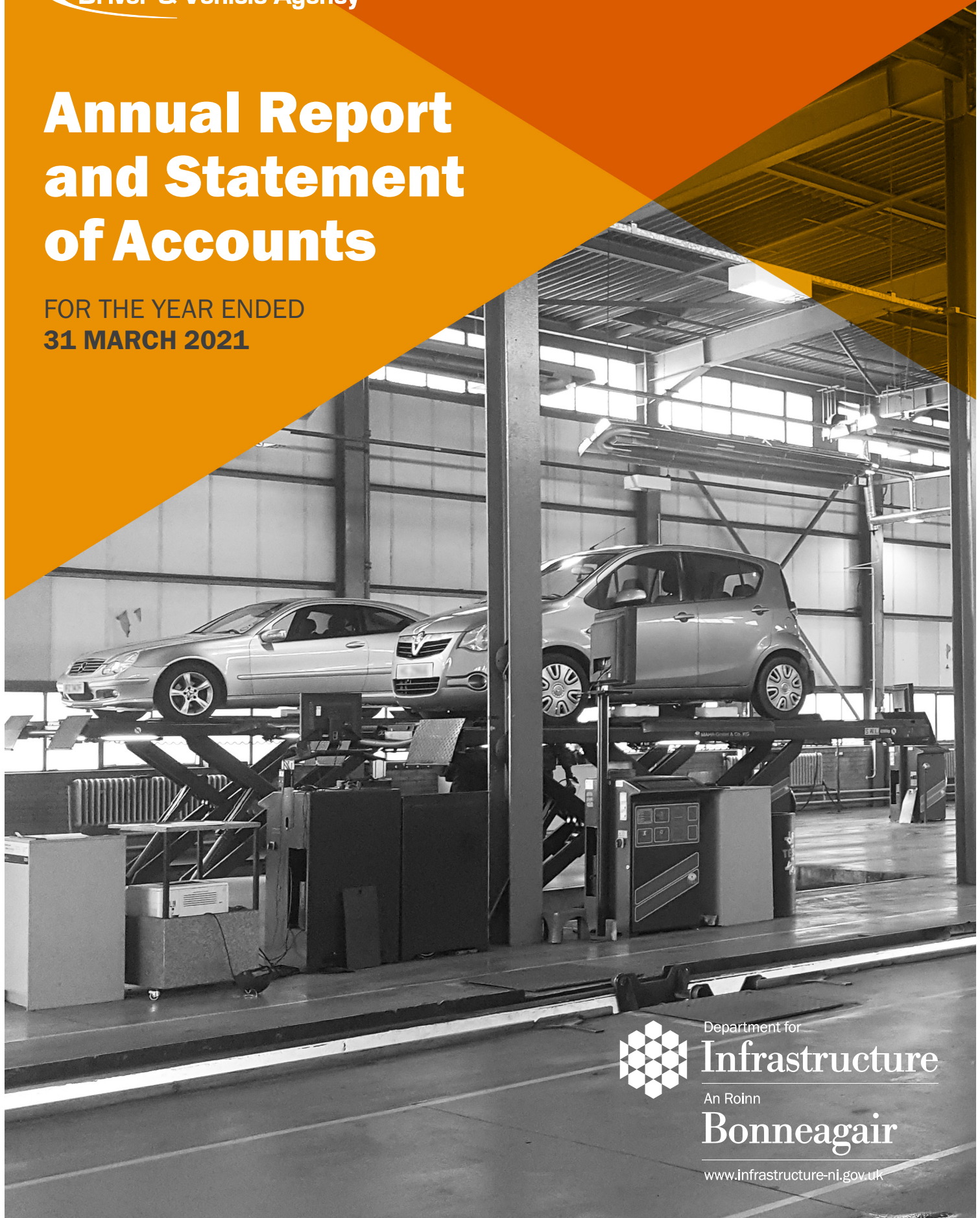




# Annual Report and Statement of Accounts

FOR THE YEAR ENDED  
**31 MARCH 2021**



Department for  
**Infrastructure**  
An Roinn  
**Bonneagair**

[www.infrastructure-ni.gov.uk](http://www.infrastructure-ni.gov.uk)



## **Driver and Vehicle Agency**

Annual Report and Statement of Accounts  
for the year ended  
31 March 2021

**Laid before the Northern Ireland Assembly**  
under Article 8 (6)(b) of the Financial Provisions (Northern Ireland) Order  
1993 by the Comptroller and Auditor General for Northern Ireland on  
9<sup>th</sup> July 2021



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# 1

## Performance Report

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## **1. PERFORMANCE REPORT**

### **Chief Executive's Foreword**

I am pleased to present our Annual Report and Accounts for 2020-21.

This year has been dominated by the impact of COVID-19. In March last year, when it was announced we would go into lockdown for 3 months, little did we know or anticipate the profound and long lasting impact COVID-19 would have on our lives, both personally and professionally.

I am pleased and proud that the Agency helped support the fight against COVID-19 through a number of actions, including the provision of 2 of our test centres to local NHS Trusts for COVID-19 testing facilities and a third test centre to the Department of Health in London, which was used as part of the national initiative testing programme. In the 12 months of this accounting period the Agency's services have been significantly disrupted and I must pay tribute to the remarkable efforts of our staff to keep our services running, where this was possible in line with the restrictions.

Unsurprisingly the suspension of vehicle testing and driver testing generated significant public interest but behind the scenes, staff worked tirelessly to deliver other key services including driving licensing, commercial licensing and compliance and enforcement to name but a few.

The Health and Safety of our staff and customers remained paramount throughout the year, with risk assessments being continuously reviewed and updated to take account of the latest public health advice and guidance. Vehicle testing resumed in July 2020 with the necessary adaptations made to deliver the service safely. Our testing capacity steadily increased throughout the year and for those vehicles we could not test, Temporary Exemption Certificates continued to be applied to allow vehicles to be taxed and kept on the road.

The delivery of driving tests and theory tests was badly disrupted with the ongoing COVID-19 restrictions resulting in the suspension of these services. Thankfully, following the post-Christmas lockdown, on 15 April the Executive agreed to relax some COVID-19 restrictions, and we resumed practical driving tests and theory tests on 23 April, with appropriate mitigations in place. We

have taken a range of measures to increase our capacity to deliver driving tests to help meet the high demand for this service, which will be a key component of our recovery in 2021-22.

Keeping our customers and stakeholders informed about our services and providing up-to-date information on the latest position has required a huge effort. Through NI Direct, social media, press releases and direct communications with those industries and customers most affected, we strived to make our key messages clear and timely.

Despite the challenges of dealing with COVID-19 there are some excellent examples of how our digital transformation has helped customers engage with the Agency through a range of online services. Over 94% of duplicate driver licence requests were conducted online and customer feedback is showing high satisfaction rates with the service. The online booking service remained the most popular method of booking MoT and driving tests which allowed the public to continue to interact with us while test centres were closed. A new system to allow the automatic issue and update of commercial licences came online in September 2020, and we worked closely with the taxi and bus industries to support them with this online service. Having our systems online also helped support home-working by staff during the pandemic.

We have also awarded and commenced work on a contract to build a new Driver and Vehicle Test Centre at Hydebank and Compliance and Enforcement Depot. This is the first new build test centre in 45 years and represents a significant investment to enable us to meet the changing demands from customers and vehicles as we move into the exciting future of automotive vehicles and the associated technology.

Ultimately, 2020-21 will be remembered for the impact of COVID-19 and I must acknowledge the disruption this has caused our customers. I am hopeful that 2021-22 will see a return to more normal times and the resumption of our normal services, which make such a significant contribution to road safety for all.



**1 July 2021**

*Chief Executive*



## **Non-Executive Board Member Report**

The Driver & Vehicle Agency ended 2019-2020 having faced what was one of its most challenging years in its history, entering 2020-2021 with the uncertainty of the impact COVID-19 and what it would mean for its operations, services, customers and staff.

I wish to commend the senior team, in all of its ingenuity, dedication and resilience. Working closely with the Department for Infrastructure and the Minister, the Agency has strived to find solutions to ensure the implementation of safe methods of working to ensure road safety in Northern Ireland is not compromised, nor regulations breached.

### **COVID-19**

Counter services and testing, both vehicle and driver testing were suspended until June and early July 2020 respectively. Driver testing was again cancelled on 26 December 2020. These events required concentrated pieces of work to issue refunds and temporary exemption certificates. Risk assessments were implemented and regularly reviewed, the Health and Safety team reprioritised the majority of their work to ensure colleagues and members of the public were protected from COVID-19. Service delivery, where possible and permissible was carefully planned and monitored in line with the Minister's announcements. As a result vehicle and driver testing is taking longer, than before COVID-19. Although the Agency's finances have been severely affected due to the suspension of vehicle and driver testing, it has however been able to access COVID-19 support funding.

### **Vehicle Testing Equipment**

Following the serious damage to the vehicle lift equipment identified in 2019-2020, new lifts were installed in testing centres and two investigations, called for by the Minister were completed, including an investigation carried out by Internal Audit into the vehicle lifts faults. In response to this audit a Lifts Action Plan was implemented and reported on a regular basis to the Board, the Department for Infrastructure and the Minister. The Lifts Issue Action Plan is now almost complete and a Lessons Learned report has been drafted based on the recommendations from the two independent reports on the lifts issue and the Action Plan. The circulation of the Lessons Learned report will bring benefit to stakeholders wider than the DVA.

## **Business Improvement**

With the implementation of remote home working via the provision of laptops to staff the Digital Transformation Programme was able to proceed until its closure mid-year. A Business Improvement Board was established to continue to oversee and implement the benefits realised by the Transformation Programme. The magnitude of the work being conducted by Business Improvement was recognised by the Agency's Audit and Risk Assurance Committee, which was concerned about the capacity to complete the work. Funding certainty and resourcing have both been identified as an issue. A Business Improvement Board has been established to oversee this work and to manage and mitigate these risks. In addition, regular reports are presented to the Senior Management Board and the ARAC so that affirmative action can be taken and supported where necessary. It is important that the progress made by the Programme and its momentum is not put at risk, otherwise the investment to date will be jeopardised.

There was some excitement during the year as a major milestone was reached with the award and commencement of the construction contract for the new Test Centre and Compliance and Enforcement Depot at Hydebank.

## **Communications**

Efforts were sustained in ensuring effective internal and external communication during the year. The impact of remote working on staff was acknowledged and best attempts were made to keep staff informed and engaged. Customers were significantly impacted with the suspension and cancellation of vehicle and driver testing. However, due to the high-quality work of the communications teams, specific communications to affected customers were delivered therefore reducing queries.

## **Conclusion**

The DVA saw the appointment of a new CEO, and I wish to congratulate Jeremy Logan on his appointment and wish him and his team every success as he continues to navigate the Agency through such tumultuous times.

The pandemic has shown us new ways of working across all of the Agency's areas of business. The lessons from this period should be harnessed. It is clear that wider policies and possible reform need to be considered about the future operations of the Agency.

## **Kathy Graham**

*Non-Executive Board Member*

## 1.1 OVERVIEW

### Introduction

This commentary sets out the Agency's main objectives, comments upon the organisational context within which we operated and provides a detailed report on performance during 2020-21.

### History and Statutory Background

The Driver & Vehicle Agency (DVA) was created under the Review of Public Administration on 1 April 2007, by the merger of Driver and Vehicle Licensing NI (DVLNI) and the Driver & Vehicle Testing Agency (DVTA).

The Chief Executive is the Agency Accounting Officer and reports through the Permanent Secretary of the Department for Infrastructure to the Minister for Infrastructure. The Minister has overall political responsibility and accountability for all the Department's activities.



### Vision

The Agency's vision is  
**'Safer Drivers, Safer Vehicles'.**

### Mission Statement

The mission of DVA is "To contribute to road safety, law enforcement and a cleaner environment by promoting compliance of drivers, vehicles and transport operators through testing, licensing, enforcement and education."

### Programme for Government

The Programme for Government (PfG) outcomes-based methodology has been at the centre of NICS business planning since 2016. A Framework of twelve outcomes of economic, environmental and social wellbeing provides the direction for public policy and provide a meaningful and joined-up basis for putting in place actions and programmes across the whole of government. The Agency makes a positive contribution to a number of these outcomes, specifically outcome 11: We connect people and opportunities through our infrastructure.

A new outcomes based Programme for Government is currently being developed and brought forward by the Executive. From 25 January to 22 March 2021 The Executive Office led a public consultation on a revised draft Framework of nine wellbeing outcomes proposed as the starting point for the new PfG.

### Strategic Objectives

The Agency's strategic objectives are to:

- improve compliance with statutory requirements;
- improve the quality, integrity and security of our records;
- deliver quality services to meet the needs of customers and other stakeholders;
- apply appropriate quality standards to all current and new processes;
- improve our efficiency, effectiveness and economy; and
- develop the organisation and our people.

### Values

The Agency values describe how we behave and treat each other, and how we treat our customers and stakeholders. Our values are:

- **Integrity** – putting the obligations of public service above personal interests;
- **Honesty** – being truthful and open;
- **Objectivity** – basing advice and decisions on rigorous analysis of the evidence;
- **Impartiality** – acting solely according to the merits of the case and serving equally well governments of different political persuasions;
- **Valuing people** - leading and empowering, listening and responding, recognising success; and
- **Excellence** – a focus on customer service, inspiring creativity and innovation, striving for excellence.

## What We Do

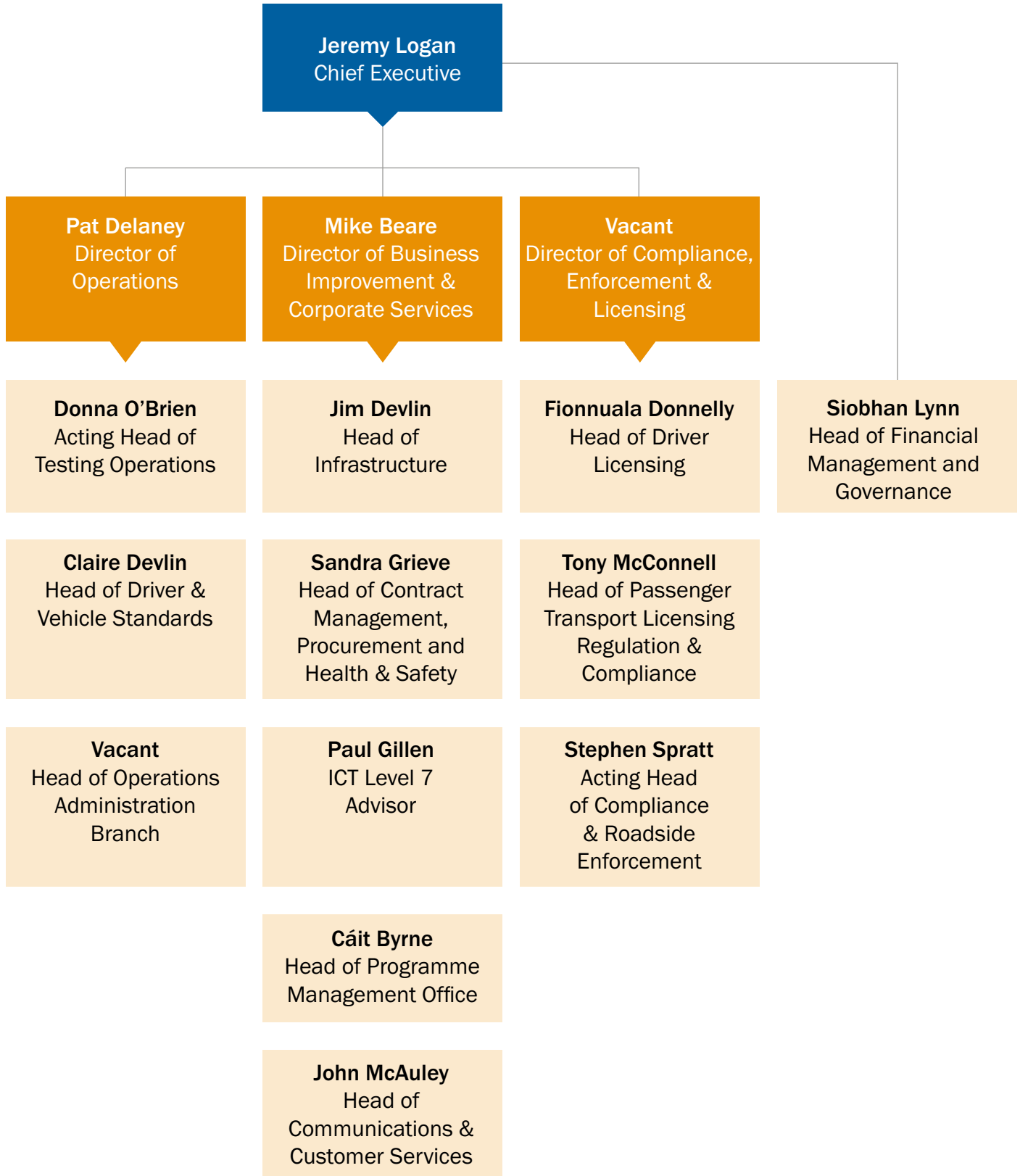
The DVA is responsible for:

- driver and vehicle testing;
- driver licensing – issuing and, where appropriate, withdrawing licences in respect of drivers of cars, motorcycles, lorries, buses, etc;
- driving and riding instructor registration – assessing the suitability of applicants, checking tuition standards, the delivery of Compulsory Basic Training and taking appropriate action when instructors fail to meet required standards;
- passenger transport licensing – issuing and, where appropriate, withdrawing licences in respect of bus and taxi operators and taxi drivers, and licensing public service vehicles for both the bus and taxi industries;
- compliance audits and enforcement of licensing, roadworthiness and other legal requirements for goods and passenger carrying operators and their vehicles;
- other requirements in relation to vehicles including Transports Internationaux Routier checks, collision investigations and checking repair work following defect/prohibition notices; and
- technical driver and vehicle standards – ensuring the Department fulfils its legal obligations in respect of the provision of statutory driver and vehicle tests, providing technical advice to Safe and Accessible Travel Division (SATD) to assist in the development of legislation, reviewing legislative changes that may affect the driving and vehicle testing environment, and developing and implementing appropriate standards.

## Organisational Structure

We deliver our services through teams of dedicated and committed people located throughout the region. Our organisational structure is shown on next page.

**Organisational Structure**





## **Risk**

We have a risk management policy in place which sets out our approach to risk management, including: risk appetite; the hierarchy for managing risks; the risk identification and escalation process; and the roles and responsibilities of the various levels of management. This approach allowed risks to be identified and managed at all levels and to be escalated as appropriate.

A number of risks affected our ability to deliver on our key objectives during the year mainly our operational resilience and ability to respond to the COVID-19 pandemic.

The risk associated with the health & safety of our staff and customers was particularly prevalent during the year as a result of the pandemic. Extensive work was carried out on COVID-19 risk assessments throughout the year and measures were put in place to mitigate the risk and to enable the resumption of our services to take place when permitted.

More detail on Risk Management, the Control Framework and risks is outlined in the Corporate Governance Report on page 55.

## **Overview of Performance**

Our performance targets for the year were focused on recovery and re-instating our services while striving to continue with business improvement activities. In broad terms, we met 19 of our 24 Key Performance Targets.

More detail on performance is provided in the following pages, including detailed explanations on the targets not fully achieved.

The achievement of the majority of our targets during an unprecedented year demonstrates the resilience of the Agency and of our staff. COVID-19 has had a significant impact on the services we deliver to our customers and on the Agency, as detailed below.

## **Impact of COVID-19**

In March 2020 COVID-19 led to the suspension of most of the services provided by the Agency. Since lockdown commenced on 23 March 2020, the Agency introduced special measures to ensure it followed Public Health Agency (PHA) and Cabinet Office advice and guidance aimed at preventing and slowing the spread of coronavirus.

To ensure vehicles could continue to be driven legally on the road, the Agency issued Temporary Exemption Certificates (TECs) to all eligible vehicles for up to one year from the date the vehicle was due to be tested.

As the year progressed, due to the continuing impact of the pandemic it became necessary to extend existing TECs for eligible private cars, light goods vehicles and motorcycles aged 4-9 years old, by a further four months from the date the existing exemption was to end. Four year old cars and motorcycles and three year old light goods vehicles due a first time test had a four month TEC applied from the date their first MOT was due. New TECs or extensions to existing TECs were applied automatically to enable vehicles to be taxed and kept on the road.

Driver testing was suspended from March 2020 to 6 July 2020, when driving tests resumed for motorcycles, buses and Module 4 CPC only. On 1 September 2020, driver testing for Category B (private car) and Category C (lorry) resumed, initially prioritising tests for high priority workers and those candidates who had their driving test cancelled between late March 2020 and the end of June 2020. The Agency opened its driver testing booking system for all customers on 5 October 2020 but was later significantly disrupted due to further COVID-19 restrictions introduced by the Executive, when driver testing was suspended from 26 December 2020 and remained suspended for the rest of the financial year.

On 27 March 2020, the Agency suspended the processing of all paper driving licence renewal applications and temporarily closed down the driver licensing office. From the end of April 2020, the Agency began processing applications from Group 2 (lorry/bus) applicants and those from front line workers. Applications received online were processed in this period. From June 2020, the Agency began the process of resuming driver licensing services (with the exception of the counter service, which remains closed) and is now processing all applications it receives.

Due to pressures on delivering services, the EU extended driving licences that expired between 1 February and 31 December 2020 for a period of eleven months. This automatic extension of driving licences during 2020 eased operational pressures on the Driver Licensing Division.

Passenger Transport Licensing continued to operate during the COVID-19 crisis, although a number of operational changes have been implemented to assist the taxi and bus industries during the pandemic. Automatic bus and taxi vehicle

licences were issued free of charge, without testing, for renewal licences expiring between 10 March 2020 - 31 May 2021, for a maximum period of 1 year. Taxi Drivers as designated Key Workers were able to renew licences without a medical report where they had no medical condition to declare.

The Agency continued to develop new operational procedures and risk assessments to contend with the ongoing impact of COVID-19. This ensured that enforcement officers were safely deployed on enforcement duty with greater emphasis placed on targeting vehicles that appeared to be operating in a dangerous and unsafe condition. This was further supported through working more closely with PSNI and other enforcement partners whilst making maximum use of our existing resources. This included the modification of two liveried crafter vans to ensure that interviews could be conducted with drivers and operators at the roadside in a COVID-19 safe environment. This renewed enforcement focus also involved working more closely with the Northern Ireland Transport Regulator as well as developing new back office procedures to enable a range of drivers' hours and operator compliance checks to be undertaken.

The Commercial Licensing Project go-live deferred in March 2020 due to COVID-19, was implemented on 7<sup>th</sup> September 2020 which provided a range of electronic support services to enable the taxi and bus industry to apply and manage their licences remotely. Progress on the ICT project for the new Booking & Rostering system for driver and vehicle testing services has been maintained throughout the pandemic by using a new virtual environment that our project team can access remotely.

The pandemic also had a significant impact on the Agency's financial position. Fee income earned by the Agency was significantly reduced due to services being suspended or working at less than full capacity for periods throughout the year. This led to almost £30.7m of lost income. The Agency also incurred just under £1m of costs as a result of COVID-19 during the year. These costs included additional expenditure on personal protective equipment, additional overtime necessary to maintain services, additional IT related costs to enhance and support our systems to allow for home working and system changes required to carry out the measures put in place to deal with the pandemic. The Agency received just over £0.3m of COVID-19 support funding towards these costs, in addition to £30.7m of COVID-19 support funding for lost income.

## **BREXIT**

Brexit presented challenges for enforcement section in planning for the impact and uncertainty of new regulatory arrangements with effect from 1 January 2021. However, the Trade and Cooperation Agreement presented fewer challenges than had been anticipated in that most operational and administrative enforcement procedures were unaffected. Whilst some areas of regulation have been subject to minor legislative changes, temporary solutions have been adapted to ensure business as usual. The sharing of infringement data between NI, GB and EU countries has been constrained due to Europe terminating access to the European Register of Road Transport Undertakings (ERRU) database, however negotiations between the various authorities are ongoing with a view to establishing new and efficient information sharing arrangements. This will ensure that effective joined up co-operation and mutual assistance can continue throughout Europe in order to detect and prevent non-compliance within the transport industries whilst enabling the NI Transport Regulation Unit to fully consider a transport operator's repute in line with legal requirements.

In January 2021 working with our colleagues within the Department to implement agreed BREXIT arrangements we issued revised authorisations to international bus operators carrying out regular services under the Trade and Cooperation Agreement.

No expenditure was incurred by the Agency during 2020-21 which directly related to BREXIT.

## **Going Concern**

During the year it was necessary for the Agency to assess its going concern position due to the significant impact the COVID-19 pandemic was having on the services the Agency provides and on the fee income collected for these services. As a result, central government funding was sought from the Executive to ensure the financial viability of the Agency. During the year £31m of COVID-19 support funding (£30.7m relating to lost income and £0.3m relating to COVID-19 related costs) was secured which provided financial stability for the Agency. The Agency also secured £10m for reinstatement of reserves previously withdrawn.

COVID-19 is continuing to impact the Agency in 2021-22, albeit at a significantly reduced level to the impact in 2020-21. Plans are in place for the restoration of all services and the financial position is continuing to be closely monitored with a request for further funding registered with the parent Department (the DfI).

Due to the cash position at 31 March 2021 of £48.2m and the plans in place for full restoration of services over the coming year it is predicted that the Agency will have adequate cash over the coming 12 month period. On this basis, the Accounting Officer has concluded that there is a reasonable expectation that the Driver and Vehicle Agency has adequate resources to continue in operational existence for the foreseeable future. The Driver and Vehicle Agency therefore continues to adopt the going-concern basis in preparing its financial statements.

## 1.2 PERFORMANCE ANALYSIS

Our performance has been measured against the key targets in our 2020-21 Business Plan which can be found at the following link: [DVA Business Plan 2020-2021](#).

Our business plan for the 2020-21 year was drafted and approved by our Minister in the latter part of the year due to the exceptional pressures arising from and responding to the COVID-19 pandemic. The primary focus of the plan for the year was to work to reinstate our services while continuing our transformation in so far as possible.

During the year the Agency Board monitored progress on the delivery of the key performance targets and a formal progress report was communicated to the Minister.

As detailed in the Accountability Report, we have outlined how a number of key risks affected our ability to deliver on our key objectives and targets.

Overall, we achieved 19 of our 24 Key Performance targets during 2020-21, with significant progress and work delivered against those targets not fully achieved.

These targets, together with details of how we performed in relation to each, are set out on pages 21 to 22.



### 1.3 PERFORMANCE AGAINST KEY TARGETS

We have achieved 19 of our 24 targets, detailed explanations on the targets not fully achieved is included at Section 1.4 on pages 23 to 24.

| Target Number | Our Services  | Result Achieved/Not Achieved |
|---------------|---|------------------------------|
| 1             | For driver licensing we will process 80% of paper driving licence applications within 10 working days.  | Not Achieved                 |
| 2             | We will process 95% of online driving licence applications within 5 working days.   | Achieved                     |
| 3             | We will deliver a Regulatory Support Package by processing taxi and bus vehicle licence renewals to all affected vehicles.  | Achieved                     |
| 4             | We will issue 95% of taxi driver licences within 10 working days of receipt of all documentation.   | Achieved                     |
| 5             | For vehicle testing we will apply Temporary Exemption Certificates (TECs) for all eligible vehicles.  | Achieved                     |
| 6             | We will gradually resume vehicle testing, when safe to do so.   | Achieved                     |
| 7             | For driver testing, we will safely reinstate all driver testing categories when it is safe to do so.  | Achieved                     |
| 8             | We will adopt a range of measures to increase our capacity to deliver driving tests in line with the adaptations made in our risk assessments to control the spread of COVID-19.            | Achieved                     |
| 9             | For compliance and enforcement we will continue to introduce a range of new roadside and back office solutions to enable the safe and effective resumption of all our enforcement services. | Achieved                     |
| 10            | We will continue to refer notifiable breaches of transport regulations to the appropriate authorities in line with agreed statement of services and EU/ UK reporting standards.             | Achieved                     |
| 11            | We will provide customer updates on services via social media and the normal channels.  | Achieved                     |

| Target Number  | Our Infrastructure and Assets   | Result Achieved/Not Achieved |
|--|---|------------------------------|
| 12   | We will complete the replacement of our vehicle testing lifts.  | Achieved                     |
| 13   | We will progress our Infrastructure Modernisation through awarding the construction contract for the Hydebank Test centre and depot and issuing the construction notice.                                  | Achieved                     |
| 14   | We will progress our Digital Transformation by delivering a new Commercial Licensing System.  | Achieved                     |
| 15   | We will progress our Digital Transformation by continuing development of our new Booking & Rostering System for vehicle and driver testing and completing 31 Agile <sup>1</sup> Sprints by 31 March 2021. | Not Achieved                 |
| We will progress our Digital Transformation by completing our digital work programme for the year including: |   |                              |
| 16   | Enhancement of the Driver Licensing system to facilitate online viewing of details.   | Achieved                     |
| 17   | Performing an accessibility audit on the DVA Portal against the WCAG 2.11 accessibility standards and develop an action plan to address areas of non-compliance.  | Achieved                     |
| 18   | Enhancement of the Driving Examiners Digital Solution to facilitate inclusion of paper-based driving tests and integration with the new Booking & Rostering system.                                       | Not Achieved                 |
| 19   | Completing a review of DVA's strategic architecture to ensure it maximises the latest technology.   | Not Achieved                 |
| 20   | Develop improved reporting of infringement data from the Compliance system.   | Not Achieved                 |
| Target Number  | Our People  | Result Achieved/Not Achieved |
| 21   | Improve DVA's ability to easily report on licensing/regulation functions to regulatory bodies.  | Achieved                     |
| 22   | We will rollout IT equipment to all staff working from home.  | Achieved                     |
| 23   | We will develop and complete COVID-19 health and safety risk assessments for our staff.   | Achieved                     |
| 24   | We will provide regular staff updates, through quarterly newsletters and as key events occur.   | Achieved                     |

<sup>1</sup> Agile is a method of project management used especially for software development, characterised by the division of tasks into short phases of work, with frequent reassessment of plans.

## 1.4 EXPLANATIONS FOR KEY TARGETS NOT ACHIEVED



### **For driver licensing we will process 80% of paper driving licence applications within 10 working days**

The percentage of paper driving licence applications processed within 10 working days was 79.5%. The decision to close down Driver Licensing Operations in County Hall at the end of March 2020 as a result of COVID-19, meant that the Division did not achieve its target in relation to the processing of paper applications in Q1. On 22 June 2020, the Agency resumed the full range of services and started to process the backlog of applications that had been received in the shutdown period and the target has been achieved in subsequent quarters. However, the performance in the first quarter had impacted the rolling figure and meant we were unable to achieve the overall target for the year.

It should also be noted that the EU Regulations that extended driving licences that expired in the period 1 February to 31 December 2020, by eleven months, meant that the volume of renewal applications that the Agency received was reduced. This affected the Agency's ability to recover the overall target performance.



### **We will progress our Digital Transformation by continuing development of our new Booking & Rostering System for vehicle and driver testing and completing 31 agile sprints by 31 March 2021**

The completion of 31 agile sprints in the continued development of the Booking & Rostering System was substantially achieved by 31 March 2021, with 30 Agile Sprints being completed and the 31<sup>st</sup> sprint commenced. The slippage by approximately two weeks was due to an unexpected technical issue in an earlier sprint which had a knock-on effect in delaying development. Sprint 31 was completed in April 2021.



### **Enhancement of the Driving Examiners Digital Solution to facilitate inclusion of paper-based driving tests and integration with the new Booking & Rostering system**

The enhancement of the Driving Examiners Digital Solution to facilitate inclusion of paper-based driving tests and integration with the new Booking & Rostering system could not be achieved by 31 March 2021. Due to an underestimation of the requirement, the original technical solution did not address all of the necessary business requirements. As a result the supplier had to rethink the proposed solution and replace the technology originally devised with a different technical solution.

 **TARGET 19****Completing a review of DVA's strategic architecture to ensure it maximises the latest technology**

The completion of a review of DVA's strategic architecture to ensure it maximises the latest technology covered two main elements, a review of the Agency's existing technical architecture, and a review of business priorities across all the Agency's branches with the aim of producing a detailed work programme for the Agency for the 2021-2022 financial year along with a report to confirm suitability of the current architecture and roadmap for improvements.

In order to mobilise funding and resources as soon as possible within the 2021-22 financial year the business priority work took precedence, and more supplier resources than initially anticipated. The 2021-2022 work programme and initial analysis on the architecture was completed but the final report detailing the future roadmap was not complete by 31<sup>st</sup> March 2021. This is scheduled to be delivered during 2021-22.

 **TARGET 20****Develop improved reporting of infringement data from the Compliance system**

This target of developing improved reporting of infringement data from the Compliance system was created when a gap in recording Compliance data for inclusion in reporting was identified. The data model has now been extended to allow reporting and this was made available in April 2021. Some additional information will be required to provide the full detail of reporting which will be carried out at a later date. The additional development work could not be commenced within the available timeframe because of overarching resource constraints, but it has been prioritised for taking forward in 2021-22.

## **1.5 PERFORMANCE SUMMARY BY BUSINESS AREA**

### **Driver Licensing**

During 2020-21 a total of 182,440 driving licences (ordinary and vocational) were issued (2019-20 259,952). This is a fall of 30% of licences issued.

In addition, due to pressures from the COVID-19 pandemic, an EU Decision was taken in 2020 which extended driving licences that expired between 1 February and 31 December 2020 for a period of eleven months. The automatic extension of driving licences during 2020 also meant the Agency received a reduced number of driving licence renewals, which accounted for the majority of this decrease.

On 27 March 2020, the Agency suspended the processing of all paper renewal applications and temporarily closed down the driver licensing office. From the end of April, the Agency began processing applications from Group 2 (lorry/bus) applicants and those from front line workers. Applications received online were processed in this period. From June 2020, we began the process of resuming driver licensing services (with the exception of the counter service, which remains closed) and are now working to process all applications we receive.

In November 2020, the Division introduced a new style driving licence reminder form which is issued to drivers of Group 1 (car and motorcycle) vehicles when their licence is due to expire. This form is intended to encourage take up of the online renewals service and uptake has increased from 37.3% for the quarter ended September 2020 to 59.9% for the quarter ended 31 March 2021.

The Division continued to work closely with colleagues in DfI's Safe & Accessible Travel Division on the impacts of the coronavirus pandemic on policy and legislation, including the EU licence extension.

### **Driver Testing**

In March 2020, in order to help stop the spread of COVID-19, the Minister suspended most services provided by the Agency. Driver testing was suspended until 6 July 2020, when driving tests resumed for motorcycles, buses and Module 4 CPC.

On 1 September 2020, driver testing for Category B (private car) and Category C (lorry) resumed, initially prioritising tests for high priority workers and those candidates who had their driving test cancelled between late March and the end of June. The Agency opened its driver testing booking system for all customers on 5 October 2020 but was significantly disrupted due to further COVID-19 restrictions introduced by the Executive, when driver testing was suspended from 26 December 2020 and remained suspended for the rest of the financial year.

As a consequence, the number of practical driving tests that could be delivered during 2020-21 was 9,502, a significant reduction on the previous year (2019-20 55,443).

### **Vehicle Testing**

Vehicle testing was also suspended in March 2020 to help stop the spread of COVID-19.

During the year the Agency helped support the fight against COVID-19 through the provision of 2 of our test centres to local NHS Trusts for COVID-19 testing facilities and a third test centre to the Department of Health in London, which was used as part of the national initiative testing programme.

Installation of fifty two new vehicle testing lifts took place during the year across our test centre network with the replacement programme completed in October 2020, when the test centres loaned to the NHS Trusts and the Department of Health, were returned to the Agency.

Gradual resumption of vehicle testing commenced with Individual Vehicle Approval testing on 1 June 2020 with new categories introduced from 20 July and 1 September 2020. From January 2021, vehicles, including all private cars, motorcycles and light goods vehicles that are aged 10 to 39 years and taxis and omnibuses are being brought forward for test.

Temporary Exemption Certificates continue to be applied to all other eligible vehicles. As a consequence, the number of vehicle tests that could be delivered during 2020-21 was 251,844, a significant reduction on the previous year (2019-20 999,320; 2018-19 1,089,690).



## **Passenger Transport Licensing**

Throughout the year during the COVID 19 crisis we continued to provide service delivery, although a number of operational changes were implemented to assist the taxi and bus industries. Automatic bus and taxi vehicle licences were issued free of charge, without testing, for renewal licences expiring between 10 March 2020 and 31 May 2021, for a maximum period of 1 year. Taxi Drivers as designated key workers were able to renew licences without a medical report where they had no medical condition to declare.

Bus Operators were able to remove vehicles from their bus operator licence not in use for a period of 6 months.

On 7<sup>th</sup> September 2020 the Commercial Licensing System was implemented with a range of electronic support services provided to enable the taxi and bus industries to apply and manage their licences remotely. Additionally a range of service enhancements, including access to self-service fleet management functionality, electronic licences, card payment facilities and automation/streamlining of processes were included that have modernised and transformed the Agency's service delivery to the taxi and bus industries.

In January 2021 working with our colleagues within the Department to implement agreed BREXIT arrangements we issued revised authorisations to international bus operators carrying out regular services under the Trade and Cooperation Agreement.

We also provided administrative support for the verification of applications received for both the Taxi Driver and Bus Operator Financial Assistance Schemes. This work was carried out to assist the DfI with these COVID-19 support packages.

## **Compliance and Enforcement**

With the onset of the COVID-19 outbreak, operational procedures were developed to enable enforcement officers to target vehicles that were operating in a dangerous and unsafe condition, ensuring that road safety was not compromised. Risk Assessments were also developed and revised to ensure that all enforcement activities were conducted in accordance with Public Health Agency advice and guidance. Measures undertaken to address risks associated with COVID-19 included the creation of segregated sterile

interview facilities within two liveried crafter vans to ensure that interviews continued to be undertaken safely whilst protecting officers, drivers and operators from the risk of infection.

A renewed enforcement focus also included assisting police and working more closely with the Transport Regulator and assessing drivers' hours' compliance through the increased use of back office checks. This approach ensured that despite a range of relaxations having been afforded to transport operators that proportionate steps were taken to safeguard against potential non-compliance. In addition, a number of in-depth tachograph investigations were completed with findings shared with the Transport Regulation Unit for consideration of regulatory action. A number of heavy goods vehicles including foreign registered vehicles that were operating illegally without the appropriate licensing requirements were also detained.

We also provided support to the completion of taxi meter tests on behalf of the Agency as a number of Test Centres were closed and subsequently reopened on a reduced capacity due to the ongoing COVID-19 outbreak.

The section has continued to progress its compliance transformation objectives to change internal processes and embrace new technologies. This included the successful completion of a key project relating to compliance related activities over the goods, bus and taxi industries.

### **Business Transformation**

We continued to progress the three strands of the Transformation Programme during the year.

#### **Digital Transformation**

Four of the five major systems identified for development at the beginning of the programme are now fully operational. The Commercial Licensing System (CLS) went live in September 2020, joining the Driver Licensing (DLS), Compliance and Driving Examiner Digital Solutions (DEDS). The fifth system - Booking & Rostering, continued development throughout the year.

The Digital Transformation Programme was formally closed in September 2020 and new governance arrangements (a Business Improvement Board and a Business Improvement Group) have been put in place to oversee future business improvements.

Now that the major systems are in place, the Agency is concentrating on maximising the benefits from investment made in information technology and during the year undertook a number of work packages to further enhance functionality for DLS, Compliance, DEDS and the DVA customer portal. In addition we worked with our strategic IT partner Fujitsu to produce a forward work-plan for 2021-22 and beyond which will improve customer interaction and enable significant savings within the Agency's technical infrastructure.

During the COVID-19 pandemic, the Agency successfully provided resources to allow the majority of administrative staff to work remotely, including the provision of 240 laptop devices to staff.

### **Infrastructure**

OHMG (Holdings) Ltd were appointed on 6 August 2020 to take forward the construction of a new Test Centre and Depot at a new site at Hydebank, Belfast. Following a pre-construction period to finalise the designs, construction commenced on 4 January 2021. Works are progressing well and the new site is expected to be operational by 1 October 2022. Work has been continuing with Worldwide Environmental Products, the Agency's vehicle testing equipment provider, with equipment designs completed, a pilot test lane installed at our current Depot at Corporation Street, Belfast and a pre-fabricated pit constructed and installed at the Hydebank site in April 2021.

Approval has also been obtained for the construction of one further new test centre at Mallusk in Newtownabbey and the rollout of new vehicle testing equipment across the remainder of the existing network of test centres. Work has recently commenced to finalise designs, determine a programme of work and procure a construction company to complete the works.

### **Organisational Development**

This strand has been impacted by the requirement to focus on dealing with the lockdown and recovery periods throughout the year, combined with the departure of the Director responsible for this strand. More importantly, the introduction of the virtual working environment and the experience of operating under these new conditions, will impact on the decisions we make regarding the future organisational development. There has therefore been minimal progress this year on this work, but it is envisaged that this will be progressed during the 2021-22 year.

One element that has progressed is the business and organisational change work required to support the new Booking & Rostering system when it goes live in September 2021.

### **Customer Service**

This has been an extremely busy year for the small Customer Services team which deals initially with the vast majority of emails received by the Agency. The impact of COVID-19 saw an increase of almost 3000% in correspondence received from customers, with all correspondence replied to within 3 working days of receipt.

In addition, the team has carried out reviews of some important Agency procedures, including the Compensation and Complaints procedures and has been central to a review of customer contact to ensure that all our staff and external partners are dealing consistently with a range of queries and customer issues.

### **Communications**

We have a dedicated Communications team which works to ensure that our internal and external communications with staff, stakeholders and customers is as effective as possible. Over the last year there has been a greater focus placed on the role of the Communications Team due to the pandemic, during which it has been extremely important to keep our customers, staff and the general public up-to-date on developments, in a very fluid situation.

The team has sought to ensure that the appropriate media have been used to deliver key messages. This has resulted in a significant number of updates to the NI Direct website and the use of social media channels, as decisions around COVID-19 and our services impacted a wide range of customers and on our business areas who required continual updates. At times, it was also necessary to communicate directly with specific groups of customers to ensure that key messages were delivered.

In addition to the above, the team has continued to provide professional communications support and advice on a range of key projects within the Agency.

### **External Recognition**

We currently hold the European Foundation for Quality Management (EFQM) Gold Star Service Excellence Role Model award, which demonstrates the very high level of customer service that our staff, across the Agency, delivered on a daily basis.

### **National Statistics**

Many of the key business volumes reported in the Annual Report and Accounts were sourced from DfI National Statistics published on 26 May 2021. These can be found on the Department's website at the following link:

[DfI Driver, Vehicle, Operator, and Enforcement Statistics - 2020-21 Q4](#)

### **Sustainability Report**

We recognise the importance of having sustainability at the core of our business, not only because of the direct cost savings that can be achieved but as evidence of leading by example.

As we progress our Infrastructure Modernisation Programme we will seek to improve the efficiency of our Test Centres, thereby ensuring our energy footprint is as light as possible.

## 1.6 FINANCIAL PERFORMANCE

### Operating Surplus

The Agency made an operating surplus for the year of £6.2m compared with a loss of £0.4m in the previous year. This is primarily due to large costs in the 2019-20 year relating to the holiday pay accrual, costs in relation to the cancelled MOTs e.g. overtime and compensation and one off costs of replacing IT systems. Although operational income reduced due to COVID, this was replaced with COVID Support Income.

### Income

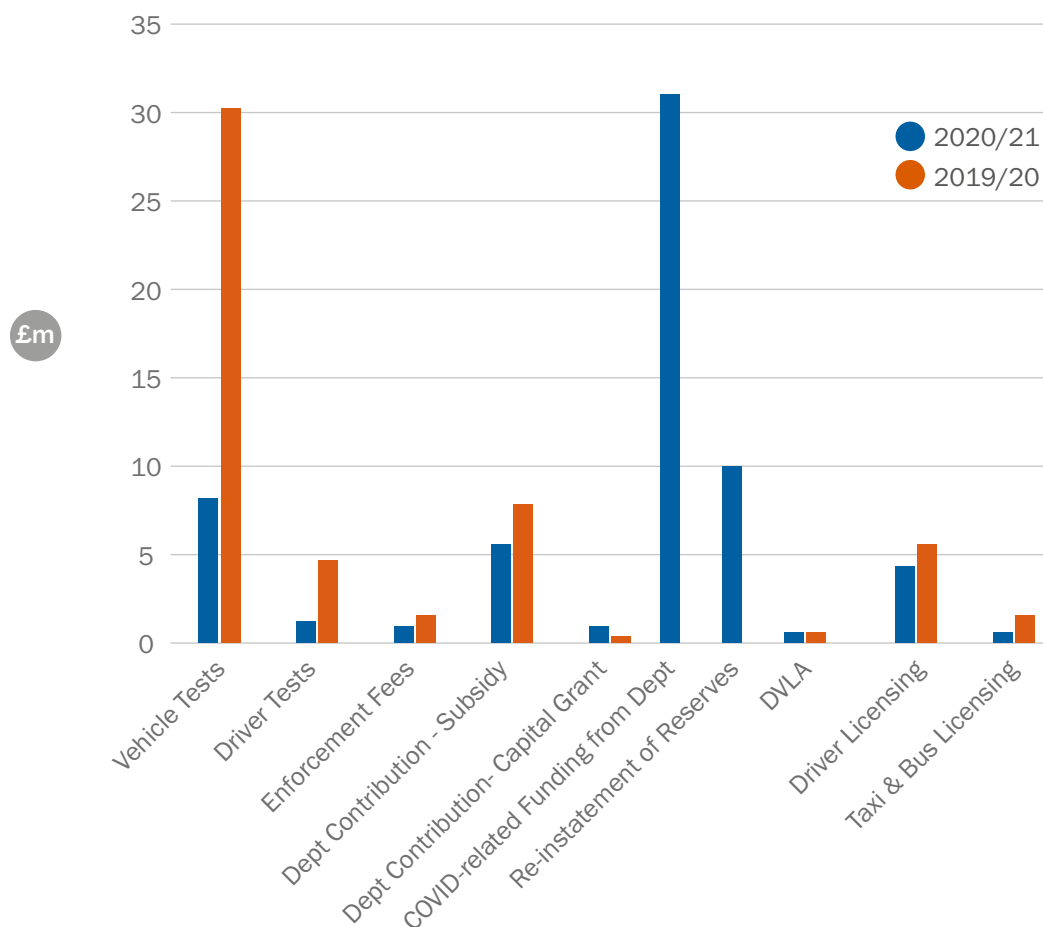
The Agency received income of £53.5m during the year (2019-20 £52.6m). This includes £31m of COVID Support Income.

Vehicle test fees decreased by £22m due to the suspension of services or capacity being significantly reduced throughout the year. Driver test and Theory Test fees decreased by £2.4m and £1m respectively due to the need to cancel tests during the pandemic.

Other income also reduced due to COVID-19. However COVID-19 Support Income of £31m was received to offset this.

The DVA also received £10m from the Executive (through DfI) to reinstate reserves which had been previously withdrawn in the 2008-09 year.

A breakdown of income received in the current and previous financial year is shown in Note 3 to the accounts and in Chart 1 on next page.

**Chart 1: DVA Income by Source**

### Expenditure

Total operating expenditure during the year was £47.2m, a reduction of 11% compared with the previous year's expenditure of £53m. Staff costs remained broadly in line with the previous year at £30m.

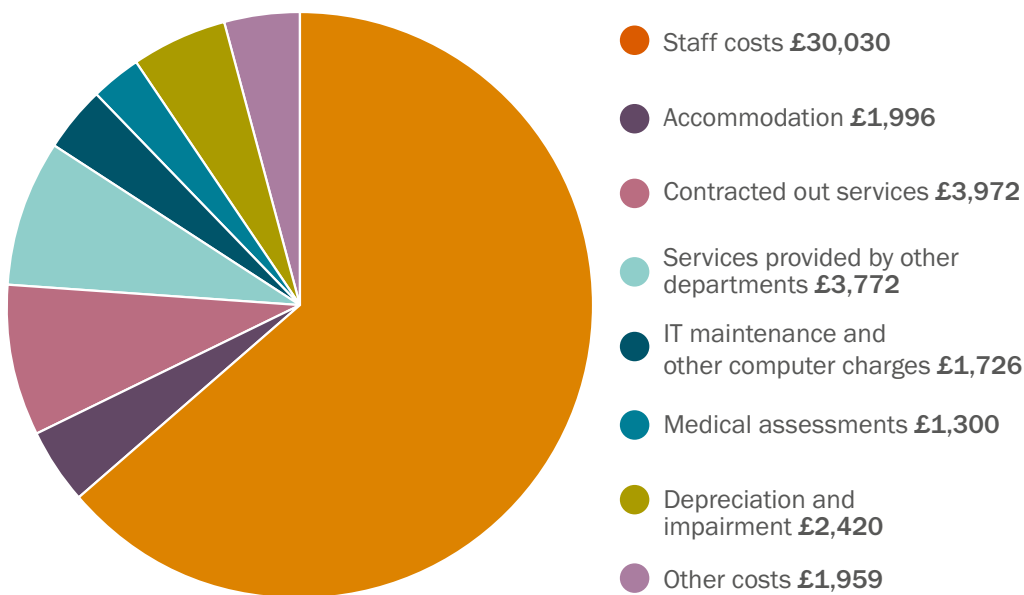
Other operating costs have decreased by £5.7m from £22.8m in 2019-20 to £17.1m in 2020-21. This is due to a number of factors including a reduction in contracted out costs due to the lower volumes of testing and licences issued this year e.g. driver theory test costs and costs of producing driver licences. There were also significant costs incurred in 2019-20 to replace IT systems and compensation costs as a result of the failure in the lifts.



A detailed breakdown of operating expenditure is shown in Notes 4 and 5 to the accounts.

Chart 2 shows the split of 2020-21 total operating costs by key expenditure types.

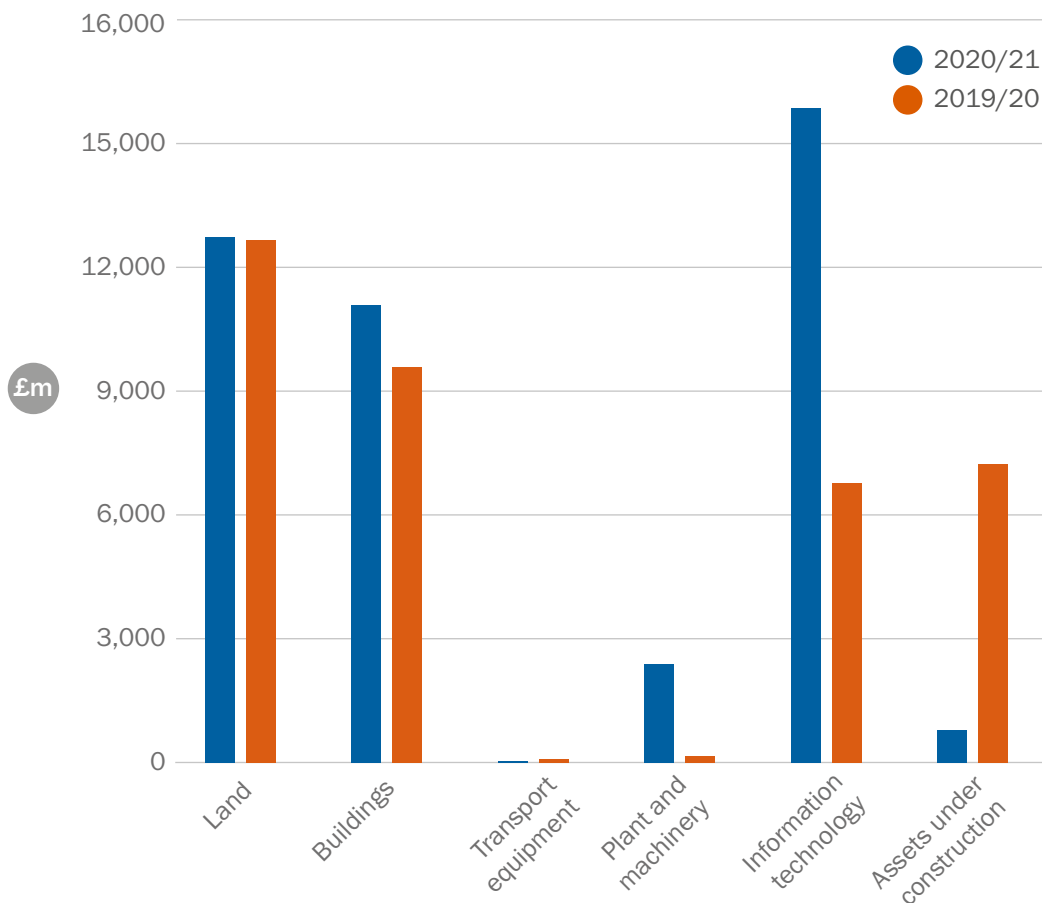
**Chart 2: DVA Operating Expenditure 2020/21 (£000s)**



**Non-Current Assets**

The Agency’s non-current asset book value increased from £37m at the end of the previous financial year to £43.3m this year due primarily to the continued development of new IT systems including the new Booking and Rostering system, new test centre lifts and also the commencement of capital works on the new MOT test centre at Hydebank. The Agency does not believe that there is any material difference between the market and book value of its property, plant and equipment and intangible assets. Movements in property, plant and equipment and intangible assets are disclosed in notes 7 and 8. The non-current asset breakdown is shown in Chart 3.

**Chart 3: DVA Non Current Assets**



**Key Corporate Financial Targets**

The DVA is required to break even after interest and dividends taking one year with another. For the 2020-21 year the Agency reported a surplus position of £6.2m (excluding the £10m received for the reinstatement of reserves) compared to a deficit of £2.1m in 2019-20.

We are also required to achieve a return of at least 3.5% per year on capital employed, calculated by expressing the operating surplus on ordinary activities as a percentage of average net assets employed. A return of 11.01% was achieved during the year compared with -0.97% for 2019-20.

## Partnerships

We continued to build on the working relationships already established as well as establishing some new partnerships with our private sector partners for the delivery of services. These include:

- Maha Ireland Ltd for the maintenance of vehicle test equipment;
- Worldwide Environmental Products for the supply, installation and maintenance of new vehicle testing equipment;
- Capita Real Estate and Infrastructure for the design and delivery of a new test centre and Depot at Hydebank;
- OHMG (Holdings) Ltd for the construction of the new test centre Depot at Hydebank;
- Pearson VUE for the delivery of the theory test service;
- British Telecom, through the NI Direct contract, to handle a large proportion of our customer telephone calls;
- Fujitsu as an ICT Strategic Partner for the next 7 – 10 years;
- CIECA – The International Commission for Driver Testing;
- CITA – The International Motor Vehicle Inspection Committee;
- Capita Managed IT Solutions for the provision of booking systems, including telephone and internet booking services, and IT services in support of vehicle testing; and
- The Joint Approvals Unit for Periodic Training for the administration, approval and quality assurance of training providers for the Driver Certificate of Professional Competence.

## Long Term Expenditure Trends

The DVA operates as a Trading Fund under the provisions of the Driver & Vehicle Agency Trading Fund (Northern Ireland) Order 2016. This means that all expenditure must be recovered from the fees charged to customers or centrally funded by the Department to match the costs incurred for defined activities. As a Trading Fund, the Agency is able to increase its expenditure in response to increases in demand and, conversely, is expected to reduce its expenditure in response to falling demand. The Agency plans on the basis that revenue should cover its outgoings.

The agency is currently working through a major Transformation Programme that will introduce new online services and build a new test centre and depot at Hydebank along with a new test centre at Mallusk and the rollout of vehicle testing equipment at existing test centres. The Programme aims to deliver efficiencies and improve customer experience.

The following chart shows income and operating expenditure trends over the last five years.

**Chart 4: DVA Income and Operating Costs**

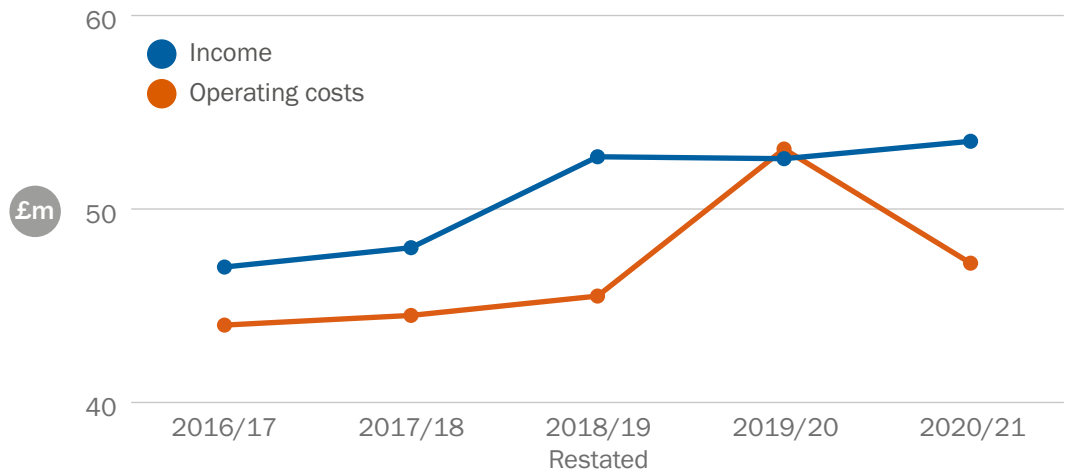
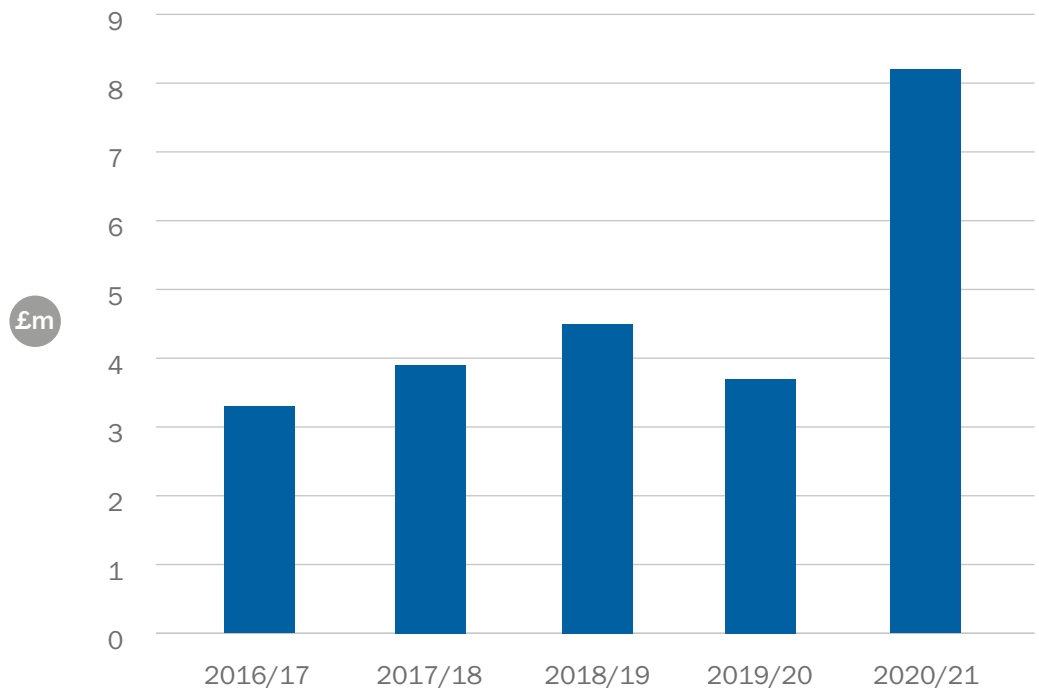


Chart 5 below shows the capital expenditure trends over the last five years. Expenditure in the current financial year is primarily due to expenditure on the development of new IT systems, the new test centre lifts and the commencement of the construction of the new Hydebank test centre. The 2017-18 figures excludes land sites worth over £3.7m transferred in from the Department during that year.

**Chart 5: DVA Capital Expenditure**



*Jeremy Logan*

Chief Executive and Agency Accounting Officer  
**1 July 2021**

# 2

## Accountability Report

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- 2.1** Corporate Governance Report 39
- 2.2** Remuneration and Staff Report 64
- 2.3** Assembly Accountability and Audit Report 82



## 2. ACCOUNTABILITY REPORT

### 2.1 CORPORATE GOVERNANCE REPORT

#### Directors' Report

In January 2020 we welcomed our new Minister Nichola Mallon MLA. The Minister has overall political responsibility and accountability for all the Department's activities, including the activities of the Agency.

The Permanent Secretary is the Minister's principal adviser on all aspects of the Department's responsibilities as well as the Accounting Officer for all departmental expenditure. Katrina Godfrey held this position during 2020-21.

#### Strategic Management Board (SMB)

Agency performance is managed and monitored by the SMB, which met regularly and was responsible for the overall direction and management of the Agency's business. As civil servants, the remuneration of members of the SMB was determined by the normal Northern Ireland Civil Service (NICS) pay arrangements. See the Remuneration and Staff Report on page 64.

Members of the SMB for the period of the accounts were:

Paul Duffy      Chief Executive and Agency Accounting Officer (to 24 April 2020)

Jeremy Logan    Chief Executive and Agency Accounting Officer  
(27 April onwards)

Mike Beare      Director of Business Improvement and Corporate Services

Pat Delaney     Director of Operations

Denise Black    Director of Organisational Development (to 17 April 2020)

Siobhan Lynn    Head of Financial Management & Governance

Paul Duffy left his post as Chief Executive on 24 April 2020 and I, Jeremy Logan was appointed as Acting Chief Executive on 27 April 2020 and permanently appointed as Chief Executive on 12<sup>th</sup> October 2020.

In addition to the Agency Directors who are members of SMB, Kathy Graham also sat

on the SMB as a Non-Executive Board member.

### Directors' Interests

There were no company directorships or other significant interests held by Board members which conflicted with their management responsibilities.

### Scope of Accounts

The Agency's accounts have been prepared under a direction issued by the Department of Finance (DoF) in accordance with Article 8(6) of the Financial Provisions (Northern Ireland) Order 1993.

### Financial Instruments

In accordance with International Financial Reporting Standard 7 - "Financial Instruments: Disclosures", details of the impact of financial instruments on the Agency's risk profile are disclosed at note 20 of the accounts on page 122.

### Audit

The financial statements were audited by the Comptroller & Auditor General for Northern Ireland (C&AG) in accordance with the Financial Provisions (Northern Ireland) Order 1993. As Head of the Northern Ireland Audit Office, he and his staff were wholly independent of the Agency, and he reports his findings to the Northern Ireland Assembly.

The audit of the financial statements for 2020-21 resulted in a fee of £23,845 (2019-20: £23,200). No remuneration was paid to the external auditor for non-audit work.

As far as I am aware, there is no relevant information which has not been made available to the auditor. I have taken all steps necessary to make myself aware of any relevant information and to ensure that the Agency's auditor is aware of that information.

I am also satisfied that the Annual Report and Accounts as a whole, are fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the personal judgements required for determining that they are fair, balanced and understandable.



### **Pension Liabilities**

Staff pension liabilities are borne by the Principal Civil Service Pension Scheme (NI) and are therefore not reflected in these accounts. Details of the scheme are included within the Remuneration and Staff Report which starts on page 64.

### **Payments to Suppliers**

The Agency is committed to the prompt payment of bills for goods and services received, in accordance with the Late Payment of Commercial Debts (Interest) Act 1998, the Late Payment of Commercial Debts Regulations 2002 and British Standard 7890 - Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is the later. In November 2008 the Northern Ireland Executive introduced a proposal that payments be made within 10 days to help local businesses in the current economic climate.

During the year to 31 March 2021, DVA paid 96.0% of the 6,798 invoices (2019-20: 97.5% of the 7,117 invoices) received within 30 days and 91.6% (2019-20: 93.7%) within 10 days.

### **Corporate Social Responsibility**

The Agency continued to support the NHS Blood and Transplant Service by including leaflets with provisional licences, encouraging people to drive safely and to donate blood.

### **Complaints and Compliments**

Our complaints response target is a very challenging '97% of complaints to be replied to within 10 working days'. During the year from 1 April 2020 to 31 March 2021 we dealt with 296 complaints. We responded to 98.3% of these within the target. No compliments were received during the year.

We operate a 3-stage complaints procedure, with an opportunity at each stage for the issue to be reviewed and considered by a different person or section within the Agency. In this way, a level of quality assurance and objectivity of each complaint is

achieved. The complaints process is managed by our Customer Services team, which produces an annual complaints report containing statistics, analysis, any trends arising, and any lessons learned that may improve our procedures or the customer experience. This report is made available on the DfI website.

Given the impact of COVID-19 on the delivery of key services and the potential impact on complaints, and in light of the significant volume of customer correspondence being received, we agreed with the Northern Ireland Public Services Ombudsman (NIPSO) to introduce a streamlined version of our normal 3-stage complaints procedure. This change was solely in relation to complaints about the availability of driving tests, since all driving tests were suspended for periods of time and some customers wished to make a complaint in relation to this.

The new approach enabled us to deal with complaints quickly and then escalate follow-up complaints to NIPSO for assessment after stage 1, rather than have the complainant go through 3 internal stages, with little opportunity for a change in outcome.

Our performance against target in the last 3 years is illustrated below:

| YEAR    | COMPLAINTS | PERFORMANCE AGAINST TARGET |
|---------|------------|----------------------------|
| 2020-21 | 296        | 98.3%                      |
| 2019-20 | 473        | 97.46%                     |
| 2018-19 | 305        | 97.7%                      |

## Future Developments and Trends

### Business Improvement

The Business Improvement Programme will continue the modernisation of DVA property and services. The Booking & Rostering system is the one major digital project still to be completed. In addition, there is a planned programme of work to further exploit DVA's investment in digital technology; a list of major projects and work-packages has been identified for 2021 and beyond which will further improve customer services, enable staff to work smarter and provide additional value for money. DVA's strategic digital partner Fujitsu will support the Agency with the ongoing development of new systems and ways of working.

The focus of the infrastructure project will be the construction of the Hydebank build programme. The other strands of the work will also be progressed, including the equipment implementation project, people and ICT strategies and the financial and communication approaches to the project. Plans will also be developed for a new test centre at Mallusk and the rollout of new vehicle testing equipment to existing test centres.

The DVA target operating model will continue to be developed, along with work on the impact of the new Booking & Rostering system in relation to staff roles.

### Graduated Driver Licensing

The Road Traffic Act 2016 received Royal Assent on 19 March 2016 and included a package of measures to reform the learner and restricted driver schemes and to introduce Graduated Driver Licensing (GDL). A public consultation on GDL and changes to the practical driving test issued in November 2017, and closed in January 2018. The Department's proposals were well received and raised no significant political or public concerns. A suite of draft subordinate legislation has been developed to take forward the GDL proposals, these will be subject to the scrutiny and procedures of the Northern Ireland Assembly.

As a result of the outcomes of the consultation, and stakeholder feedback (including engagement with young people and parents), the Agency has

undertaken additional work to develop a digital solution for the programme of training and Learner Logbook.

Independent research has been carried out by the Transport Research Laboratory on the Northern Ireland GDL proposals, the report - 'Assessment of the potential impact of Graduated Driver Licensing in Northern Ireland' - concludes that 'Northern Ireland is taking the lead on GDL in the United Kingdom'. The evidence for GDL to reduce collisions and casualties on the roads is overwhelmingly consistent.

GDL aims to change the mind-set when learning to drive. The Agency is developing a digital programme of training which covers a range of knowledge, understanding, skills and behaviours required to drive safely. A review of the current practical driving test is also necessary to ensure it complements GDL.

#### **Events after the Reporting Period**

There are no events after the reporting period that impact on these financial statements.

#### **Personal Data Related Incidents**

DVA has had no reportable breaches of the Data Protection Act in this financial year.

## Statement of the Accounting Officer's Responsibilities

Under Article 8(6) of the Financial Provisions (Northern Ireland) Order 1993, the Department of Finance (DoF) has directed the DVA to prepare 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 at the year end of the Agency's income and expenditure, statement of financial position, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to:

- 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 Government Financial Reporting Manual (FRM) have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Agency will continue in operation; and
- confirm that the Annual Report and Accounts as a whole is fair and balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Treasury Officer of Accounts in the (DoF) has appointed the Chief Executive of the Agency as the Accounting Officer of the DVA Trading Fund. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the Agency's assets, are set out in the Accounting Officers' Memorandum issued by DoF and published in Managing Public Money Northern Ireland, (MPMNI).

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

## GOVERNANCE STATEMENT

### Introduction

The Chief Executive of the Agency at the beginning of the reporting period, left his post on 24 April 2020 and I was appointed as Acting Chief Executive from the 27 April 2020 and subsequently permanently appointed as Chief Executive on 12 October 2020.

I, as Chief Executive, have been appointed as Accounting Officer from the 27 April 2020.

MPMNI and the FReM require that I, as Accounting Officer, provide a statement on how I discharge my responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of the DVA's objectives, while safeguarding the public funds and assets for which I am responsible.

This governance statement explains the DVA's governance, risk management and control arrangements. It evaluates the effectiveness of these arrangements and how they operate in practice.

The DVA is an executive agency of the Department for Infrastructure (DfI). The Agency's overall aim is to deliver improved road safety and better regulation of the transport sector. The DVA is responsible for driver and vehicle testing, driver licensing and passenger transport licensing, and regulation and enforcement within the transport sector in Northern Ireland.

### Governance Structures

During the year the Agency functioned in line with the Agency Framework Document approved in 2016 by the DfI. This framework was revised and approved by the DfI in March 2021. The framework explains how the DVA operates within the Department, articulates the governance and accountability arrangements and defines how personnel and financial arrangements operate along with appropriate control mechanisms.

The Minister approves the policy framework within which the Agency operates, the

scope of its activities, any resources to be made available to the Agency, its Corporate and Business Plan, and is advised on the Agency's performance. The Minister has overall political responsibility and accountability for all the Department's activities, including the Agency's activities.

The Department sets the policy, legislative, financial, human resource and procurement frameworks within which the Agency operates. The Department is the contracting and procurement authority for all contracts entered into for goods and services purchased to support services delivered by the Agency.

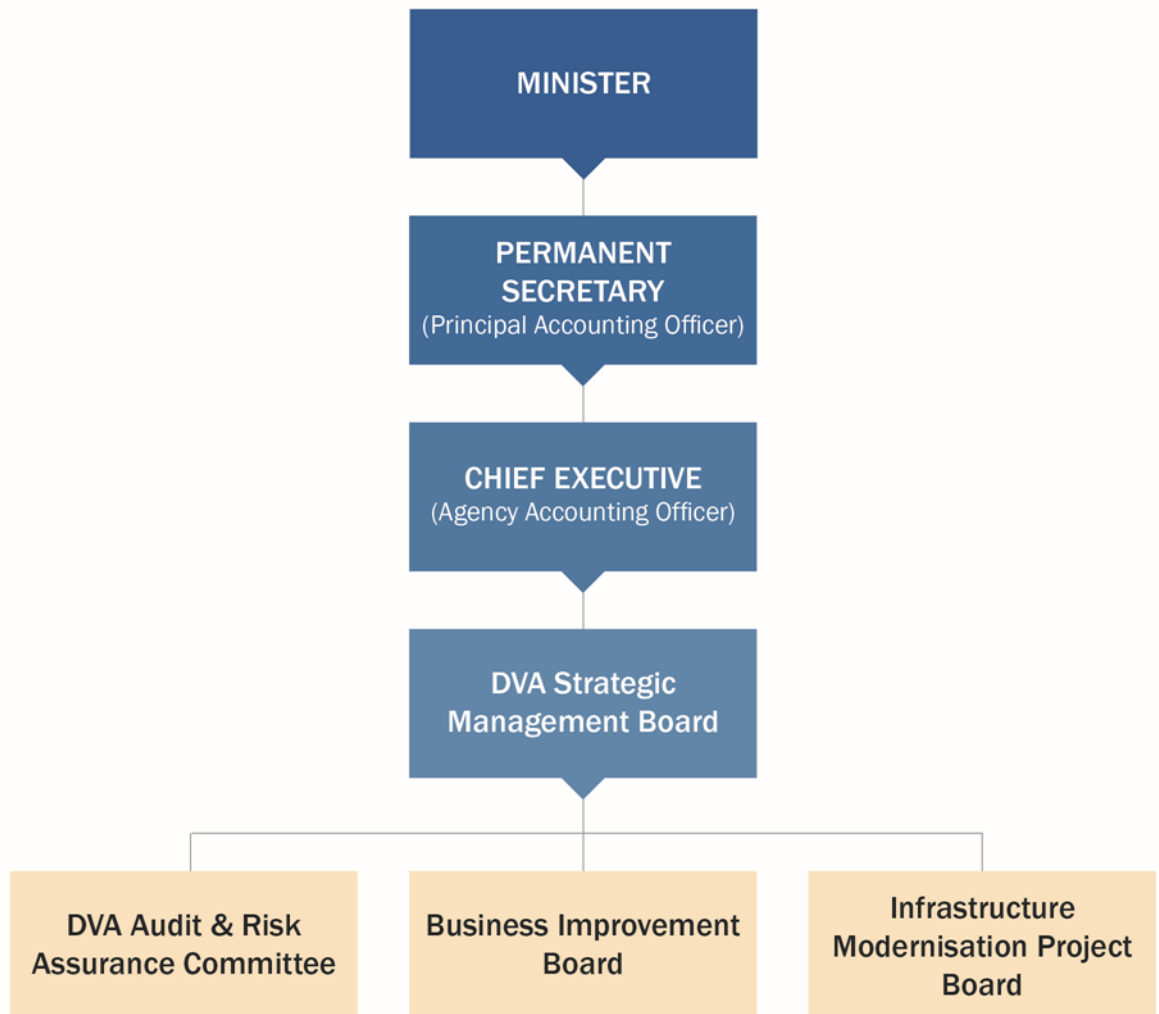
The Permanent Secretary, as the Principal Accounting Officer, must be satisfied that the Agency has adequate financial systems and procedures in place to promote the efficient and economical conduct of its business and to safeguard financial propriety and regularity.

As Chief Executive of the Agency, I am accountable for the financial management of the Agency and for performance against key targets. The Treasury Officer of Accounts in the DoF has appointed me as Accounting Officer for the DVA Trading Fund.

In order to manage the Agency efficiently, I am supported by a formal governance structure made up of Boards and Committees.



## Governance Structure



## Strategic Management Board (SMB)

The SMB, is chaired by the Chief Executive and is comprised of:

- Director of Operations;
- Director of Compliance and Enforcement (currently vacant);
- Director of Business Improvement and Corporate Services;
- Head of Financial Management & Governance; and
- A Non-Executive Board Member.

The Director of Compliance and Enforcement post was vacant for the majority of the year and work is currently being progressed by NICS HR to appoint a new Director. The Heads of Branches for the Compliance and Enforcement Directorate reported directly to the Chief Executive during the year. It is anticipated that a new Director will be appointed in the first half of the 2021-22 year.

In addition to the Board members, representatives from NICS HR and DfI Communications team also attend to support the SMB.

The SMB provides the strategic and operational leadership to the Agency, takes responsibility for performance, and assists the Chief Executive in providing support and advice to the Permanent Secretary on the implications and effectiveness of policy proposals. The day-to-day operational matters are the responsibility of the Directors, operating within agreed policy frameworks under the Chief Executive's direction and control.

The SMB meets formally each month to consider:

- strategic issues affecting the Agency;
- progress against business plan targets;
- progress and status of significant projects and business improvement activities;
- performance against key metrics;
- health and safety; and

- management information relating to use of resources.

A Board Review was completed during 2019 which reviewed the structure and format of meetings. Work was also undertaken to revise the presentation of key metrics information and data to the Board. The Board agreed to trial a new format for Board meetings with more focus to be placed on strategic and forward planning issues, however, as a result of the pandemic, the 2020-21 year saw a focus on operational recovery planning issues. In March 2021, a Board effectiveness review was commissioned and responses were mostly positive. Actions arising from the review will be taken forward during 2021-2022 and will include, further development of key metrics information and data, which will be available with the introduction of a corporate data model and new reporting tools which are being developed.

The papers produced for the Board are owned by a presenting member and this role includes ensuring the information contained is robust and adequate. The Board, with the exception of the Non-Executive Board member, reviews the effectiveness of internal controls, progress on the implementation of audit recommendations and the corporate risk register quarterly. The Non-Executive Board member reviews these items as part of her role as Chair of the Audit & Risk Assurance Committee.

The Board complied with the Department of Finance and Personnel's Corporate Governance in central Government Departments: Code of Good Practice (NI) 2013. The Agency reviewed its Corporate Governance Framework in February 2021 and found it fit for purpose.

Attendance during the year, April 2020 to March 2021, at the Board meetings was as follows:

| MEMBERS                    | POSITION   | MEETINGS ATTENDED OUT OF THE MEETINGS ELIGIBLE TO ATTEND |
|----------------------------|--|--|
| Jeremy Logan               | Chief Executive*   | 10/11  |
| Vacant                     | Director of Compliance and Enforcement   | 0/0  |
| Pat Delaney                | Director of Operations   | 11/11  |
| Mike Beare                 | Director of Business Improvement and Corporate Services<br>**(formally Transformation Directorate) | 11/11  |
| Siobhan Lynn               | Head of Financial Management & Governance  | 11/11  |
| Kathy Graham               | Non-Executive Board Member   | 11/11  |
| <b>ATTENDEES</b>           |  |  |
| HR Division Representation |  | 10/11  |

\*Paul Duffy left his post as Chief Executive on 24 April 2020. Jeremy Logan was appointed Acting Chief Executive on 27 April 2020, and officially appointed as Chief Executive on 12th October 2020.

\*\* The Organisational Development Director position was vacated in April 2020 and the roles were incorporated into the Transformation Directorate and renamed the Business Improvement and Corporate Services Directorate.

## Audit and Risk Assurance Committee

I am supported by the DVA Audit and Risk Assurance Committee (ARAC), which is a sub-committee of the Board with no executive powers. The ARAC has formally agreed Terms of Reference, and its principal function is to assist me in the execution of my responsibilities as Agency Accounting Officer for issues of corporate governance and risk management. This includes reviewing the comprehensiveness of assurances provided to it, and reviewing the reliability and integrity of these assurances and whether they are sufficient to support me in my accountability obligations. In accordance with HM Treasury's Audit and Risk Assurance Committee Handbook (April 2018), the ARAC Chair provides me with an Annual Report on the work of the Committee. The ARAC has three independent members, one of which is a Non-Executive Board Member of the Agency. The Committee is also attended by Internal Audit and the Northern Ireland Audit Office (NIAO).

The ARAC completed a review of effectiveness at the end of 2019-20 in line with recommended best practice. The review was undertaken using the National Audit Office (NAO) 'Audit and Risk Assurance Committee Effectiveness Checklist'.

Some of the key issues monitored by the ARAC during the 2020-21 financial year included updates on progress of the Lifts Action Plan, which was developed in response to the significant issue in respect of vehicle testing lifts in January 2020. The ARAC provided a scrutiny and a challenge function to ensure that actions were implemented in a timely manner.

The impact of COVID-19 was also discussed at each ARAC meeting during the year with updates provided in respect of the operational impact of the pandemic on service delivery, plans for resumption of services and the Agency's financial position.

The ARAC also discussed the 2019-20 Annual Report and Accounts; the internal audit charter; the internal audit plan; the internal audit annual opinion and report; corporate governance issues, including risk management, assurance reporting and fraud reporting; the Business Improvement Programme; and the NIAO report to those charged with governance and audit strategy.

Attendance during the year at the Audit and Risk Assurance Committee meetings was as follows:

| AUDIT AND RISK ASSURANCE COMMITTEE MEMBERS | POSITION   | MEETINGS ATTENDED OUT OF THE MEETINGS ELIGIBLE TO ATTEND |
|--|--|--|
| Kathy Graham                               | Chair of Audit and Risk Assurance Committee              | 4/4  |
| Kathryn Hill <sup>1</sup>                  | Independent Member of Audit and Risk Assurance Committee | 4/4  |
| Catherine Teggart <sup>2</sup>             | Independent Member of Audit and Risk Assurance Committee | 4/4  |
| <b>ATTENDEES</b>                           |  |  |
| Jeremy Logan                               | Chief Executive  | 4/4  |
| Mike Beare                                 | Director of Business Improvement & Corporate Services    | 4/4  |
| Siobhan Lynn                               | Head of Financial Management and Governance              | 4/4  |
| Brighdin McAleenan                         | Head of Financial Accounts                               | 4/4  |
| Internal Audit Representation              |  | 4/4  |
| External Audit Representation              |  | 4/4  |

<sup>1</sup> Kathryn Hill, Director of Active Communities, Department for Communities

<sup>2</sup> Catherine Teggart, Head of Finance, Probation Board for Northern Ireland

## Business Improvement

During the year the Digital Transformation Board was formally closed and replaced with a Business Improvement Board which held its first meeting in October 2020. Both the Business Improvement Board and the Infrastructure Modernisation Project Board are subordinate to the SMB and have no executive powers. The Boards manage the strategic direction, resolve strategic issues between projects, and ensure robust governance arrangements are in place. The Boards are convened to ensure progress against plans is closely monitored within agreed boundaries, for time, cost and benefits. Both Boards met on a regular basis during the year.

## Corporate Services

Corporate services functions, including HR, IT and Financial Accounts and Systems functions were provided by the DoF and Dfl and the costs of these services were charged to the Agency. The responsibility for the delivery of these services fell to either the Director of Human Resources (DoF), Director of Digital and Information Services (Dfl) or the Director of Finance (Dfl).

I also rely on DoF Head of Internal Audit to provide an annual inter-departmental report for the services it provided including Account NI, IT Assist and HR Connect shared services. Due to significant resource issues and the COVID-19 pandemic some audits have been carried forward into 2021-22. Internal Audit have advised that each of the 2020-21 audits completed during the period have received a satisfactory audit opinion.

## Conflicts of Interest

The NICS Civil Service HR Policy 6.01 Standards of Conduct is supported by guidance regarding declaring personal/private interests which is published on the Department's intranet site. This guidance includes the Dfl policy on Personal/Private Interests of Staff and the DVA Code of Conduct Policy & Conflict of Interest Policy. This guidance sets out the rules and procedures applicable to all staff in relation to the declaration and management of any personal/private interest which might conflict with their official



duties. Agency staff must adhere to the Agency's Code of Conduct Policy and Conflict of Interest Policy which reflect the Agency's specific business arrangements.

The SMB and Audit and Risk Assurance Committee Members are required to declare all interests which might be thought to give rise to a conflict of interest. At Board and Committee meetings a standing agenda item on declarations of interest is included and brought to the attention of Members by the Chair to ensure efficient management of potential conflicts. No conflicts of interest were identified or required management during 2020-21 in line with this agreed procedure.

## **RISK MANAGEMENT AND CONTROL FRAMEWORK**

### **Approach to Risk**

In the Agency, we accept that risk is inherent in all our activities and we have developed our risk management strategy to minimise the impact of adverse risks while maximising the benefits to the DVA. This allows us to meet our objectives, use our resources effectively and take advantage of all positive opportunities. The system of risk management identifies the risks associated with the achievement of our objectives. Our approach is to assign risks to those best placed to manage them whilst maintaining clear accountability. A governance unit acts as a central point for coordinating and monitoring of the Agency Risk Register and lower level risk registers. The Agency Risk Register contains those risks that could have a significant impact on the Agency. Risks that can be managed at operational level remain within the respective directorate. This assists with the embedding of risk management into the activities of each directorate.

During the year the Department revised its Risk Policy and Framework for Risk Management to take into account the recent edition of the 'The Orange Book – Management of Risk – Principles and Concepts 2019'. The Agency follows the Department's Risk Policy and Framework for Risk Management and has updated the Agency Risk Management Process document to ensure it is in line with the updated departmental Risk Policy and Framework for Risk Management.

The risk management cycle is a "top-down" and "bottom-up" exercise that allows risks to be identified and managed at Agency and directorate levels and to be escalated as

appropriate. Significant risks are escalated to the Department. Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. Corporate risks and directorate risks were documented in risk registers and reviewed formally four times during the year. The Executive Board formally reviews the Agency Risk Register quarterly, concentrating on progress of actions to avoid and mitigate the key risks. In 2017 the effectiveness of the Agency's risk management process was reviewed by Internal Audit, which confirmed that a robust system was in place.

The Agency's risk appetite is set by the Board according to the thirteen categories of risk outlined in the Risk Policy and Framework for Risk Management:

- Project/Programme: Receptive
- People: Health & Safety: Averse
- Capacity & Capability: Cautious
- Strategy: Cautious
- Governance: Minimalist
- Operations: Cautious
- Legal: Minimalist
- Property: Averse
- Financial: Cautious
- Commercial: Minimalist
- Technology: Minimalist
- Information: Minimalist
- Security: Minimalist
- Reputational: Averse

## Risks and Issues

During the year the Agency Risk Register had 9 key risks covering:

- Finance;
- Fraud;
- Data Security;

- Health and Safety;
- Transformation Programme;
- Resourcing;
- Emissions Testing;
- Financial Viability; and
- Resilience

The key risks above relating to Finance and Fraud are inherent risks which are continually monitored, with a number of actions in place to mitigate such risks from occurring. The finance risk and the financial viability risk were successfully managed during the year with a number of new actions put in place to mitigate the risk including seeking and securing COVID-19 support funding.

During the year the Agency risk register included a risk associated with the operational resilience and ability of the Agency to respond to the COVID-19 pandemic. This risk materialised and was managed throughout the year with recovery plans being put in place for the restoration of our services.

The risk associated with the health & safety of our staff and customers was particularly prevalent during the year as a result of the pandemic. Extensive work was carried out on COVID-19 risk assessments throughout the year and measures were put in place to mitigate the risk and to enable the resumption of our services to take place when permitted.

Despite the financial position of the Agency being successfully managed during 2020-21, the risk on the financial viability of the Agency's Trading Fund remains on the risk register as the pandemic continues to impact our financial position, albeit at a manageable level.

The risk associated with the transformation programme was removed from the risk register during the year as the transformation programme was closed in September 2020 and new governance arrangements were put in place to oversee future business improvements.

In respect of the risk on emissions testing, the Agency is continuing to progress the modernisation of our infrastructure to facilitate inter alia the provision of emissions testing

services.

### Controls and Assurance Framework

Our system of internal control is designed to provide a governance structure for decision-making and provide proper controls to ensure the safeguarding of resources and the achievement of value for money. This system of internal control was in place for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts.

In preparing the Governance Statement and reviewing the effectiveness of the system of internal control, I seek to place reliance on information and assurances. The approach taken is similar to the 'Three Lines of Defence' model which illustrates that assurance can come from both within and outside the Agency and can be derived from a variety of sources, with differing levels of objectivity and independence. All assurances contribute to the overall picture on how well we are managing the delivery of our objectives and the risks that could put those objectives in jeopardy. Assurance can be obtained using different sources such as management assurance statements, risk management framework, Audit and Risk Assurance Committee and Internal Audit.

The DfI's Internal Audit Service operates in compliance with Public Sector Internal Audit Standards. As Accounting Officer, I receive annual and interim reports from Internal Audit that include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the Agency's systems of internal control, together with recommendations for improvement. Complementary to this, I receive biannual Assurance Statements from Executive Board members and also benefit from advice from the external auditors in their reports.

For 2020-21, Internal Audit provided an overall satisfactory audit opinion on the adequacy and effectiveness of the Agency's framework of governance, risk management, and control arrangements.

The following Internal Audit assignments were completed during 2020-21:

| AREA OF ACTIVITY   | REPORT STATUS | AUDIT OPINION |
|--|---------------|---------------|
| Operations   | Final         | Satisfactory  |
| Infrastructure Project Payments                              | Final         | Satisfactory  |
| Review of Business Improvement Board Governance Arrangements | Final         | Satisfactory  |
| Review of Passenger Transport Licensing Division             | Final         | Satisfactory  |
| Contract Management  | Final         | Satisfactory  |

In addition to the above, Internal Audit also performed two follow-up reviews of the Action Plan and Management letter arising from the Investigation into the Vehicle Lifts within MOT Test Centres. These reports did not contain an opinion, but the Follow up review of the Management Letter gave rise to four recommendations.

A Departmental wide (including the DVA) financial management audit of Losses, Write offs and Special Payments was also completed and resulted with a satisfactory rating.

### Testing Quality Unit

The Testing Quality Unit, utilising a range of quality control and quality assurance processes including those associated with ISO accreditation, assists in maintaining and reviewing the effectiveness of the system of internal control. It conducts a programme of audits at test centres covering the administration, supervision and delivery of the practical driving test and vehicle inspection activities for Private Cars and Goods Vehicles, in accordance with statutory requirements. External auditing in the past year resulted in Operations (Testing) successfully achieving recertification of the ISO 9001:2015 Quality Standard, with no non-conformances and three positive observations noted by the assessor. This illustrates yet again that our staff are fully committed to delivering an excellent service to a wide range of customers.

## STEWARDSHIP OF RESOURCES

### Financial Management

The Agency's expenditure and income was closely monitored throughout the year and reported on to the monthly SMB. This report included spend to date and estimated outturn, which facilitated the Board in monitoring expenditure for both resource expenditure and capital investment. The overall financial position of the Agency was also closely monitored during the year with cash reserves balances reported to the Board as part of the management of the financial position and assessment of the going concern position.

### Data Handling, Security and Information Risk

The DVA functions encompass the maintenance of its driver, taxi and operators' registers. It is critically concerned with data security and complies strictly with legislative release provisions, the Data Protection Act and Cabinet Office guidelines.

Training on data security is provided to all new staff, awareness training is provided to senior managers, and relevant information is communicated to all staff on a regular basis. Managers have 'management of information' as a key area of responsibility in personal performance agreements.

Information management is among the range of control issues covered by Executive Board members' assurance statements. The completion of these statements provides assurance that information used for operational purposes is handled appropriately, particularly where it is used by third parties or other parts of government, and that information risks are being managed effectively within the Agency.

The General Data Protection Regulations (GDPR) were implemented across the Agency to further enhance the protection of individual's personal data. The Department has appointed a Data Protection Officer to focus on this important work.

## Fraud Arrangements

The Department's Anti-Fraud policy and Fraud Response Plan outlines its approach to tackling fraud and defines the responsibilities for action and reporting lines in the event of a suspected fraud. The Fraud Response Plan is a procedural guide and provides a checklist of the required actions which must be followed in the event of a fraud, attempted fraud or irregular activity being suspected. Any instances of fraud are fully investigated. Fraud reports are submitted to the Board and the Audit and Risk Assurance Committee, with regular updates on investigations undertaken.

During the reporting period, there were three actual and six suspected cases of fraud. All cases were reported to the NI Audit Office.

## Whistle Blowing/Wrongdoing Policy

The Department's Whistle Blowing/Wrongdoing Policy and Procedures provide guidance on the procedures for reporting, recording and investigating concerns about potential wrongdoing which might be taking place within the Department. The purpose of this guidance is to:

- reassure staff that they can raise genuine allegations or concerns about potential wrongdoing in confidence, through a clear internal reporting process, without putting their position at risk;
- encourage members of the public who may have concerns of this nature to report them to the Department at an early stage; and
- remind staff of the procedures for recording and investigating allegations/concerns.

Two whistleblowing cases were received during 2020-21, relating to alleged wrongdoings taking place in Test Centres regarding vehicle testing operations, one of which remains under investigation and is included in the suspected cases of fraud noted above. In addition, nine cases of anonymous concern were raised with the Health & Safety Executive relating to health and safety concerns in various test centres and offices, around COVID-19 controls. These concerns were reviewed and the cases have since been closed.

The case reported in 2016-17 regarding allegations from a whistle blower that a named vehicle examiner was receiving cash for vehicle test pass certificates is pending trial before the courts.

## Significant Issues

### Vehicle Testing Services

Following faults identified in relation to vehicle lifts in January 2020, the Minister commissioned two separate independent reviews to investigate the circumstances that gave rise to the vehicle lift faults which resulted in the suspension of MOT tests.

An Action Plan was developed in response to the reports issued from the reviews and progress on the implementation of the actions outlined in the Action Plan was monitored throughout the year with updates on progress provided to the Minister, Permanent Secretary and the Agency's Audit and Risk Assurance Committee. The progress reports have also been published and can be found at the following link: [Lifts Action Plan Progress Reports](#).

Overall, 20 of the 23 recommendations relating to the lifts issue have now been completed or substantially completed with two of the outstanding recommendations relating to monitoring the action plan itself. Both of these recommendations will remain open until all actions have been completed at which point monitoring of the action plan will no longer be required. The remaining substantive action relates to agreeing the design and specification for new lifts with our new supplier Worldwide Environmental Products and conducting performance testing of the lift.

Internal Audit also performed a follow-up review of the Action Plan and reported that the majority of actions/recommendations were evaluated as fully complete and for those which were not fully complete, they were content that significant aspects had been addressed. A lessons learned report will be published following the publication of the final progress report.

In February 2021, I attended a Public Accounts Committee (PAC) Inquiry session to provide evidence on the vehicle testing lifts issue. On the 3 June 2021, the PAC published its report on the DVA 2019-20, which examined the suspension of vehicle testing services due to safety issues with the lifts. The report contained three recommendations. The Agency, in conjunction with the Department, is considering its response to the report and the recommendations.



## COVID-19

In March 2020, COVID-19 led to the suspension of most of the services provided by the Agency. Throughout the year, the Agency implemented special control measures to ensure Public Health Agency (PHA) and Cabinet Office guidance aimed at preventing and slowing the spread of coronavirus was followed.

Throughout 2020-21 our driver and vehicle testing services to the public were impacted significantly. From 1 June 2020, the Agency slowly started to resume driver and vehicle testing services but due to the health and safety measures required to ensure compliance with PHA advice it was not possible to return to full capacity for these services. Working at a reduced capacity or dealing with full suspension of these services continued throughout the remainder of the year.

Vehicle testing services continue to operate at reduced capacity with measures in place to ensure vehicles can remain on the road. Driver testing services have recently been reinstated in May 2021. The Agency continues to work hard to increase its capacity to help meet the expected high demand for driving tests and has put in place a range of measures to maximise the availability of test slots.

The financial impact of the pandemic on the Trading Fund was successfully managed during the year through securing central government funding to address the significant reduction in income and some costs associated with dealing with COVID-19.

The on-going impact of the pandemic on service delivery and on the financial position will continue to be closely monitored.

## 2.2 REMUNERATION AND STAFF REPORT

### Remuneration Report

#### Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 has been finalised but not yet paid.

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

#### Service Contracts

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

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

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

## Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Chief Executive and Board Members of the Agency.

### Senior Management Remuneration [audited information]

| OFFICIALS  | SALARY<br>£'000                      |         | BENEFITS IN KIND<br>(TO NEAREST<br>£100) |         | PENSION BENEFITS<br>* £'000 |         | TOTAL<br>(£'000)                      |         |
|--|--------------------------------------|---------|--|---------|-----------------------------|---------|---------------------------------------|---------|
|  | 2020-21                              | 2019-20 | 2020-21                                  | 2019-20 | 2020-21                     | 2019-20 | 2020-21                               | 2019-20 |
| J Logan<br><b>Acting Chief Executive</b><br>(from 27/04/20 to 11/10/20)<br><b>Chief Executive</b><br>(from 12/10/20) | 70-75                                | 55-60   | -  | -       | 119***                      | 29      | 190-195***                            | 85-90   |
| P Duffy<br><b>Chief Executive</b><br>(until 24/04/20)  | 5-10<br>(full year equivalent 70-75) | 75-80   | -  | -       | 20***                       | 39      | 20-25<br>(full year equivalent 90-95) | 115-120 |
| P Delaney<br><b>Director</b>   | 65-70                                | 65-70   | -  | -       | 25                          | 11      | 90-95                                 | 75-80   |
| M Beare<br><b>Director</b>   | 65-70                                | 65-70   | -  | -       | 24                          | 29      | 90-95                                 | 95-100  |
| S Lynn<br><b>Head of Financial Management &amp; Governance</b>   | 50-55                                | 50-55   | -  | -       | 25                          | 24      | 80-85                                 | 75-80   |
| D Black **<br><b>Director</b><br>(until 17/04/20)  | 0-5<br>(full year equivalent 75-80)  | 75-80   | -  | -       | N/A                         | N/A     | 0-5<br>(full year equivalent 75-80)   | 75-80   |
| K Graham<br><b>Independent Board Member</b>  | 5-10                                 | 5-10    | -  | -       | N/A                         | N/A     | 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 exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.

\*\* Mrs D Black was appointed on a 2 year contract from the Strategic Investment Board commencing on 25 June 2018. DVA re-imbursed SIB the salary costs.

\*\*\*Figures are high in year of promotion.

## Salary

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

The DVA was under the direction and control of the Minister, Nichola Mallon MLA, during the financial year. Her salary and allowance were paid by the Northern Ireland Assembly and have been included as a notional cost in the Department for Infrastructure accounts. These amounts do not include costs relating to the Minister's role as MLA/MP/MEP which are disclosed in the appropriate legislature accounts.

## Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

No senior employee received any benefit in kind during the year.

## Pay Multiples [audited information]

|  | AT MARCH 2021<br>£000 | AT MARCH 2020<br>£000 |
|--|-----------------------|-----------------------|
| Band of highest paid Director's total remuneration* (£000) | 70– 75                | 75-80                 |
| Median total remuneration *                                | 26,051                | 25,670                |
| Ratio  | 2.78                  | 3.03                  |

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

The DVA is required to disclose the relationship between the remuneration of the highest paid director in the Agency and the median remuneration of the Agency's workforce.

The banded remuneration of the highest paid director in the DVA in the financial

year 2020-21 was £70,000 - £75,000 (2019-20, £75,000 - £80,000). This was 2.78 times (2019-20, 3.03) the median remuneration of the workforce, which was £26,051 (2019-20, £25,670).

In 2020-21, no (2019-20, none) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £9,000 (part-time staff) to £72,000 (2019-20, £15,000 to £75,000).

### Pensions Entitlements [audited information]

| OFFICIALS   | ACCRUED PENSION AT PENSION AGE AS AT 31/03/21 AND RELATED LUMP SUM | REAL INCREASE IN PENSION AND RELATED LUMP SUM AT PENSION AGE | CETV AT 31/03/21 | CETV AT 31/03/20 | REAL INCREASE IN CETV | EMPLOYER CONTRIBUTION TO PARTNERSHIP PENSION ACCOUNT |
|---|--|--|------------------|------------------|-----------------------|--|
|   | £000   | £000   | £000             | £000             | £000                  | NEAREST £100   |
| J Logan<br><b>Acting Chief Executive</b><br>(from 27/4/20 to 11/10/20)<br><b>Chief Executive</b><br>(from 12/10/20) | 25 - 30<br>plus<br>60 - 65   | 5 - 7.5<br>Plus<br>10 - 12.5                                 | 475              | 375              | 85                    | -  |
| P Duffy<br><b>Chief Executive</b><br>(until 24/4/20)  | 35 - 40<br>plus<br>75-80   | 0 - 2.5<br>plus<br>0 - 2.5                                   | 620              | 603              | 16                    | -  |
| P Delaney<br><b>Director</b>  | 30 - 35<br>plus<br>95 - 100  | 0 - 2.5<br>plus<br>2.5 - 5                                   | 771              | 736              | 26                    | -  |
| M Beare<br><b>Director</b>  | 25 - 30<br>plus<br>85 - 90   | 0 - 2.5<br>plus<br>2.5 - 5                                   | 709              | 675              | 25                    | -  |
| S Lynn<br><b>Head of Financial Management &amp; Governance</b>  | 15 - 20  | 0 - 2.5  | 249              | 226              | 13                    | -  |

## Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.32%.

Discrimination identified by the courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relates to the different schemes eg classic, alpha etc and is not the monetary benefits received. This is known as the 'McCloud Remedy' and will impact many aspects of the Civil Service Pensions schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

Currently new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension

benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current accrual rate is 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

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).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65.

Further details about the NICS pension schemes can be found at the website [www.financeni.gov.uk/civilservicepensions-ni](http://www.financeni.gov.uk/civilservicepensions-ni).

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2020 was 0.5% and HM Treasury has announced that public service pensions will be increased accordingly from April 2021.

Employee contribution rates for all members for the period covering 1 April 2021 – 31 March 2022 are as follows:

#### Scheme Year 1st April 2021 to 31st March 2022

| ANNUALISED RATE OF PENSIONABLE EARNINGS<br>(SALARY BANDS) |             | CONTRIBUTION RATES<br>ALL MEMBERS     |
|---|-------------|---------------------------------------|
| FROM  | TO          | From 1 April 2021<br>to 31 March 2022 |
| £0  | £24,199.99  | 4.6%                                  |
| £24,200.00  | £55,799.99  | 5.45%                                 |
| £55,800.00  | £153,299.99 | 7.35%                                 |
| £153,300.00 and above                                     |             | 8.05%                                 |

#### Cash Equivalent Transfer Values

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



from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **Real Increase in CETV**

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

### **Compensation for Loss of Office**

No compensation payments were made or are due to any of the senior management of the DVA under Civil Service Compensation Scheme (Northern Ireland) (CSCS (NI)) in the year ending 31 March 2021 (2019-20: none).

## Staff Report

### Staff Composition

The table below shows the actual number of staff in post in the Agency at 31 March 2021 and the gender breakdown.

#### Actual Staff in Post in DVA at 31 March 2021

|                 | At 31 March 2021 |            |            | At 31 March 2020 |            |            |
|-----------------|------------------|------------|------------|------------------|------------|------------|
|                 | Male             | Female     | Total      | Male             | Female     | Total      |
| Grade 5         | 1                | -          | 1          | 1                | -          | 1          |
| Grade 6         | 2                | -          | 2          | 3                | 1          | 4          |
| Other Employees | 565              | 177        | 742        | 571              | 185        | 756        |
| <b>Total</b>    | <b>568</b>       | <b>177</b> | <b>745</b> | <b>575</b>       | <b>186</b> | <b>761</b> |

#### Staff costs: [audited information]

|                       | PERMANENTLY EMPLOYED STAFF | OTHERS       | TOTAL         | TOTAL         |
|-----------------------|----------------------------|--------------|---------------|---------------|
|                       | 2020-21                    | 2020-21      | 2020-21       | 2019-20       |
|                       | £000                       | £000         | £000          | £000          |
| Wages and salaries    | 20,742                     | 1,439        | 22,181        | 22,588        |
| Social security costs | 1,972                      | -            | 1,972         | 1,977         |
| Other pension costs   | 5,877                      | -            | 5,877         | 5,758         |
| <b>Total cost</b>     | <b>28,591</b>              | <b>1,439</b> | <b>30,030</b> | <b>30,323</b> |

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the DVA is unable to identify its share of the underlying assets and liabilities.

The Public Service Pensions Act (NI) 2014 provides the legal framework for regular

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

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

The 2016 Scheme Valuation requires adjustment as a result of the 'McCloud remedy'. The Department of Finance have also commissioned a consultation in relation to the Cost Cap Valuation which will close on 25 June 2021. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. On completion of the consultation the 2016 Valuation will be completed and the final cost cap results will be determined.

For 2020-21, employers' contributions of £5,781,633 were payable to the NICS pension arrangements (2019-20: £5,749,660) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £4,240 (2019-20: £3,458) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2019-20: 8% to 14.75%) of pensionable pay.

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

Employer contributions of £129, 0.5% (2019-20: £123, 0.5%) of pensionable pay, were payable to the NICS Pension Schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

There were no contributions due to the partnership pension providers at the reporting period date (2019-20: none). No contributions were prepaid at that date (2019-20: none).

No one (2019-20: none) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0 (2019-20: £0).

#### Average number of persons employed [audited information]

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

|                                      | PERMANENT<br>STAFF<br>2020-21<br>Number | OTHERS<br>2020-21<br>Number | TOTAL<br>2020-21<br>Number | TOTAL<br>2019-20<br>Number |
|--------------------------------------|---|-----------------------------|----------------------------|----------------------------|
| Directly employed                    | 686                                     | -                           | 686                        | 689                        |
| Other                                | -                                       | 71                          | 71                         | 62                         |
| Staff engaged on<br>capital projects | 29                                      | -                           | 29                         | 38                         |
| <b>Total</b>                         | <b>715</b>                              | <b>71</b>                   | <b>786</b>                 | <b>789</b>                 |

#### Seconded Staff

There was one member of staff seconded out during the 2020-21 year on long term loan. The host Department pays the salary costs.

## Reporting of compensation and exit packages for all staff 2020-21 [audited information]

|  | NUMBER OF<br>COMPULSORY<br>REDUNDANCIES | NUMBER OF<br>OTHER<br>DEPARTURES<br>AGREED | TOTAL NUMBER<br>OF EXIT<br>PACKAGES BY<br>COST BAND | TOTAL NUMBER<br>OF EXIT<br>PACKAGES BY<br>COST BAND |
|--|---|--|---|---|
| EXIT PACKAGE COST<br>BAND                | 2020-21                                 | 2020-21                                    | 2020-21   | 2019-20   |
| <£10,000                                 | -                                       | -  | -   | -   |
| £10,000 - £25,000                        | -                                       | -  | -   | -   |
| £25,000 - £50,000                        | -                                       | -  | -   | -   |
| £50,000 - £100,000                       | -                                       | -  | -   | -   |
| £100,000 - £150,000                      | -                                       | -  | -   | -   |
| £150,000 - £200,000                      | -                                       | -  | -   | -   |
| <b>Total number of exit<br/>packages</b> | -                                       | -  | -   | -   |
| <b>Total resource cost £000</b>          | -                                       | -  | -   | -   |

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. The table above shows the total cost of exit packages agreed and accounted for in 2020-21 and 2019-20. £0 exit costs were paid in 2020-21, the year of departure (£0 2019-20). Where the DVA has agreed early retirements, the additional costs are met by the agency and not by the Northern Ireland Civil Service pension arrangements. Ill-health retirement costs are met by the pension arrangements and are not included in the table.

### Off payroll payments

The Agency did not have any off payroll engagements during the 2020-21 year.

## Employment, training and advancement of disabled persons

The Northern Ireland Civil Service applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all members of NICS recruitment panels. Unconscious bias training is available to all staff.

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

The NICS has a wide and active network of Diversity Champions and one of its Deputy Secretaries is the NICS Diversity Lead for Disability. The NICS has a Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. During 2020-21 the NICS established a Disability Staff Network. This Network plays a key role in promoting disability equality and inclusion across the NICS.

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS promotes a number of schemes for disabled people, including a Work Experience Scheme for People with Disabilities.

## Equality, Diversity and Inclusion

In the NICS, we are committed to building an inclusive workplace culture where diversity is truly valued at all levels, where you are valued for who you are and where you can bring your true self to work. We want to make use of all the talent that exists across the NICS to ensure we are a well-led, high performing, outcome-focused Service and a Service that is a great place to work.

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

As a key element of the People Strategy, our ambitious diversity and inclusion programme of work is delivered through the implementation of an annual NICS Diversity Action Plan, and overseen by the leadership of the NICS Board, the NICS Diversity Champions Network, Departmental Diversity Champions and Thematic Diversity Champions, NICS colleague networks and NICS HR, as well as through partnership working with stakeholder organisations.

The NICS Diversity Action Plan sets out our priorities for action by diversity and inclusion theme, cross-cutting priorities, departmental priorities and includes supporting plans on communications and outreach.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. The NICS' commitment to equality of opportunity is outlined in its Equality, Diversity and Inclusion Policy.

As part of the NICS' efforts to ensure equality of opportunity, the NICS continually conducts comprehensive reviews into the composition of its workforce and recruitment activity, publishing a wide range of NICS human resource statistics.

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

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for NI (ECNI), both of which assess the composition of the NICS workforce and the composition of applicants and appointees. In addition, the NICS conducts a similar formal review of the gender profile of its workforce. The findings are published in the NICS Article 55 and Gender Reviews.

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

representation.

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

## Learning & Development

The NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development. Development and delivery of generic staff training is centralised in NICSHR<sup>1</sup>. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and this year the focus was on improving the quality of the development conversation between managers and staff, with the introduction of a talent management toolkit.

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

The DVA Technical Training unit provided 521.5 training days to our vehicle examiner staff and their managers. This is significantly down on last year's figure and in the main is due to the long lockdown period and the safety controls in place to combat the spread of the COVID-19 virus which limited the numbers of trainees on our courses and restricting where we could deliver training. A further 32 days of professional development training took place, including the technical trainers completing their Chartered Institute of Personnel and Development (CIPD) courses despite the challenges of the COVID-19 pandemic.

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



In addition 127 days training was provided for Driving Examiners, including upskilling, DEDs, delivering COVID-19 safe testing and supervising examiners development. Please note that due to adherence of COVID-19 public health advice and limited driving tests conducted there was no Examiner supervision was carried out.

### **Employee Consultation and Trade Union Relationships**

The Department of Finance is responsible for the NICS Industrial Relations Policy. NICS HR, consults on HR policy with all recognised Trade Unions and local departmental arrangements are in place to enable consultation on matters specific to a department or individual business area.

### **Human Capital Management**

As an Agency within the NICS, the DVA is committed to career development, acknowledging that skilled and engaged staff are an essential resource in meeting current and future business needs. The NICS Career Development Policy emphasises that career development is a collaborative process between individual staff members, line managers and Departments, and takes account of the NICS Competency Framework and Performance Management System. As well as the individual's role in managing their career development, the Agency provides opportunities to enhance the skills, capabilities and performance of staff so that they, in turn, can contribute to achieving corporate objectives.

### **Employee Engagement**

Employee engagement this past year has had to focus on assisting staff to cope with the impact of the COVID-19 lockdown restrictions and new ways of working. For those staff not able to attend their office, line managers kept in contact with them by various means, so they were informed. Simultaneously, the Agency worked with Digital Services Branch within the Department (DSB) to put urgent measures in place to provide laptops / desktops for staff to use in their homes. In

a relatively short period of time, the infrastructure was completed to allow all staff to connect to the network again so that full two-way communications was re-established. As for those who still had to work in the office or a test centre, a rigorous process of conducting and implementing risk assessments was initiated. Again, staff were kept informed of the procedures and how to ensure their safety at work.

We use the Whitley process of staff consultation, which involves regular meetings between management and Trade Union side to discuss relevant matters. Additional meetings have been established to specifically deal with the fall-out of the pandemic.

We have a Business Transformation Connections Newsletter that issues to all staff, keeping them abreast of developments. We actively involve staff in the design and testing of new services and products through workshops and ongoing consultation and this process will continue through the life of the Transformation Business Improvement Programme.

### Health and Safety

The health and safety of staff and customers remains paramount and therefore we seek to ensure that the highest standards of health and safety are integrated with improved business performance. The Agency considers respective legislation as a minimum standard and has established processes in line with the Health and Safety Executive's "Leading Health & Safety at Work" (INDG417) and "Managing for health and safety" (HSG65). The key challenge during 2020/21 was seeking to ensure that all Risk Assessments relating to vehicle testing, driver testing, enforcement activities and the office environment were revised, regularly reviewed and updated to ensure that they incorporated the latest government guidance and advice relating to COVID-19 control measures. Vehicle examiners attended a "Testing in a Coronavirus world" training programme while Health and Safety Induction Training was also provided for all newly appointed vehicle examiners. Additional procedures were also developed to assist in the monitoring of all Insurance Reports relating to Test Hall Equipment.

## Sick Absence

The Agency had an overall sickness absence rate of 15.2 days lost per employee in 2019-20 (i.e. previous year). Annual sickness absence figures can be found in the “Sickness Absence in the Northern Ireland Civil Service 2020-21” (i.e. current year) report at [Sickness Absence Statistics Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](#). Figures for the 2020-21 financial year were published on 29th June 2021.

## Staff Turnover

The Agency Staff Turnover percentage (the number of people that have left the Department but have moved within the NICS) for 2020-21 is 2.7%, and the general turnover percentage (the people who have left the Agency and have not gone elsewhere in the NICS) is 0.1%. This has been calculated by NICS HR based on the Cabinet Office Guidance on calculations for Turnover in the Civil Service.

## Equal Opportunities

As a government employer, the Agency follows employment best practice by adhering to the NICS Equal Opportunities Policy that states that all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. In adhering to its Section 75 responsibilities under the NI Act 1998, the Agency is committed to achieving its aims within the Department’s Equality Scheme.

We will also follow the NICS lead on diversity and inclusion matters, including how we communicate, recruit, promote, develop and manage our workforce.

## Expenditure on consultancy

During the year £Nil (2019-20 £Nil) was spent on external consultancy.

## 2.3 ASSEMBLY ACCOUNTABILITY AND AUDIT REPORT

This Assembly Accountability and Audit Report is produced to comply with the requirements of the Financial Reporting Manual (FReM) 2020-21.

### Accounts Direction

The financial statements have been prepared in accordance with the 2020-21 FReM issued by the Department of Finance (DoF). The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context.

### Special Payments

|                                      | 2020-21 | 2019-20 |
|--------------------------------------|---------|---------|
| Total number of special payments     | 99      | 44,339  |
| Total value of special payments £000 | 51      | 755     |

Special Payments include compensation payments relating to cancelled MOTs and also includes those arising from Public and Employer Liability Claims and ex gratia payments. No one payment was greater than £250,000.

## Business Activity Attracting Fees and Charges [audited information]

The following table shows the Business activities attracting fees and charges for the DVA.

|  | 2020-21         |               |                          | 2019-20         |               |                          | OBJECTIVE              |
|--|-----------------|---------------|--------------------------|-----------------|---------------|--------------------------|------------------------|
|  | INCOME          | COST          | ANNUAL (SURPLUS)/DEFICIT | INCOME          | COST          | ANNUAL (SURPLUS)/DEFICIT |                        |
|  | £000            | £000          | £000                     | £000            | £000          | £000                     |                        |
| Vehicle testing                          | (8,168)         | 29,553        | 21,385                   | (30,232)        | 32,311        | 2,079                    | Full cost recovery (1) |
| Driver testing                           | (1,231)         | 4,069         | 2,838                    | (4,675)         | 4,953         | 278                      | Full cost recovery (2) |
| Enforcement                              | (1,067)         | 3,902         | 2,835                    | (1,688)         | 4,447         | 2,759                    |                        |
| Other activities                         | (95)            | 243           | 148                      | (112)           | 295           | 183                      |                        |
| Driver licensing                         | (4,337)         | 6,479         | 2,142                    | (5,594)         | 7,731         | 2,137                    | (3)                    |
| Vehicle licensing court prosecution      | (472)           | 472           | -                        | (471)           | 474           | 3                        | Full cost recovery     |
| Taxi licensing                           | (356)           | 2,057         | 1,701                    | (1,273)         | 1,965         | 692                      | (4)                    |
| Bus passenger transport licensing        | (235)           | 245           | 10                       | (277)           | 212           | (65)                     | Full cost recovery     |
|  | <b>(15,961)</b> | <b>47,020</b> | <b>31,059</b>            | <b>(44,322)</b> | <b>52,388</b> | <b>8,066</b>             |                        |
| Dfl Resource subsidy                     | (5,550)         | -             | (5,550)                  | (7,859)         | -             | (7,859)                  |                        |
| COVID-19 Support Scheme                  | (31,000)        | -             | (31,000)                 | -               | -             | -                        |                        |
| Reinstatement of reserves                | (10,000)        | -             | (10,000)                 | -               | -             | -                        |                        |
| Capital grant release                    | (945)           | -             | (945)                    | (374)           | -             | (374)                    |                        |
| Activities not attracting fees & charges | (31)            | 463           | 432                      | (39)            | 1,428         | 1,389                    |                        |
| Holiday pay provision                    | -               | 150           | 150                      | -               | 1,359         | 1,359                    |                        |
| Adjustment for notional insurance        | -               | (327)         | (327)                    | -               | (435)         | (435)                    |                        |
| <b>Total</b>                             | <b>(63,487)</b> | <b>47,306</b> | <b>(16,181)</b>          | <b>(52,594)</b> | <b>54,740</b> | <b>2,146</b>             |                        |

(1) The deficit on the vehicle testing fee account is due to the loss of fee income associated with the suspension of vehicle testing services and issuing of temporary exemption certificates, both required due to COVID-19.

(2) The deficit on the driver testing fee account is mainly due to the loss of fee income associated with the suspension of driver testing services on a number of occasions during the year, due to COVID-19.

(3) Driver licensing fees are set at less than full cost recovery as previously agreed. Due to COVID-19, driver licensing fee income reduced during the year following an automatic eleven month free extension for licences being put in place.

(4) The target of full cost recovery was not achieved due to lower volumes than anticipated when fees were set; and fee income was reduced during the year as a result of the taxi regulatory support package put in place as part of the COVID-19 response.

This note is to meet DoF requirements on fees and charges and not for the purposes of IFRS 8.

#### **Remote Contingent Liabilities [audited information]**

In addition to contingent liabilities reported within the meaning of IAS37, the Agency also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. As at the 31 March 2021, the Agency had no remote contingent liabilities.



Chief Executive and Agency Accounting Officer

1 July 2021

## **DRIVER AND VEHICLE AGENCY**

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

#### **Opinion on financial statements**

I certify that I have audited the financial statements of the Driver and Vehicle Agency for the year ended 31 March 2021 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

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

In my opinion the financial statements:

- give a true and fair view of the state of the Driver and Vehicle Agency's affairs as at 31 March 2021 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

#### **Opinion on regularity**

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

#### **Basis for opinions**

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

My staff and I are independent of the Driver and Vehicle Agency in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the Driver and Vehicle Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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

## **Other Information**

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Opinion on other matters**

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

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



### **Matters on which I report by exception**

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

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

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

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Driver and Vehicle Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Driver and Vehicle Agency will not continue to be provided in the future.

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Driver and Vehicle Agency through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Driver & Vehicle Agency Trading Fund (Northern Ireland) Order 2016 and the Financial Provisions (Northern Ireland) Order;
- making enquires of management and those charged with governance on the Driver and Vehicle Agency's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Driver and Vehicle Agency's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition and posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate; and
- addressing the risk of fraud as a result of management override of controls by:

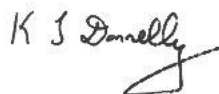
- performing analytical procedures to identify unusual or unexpected relationships or movements;
- testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
- assessing whether judgements and other assumptions made in determining accounting estimates were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

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

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

## Report

I have no observations to make on these financial statements.



*KJ Donnelly CB  
Comptroller and Auditor General  
Northern Ireland Audit Office  
1 Bradford Court, Upper Galwally  
Belfast  
BT8 6RB*

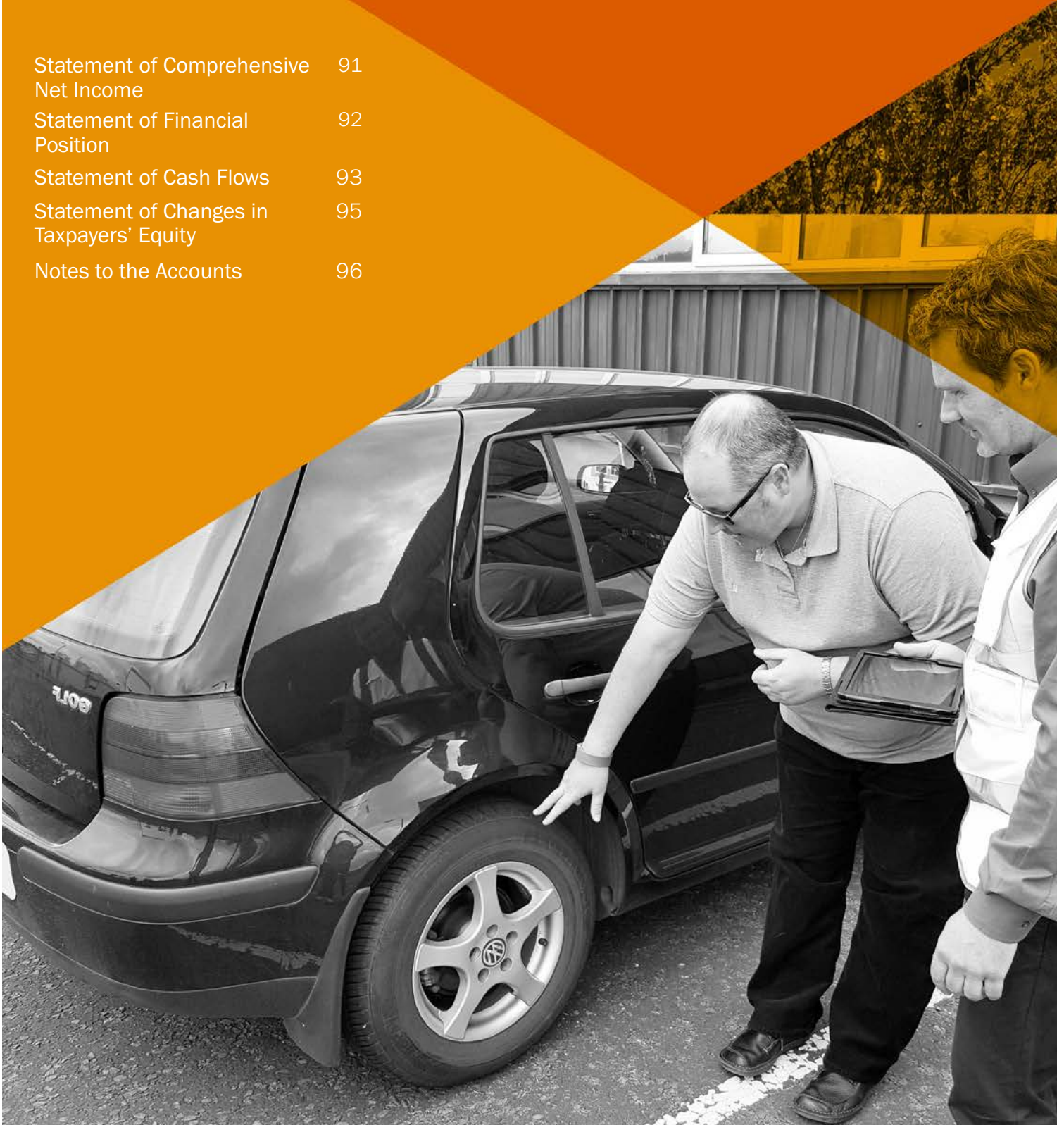
*6<sup>th</sup> July 2021*

# 3

## Financial Statements

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### 3. FINANCIAL STATEMENTS

#### Statement of Comprehensive Net Income for the year ended 31 March 2021

|   | Note | 2020-21<br>£000 | 2019-20<br>£000 |
|---|------|-----------------|-----------------|
| <b>INCOME</b>   |      |                 |                 |
| Revenue from contracts with customers                           | 3    | (15,400)        | (43,770)        |
| Other operating income  | 3    | (38,087)        | (8,824)         |
| <b>Total income</b>   |      | <b>(53,487)</b> | <b>(52,594)</b> |
| <b>EXPENDITURE</b>  |      |                 |                 |
| Staff Costs   | 4    | 30,030          | 30,323          |
| Other operating costs   | 5    | 17,145          | 22,755          |
| <b>Total operating expenditure</b>                              |      | <b>47,175</b>   | <b>53,078</b>   |
| <b>Operating (surplus)/deficit before net<br/>finance costs</b> |      | <b>(6,312)</b>  | <b>484</b>      |
| Finance income  |      | (4)             | (190)           |
| Finance costs   |      | 135             | 135             |
| <b>Net finance costs</b>  |      | <b>131</b>      | <b>(55)</b>     |
| <b>Operating (surplus)/deficit after net<br/>finance costs</b>  |      | <b>(6,181)</b>  | <b>429</b>      |
| Dividends   | 6    | -               | 1,717           |
| Reinstatement of Reserves                                       | 3.1  | (10,000)        | -               |
| <b>Retained (surplus)/deficit for the year</b>                  |      | <b>(16,181)</b> | <b>2,146</b>    |
| <b>Other Comprehensive Income</b>                               |      |                 |                 |
| Net gain on revaluation of property, plant<br>& equipment       | 7    | (381)           | (346)           |
| Net gain on revaluation of intangible<br>assets                 | 8    | (173)           | (154)           |
| <b>Comprehensive net (income)/expenditure<br/>for the year</b>  |      | <b>(16,735)</b> | <b>1,646</b>    |

The notes on pages 96 to 122 form part of these accounts

## Statement of Financial Position as at 31 March 2021

|  | Note | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|--|------|--------------------------|--------------------------|
| <b>NON-CURRENT ASSETS</b>                      |      |                          |                          |
| Property, plant and equipment                  | 7    | 27,283                   | 23,064                   |
| Intangible assets                              | 8    | 16,006                   | 13,911                   |
| <b>Total non-current assets</b>                |      | <b>43,289</b>            | <b>36,975</b>            |
| <b>CURRENT ASSETS</b>                          |      |                          |                          |
| Inventories                                    | 9    | 36                       | 24                       |
| Trade and other receivables                    | 10   | 890                      | 1,164                    |
| Cash and cash equivalents                      | 11   | 48,186                   | 37,762                   |
| <b>Total current assets</b>                    |      | <b>49,112</b>            | <b>38,950</b>            |
| <b>Total assets</b>                            |      | <b>92,401</b>            | <b>75,925</b>            |
| <b>CURRENT LIABILITIES</b>                     |      |                          |                          |
| Trade and other payables                       | 12   | (5,834)                  | (10,105)                 |
| Deferred income                                | 12   | (14,669)                 | (10,831)                 |
| Provisions for liabilities and charges         | 13   | (275)                    | (275)                    |
| <b>Total current liabilities</b>               |      | <b>(20,778)</b>          | <b>(21,211)</b>          |
| <b>Total assets less current liabilities</b>   |      | <b>71,623</b>            | <b>54,714</b>            |
| <b>NON-CURRENT LIABILITIES</b>                 |      |                          |                          |
| Financial liabilities                          | 12   | (3,865)                  | (3,865)                  |
| Provisions for liabilities and charges         | 13   | (2,084)                  | (1,910)                  |
| <b>Total non-current liabilities</b>           |      | <b>(5,949)</b>           | <b>(5,775)</b>           |
| <b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>     |      | <b>65,674</b>            | <b>48,939</b>            |
| <b>TAX PAYERS' EQUITY &amp; OTHER RESERVES</b> |      |                          |                          |
| Public dividend capital                        |      | 5,414                    | 5,414                    |
| Revaluation reserve                            |      | 7,913                    | 7,617                    |
| Retained earnings                              |      | 52,347                   | 35,908                   |
| <b>TOTAL EQUITY</b>                            |      | <b>65,674</b>            | <b>48,939</b>            |



Chief Executive and Agency Accounting Officer  
1 July 2021

*The notes on pages 96 to 122 form part of these accounts*



## Statement of Cash Flows for the year ended 31 March 2021

|  | Note | 2020-21       | 2019-20      |
|--|------|---------------|--------------|
|  |      | £000          | £000         |
| <i>Cashflows from operating activities</i>   |      |               |              |
| Retained surplus /(deficit) for the year   |      | 16,181        | (2,146)      |
| Adjustments for non-cash transactions  |      | 2,728         | 2,944        |
| <i>Adjustment for items not relating to operations</i>   |      |               |              |
| Finance income   |      | (4)           | (190)        |
| Finance costs  |      | 135           | 135          |
| Dividends  | 6    | -             | 1,717        |
| (Increase)/decrease in trade & other receivables   | 10   | 274           | (260)        |
| Decrease/(increase) in inventories   | 9    | (12)          | 11           |
| (Decrease)/increase in trade & other payables  | 12   | (433)         | 4,286        |
| <i>Less movements in payables relating to items not passing through the SoCE</i>               |      |               |              |
| Decrease/(increase) in capital accruals  |      | (1,095)       | 35           |
| Decrease in interest receivable  |      | (5)           |              |
| Decrease in dividends payable  | 12   | 19            | (19)         |
| (Decrease)/increase in interest payable  |      | (39)          | 39           |
| <i>Adjustment for non-cash movements on transfer of assets &amp; extension of Trading Fund</i> |      |               |              |
| Net tangible assets transferred in   | 7    | -             | -            |
| Net intangible assets transferred in   | 8    | -             | -            |
| Provisions transferred in  |      |               |              |
| Increase in long term loan   | 12   | -             | -            |
| Revaluation reserve transferred in   |      | -             | -            |
| Increase in Public Dividend Capital  |      | -             | -            |
| Decrease in retained earnings  |      | -             | -            |
| Use of provisions  | 13   | (134)         | (257)        |
| <b>Net cash inflow from operating activities</b>   |      | <b>17,615</b> | <b>6,295</b> |

**Statement of Cash Flows (continued)**  
for the year ended 31 March 2021

|   | Note | 2020-21        | 2019-20        |
|---|------|----------------|----------------|
|   |      | £000           | £000           |
| <i>Cashflows from investing activities</i>                      |      |                |                |
| Purchase of property, plant & equipment                         |      | (4,872)        | (631)          |
| Purchase of intangible assets                                   |      | (2,213)        | (3,090)        |
| Interest received   |      | 9              | 190            |
| <b>Net cash outflow from investing activities</b>               |      | <b>(7,076)</b> | <b>(3,531)</b> |
| <i>Cashflows from financing activities</i>                      |      |                |                |
| Dividends paid  |      | (19)           | (1,698)        |
| Interest paid   |      | (96)           | (174)          |
| <b>Net cash outflow from financing activities</b>               |      | <b>(115)</b>   | <b>(1,872)</b> |
| <b>Net increase in cash &amp; cash equivalents in the year</b>  | 11   | 10,424         | 892            |
| <b>Cash &amp; cash equivalents at the beginning of the year</b> | 11   | 37,762         | 36,870         |
| <b>Cash &amp; cash equivalents at the end of the year</b>       | 11   | <b>48,186</b>  | <b>37,762</b>  |

*The notes on pages 96 to 122 form part of these accounts*



### Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

|  | Note | Retained Earnings | Revaluation Reserve | Public Dividend Capital | Total Equity  |
|--|------|-------------------|---------------------|-------------------------|---------------|
|  |      | £000              | £000                | £000                    | £000          |
| <b>Balance as at 31 March 2019</b>                     |      | 37,853            | 7,318               | 5,414                   | 50,585        |
| Net gain on revaluation of property, plant & equipment | 7    | -                 | 346                 | -                       | 346           |
| Net gain on revaluation of intangible assets           | 8    | -                 | 154                 | -                       | 154           |
| Transfer between reserves for realised depreciation    |      | 201               | (201)               | -                       | -             |
| Adjustment on transfer of land from parent department  | 1.16 | -                 | -                   | -                       | -             |
| Retained surplus/ (deficit) for the year               |      | (2,146)           | -                   | -                       | (2,146)       |
| <b>Balance as at 31 March 2020</b>                     |      | 35,908            | 7,617               | 5,414                   | 48,939        |
| Net gain on revaluation of property, plant & equipment | 7    |                   | 381                 |                         | 381           |
| Net gain on revaluation of intangible assets           | 8    |                   | 173                 |                         | 173           |
| Transfer between reserves for realised depreciation    |      | 258               | (258)               |                         | -             |
| Retained surplus/ (deficit) for the year               |      | 16,181            |                     |                         | 16,181        |
| <b>Balance as at 31 March 2021</b>                     |      | <b>52,347</b>     | <b>7,913</b>        | <b>5,414</b>            | <b>65,674</b> |

The Financial Provisions (Northern Ireland) Order 1993 permits the Trading Fund the power to establish and maintain reserves under Article 8(2), exercisable only with concurrence of the Department of Finance. Reserves are held to finance current operating requirements and future capital investment.

*The notes on pages 96 to 122 form part of these accounts*

## NOTES TO THE ACCOUNTS

### 1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by the Department of Finance (DoF). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

The DVA operates as a Trading Fund under the provisions of the Driver & Vehicle Agency Trading Fund (Northern Ireland) Order 2016.

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

The Accounting Officer has concluded that there is a reasonable expectation that the Driver and Vehicle Agency has adequate resources to continue in operational existence for the foreseeable future. The Driver and Vehicle Agency therefore continues to adopt the going-concern basis in preparing its financial statements.

#### 1.1 Application of Newly Issued Accounting Standards

The International Accounting Standards Board (IASB) issued new and amended standards that were effective for the first time in 2020-21. These have been reviewed and the assessment is that their adoption has not had any significant impact on the amounts reported in these financial statements.

The IASB issued new and amended standards (IFRS 10, IFRS 11 & IFRS 12) that affect the consolidation and reporting of subsidiaries, associates and joint ventures. These standards are effective with EU adoption from 1 January 2014.

Accounting boundary IFRS are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI, which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2022-23, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. The DVA applies IFRS' in full and their consolidation boundary will not change as a result of the new Standards.

Management has also reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts.

IFRS 16 *Leases* replaces IAS 17 *Leases* and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022.

Management consider that the introduction of the changes to IFRS 16 on leases may have some impact but these are unlikely to have a significant impact on the accounts in the period of initial application.

## **1.2 Accounting Convention**

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

## 1.3 Property, Plant and Equipment

Property, plant and equipment assets comprise the land, buildings (excluding dwellings), plant and machinery, transport equipment and information technology held by the DVA.

Expenditure on property, plant and equipment of over £1,000 is capitalised, with the exception of computer hardware, which is capitalised if expenditure is over £500. On initial recognition, property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

Freehold and long leasehold land and buildings are carried at valuation in existing use and are revalued annually by Land and Property Services (LPS) in accordance with FReM. Weighbridges are valued annually by LPS on a depreciated replacement cost basis.

Plant and machinery, transport equipment and information technology are carried at fair value. Their values are revised annually through the use of suitable indices compiled by the Office for National Statistics. Upward revaluations of property, plant and equipment are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Net Expenditure to the extent the downward revaluation has been recognised, with the remainder credited to the revaluation reserve. Downward revaluations of property, plant and equipment are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward valuation recognised in the Statement of Comprehensive Net Expenditure.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other operating costs.

## 1.4 Intangible Assets

Intangible assets comprise software development and software licences.

Expenditure on intangible assets of over £1,000 is capitalised. On initial recognition intangible assets are measured at cost including any expenditure directly attributable to bringing them into working condition.

These assets are carried at fair value and their values are revised annually through the use of suitable indices compiled by the Office for National Statistics. Upward revaluations of intangible assets are credited to the revaluation reserve unless they reverse previously recognised downward revaluations, in which case they are credited to the Statement of Comprehensive Net Expenditure to the extent the downward revaluation has been recognised, with the remainder credited to the revaluation reserve. Downward revaluations of intangible assets are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward valuation recognised in the Statement of Comprehensive Net Expenditure.

Items classified as 'under construction' are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

## 1.5 Depreciation and Amortisation

Freehold and long leasehold land are not depreciated. Depreciation and amortisation is provided at rates calculated to write down the valuation of property, plant and equipment and intangible assets to the estimated residual value by equal instalments over their estimated useful lives.

The estimated useful economic lives are normally in the following ranges:

|                     |                |
|---------------------|----------------|
| Buildings           | 10 to 54 years |
| Plant and Machinery | 5 to 15 years  |

|                     |               |
|---------------------|---------------|
| Transport Equipment | 3 to 13 years |
| IT                  | 3 to 10 years |
| Software Licences   | 3 to 8 years  |

Assets in the course of construction are not depreciated until they have been brought into use. Asset lives are reviewed regularly and where necessary revised. The estimated useful life of each asset of significant individual value is separately assessed and, if appropriate, revised.

## 1.6 Operating Income

Income represents the revenue received for services provided by the DVA and is stated net of refunds and exclusive of VAT. It is recognised in the Statement of Comprehensive Net Income in the period in which the underlying activity takes place. Fees received in advance for which tests have yet to be performed or licences have not issued are shown as deferred income within current liabilities. Income is also recognised from the DVA's parent department, the Department for Infrastructure, in relation to a subsidy received for Enforcement and Licensing activities, and is recognised in line with the costs incurred in delivering these activities.

Capital grant income from the Department for Infrastructure is deferred on the Statement of Financial Position and amortised in line with the depreciation of the relevant assets.

## 1.7 Employee Benefits Including Pensions

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave that has been earned at the year end.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) (NI). The defined benefit schemes

are unfunded and are non-contributory except in respect of dependants' benefits. The DVA recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, the DVA recognises the contributions payable for the year.

## **1.8 Value Added Tax (VAT)**

Most of the activities of the DVA are outside the scope of VAT and VAT is reclaimed centrally by the DoF. All items in the Statement of Comprehensive Net Expenditure are therefore exclusive of VAT.

## **1.9 Leases**

Operating leases and rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

## **1.10 Provisions**

The DVA 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 real rate set by the DoF.

## **1.11 Contingent Liabilities**

In addition to contingent liabilities disclosed in accordance with IAS 37, the DVA discloses, for Northern Ireland Assembly reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote,

but which have been reported to the Assembly in accordance with the requirements of MPMNI.

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

## **1.12 Financial Instruments**

The DVA's financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables. Due to the nature of the financial instruments held, carrying value is considered to represent the fair values.

## **1.13 Inventories**

Inventories consist of oil and bio fuels which are valued at the lower of purchase cost and net realisable value which is the amount that an asset can be disposed of, less any direct selling costs.

## **1.14 Return on Capital Employed**

The return on capital employed is calculated in line with Trading Fund guidance. The return is calculated by expressing the operating surplus on ordinary activities measured before interest (both receivable and payable) and dividends payable as a percentage of average net assets employed (Note 18).

## **1.15 Finance Income and Finance Costs**

Finance income comprises interest on monies deposited with the Northern Ireland Consolidated Fund. Interest income is recognised on a



receivable basis in the Statement of Comprehensive Net Expenditure. Finance costs comprise interest expense on a long term loan from the Department for Infrastructure.

## **1.16 Public Dividend Capital**

Under Article 5(2) of the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 1996, Public Dividend Capital (PDC) of £2,100,000 was created in order to facilitate commencement of operations of the Driver & Vehicle Testing Agency. On 1 April 2016 the Department transferred further operations into the Trading Fund under the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 2016 creating further PDC of £1,826,948 to facilitate an extension of operations. During 2017-18 the Department transferred land assets into the Trading Fund and received additional PDC of £1,862,500 in return bringing total PDC to £5,789,448. In 2019-20 the value of the PDC was reduced by £375,875 to £5,413,573. This was the impact of the prior year adjustment in relation to the deferral of the capital grant income.

PDC is reported at historic cost less impairment, in line with Department of Finance guidance.

## 2. Segmental Reporting

The DVA has four main operating segments which are determined by their funding source. These are as follows:

- Testing Operations – responsible for vehicle and driver testing;
- Enforcement Operations – responsible for compliance audits and enforcement of licensing and roadworthiness for goods and passenger carrying operators and their vehicles;
- Driver Licensing and Passenger Transport Licensing Division (PTLD) – responsible for driver and operator licensing; and
- Vehicle Licensing – responsible for an enforcement service on behalf of DVLA for vehicle excise duty offences.

The SMB reviews financial information at this level for decision making purposes. An analysis of assets and liabilities by segment is not regularly provided to the Chief Operating Decision Maker and therefore the DVA does not report this information in accordance with IFRS 8.

|                                 | Testing Division<br>2020-21<br>£000 | Enforcement Division<br>2020-21<br>£000 | Driver & Passenger Transport Licensing<br>2020-21<br>£000 | Vehicle Licensing<br>2020-21<br>£000 | TOTAL<br>2020-21<br>£000 |
|---------------------------------|-------------------------------------|---|---|--------------------------------------|--------------------------|
| Gross Expenditure               | 33,671                              | 3,930                                   | 9,233   | 472                                  | 47,306                   |
| Income                          | (48,669)*                           | (4,152)                                 | (10,194)  | (472)                                | (63,487)*                |
| <b>Net Expenditure (Income)</b> | <b>(14,998)</b>                     | <b>(222)</b>                            | <b>(961)</b>  | <b>-</b>                             | <b>(16,181)</b>          |

\*Includes £10m reinstatement of reserves

|                                 | Testing Division<br>2019-20<br>£000 | Enforcement Division<br>2019-20<br>£000 | Driver & Passenger Transport Licensing<br>2019-20<br>£000 | Vehicle Licensing<br>2019-20<br>£000 | TOTAL<br>2019-20<br>£000 |
|---------------------------------|-------------------------------------|---|---|--------------------------------------|--------------------------|
| Gross Expenditure               | 38,251                              | 4,679                                   | 11,125  | 685                                  | 54,740                   |
| Income                          | (36,313)                            | (4,466)                                 | (11,133)  | (682)                                | (52,594)                 |
| <b>Net Expenditure (Income)</b> | <b>1,938</b>                        | <b>213</b>                              | <b>(8)</b>  | <b>3</b>                             | <b>2,146</b>             |

### 3. Operating Income

|  | 2020-21       | 2019-20       |
|--|---------------|---------------|
|  | £000          | £000          |
| <b>Revenue from contracts with customers</b> |               |               |
| Vehicle test fees                            | 8,168         | 30,232        |
| Practical driving test fees                  | 470           | 2,899         |
| Driving theory test fees                     | 761           | 1,776         |
| Other fees and licences                      | 127           | 151           |
| Enforcement fees                             | 944           | 1,568         |
| Driver licensing fees                        | 4,340         | 5,595         |
| Taxi licensing fees                          | 221           | 1,086         |
| Taxi operator fees                           | 134           | 186           |
| Bus passenger transport licensing fees       | 235           | 277           |
|  | <b>15,400</b> | <b>43,770</b> |
| <b>Other operating income</b>                |               |               |
| Subsidy from parent department               | 5,550         | 7,859         |
| COVID Support Income                         | 31,000        | -             |
| Government capital grant income              | 945           | 374           |
| Vehicle licensing enforcement                | 592           | 591           |
|  | <b>38,087</b> | <b>8,824</b>  |
| <b>Total income</b>                          | <b>53,487</b> | <b>52,594</b> |

£3.9m of deferred income which had been included in the opening balance has been recognised as income during the current year.

#### 3.1 Reinstatement of Reserves

|                           | 2020-21       | 2019-20  |
|---------------------------|---------------|----------|
|                           | £000          | £000     |
| Reinstatement of Reserves | 10,000        | -        |
|                           | <b>10,000</b> | <b>-</b> |

The DVA also received £10m from the Executive (through Dfl) to reinstate reserves which had been previously withdrawn in the 2008-09 year.

## 4. Staff Costs

Staff costs comprise:

|                       | 2020-21       | 2019-20       |
|-----------------------|---------------|---------------|
|                       | £000          | £000          |
| Wages and salaries    | 22,182        | 22,588        |
| Social security costs | 1,971         | 1,977         |
| Other pension costs   | 5,877         | 5,758         |
| <b>Total cost</b>     | <b>30,030</b> | <b>30,323</b> |

A breakdown of the above costs into permanent staff and others can be found in the Staff Report within the Accountability Report on page 72.

## 5. Other Operating Costs

|  | 2020-21       | 2019-20       |
|--|---------------|---------------|
|  | £000          | £000          |
| Travel and subsistence                               | 89            | 286           |
| Rates and accommodation costs                        | 1,996         | 2,423         |
| IT system maintenance and other computer charges     | 1,726         | 1,689         |
| Office services                                      | 388           | 866           |
| <i>Contracted out services:</i>                      |               |               |
| - Driving theory test                                | 408           | 951           |
| - Vehicle testing service charge                     | 1,215         | 1,577         |
| - Booking system service charge                      | 1,211         | 1,315         |
| - Security, cleaning and other                       | 669           | 555           |
| - Licence card production                            | 469           | 605           |
| Medical costs  | 1,300         | 1,671         |
| Plant, equipment and vehicle costs                   | 258           | 314           |
| Bank and credit card charges                         | 119           | 279           |
| Auditor's remuneration*                              | 24            | 21            |
| Other expenditure                                    | 773           | 3,630         |
| Services provided by parent department               | 1,566         | 1,561         |
| Services provided by other NI government departments | 2,206         | 2,069         |
| <i>Non-cash items:</i>                               |               |               |
| Depreciation and amortisation:                       |               |               |
| - Property, plant and equipment                      | 1,114         | 661           |
| - Intangible assets                                  | 1,386         | 787           |
| Impairment   | (80)          | (62)          |
| Provisions:  |               |               |
| - Provided in year                                   | 333           | 1,625         |
| - Provisions written back                            | (48)          | (107)         |
| - Cost of borrowing                                  | 23            | 39            |
| <b>Total cost</b>                                    | <b>17,145</b> | <b>22,755</b> |

\* Auditor's remuneration relates to the audit fee. No remuneration was paid to the external auditor for non-audit work.

## 6. Dividends

|                        | 2020-21 | 2019-20      |
|------------------------|---------|--------------|
|                        | £000    | £000         |
| Interim dividend paid  | -       | 1,670        |
| Final dividend payable | -       | 47           |
| <b>Total dividends</b> | -       | <b>1,717</b> |

Dividends are payable to the Northern Ireland Consolidated Fund. The dividend due is the balance of the 3.5% per annum return on the total assets employed less the current liabilities. The Minister approved the removal of the requirement for the DVA to pay a 2020-21 dividend to the DfI due to COVID-19.

## 7. Property, Plant and Equipment

|  | Land          | Buildings     | Plant & Machinery | Transport Equipment | Information Technology | Payments on account and assets under construction | TOTAL         |
|--|---------------|---------------|-------------------|---------------------|------------------------|---|---------------|
|  | £000          | £000          | £000              | £000                | £000                   | £000  | £000          |
| <b>Cost or valuation</b>               |               |               |                   |                     |                        |   |               |
| At 1 April 2020                        | 12,895        | 9,560         | 7,024             | 637                 | 759                    | 35  | 30,910        |
| Opening balance adjustment             | -             | -             | -                 | -                   | -                      | -   | -             |
| Additions                              | 8             | 1,613         | 2,552             | 71                  | 569                    | 59  | 4,872         |
| Disposals                              |               |               | (2)               |                     |                        |   | (2)           |
| Revaluation                            | -             | (46)          | (3,726)           | (511)               | (259)                  | -   | (4,542)       |
| Impairment                             | -             | (1)           | (9)               | -                   | -                      | -   | (10)          |
| <b>At 31 March 2021</b>                | <b>12,903</b> | <b>11,126</b> | <b>5,839</b>      | <b>197</b>          | <b>1,069</b>           | <b>94</b>   | <b>31,228</b> |
| <b>Depreciation</b>                    |               |               |                   |                     |                        |   |               |
| At 1 April 2020                        | -             | -             | 6,732             | 515                 | 599                    | -   | 7,846         |
| Opening balance adjustment             | -             | -             | -                 | -                   | -                      | -   | -             |
| Charged in year                        | -             | 473           | 337               | 43                  | 261                    | -   | 1,114         |
| Disposals                              | -             |               | (2)               |                     |                        |   | (2)           |
| Revaluation                            | -             | (392)         | (3,760)           | (512)               | (259)                  | -   | (4,923)       |
| Impairment                             | -             | (81)          | (9)               | -                   | -                      | -   | (90)          |
| <b>At 31 March 2021</b>                | <b>-</b>      | <b>-</b>      | <b>3,298</b>      | <b>46</b>           | <b>601</b>             | <b>-</b>  | <b>3,945</b>  |
| <b>Net book value at 31 March 2021</b> | <b>12,903</b> | <b>11,126</b> | <b>2,541</b>      | <b>151</b>          | <b>468</b>             | <b>94</b>   | <b>27,283</b> |
| Net book value at 31 March 2020        | 12,895        | 9,560         | 292               | 122                 | 160                    | 35  | 23,064        |
| <b>Asset financing</b>                 |               |               |                   |                     |                        |   |               |
| Owned                                  | 12,903        | 11,126        | 2,541             | 151                 | 468                    | 94  | 27,283        |
| <b>Net book value at 31 March 2021</b> | <b>12,903</b> | <b>11,126</b> | <b>2,541</b>      | <b>151</b>          | <b>468</b>             | <b>94</b>   | <b>27,283</b> |

## 7. Property, Plant and Equipment (continued)

|  | Land          | Buildings    | Plant & Machinery | Transport Equipment | Information Technology | Payments on account and assets under construction | TOTAL         |
|--|---------------|--------------|-------------------|---------------------|------------------------|---|---------------|
|  | £000          | £000         | £000              | £000                | £000                   | £000  | £000          |
| <b>Cost or valuation</b>               |               |              |                   |                     |                        |   |               |
| At 1 April 2019                        | 12,894        | 9,305        | 6,709             | 512                 | 758                    | -   | 30,178        |
| Opening balance adjustment             | -             | -            | -                 | (1)                 | -                      | -   | (1)           |
| Additions                              | 36            | 247          | 156               | 125                 | 1                      | 35  | 600           |
| Disposals                              | -             | -            | -                 | -                   | -                      | -   | -             |
| Revaluation                            | (35)          | 8            | 159               | 1                   | -                      | -   | 133           |
| Impairment                             | -             | -            | -                 | -                   | -                      | -   | -             |
| <b>At 31 March 2020</b>                | <b>12,895</b> | <b>9,560</b> | <b>7,024</b>      | <b>637</b>          | <b>759</b>             | <b>35</b>   | <b>30,910</b> |
| <b>Depreciation</b>                    |               |              |                   |                     |                        |   |               |
| At 1 April 2019                        | -             | -            | 6,493             | 512                 | 455                    | -   | 7,460         |
| Opening balance adjustment             | -             | -            | -                 | -                   | -                      | -   | -             |
| Charged in year                        | -             | 431          | 83                | 3                   | 144                    | -   | 661           |
| Disposals                              | -             | -            | -                 | -                   | -                      | -   | -             |
| Revaluation                            | -             | (335)        | 156               | -                   | -                      | -   | (179)         |
| Impairment                             | -             | (96)         | -                 | -                   | -                      | -   | (96)          |
| <b>At 31 March 2020</b>                | <b>-</b>      | <b>-</b>     | <b>6,732</b>      | <b>515</b>          | <b>599</b>             | <b>-</b>  | <b>7,846</b>  |
| <b>Net book value at 31 March 2020</b> | <b>12,895</b> | <b>9,560</b> | <b>292</b>        | <b>122</b>          | <b>160</b>             | <b>35</b>   | <b>23,064</b> |
| Net book value at 31 March 2019        | *12,894       | *9,305       | 216               | -                   | 303                    | -   | 22,718        |
| <b>Asset financing</b>                 |               |              |                   |                     |                        |   |               |
| Owned                                  | 12,895        | 9,560        | 292               | 122                 | 160                    | 35  | 23,064        |
| <b>Net book value at 31 March 2020</b> | <b>12,895</b> | <b>9,560</b> | <b>292</b>        | <b>122</b>          | <b>160</b>             | <b>35</b>   | <b>23,064</b> |

\* The net book value of the DVA's land and buildings at 31 March 2019 included capitalised expenditure incurred investigating the new land sites acquired in 2017-18 and on the design of a network of new Test Centres as part of the Agency's on-going Transformation Programme, which was not included in the valuation of the Test Centre buildings by Land and Property Services.



## 7. Property, Plant and Equipment (continued)

### Property valuation

Property valuations are carried out by Land and Property Services (LPS) in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards-Global and UK 7th Edition.

The DVA's properties associated with Testing operations were revalued by Land and Property Services (LPS) on 26<sup>th</sup> March 2021 at £13,490,000 (2020: £13,490,000) on an existing use basis. This valuation includes freehold land not depreciated of £4,420,000 (2020: £4,420,000) and long leasehold land not depreciated of £2,420,000 (2020: £2,420,000). The valuation excludes land transferred from Dfl in March 2018 which is valued at its value at date of acquisition as it is not yet in operational use.

The DVA's properties associated with Enforcement operations (including the weighbridges) were valued by LPS on 26<sup>th</sup> March 2021 at £2,698,487 (2020: £2,745,212) on a depreciated replacement cost basis. This valuation includes weighbridge land not depreciated of £1,435,000 (2020: £1,435,000).

This valuation excludes expenditure incurred on investigating the new land sites and on the design of a network of new Test Centres as part of the Agency's on-going Transformation Programme.

As a result of the recent and ongoing COVID-19 pandemic events, and in line with current RICS guidance, LPS have advised that market evidence gathered as part of the recent valuation has attached to it, due to the worldwide impact of the pandemic, an increased level of uncertainty in terms of informing opinions of value. Whilst at this stage there is no evidence of impairment as at year-end, the future impact of COVID-19 on land and building values cannot yet be accurately assessed therefore the

need for further future valuations will remain under consideration, subject to resources.

LPS is a related party to DVA as it is an agency of the Department of Finance.

## 8. Intangible Assets

|  | Information Technology | Internally Developed Software | Software Licences | Assets Under Construction | TOTAL         |
|--|------------------------|-------------------------------|-------------------|---------------------------|---------------|
|  | £000                   | £000                          | £000              | £000                      | £000          |
| <b>Cost or valuation</b>               |                        |                               |                   |                           |               |
| At 1 April 2020                        | 9,026                  | 11                            | 247               | 7,157                     | 16,441        |
| Opening balance adjustment             | -                      | -                             | -                 | -                         | -             |
| Additions                              | 3,308                  | -                             | -                 | -                         | 3,308         |
| Disposals                              | -                      | -                             | -                 | -                         | -             |
| Revaluation                            | (87)                   | -                             | (159)             | -                         | (246)         |
| Reclassifications                      | 6,258                  | -                             | -                 | (6,258)                   | -             |
| <b>At 31 March 2021</b>                | <b>18,505</b>          | <b>11</b>                     | <b>88</b>         | <b>899</b>                | <b>19,503</b> |
| <b>Depreciation</b>                    |                        |                               |                   |                           |               |
| At 1 April 2020                        | 2,331                  | 1                             | 198               | -                         | 2,530         |
| Opening balance adjustment             | -                      | -                             | -                 | -                         | -             |
| Charged in year                        | 1,374                  | 1                             | 11                | -                         | 1,386         |
| Revaluation                            | (260)                  | -                             | (159)             | -                         | (419)         |
| <b>At 31 March 2021</b>                | <b>3,445</b>           | <b>2</b>                      | <b>50</b>         | <b>-</b>                  | <b>3,497</b>  |
| <b>Net book value at 31 March 2021</b> | <b>15,060</b>          | <b>9</b>                      | <b>38</b>         | <b>899</b>                | <b>16,006</b> |
| Net book value at 31 March 2020        | 6,695                  | 10                            | 49                | 7,157                     | 13,911        |
| <b>Asset financing</b>                 |                        |                               |                   |                           |               |
| Owned                                  | 15,060                 | 9                             | 38                | 899                       | 16,006        |
| <b>Net book value at 31 March 2021</b> | <b>15,060</b>          | <b>9</b>                      | <b>38</b>         | <b>899</b>                | <b>16,006</b> |

## 8. Intangible Assets (Continued)

|  | Information Technology | Internally Developed Software | Software Licences | Assets Under Construction | TOTAL         |
|--|------------------------|-------------------------------|-------------------|---------------------------|---------------|
|  | £000                   | £000                          | £000              | £000                      | £000          |
| <b>Cost or valuation</b>               |                        |                               |                   |                           |               |
| At 1 April 2019                        | 6,954                  | -                             | 245               | 5,956                     | 13,155        |
| Opening balance adjustment             | -                      | -                             | -                 | -                         | -             |
| Additions                              | 1,884                  | 11                            | -                 | 1,191                     | 3,086         |
| Disposals                              | -                      | -                             | -                 | -                         | -             |
| Revaluation                            | 188                    | -                             | 2                 | 10                        | 200           |
| Reclassifications                      | -                      | -                             | -                 | -                         | -             |
| <b>At 31 March 2020</b>                | <b>9,026</b>           | <b>11</b>                     | <b>247</b>        | <b>7,157</b>              | <b>16,441</b> |
| <b>Depreciation</b>                    |                        |                               |                   |                           |               |
| At 1 April 2019                        | 1,517                  | -                             | 179               | -                         | 1,696         |
| Opening balance adjustment             | -                      | -                             | 1                 | -                         | 1             |
| Charged in year                        | 769                    | 1                             | 17                | -                         | 787           |
| Revaluation                            | 45                     | -                             | 1                 | -                         | 46            |
| <b>At 31 March 2020</b>                | <b>2,331</b>           | <b>1</b>                      | <b>198</b>        | <b>-</b>                  | <b>2,530</b>  |
| <b>Net book value at 31 March 2020</b> | <b>6,695</b>           | <b>10</b>                     | <b>49</b>         | <b>7,157</b>              | <b>13,911</b> |
| Net book value at 31 March 2019        | 5,437                  | -                             | 66                | 5,956                     | 11,459        |
| <b>Asset financing</b>                 |                        |                               |                   |                           |               |
| Owned                                  | 6,695                  | 10                            | 49                | 7,157                     | 13,911        |
| <b>Net book value at 31 March 2020</b> | <b>6,695</b>           | <b>10</b>                     | <b>49</b>         | <b>7,157</b>              | <b>13,911</b> |

## 9. Inventories

|                          | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|--------------------------|--------------------------|--------------------------|
| Fuel stock               | 36                       | 24                       |
| <b>Total inventories</b> | <b>36</b>                | <b>24</b>                |

## 10. Trade and Other Receivables

|                                | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|--------------------------------|--------------------------|--------------------------|
| Trade receivables              | 1                        | 161                      |
| Other receivables              | 82                       | 122                      |
| Prepayments and accrued income | 101                      | 78                       |
| VAT                            | 706                      | 803                      |
| <b>Total receivables</b>       | <b>890</b>               | <b>1,164</b>             |

## 11. Cash and Cash Equivalents

|  | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|--|--------------------------|--------------------------|
| Balance at 1 April                                 | 37,762                   | 36,870                   |
| Net change in cash and cash equivalent<br>balances | 10,424                   | 892                      |
| <b>Balance at 31 March</b>                         | <b>48,186</b>            | <b>37,762</b>            |
| Commercial banks and cash in hand                  | 1,705                    | 756                      |
| Short term investments                             | 46,481                   | 37,006                   |
| <b>Balance at 31 March</b>                         | <b>48,186</b>            | <b>37,762</b>            |

DVA is a signatory on the following bank account:

DVA Hydebank and OHMG

DVA funds do not go through this bank account and so have not been included in the Annual Accounts.

## 12. Trade and Other Payables

|   | 31 March<br>2021 | 31 March<br>2020 |
|---|------------------|------------------|
|   | £000             | £000             |
| <b>Amounts due within one year</b>                  |                  |                  |
| Trade payables                                      | 548              | 670              |
| Other payables                                      | 120              | 4,913            |
| Accruals  | 3,861            | 4,312            |
| Capital accruals – Property, plant<br>and equipment | 1,017            | 150              |
| Capital accruals – Intangible assets                | 288              | 60               |
|   | <b>5,834</b>     | <b>10,105</b>    |
| <br>  |                  |                  |
| <b>Deferred Income</b>                              | <b>14,669</b>    | <b>10,831</b>    |
| <br>  |                  |                  |
| <b>Amounts due after more than one<br/>year</b>     |                  |                  |
| Loan from parent department                         | 3,865            | 3,865            |
| <br>  |                  |                  |
| <b>Total payables</b>                               | <b>24,368</b>    | <b>24,801</b>    |

### 13. Provisions for Liabilities and Charges

|                                      | Employee Liability | Public Liability | Early Departure | Equal Pay | Injury Pensions | Holiday Pay  | TOTAL        |
|--------------------------------------|--------------------|------------------|-----------------|-----------|-----------------|--------------|--------------|
| 2020-21                              | £000               | £000             | £000            | £000      | £000            | £000         | £000         |
| Balance at 1 April 2020              | 142                | 18               | 188             | 7         | 471             | 1,359        | 2,185        |
| Opening balance adjustment           | -                  | -                | -               | -         | -               | -            | -            |
| Provided in the year                 | 120                | -                | -               | -         | 63              | 150          | 333          |
| Provisions not required written back | (34)               | (14)             | -               | -         | -               | -            | (48)         |
| Provisions utilised in the year      | (23)               | (4)              | (83)            | -         | (24)            | -            | (134)        |
| Borrowing costs                      | -                  | -                | 2               | -         | 21              | -            | 23           |
| <b>Balance at 31 March 2021</b>      | <b>205</b>         | <b>-</b>         | <b>107</b>      | <b>7</b>  | <b>531</b>      | <b>1,509</b> | <b>2,359</b> |

#### Analysis of expected timing of provisions:

|   | Employee Liability | Public Liability | Early Departure | Equal Pay | Injury Pensions | Holiday Pay  | TOTAL        |
|---|--------------------|------------------|-----------------|-----------|-----------------|--------------|--------------|
| 2020-21   | £000               | £000             | £000            | £000      | £000            | £000         | £000         |
| Not later than one year                           | -                  | -                | 62              | -         | 25              | 1,509        | 1,596        |
| Later than one year and not later than five years | 205                | -                | 45              | 7         | 107             | -            | 364          |
| Later than five years                             | -                  | -                | -               | -         | 399             | -            | 399          |
| <b>Balance at 31 March 2021</b>                   | <b>205</b>         | <b>-</b>         | <b>107</b>      | <b>7</b>  | <b>531</b>      | <b>1,509</b> | <b>2,359</b> |

### 13. Provisions for Liabilities and Charges (Continued)

|                                      | Employee Liability | Public Liability | Early Departure | Equal Pay | Injury Pensions | Holiday Pay  | TOTAL        |
|--------------------------------------|--------------------|------------------|-----------------|-----------|-----------------|--------------|--------------|
| 2019-20                              | £000               | £000             | £000            | £000      | £000            | £000         | £000         |
| Balance at 1 April 2019              | 180                | 42               | 292             | 7         | 365             | -            | 886          |
| Opening balance adjustment           | -                  | -                | -               | -         | (1)             | -            | (1)          |
| Provided in the year                 | 53                 | 2                | -               | -         | 211             | 1,359        | 1,625        |
| Provisions not required written back | (46)               | (22)             | (6)             | -         | (33)            | -            | (107)        |
| Provisions utilised in the year      | (45)               | (4)              | (99)            | -         | (109)           | -            | (257)        |
| Borrowing costs                      | -                  | -                | 1               | -         | 38              | -            | 39           |
| <b>Balance at 31 March 2020</b>      | <b>142</b>         | <b>18</b>        | <b>188</b>      | <b>7</b>  | <b>471</b>      | <b>1,359</b> | <b>2,185</b> |

#### Analysis of expected timing of provisions:

|   | Employee Liability | Public Liability | Early Departure | Equal Pay | Injury Pensions | Holiday Pay  | TOTAL        |
|---|--------------------|------------------|-----------------|-----------|-----------------|--------------|--------------|
| 2019-20   | £000               | £000             | £000            | £000      | £000            | £000         | £000         |
| Not later than one year                           | 142                | 18               | 83              | 7         | 25              | -            | 275          |
| Later than one year and not later than five years | -                  | -                | 105             | -         | 103             | 1,359        | 1,567        |
| Later than five years                             | -                  | -                | -               | -         | 343             | -            | 343          |
| <b>Balance at 31 March 2020</b>                   | <b>142</b>         | <b>18</b>        | <b>188</b>      | <b>7</b>  | <b>471</b>      | <b>1,359</b> | <b>2,185</b> |

## 13. Provisions for Liabilities and Charges (Continued)

### Employee and Public Liability

Provision has been made for compensation claims and associated legal costs made by employees and members of the public. It reflects known claims where legal advice indicates that it is probable the claims will be successful and amount of the claim can be reasonably estimated.

### Early Departure Costs

During 2013-14 a Voluntary Early Retirement Scheme for staff at the Professional & Technical Officer (PTO) grade was announced. Under this scheme 16 staff retired during 2014-15. DVA is required to meet the cost of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age. DVA provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in the current or previous years by establishing a provision for the estimated payments.

### Equal Pay

This provision represents DVA's expected share of the settlement payment to be made to staff at AA, AO, EOII and analogous grades in the NICS as the result of an agreement with NIPSA in respect of Equal Pay. A small number of equal pay claims were still outstanding at the financial year end.

### Injury Pensions

Provision has been included for former employees who were medically retired and awarded an additional pension sum in relation to injury which is payable for life.

A discount rate is applied by courts to a lump-sum award of damages for future financial loss in a personal injury case, to take account of the return that can be earned from investment. Currently the rate in Northern Ireland has to be set in accordance with principles set out by the House of Lords in Wells v Wells. The Department of Justice made a statutory rule on 29 April 2021 changing the rate, under the Wells v Wells framework, (from 2.5%) to -1.75%, with effect from 31



May 2021. The Department has also brought forward a Bill to change how the rate is set. The Damages (Return on Investment) Bill was introduced to the Assembly on 1 March 2021 and is currently at Committee Stage. Subject to the legislative process, it is anticipated that the Bill will be enacted early next year and the rate would then be reviewed under the new framework.

## Holiday Pay

A provision has been included in the accounts relating to a large number of industrial tribunal cases lodged against the NICS in respect of holiday pay. This is an extremely rare and complex case. The Department of Finance (DoF) is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector. The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for the 23rd and 24th June 2021 but this has subsequently been adjourned. The 2020-21 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

1. The appeal to the Supreme Court (as detailed above);
2. Lack of accessible data for years previous to 2011;
3. Ongoing negotiations with Trade Unions; and
4. The provision includes a pension element which is based on formulae provided by the Government Actuary's Department (GAD) with a variable capitalisation factor (CF). The CF used for these calculations is 12 which is based on the commutation value currently used in public sector pensions. This figure is subject to change as the calculation has not been agreed with Trade Unions.

## 14. Contingent liabilities disclosed under IAS 37

There were 2 unquantifiable disputed Employer and Public Liability cases at year end.

## 15. Capital Commitments

At 31 March 2021, the DVA had £26,947k (2020: £10,972k) of contracted capital (Property, Plant and Equipment) commitments not otherwise included within the accounts.

## 16. Commitments Under Leases

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

|   | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|---|--------------------------|--------------------------|
| Not later than one year                           | 19                       | 19                       |
| Later than one year but not later than five years | 11                       | 30                       |
| <b>Balance at 31 March</b>                        | <b>30</b>                | <b>49</b>                |

## 17. Other Financial Commitments

DVA has entered into non-cancellable contracts (which are not leases or PFI and other service concession arrangement) for the maintenance of IT systems and vehicle testing equipment. The total payments to which the Agency is committed are as follows.

|   | 31 March<br>2021<br>£000 | 31 March<br>2020<br>£000 |
|---|--------------------------|--------------------------|
| Not later than one year                           | 3,504                    | 4,220                    |
| Later than one year but not later than five years | 9,784                    | 9,056                    |
| Later than 5 years                                | 6,556                    | 7,349                    |
| <b>Balance at 31 March</b>                        | <b>19,844</b>            | <b>20,625</b>            |

## 18. Corporate Financial Target

|                                    | 2021   |        | 2020   |        |
|------------------------------------|--------|--------|--------|--------|
|                                    | Actual | Target | Actual | Target |
| Return on average capital employed | 11.01% | 3.5%   | -0.97% | 3.5%   |

The return on average capital employed has been calculated in line with Trading Fund guidance from DoF. The return is calculated by expressing the operating surplus on ordinary activities measured before interest (both receivable and payable) and dividends payable as a percentage of average net assets employed.

## 19. Related-Party Transactions

The DfI is regarded as a related party as it is DVA's parent department. During the year, the Agency has had a number of material transactions with the Department. In addition, DVA has had a number of material transactions with other Government Departments and Central Government bodies. Most of these transactions have been with DoF. Land and Property Services valued the land and buildings used by DVA.

During the year neither the Chief Executive nor members of the SMB nor any other related party has undertaken any material transaction with DVA.

## **20. Financial Instruments**

As a Trading Fund, the cash requirements of DVA are met through fees and financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with DVA's expected purchase and usage requirements and cash balances held at a commercial bank. DVA is therefore exposed to little credit, liquidity or market risk.

## **21. Events After the Reporting Period**

There are no events after the reporting period that impact on these financial statements.

### **Date Authorised for Issue**

The Accounting Officer authorised the issue of these financial statements on 6<sup>th</sup> July 2021.



