the delay in appointing a replacement Official Solicitor.

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

The 2017-18 Annual Audit Plan was endorsed by the Audit and Risk Committee who monitor progress during the year towards completion of the plan. The 2016-17 Annual Audit Plan has been substantially completed.

External

NIAO raised one priority three recommendation in the RTTCWG on the 2015-16 NICTS Agency Accounts in relation to NICTS processes around system access for joiners and leavers on Account NI. Management have ensured that all staff are reminded of forms to be completed by Line Managers of business areas when employees leave NICTS to ensure ACNI and subsequent system access is removed as soon as possible after leaving the Agency. An Office Notice was prepared and was circulated across the Agency by Finance Branch.

NIAO issued the final 2015-16 Trust Statement RTTCWG in February 2017 which made:

- two priority one recommendations in relation to the value of receivables and PSNI cash warrant collection procedures;
- one priority two recommendation in relation to Service Level Agreement (SLA) Performance Targets; and
- one priority three recommendation in relation to Warrant Debt Receivable.

NICTS continues to work towards the full implementation of the recommendation in relation to the value of receivables in the Trust Statement including the refinement of the impairment provision methodology. NICTS continues to monitor the impact of the fine default hearings on debt collection rates. PSNI has fully implemented the recommendation in relation to the cash warrant collection procedures. Management continue to monitor performance against the targets in this SLA. Monthly reconciliation reports continue to be provided to PSNI. Work with PSNI/NIPS to monitor the outstanding warrant debt receivable is ongoing. It is envisaged this warrant debt receivable will be dealt with and updated on the ICOS system by September 2017.

NIAO raised one priority three recommendation within the 2015-16 CFO RTTCWG. They made a recommendation for CFO management concerning guidance in the preparation of its Annual Report. NIAO recommended that CFO should liaise with DoF to ensure clarity within future accounts directions in preparing their accounts. This action has been completed and has been reflected in the Accounts Direction for Funds in Court for 2016-17.

ACCOUNTING OFFICER STATEMENT ON ASSURANCE

NICTS has established a robust assurance framework that includes primary assurance through line management structures on the achievement of objectives. This primary assurance is supplemented by secondary assurances provided through oversight of management activity and by an Independent Internal Audit team operating to Public Sector Internal Audit Standards. They deliver an agreed prioritised programme of systems based audits covering all NICTS systems over time. The Head of Internal Audit provides me with an Annual Report and his professional opinion on the level of assurance that he can provide based on the work done. For the 2016-17 year he has provided overall Satisfactory Assurance.



Peter Luney
Acting Accounting Officer
20 June 2017

REMUNERATION REPORT

Remuneration Policy

The Minister of Finance approves the pay remit for Senior Civil Service (SCS) staff. The SCS remuneration arrangements are based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance. In 2012, upon creation, there were 11 points on each scale. The minimum point has been removed in each year from 2014 to 2016 (the scales now have 8 pay points) to allow progression through the pay scales within a reasonable period of time.

Service Contracts

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

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

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

Salary and pension entitlements

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

Remuneration (including salary) and pension entitlements

Audited information

| Officials | Salary £000 | Benefits in kind (to nearest £100) | *Pension Benefits £000 | 2016-17 |
|---|-------------------------|---|------------------------------|---------------|
| | | | | Total £000 |
| Mr R Armour** Chief Executive Officer (01/04/2016 – 31/01/2017) | 55-60 (65-70 FYE) | - | 29 | 85-90 |
| Mr P Luney Acting Chief Executive Officer (01/02/2017 – 31/03/2017) Head of Court Operations Division (01/04/2017 – 31/01/2017) | 60-65 | - | 30 | 90-95 |
| Mrs E Topping Acting Head of Court Operations Division (13/02/2017 - 31/03/2017) Head of Tribunals & Enforcement Division (01/04/2016 – 12/02/2017) | 55-60 | - | 34 | 90-95 |
| Mr W. Coffey Acting Head of Tribunals & Enforcement Division (13/02/2017 – 31/03/2017) | 5-10 (55-60 FYE) | - | 26 | 80-85 |
| Ms S Hetherington Head of Corporate Services Division | 60-65 | - | 24 | 85-90 |
| Mr C McKenna*** Non-Executive Director (Fee per attendance) | 5-10 | - | - | 5-10 |

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

**In line with the SCS pay award arrangements staff who, after assimilation to the new pay scales, received less than 1% consolidated increase to their salary received a non-consolidated pensionable payment to bring them up to the equivalent value of 1%.

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

Audited information

| Officials | Salary £000 | Benefits in kind (to nearest £100) | *Pension Benefits £000 | 2015-16 |
|--|-------------------------|--|---------------------------|---------|
| | | | | Total |
| | | | | £000 |
| Mr R Armour Chief Executive Officer | 65-70 | - | 39 | 105-110 |
| Mr P Luney Head of Court Operations Division | 60-65 | - | 22 | 80-85 |
| Mrs M McKay Acting Head of Tribunals & Enforcement Division (01/04/2015 – 31/08/2015) | 20-25 (50-55 FYE) | - | 14 | 35-40 |
| Mrs E Topping Head of Tribunals & Enforcement Division (01/09/2015 – 31/03/2016) | 30-35 (55-60 FYE) | - | 22 | 50-55 |
| Ms S Hetherington Head of Corporate Services Division | 60-65 | - | 24 | 85-90 |
| Mr PJ Fitzpatrick* Non-Executive Director (Fee per attendance) | 0-5 | - | - | 0-5 |
| Mr C McKenna* Non-Executive Director (Fee per attendance) | 5-10 | - | - | 5-10 |

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

**In line with the SCS pay award arrangements staff who, after assimilation to the new pay scales, received less than 1% consolidated increase to their salary received a non-consolidated pensionable payment to bring them up to the equivalent value of 1%.

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

* PJ Fitzpatrick, Non-Executive Director, supplied his services under the terms of a contract which commenced on 1 April 2009; he was remunerated by way of a daily attendance fee. Mr Fitzpatrick retired from the Board on 31 March 2016.

* C McKenna, Non-Executive Director, supplies his services under the terms of a contract which commenced on 1 May 2011 and was extended in April 2014 to 31 March 2016. A further one year extension was granted until 31 March 2017. This was subsequently extended to 30 September 2017. He is remunerated by way of a daily attendance fee.

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

Salary

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Agency and treated by HMRC as a taxable emolument.

Pension Entitlements

Audited information

| Officials | Accrued pension at pension age as at 31/3/17 and related lump sum | Real increase/ (decrease) in pension and related lump sum at pension age | CETV at 31/3/17 | CETV at 31/3/16 | Real increase in CETV | Employer contribution to partnership pension account |
|---|---|--|-----------------|-----------------|-----------------------|--|
| | £000 | £000 | £000 | £000 | £000 | (Nearest £100) |
| Mr R Armour Chief Executive Officer (01/04/2016 – 1/01/2017) | 30-35 plus 85-90 lump sum | 0-2.5 plus 0-2.5 lump sum | 564 | 525 | 16 | - |
| Mr P Luney Acting Chief Executive Officer (01/02/2017 – 1/03/2017) Head of Court Operations Division (01/04/2017 – 1/01/2017) | 20-25 plus 55-60 lump sum | 0-2.5 plus 0-2.5 lump sum | 339 | 310 | 13 | - |
| Mrs E Topping Acting Head of Court Operations Division (13/02/2017- 31/03/2017) Head of Tribunals & Enforcement Division (01/04/2016 – 2/02/2017) | 25-30 plus nil lump sum | 0-2.5 plus nil lump sum | 389 | 353 | 19 | - |
| Mr W. Coffey Acting Head of Tribunals & Enforcement Division (13/02/2017 – 1/03/2017) | 20-25 plus 60-65 lump sum | 0-2.5 plus 0-2.5 lump sum | 411 | 379 | 14 | - |
| Ms S Hetherington Head of Corporate Services Division | 5-10 plus 10-15 lump sum | 0-2.5 plus (0-2.5) lump sum | 104 | 85 | 12 | - |

No pension benefits are provided to the Independent Board Members.

NICS Pension arrangements

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

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

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with 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 2016 was 1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2017.

Employee contribution rates for all members for the period covering 1 April 2017 to 31 March 2018 are as follows:

Scheme Year 1 April 2017 to 31 March 2018

| Annualised Rate of Pensionable Earnings (Salary Bands) | | Contribution rates – Classic members or classic members who have moved to alpha | Contribution rates – All other members |
|---|-------------|--|---|
| From | To | From 1 April 2017 to 31 March 2018 | From 1 April 2017 to 31 March 2018 |
| £0 | £15,000.99 | 4.60% | 4.60% |
| £15,001.00 | £21,422.99 | 4.60% | 4.60% |
| £21,423.00 | £51,005.99 | 5.45% | 5.45% |
| £51,006.00 | £150,000.99 | 7.35% | 7.35% |
| £150,001.00 and above | | 8.05% | 8.05% |

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

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**. The normal pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension arrangements can be found at the website <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued

as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation on early retirement or for loss of office

There were no compensation benefits paid by the Agency to any senior staff members during the financial year (2015-16: £Nil).

Fair Pay Disclosure

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

Audited information

| Officials | 2016-17 | | 2015-16 | |
|--|----------------|---------------------------------------|----------------|---------------------------------------|
| | Salary £000 | Benefits in kind (to nearest £100) | Salary £000 | Benefits in kind (to nearest £100) |
| Band of Highest Paid Director's Total Remuneration | 65-70 | | 65-70 | |
| Median Total Remuneration | £23,484 | | £23,462 | |
| Ratio | 2.87 | | 2.88 | |

The banded remuneration of the highest-paid director in the financial year 2016-17 was £65,000 - £70,000 (2015-16: £65,000 - £70,000). This was 2.87 times (2015-2016: 2.88) the median remuneration of the workforce, which was £23,484 (2015-16: £23,462). In 2016-17, one employee (2015-16: one) received remuneration in excess of the highest

paid director.

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

STAFF REPORT

Average number of persons employed

The average number of whole-time equivalent persons employed during the year is set out below. These figures include senior management, staff on secondment or loan into NICTS and agency/temporary staff, but do not include staff on secondment out of NICTS. There were a further 108 whole time equivalent staff employed by DfC to support TAS which is administered by NICTS. The majority of staff (91%) are located in frontline service posts in courthouses, tribunal hearing centres, PCNI, EJO or in CFO. In 2015-16 the Agency saw 98 people agree leaving terms under the NICS Voluntary Exit Scheme (VES).

| | Permanently Employed Staff | Others | 2016-17 Total | 2015-16 Total |
|----------------------------------|----------------------------------|-----------|------------------|------------------|
| Court Operations | 395 | 28 | 423 | 427 |
| Tribunals and EJO Operations | 120 | 4 | 124 | 137 |
| Office of the Lord Chief Justice | 32 | - | 32 | 37 |
| Corporate Services | 77 | 5 | 82 | 80 |
| Total* | 624 | 37 | 661 | 681 |

* Of the total, one whole-time equivalent member of staff was engaged on a capital project (2014-15: one).

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

Staff costs comprise:

| | Permanently Employed Staff | Others | 2016-17 Total | 2015-16 Total |
|-----------------------|----------------------------------|------------|------------------|------------------|
| Wages and Salaries | 17,385 | 586 | 17,971 | 21,713 |
| Social Security costs | 1,618 | - | 1,618 | 1,290 |
| Other pension costs | 3,839 | - | 3,839 | 4,152 |
| Total | 22,842 | 586 | 23,428 | 27,155 |

Staff Composition

The staff composition as at 31 March 2017 in NICTS was as follows:

| | Female Staff | Male Staff | Total Staff |
|----------------------|--------------|------------|-------------|
| Agency Board | 2 | 2 | 4 |
| Senior Civil Service | 1 | 1 | 2 |
| Employees | 470 | 205 | 675 |

Exit packages

| Exit Package cost band | 2016-17 | | Total number of exit packages by cost band | 2015-16 Total number of exit packages by cost band |
|--------------------------------------|-----------------------------------|-----------------------------------|--|---|
| | Number of compulsory redundancies | Number of other departures agreed | | |
| < £10,000 | 1 | - | 1 | 13 |
| £10,000 - £25,000 | - | - | - | 36 |
| £25,000 - £50,000 | 2 | - | 2 | 28 |
| £50,000 - £100,000 | - | - | - | 22 |
| £100,000 - £150,000 | - | - | - | - |
| £150,000 - £200,000 | - | - | - | - |
| Total number of exit packages | 3 | - | 3 | 99 |
| Total Resource Cost £ | £99,367 | £- | £99,367 | £2,923,206 |

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where NICTS has agreed early retirements and exits under VES, the additional costs are met by the Agency 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.

The 2015-16 figures above include 98 departures at a cost of £2.9m relating to VES administered by NICS.

The Northern Ireland Civil Service pension schemes are unfunded multi-employer defined benefit schemes but NICTS is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report and Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £3,938k were payable to the NICS pension arrangements (2015-16: £3,841k) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer

contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of alpha from April 2015. For 2017-18, the rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £10k (2015-16: £8k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay (2015-16: 3% to 14.7%). Employers also match employee contributions up to 3% of pensionable pay. In addition, employers' contributions of 0.5% of pensionable pay are 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.

III-Health retirement

During 2016-17 six individuals (2015-16: five) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £17,506.68 (2015-16: £11,081).

Judicial Office Holders

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

The Judicial Pension Scheme (JPS) 2015 and Northern Ireland Judicial Pension Scheme (NIJPS) 2015, were introduced on 1 April 2015. These mirror each other and, as far as possible, other public service career average pension schemes. From 1 April 2015 NICTS pay contributions in relation to salaried and fee-paid excepted and devolved salaried Judicial Office Holders appointed by DoJ. A valuation of the Judicial Pension Schemes resulted in a contribution rate for Appointing Bodies of 38.2%, plus an additional 0.25% as a contribution towards the administrative costs of the schemes paid to Ministry of Justice (MOJ).

Following the consultation process and parliamentary approval of the Judicial Pensions (Fee-Paid Judges) Regulations 2017, on 1 April 2017, the Fee-Paid Judicial Pension Scheme (FPJPS) will be established to deliver the litigation remedy to eligible fee-paid office-holders in the case of O'Brien v MOJ and related litigation, including in Northern Ireland.

Provision for the 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 and compensatory interest, as neither of these liabilities are covered by the Judicial Pension Schemes and the governing legislation.

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

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

Managing Attendance

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

The average days lost per whole time equivalent member of staff for 2016-17 has been estimated at 12.8 days (2015-16: 10.4 days). Official finalised figures will be available on publication of the "Sickness Absence in the Northern Ireland Civil Service 2016-17" report later this year.

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

Customised training has been delivered to managers on mental resilience and also having difficult conversations. Whilst responsibility for recording sickness absence rests with line managers, decisions on the action to be taken, for example the issue of an inefficiency warning, rests with DHR working closely with staff and line managers.

STAFF POLICIES

Equal Opportunities and Diversity

The Agency is proactive in compliance with fair employment, sex discrimination and race discrimination legislation in Northern Ireland. It is committed to the promotion of good relations amongst staff and service users. It promotes a working environment where all

members of staff are treated with dignity and respect. The Agency promotes equality of opportunity and supports the commitments set out in the DoJ Equality Scheme.

Employment of Disabled Persons

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

Learning and Development

NICTS is committed to ensuring staff have the right skills and knowledge to perform their jobs effectively. Opportunities for learning and development are offered to staff through the Agency's Corporate Learning Plan which is monitored by the Learning and Development Committee. As well as NICS generic training provided by the Centre for Applied Learning, other training specific to specialist roles is also offered as continuous professional development.

Pay, Workforce Planning and Performance Management

Pay and grading issues for NICTS are the responsibility of DoF. It continues work to strengthen its approach to workforce planning.

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

Pensions and Early Departure Costs

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

Employee Involvement

During 2016-17 NICTS published regular Board briefings for staff via e-mail and intranet. Managers also held regular section and team meetings to communicate with staff, receive feedback, and give staff the opportunity to raise any issues for the attention of senior management. Taken together these served as a communications framework to deliver information to staff on a timely basis.

Expenditure on consultancy and temporary staff

NICTS did not incur any expenditure on consultancy in the financial year (2015-16: nil).

The following details the expenditure incurred on temporary staff:

| | 2016-17 | 2015-16 |
|---------------------------|----------------|----------------|
| | £'000 | £'000 |
| Charged to Administration | 147 | 89 |
| Charged to Programme | 439 | 154 |
| Total | 586 | 243 |

The increase of 141% from 2015-16 to 2016-17 was due to the level of staff who left under VES and restructuring of NICS to fill permanent posts.

Off-Payroll Payments

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

| | |
|---|----------|
| Opening engagements at 1 April 2016 | 4 |
| New engagements during 2016-17 | - |
| Number onto NICTS payroll during 2016-17 | - |
| Engagements ended during 2016-17 | - |
| Number whose earnings fell below threshold in 2016-17 | 1 |
| Closing engagements at 31 March 2017 | 3 |

OTHER ACCOUNTABILITY DISCLOSURES

Losses and Special Payments

The total value of losses did not exceed £300k (2015-16: did not exceed £300k) and therefore no disclosure is required.

During 2016-17, final compensation payments were made in nine cases (2015-16: 16 cases) by NICTS. The total amount of compensation paid in these cases was £142k (2015-16: £402k).

Fees and Charges

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

| | 2016-17 | | | 2015-16 | | |
|------------------|----------------|------------------|-------------------------------|----------------|------------------|-------------------------------|
| | Income | Full Cost | Surplus/ (deficit) | Income | Full Cost | Surplus/ (deficit) |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| NICTS | 20,043 | (27,352) | (7,309) | 20,831 | (28,357) | (7,526) |
| - Civil Business | 20,043 | (27,352) | (7,309) | 20,831 | (28,357) | (7,526) |

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

NICTS is committed to achieving full cost recovery for the services it provides in respect of civil court business. The income for 2016-17 represents 73% of cost recovery (2015-16: 73%).

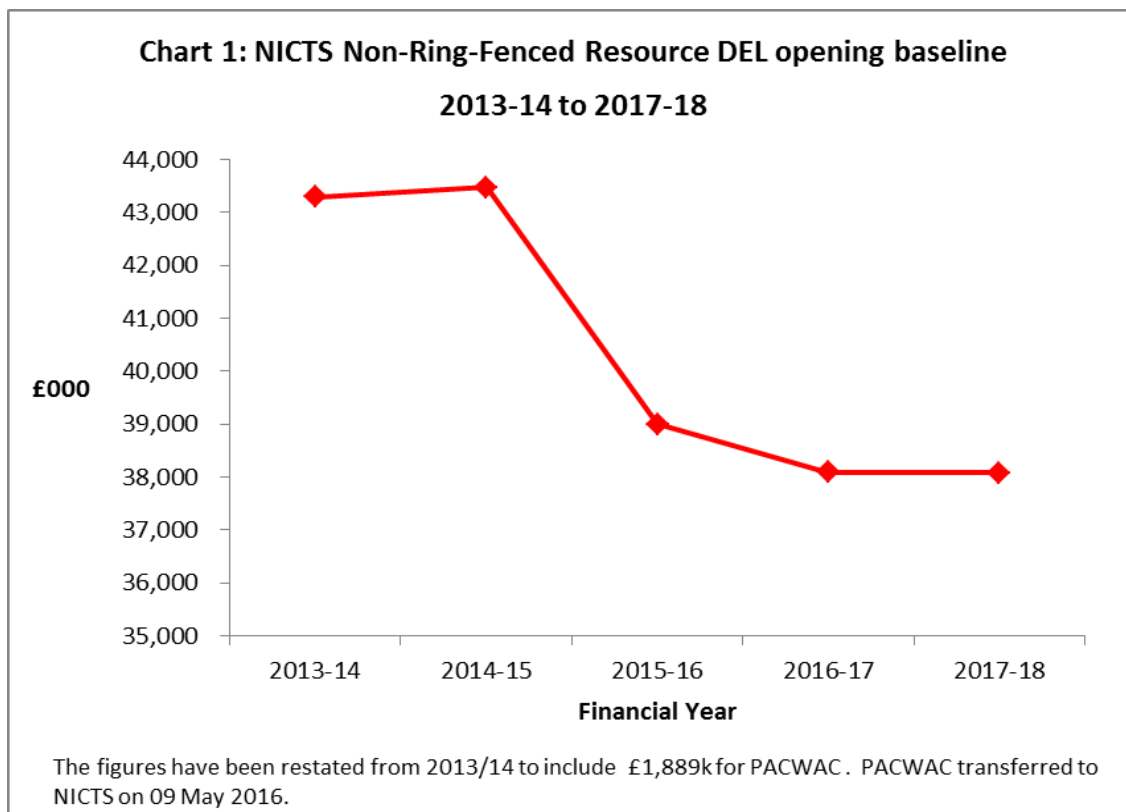
The civil business fee recovery target above is based on expenditure net of exemptions and remissions. Applicants in receipt of certain means-tested benefits are entitled to automatic fee exemption. Total fee exemptions during 2016-17 amounted to £46.1k (2015-16: £60.1k). Remission of fees is considered on an individual basis and is granted in cases of hardship. Total fees remitted during 2016-17 amounted to £8.9k (2015-16: £2.6k).

Remote Contingent Liabilities

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Agency had no significant remote contingent liabilities during 2016-17 that require disclosure. Note 22 provides further details regarding the contingent liabilities that are included within the financial statements.

Long Term Expenditure Trends

Chart 1 outlines the movement in the NICTS non-ring-fenced Resource DEL opening baseline over the period 2013-14 to 2017-18.



2013-14 and 2014-15 Financial Years

The Budget 2010 exercise resulted in a four year financial plan from 2011-12 to 2014-15.

During this period, NICTS non-ring-fenced Resource DEL budget fell by 7.1%. This was a result of a 14.3% baseline reduction and 7.2% funding for new pressures. Taking into account the effect of inflation, the real term impact was significantly greater.

2015-16 Financial Year

In 2015-16 the NICTS non-ring-fenced Resource DEL baseline was cut by 10.8% to £37,108k (restated in chart to £38,997k to include PACWAC). This represented a £4,480k reduction from 2014-15. During 2015-16 NICTS received additional funding of £7,408k resulting in a full year non-ring-fenced Resource DEL budget of £44,516k.

2016-17 Financial Year

In 2016-17 NICTS non-ring-fenced Resource DEL baseline was cut by 3.5% (£1,301k), this coupled with the transfer of PACWAC (£2,067k) and additional funding of £391k resulted in a baseline of £38,265k. During 2016-17 NICTS received additional one-off funding of £5,565k resulting in a full year non-ring-fenced Resource DEL budget of £43,830k.

2017-18 Financial Year

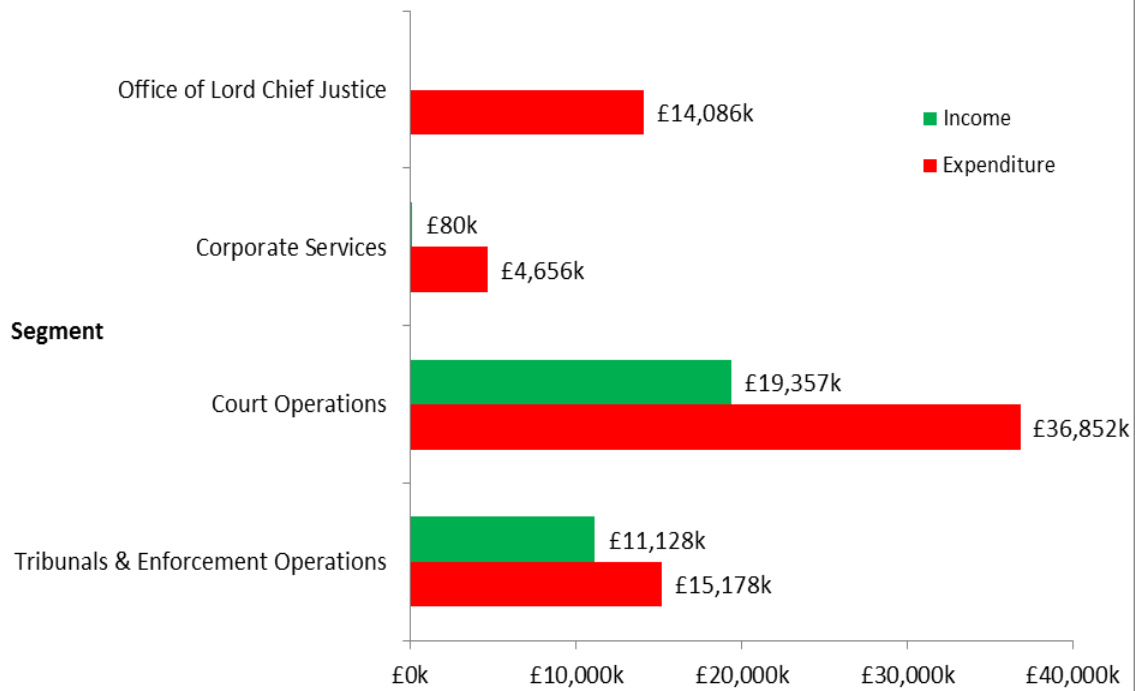
NICTS has an indicative non-ring-fenced Resource DEL budget allocation of £38,083k in 2017-18 (£68,648k expenditure and £30,565k income). Whilst there is no anticipated baseline reduction, NICTS has to generate £5,168k of savings to meet internal pressures including inflation. This equates to a 13.6% real reduction.

In addition to this, NICTS remains unfunded for legacy inquests and requires additional funding from NICF. Chart 2 outlines the NICTS 2017-18 forecast non-ring-fenced Resource DEL expenditure (£70,772k) and income by segment (£30,565k).

Looking Ahead – Budgets beyond 2017-18

Decisions on budgets beyond 2017-18, including the length of the budget period and the funding envelope for the Department, will be a matter for an incoming administration.

Chart 2: NICTS 2017-18 Forecast¹ Non-Ringfenced DEL Expenditure & Income By Segment



¹ Inclusive of legacy pressure (£1,200k), bid to the consolidated fund (£1,406k) and agreed budget transfers (-£482k)

PETER LUNEY
Acting Accounting Officer
20 June 2017

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

I certify that I have audited the financial statements of the Northern Ireland Courts and Tribunal Service (NICTS) for the year ended 31 March 2017 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Corporate Governance Report, Remuneration Report and Staff Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- The financial statements give a true and fair view of the state of NICTS's affairs as at 31 March 2017 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 legislation and the Department of Finance directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.



KJ Donnelly
 Comptroller and Auditor General
 Northern Ireland Audit Office
 106 University Street, Belfast, BT7 1EU
 29 June 2017

PART 3 FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE NET EXPENDITURE

for the year ended 31 March 2017

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 | 2016-17 £'000 | Restated 2015-16* £'000 |
|---|------|------------------|-------------------------------|
| Income from sale of goods and services | | - | - |
| Other operating income | 5.1 | (25,132) | (26,226) |
| Total Operating Income | | (25,132) | (26,226) |
| Staff costs | 4 | 23,428 | 27,156 |
| Purchase of goods and services | 5.1 | 45,566 | 45,581 |
| Depreciation and impairment charges | 5.1 | 7,028 | 6,227 |
| Provision expense | 5.1 | 169 | 771 |
| Total Operating Expenditure | | 76,191 | 79,735 |
| Net Operating Expenditure | | 51,059 | 53,509 |
| Finance income | | - | - |
| Finance expense | 6,7 | 1,003 | 1,100 |
| Net expenditure for the period | | 52,062 | 54,609 |
| Other Comprehensive Net Expenditure | | | |
| Items that will not be reclassified to net operating costs: | | | |
| Net (gain) on revaluation of property, plant and equipment | 10 | (3,904) | (13,324) |
| Net (gain) on revaluation of intangible assets | 11 | (47) | (11) |
| Actuarial loss/(gain) on pension liability | 16 | 49 | (169) |
| Total other comprehensive net expenditure | | (3,902) | (13,504) |
| Comprehensive net expenditure for the period | | 48,160 | 41,105 |

All income and expenditure is derived from continuing operations.

The notes on pages 71 to 107 form part of these accounts.

* 2015-16 has been restated to reflect a Machinery of Government as detailed in Note 2.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

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 | 2016-17 £'000 | Restated 2015-16* £'000 | Restated 1 April 2015 £'000 |
|--|------|------------------|-------------------------------|-----------------------------------|
| Non-current assets | | | | |
| Property, plant and equipment | 10 | 193,661 | 195,031 | 186,887 |
| Intangible assets | 11 | 1,807 | 1,574 | 1,289 |
| Total non-current assets | | 195,468 | 196,605 | 188,176 |
| Current assets | | | | |
| Trade and other receivables | 13 | 4,450 | 4,256 | 5,034 |
| Cash and cash equivalents | 14 | 1,274 | 1,488 | 1,812 |
| Total current assets | | 5,724 | 5,744 | 6,846 |
| Total assets | | 201,192 | 202,349 | 195,022 |
| Current liabilities | | | | |
| Cash and cash equivalents | 14 | (379) | (543) | (697) |
| Trade and other payables | 15 | (15,575) | (19,163) | (17,525) |
| Provisions | 16 | (1,002) | (1,422) | (1,507) |
| Total current liabilities | | (16,956) | (21,128) | (19,729) |
| Total assets less current liabilities | | 184,236 | 181,221 | 175,293 |
| Non-current liabilities | | | | |
| Provisions | 16 | (4,125) | (4,158) | (4,121) |
| Other payables | 15 | (15,193) | (16,497) | (17,712) |
| Total non-current liabilities | | (19,318) | (20,655) | (21,833) |
| Total assets less total liabilities | | 164,918 | 160,566 | 153,460 |
| Taxpayers' equity and other reserves | | | | |
| General fund | | 48,139 | 44,217 | 47,397 |
| Revaluation reserve | | 116,779 | 116,349 | 106,063 |
| Total equity | | 164,918 | 160,566 | 153,460 |

Peter Luney

Acting Accounting Officer

20 June 2017

The notes on pages 71 to 107 form part of these accounts.

* 2015-16 has been restated to reflect a Machinery of Government as detailed in Note 2.

STATEMENT OF CASH FLOWS

for the year ended 31 March 2017

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

| | Note | 2016-17 £'000 | Restated 2015-16* £'000 |
|--|-------|------------------|-------------------------------|
| Cash flows from operating activities | | | |
| Net expenditure for the year | | (52,062) | (54,609) |
| Adjustment for non-cash transactions | 5.2 | 9,262 | 8,891 |
| (Increase)/decrease in trade and other receivables | 13 | (194) | 778 |
| <i>Movements in receivables relating to items not passing through the SoCNE</i> | | (95) | (6) |
| Increase/(decrease) in trade and other payables | 15 | (4,892) | 423 |
| <i>Movement in payables relating to items not passing through the SoCNE</i> | | 959 | 1,303 |
| Use of provisions | 16 | (671) | (650) |
| Machinery of Government adjustments | | - | (6) |
| Net cash outflow from operating activities | | (47,693) | (43,876) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 10,15 | (340) | (1,129) |
| Purchase of intangible assets | 11,15 | (1,266) | (943) |
| Net cash outflow from investing activities | | (1,606) | (2,072) |
| Cash flows from financing activities | | | |
| From the Consolidated Fund (Supply) – current year | | 41,391 | 38,300 |
| From the Consolidated Fund (non-supply) | | 9,072 | 8,588 |
| Capital element of payments in respect of SoFP PFI contracts | | (1,214) | (1,124) |
| Net financing | | 49,249 | 45,764 |
| Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund | | (50) | (184) |
| Receipts due to the Consolidated Fund which are outside the scope of the Agency's activities | | 97 | 23 |
| Payments of amounts due to the Consolidated Fund | | (97) | (9) |
| Net (decrease)/increase in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund | | (50) | (170) |
| Cash and cash equivalents at the beginning of the period | 14 | 945 | 1,115 |
| Cash and cash equivalents at the end of the period | 14 | 895 | 945 |

The notes on pages 71 to 107 form part of these accounts.

* 2015-16 has been restated to reflect a Machinery of Government as detailed in Note 2.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

for the year ended 31 March 2017

This statement shows the movement in the year on the different reserves held by the Agency, 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 of an Agency, to the extent that the total is not represented by other reserves and financing items.

| | Note | General Fund £'000 | Revaluation Reserve £'000 | Taxpayers' Equity £'000 |
|--|------|--------------------------|---------------------------------|-------------------------------|
| Balance at 1 April 2015 | | 46,944 | 106,061 | 153,005 |
| Machinery of Government | 2 | 453 | 2 | 455 |
| Restated balance at 1 April 2015 | | 47,397 | 106,063 | 153,460 |
| Net Assembly Funding – drawn down | | 38,300 | - | 38,300 |
| Consolidated Fund Standing Services | 7,16 | 8,588 | - | 8,588 |
| Comprehensive Net Expenditure for the year | | (54,440) | 13,335 | (41,105) |
| Auditors' remuneration | 6,7 | 102 | - | 102 |
| Other notionals | 6 | 1,743 | - | 1,743 |
| Transfers between reserves | | 2,527 | (3,049) | (522) |
| Balance at 31 March 2016* | | 44,217 | 116,349 | 160,566 |
| Net Assembly Funding – drawn down | | 41,391 | - | 41,391 |
| Consolidated Fund Standing Services | 7,16 | 9,072 | - | 9,072 |
| Comprehensive Net Expenditure for the year | | (52,111) | 3,951 | (48,160) |
| Auditors' remuneration | 6,7 | 104 | - | 104 |
| Other notionals | 6,7 | 1,945 | - | 1,945 |
| Transfers between reserves | | 3,521 | (3,521) | - |
| Balance at 31 March 2017 | | 48,139 | 116,779 | 164,918 |

The notes on pages 71 to 107 form part of these accounts.

* Figures resulting in the balance at 31 March 2016 have been restated to reflect a Machinery of Government as detailed in Note 2.

NOTES TO THE AGENCY RESOURCE ACCOUNTS

1.0 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2016-17 FReM and the Accounts Direction issued by DoF. The accounting policies contained in the FReM apply International Financial Reporting Standards (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 by the Agency are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Convention

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

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

1.2 Accounting Boundary

These accounts incorporate the core activity of NICTS.

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

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

1.3 Property, Plant and Equipment

NICTS holds title to the land and buildings shown in the accounts with the exception of Laganside Courts Complex which is leased under the Private Finance Initiative (PFI) Contract (see Notes 10 and 19).

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

years by the use of indices provided by LPS, specific to the Northern Ireland property sector. The last full valuation was carried out at 31 March 2014.

All Buildings are valued at DRC with the exception of two Courthouses that were revalued at 31 March 2017 at market value, due to their non-operational status.

Antiques are professionally valued every five years and were revalued at 31 March 2014 by John Ross & Co. (Member of the Irish Auctioneers and Valuers Institute). All other assets are included at DRC.

Upward revaluations are credited to the Revaluation Reserve and permanent reductions in the value of any property, plant and equipment are charged to the SoCNE. Any subsequent revaluation of assets is credited to the SoCNE to the extent that it reverses previous revaluation decreases recognised as an expense.

Expenditure on property, plant and equipment of over £1,000 is capitalised.

1.4 Intangible Assets

Expenditure on intangible assets consists of computer software and licences and the associated costs of implementation are capitalised where expenditure of £1,000 or more is incurred. Computer software and licences are amortised over the shorter of the term of the licence and the useful economic life.

1.5 Depreciation and Amortisation

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

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

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

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

Antiques (non-operational) are included in the furniture and fittings section in property, plant and equipment (Note 10).

1.6 Inventory

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

There was no inventory held in 2016-17.

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

1.7 Operating Income

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

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

Fine income is not treated as accruing resources for the purposes of these accounts. All fine income is recorded in the Trust Statement and paid to NICF via DoJ as Consolidated Fund Extra Receipts (CFER's). An analysis of fines collected is detailed within Note 9.

1.8 Administration and Programme Expenditure

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

1.9 Operating Leases

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

1.10 Pensions

Past and present employees are covered by the provisions of PCSPS (NI) which is an unfunded defined benefit scheme. NICTS recognises the expected cost of these elements on a systematic and rational basis, over the period during which it benefits from employees' services, by payment to PCSPS (NI) of amounts calculated on an accruing

basis. Liability for payment of future benefits is a charge on PCSPS (NI). In respect of the defined contribution schemes, NICTS recognises the contributions payable for the year.

1.11 Early Departure Costs

NICTS meets the additional costs of benefits beyond the normal PCSPS (NI) benefits in respect of employees who retire early by paying the required amounts annually to PCSPS (NI), over the period between early departure and normal retirement date. NICTS provides for this in full, when the early retirement programme becomes binding on the organisation, by establishing a provision for the estimated payments discounted by the Treasury discount rate of 0.24% in real terms.

Pension liabilities may arise in respect of provisions for lump sum early departure costs and the balance of any unpaid ASLC.

1.12 Value Added Tax (VAT)

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

1.13 Private Finance Initiative (PFI) Transactions

DoF has determined that government bodies shall account for infrastructure PFI schemes where the government body controls the use of the infrastructure, and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of the International Financial Reporting Standards Interpretations Committee Update (IFRIC 12). NICTS therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

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

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

Services received

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

PFI Assets

The PFI assets are recognised as property, plant and equipment when they come into use. The assets are measured initially at fair value in accordance with the principles of International Accounting Standard (IAS) 17 Leases. Subsequently, the assets are

measured at fair value, which is kept up to date in accordance with the Agency approach for each relevant class of asset in accordance with the principles of IAS 16.

PFI liability

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

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

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

1.14 Provisions

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

| Rate | Term | Real Rate |
|-------------|---------------|------------------|
| Short-term | Up to 5 years | -2.70% |
| Medium-term | 5 to 10 years | -1.95% |
| Long-term | Over 10 years | -0.80% |

Further details on provisions are contained in Note 16.

1.15 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, NICTS discloses for Assembly reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which are required to be reported to the Assembly in accordance with the requirements of MPMNI.

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

Where the time value of money is material contingent liabilities, which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

Further details of contingent liabilities are contained within Note 22.

1.16 Third Party Assets

Third party assets are assets for which NICTS acts as custodian or trustee, but in which neither NICTS nor public sector more generally has a direct beneficial interest in. Third party assets are not public assets, and hence are not recorded in the primary financial statements. In the interests of general disclosure and transparency, details of NICTS third party assets are provided in Note 24.

1.17 Critical accounting estimates and key judgements

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying NICTS' accounting policies. NICTS continually evaluates its estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Depreciation of property, plant and equipment

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

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

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

(iii) Judicial Service Award (JSA)

NICTS accounts for pension and other post-retirement benefits in accordance with IAS 19 Employee benefits. In determining the pension cost and the defined benefit obligation of the pension schemes a number of assumptions are used which include the discount rate, salary growth, price inflation, the expected return on the schemes' investments and mortality rates. Further details on the pension provision are contained in Note 16.3.

(iv) Deferred income

NICTS accounts for deferred income in accordance with IAS 18 Revenue. Fee income or revenue is recognised in the accounting period in which services are rendered. Any fee income which is received prior to delivery of the service is treated as deferred income within the accounts. The calculation of deferred income is based on estimates of the time taken to dispose of cases (within High Court, County Court and Magistrates'

Court) and the duration of enforcement activity (within EJO). Average time statistics for the different case types are obtained annually.

(v) Fee Paid Judicial Office Holders

In respect of fee paid judicial office holders, the provisions relating to JSA, compensatory interest, and legal claims that relate to fee paid judicial office holders' employment terms and conditions are subject to a degree of uncertainty as they are calculated using assumptions many of which are due to be appealed at the Employment Appeal Tribunal. In addition, as the provisions relating to JSA and the compensatory interest are derived from the JPS fee paid pension entitlement, a level of uncertainty also stems from the pension liability actuarial assumptions adopted. Further information on these provisions is set out in Note 16.4.

1.18 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognised when the Agency becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for derecognition. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Financial Assets

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

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

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

Impairment of Financial Assets

NICTS assesses at each SoFP date whether there is any objective evidence that a financial asset or group of financial assets are impaired. The amount of the loss is calculated as the difference between the carrying amount of the asset and the present

value of estimated future cash flows discounted at the assets original effective interest rate.

Impairment losses are assessed individually for financial assets that are individually significant and individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar risk characteristics.

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

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

Financial Liabilities

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

1.19 Employee Benefits including Pensions

Under the requirements of IAS 19, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. This cost has been estimated using average staff numbers and costs applied to the average untaken leave balance determined from the results of a survey to ascertain leave balances as at 31 March 2017. It is not anticipated that the level of untaken leave will vary significantly from year to year.

NICTS has recognised both annual and flexi leave entitlements that have been earned by the year end but not yet taken. These are included in current liabilities for both administration and programme staff across NICTS.

1.20 Segmental Reporting

Under the requirement of IFRS 8 ‘Operating Segments’ - Disclosures (amendment) NICTS must disclose information to enable users of the financial statements to evaluate the nature and financial effects of the business in which it engages and the economic environment in which it operates. ‘Total Assets’ are only required to be disclosed in reporting segments where total assets for segments are regularly reported to the chief operating decision maker. As total assets for segments are not regularly reported to the

chief operating decision maker (currently defined as Peter Luney) NICTS has adopted this amendment. The amendment does not have a material impact on NICTS financial statements. Details of the reporting segments are contained within Note 3.

1.21 Accounting standards, interpretations and amendments to published standards and FReM – issued and effective in 2016-17 for the first time

NICTS has considered the accounting initiatives identified by HM Treasury effective in 2016-17 for the first time and considers that these changes are not relevant or material to its operations.

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

In addition, certain new standards, interpretations and amendments to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2017, but which NICTS has not adopted early. Other than as outlined in the table below, NICTS considers that these standards are not relevant to its operations.

| | |
|--------------------------------|--|
| Standard | IFRS 15 - <i>Revenue from Contracts with Customers</i> (IAS 18 <i>Revenue</i> replacement) (new) |
| Effective date | 1 January 2018 (not yet EU adopted) - with a view to include in the 2018-19 <i>FReM</i> . |
| Description of revision | <p>The core principle recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled, in exchange for those goods or services. The Standard sets out five steps to recognise revenue and also includes requirements for accounting for contract costs.</p> <p>The disclosure objective of the new Standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.</p> |
| Comments | The introduction of IFRS 15 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury issued an Exposure Draft on IFRS 15 over the Summer of 2016. Feedback from this consultation process has been considered and will inform updates to the <i>FReM</i> . No adaptations to IFRS 15 have been proposed. |

| | |
|--------------------------------|---|
| Standard | IFRS 16 - <i>Leases</i> (IAS 17 <i>Leases</i> replacement) (new) |
| Effective date | 1 January 2019 (not yet EU adopted) - with a view to include in the 2019-20 <i>FReM</i> . |
| Description of revision | <p>IFRS 16 has been developed by the IASB with the aim of improving the financial reporting of leasing activities in light of criticisms that the previous accounting model for leases failed to meet the needs of users of financial statements.</p> <p>IFRS 16 largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p> |
| Comments | The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in early 2018. |

1.23 Financial Reporting - Future Developments

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

2. Machinery of Government

As a result of the Departmental Restructuring and Departments Act and the Transfer of Functions Order, PACWAC transferred to NICTS from TEO effective 9 May 2016. Figures have been restated for the year ended 2015-16.

Reconciliation of reported taxpayers' equity for the year ended 31 March 2016

| | Note | General Fund £'000 | Revaluation Reserve £'000 | Taxpayers' Equity £'000 |
|---|------|--------------------------|---------------------------------|-------------------------------|
| Taxpayers' equity at 1 April 2015 (as originally stated) | | 46,944 | 106,061 | 153,005 |
| Adjustment: | | | | |
| Machinery of Government – PACWAC | 27.3 | 453 | 2 | 455 |
| Taxpayers' equity at 1 April 2016 (restated) | | 47,397 | 106,063 | 153,460 |

Reconciliation of reported net operating expenditure for the year ended 31 March 2016

| | Note | £'000 |
|---|------|---------------|
| Net Operating Expenditure for 2015-16 (as originally stated) | | 51,294 |
| Adjustment: | | |
| Machinery of Government – PACWAC | 27.1 | 2,215 |
| Net Operating Expenditure for 2015-16 (restated) | | 53,509 |

Refer to Note 27 for a full reconciliation of all changes to SoCNE and SoFP.

3. Statement of Operating Costs by Operating Segment

The following operating segments are reported to the NICTS Agency Board and Finance Committee for financial management purposes:

- Court Operations;
- Tribunals and EJO Operations;
- OLCJ; and
- Corporate Services.

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

| | Court Operations | Tribunals and EJO Operations | Office of the Lord Chief Justice | Corporate Services | 2016-17 Total |
|------------------------|-----------------------------|---|---|-------------------------------|--------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Gross Expenditure | 44,507 | 13,262 | 13,970 | 5,455 | 77,194 |
| Income | (16,643) | (8,432) | - | (57) | (25,132) |
| Net Expenditure | 27,864 | 4,830 | 13,970 | 5,398 | 52,062 |

| | Court Operations | Restated Tribunals and EJO Operations | Office of the Lord Chief Justice | Corporate Services | Restated 2015-16 Total |
|------------------------|-----------------------------|--|---|-------------------------------|---------------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Gross Expenditure | 44,565 | 14,106 | 14,141 | 8,023 | 80,835 |
| Income | (16,467) | (9,558) | - | (201) | (26,226) |
| Net Expenditure | 28,098 | 4,548 | 14,141 | 7,822 | 54,609 |

4. Staff Costs

Staff costs for NICTS comprise:

| | Permanently Employed Staff | Others | 2016-17 | Restated |
|---|---------------------------------------|---------------|----------------|-----------------|
| | £'000 | £'000 | £'000 | 2015-16 |
| | | | Total | £'000 |
| | | | | Total |
| Wages and salaries* | 17,385 | 586 | 17,971 | 21,714 |
| Social security costs | 1,618 | - | 1,618 | 1,290 |
| Other pension costs | 3,839 | - | 3,839 | 4,152 |
| Total Gross Costs | 22,842 | 586 | 23,428 | 27,156 |
| Less recoveries in respect of outward secondments | - | - | - | (124) |
| Total Net Costs** | 22,842 | 586 | 23,428 | 27,032 |

| Charged to Administration | Charged to Programme | 2016-17 | Charged to Administration | Charged to Programme | 2015-16 |
|--------------------------------------|---------------------------------|----------------|--------------------------------------|---------------------------------|----------------|
| £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 2,943 | 20,485 | 23,428 | 3,801 | 23,355 | 27,156 |

* Wages and salaries for 2015-16 includes £2.9m departure costs for 98 employees who left under the NICS VES.

** In addition, staff costs of £89,893 (2015-16: £78,114) have been capitalised in respect of staff directly assigned to major capital projects.

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

5. Summary of Information for Statement of Comprehensive Net Expenditure

5.1 Operating Income and Expenditure

| | Note | Administration £'000 | Programme £'000 | 2016-17 Total £'000 |
|--|------|-------------------------|--------------------|---------------------------|
| Income from sale of goods and services | | - | - | - |
| Other operating income | 8 | (49) | (25,083) | (25,132) |
| Total operating income | | (49) | (25,083) | (25,132) |
| Staff costs | 4 | 2,943 | 20,485 | 23,428 |
| Purchase of goods and services | 6,7 | 1,576 | 43,990 | 45,566 |
| Depreciation and impairment charges | 6,7 | 862 | 6,166 | 7,028 |
| Provision expense | 7 | - | 169 | 169 |
| Total operating expenditure | | 5,381 | 70,810 | 76,191 |
| Net operating expenditure | | 5,332 | 45,727 | 51,059 |
| Finance income | | - | - | - |
| Finance expense | 6,7 | (18) | 1,021 | 1,003 |
| Net expenditure for the period | | 5,314 | 46,748 | 52,062 |

| | Note | Administration £'000 | Programme £'000 | Restated 2015-16 Total £'000 |
|--|------|-------------------------|--------------------|---------------------------------------|
| Income from sale of goods and services | | - | - | - |
| Other operating income | 8 | (186) | (26,040) | (26,226) |
| Total operating income | | (186) | (26,040) | (26,226) |
| Staff costs | 4 | 3,801 | 23,355 | 27,156 |
| Purchase of goods and services | 6,7 | 3,357 | 42,224 | 45,581 |
| Depreciation and impairment charges | 6,7 | 518 | 5,709 | 6,227 |
| Provision expense | 7 | - | 771 | 771 |
| Total operating expenditure | | 7,676 | 72,059 | 79,735 |
| Net operating expenditure | | 7,490 | 46,019 | 53,509 |
| Finance income | | - | - | - |
| Finance expense | 6,7 | - | 1,100 | 1,100 |

| | | | |
|---------------------------------------|--------------|---------------|---------------|
| Net expenditure for the period | 7,490 | 47,119 | 54,609 |
|---------------------------------------|--------------|---------------|---------------|

5.2 Non-cash costs

| | Note | Administration £'000 | Programme £'000 | 2016-17 Total £'000 |
|-------------------------------------|------|-------------------------|--------------------|---------------------------|
| Purchase of goods and services | 6,7 | 376 | 1,689 | 2,065 |
| Depreciation and Impairment charges | 6,7 | 862 | 6,166 | 7,028 |
| Provision expense | 7 | - | 169 | 169 |
| Total non-cash costs | | 1,238 | 8,024 | 9,262 |

| | Note | Administration £'000 | Programme £'000 | Restated 2015-16 Total £'000 |
|-------------------------------------|------|-------------------------|--------------------|---------------------------------------|
| Purchase of goods and services | 6,7 | 1,834 | 59 | 1,893 |
| Depreciation and Impairment charges | 6,7 | 518 | 5,709 | 6,227 |
| Provision expense | 7 | - | 771 | 771 |
| Total non-cash costs | | 2,352 | 6,539 | 8,891 |

6. Other Administration Costs

| | Note | 2016-17 £'000 | Restated 2015-16 £'000 |
|---|------|------------------|------------------------------|
| Purchase of goods and services | | | |
| Cash items: | | | |
| Staff related costs | | 49 | 57 |
| Rentals under operating leases | | 2 | 122 |
| Accommodation costs | | 66 | 233 |
| Office services | | 93 | 131 |
| Contracted out services | | 495 | 672 |
| Professional costs | | 328 | 175 |
| Managed services | | 129 | 102 |
| Commission and Tribunal costs | | 17 | 15 |
| Non-capital purchases | | 19 | 1 |
| Other costs | | 2 | 15 |
| | | 1,200 | 1,523 |
| Non-cash items: | | | |
| (Profit)/loss on disposal of non-current assets | | - | 1 |
| Auditors remuneration and expenses | | 92 | 90 |
| Notional charges | | 203 | 638 |
| Intra-departmental notional charges | | 81 | 1,105 |
| Increase/(decrease) in provision for doubtful debts | 13 | - | - |
| | | 376 | 1,834 |
| Total purchase of goods and services | | 1,576 | 3,357 |
| Depreciation and impairment charges | | | |
| Depreciation | 10 | 539 | 440 |
| Amortisation | 11 | 324 | 76 |
| Revaluation released to SoCNE | 12 | (1) | 2 |
| | | 862 | 518 |
| Total administration costs excluding finance expense | | 2,438 | 3,875 |
| Interest payable and similar charge | | (18) | - |
| Total administration costs including finance expense | | 2,420 | 3,875 |

7. Programme Costs

| | Note | 2016-17 £'000 | Restated 2015-16 £'000 |
|--|------|------------------|------------------------------|
| Purchase of goods and services | | | |
| Cash items: | | | |
| Staff related costs | | 306 | 264 |
| Rentals under operating leases | | 88 | 481 |
| Accommodation costs | | 4,109 | 4,575 |
| Office services | | 975 | 1,062 |
| Contracted out services | | 8,110 | 8,977 |
| PFI service charges | | 2,591 | 2,476 |
| Professional costs | | 572 | 568 |
| Consultancy costs | | 46 | 2 |
| Commission and Tribunal costs | | 9,312 | 7,366 |
| Non-capital purchases | | 59 | 25 |
| Intra-departmental hard charges | | 41 | 22 |
| Client and other programme operating costs | | 563 | 553 |
| Judicial costs | | 6,728 | 7,125 |
| Judicial costs – Consolidated Fund | | 8,521 | 8,288 |
| Other costs | | 280 | 381 |
| | | 42,301 | 42,165 |
| Non-cash items: | | | |
| Loss on disposal of non-current assets | | 16 | 47 |
| Auditors remuneration and expenses | | 12 | 12 |
| Notional charges | | 1,661 | - |
| | | 1,689 | 59 |
| Total purchase of goods and services | | 43,990 | 42,224 |
| Depreciation and impairment charges | | | |
| Depreciation | 10 | 5,690 | 5,293 |
| Amortisation | 11 | 547 | 372 |
| Revaluation released to SoCNE | 12 | (71) | 44 |
| | | 6,166 | 5,709 |
| Provision expense | | | |
| Provided in year | 16 | 675 | 965 |
| Written back in year | 16 | (560) | (289) |
| Borrowing costs | 16 | 54 | 95 |
| | | 169 | 771 |
| Total programme costs excluding finance expense | | 50,325 | 48,704 |
| Interest payable and similar charge | | 1,021 | 1,100 |
| Total programme costs including finance expense | | 51,346 | 49,804 |

8. Income

| | 2016-17 £'000 | Restated 2015-16 £'000 |
|--|------------------|------------------------------|
| Administration income | | |
| Other non-trading income | 49 | 62 |
| Seconded costs | - | 124 |
| Total administration operating income | 49 | 186 |
| Programme income | | |
| Other rentals | 293 | 332 |
| Fees, levies and charges | 20,204 | 20,889 |
| Other non-trading income | 4,586 | 4,819 |
| Total programme operating income | 25,083 | 26,040 |

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

9. Summary of fine income payable to NICF

Income shown in Note 8 does not include any amounts collected by the Agency where it was acting as an agent for NICF. These amounts will be disclosed in the NICTS Trust Statement which is published separately from these financial statements. Due to the timing of the laying of the Trust Statement for 2016-17, 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:

| | 2016-17 £'000 | 2015-16* £'000 |
|--|------------------|-------------------|
| Trust Statement Revenue | | |
| Fixed Penalties | 2,232 | 2,595 |
| Court Imposed fines | 5,278 | 4,927 |
| Offender Levy | 289 | 287 |
| Extra Costs | 42 | 35 |
| Confiscation Orders | 3,628 | 1,867 |
| Other Party Criminal | 1,759 | 1,733 |
| | 13,228 | 11,444 |
| Expenditure | | |
| Credit Losses | (1,458) | (6,158) |
| Revenue retained by NICTS under statute | (146) | (161) |
| Disbursements | | |
| Amounts paid to Other Parties | (1,401) | (809) |
| Amounts paid to Safety Camera Scheme | (973) | (1,084) |
| | (3,978) | (8,212) |
| Net Revenue for the Consolidated Fund | 9,250 | 3,232 |

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

| | 2016-17 £'000 | 2015-16 £'000 |
|--|------------------|------------------|
| Amounts Held On Trust | | |
| Balance held on trust at 1 April | 531 | 655 |
| Fines cleared by receipt of payment (NICF fines) | 7,577 | 8,319 |
| Payments to Consolidated Fund | (6,346) | (7,198) |
| Payments to others | (1,119) | (1,245) |
| Balance held on Trust at 31 March | 643 | 531 |

The receivables balance at year end was £11.7m (2015-16: £8.9m), this includes those receivables which are not payable to NICF, for example compensation.

| | 2016-17 £'000 | 2015-16* £'000 |
|---|------------------|-------------------|
| Balance receivable at 1 April | 8,947 | 13,786 |
| Amounts Imposed | 13,228 | 11,444 |
| Fines Cleared by receipt of Payment | (9,029) | (10,125) |
| Fines Cleared by Competent Authority | (1,458) | (2,547) |
| (Increase)/decrease in impairment provision | - | (3,611) |
| Balance receivable at 31 March | 11,688 | 8,947 |

*The 2015-16 balances have been restated within this note to reflect the contents of the Trust Statement for 2015-16 and in line with the requirements of Chapter 8.2 of FReM, Consolidated Fund Revenue. We note that within the DoJ consolidated accounts comparative figures have not been restated as these are included in the Statements of

Assembly Supply in DoJ consolidated accounts and, for the purposes of Assembly Control, these figures are indelible.

10. Property, Plant and Equipment

| | Land £'000 | Buildings £'000 | Furniture & Fittings £'000 | Office Machinery & Equipment £'000 | Computer Hardware £'000 | Telecoms & Networks £'000 | Restated Total £'000 |
|---|---------------|--------------------|----------------------------------|--|-------------------------------|---------------------------------|----------------------------|
| Cost or valuation | | | | | | | |
| At 1 April 2016 | 30,345 | 175,243 | 705 | 2,188 | 938 | 843 | 210,262 |
| Additions | - | 94 | - | 66 | 329 | 411 | 900 |
| Disposals | - | (112) | (26) | (25) | (39) | - | (202) |
| Transfers | - | - | - | - | - | - | - |
| Reclassification | - | - | - | - | - | - | - |
| Revaluation released to SoCNE | 38 | 28 | - | - | 2 | - | 68 |
| Indexation | - | 4,350 | 1 | 1 | 35 | 2 | 4,389 |
| Revaluation | - | (86) | - | 9 | - | 2 | (75) |
| At 31 March 2017 | 30,383 | 179,517 | 680 | 2,239 | 1,265 | 1,258 | 215,342 |
| Depreciation | | | | | | | |
| At 1 April 2016 | - | 11,483 | 565 | 2,066 | 620 | 497 | 15,231 |
| Charged in year | - | 5,772 | 57 | 81 | 174 | 145 | 6,229 |
| Disposals | - | (112) | (15) | (25) | (34) | - | (186) |
| Transfers | - | - | - | - | - | - | - |
| Reclassification | - | - | - | - | - | - | - |
| Revaluation released to SoCNE | - | (4) | - | - | 1 | - | (3) |
| Indexation | - | 426 | 1 | - | 15 | 1 | 443 |
| Revaluation | - | (5) | - | (23) | (1) | (4) | (33) |
| At 31 March 2017 | - | 17,560 | 608 | 2,099 | 775 | 639 | 21,681 |
| Carrying amount at 31 March 2017 | 30,383 | 161,957 | 72 | 140 | 490 | 619 | 193,661 |
| Carrying amount at 31 March 2016 | 30,345 | 163,760 | 140 | 122 | 318 | 346 | 195,031 |
| Asset financing: | | | | | | | |
| Owned | 30,383 | 123,651 | 72 | 140 | 490 | 619 | 155,355 |
| On balance sheet PFI contracts | - | 38,306 | - | - | - | - | 38,306 |
| Carrying amount at 31 March 2017 | 30,383 | 161,957 | 72 | 140 | 490 | 619 | 193,661 |

| | Land £'000 | Buildings £'000 | Furniture & Fittings £'000 | Office Machinery & Equipment £'000 | Computer Hardware £'000 | Telecoms & networks £'000 | Total £'000 |
|---|---------------|--------------------|----------------------------------|--|-------------------------------|---------------------------------|----------------|
| Cost or valuation | | | | | | | |
| At 1 April 2015 | 30,360 | 161,155 | 785 | 2,123 | 4,637 | 599 | 199,659 |
| Machinery of Government | - | - | - | 57 | - | - | 57 |
| Restated Cost or Valuation at 1 April 2015 | 30,360 | 161,155 | 785 | 2,180 | 4,637 | 599 | 199,716 |
| Additions | - | 216 | - | 3 | 49 | 421 | 689 |
| Disposals | - | (162) | (105) | (1) | (3,756) | (171) | (4,195) |
| Transfers | - | - | - | - | 1 | - | 1 |
| Reclassification | - | (166) | 24 | 71 | 9 | - | (62) |
| Revaluation released to SoCNE | (15) | (33) | - | - | (3) | - | (51) |
| Indexation | - | 14,301 | 1 | 1 | - | 3 | 14,306 |
| Revaluation | - | (68) | - | (66) | 1 | (9) | (142) |
| At 31 March 2016 | 30,345 | 175,243 | 705 | 2,188 | 938 | 843 | 210,262 |
| Depreciation | | | | | | | |
| At 1 April 2015 | - | 5,337 | 557 | 2,082 | 4,204 | 598 | 12,778 |
| Machinery of Government | - | - | - | 51 | - | - | 51 |
| Restated Depreciation at 1 April 2015 | - | 5,337 | 557 | 2,133 | 4,204 | 598 | 12,829 |
| Charged in year | - | 5,385 | 70 | 32 | 164 | 82 | 5,733 |
| Disposals | - | (146) | (80) | (1) | (3,751) | (171) | (4,149) |
| Transfers | - | - | - | - | 1 | - | 1 |
| Reclassification | - | (26) | 17 | (9) | 2 | - | (16) |
| Revaluation released to SoCNE | - | (6) | - | - | (1) | - | (7) |
| Indexation | - | 936 | 1 | - | - | 1 | 938 |
| Revaluation | - | 3 | - | (88) | - | (13) | (98) |
| At 31 March 2016 | - | 11,483 | 565 | 2,067 | 619 | 497 | 15,231 |
| Carrying amount at 31 March 2016 | 30,345 | 163,760 | 140 | 122 | 318 | 346 | 195,031 |
| Restated carrying amount at 31 March 2015 | 30,360 | 155,818 | 228 | 47 | 433 | 1 | 186,887 |
| Asset financing: | | | | | | | |
| Owned | 30,345 | 124,852 | 140 | 122 | 318 | 346 | 156,123 |
| On balance sheet PFI contracts | - | 38,908 | - | - | - | - | 38,908 |
| Carrying amount at 31 March 2016 | 30,345 | 163,760 | 140 | 122 | 318 | 346 | 195,031 |

Notes

IAS 16 requires measurement of assets at fair value.

Land and buildings were valued as at 31 March 2014 by LPS. The valuation was carried out by LPS in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. In accordance with the accounting policy the Land and Buildings have been revalued using appropriate indices as provided by LPS. Indices for assets other than land and buildings were obtained from Office of National Statistics (ONS) MM22 Price Index Numbers for Current Cost Accounting as at March 2017.

All Buildings are valued at DRC with the exception of two Courthouses that were revalued at 31 March 2017 at market value, due to their non-operational status.

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

There are no donated assets to report.

11. Intangible Assets

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

| | Software Licences £'000 | IT £'000 | Assets under construction £'000 | Total £'000 |
|---|-------------------------------|---------------|--|----------------|
| Cost or valuation | | | | |
| At 1 April 2016 | 351 | 10,288 | 228 | 10,867 |
| Additions | - | 1,056 | - | 1,056 |
| Disposals | - | - | - | - |
| Transfers | - | 228 | (228) | - |
| Reclassification | - | - | - | - |
| Revaluation released to SoCNE | - | 2 | - | 2 |
| Indexation | 1 | 76 | - | 77 |
| As at 31 March 2017 | 352 | 11,650 | - | 12,002 |
| Amortisation | | | | |
| At 1 April 2016 | 309 | 8,984 | - | 9,293 |
| Charged in year | 14 | 857 | - | 871 |
| Disposals | - | - | - | - |
| Reclassification | - | - | - | - |
| Revaluation released to SoCNE | - | 1 | - | 1 |
| Indexation | 1 | 29 | - | 30 |
| As at 31 March 2017 | 324 | 9,871 | - | 10,195 |
| Carrying amount at 31 March 2017 | 28 | 1,779 | - | 1,807 |
| Carrying amount at 31 March 2016 | 42 | 1,304 | 228 | 1,574 |
| Asset financing | | | | |
| Owned | 28 | 1,779 | - | 1,807 |
| On balance sheet PFI contracts | - | - | - | - |
| Carrying amount at 31 March 2017 | 28 | 1,779 | - | 1,807 |

| | Software Licences £'000 | IT £'000 | Assets under construction £'000 | Restated Total £'000 |
|---|-------------------------------|-------------|--|----------------------------|
| Cost or valuation | | | | |
| At 1 April 2015 | 315 | 10,459 | - | 10,774 |
| Machinery of Government | 180 | 651 | - | 831 |
| Restated Cost or Valuation at 1 April 2015 | 495 | 11,110 | - | 11,605 |
| Additions | - | 974 | 228 | 1,202 |
| Disposals | (180) | (1,201) | - | (1,381) |
| Transfers | - | (637) | - | (637) |
| Reclassification | 35 | 27 | - | 62 |
| Revaluation released to SoCNE | - | (2) | - | (2) |
| Indexation | 1 | 17 | - | 18 |
| As at 31 March 2016 | 351 | 10,288 | 228 | 10,867 |
| Amortisation | | | | |
| At 1 April 2015 | 280 | 9,762 | - | 10,042 |
| Machinery of Government | 180 | 94 | - | 274 |
| Restated Amortisation at 1 April 2015 | 460 | 9,856 | - | 10,316 |
| Charged in year | 25 | 423 | - | 448 |
| Disposals | (180) | (1,200) | - | (1,380) |
| Transfers | - | (113) | - | (113) |
| Reclassification | 4 | 11 | - | 15 |
| Indexation | - | 7 | - | 7 |
| As at 31 March 2016 | 309 | 8,984 | - | 9,293 |
| Carrying amount at 31 March 2016 | 42 | 1,304 | 228 | 1,574 |
| Restated carrying amount at 1 April 2015 | 35 | 1,254 | - | 1,289 |
| Asset financing | | | | |
| Owned | 42 | 1,304 | 228 | 1,574 |
| On balance sheet PFI contracts | - | - | - | - |
| Carrying amount at 31 March 2016 | 42 | 1,304 | 228 | 1,574 |

Intangible assets are adjusted to their current value each year by reference to appropriate indices supplied by the Office of National Statistics.

12. Impairment

| | 2016-17 £'000 | 2015-16 £'000 |
|--|------------------|------------------|
| Charged directly to the SoCNE | | |
| Property, plant and equipment | (71) | 44 |
| Intangible assets | (1) | 2 |
| | (72) | 46 |
| Taken through the revaluation reserve | | |
| Property, plant and equipment | (3,904) | (13,324) |
| Intangible assets | (47) | (11) |
| | (3,951) | (13,335) |
| Total impairment charge for the year | (4,023) | (13,289) |

13. Trade receivables and other current assets

| | 2016-17 £'000 | Restated 2015-16 £'000 | Restated 1 April 2015 £'000 |
|---|------------------|------------------------------|-----------------------------------|
| Amounts falling due within one year: | | | |
| Trade receivables | - | 215 | 103 |
| Value Added Tax | 600 | 411 | 860 |
| Other receivables | 612 | 610 | 1,082 |
| Prepayments and accrued income | 3,238 | 3,020 | 2,989 |
| Total | 4,450 | 4,256 | 5,034 |

Within other receivables there is a provision for bad debt of £37k. As this is a provision, and therefore a non cash movement, it has been excluded from the movement in trade receivables for inclusion within the Statement of Cash Flows (2015-16: £37k).

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

14. Cash and cash equivalents

| | 2016-17 £'000 | Restated 2015-16 £'000 | Restated 1 April 2015 £'000 |
|--|------------------|------------------------------|--------------------------------------|
| Balance at 1 April | 945 | 1,115 | 919 |
| Net change in cash and cash equivalent balances | (50) | (170) | 196 |
| Balance at 31 March | 895 | 945 | 1,115 |
| The following balances at 31 March were held at: | | | |
| Office of HM Paymaster General | - | - | - |
| Commercial banks and cash in hand | 895 | 945 | 1,115 |
| Balance at 31 March | 895 | 945 | 1,115 |

15. Trade payables and other current liabilities

| | 2016-17 £'000 | Restated 2015-16 £'000 | 1 April 2015 £'000 |
|--|------------------|------------------------------|--------------------------|
| Amounts falling due within one year | | | |
| Trade payables | 208 | 95 | 91 |
| Other payables | 2,635 | 2,827 | 2,855 |
| Accruals and deferred income | 11,410 | 14,913 | 13,343 |
| Current part of imputed finance lease element of PFI contracts | 1,304 | 1,214 | 1,124 |
| Consolidated Fund extra receipts due to be paid to the Consolidated Fund received and receivable | 18 | 114 | 112 |
| | 15,575 | 19,163 | 17,525 |
| Amounts falling due after more than one year | | | |
| Imputed finance lease element of PFI contracts | 15,193 | 16,497 | 17,712 |
| Total | 30,768 | 35,660 | 35,237 |

Within accruals and deferred income are accruals for non-current assets of £1,164k (2015-16: £814k).

16. Provisions

| | Early departure costs £'000 | Legal Claims £'000 | Judicial Service Award £'000 | Fee Paid Officer Holders £'000 | Total £'000 |
|---|--------------------------------------|--------------------------|---------------------------------------|---|----------------|
| Balance at 1 April 2016 | 188 | 846 | 4,021 | 525 | 5,580 |
| Provided in the year | 1 | 220 | 342 | 112 | 675 |
| Provisions not required written back | - | (560) | - | - | (560) |
| Provisions utilised in the year | (46) | (72) | (2) | - | (120) |
| Provisions settled from Consolidated Fund | - | - | (551) | - | (551) |
| Borrowing Costs | 3 | - | 51 | - | 54 |
| Actuarial gain | - | - | 49 | - | 49 |
| Balance at 31 March 2017 | 146 | 434 | 3,910 | 637 | 5,127 |

Analysis of expected timing of discounted flows:

| | Early departure costs £'000 | Legal Claims £'000 | Judicial Service Award £'000 | Fee Paid Officer Holders £'000 | Total £'000 |
|---|--------------------------------------|--------------------------|---------------------------------------|---|----------------|
| Not later than one year | 83 | 434 | 343 | 142 | 1,002 |
| Later than one year and not later than five years | 63 | - | 1,371 | 77 | 1,511 |
| Later than five years | - | - | 2,196 | 418 | 2,614 |
| Balance at 31 March 2017 | 146 | 434 | 3,910 | 637 | 5,127 |

| | Early departure costs £'000 | Legal Claims £'000 | Judicial Service Award £'000 | Fee Paid Officer Holders £'000 | Restated Total £'000 |
|---|--------------------------------------|--------------------------|---------------------------------------|---|----------------------------|
| Balance at 1 April 2015 | 219 | 815 | 4,324 | 270 | 5,628 |
| Provided in the year | 3 | 383 | 324 | 255 | 965 |
| Provisions not required written back | - | (289) | - | - | (289) |
| Provisions utilised in the year | (46) | (63) | (241) | - | (350) |
| Provisions settled from Consolidated Fund | - | - | (300) | - | (300) |
| Borrowing Costs | 12 | - | 83 | - | 95 |
| Actuarial loss | - | - | (169) | - | (169) |
| Balance at 31 March 2016 | 188 | 846 | 4,021 | 525 | 5,580 |

Analysis of expected timing of discounted flows:

| | Early departure costs £'000 | Legal Claims £'000 | Judicial Service Award £'000 | Fee Paid Officer Holders £'000 | Restated Total £'000 |
|---|--------------------------------------|--------------------------|---------------------------------------|---|----------------------------|
| Not later than one year | 33 | 846 | 426 | 117 | 1,422 |
| Later than one year and not later than five years | 155 | - | 1,693 | 63 | 1,911 |
| Later than five years | - | - | 1,902 | 345 | 2,247 |
| Balance at 31 March 2016 | 188 | 846 | 4,021 | 525 | 5,580 |

16.1 Early departure costs

NICTS meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to PCSPS over the period between early departure and normal retirement date. NICTS provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 0.24% in real terms.

16.2 Legal Claims

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

16.3 Judicial Service Award

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

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

16.4 Fee Paid Office Holders

Judicial Service Award

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

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

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

Compensatory Interest

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

Non-Pension Entitlements

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

During 2013-14 hearings held by the Employment Tribunal and Employment Appeal Tribunal addressed claims for non-pension entitlements relating to the terms and conditions of fee paid judicial office holders. A provision has been recognised which reflects the best estimate of the amount required to settle those claims which have been

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

17. Capital commitments

NICTS has not entered into any capital commitments as at 31 March 2017 (2015-16: none).

18. Commitments under leases

18.1 Operating leases

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

| | 2016-17 £'000 | 2015-16 £'000 |
|---|------------------|------------------|
| Obligations under operating leases comprise: | | |
| Buildings: | | |
| Not later than one year | - | 410 |
| Later than one year and not later than five years | - | 164 |
| Later than five years | - | 342 |
| | - | 916 |
| Other: | | |
| Not later than one year | - | 50 |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| | - | 50 |

In 2015-16 NICTS had a commitment under an operating lease for buildings. NICTS now incur a notional charge for use of this building from DoF who now own the building.

18.2 Finance leases

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

19. Commitments under PFI contracts

Laganside Complex

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

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

The total amount charged in SoCNE in respect of the service element of “on balance sheet” (SoFP) PFI transactions was £2,591 (2015-16: £2,476k). Total future obligations under “on-balance sheet” PFI arrangements are given in the table below for each of the following periods:

| | 2016-17 | 2015-16 |
|--|----------------|----------------|
| | £'000 | £'000 |
| Rentals due not later than one year | 2,182 | 2,182 |
| Rentals due later than one year and not later than five years | 8,728 | 8,728 |
| Rentals due later than five years | 10,301 | 12,483 |
| | 21,211 | 23,393 |
| Less interest element | (4,714) | (5,682) |
| Present value of obligations | 16,497 | 17,711 |
| | 2016-17 | 2015-16 |
| | £'000 | £'000 |
| Service charge due within one year | 1,488 | 1,428 |
| Service charge due later than one year and not later than five years | 6,090 | 5,835 |
| Service charge due later than five years | 7,496 | 10,195 |
| Total | 15,074 | 17,458 |

20. Other financial commitments

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

21. Financial instruments

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

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

Classification of financial instruments

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

Risk Management

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

Credit risk

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

Liquidity risk

NICTS net revenue resource requirements are financed by resources voted annually by the Northern Ireland Assembly, as is its capital expenditure. It is not, therefore, exposed to significant liquidity risks. NICTS received an indicative budget for 2017-18 in April 2017, a final budget allocation will be a matter for the incoming administration. NICTS financial assets of £895k (2015-16: £945k), found in Note 14, are non-interest bearing financial assets and comprise of cash and cash equivalents. Cash and cash equivalents are held in sterling and are available on demand.

Currency Risk

Currency risk is the risk that the fair value of future 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.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the NICTS financial

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

Embedded Derivatives

In accordance with IAS 39, Financial Instruments: Recognition and Measurement, NICTS has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. In relation to NICTS Laganside PFI contract there is a payment mechanism that determines the charge the Agency will pay from 2009 to 2026 which is based on the UK RPI and UK Gross Domestic Product Index (GDP). The embedded derivative is deemed to be closely related to the host contract as the amounts charged are in relation to the economic environment within which NICTS operates.

22. Contingent liabilities disclosed under IAS 37

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

22.1 Legal Claims and Costs

There is an estimated contingent liability of £33k (2015-16: £93k) in relation to legal claims and costs; further information is disclosed within Note 16.2.

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

22.2 Fee Paid Office Holders

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

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

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

As detailed in Note 15.4 provisions have been recognised for eligible fee paid judicial office holders based on the UK Supreme Court ruling and the latest judgments from the Employment Tribunal and Employment Appeal Tribunal. There are a number of outstanding appeals in relation to these judgments which have not been heard prior to the finalisation of these accounts.

In the JPS accounts, £5.1m (2015-16: £3.6m) has been recognised as the pension liability associated with NICTS fee paid judicial office holders as at 31 March 2017. NICTS will potentially have to fund £3.2m (2015-16: £2.1m) of this however the timing of these cash flows remains uncertain.

The liability in respect of devolved NI fee-paid office holders who may be entitled to a pension scheme but who have no salaried comparator are classified as a contingent liability along with out-of-time claimants at an estimated amount of £1.8m (2015-16: £1.4m)

The latest available judgments allow for the Employment Tribunal to use discretion and extend this 'time limit' if it rules that it is just and equitable to do so. As cases in Northern Ireland have been further postponed, awaiting the outcome of the related litigation in England and Wales, there is currently no evidence in respect of the number of claims that the Employment Tribunal will allow and therefore NICTS has no present obligation in relation to claims lodged outside the timeframe.

22.3 Other Judicial Office Holders

In January 2017, the Employment Tribunal ruled that a group of claimant judges had been subject to age discrimination when they were transferred to the new career average Judicial Pension Schemes established in April 2015. Under transitional provisions, older colleagues were able to remain in the existing final salary schemes. MOJ is currently appealing that judgment on the basis that the transitional provisions were a proportionate means of achieving a legitimate aim.

In addition to O'Brien, a number of judicial office holders have made claims to an Industrial Tribunal under the Part Time Workers (Prevention of Less Favourable Treatment) Regulations (Northern Ireland) 2000. These claims relate to the appointment of salaried judicial office holders who hold or held concurrent judicial posts. The amount of possible liability and timings cannot be determined with sufficient reliability. The cases were heard on 26 – 28 April 2017 and the Tribunal's Reserved Judgement issued on 5 June 2017. The Tribunal concluded that the respondents unlawfully discriminated against the claimants in respect of pay and pension accrual. The outcome still remains unquantifiable until the remedy is agreed.

22.4 Legacy Inquests

The programme of legacy inquests continues to create a budgetary pressure. The number of legacy inquests has increased with on-going potential for further increase as the Attorney General continues to refer cases and applications are made on behalf of the next of kin to re-open cases. The Stormont House Agreement (SHA) provides a foundation for dealing with issues relating to the past in Northern Ireland. Paragraph 31 of the

Agreement requires the Executive to improve the way the legacy inquest function is conducted to comply with ECHR Article 2 requirements. This enables DoJ to bid for funds made available through the SHA in order to make a number of improvements to the current legacy inquest system and hence enable the requirements of the SHA to be met. However, pending confirmation that the necessary funds will be made available through the SHA there is no specific baseline funding in place for legacy work at this time.

22.5 Judicial Reviews on Fine Enforcement

In March 2013 the Divisional Court held that the long-standing procedures for the enforcement of unpaid fines and other monetary penalties in Northern Ireland were unlawful. The Court found that the detention in question was in breach of Article 5 ECHR. Subsequently, five test cases were remitted to the High Court so that issues of liability and compensation could be determined. However following legal advice the decision was taken to settle the test cases which spanned periods of imprisonment from 2 days to 13 days.

The settlement terms agreed in December 2016, provided a sound and consistent basis for settling future claims, minimising the need to negotiate settlement terms for individual cases. They also provided for the 'claw back' of outstanding fines including the grounding fine on which the unlawful detention was imposed. Pursuant to section 7(5) of the Human Rights Act 1998 proceedings alleging a breach of a Convention right must be brought within one year beginning with the date on which the act complained of took place. Therefore in accordance with legal advice NICTS intend to apply the one year limitation imposed by statute on all claims.

NICTS Operational Policy Branch established a Fine Default Litigation Project in February 2017 to oversee the work involved in relation to potential claims. The Working Group provides representation from key stakeholders including NIPS, Compensation Services and the Departmental Solicitors Office.

As at the time of producing the accounts NICTS have received a total of 645 letters of claim. Of these claims 34 claims have been assessed as valid claims and an accrual of £228k has been provided in Note 15 in relation to these. There however remains uncertainty on the potential liability of claims deemed invalid, those that fall outside the one year rule, and claims that perhaps have been sent initially to other organisations such as Solicitors, PSNI or NIPS and have not been sent to NICTS as yet. Depending on the outcome of the unknowns, in particular the potential legal challenge to the one year limitation there may be significant financial implications in the future for NICTS and the Department.

23. Related-party transactions

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

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

24. Third-party assets

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

Third Party Monetary Assets

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

There are third party bank accounts maintained by the various court offices and the Office of the Official Solicitor.

These are not NICTS assets and are not included in the accounts. The assets held at the reporting date to which it was practical to ascribe monetary values, comprised monetary assets such as bank balances and monies on deposit, and listed securities. They are set out in the table below.

| | 31 March 2016 £'000 | Gross inflows £'000 | Gross outflows £'000 | 31 March 2017 £'000 |
|---|------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| Monetary assets such as bank balances and monies on deposit | 106,076 | 84,649 | (80,403) | 110,322 |
| Listed securities | 186,352 | 39,691 | (19,351) | 206,692 |
| Total Third Party Assets | 292,428 | 124,340 | (99,754) | 317,014 |

Third Party Inventory Assets

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

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

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

| | 31 March 2017 Number | 31 March 2016 Number |
|-----------------|---------------------------------|---------------------------------|
| Property assets | 1,111 | 842 |

25. Entities within the accounting boundary

The accounting boundary incorporates only the core Agency.

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

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

26. Criminal Injuries Compensation Appeals Panel Northern Ireland

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

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

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

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

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

CICAPNI Statement of Account As At 31 March 2017

| | 2016-17 | | 2015-16 | |
|-------------------------------|-----------|------------------|-----------|------------------|
| | £ | £ | £ | £ |
| Income | - | | - | |
| Staff Costs | | | | |
| Staff Payroll costs | (178,859) | | (201,245) | |
| Judicial Payroll costs | (159,022) | | (166,137) | |
| Total Payroll costs | | (337,881) | | (367,382) |
| Other operating costs | | (64,116) | | (62,591) |
| Net Cost of operations | | (401,997) | | (429,973) |

27. Machinery of Government – Impact on Financial Statements

The tables below summarise the impact on SoCNE and SoFP reflected by the machinery of Government transfer of PACWAC.

27.1 Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

| | 2015-16 Published Resource Accounts £'000 | Machinery of Government £'000 | Restated 2015-16 £'000 |
|--|---|-------------------------------------|------------------------------|
| Income from sale of goods and services | - | - | - |
| Other operating income | (26,139) | (87) | (26,226) |
| Total Operating Income | (26,139) | (87) | (26,226) |
| Staff costs | 25,823 | 1,333 | 27,156 |
| Purchase of goods and services | 44,633 | 948 | 45,581 |
| Depreciation and impairment charges | 6,207 | 20 | 6,227 |
| Provision expense | 770 | 1 | 771 |
| Total Operating Expenditure | 77,433 | 2,302 | 79,735 |
| Net Operating Expenditure | 51,294 | 2,215 | 53,509 |

27.2 Statement of Financial Position as at 31 March 2016

| | 2015-16 Published Resource Accounts £'000 | Machinery of Government £'000 | Restated 2015-16 £'000 |
|---|--|--|---------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 195,027 | 4 | 195,031 |
| Intangible assets | 1,560 | 14 | 1,574 |
| Current assets | | | |
| Trade and other receivables | 4,212 | 44 | 4,256 |
| Cash and cash equivalents | 1,488 | - | 1,488 |
| Total assets | 202,287 | 62 | 202,349 |
| Liabilities | | | |
| Cash and cash equivalents | (543) | - | (543) |
| Trade and other payables | (35,544) | (116) | (35,660) |
| Provisions | (5,579) | (1) | (5,580) |
| Total Liabilities | (41,666) | (117) | (41,783) |
| Total assets less total liabilities | 160,621 | (55) | 160,566 |
| Taxpayers' equity and other reserves | | | |
| General fund | 44,273 | (56) | 44,217 |
| Revaluation reserve | 116,348 | 1 | 116,349 |
| Total equity | 160,621 | (55) | 160,566 |

27.3 Statement of Financial Position as at 31 March 2015

| | 2014-15 Published Resource Accounts £'000 | Machinery of Government £'000 | Restated 2014-15 £'000 |
|---|--|--|---------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 186,881 | 6 | 186,887 |
| Intangible assets | 732 | 557 | 1,289 |
| Current assets | | | |
| Trade and other receivables | 5,008 | 26 | 5,034 |
| Cash and cash equivalents | 1,812 | - | 1,812 |
| Total assets | 194,433 | 589 | 195,022 |
| Liabilities | | | |
| Cash and cash equivalents | (697) | - | (697) |
| Trade and other payables | (35,103) | (134) | (35,237) |
| Provisions | (5,628) | - | (5,628) |
| Total Liabilities | (41,428) | (134) | (41,562) |
| Total assets less total liabilities | 153,005 | 455 | 153,460 |
| Taxpayers' equity and other reserves | | | |
| General fund | 46,944 | 453 | 47,397 |
| Revaluation reserve | 106,061 | 2 | 106,063 |
| Total equity | 153,005 | 455 | 153,460 |

28. Events after the reporting period**28.1 Tribunal Transfer**

TAS was due to transfer to NICTS in July 2017 however given the current political situation, the transfer date has been postponed. It is currently envisaged that this transfer will happen in 2016-17 financial year but the timing is dependent on the forming of an Executive.

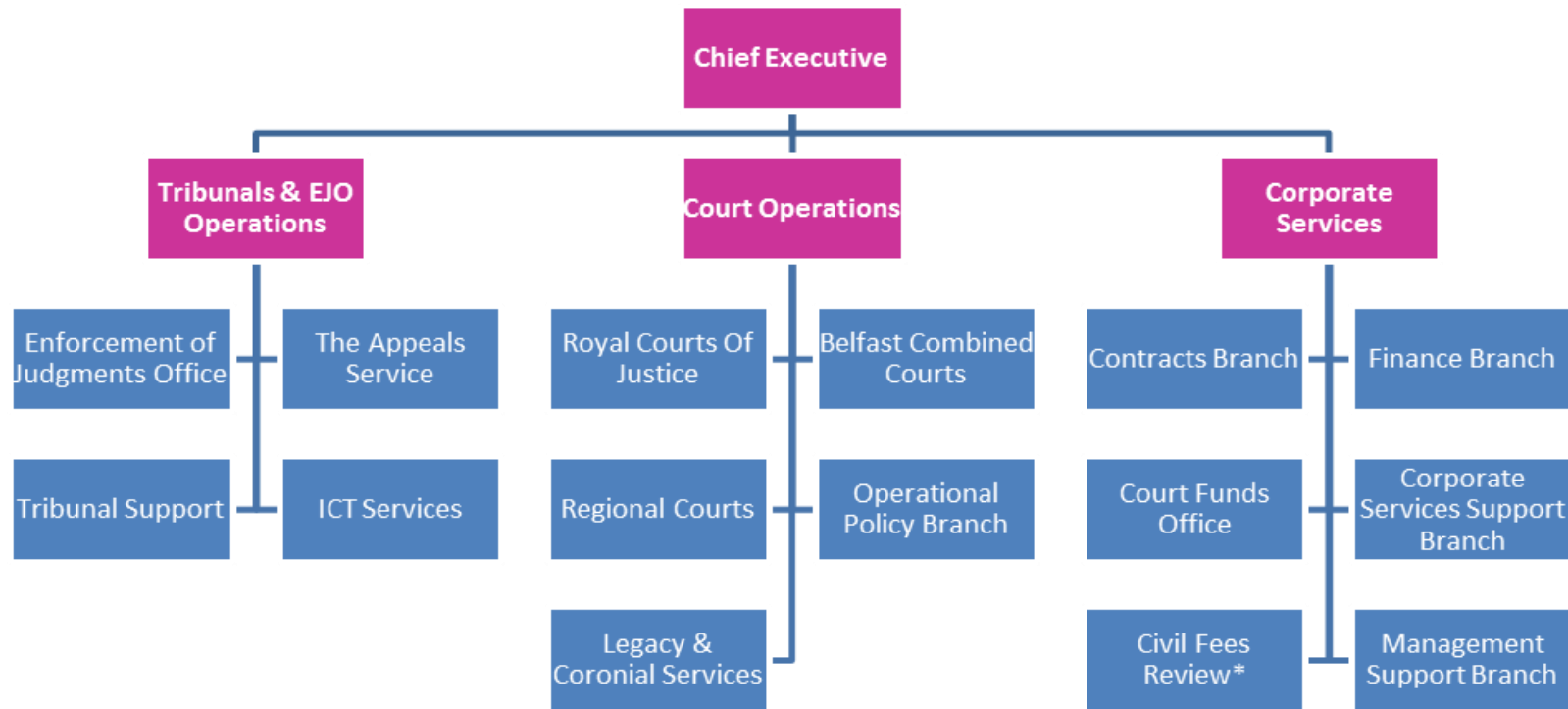
28.2 Community Asset Transfer

A business case to facilitate the Community Asset Transfer of Bangor Courthouse to a Community arts based group based in North Down has been approved by the DoF. The approval is subject to the group securing funding to support the project.

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

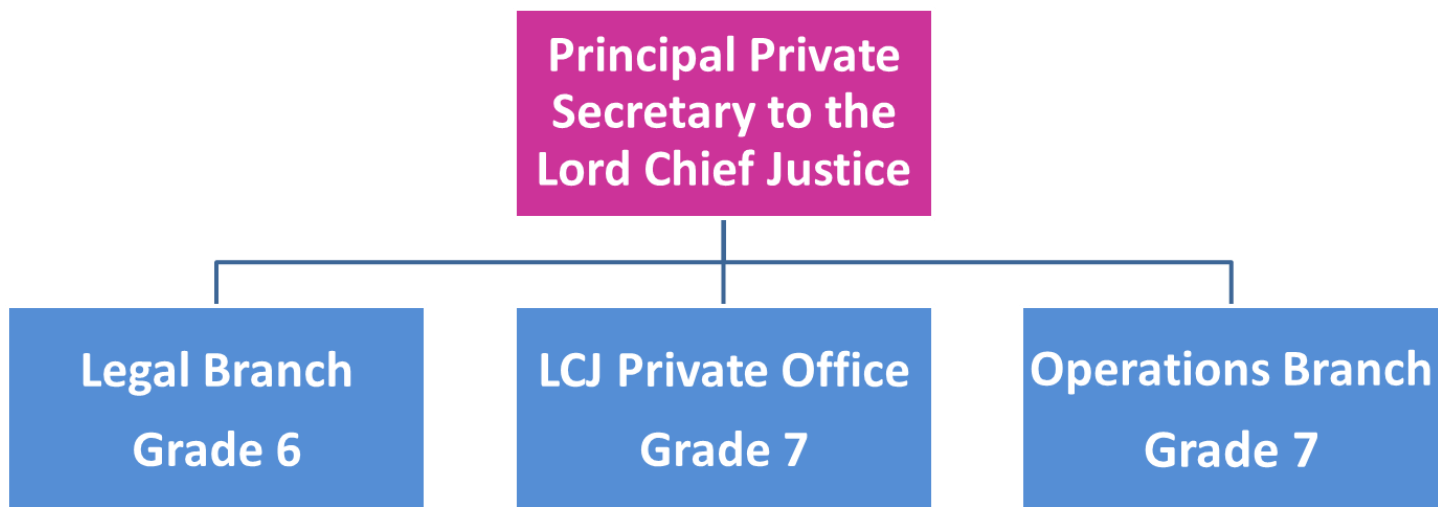
PART 4 APPENDICES

Annex A Northern Ireland Courts and Tribunals Service Organisational Chart 2017



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

Annex B Office of the Lord Chief Justice Structure 2017



Annex C Staffing

At the end of March 2017, the number of staff employed by the Agency was 680. A breakdown is provided below.

| Staff Headcount | |
|------------------------------------|-------------|
| Tribunals and Enforcement Division | 131 |
| Court Operations Division | 436 |
| Corporate Services | 70 |
| Office of the Lord Chief Justice | 30 |
| Central Management Unit | 12 |
| Chief Executive | 1 |
| Total | 680* |

* There is 1 secondee out which have been excluded from this total

| Staff Headcount by Grade | |
|---------------------------------|------------|
| Administrative Assistant | 3 |
| Administrative Officer | 303 |
| Executive Officer 2 | 56 |
| Executive Officer 1 | 181 |
| Staff Officer | 63 |
| Deputy Principal | 35 |
| Principal Officer | 30 |
| Grade 6 | 7 |
| Grade 5 | 2 |
| Total | 680 |

Annex D Court and Tribunal Performance Standards 2016-17

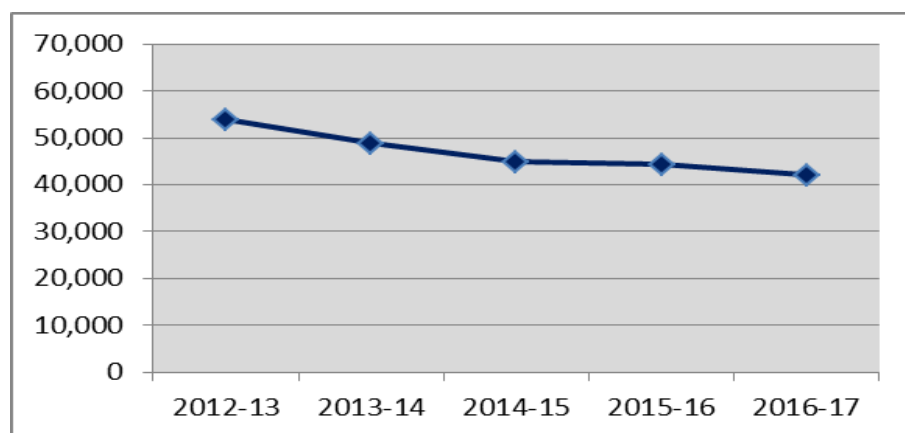
Criminal Business

To facilitate the efficient disposal of criminal business⁴

- 80% of Crown Court defendants will be arraigned within six weeks of committal;
(In 2016-17 we achieved 88%)
- 80% of Crown Court defendants will start their trial within 18 weeks of committal;
(In 2016-17 we achieved 67%)
- 80% of Crown Court defendants will be sentenced within six weeks of a plea or finding of guilt;
(In 2016-17 we achieved 72%)
- 80% of Magistrates' Courts adult defendants will have their case disposed of within nine weeks of first listing;
(In 2016-17 we achieved 83%)
- A finding will be reached within 12 weeks from first listing for 80% of Youth Court defendants;
(In 2016-17 we achieved 86%)
- 90% of appeals against a sentence will be listed within four weeks of leave being granted to appeal to the Court of Appeal;
(In 2016-17 we achieved 86%)

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

Figure 1: Criminal Business Received



⁴ These Standards, with the exception of the Court of Appeal, Causeway and Court Order Standards, are set by the Lord Chief Justice.

Criminal Court Business – Volumes, Disposals and Performance

| Business Volumes Received | 2016-17 | % difference* |
|---|----------------|----------------------|
| Total Criminal business | 41,970 | -5% |
| Crown Court cases | 1,422 | -2% |
| Magistrates' adult defendants | 39,063 | -5% |
| Magistrates' youth defendants | 1,485 | -11% |
| Business Volumes disposed | | |
| Total criminal business | 42,352 | -3% |
| Crown Court cases | 1,905 | 120% |
| Magistrates' adult defendants | 39,021 | -5% |
| Magistrates' youth defendants | 1,426 | -19% |
| Sittings | | |
| Total criminal sittings | 6,074 | 8% |
| Crown Court | 2,539 | 21% |
| Magistrates' adult | 3,081 | 0% |
| Magistrates' youth | 454 | -2% |
| Performance against a target of 80% compliance | | |
| Crown Court ⁵ | 67% | 1pp |
| Magistrates' adult | 83% | -2pp |
| Magistrates' youth | 86% | -1pp |

* compared with equivalent data for the 2015-16 period

pp – percentage point

Civil Business

To facilitate the efficient disposal of civil business

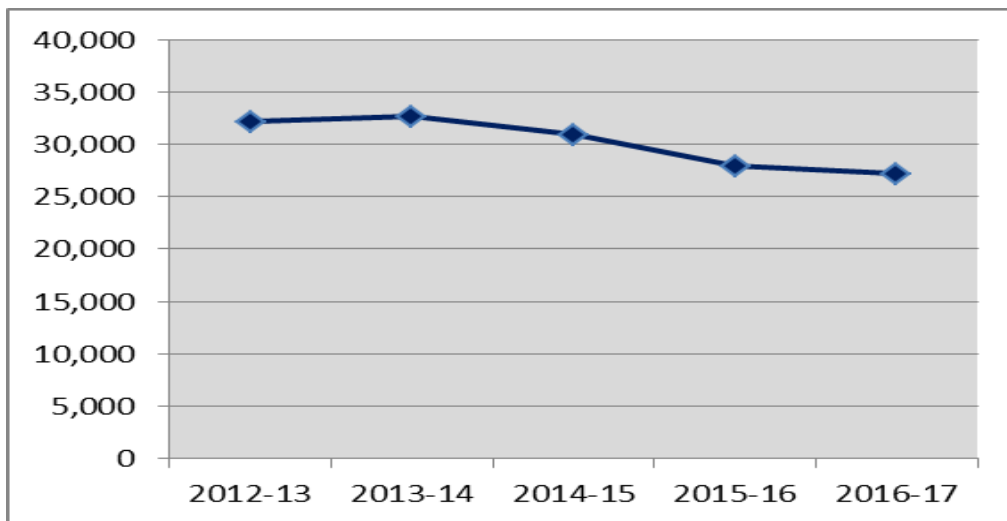
- 95% of civil bills will be allocated a hearing date within 15 weeks of receiving a certificate of readiness;
(In 2016-17 we achieved 98%)

⁵ Committal to hearing target

- 98% of claims for Clinical Negligence will be listed for review before the Master within 13 months of receipt of the writ (applicable to writs lodged since 2011);
(In 2016-17 we achieved 98%)
- 98% of claims for Personal Injury will be listed for review within three months of receipt of setting down;
(In 2016-17 we achieved 100%)
- 97% of petitions for bankruptcy (presented by creditors) will be listed for hearing within six weeks;
(In 2016-17 we achieved 99%)
- 90% of petitions for bankruptcy (presented by debtors) will be listed for hearing within three weeks;
(In 2016-17 we achieved 97%)
- 85% of applications for Grant of Probate/Letters of Administration will be issued within seven days of receipt of correct information;
(In 2016-17 we achieved 90%)

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

Figure 2: Civil Business Received



Civil Court Business – Volumes, Disposals and Performance

| Business Volumes Received | 2016-17 | % difference* |
|---|----------------|----------------------|
| Total civil business | 27,198 | -3% |
| Civil Bills (Notice of Intentions to Defend) | 7,415 | -1% |
| Small Claims | 10,350 | -1% |
| Writs set down | 141 | -75% |
| Mortgages received | 1,055 | -16% |
| Business Volumes disposed | | |
| Total civil business | 30,127 | -4% |
| Ordinary Civil Bills | 9,544 | 3% |
| Small Claims | 8,610 | -11% |
| Writs disposed | 2,719 | -18% |
| Mortgages disposed | 829 | -12% |
| Sittings | | |
| Total civil sittings | 2,731 | -4% |
| County Court | 2,012 | -3% |
| Queen's Bench | 507 | -13% |
| Chancery | 212 | 1% |
| Performance against a target of compliance | | |
| Civil Bills Writs set down (98%) | 98% | 2pp |
| Petitions for bankruptcy (presented by creditors) | 99% | -1pp |

* compared with equivalent data for the 2015-16 period

pp – percentage point

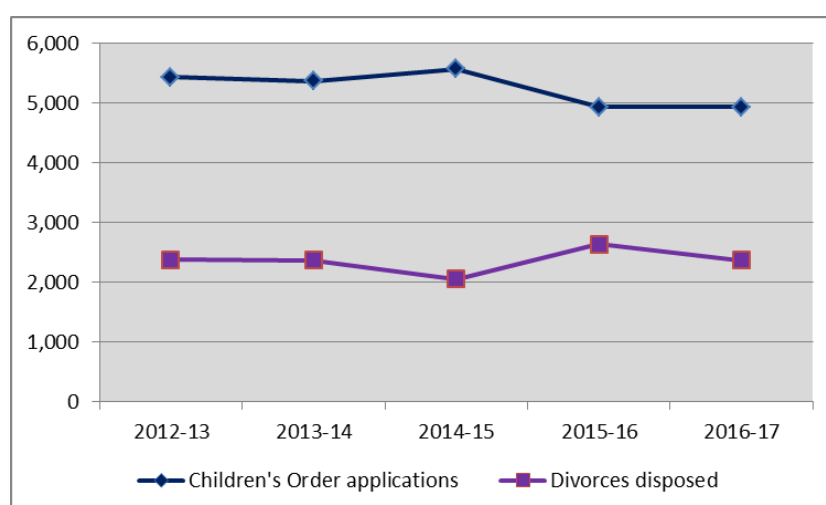
Family Business

To facilitate the efficient disposal of family business⁶

- 92% of Children Order applications will be listed for first directions within six weeks of receipt of correct information;
(In 2016-17 we achieved 98%)
- 95% of annual accounts filed by Controllers on behalf of patients will be reviewed by the Office of Care and Protection within eight weeks of receipt;
(In 2016-17 we achieved 99%)
- 95% of accounts held in court on behalf of patients will be reviewed by the Office of Care and Protection within 12 weeks of the annual review date;
(In 2016-17 we achieved 96%)
- 95% of applications for Enduring Power of Attorney (where no objection has been lodged) will be registered within 40 days of receipt of all required information;
(In 2016-17 we achieved 99%)
- 97% of undefended divorces and dissolution of civil partnerships will be listed for hearing within six weeks of receipt and in the High Court, confirmation of readiness;
(In 2016-17 we achieved 98%)

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

Figure 3: Family Business Disposed



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

Family Court Business – Volumes, Disposals and Performance

| Business Volumes Received | 2016-17 | % difference* |
|---|----------------|----------------------|
| Total Family Business | 10,141 | 2% |
| Children Order applications | 5,537 | 8% |
| Divorces received | 2,342 | -12% |
| Enduring Power of Attorney applications received | 915 | 18% |
| Controllership applications received | 1,347 | 3% |
| Business Volumes disposed | | |
| Total Family Business | 9,476 | -2% |
| Children Order applications | 4,921 | 0% |
| Divorces disposed | 2,368 | -10% |
| Enduring Power of Attorney registered | 840 | 11% |
| Controllership orders issued | 1,347 | 3% |
| Sittings | | |
| Children Order | 1,964 | 2% |
| Performance against a target of 90% compliance | | |
| Children Order | 98% | 1pp |

* compared with equivalent data for the 2015-16 period

pp – percentage point

Coroners Service Business

To facilitate the efficient disposal of Coroners Service business:

- 97% of all deaths investigated that do not require a post-mortem examination will have the certificate of registration issued to the Registrar of Deaths within three working days of the death being reported to the Coroner;
(In 2016-17 we achieved 99%)
- 95% of all deaths where a post-mortem examination reveals a natural cause of death will have the certificate of registration issued to the Registrar of Deaths within five working days of receipt of the post-mortem report;
(In 2016-17 we achieved 99%)
- In 95% of inquests will have administrative listing arrangements completed within 28 days of the Coroner's direction to list;
(In 2016-17 we achieved 95%)

Coroners Service Business – Volumes and Performance

| Business Volumes | 2016-17 | % difference* |
|---|----------------|----------------------|
| Deaths reported | 4,112 | 6% |
| Post mortems with no inquest | 1,056 | -8% |
| Inquests held | 135 | 59% |
| No post mortem and no inquest | 2,329 | 12% |
| Other disposals of registered entries | 611 | 8% |
| Performance against a target of compliance | | |
| Post mortem not required | 99% | -1pp |
| Post mortem reveals natural case of death | 99% | 2pp |

* compared with equivalent data for the 2015-16 period

pp – percentage point

Court Funds Office (CFO)

To facilitate the efficient disposal of CFO business:

- CFO transactions

95% of all client purchase, sale and payment transactions will be completed within ten working days of receipt of the relevant documentation; (In 2016-17 we achieved 100%)

- Customer services

95% of confirmations that funds have been received by the Court Funds Office will be issued within five working days of receipt of funds (or notification of appointment of Controller, if later); (In 2016-17 we achieved 88%)

Enforcement of Judgments Office and Taxation Office Business

To facilitate the efficient disposal of EJO and Taxation Office business

- Accept 95% of Enforcement Applications within ten working days;
(In 2016-17 we achieved 94%)
- Complete 85% of repossessions within 26 weeks of acceptance;
(In 2016-17 we achieved 98%)
- Produce summonses for interview in 90% of debt cases within five weeks of acceptance;
(In 2016-17 we achieved 92%)
- Produce 95% of Taxation Assessments within 15 working days.
(In 2016-17 we achieved 99%)

Enforcement of Judgments Business – Volumes and Performance

| Business Volumes | 2016-17 | % difference* |
|--|---------|------------------|
| Total money recovered by the Enforcement process | £8.05m | -4% |
| Notices of Intent to Enforce a Judgment | 10,282 | 32% |
| Applications to Enforce a Judgment | 4,795 | -15% |
| Applications for Repossession | 653 | -41% |
| Repossessions | 403 | -35% |
| Performance against a target of compliance | | |
| Accept Enforcement Applications | 94% | -6pp |
| Produce summons for interview | 92% | N/A ⁷ |
| Completion of Repossessions | 98% | 3pp |

* compared with equivalent data for the 2015-16 period

pp – percentage point

⁷ Target not directly comparable with the 2015-16 target

Court of Judicature of Northern Ireland Taxing Office Business

| Business Volumes | 2016-17 | % difference* |
|--|---------|---------------|
| Taxing Applications Lodged | 1,278 | -1% |
| Taxing Assessments Completed | 1,216 | -10% |
| Taxing Certificates Issued | 1,255 | -7% |
| Performance against a target of compliance | | |
| Produce Taxation Assessments | 99% | -1pp |

* compared with equivalent data for the 2015-16 period

pp – percentage point

Parole Commissioners Secretariat - Volumes and Performance

To facilitate the efficient delivery of support to Parole Commissioners:

- 95% of cases will be scheduled within five working days of receipt from DOJ;
(In 2016-17 we achieved 99%)
- 95% of all decisions will be issued within five working days of receipt from a Commissioner;
(In 2016-17 we achieved 99%)

| Business Volumes | 2016-17 | % difference* |
|--|---------|---------------|
| Lifers referrals received | 68 | - |
| ICS/ECS referrals received | 202 | -8% |
| DCS referrals received | 372 | 5% |
| Performance against a target of compliance | | |
| Schedule cases | 99% | - |
| Issue decisions | 99% | N/A |

* compared with equivalent data for the 2015-16 period

pp – percentage point

Tribunals

- 90% of all Tribunal hearing dates will be offered within the specified number of weeks;
(In 2016-17 we achieved 97%)
- 80% of Mental Health Review Tribunal (MHRT) appeals will be disposed of within eight weeks of receipt⁸;
(In 2016-17 we achieved 86%)

The Appeals Tribunal*

- 80% of appeals will be offered a first date of hearing within 11 weeks of the Hearing Type Enquiry return;
(In 2016-17 we achieved 94%)
- 95% of parties to the appeal will receive notification of the appeal hearing date 14 days in advance of the hearing;
(In 2016-17 we achieved 100%)

Tribunal Business – Volumes

| Business Volumes Received | 2016-17 | % difference* |
|---|----------------|----------------------|
| Total Tribunal Business | 12,021 | -29% |
| Care Tribunal | 3 | -50% |
| Charity Tribunal | 8 | -20% |
| Criminal Injuries Compensation Appeals Panel | 306 | -24% |
| The Health and Personal Social Services Disqualification Tribunal** | 0 | N/A |
| Health and Safety Tribunal | 1 | - |
| Lands Tribunal | 160 | 14% |
| Mental Health Review Tribunal | 297 | - |
| Northern Ireland Traffic Penalty Tribunal | 609 | 22% |
| Northern Ireland Valuation Tribunal | 31 | -33% |
| Office of the Social Security and Child Support Commissioner | 230 | 8% |
| Pensions Appeal Tribunal | 129 | -12% |

⁸This standard is set by the Tribunal President

| Business Volumes Received | 2016-17 | % difference* |
|---|----------------|----------------------|
| Rent Assessment Panel ⁹ | 6 | -45% |
| Special Educational Needs and Disability Tribunal | 193 | 33% |
| The Appeals Tribunal | 10,048 | -33% |

* compared with equivalent data for the 2015-16 period

** No cases have been received in 2015-16 or 2016-17. Standard is subject to review.

| Business Volumes Disposed | 2016-17 | % difference* |
|---|----------------|----------------------|
| Total Tribunal Business | 13,028 | -23% |
| Care Tribunal | 10 | 233% |
| Charity Tribunal | 5 | -64% |
| Criminal Injuries Compensation Appeals Panel | 362 | -14% |
| The Health and Personal Social Services Disqualification Tribunal** | 0 | N/A |
| Health and Safety Tribunal | 0 | -100% |
| Lands Tribunal | 134 | -28% |
| Mental Health Review Tribunal | 295 | 4% |
| Northern Ireland Traffic Penalty Tribunal | 516 | 26% |
| Northern Ireland Valuation Tribunal | 58 | 14% |
| Office of the Social Security and Child Support Commissioner | 252 | 8% |
| Pensions Appeal Tribunal | 137 | 6% |
| Rent Assessment Panel | 5 | -29% |
| Special Educational Needs and Disability Tribunal | 218 | 85% |
| The Appeals Tribunal | 11,036 | -26% |

* compared with equivalent data for the 2015-16 period

** No cases have been received or disposed in either 2015-16 or 2016-17.

⁹ Rent Assessment Panel figures for 2015-16 were revised in January 2017

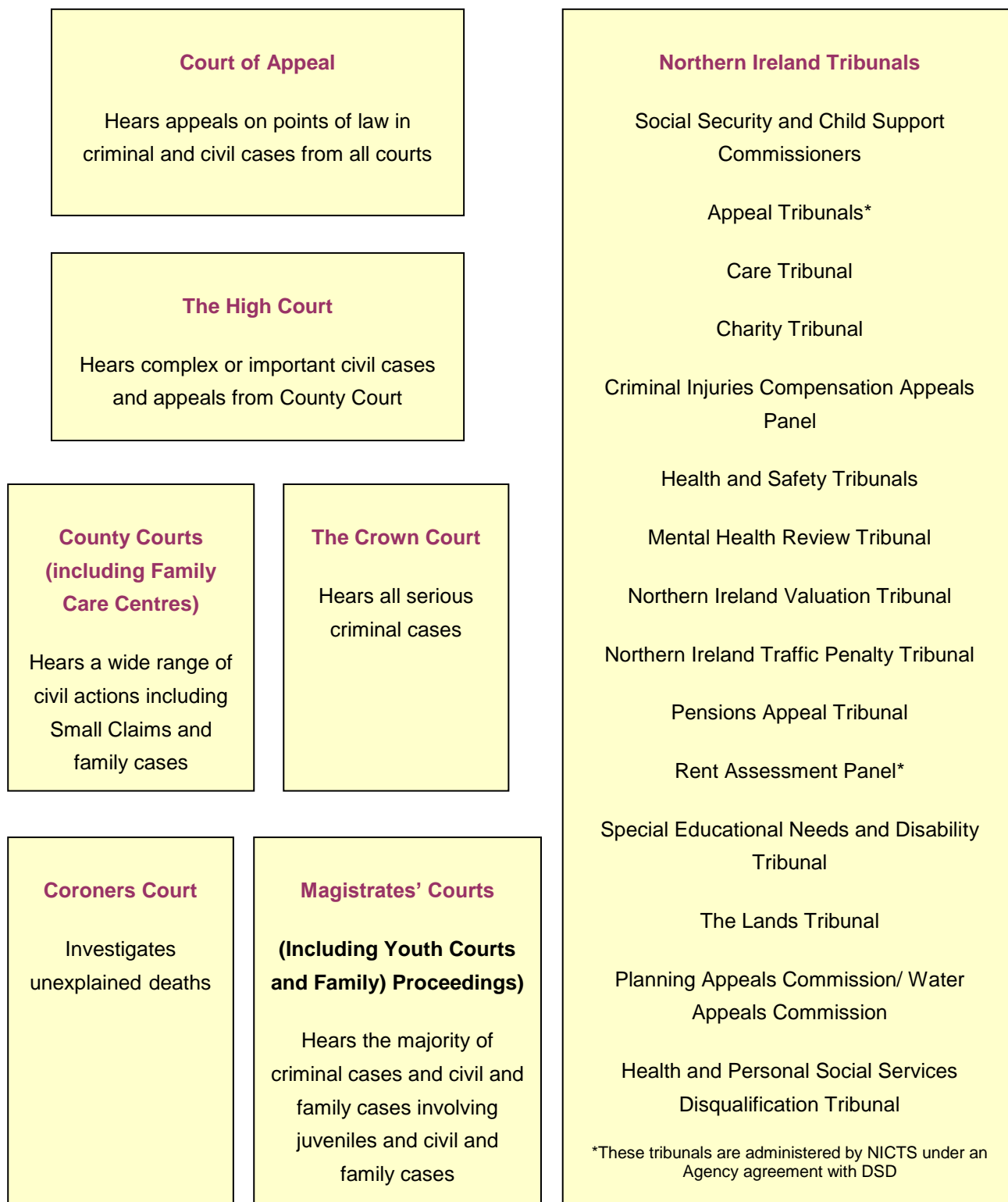
Appendix 1 Court Divisions and Map



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

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

Appendix 2 Northern Ireland Courts and Tribunals Structure



Appendix 3

Judicial Complement in Northern Ireland

Judicial complement of salaried and fee paid judicial officers in Northern Ireland as at 31 March 2017:

| | |
|---|-----------|
| Lord Chief Justice | 1 |
| Lord Justices of Appeal | 3 |
| High Court Judges* | 10 |
| County Court Judges | 18 |
| District Judges (Magistrates' Courts)** | 21 |
| District Judges | 4 |
| High Court Masters | 7 |
| Social Security and Child Support Commissioners | 2 |
| Coroners | 3*** |
| Lands Tribunal Member | 1 |
| Appeal Tribunal Member | 2 |
| Total | 72 |
| Lay Magistrates | 140 |
| Fee Paid Tribunal members | 341 |
| Number of Deputy and fee paid Judicial Officers | 66 |
| Parole Commissioners | 41 |

* One on secondment to Asylum and Immigration Tribunal

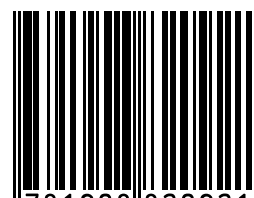
** Includes two part-time

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

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