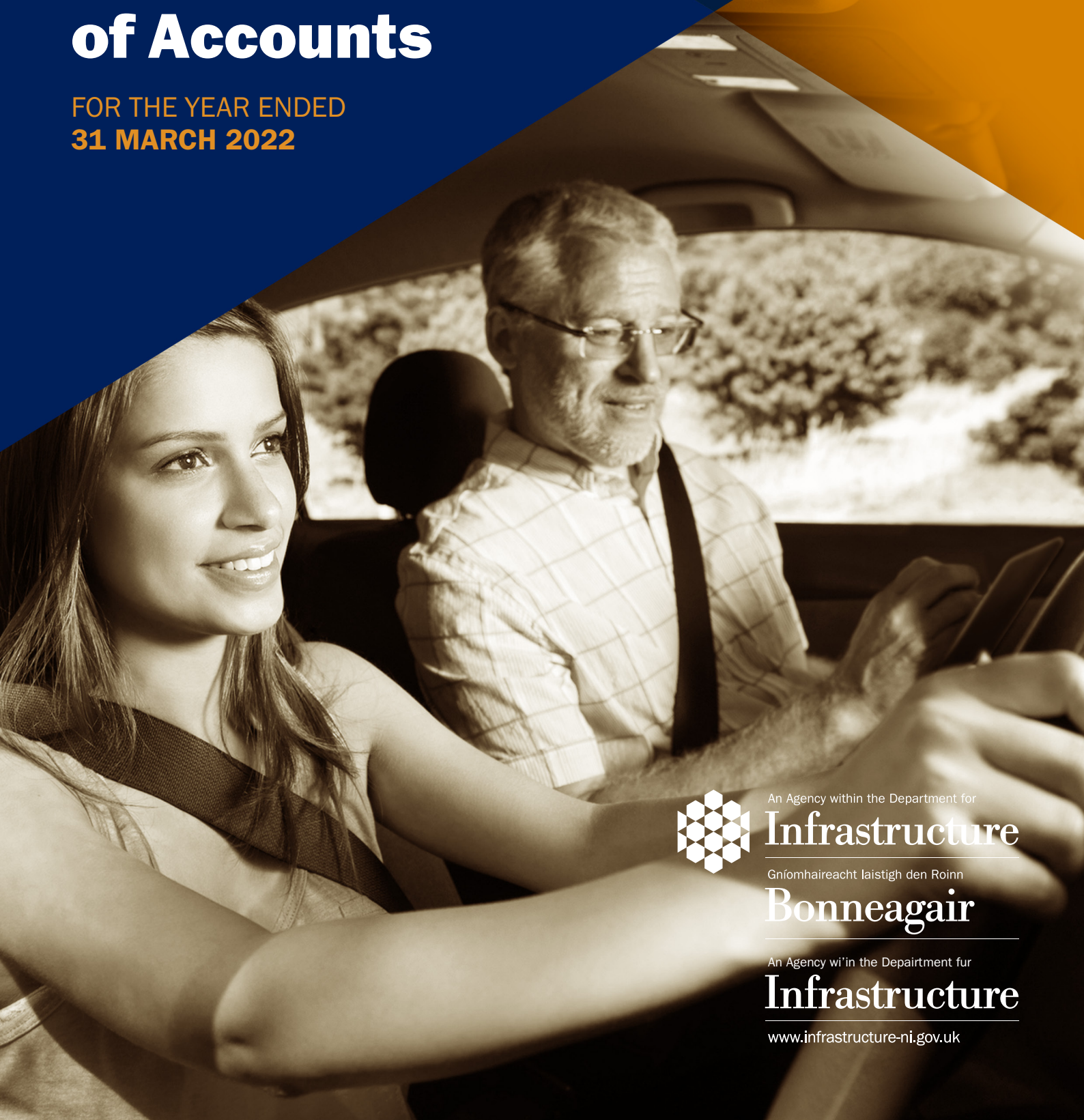




Annual Report and Statement of Accounts

FOR THE YEAR ENDED
31 MARCH 2022



An Agency within the Department for
Infrastructure

Gníomhaireacht laistigh den Roinn
Bonneagair

An Agency wí'in the Department for
Infrastructure

www.infrastructure-ni.gov.uk

Driver and Vehicle Agency

Annual Report and Statement of Accounts
for the year ended
31 March 2022

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
1st July 2022



© Crown Copyright 2022

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence visit:

www.nationalarchives.gov.uk/doc/open-government-licence/version/3/ or

email: psi@nationalarchives.gsi.gov.uk

Where we have identified any third party copyright information, you will need to obtain permission from the copyright holders concerned.

Any enquiries regarding this document should be sent to us at:

Chief.ExecutiveDVA@infrastructure-ni.gov.uk

You can download this publication from our website at www.infrastructure-ni.gov.uk

ISBN: 978-1-78522-011-1

Contents

1

Performance Report

Chief Executive's Foreword	7
Non-Executive Board Member Report	9
1.1 Overview	11
1.2 Performance Analysis	16
1.3 Detailed Breakdown of Performance against Key Targets and Associated Objectives	17
1.4 Explanation for Targets not Achieved	19
1.5 Performance Summary by Business Area	20
1.6 Financial Performance	28

2

Accountability Report

2.1 Corporate Governance Report	36
2.2 Remuneration and Staff Report	60
2.3 Assembly Accountability and Audit Report	81

3

Financial Statements

Statement of Comprehensive Net Income	91
Statement of Financial Position	92
Statement of Cash Flows	93
Statement of Changes in Taxpayers' Equity	95
Notes to the Accounts	96

1

Performance Report

Chief Executive's Foreword	7	1.4	Explanation for Targets not Achieved	19
Non-Executive Board Member Report	9	1.5	Performance Summary by Business Area	20
1.1 Overview	11	1.6	Financial Performance	28
1.2 Performance Analysis	16			
1.3 Detailed Breakdown of Performance against Key Targets and Associated Objectives	17			



1. PERFORMANCE REPORT

Chief Executive's Foreword

I am pleased to present the Agency's Annual Report and Accounts for the year ended 31 March 2022.

Throughout the 2021-22 financial year the Agency has continued to operate and respond to the various challenges presented by COVID-19. Fortunately, this year has not been dominated by the suspension of our services but rather the progress we have made in returning to our full service delivery.

Once again the demand for driver and vehicle testing services has generated significant public and media interest. Driving tests resumed on 23 April 2021, and our staff have worked tirelessly to increase our capacity to meet the high demand for these services. In just over 11 months since driving tests resumed, we conducted 65,061 driving tests. This is more than the total number of tests conducted in 2018-19 (57,946), the last full year when driving tests were not affected by COVID-19 restrictions.

Similarly, we adopted a range of measures to increase vehicle testing capacity, including the recruitment of additional vehicle examiners, the use of overtime to provide cover for leave and sick absence and offering test appointments on Sundays and bank holidays at most test centres. These actions have helped us meet the increasing demand for vehicle testing and we are now conducting vehicle tests at similar volumes when compared with pre-Covid levels.

I must also mention that our other functions such as driver licensing, commercial licensing, enforcement and our wide range of support services have continued to be delivered throughout the pandemic by adapting and embedding new ways of working across all business areas. Those who could, continued to work from home, in line with public health guidance, making use of various collaboration tools including call conferencing technology. However, for the many within our workforce who deliver front line services which cannot by their nature be delivered from home, appropriate risk assessments and safe ways of working remained in place.

I want to take this opportunity to thank all staff for the resilience, hard work and commitment they have shown in continuing to manage and restore our full range of services in the wake of COVID-19.

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.

We have continued to progress our digital improvement programme, and most notably launched our new booking and rostering system in September 2021. The new online booking system replaced the previous booking system, which was 20 years old, and has simplified the MOT and driving test application process through the introduction of easy to use screens for customers, with clear guidance on how to complete the booking process. In general, we have seen a significant uptake in the use of our online channels across our range of services and further enhancements are planned to be taken forward in 2022-23.

We have also made steady progress with the construction of the new Driver and Vehicle Test Centre and Compliance and Enforcement Depot at Hydebank, in spite of wider issues which have severely affected global manufacturing capability and increased the demand for materials. This significant investment will help us provide much needed additional vehicle testing capacity across our network and pave the way for future investment to modernise our infrastructure.

Finally, I would like to welcome Enda McKeever, our new Non-Executive Board Member (NEBM), who joined us in January 2022 and express my sincere thanks to Kathy Graham, our outgoing NEBM, who helped us navigate through the many challenges over the last few years.

In summary, this year has seen us make a significant recovery from the impact of COVID-19. I would like to thank our customers for their continued patience and provide assurance that we will continue to work hard to deliver our services, which make a vital contribution to road safety for all our citizens.



28 June 2022
Chief Executive

Non-Executive Board Member Report

In January 2022 I was appointed as Non-Executive Board and Chair of the Agency's Audit and Risk Assurance Committee, replacing Kathy Graham who completed her tenure in December 2021. The Audit and Risk Assurance Committee welcomed JoAnne Quinn as an Independent Member of the Committee, replacing Kathryn Hill and Catherine Teggart retains her role as the other Independent Member on the Committee which has provided useful continuity.

COVID-19

The financial year ended in March 2022 has allowed the Driver & Vehicle Agency to start to return to normal working conditions following the impact of COVID-19 on its services and staff. Recovery of services has dominated much of the discussion in Board meetings and in the work of the Audit and Risk Assurance Committee (ARAC).

COVID-19 continued to affect the delivery of key services for the Northern Ireland public, in particular driver and vehicle testing. The Agency has responded by increasing capacity, working additional hours and recruiting additional staff to meet the demand for these services. In the longer term, additional capacity coming on line will further reduce pressures. The management team are to be commended for this interim and innovative approach. However, some of these measures have come at a cost with the Agency incurring additional costs coupled with loss of income. This resulted in a significant financial impact and remains a focus for the team as the work continues to meet demand for services.

Business Improvement

The ambitious program of investment in DVA infrastructure and processes has made excellent progress in the year notably the new centre at Hydebank and the new Booking & Rostering (B&R) service for driver and vehicle testing.

The Hydebank project has been progressing well under the direction of the main contractor in spite of some wider challenges associated with the global demand and supply of materials. The Board continue to review the situation and are working to minimise the impact of any resultant delays.

The implementation of the new Booking & Rostering system for driver and vehicle testing experienced some issues on go-live which the supplier worked to resolve and this system has now stabilised.

The Business Improvement Board was established to oversee issues such as these and implement the benefits realised by the Transformation Programme. The Agency's Audit and Risk Assurance Committee continually monitored progress on the business improvement work and regular reports were presented to the Senior Management Board and the ARAC so that affirmative action could be taken and support provided where necessary.

Audit and Risk Assurance Committee (ARAC)

The Committee continued the work of providing independent assurance to the Board and Accounting Officer. Key areas of focus remain:

- Capability of the internal control, with a view of exposure to fraud and corruption.
- Value for money.
- Integrity of the financial reporting processes.
- Strength of the risk management process.
- Corporate governance.

Taking into account the exceptional conditions the Agency was working under during the year, the Committee was encouraged by the focus on risk and took assurance from the programme of audits undertaken.

Conclusion

The DVA through the leadership of its CEO demonstrates a willingness to respond quickly to the challenges presented. Through the management and governance structures it is vigilant to potential risks and is proactive in driving improvement. It strives to provide the best possible service within its remit. I wish to extend my thanks to the team for their professionalism and congratulate them on the achievements of the year.

Enda McKeever

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 2021-22.

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 (DfI) 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. From 25 January to 22 March 2021 the Executive Office led a public consultation on a draft Outcomes Framework of nine wellbeing outcomes proposed as the starting point for a new Programme for Government. The draft Framework remains subject to Executive approval. The Agency contributes principally to the following two wellbeing outcomes:

- We live and work sustainably – protecting the environment; and
- Our children and young people have the best start in life.

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 Agency 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 Routiers

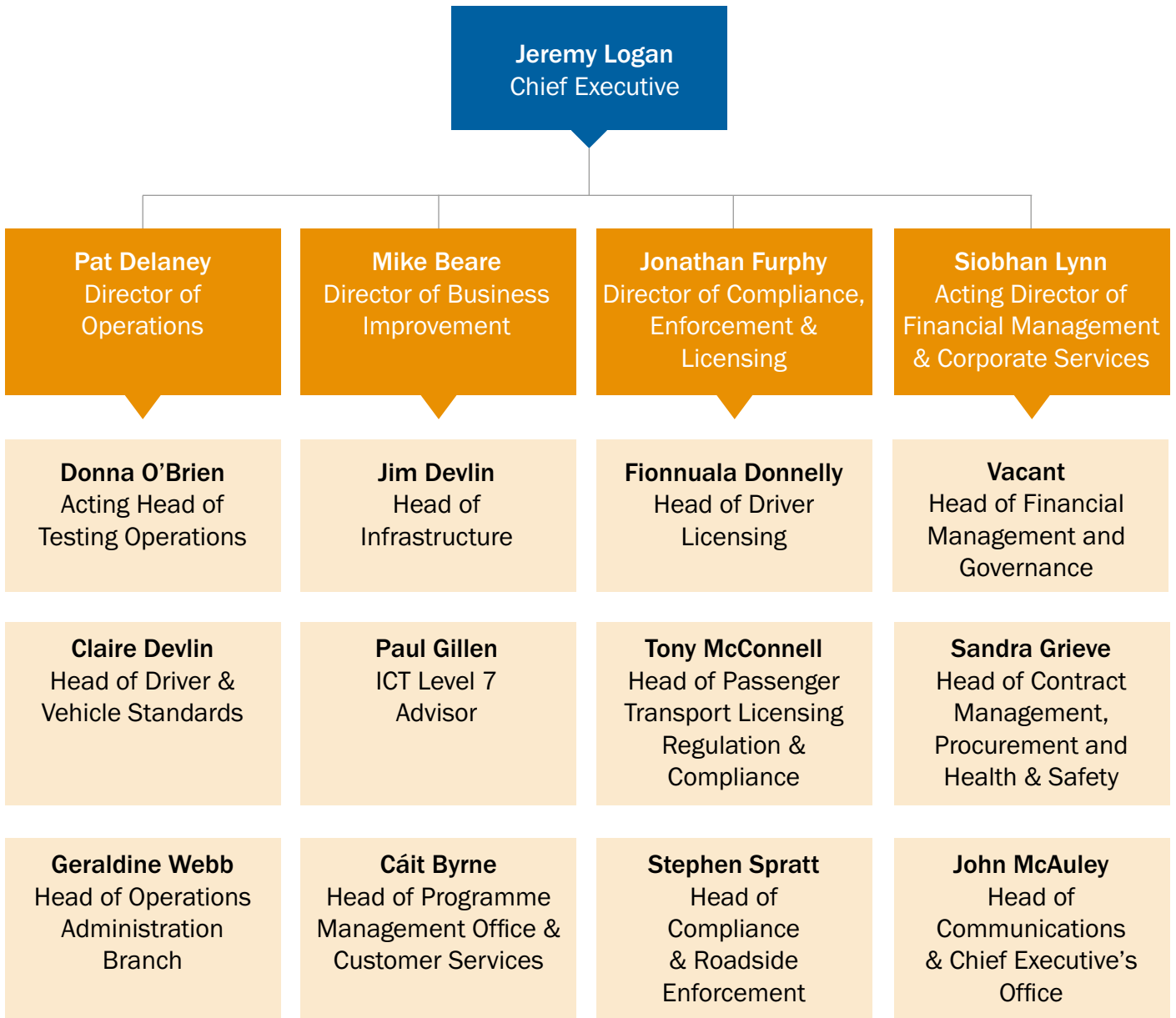
checks, collision investigations and checking repair work following defect/prohibition notices; and

- 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 (at May 2022) is shown on the 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 key risks were faced during the year including, risk associated with the health & safety of our staff and customers as a result of the continuing COVID-19 pandemic, risk associated with delivering our services as a result of the inability to recruit and retain staff to fill key posts and risk associated with the financial position of the Agency, which was prevalent due to the pandemic.

More detail on Risk Management, the Control Framework and the risks faced by the Agency is outlined in the Corporate Governance Report on page 36.

Impact of COVID-19

The Agency continued to operate and respond to the various challenges presented by COVID-19 during 2021-22. Driver testing and vehicle testing services were particularly impacted this year and the Agency responded by putting in place a range of measures to increase its capacity to help meet the high demand. Further detail on the Agency's response and performance in respect of this is included at page 21.

During 2021-22 the COVID-19 pandemic also continued to impact the taxi industry and the Minister put in place a number of measures to support the industry including waiving the fee payable for a taximeter test. The Agency received almost £0.2m of funding to cover the loss of fee income associated with the provision of these tests.

The pandemic also had an impact on the Agency's financial position. Fee income earned by the Agency was significantly reduced due to services working at less than full capacity at the beginning of the financial year. This led to just over £7.4m of lost income. The Agency also incurred just under £1.4m of additional costs as a result of COVID-19 during the year. These costs included additional expenditure on, personal protective equipment, overtime necessary to maintain services, 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 £8.8m of COVID-19 support funding to address the loss of income and additional costs incurred.

BREXIT

BREXIT has had no significant impact on the Agency's strategic objectives and delivery of services during 2021-22. No expenditure was incurred by the Agency during 2021-22 which directly related to BREXIT.

Overview of Performance

In broad terms, we achieved 16 of our 19 Key Performance Targets. More detail on performance is provided in the following pages, including detailed explanations on the three targets not fully achieved.

1.2 PERFORMANCE ANALYSIS

Our performance has been measured against the key targets approved by the Minister and set out in our 2021-22 Business Plan, which can be found at the following link: [DVA Business Plan 2021-2022](#).

The 2021-22 year remained a very challenging time for the Agency and hard work continued to fully restore services to mitigate against the disruption and pressures caused by the COVID-19 pandemic. The primary focus of the business plan targets set for the year was to work to increase our capacity to deliver services while continuing our business improvement work in so far as possible.

During the year the Agency's Strategic Management Board (SMB) monitored progress on the delivery of the key performance targets and formal progress reports were communicated to the Minister.

Overall, we achieved 16 of our 19 key performance targets during 2021-22, with significant work delivered against the three targets not fully achieved. These targets, together with details of how we performed in relation to each, are set out on pages 17 and 18.

1.3 PERFORMANCE AGAINST KEY TARGETS

We have achieved 16 of our 19 targets, detailed explanations on the targets not fully achieved is included at Section 1.4 on page 19.

Target Number	Our Services	Result Achieved ¹ / Not Achieved
1	For vehicle testing, we aim to resume full roadworthiness testing subject to COVID- 19 regulations being relaxed and appropriate health & safety mitigation measures being agreed.	Achieved
2	We will automatically apply new temporary exemptions certificates and extensions to existing temporary exemption certificates for all qualifying vehicles.	Achieved
3	For driver testing, we will provide over 50,000 appointed slots for driver tests in compliance with established legal standards.	Achieved
4	We will adopt a range of measures to maximise capacity to deliver driver tests to address the high demand from customers caused by the suspension of services due to COVID-19 restrictions.	Achieved
5	For commercial licensing, we will dispatch 95% of taxi driver badges within 10 working days of receipt of all documentation.	Achieved
6	We will dispatch 95% of taxi plates within 5 working days of receipt of all documentation.	Achieved
7	For driver licensing, we will issue 90% of paper driving licence applications within 10 working days of receipt.	Not Achieved
8	We will issue 95% of online driving licence applications within 5 working days of receipt.	Achieved
9	For our customers, we will reply to 97% of complaints within 10 working days.	Not Achieved
10	For compliance & enforcement, we will achieve at least 8 out of the 11 Compliance and Enforcement targets by 31 March 2022.	Achieved
11	We will complete a review of the Road Transport Compliance Strategy by the 31 March 2022.	Achieved

Target Number	Our Infrastructure and Assets	Result Achieved ¹ / Not Achieved
12	We will continue to progress the build programme for the construction of a new test centre at Hydebank and the design programme for a new test centre at Mallusk by 31 March 2022.	Achieved
13	We will progress our on-line digital services by implementing release 1 of our new Booking & Rostering system for vehicle and driver testing by 30 September 2021.	Achieved
14	We will progress our business improvement work by completing our digital work programme for the year by 31 March 2022.	Achieved

Target Number	Our Organisation	Result Achieved ¹ / Not Achieved
15	We will produce a report on the optimisation of our organisational structure by 31 March 2022.	Achieved
16	We will deliver our health and safety work programme by 31 March 2022.	Not Achieved
17	We will complete all our remaining outstanding actions from the Lifts Action Plan and from the 2021 Public Accounts Committee report, by 31 March 2022.	Achieved
18	We will achieve the trading fund financial target to break even taking one year with another.	Achieved
19	We will generate a return on capital employed greater than 3.50%.	Achieved

¹ Performance on all targets reported as achieved has been validated by Internal Audit with the exception of target 14. The Agency completed the digital work programme during the financial year but did not produce a final agreed programme of work document for 2021-22, which was required for validation purposes.

1.4 EXPLANATIONS FOR KEY TARGETS NOT ACHIEVED

TARGET 7

Target 7 - For driver licensing, we will issue 90% of paper driving licence applications within 10 working days of receipt.

End of year figures show that 78.3% of applications were processed within 10 working days therefore this target has not been achieved. An increase in the volume of applications received following the expiry of the EU wide 11 month licence extension applied last year gave rise to exceptional volumes of applications received. A total of 298,064 licences were issued in 2021-2022 (this figure includes paper and online applications) compared with 182,440 in the 2020-21 year, an increase of 63%. In quarters 1 and 4 of 2021-22 the target was achieved, however the target was missed in quarters 2 and 3 when volumes of applications peaked. Performance in the final quarter of the year was 93.4%.

TARGET 9

Target 9 - For our customers, we will reply to 97% of complaints within 10 working days.

The percentage of complaints replied to within 10 working days was 96.57%, just slightly below the 97% target. Just over three times as many complaints (903) were received during the 2021-22 year compared with the previous year (296). This increase was due mainly to a number of issues including complaints regarding the availability of driving and vehicle test slots. There were also a number of complaints received, due to some unforeseen performance issues which arose, when the new booking system for driver and vehicle tests went live in September 2021.

TARGET 16

Target 16 - We will deliver our health and safety work programme by 31 March 2022

The Health & Safety annual work programme is a cornerstone of DVA services, as customer and staff safety is imperative. By its nature, the health and safety programme consists of reactive as well as proactive activities. The target was set to complete 100% of the activities in the programme by 31 March 2022. The programme was revised in December 2021 to address resource issues and additional work relating to COVID-19 restrictions. In the last quarter of the financial year a further re-prioritisation exercise was conducted and a few lower priority activities, amounting to less than 5% of the overall programme, were deferred to the 2022-23 programme.

1.5 PERFORMANCE SUMMARY BY BUSINESS AREA



78.3%
of paper
driving licence
application

ISSUED WITHIN
10 WORKING DAYS

98.1%
of online
driving licence
applications

ISSUED WITHIN
5 WORKING DAYS



100%
taxi plates

ISSUED WITHIN
5 WORKING DAYS

99.5%
taxi driver badges

DISPATCHED WITHIN
10 WORKING DAYS

298,064

**DRIVING
LICENCES
ISSUED**



**sixteen
of the
nineteen
key
performance
targets
ACHIEVED**



11 out of 11

**COMPLIANCE &
ENFORCEMENT TARGETS
ACHIEVED**

96.57%

**OF COMPLAINTS
REPLIED TO
WITHIN 10
WORKING
DAYS**



894,128
vehicle
tests
CONDUCTED

2,714
vehicles
inspected
AT THE ROADSIDE



80,672
driving
test slots
PROVIDED

65,192
driving
tests
CONDUCTED

Driver Licensing

During 2021-22 a total of 298,064 driving licences (ordinary and vocational) were issued (2020-21 182,440), an increase of 63% compared with 2020-21. This increase was mainly due to an EU Regulation, which extended driving licences that expired between 1 February and 31 December 2020 for a period of 11 months. This automatic extension of driving licences during 2020 meant the Agency received a reduced number of driving licence renewals in the 2020-21 financial year, which were then due for renewal during 2021-22.

The level of licences issued through the use of the online service rose from almost 60% in the last quarter of the 2020-21 year to 68% for the 2021-22 year.

In 2021-22 the View and Share driving licence online service was launched, which allows a driver to view their driving record, including the expiry date, address and other details that the Agency holds. A driver can also generate a share code to allow a third party, such as a car hire company, to view the driving record details.

Driver Licensing Branch continued to work closely with colleagues in DfI's Safe & Accessible Travel Division on the impacts of the COVID-19 pandemic on policy and legislation.

Driver Testing

Following the suspension of practical driving tests on 26 December 2020, tests resumed on 23 April 2021, initially on a phased basis for those customers whose theory test certificates were due to expire up to 31 March 2022. The Agency then opened its driver testing booking system for all customers on 10 May 2021 providing all customers with the opportunity to book a driving test.

The Agency worked tirelessly to increase its capacity to help meet the high demand for driver testing putting in place a range of measures including the recruitment of new driving examiners. In addition to increasing staff resources, the Agency offered driving tests on a Saturday and at certain centres on Sundays and bank holidays, where it was suitable to do so without compromising the integrity of the test. Overtime was also used to rota off-shift dual role driving examiners to provide further capacity and to provide cover for scheduled driving tests, where due to a variety of unforeseen reasons such as sick absence or the requirement to self-isolate, driving examiners were unable to attend work.

From 23 April 2021 to 31 March 2022 we provided 80,672 driving test slots (2020-21 23,195) and conducted 65,192 driving tests (2020-21 9,502). Comparing this to 2018-19 (the last full year when driving tests were not affected by COVID-19 restrictions) in which 57,946 tests were conducted, this is a 13% increase.

From 2018 through to 2022, the Agency worked closely with the Driver & Vehicle Standards Agency (DVSA) in GB on the specification, development and contract award of a new theory test service. The new service has been broken down into several distinct elements which are delivered through a number of separate contracts, including some which are DVSA in-house managed services. The new theory test booking service was launched in July 2022, with delivery of the new tests here through a new network of six test centres from 4 September 2022.

Vehicle Testing

To manage the transition to full service delivery for vehicle testing, Temporary Exemption Certificates (TECs) were applied to all eligible vehicles up to 10 years old. From 26 July 2021, the Agency ceased issuing TECs and reinstated normal vehicle test times, which increased capacity across the network of test centres. To increase vehicle testing capacity a range of measures were adopted including the recruitment of additional examiners, the use of overtime to provide cover for leave and sick absence and also offering vehicle test appointments on a Sunday and bank holidays at most test centres.

894,128 vehicle tests were conducted during the year (2020-21 251,844), which is 89% of the number conducted in 2019-20 (999,320).

Passenger Transport Licensing

Throughout the year, whilst we have continued to operate under COVID-19 restrictions we have delivered a comprehensive service to both the taxi and bus industries.

The Commercial Licensing System, introduced in September 2020, enables the taxi and bus industries to apply and manage their licences remotely and this has been well received by the industry. During 2021-22, a range of service enhancements were introduced to the system, including access to self-service fleet management functionality, electronic licences, card payment facilities and automation/streamlining of processes. These enhancements have modernised and transformed the Agency's service delivery to the taxi and bus industries and proven to be popular with customers.

During the year, we also worked with our colleagues in the Department to provide support for the administration of two Taxi Driver Financial Assistance Schemes and a Bus Operator Scheme to aid these sectors as they dealt with the ongoing impacts of the COVID-19 pandemic

Compliance and Enforcement

Throughout the COVID-19 pandemic our operational priorities have remained focussed on targeting vehicles used in a dangerous and unsafe condition. Our risk assessments and operational policies and guidance for staff were continuously reviewed and updated to take account of the latest Public Health Agency advice.

Our enforcement approach has remained focussed on regularly assisting police, working more closely with the Transport Regulator and assessing drivers' hours compliance through the increased use of back office checks. This ensured that, despite a range of regulatory relaxations afforded to transport operators in order to alleviate pressures on the supply chain, proportionate steps were taken to safeguard against potential non-compliance.

A significant number of heavy goods vehicles, including foreign registered vehicles were also detained and disposed on grounds that they were detected operating without a valid Goods Vehicle Operators' Licence. We also provided support to the taxi industry by delivering taximeter tests at six new roadside test sites due to the ongoing impact of the pandemic on normal test centre services.

The section has continued to progress its ICT compliance business improvement objectives by enhancing the real-time checking of vehicle, driver and operator information at the roadside through multi-system integration as well as improving the targeting and detection of offenders.

Business Improvement & Infrastructure Modernisation

With the closure of Agency Digital Transformation Programme in September 2021 the Agency is now focused on an ongoing business improvement programme, to maximise the benefits from the investment made in information technology.

This year the last of the large transformation systems was implemented when the first release of the new Booking & Rostering system for driver and vehicle testing services went live in September 2021. The system has improved the booking journey for customers and stakeholders by introducing new functionality including, the ability to book MoT and driving tests online using any smart device, the facility for commercial operators to book their vehicle tests online and the ability to book taxi and taximeter tests online. Work will continue during

2022-23 and beyond to implement additional facilities for the transport industry and a future release will incorporate an automated staff rostering schedule to replace the current manual process.

Further improvements were made to the Commercial Licensing, Compliance and Driving Examiner digital systems. The Compliance and Commercial Licensing systems were both highly commended in the 2021 UK IT Industry Awards which builds on the success of previous DVA digital applications in this prestigious national competition.

Other business improvement work included, enabling information from the Driver Licensing System to be used as identification for the High Street voucher scheme; a View and Share My Licence feature; the introduction of a new electronic customer complaints tracking system; improved statistical reporting at business and corporate level; and ongoing improvements to the technical architecture.

The organisational development programme was also progressed throughout the 2021-22 year with the establishment of a new branch in the Operations Directorate, named Operations Administration Branch. The remit of the branch includes providing administrative support for the new Booking and Rostering system, progressing the next phases in the development of the system, and project management of the vehicle testing equipment supply contract.

In addition a senior management structural review was completed which resulted in four directorates being established to support the Agency's Chief Executive, namely:

- Operations;
- Compliance, Enforcement and Licensing;
- Business Improvement; and
- Financial Management and Corporate Services.

Significant progress was made during the year on the Infrastructure Project. OHMG (Holdings) Ltd were appointed on 6 August 2020 to take forward the construction of a new Test Centre and office accommodation 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 however there have been some delays experienced due to material supply and workforce difficulties caused by COVID-19. On 4 February 2022, the contract with the vehicle testing equipment provider was terminated which has led to a further delay to the expected completion date. Contingency plans have been enacted and currently a revised operational date for the new site is being considered.

Approval has also been obtained for the construction of one further new test centre at Mallusk in Newtownabbey. Designs have been approved and the planning application submitted. The business case has been approved and the procurement documents are being finalised ahead of the start of an exercise to appoint a construction company to compete the works. In light of the recent developments with the vehicle testing equipment contract, the rollout of new vehicle testing equipment across the remainder of the existing network of test centres has been placed on hold.

Customer Service

2021-22 has been another 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 and high demand for MOTs resulted in a huge amount of correspondence received from customers, with all correspondence replied to within three 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. During the past few years there has been a greater focus placed on the role of the Communications Team due to the pandemic and the introduction of significant changes to the Agency's service provision and booking systems. During this period 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 has been used to deliver key messages. This has resulted in a significant number of updates to the NI Direct website, call centre scripts, direct to customer material 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. The introduction of the Booking & Rostering system, which overhauled the digital provision of booking services and the technical difficulties it faced upon introduction was another area which required significant involvement from the Communications team, in ensuring that up to date timely and clear information was disseminated as appropriate.

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.

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 2022. These can be found on the Department's website at the following link: [DfI Driver, Vehicle, Operator, and Enforcement Statistics - 2021-22 - 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 sustainability and efficiency of our Test Centres, thereby ensuring our energy footprint is as small as possible. Our plans for new test centres at Hydebank and Mallusk have been designed in line with the NI Executive's Green Growth and Energy Strategies.

Green Growth is central to the design and construction approaches we are taking which will help to reduce our greenhouse gas emissions when compared to existing test centres and will promote a behavioural change by using low to zero technologies. We will do more with less through the use of modern building materials, interlocking doors, high efficiency boilers, radiant heating, zoned areas and sensors. We are also aiming to decarbonise our power and heat through the use of photo-voltaic (PV) panels and natural light whilst reusing natural resources through rainwater harvesting. In addition, we are aiming to offset our carbon footprint through our landscape management plan and the planting of a range of indigenous trees, shrubs and herbaceous plants to protect and add to the biodiversity of the areas within which the new test centres will be located.

All of our electricity is provided via the Department of Finance, Construction and Procurement Delivery (CPD) collaborative contracts which are based on 100% renewables. Our energy plans are also in line with the NI Executive's focus on 'low/no regret' options in the short to medium-term and whilst the designs allow us to further decarbonise our energy system, they also ensure we retain the flexibility to respond to the development of new and emerging technologies that could play a significant role in the longer-term. Our properties will be constructed in line with the latest and emerging building regulations and sustainability targets including the Building Research Establishment Environmental Assessment Method (BREEAM) Excellent standard.

In respect of our fleet, during the year we introduced two hybrid and one full electric vehicles into our official vehicle fleet as part of the Agency's commitment to tackling air pollution by replacing all our diesel powered enforcement vehicles with either hybrid or full electric equivalent vehicles by 2025. Electric vehicle charging points are also being installed at our new test centre sites which will be used to service the Agency's "green" fleet as required.

With the introduction of new and enhanced online services, we continue to greatly reduce the amount of paper generated in the back-office and by customers. For those customers who cannot, or choose not to, use our online services, we provide a telephony service where an agent will complete the online transaction on their behalf. This has transitioned customers away from our traditional counter services, hence reducing the need for them to travel to one of our premises to complete a face-to-face transaction.

During the year, due to the Executive guidance, some of the Agency's staff who had been working from home since the lockdown, continued to do so. The NICS agreed a New Ways of Working policy which introduced new hybrid working options and the option to work at one of a number of Connect2 Hubs, subject to business need. At the heart of the new policy was the need to support the delivery of the NICS People, Digital and Estate Strategies and aid the net zero carbon goals for Northern Ireland while also reducing the need for unnecessary travel.

The Agency has continued to take its responsibility for recycling seriously and operated recycling initiatives across its estate. The continued guidance to work from home curtailed the use of printing and paper in offices with the vast majority of documents now written, edited and shared electronically via the Content Manager system.

1.6 FINANCIAL PERFORMANCE

Operating Surplus

The Agency made an operating surplus for the year of £6.0m compared with a surplus of £6.2m in the previous year.

Income

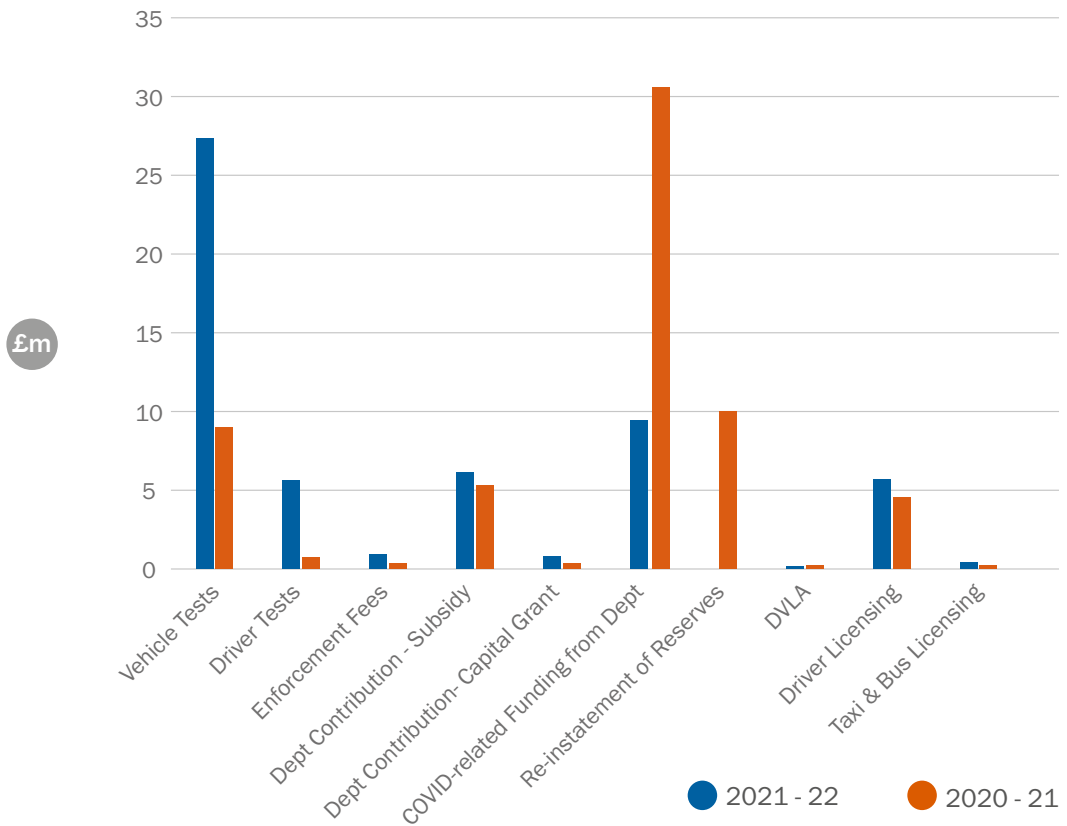
The Agency received income of £60.2m during the year (2020-21 £53.5m). This includes just under £9m (2020-21 £31m) of COVID-19 support funding received from the Executive.

Vehicle test fees increased by £19.1m in 2021-22 to £27.3m (£8.2m 2020-21) due to the full resumption of services during the year as the Agency recovered from the impact of COVID-19. Driver test and Theory test fees increased by £3m and £1.5m respectively to £3.4m and £2.3m (£0.4m and £0.8m 2020-21) due to the increase in volumes of tests conducted during the year.

Other income also increased during 2021-22 following the impact of COVID-19.

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

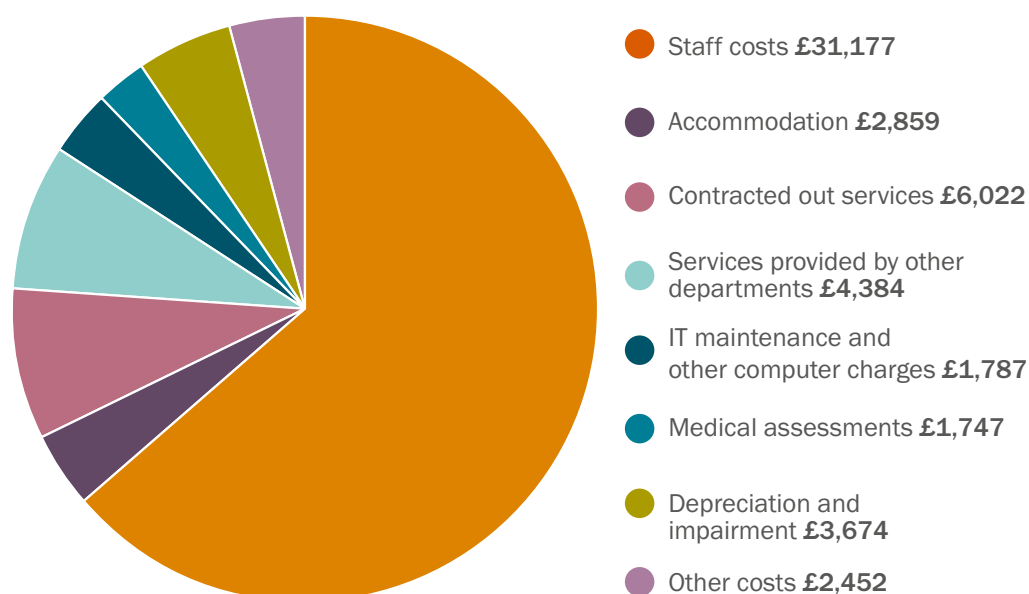
Total operating expenditure during the year was £54.1m, an increase of 15% compared with the previous year’s expenditure of £47.2m. Staff costs have increased by 4% to £31.1m compared with the previous year (2020-21 £30m).

Other operating costs have increased by £5.8m from £17.1m in 2020-21 to £22.9m in 2021-22. This is due to a number of factors including an increase in contracted out services reflecting an increase in driving theory tests conducted and service charges on equipment as vehicle testing volumes increased. Accommodation costs have also increased as a result of higher utility bills.

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

Chart 2 shows the split of 2021-22 total operating costs by key expenditure types.

Chart 2: DVA Operating Expenditure 2021 - 22 (£000s)

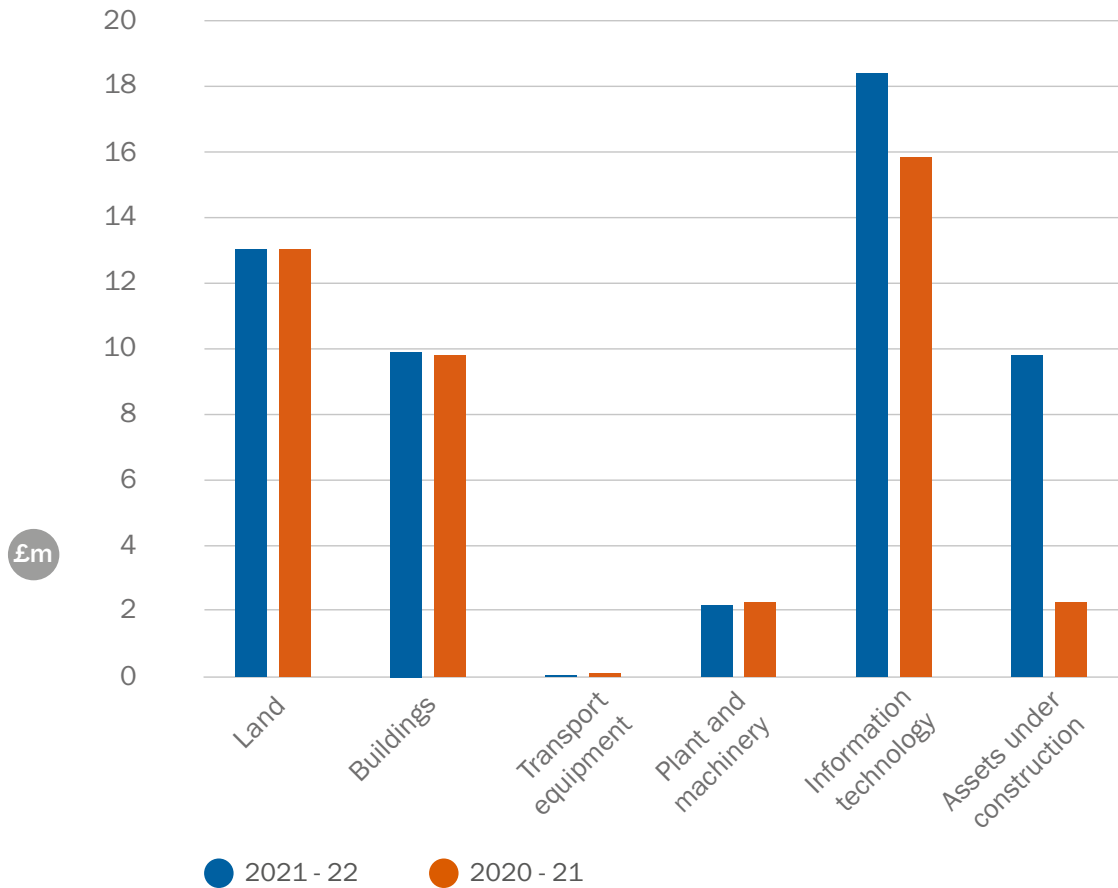


Non-Current Assets

The Agency's non-current asset book value increased from £43.3m at the end of the previous financial year to £53.3m this year due primarily due to the continued development of IT systems including the new Booking and Rostering system for driver and vehicle testing, and continued construction of the new MOT test centre and depot 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 in the accounts. The non-current asset breakdown is shown in Chart 3.

Chart 3: DVA Non Current Assets



Key Corporate Financial Targets

The Agency is required to break even after interest and dividends taking one year with another. The Agency reported a surplus of £6m compared to the 2020-21 year position of £6.2m (excluding the £10m received in 2020-21 for the reinstatement of reserves).

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 8.77% was achieved for 2021-22 compared with 11.01% for 2020-21.

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;
- 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;
- DVSA 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 DVA's ICT Strategic Partner for 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 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 Agency 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 forecast for the 2022-23 year projects outgoings to be higher than revenue and plans are being taken forward by the Agency to respond to this.

The Agency is currently working through a major capital investment programme which will introduce new IT services, build a number of new test centres and office accommodation and replace our vehicle testing equipment at existing test centres. The programme aims to increase capacity, deliver efficiencies and improve customer experience. The following chart (Chart 4) shows income and operating expenditure trends over the last five years.

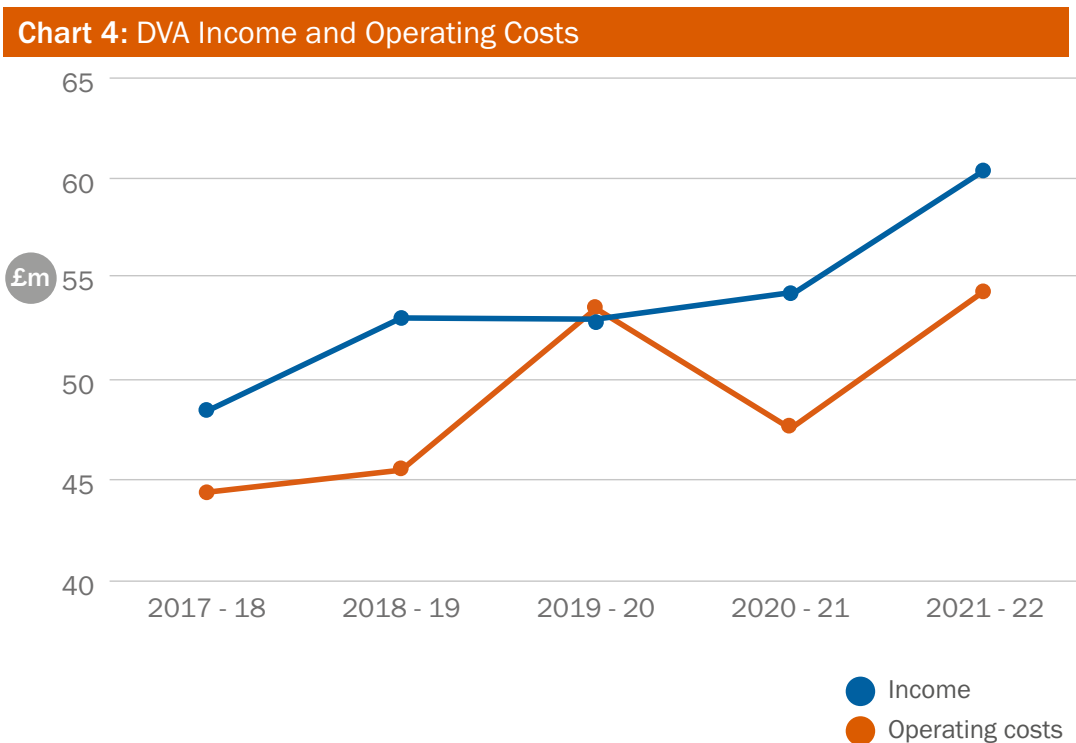
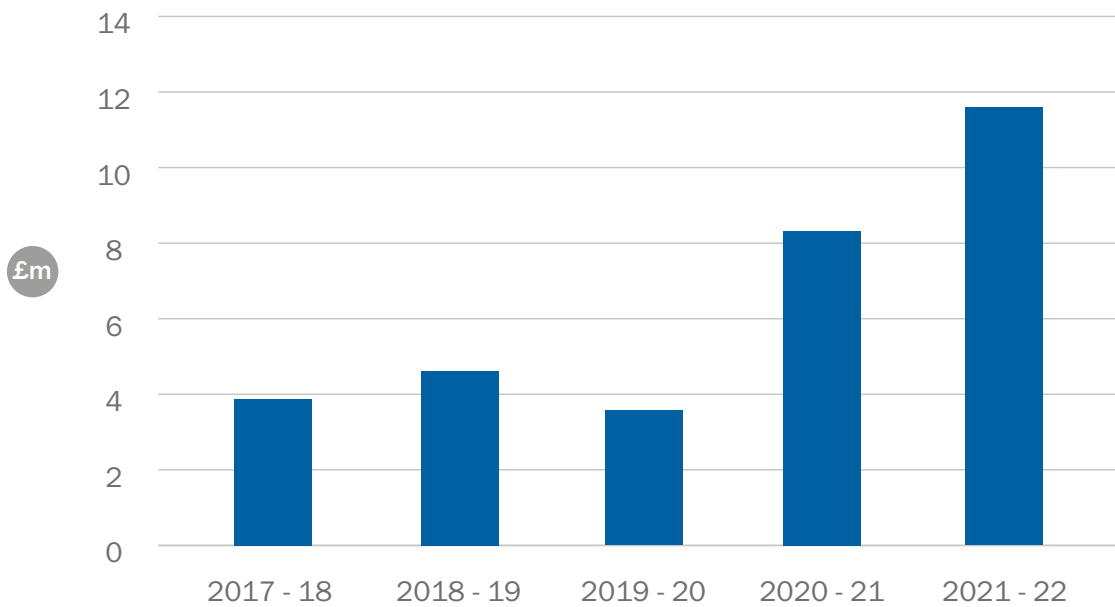


Chart 5 below shows the capital expenditure trends over the last five years. Expenditure in the 2021-22 financial year relates to the development of new IT systems and the continued construction of the new Hydebank test centre and depot.

Chart 5: DVA Capital Expenditure



Chief Executive and Agency Accounting Officer
28 June 2022

2

Accountability Report

2.1	Corporate Governance Report	36
2.2	Remuneration and Staff Report	60
2.3	Assembly Accountability and Audit Report	81



2. ACCOUNTABILITY REPORT

2.1 CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

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 60.

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

Jeremy Logan	Chief Executive and Agency Accounting Officer
Mike Beare	Director of Business Improvement and Corporate Services
Pat Delaney	Director of Operations
Jonathan Furphy	Director of Compliance, Enforcement & Licensing (from 10th January 2022)
Siobhan Lynn	Head of Financial Management & Governance

In addition to the members of the SMB, Kathy Graham sat on the SMB as a Non-Executive Board member until 31st December 2021 following which she was replaced by Enda McKeever from 4th January 2022.

Siobhan Lynn sat as a member of the SMB for the entirety of the year in the role of Head of Financial Management & Governance. In May 2022 the organisational structure of the Agency was changed and a new Director of Financial Management and Corporate Services post was created, with the new post holder becoming a member of the SMB replacing the Head of Financial Management & Governance. Siobhan Lynn has been temporarily promoted to the Director of Financial Management & Corporate Services role.

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 120.

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 2021-22 resulted in a fee of £23,814 (2020-21: £23,845). 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 60.

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 2022, the Agency paid 97.3% of the 7,351 invoices (2020-21: 96% of the 6,798 invoices) received within 30 days and 94.2% (2020-21: 91.6%) 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

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.

The DVA complaints response target is a very challenging '97% of complaints to be replied to within 10 working days'. During the year from 1 April 2021 to 31 March 2022 we dealt with 903 complaints. We responded to 96.57% of these within the target. 41 compliments were received during the year.

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

YEAR	COMPLAINTS	PERFORMANCE AGAINST TARGET
2021-22	903	96.57%
2020-21	296	98.30%
2019-20	473	97.46%

2021-22 saw a significant increase in the number of complaints from previous years. This increase was due mainly to a number of issues including complaints regarding the availability of driving and vehicle test slots. There were also a number of complaints received, due to some unforeseen performance issues which arose, when the new booking system for driver and vehicle tests went live in September 2021.

During 2021-22 the Agency operated a 3-stage complaints procedure, with an opportunity at each stage for the complaint to be reviewed and considered by a different person or section within the Agency. A review of this procedure concluded that having a three stage complaints process is resource intensive and inefficient, and with multiple staff involved, there is little evidence of additional value across the three stages. It was therefore agreed by the Strategic Management Board that the complaints process be reduced from a three stage process to a more streamlined two stage process, which came into effect in April 2022.

Future Developments and Trends

The Business Improvement Programme and Infrastructure Project will continue the modernisation of our property and services.

Development of the Booking & Rostering system for driver and vehicle testing is ongoing, with the next step being the addition of self-service facilities for the transport industry. Digital improvement will continue, with over 20 work-packages due to start in 2022-23. The Agency will be impacted by a number of NICS-wide digital initiatives in 2022-23 which will require significant IT and business input, including the introduction of a new NICS payment provider and the move to a new contact centre provider. The implementation of the new test centre and depot at Hydebank will also require substantial testing and IT expertise. 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 Test Centre and office accommodation along with the appointment of a construction company to progress the build at Mallusk. Work will be undertaken to identify an equipment supplier and install the equipment at Hydebank, Mallusk and throughout the existing test centre network as required. The other strands of the work will also be progressed including the people and ICT strategies and the financial and communication approaches to the projects.

The Agency's target operating model will continue to be developed, along with work on the impact of the new ways of working which are to be introduced from April 2022.

Events after the Reporting Period

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

Personal Data Related Incidents

DVA reported two breaches of personal data to the Information Commissioner's Office in 2021-22. Both cases were fully investigated and no further action was required.

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 (FReM) 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 Driver and Vehicle Agency (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 Agency is responsible for driver and vehicle testing, driver licensing, passenger transport licensing and regulation and enforcement within the transport sector in Northern Ireland.

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 Agency's objectives, while safeguarding the public funds and assets for which I am responsible.

This governance statement explains the governance, risk management and control arrangements in place for the Agency. It evaluates the effectiveness of these arrangements and how they operate in practice.

Governance Structures

During the year the Agency functioned in line with the Agency Framework Document approved in 2021 by the DfI. The framework explains how the Agency 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 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.

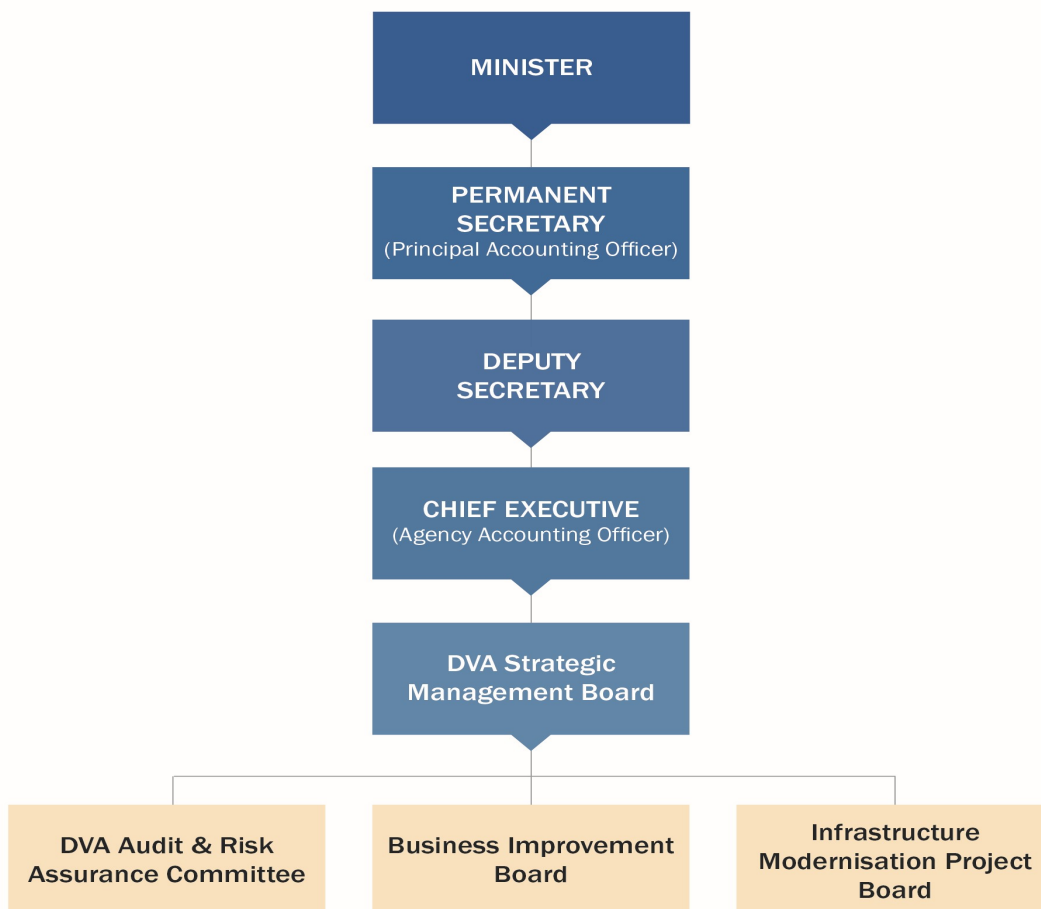
The Department sets the policy, legislative, financial, human resource and procurement frameworks within which the Agency operates. The Department is the contracting and procurement authority for all contracts entered into for goods and services purchased to support services delivered by the Agency.

As Chief Executive of the Agency, I reported directly to the Deputy Secretary of the Planning, Safety and Transport Policy Group in DfI. The Deputy Secretary reported to the Permanent Secretary, who 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)

I, as Chief Executive chair the SMB, which is comprised of:

- the Director of Operations;
- the Director of Compliance, Enforcement & Licensing;
- the Director of Business Improvement;
- the Director of Financial Management & Corporate Services; and
- a Non-Executive Board Member.

The Director of Compliance and Enforcement post was vacant for the most of the year and a new Director, Jonathan Furphy, was appointed on 12 January 2022. On appointment, Jonathan took over responsibility for the Driver Licensing function which was previously managed by the Director of Operations.

The Non-Executive Board Member from April to December 2021, Kathy Graham, was replaced by Enda McKeever on 4 January 2022. 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 me 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.

In March 2021, a Board effectiveness review was commissioned and actions arising from the review were taken forward during 2021-22. A Board Effectiveness Review is planned for autumn 2022, the results of which will inform the future format and focus of the meetings.

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 the role of 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.

During the year, attendance at the Board meetings was as follows:

Members	Position	Meetings attended Out of the meetings Eligible to attend
Jeremy Logan	Chief Executive	10/11
Jonathan Furphy	Director of Compliance, Enforcement & Licensing	3/3
Pat Delaney	Director of Operations	11/11
Mike Beare	Director of Business Improvement & Corporate Services	11/11
Siobhan Lynn	Head of Financial Management & Governance	10/11
Kathy Graham	Non-Executive Board Member	8/8
Enda McKeever	Non-Executive Board Member	3/3
ATTENDEES		
HR Division Representation		10/11

Audit and Risk Assurance Committee

I am supported by the Agency's 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).

During the year Kathy Graham left her position as Chair of the ARAC on 31 December 2021 and was replaced by Enda McKeever on 4 January 2022.

Kathryn Hill also stood down in October 2021 as Independent Member and was replaced by JoAnne Quinn who attended the ARAC meeting held in January 2022.

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'. Following the review the ARAC put arrangements in place for their effectiveness to be discussed at the end of each ARAC meeting. This arrangement was in place throughout the 2021-22 year. The ARAC agreed at their meeting in January 2022 that a review will be carried out in 2022-23 to allow sufficient time for the newly appointed Chair and Member to gain sufficient knowledge to inform the review.

The key issues monitored by the ARAC during the 2021-22 financial year included updates on the progress of the Lifts Action Plan and Lessons Learned report, which was developed in response to the significant issue in respect of vehicle testing lifts in January 2020. The impact of COVID-19 was discussed at each ARAC meeting during the year with updates provided in respect of the operational impact on service delivery and the Agency's financial position.

The ARAC also discussed the 2021-22 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; 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 (until December 2021)	3/3
Enda McKeever	Chair of Audit and Risk Assurance Committee (January 2022 onwards)	1/1
Kathryn Hill ¹	Independent Member of Audit and Risk Assurance Committee (until November 2021)	3/3
Catherine Teggart ²	Independent Member of Audit and Risk Assurance Committee	4/4
JoAnne Quinn ³	Independent Member of Audit and Risk Assurance Committee (November 2021 onwards)	1/1
ATTENDEES		
Jeremy Logan	Chief Executive	3/3
Mike Beare	Director of Business Improvement & Corporate Services	3/3
Siobhan Lynn	Head of Financial Management and Governance	4/4
Brighdin McAleenan	Head of Financial Accounts	4/4
Internal Audit Representation		3/3
External Audit Representation		3/3

¹ Kathryn Hill, Director of Active Communities, Department for Communities

² Catherine Teggart, Director of Finance, Procurement & Estates, Southern Health Trust

³ JoAnne Quinn, Head of Finance, Public Prosecution Service

Business Improvement and Infrastructure Modernisation

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 and the addition of a representative from the Driver & Vehicle Standards Agency (DVSA) to the Business Improvement Board has been beneficial in providing an independent challenge and has improved business links with that organisation. The Business Improvement Group, comprised of DVA heads of business, also continued to meet regularly during 2021-22 to discuss the impact of future business improvement work across the Agency.

Corporate Services

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

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 2022-23. DoF Internal Audit have advised that two audits received a limited opinion with all remaining audits awarded a satisfactory audit opinion.

Conflicts of Interest

The NICS Civil Service HR Policy 6.01 Standards of Conduct is supported by guidance regarding the management of conflicts of interest, and this guidance is published on the Department's intranet site. This guidance includes the DfI policy on Personal/Private Interests of Staff and the DVA Code of Conduct Policy & Conflict of Interest Policy.

It also 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. The

guidance was issued to all business areas in February 2022, to remind all staff of the procedures and the requirement to complete the relevant forms, where applicable.

All staff are required to declare any interests which might be thought to give rise to a conflict of interest. At SMB and the Audit and Risk Assurance 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 2021-22 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 Agency. 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 2021 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 updated the Agency Risk Management Process document to ensure it is in line with the updated departmental Risk Policy and Framework for Risk Management. A revised risk register template was also adopted during the year.

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. During the year a departmental wide (including the Agency) audit of risk management was carried out, which confirmed that a robust system was in place within the Agency.

The Agency's risk appetite is set by the Board according to the 13 categories of risk outlined in the Risk Policy and Framework for Risk Management:

- Project/Programme: Receptive
- People: Health & Safety: Averse
- People: 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 eight key risks covering:

- Finance;
- Fraud;
- Data Security;
- Health and Safety;
- People;
- Emissions Testing;

- Financial Viability; and
- Commercial

The key risks 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 was 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 and capital grant funding from the Department.

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.

The people risk was rated as a red (extreme) risk for a period of the year due to the inability to fill vacant posts in a timely manner. Actions were put in place and progress was made throughout the year on the filling of a number of key vacant posts. As a result the rating of this risk was reviewed but still remains a high risk for the Agency.

The financial position of the Agency was successfully managed during 2021-22, the risk on the financial viability of the Agency's Trading Fund remained on the risk register during the year as the pandemic continued to impact our financial position. COVID-19 support funding and capital grant funding was secured in the latter part of the financial year and with the impact of the pandemic lessening on our service delivery, the going concern risk was no longer considered a key risk at the end of the financial year.

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.

One new risk was added to the Agency Risk Register during the year in respect of risk associated with the poor performance of a commercial contractor. This risk was assessed as a red (extreme) risk which may impact the delivery of our vehicle 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 2022 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 DoF'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 2021-22, 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 for 2021-22:

Area of activity	Report status	Audit opinion
Review of Capita Contract Exit Arrangements 2021-22	Final	Satisfactory
Review of Property Services	Final	Satisfactory
Review of Compliance and Enforcement	Final	Satisfactory
Review of Commercial Licensing System	Final	Satisfactory
Review of management of Health and Safety	Final	Satisfactory
Review of Driver Licensing Data Sharing	Final	Satisfactory

Two follow up reviews on the Lifts Action Plan and Management letter arising from the investigation into the vehicle lifts issue were carried out during the year. These reports did not contain an opinion but included a number of best practice recommendations.

Two departmental wide reviews (including the DVA) were carried out during the year on Compliance with DAO (DFP) 06/12 Departmental Delegations / Requirements for DoF and a Risk Management review. There were no significant findings for the Agency stemming from these audits.

In addition to the audits listed above, Internal Audit carried out the annual validation exercise on the Agency's key performance targets. This exercise did not carry an audit opinion.

The Public Accounts Committee Report on Driver and Vehicle Agency 2019-20 was published on 3 June 2021. This report examined the suspension of vehicle testing services due to safety issues with vehicle lifts. The report contained three recommendations, two of which have been completed during the year and the third is being progressed by the Department.

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 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 Agency 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 two actual and two 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.

One whistleblowing case was received during 2021-22, relating to an alleged illegal payment being made for a driving test pass. A preliminary enquiry was carried out into the allegation, the

outcome of which was advised to the whistle blower.

The whistleblowing case raised in 2020-21 relating to alleged wrongdoings taking place in test centres in respect of vehicle testing operations remained open during the year.

Five cases of concern were raised with the Health & Safety Executive regarding health and safety concerns in respect of driver and vehicle testing processes. All concerns were reviewed and the cases have since been closed.

SIGNIFICANT ISSUES

COVID-19

The delivery of our driver and vehicle testing services continued to be impacted in 2021-22 by COVID-19, albeit not as significantly as during 2020-21. The Agency adopted a range of measures throughout the year to increase driver and vehicle testing capacity which have helped address the high demand for our services. This high demand will continue in 2022-23.

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

Equipment Implementation Contract

In March 2019 the Agency entered into a contract for the supply and installation of 70-110 lanes of new vehicle testing equipment and associated hardware and software in its test centres.

One of the key factors in the contract was in relation to the delivery of a pilot test lane, which was designed to ensure that the proposed solution was appropriate and satisfactory, prior to the Agency placing an order for new equipment. During the year considerable difficulties arose in relation to the development of the pilot test lane, particularly around the Integrated Test Lane software and IT system which would be used to control the entire process of vehicle testing. In spite of escalating these issues through provisions in the contract, the contractor's performance did not improve.

Following extensive engagement with Construction Procurement Delivery (CPD) and our legal advisors, the Agency issued a Notice of Termination to the contractor on 4 February 2022. The contractor subsequently sought an injunction, which is now the subject of a High Court hearing.

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) in the NICS, is approved by the Minister of Finance. The Minister set the 2021-22 NI public sector pay policy (March 2021).

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay awards for NICS staff, including SCS, for 2020-21 were paid in June and July 2021. The pay awards for 2021-22 were paid in September and October 2021.

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

Service Contracts

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

Unless otherwise stated, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in consideration of 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

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 £'000		Benefits in kind (to nearest £100)		Pension benefits * £'000		Total (£'000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
J Logan Chief Executive (from 12/10/20)	75-80	70-75	-	-	45	119**	120-125	190-195**
P Duffy Chief Executive (until 24/04/20)	-	5-10 (full year equivalent 70-75)	-	-	-	20**	-	20-25 (full year equivalent 90-95)
P Delaney Director	65-70	65-70	-	-	4	25	70-75	90-95
M Beare Director	65-70	65-70	-	-	5	24	70-75	90-95
J Furphy Director (from 12/01/22)	10-15 (full year equivalent 60-65)	-	-	-	16**	-	30-35** (full year equivalent 75-80)	-
S Lynn Head of Financial Management & Governance	55-60	50-55	-	-	5	25	60-65	80-85
K Graham Independent Board Member (until 31 December 2021)	5-10 (full year equivalent 10-15)	5-10	-	-	N/A	N/A	5-10 (full year equivalent 10-15)	5-10
E McKeever Independent Board Member (from 4/1/22)	0-5 (full year equivalent 5-10)	-	-	-	N/A	N/A	0-5 (full year equivalent 5-10)	-
D Black Director (until 17/04/20)	-	0-5 (full year equivalent 75-80)	-	-	N/A	N/A	-	0-5 (full year equivalent 75-80)

*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.

**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. This report is based on accrued payments made by the Agency and thus recorded in these accounts.

DVA was under the direction and control of Minister Nichola Mallon MLA during the financial year. Her salary and allowances were paid by the department and have been included in the Department for Infrastructure's accounts. These amounts do not include costs relating to the Minister's role as MLA which are disclosed in the Northern Ireland Assembly Commission 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.

Fair Pay Disclosure [audited information]

Pay Ratios

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

The banded remuneration of the highest-paid director in DVA in the financial year 2021-22 was £75,000-£80,000 (2020-21, £70,000-£75,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2021-22	25 th percentile*	Median	75 th percentile*
Total remuneration (£)	23,986	26,575	33,459
Pay ratio	3.2:1	2.9:1	2.3:1
2020-21			Median
Total remuneration (£)			26,051
Pay ratio			2.78

*The 2021-22 financial year is the first year disclosures in respect of the 25th percentile pay ratio and 75th percentile pay ratio are required and the 2021-22 Financial Reporting Manual does not require comparative figures to be disclosed for 2020-21.

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

For 2021-22, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2021-22, 1 (2020-21, 0) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £16,000 to £81,000 (2020-21, £19,000 to £72,000).

Percentage Change in Remuneration

Reporting bodies are also required to disclose the percentage change from the previous financial year in the salary and allowances of the highest paid director and of their employees as a whole.

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

Percentage change for:	2021-22 v 2020-21
Average employee salary and allowances	3.53%
Highest paid director's salary and allowances	6.27%

Pensions Entitlements [audited information]

Officials	Accrued pension at pension age as at 31/03/22 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/22	CETV at 31/03/21	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	NEAREST £100
J Logan Chief Executive (from 12/10/20)	30 - 35 plus 65 - 75	0 - 2.5 Plus 0 - 2.5	530	475	27	-
P Duffy Chief Executive (until 24/4/20)	-	-	-	620	-	-
P Delaney Director	30 - 35 plus 100 - 105	0 - 2.5 Plus 0 - 2.5	786	771	4	-
M Beare Director	30 - 35 plus 90 - 95	0 - 2.5 plus 0 - 2.5	725	709	5	-
J Furphy Director (from 04/1/22)	0 - 5 Plus 0 - 5	0 - 2.5 plus 0 - 2.5	13	0	12	-
S Lynn Head of Financial Management & Governance	15 - 20	0 - 2.5	261	249	-2	-

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 initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the classic, premium, classic plus and nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. At that time,

members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

In 2018, the Court of Appeal found that the protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, the 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 relate to the alternative schemes e.g. legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completes Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. That is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>.

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

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

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

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

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

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State

Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in Nuvo. Further details about the NICS pension schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-ni.

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2021 was 3.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2022.

Employee contribution rates for all members for the period covering 1 April 2022 – 31 March 2023 are as follows:

Scheme Year 1 April 2022 to 31 March 2023

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2022 to 31 March 2023
£0	£24,449.99	4.6%
£24,450.00	£56,399.99	5.45%
£56,400.00	£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 2022 (2020-21: none).

Staff Report

Staff costs: [audited information]

	Permanently employed staff 2021-22	Others 2021-22	Total 2021-22	Total 2020-21
	£000	£000	£000	£000
Wages & Salaries	21,648	1,338	22,986	22,181
Social security costs	2,108	-	2,108	1,972
Other pension costs	6,083	-	6,083	5,877
Total cost	29,839	1,338	31,177	30,030

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

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extend the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also includes provisions that employees will not experience any detriment if the adjusted valuation costs breach the set cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2021-22, employers' contributions of £6,108,538 were payable to the NICS pension arrangements (2020-21 £5,781,633) 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 £4,284 (2020-21 £4,240) 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% (2020-21, 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 £130 0.5% (2020-21 £129, 0.5%) of pensionable pay, were payable to the NICS Pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

5 people (2020-21: none) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £26,732 (2020-21: £0).

Average number of persons employed [audited information]

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

	PERMANENT STAFF 2021-22 Number	OTHERS 2021-22 Number	TOTAL 2021-22 Number	TOTAL 2020-21 Number
Directly employed	695	51	746	757
Staff engaged on capital projects	22	-	22	29
Total	717	51	768	786

Staff Composition

The actual number of staff in post in the Agency at 31 March 2022 and the gender breakdown as follows:

Actual Staff in Post in DVA at 31 March 2022

	At 31 March 2022			At 31 March 2021		
	Male	Female	Total	Male	Female	Total
Senior Civil Service	1	-	1	1	-	1
Other Employees	582	175	757	567	177	744
Total	583	175	758	568	177	745

Staff Turnover

DVA Staff Turnover percentage (the number of people that have left the Agency but have moved within the NICS) for 2021-22 is 3.1%, and the general turnover percentage (the people who have left the Agency and have not gone elsewhere in the NICS) is 2.1%. This has been calculated by NICS HR, based on the Cabinet Office Guidance on calculations for turnover in the Civil Service.

Seconded Staff

There was one member of staff seconded out during the 2021-22 year on long term loan. The host Department pays the salary costs.

Reporting of compensation and exit packages for all staff 2021-22 [audited information]

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
Exit package cost band	2021-22	2021-22	2021-22	2020-21
<£10,000	-	-	-	-
£10,000 - £25,000	-	-	-	-
£25,000 - £50,000	-	-	-	-
£50,000 - £100,000	-	-	-	-
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
Total number of exit packages	-	-	-	-
Total resource cost £000	-	-	-	-

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. The table above shows the total cost of exit packages agreed and accounted for in 2021-22 and 2020-21. £nil exit costs were paid in 2021-22, the year of departure (2020-21 £nil). Where DVA has agreed early retirements, the additional costs are met by the agency and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Off payroll payments

The Agency did not have any off payroll engagements during the 2021-22 year.

Employment, training and advancement of disabled persons

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS has a wide and active network of Diversity Champions. The NICS

Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the NICS.

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

The NICS undertakes outreach activities to promote career opportunities to the disability sector and offers a Work Experience Scheme for People with Disabilities and participates in the annual International Job Shadow Day. In 2021-22 the NICS offered a number of work experience opportunities under the JobStart Scheme.

In 2021-22, the NICS implemented a Guaranteed Interview Scheme (GIS).

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

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 NICSHR, 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. Further information on the NICS' commitment to equality of opportunity is available in the [Equality, Diversity and Inclusion Policy](#).

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

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

The NICS continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return and a tri-annual Article 55 Review to the Equality Commission for 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 on its website [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 NICSHR¹. 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 640.5 training days to our vehicle examiner staff and their managers. This is an increase on last year's figure of 521.5 training days, whilst continuing to maintain COVID safety controls and diverting significant resources to assist with the testing of the newly introduced booking and rostering system. A further 68.5 days of professional development training took place including our newest technical trainer working toward completion of his Chartered Institute of Personnel and Development (CIPD) course.

There were 144 days training provided for existing Driving Examiners, including upskilling, delivering COVID-19 safe testing and supervising examiners development. Due to adherence of

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

COVID-19 public health advice and limited driving tests conducted, there was no examiner supervision carried out. In addition a significant commitment of 377 days “New” examiner training was delivered.

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

The 2021 NICS People Survey was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. As the 2020 survey related primarily to the impact of COVID-19 and did not include engagement themes, the latest year for which direct comparisons can be made is 2019. For the Agency there were 798 (2019: 797) staff invited to complete the survey, of which 383 (2019: 534) participated, a response rate of 48% (2019: 67%). The Employee Engagement Index (EEI) is the weighted average of the responses to the five employee engagement questions, and it ranges from 0% to 100%. The DVA responses indicated an Employee Engagement Index of 43% (2019: 45%), compared to the NICS average of 57% (2019: 51%). The full survey can be accessed at <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>

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 2021-22 was continuing to ensure that Risk Assessments including those relating to vehicle testing, driver testing and driving for/at work incorporated the latest government guidance and advice relating to COVID-19 control measures. A comprehensive health and audit programme was conducted across all Test Centres. Training was provided for those staff nominated to complete Risk Assessments while Health and Safety Induction Training was also provided for all newly appointed vehicle examiners. Additional procedures were implemented to assist in the monitoring of all Insurance Reports relating to Test Hall Equipment.

Sickness Absence

The Agency had an overall sickness absence rate of 9.1 days lost per employee in 2020-21 (i.e. previous year). Annual sickness absence figures can be found in the "Sickness Absence in the Northern Ireland Civil Service 2021/22" report at [Sickness Absence in the Northern Ireland Civil Service 2021/22 | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](#) Figures for the 2021-22 financial year will be published by the end of June 2022.

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 (2020-21 £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) 2021-22.

Accounts Direction

The financial statements have been prepared in accordance with the 2021-22 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

	2021-22	2020-21 (re-stated)
Total number of special payments	747	255
Total value of special payments £000	76	55

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.

The prior year figures have been restated to include a number of Ex-Gratia payments incorrectly excluded in March 2021.

Losses Statement

	2021-22	2020-21
Total number of losses payments	222	-
Total value of losses payments £000	6	-

Losses relate mainly to the write off of fraudulent credit card chargebacks.

Business Activity Attracting Fees and Charges [audited information]

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

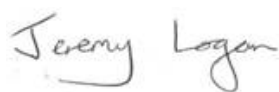
	2021-22			2020-21			Objective
	Income	Cost	Annual (surplus)/deficit	Income	Cost	Annual (surplus)/deficit	
	£000	£000	£000	£000	£000	£000	
Vehicle testing	(27,262)	33,078	5,816	(8,168)	29,553	21,385	Full cost recovery (1)
Driver testing	(5,675)	6,613	938	(1,231)	4,069	2,838	Full cost recovery (2)
Enforcement	(1,670)	3,943	2,273	(1,067)	3,902	2,835	
Other activities	(126)	319	193	(95)	243	148	
Driver licensing	(6,310)	7,717	1,407	(4,337)	6,479	2,142	(3)
Vehicle licensing court prosecution	(331)	331	-	(472)	472	-	Full cost recovery
Taxi licensing	(1,003)	2,011	1,008	(356)	2,057	1,701	(4)
Bus passenger transport licensing	(251)	295	44	(235)	245	10	Full cost recovery
	(42,628)	54,307	11,679	(15,961)	47,020	31,059	
Dfl Resource subsidy	(7,079)	-	(7,079)	(5,550)	-	(5,550)	
COVID-19 Support Scheme	(8,965)	-	(8,965)	(31,000)	-	(31,000)	
Reinstatement of reserves	-	-	-	(10,000)	-	(10,000)	
Capital grant release	(1,408)	-	(1,408)	(945)	-	(945)	
Activities not attracting fees & charges	(127)	347	220	(31)	463	432	
Holiday pay provision	-	(24)	(24)	-	150	150	
Adjustment for notional insurance	-	(422)	(422)	-	(327)	(327)	
Total	(60,207)	54,208	(5,999)	(63,487)	47,306	(16,181)	

- (1) The 2021-22 deficit on the vehicle testing fee account is mainly due to the loss of fee income and additional costs due to impact of COVID-19 on the provision of services.
- (2) The 2021-22 deficit on the driver testing fee account is mainly due to a higher cost base including the costs associated with a new contract for the provision of theory test services.
- (3) Driver licensing fees are set at less than full cost recovery as previously agreed by the Minister.
- (4) The objective of full cost recovery is not achievable on the fees set for taxi licensing due to lower than anticipated volumes of licence applications.

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 2022, the Agency had no remote contingent liabilities.



Chief Executive and Agency Accounting Officer

28 June 2022

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 2022 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

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

In my opinion the financial statements:

- give a true and fair view of the state of the Driver and Vehicle Agency's affairs as at 31 March 2022 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 and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of Driver and Vehicle Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the

Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that 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.

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;
- 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 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 Financial Provisions (Northern Ireland) Order;
- making enquires of management and those charged with governance on 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 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. 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

Comptroller and Auditor General

Northern Ireland Audit Office

1 Bradford Court

Galwally

BELFAST

BT8 6RB

30th June 2022

3

Financial Statements

Statement of Comprehensive Net Income	91
Statement of Financial Position	92
Statement of Cash Flows	93
Statement of Changes in Taxpayers' Equity	95
Notes to the Accounts	96



3. FINANCIAL STATEMENTS

Statement of Comprehensive Net Income for the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
INCOME			
Revenue from contracts with customers	3	(42,345)	(15,400)
Other operating income	3	(17,862)	(38,087)
Total income		(60,207)	(53,487)
EXPENDITURE			
Staff Costs	4	31,177	30,030
Other operating costs	5	22,925	17,145
Total operating expenditure		54,102	47,175
Operating (surplus)/deficit before net finance costs		(6,105)	(6,312)
Finance income		(29)	(4)
Finance costs		135	135
Net finance costs		106	(131)
Operating (surplus)/deficit after net finance costs		(5,999)	(6,181)
Dividends	6	-	-
Reinstatement of Reserves	3.1	-	(10,000)
Retained (surplus)/deficit for the year		(5,999)	(16,181)
Other Comprehensive Income			
Net gain on revaluation of property, plant & equipment	7	(681)	(381)
Net gain on revaluation of intangible assets	8	(1,260)	(173)
Comprehensive net (income)/expenditure for the year		(7,940)	(16,735)

The notes on pages 96 to 120 form part of these accounts

Statement of Financial Position

as at 31 March 2022

	Note	31 March 2022 £000	31 March 2021 £000
NON-CURRENT ASSETS			
Property, plant and equipment	7	34,423	27,283
Intangible assets	8	18,835	16,006
Total non-current assets		53,258	43,289
CURRENT ASSETS			
Inventories	9	66	36
Trade and other receivables	10	1,303	890
Cash and cash equivalents	11	60,477	48,186
Total current assets		61,846	49,112
Total assets		115,104	92,401
CURRENT LIABILITIES			
Trade and other payables	12	(7,233)	(5,834)
Deferred income	12	(27,933)	(14,669)
Provisions for liabilities and charges	13	(275)	(275)
Total current liabilities		(35,441)	(20,778)
Total assets less current liabilities		79,663	71,623
NON-CURRENT LIABILITIES			
Financial liabilities	12	(3,865)	(3,865)
Provisions for liabilities and charges	13	(2,184)	(2,084)
Total non-current liabilities		(6,049)	(5,949)
TOTAL ASSETS LESS TOTAL LIABILITIES		73,614	65,674
TAX PAYERS' EQUITY & OTHER RESERVES			
Public dividend capital		5,414	5,414
Revaluation reserve		9,527	7,913
Retained earnings		58,673	52,347
TOTAL EQUITY		73,614	65,674



Chief Executive and Agency Accounting Officer
28 June 2022

The notes on pages 96 to 120 form part of these accounts

Statement of Cash Flows

for the year ended 31 March 2022

	Note	2021-22		2020-21	
		£000		£000	
<i>Cashflows from operating activities</i>					
Retained surplus /(deficit) for the year			5,999		16,181
Adjustments for non-cash transactions			3,874		2,728
<i>Adjustment for items not relating to operations</i>					
Finance income			(29)		(4)
Finance costs			135		135
Dividends	6	-	106	-	131
(Increase)/decrease in trade & other receivables	10		(413)		274
Decrease/(increase) in inventories	9		(29)		(12)
(Decrease)/increase in trade & other payables	12		14,663		(433)
<i>Less movements in payables relating to items not passing through the SoCE</i>					
Decrease/(increase) in capital accruals			(416)		(1,095)
Decrease in interest receivable			-		(5)
Decrease in dividends payable	12		-		19
(Decrease)/increase in interest payable			(416)		(39)
					(1,120)
<i>Adjustment for non-cash movements on transfer of assets & 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		(101)		(134)
Net cash inflow from operating activities			23,683		17,615

Statement of Cash Flows (continued)
for the year ended 31 March 2022

	Note	2021-22	2020-21
		£000	£000
<i>Cashflows from investing activities</i>			
Purchase of property, plant & equipment		(8,083)	(4,872)
Purchase of intangible assets		(3,203)	(2,213)
Interest received		29	9
Net cash outflow from investing activities		(11,257)	(7,076)
<i>Cashflows from financing activities</i>			
Dividends paid		-	(19)
Interest paid		(135)	(96)
Net cash outflow from financing activities		(135)	(115)
Net increase in cash & cash equivalents in the year	11	12,291	10,424
Cash & cash equivalents at the beginning of the year	11	48,186	37,762
Cash & cash equivalents at the end of the year	11	60,477	48,186

The notes on pages 96 to 120 form part of these accounts

Statement of Changes In Taxpayers' Equity
for the year ended 31 March 2022

	Note	Retained Earnings	Revaluation Reserve	Public Dividend Capital	Total Equity
		£000	£000	£000	£000
Balance as at 31 March 2020		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)	-	-
Adjustment on transfer of land from parent department	1.16	-	-	-	-
Retained surplus/ (deficit) for the year		16,181	-	-	16,181
Balance as at 31 March 2021		52,347	7,913	5,414	65,674
Net gain on revaluation of property, plant & equipment	7		681		681
Net gain on revaluation of intangible assets	8		1,260		1,260
Transfer between reserves for realised depreciation		327	(327)		-
Retained surplus/ (deficit) for the year		5,999			5,999
Balance as at 31 March 2022		58,673	9,527	5,414	73,614

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 120 form part of these accounts

NOTES TO THE ACCOUNTS

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2021-22 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 Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency are described below. They have been applied consistently in dealing with items 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 2021-22. 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 (Review of Financial Process), 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 Agency 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 does not 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 Agency.

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 Income 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 Income.

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 Income 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 Income.

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 Agency 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 Agency'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 Agency 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 Agency recognises the contributions payable for the year.

1.8 Value Added Tax (VAT)

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

1.9 Leases

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

1.10 Provisions

The Agency 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 Agency 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 Agency'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 Income. 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 Agency 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	Enforcement Division	Driver & Passenger Transport Licensing	Vehicle Licensing	TOTAL
	2021-22	2021-22	2021-22	2021-22	2021-22
	£000	£000	£000	£000	£000
Gross Expenditure	39,574	3,938	10,365	331	54,208
Income	(45,087)	(4,083)	(10,706)	(331)	(60,207)
Net Expenditure (Income)	(5,513)	(145)	(341)	-	(5,999)

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

*Includes £10m reinstatement of reserves

3. Operating Income

	2021-22	2020-21
	£000	£000
Revenue from contracts with customers		
Vehicle test fees	27,264	8,168
Practical driving test fees	3,379	470
Driving theory test fees	2,296	761
Other fees and licences	253	127
Enforcement fees	1,590	944
Driver licensing fees	6,310	4,340
Taxi licensing fees	860	221
Taxi operator fees	143	134
Bus passenger transport licensing fees	250	235
	42,345	15,400
Other operating income		
Subsidy from parent department	7,079	5,550
COVID Support Income	8,965	31,000
Government capital grant income	1,408	945
Vehicle licensing enforcement	410	592
	17,862	38,087
Total income	60,207	53,487

£2.9m of deferred income which had been included in the opening deferred income fees balance has been recognised as income during the current year.

3.1 Reinstatement of Reserves

	2021-22	2020-21
	£000	£000
Reinstatement of Reserves	-	10,000
	-	10,000

In 2020-21 the Agency 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:

	2021-22	2020-21
	£000	£000
Wages and salaries	22,986	22,182
Social security costs	2,108	1,971
Other pension costs	6,083	5,877
Total cost	31,177	30,030

A breakdown of the above costs into permanent staff and others can be found in the Staff Report within the Accountability Report on page 70.

5. Other Operating Costs

	2021-22	2020-21
	£000	£000
Travel and subsistence	180	89
Rates and accommodation costs	2,859	1,996
IT system maintenance and other computer charges	1,787	1,726
Office services	282	388
<i>Contracted out services:</i>		
- Driving theory test	1,635	408
- Vehicle testing service charge	1,619	1,215
- Booking system service charge	1,258	1,211
- Security, cleaning and other	758	669
- Licence card production	752	469
Medical costs	1,747	1,300
Plant, equipment and vehicle costs	190	258
Bank and credit card charges	414	119
Auditor's remuneration*	24	24
Other expenditure	1,161	773
Services provided by parent department	1,302	1,566
Services provided by other NI government departments	3,082	2,206
<i>Non-cash items:</i>		
Depreciation and amortisation:		
- Property, plant and equipment	1,695	1,114
- Intangible assets	1,989	1,386
Impairment	(10)	(80)
Provisions:		
- Provided in year	223	333
- Provisions written back	(54)	(48)
- Cost of borrowing	32	23
Total cost	22,925	17,145

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

6. Dividends

	2021-22	2020-21
	£000	£000
Interim dividend paid	-	-
Final dividend payable	-	-
Total dividends	-	-

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 Agency to pay a 2021-22 dividend to the DfI to further increase the financial resilience of the Agency. In 2020-21 the Minister approved the removal of the dividend requirement due to the impact of 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
Cost or valuation							
At 1 April 2021	12,903	9,475	5,839	197	1,069	1,745	31,228
Additions	4	191	463	78	37	7,310	8,083
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	66	-	-	(66)	-
Revaluation	30	43	(2,733)	4	(461)	-	(3,117)
Impairment	-	13	-	-	(10)	-	3
At 31 March 2022	12,937	9,722	3,635	279	635	8,989	36,197
Depreciation							
At 1 April 2021	-	-	3,298	46	601	-	3,945
Opening balance adjustment	-	-	-	-	-	-	-
Charged in year	-	518	882	46	249	-	1,695
Disposals	-	-	-	-	-	-	-
Revaluation	-	(456)	(2,884)	3	(461)	-	(3,798)
Impairment	-	(62)	-	-	(6)	-	(68)
At 31 March 2022	-	-	1,296	95	383	-	1,774
Net book value at 31 March 2022	12,937	9,722	2,339	184	252	8,989	34,423
Net book value at 31 March 2021	12,903	9,475	2,541	151	468	1,745	27,283
Asset financing							
Owned	12,937	9,722	2,339	184	252	8,989	34,423
Net book value at 31 March 2022	12,937	9,722	2,339	184	252	8,989	34,423

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

	Land	Buildings	Plant & Machinery	Transport Equipment	Information Technology	Payments on account and assets under construction	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2020	12,895	9,522	7,024	637	759	73	30,910
Opening balance adjustment	-	-	-	-	-	-	-
Additions	8	-	2,552	71	569	1,672	4,872
Disposals	-	-	(2)	-	-	-	(2)
Revaluation	-	(46)	(3,726)	(511)	(259)	-	(4,542)
Impairment	-	(1)	(9)	-	-	-	(10)
At 31 March 2021	12,903	9,475	5,839	197	1,069	1,745	31,228
Depreciation							
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)
At 31 March 2021	-	-	3,298	46	601	-	3,945
Net book value at 31 March 2021	12,903	9,475	2,541	151	468	1,745	27,283
Net book value at 31 March 2020	12,895	9,522	292	122	160	73	23,064
Asset financing							
Owned	12,903	9,475	2,541	151	468	1,745	27,283
Net book value at 31 March 2021	12,903	9,475	2,541	151	468	1,745	27,283

The above table has been amended to restate the ongoing construction of the new test centre and depot at Hydebank as assets under construction, in the previous year this had been included as buildings.

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 Agency's properties associated with Testing operations were revalued by Land and Property Services (LPS) on 25th March 2022 at £13,560,000 (2021: £13,490,000) on an existing use basis. This valuation includes freehold land not depreciated of £4,450,000 (2021: £4,420,000) and long leasehold land not depreciated of £2,420,000 (2021: £2,420,000). The valuation excludes land transferred from DfI in March 2018 which is valued at its value at date of acquisition as it is not yet in operational use.

The Agency's properties associated with Enforcement operations (including the weighbridges) were valued by LPS on 25th March 2022 at £2,709,727 (2021: £2,698,487) on a depreciated replacement cost basis. This valuation includes weighbridge land not depreciated of £1,435,000 (2021: £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.

The outbreak of COVID-19 and the measures taken to restrict spread of infections continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date the majority of asset classes within the local property market are mostly functioning again, with transaction volumes and other relevant evidence at, or returning to, levels where an adequate quantum of market evidence exists upon which to base opinions of value. This is true of the asset types identified and valued herein. Accordingly, and for the avoidance of doubt, the valuation figures presented are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

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
Cost or valuation					
At 1 April 2021	18,505	11	88	899	19,503
Opening balance adjustment	(1)	(1)	1	1	-
Additions	3,619	-	-	-	3,619
Disposals	-	-	-	-	-
Revaluation	1,656	-	(19)	-	1,637
Impairment	-	-	-	(61)	(61)
Reclassifications	455	-	-	(455)	-
At 31 March 2022	24,234	10	70	384	24,698
Depreciation					
At 1 April 2021	3,445	2	50	-	3,497
Opening balance adjustment	-	-	-	-	-
Charged in year	1,978	2	9	-	1,989
Revaluation	398	-	(21)	-	377
At 31 March 2022	5,821	4	38	-	5,863
Net book value at 31 March 2022	18,413	6	32	384	18,835
Net book value at 31 March 2021	15,060	9	38	899	16,006
Asset financing					
Owned	18,413	6	32	384	18,835
Net book value at 31 March 2022	18,413	6	32	384	18,835

8. Intangible Assets (Continued)

	Information Technology	Internally Developed Software	Software Licences	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000
Cost or valuation					
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)	-
At 31 March 2021	18,505	11	88	899	19,503
Depreciation					
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)
At 31 March 2021	3,445	2	50	-	3,497
Net book value at 31 March 2021	15,060	9	38	899	16,006
Net book value at 31 March 2020	6,695	10	49	7,157	13,911
Asset financing					
Owned	15,060	9	38	899	16,006
Net book value at 31 March 2021	15,060	9	38	899	16,006

9. Inventories

	31 March 2022	31 March 2021
	£000	£000
Fuel stock	66	36
Total inventories	66	36

10. Trade and Other Receivables

	31 March 2022	31 March 2021
	£000	£000
Trade receivables	-	1
Other receivables	71	82
Prepayments and accrued income	408	101
VAT	824	706
Total receivables	1,303	890

11. Cash and Cash Equivalents

	31 March 2022	31 March 2021
	£000	£000
Balance at 1 April	48,186	37,762
Net change in cash and cash equivalent balances	12,291	10,424
Balance at 31 March	60,477	48,186
Commercial banks and cash in hand	685	1,705
Short term investments	59,792	46,481
Balance at 31 March	60,477	48,186

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 2022	31 March 2021
	£000	£000
Amounts due within one year		
Trade payables	574	548
Other payables	33	120
Accruals	4,905	3,861
Capital accruals – Property, plant and equipment	1,376	1,017
Capital accruals – Intangible assets	345	288
	7,233	5,834
Deferred Income		
Deferred Income – Fees	6,423	2,683
Deferred Income – Capital Grant	21,510	11,986
	27,933	14,669
Amounts due after more than one year		
Loan from parent department	3,865	3,865
Total payables	39,031	24,368

13. Provisions for Liabilities and Charges

	Employee Liability	Public Liability	Early Departure	Equal Pay	Injury Pensions	Legal Claims	TOTAL
2021-22	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	205	-	107	7	531	1,509	2,359
Opening balance adjustment	-	-	(1)	1	-	-	-
Provided in the year	86	36	1	-	99	-	222
Provisions not required written back	(30)	-	-	-	-	(24)	(54)
Provisions utilised in the year	(15)	-	(61)	-	(25)	-	(101)
Borrowing costs	-	-	-	-	33	-	33
Balance at 31 March 2022	246	36	46	8	638	1,485	2,459

Analysis of expected timing of provisions:

	Employee Liability	Public Liability	Early Departure	Equal Pay	Injury Pensions	Legal Claims	TOTAL
2021-22	£000	£000	£000	£000	£000	£000	£000
Not later than one year	-	-	-	-	-	275	275
Later than one year and not later than five years	246	36	46	8	638	1,210	2,184
Later than five years	-	-	-	-	-	-	-
Balance at 31 March 2022	246	36	46	8	638	1,485	2,459

13. Provisions for Liabilities and Charges (Continued)

	Employee Liability	Public Liability	Early Departure	Equal Pay	Injury Pensions	Legal Claims	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
Balance at 31 March 2021	205	-	107	7	531	1,509	2,359

Analysis of expected timing of provisions:

	Employee Liability	Public Liability	Early Departure	Equal Pay	Injury Pensions	Legal Claims	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
Balance at 31 March 2021	205	-	107	7	531	1,509	2,359

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. The Agency 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. Previously, the rate in Northern Ireland was set by the Department of Justice in accordance with principles set out by the House of Lords in Wells v Wells, and was changed under that framework (from 2.5%) to -1.75% with effect from 31 May 2021. Following enactment of the

Damages (Return on Investment) Act (Northern Ireland) 2022 in February 2022, the rate is now determined by the Government Actuary who completed his first review under the new legislative framework in March 2022, resulting in the rate changing again to -1.5% with effect from 22 March 2022.

Other Legal issues

Other legal cases include a provision for holiday pay. 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 June 2021 but this has subsequently been adjourned and re-listed for December 2022. The 2021-22 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. Obtaining relevant approvals.

14. Contingent liabilities disclosed under IAS 37

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

On 4 February 2022 the Agency issued a Notice of Termination to a contractor following unresolved performance issues. The contractor subsequently sought an injunction, which is now the subject of a High Court hearing.

15. Capital Commitments

At 31 March 2022, the Agency had £13,250k (2021: £26,947k) 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 2022	31 March 2021
	£000	£000
Not later than one year	11	19
Later than one year but not later than five years	-	11
Balance at 31 March	11	30

17. Other Financial Commitments

The Agency 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 2022	31 March 2021
	£000	£000
Not later than one year	4,043	3,504
Later than one year but not later than five years	6,887	9,784
Later than 5 years	-	6,556
Balance at 31 March	10,930	19,844

18. Corporate Financial Target

	2022		2021	
	Actual	Target	Actual	Target
Return on average capital employed	8.77%	3.5%	11.01%	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, the Agency 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 the Agency.

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

20. Financial Instruments

As a Trading Fund, the cash requirements of the Agency 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. The Agency 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 30 June 2022.

