Driver & Vehicle Agency

An Agency within the Department for
Infrastructure

Gníomhaireacht laistigh den Roinn
Bonneagair

An Agency wi'in the Depairtment fur
Infrastructure

www.infrastructure-ni.gov.uk

Annual Report and Statement of Accounts

FOR THE YEAR ENDED
31 MARCH 2024

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DRIVER AND VEHICLE AGENCY

ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2023-24

For the year ended 31 March 2024

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 5th July 2024.

This publication is available at www.infrastructure-ni.gov.uk

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ISBN 978-1-78522-013-5

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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 2024.

Our focus this past year has been on 3 key areas, namely: **Our Services; Our Infrastructure and Assets;** and **Our Organisation**. In overall terms, we have achieved 11 of the 14 key performance targets that were agreed at the start of the year, and this is very pleasing particularly given the challenging circumstances we faced.

In terms of delivering **Our Services,** the major challenge during the year has been to meet the increasing demand for our vehicle testing services, and within reasonable timeframes. Our Business Plan target was 'to provide over 1.2 million appointment slots'. Whilst we achieved the target, unfortunately this was not sufficient to meet the very high demand for this service. On the driver testing side, we delivered almost 63,000 driving tests, and whilst we continue to make progress in reducing average waiting times in this area, we were unable to meet the ambitious average waiting time target. We did, however, achieve all of our key licensing and enforcement targets, helping us meet the needs of a wide range of customers and stakeholders.

On **Infrastructure and Assets**, we have continued to invest in our digital systems and we introduced a number of enhancements to our online services for various customer groups, including learner drivers, lorry and bus drivers and approved driving and motorcycle instructors. These improvements have seen a significant increase in the use of our digital channels and have been popular with users.

Our new office accommodation at Hydebank, on the outskirts of Belfast, opened for staff in February 2024 and has been very well received by the teams that use it. The construction of a new test centre at Hydebank was also completed in February 2024 and opened for driver testing in April 2024. Whilst the equipment contractor has completed the installation and commissioning of new vehicle testing equipment and associated software, this continues to undergo user acceptance testing to ensure it has been installed and commissioned in accordance with the contract specification.

Following receipt of planning permission for a new test centre at Mallusk, the contract was awarded during 2023-24 and plans are progressing for its construction. Together with the new centre at Hydebank, which is due to open later in 2024, this will provide capacity to test around 200,000 additional vehicles annually.

From an **Organisation** perspective, managing our financial position has also been a priority for us this year. In October 2023, we implemented fee increases for vehicle and driving tests to recover the increasing costs of delivering our services. This was the first increase for most vehicle test fees since 2005 and for most practical driving test fees since 2009. Since these fees were last increased, we have introduced new vehicle and driving test booking and information systems and we will continue to invest in and improve the services we offer our customers.

Staff across the Agency have worked tirelessly to deliver our services to customers, and I am proud of what we have achieved, in what has been a challenging environment. I thank them sincerely for their efforts.

Looking forward, we will continue to work hard to provide the standard and variety of services that our customers should expect, as safely and efficiently as we can. In particular, we will strive to open our new test centre at Hydebank for vehicle testing and reduce waiting times for MOT appointments.

Jeremy Logan

26 June 2024
Chief Executive

Non-Executive Board Member Report

Governance

The non-executive members of the board and Audit and Risk Assurance Committee (ARAC) completed a full cycle of board and committee meetings through the year, helping to provide an independent review of the agency's operation and management. In that, they were strongly supported and facilitated by the senior management of the Agency and the scrutiny of both Internal Audit and the Northern Ireland Audit Office.

Operational Performance

In the financial year ended in March 2024 the Agency continued to focus on delivery of the critical vehicle and driver testing services, achieving very high levels of performance in each of these services. However, the performance has not met the targets set for these services and continues to dominate much of the discussion in Board meetings and in the work of the ARAC. The Agency has responded by increasing capacity, working additional hours and recruiting additional staff. Work continues on the infrastructure projects which will address capacity in the longer term. The management team are to be commended for their continued focus ensuring that the impact on the public is minimised. It is recognised that these measures have come at a cost with the Agency incurring additional costs. The financial impact of such actions remains a focus for the team.

Business Improvement

The ambitious program of investment in infrastructure and processes continued to progress in the year, notably the new centres at Hydebank and Mallusk.

The Agency has relocated to the new office accommodation within Hydebank, however the test centre is still incomplete and this remains an area of risk for successful completion. The Board continue to review the situation and are working to minimise the impact of any resultant delays.

The Business Improvement Board was established to oversee issues and implement the benefits realised by the Transformation Programme. The Agency's ARAC 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.

Within its remit, and taking account of exceptional business conditions, the Committee was encouraged by the risk focus, and took assurance from the full program of audits undertaken.

Conclusion

The Agency 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 2023-24.

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.

As a consequence of the absence of an Executive, the Department operated without the direction and control of a Minister from 28 October 2022, with senior Departmental officials taking some decisions under the Northern Ireland (Executive Formation etc) Act 2022. Following restoration of the Executive, John O'Dowd MLA was announced as Minister for Infrastructure on 3 February 2024.

Vision

> **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 (PfG)

The Northern Ireland Act 1998 and the Belfast (Good Friday) Agreement require the Executive to seek to agree a programme of work. There is no prescribed form or function that such a programme must take, and the contents and purpose of any Programme for Government (PfG) is a decision for an Executive to take. The Executive was re-established on the 3 February 2024 and are currently working on a PfG which will be published when agreed. No PfG was in place for the financial year 2023-24.

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's 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 is shown on the next page.

Organisational Structure

Jeremy Logan
Chief Executive

- **Pat Delaney** – Director of Operations
  - **Donna O'Brien** – Head of Testing Operations
  - **Claire Devlin** – Head of Driver & Vehicle Standards
  - **Geraldine Webb** – Head of Operations Administration Branch
- **Mike Beare** – Director of Business Improvement
  - **Jim Devlin** – Head of Infrastructure
  - **Paul Gillen** – ICT Level 7 Advisor
  - **Claire Reilly** – Acting Head of Programme Management Office & Customer Services
- **Jonathan Furphy** – Director of Compliance, Enforcement & Licensing
  - **Geraldine Molloy** – Acting Head of Driver Licensing
  - **Fionnuala Donnelly** – Driver Licensing Service Improvement
  - **Tony McConnell** – Head of Passenger Transport Licensing Regulation & Compliance
  - **Stephen Spratt** – Head of Compliance & Roadside Enforcement
- **Siobhan Lynn** – Acting Director of Financial Management & Corporate Services
  - **Mark McKeown** – Acting Head of Financial Management and Governance
  - **Barry Kearney** – Acting Head of Contract Management, Procurement and Health & Safety
  - **Sandra Grieve** – Contract Management Special Exercises
  - **John McAuley** – Head of Communications & Chief Executive's Office

Risk

We follow the Department's Risk Policy and Framework for Risk Management and have a risk management process 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 continued to be faced during the year including, risk associated with the health & safety of our staff and customers, risk associated with delivering our services as a result of the inability to recruit and retain staff to fill key posts, risk associated with the financial position of the Agency, and risk associated with the poor performance of a commercial contractor.

More detail on Risk Management, the Control Framework and the risks faced by the Agency is outlined in the Corporate Governance Report on page 34.

Overview of Performance

In broad terms, we achieved 11 of our 14 Key Performance Targets. More detail on performance is provided in the following pages, including detailed explanations on the targets not fully achieved.

1.2 PERFORMANCE ANALYSIS

Our performance has been measured against the key targets approved by the Permanent Secretary as set out in our 2023-24 Business Plan, which can be found at the following link: DVA Business Plan 2023-2024 | Department for Infrastructure (infrastructure-ni.gov.uk)

The 2023-24 year remained a very challenging time for the Agency. We worked hard to deliver on our three priorities namely, Our Services, Our Infrastructure and Assets, and Our Organisation. Our business plan detailed 14 key performance targets against our priorities and our focus was on delivering high levels of services for our customers; progressing our Infrastructure Project; progressing our digital business improvement work to help improve our customer service; and delivering our Health & Safety operational plan to ensure our people work in a safe and positive environment and our customers are safe when physically interacting with us in the delivery of our services.

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 Permanent Secretary.

Overall, we achieved 11 of our 14 key performance targets during 2023-24, with significant work delivered against the targets not fully achieved. These targets, together with details of how we performed in relation to each, are set out on pages 14-16.

1.3 PERFORMANCE AGAINST KEY TARGETS

We achieved 11 of our 14 targets, detailed explanations on the targets not fully achieved are included at Section 1.4 on page 16.

Target Number	Key Performance Target	Performance	Result
1	For vehicle testing, we will provide over 1.2 million appointment slots.	1,205,650 appointment slots provided	Achieved
2	For driver testing, the average waiting time for category B (private car) practical tests will be 6 weeks (42 days) or less by 31 March 2024.	Average waiting time 59 days	Not Achieved
3	For commercial licensing, we will dispatch 95% of taxi driver badges within 10 working days of receipt of all documentation.	99.83%	Achieved
4	For commercial licensing, we will dispatch 95% of taxi plates within 5 working days of receipt of all documentation.	99.96%	Achieved
5	For driver licensing, we will issue 90% of driving licence applications made by post within 10 working days of receipt.	96.5%	Achieved
6	For driver licensing, we will issue 95% of online driving licence applications within 5 working days of receipt.	98.7%	Achieved
7	For our customers, we will reply to: 97% of stage 1 complaints within 15 working days; and 97% of stage 2 complaints within 10 working days.	99.4% 98.9%	Achieved
8	For compliance & enforcement, we will achieve at least 8 out of the 10 Compliance and Enforcement targets by 31 March 2024.	10 targets achieved	Achieved

Target Number	Key Performance Target	Performance	Result Achieved /Not Achieved
9	By 31 March 2024 we will: • complete the construction of the new test centre and depot at Hydebank; and • award a contract for the construction of the new test centre at Mallusk.	Construction completed. Contract awarded on 25 January 2024.	Achieved
10	We will progress our business improvement work by completing our digital work programme for the year by 31 March 2024.	25 of 26 work items completed.	Not Achieved
11	By the 31 March 2024, we will complete a review of the administrative support of our digital applications.	Review completed.	Achieved
12	We will deliver our health and safety work programme by 31 March 2024.	Fully delivered.	Achieved
13	We will achieve the trading fund financial target to break even taking one year with another.	2023-24 deficit position of £0.6m taken with 2022-23 surplus position of £4.16m. Overall surplus position of £3.56m	Achieved
14	We will generate a return on capital employed greater than 3.50%.	-4.73%	Not Achieved

1.4 EXPLANATIONS FOR KEY TARGETS NOT ACHIEVED

Target 2 – For driver testing, the average waiting time for category B (private car) practical tests will be 6 weeks or less by 31 March 2024.

A recruitment competition for driving examiners was initiated by the Agency in May 2023, however delays with launch of the competition resulted in the first tranche of new driving examiners not being appointed until March 2024. This delay in recruitment meant that the waiting time target for a category B (private car) driving test could not be achieved by 31 March 2024. At the end of March 2024, the average waiting time for a Category B (private car) driving test was 59 days.

Target 10 – By 31 March 2024 we will progress our business improvement work by completing our digital work programme for the year.

The digital work programme for the year was taken forward and included 26 items of work. Significant work was delivered during the year with 25 out of the 26 items of work completed. The overall target was not achieved due to one item not being taken forward due to IT Assist budget constraints.

Target 14 – We will generate a return on capital employed greater than 3.5%.

The Agency operates a trading fund which is 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.

The outturn financial position for the 2023-24 year was an operating deficit (before net finance income) of £3.8m. This deficit position was due to an increased cost base, including higher staff costs, increased amortisation of ICT systems and impairment charges in respect of the newly constructed test centre and office accommodation at Hydebank. Due to the operating deficit, no return on capital employed was generated. The outturn against the target of 3.5% was -4.73%.

PERFORMANCE SUMMARY BY BUSINESS AREA

DRIVER LICENCE

96.5% of driving licence applications made by post ISSUED WITHIN 10 WORKING DAYS

98.7% of online driving licence applications ISSUED WITHIN 5 WORKING DAYS

99.96% taxi plates DISPATCHED WITHIN 5 WORKING DAYS

99.83% taxi driver badges DISPATCHED WITHIN 10 WORKING DAYS

272,950 DRIVING LICENCES ISSUED

11 of the 14 key performance targets achieved

10 out of 10 COMPLIANCE & ENFORCEMENT TARGETS ACHIEVED

Responded to:

99.4% OF STAGE 1 COMPLAINTS WITHIN 15 WORKING DAYS

98.9% OF STAGE 2 COMPLAINTS WITHIN 10 WORKING DAYS

1,138,993 vehicle tests CONDUCTED

1,205,650 VEHICLE TEST APPOINTMENT SLOTS PROVIDED (target 1.2 million)

67,881 driving test appointment slots provided

62,874 driving tests CONDUCTED

1.5 PERFORMANCE SUMMARY BY BUSINESS AREA

Although 2023-24 has seen significant challenges for the Agency it is important that we recognise the performance that has been delivered this year across all of our services despite the difficult context.

Driver Licensing

During 2023-24 a total of 272,950 driving licences (ordinary and vocational) were issued (2022-23: 261,701). The level of licences issued through the use of the online service increased from almost 70% in 2022-23 to 72% in the 2023-24 year.

We issued 96.5% (2022-23: 92.6%) of driving licence applications made by post within 10 working days of receipt against a target of 90%; and issued 98.7% (2022-23: 98.6%) of online driving licence applications within 5 working days against a target of 95%.

The View and Share driving licence online service which allows a driver to view their driving record, including the expiry date, address, and other details that the Agency holds, continued to be a success during 2023-24. This online service means 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. In the 2023-24 year, just over 3,000 share codes were created.

In February 2023 a new online First Provisional Driving Licence application service and renewal of lorry and bus licence service were launched. More than 8,900 first provisional licences were processed through the online service in the 2023-24 year, which represents 29% of the total number of provisional licences processed. Online applications can be processed more quickly than postal applications with the Agency aiming to process the licences within five working days of receipt of a completed application. Making this service available online means all of the main transactions for our driver licensing services are now available online. This was a significant milestone following our digital transformation and business improvement work over the past six years.

During 2022-23 we faced significant delays in the provision of medical services for assessing medical fitness to drive. In February 2023, we awarded a contract to an external supplier for the provision of Professional Medical Advisory Services. During 2023-24, the contractor cleared the backlog of cases awaiting assessment carried over from 2022-23, managed new cases arising in 2023-24 and delivered against all key performance indicators as outlined in the contract. This has meant assessment turnaround times have returned to normal levels during the year.

We are also working on improvements to our medical assessments processes. In March 2024, we implemented changes to our online renewals and first provisional application service to capture medical information from the applicant in relation to the following medical conditions – sleep apnoea, diabetes, and the neurological developmental conditions including attention deficit hyperactivity disorder (ADHD) and autism spectrum disorder. These new processes will streamline the process for assessing these medical conditions, by enabling our staff to make a determination on some applications without the need to issue additional medical information forms. We continue to review our medical forms and to identify further conditions where we can obtain information at the point of application.

Driver Testing

The Agency continues to work tirelessly to increase its capacity to meet the high demand for driver testing.

For 2023-24 the driver testing key performance target was changed to a target based on waiting times in contrast to the 2022-23 target which was based on a number of appointment slots. The average waiting time for a Category B (private car) driving test was 59 days against a target of 6 weeks (42 days) or less by 31 March 2024. The target of 6 weeks (42 days) was not achieved due to a delay in recruiting driving examiners. More information is provided on this on page 16. During 2023-24 we provided 67,881 driving test appointment slots (2022-23 72,307). We conducted 62,874 driving tests, compared with 68,540 in 2022-23 which was the highest number of tests conducted since 2008-09.

During 2023-24 the Agency continued to work with the Driver & Vehicle Standards Agency (DVSA) in GB who deliver the theory test through several separate contracts, including some which are DVSA in-house managed services. Service management arrangements with DVSA are now well embedded and operating well and the service is being delivered to a high level of customer satisfaction (96.2% average for 2023-24). During 2023-24, 105,899 theory test appointments were booked (2022-23 110,237), with 89,355 tests delivered (2022-23 87,409).

Vehicle Testing

Our vehicle testing services continued to experience high demand during 2023-24. To increase vehicle testing capacity in our test centres 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 offering vehicle test appointments on a Sunday and bank holidays at most test centres.

During 2023-24 we provided just over 1.2 million (1,205,650) vehicle test appointment slots against a target of 1.2 million. This compares to 1,218,161 appointment slots provided in 2022-23 against a target of 1.1 million.

In 2023-24, 1,138,993 vehicle tests were conducted during the year, compared with 1,155,563 vehicle tests conducted in 2022-23 which was the highest number ever recorded by the Agency.

Despite our efforts to increase vehicle testing capacity, we continue to experience a high demand for this service, and in some cases, customers cannot have their vehicles tested before their current MOT certificate expires. We have taken steps to ensure that motorists are still able to use their vehicles when they are unable to secure an MOT appointment and have consulted with the Police Service of Northern Ireland (PSNI) and the Association of British Insurers to make them aware of the position and put appropriate mitigations in place. We also have a process in place to help customers who require an MOT to tax their vehicle and cannot secure an appointment before their tax expires.

Passenger Transport Licensing

During 2023-24 a total of 1,724 taxi driver licences badges (new and renewal) were dispatched (2022-23: 1,687) with 99.83% of these issued within 10 days against a target of 95% (2022-23: 99.8% against a target of 95%). 100% of these applications were made via the on-line commercial licensing system. We also printed and dispatched 8,264 sets of taxi plates (2022-23: 6,458) and issued 99.96% of these within 5 days against a target of 95% (2022-23: 99.94% against a target of 95%). We also dealt with 196 Bus Operator (BOL) and 415 Taxi Operator Licence (TOL) applications (2022-23: 166 and 552) and 1,703 requests for changes to these licences (2022-23: 1,220).

The taxi and bus industries can apply and manage their licences remotely and this service has been well received by the industry. During 2023-24 a range of service enhancements were introduced to the system. These enhancements have further improved the Agency's service delivery to the taxi and bus industries and proven to be popular with customers.

During the year we have continued to work with colleagues in the Department and other stakeholders on a range of issues including, cross border authorisations and bus permits, issues relating to the taxi industry and introduced His Majesty's Revenue and Customs (HMRC) Tax check for taxi driver licence applications.

Compliance and Enforcement

For 2023-24, we achieved 10 out of the 10 compliance and enforcement targets included in the Agency's Business Plan for the year.

Throughout the year we stopped and inspected various classes of commercial and private motor vehicles on our roads to ensure they were being used in strict compliance with legal requirements. This was achieved through a combination of targeted roadside spot checks and compliance audits conducted at transport operator's premises. These checks help to prevent accidents, reduce the risk of serious injury to drivers, passengers, and other road users whilst protecting our environment and promoting fair competition throughout the road transport sector.

This work was further enhanced through working collaboratively with other enforcement bodies, such as the PSNI, HMRC and Border Force. This multi-agency approach enabled our resources to be used more effectively and targeted towards those road users who were most likely to flout the law, with enforcement outcomes reported to the Department's Transport Regulation Unit (TRU) and Passenger Transport Licensing Division (PTLD) for further regulatory consideration.

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. In addition, we carried out a HGV compliance survey to determine the compliance of HGVs used on Northern Ireland roads.

We provided support to the taxi industry through the delivery of taximeter tests at seven roadside test sites. These tests incorporated a roadside inspection to ensure that those taxis presented for test had been properly maintained and were fit for service.

The section has continued to progress its ICT business improvement programme by enhancing digital support for our Compliance Audit Team who often work remotely at operator's premises as well as improving the targeting and detection of offenders.

Business Improvement & Infrastructure Modernisation

Work has continued this year on the Agency's business improvement programme to further maximise the benefits from the investment in information technology. The type of projects progressed included the development of additional online services, improved back-office functionality, further integration and strengthening the performance and resilience of technical platforms. The automated rostering element of our vehicle and driver testing Booking & Rostering system, which will replace the current manual process for staff scheduling, is nearing completion and is due to be implemented by September 2024.

Significant work was completed on reporting, with ongoing development on both Driver Licensing and Testing Operations which feed into an executive level dashboard to support monthly Strategic Management Board meetings.

An on-going organisational review is seeking how the Agency can best provide support for its six key ICT applications, which underpin a multitude of digital services, in the most effective and efficient manner, ensuring consistency of approach across the applications and services.

In relation to our Infrastructure, a significant milestone was reached in February 2024 during the year with the construction completion and handover of our two new buildings, Hydebank House office accommodation and depot; and Hydebank Test Centre, both in Belfast. Work is ongoing to prepare for the introduction of vehicle testing at the newly constructed test centre and driving tests commenced from this location on the 3 April 2024. Designs for a further new test centre at Mallusk are being finalised in preparation for construction to commence. Plans are also being developed for the roll out of new vehicle testing equipment to existing test centres.

Customer Service

2023-24 has been another busy year for the dedicated Customer Services team which deals initially with the vast majority of customer emails received by the Agency. There continued to be a high level of correspondence from customers, the main issues being the availability of driving tests and MOT appointments, request for earlier appointments for vehicle tax purposes and delays in processing driving licences. There were approximately 75,000 emails, 61 compliments and 872 complaints received, regarding DVA services. A complaints analysis report is produced annually and can be found on the Department for Infrastructure website.

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 significant changes to service provision, the introduction of new systems and operational pressures have placed a greater focus on the work of the team.

Throughout 2023-24, the team was heavily involved in stakeholder engagement and internal communications associated with the Hydebank project, providing support to the wider infrastructure project, including the new Mallusk test centre project.

As the Agency continues to deal with high levels of demand for its services and operational pressures, the Communications team worked to ensure that the appropriate media have been used to deliver key, timely and targeted messages to customers and stakeholders. This included managing the Agency's content on the nidirect website, coordinating the actions of the contact centre, updating direct to customer communications and producing illustrative videos including one on the practical driving test.

The team also provided support for the introduction and launch of a number of new and updated services, including the introduction of new online services for driving instructors and provisional driving licences, new services to check taxi and bus licences online and new HMRC requirements for the renewal of taxi licences.

In addition to the above, the team has continued to provide professional communications support and advice on a range of key items of work within the Agency. This included communications support for the introduction of revised fees for vehicle and driver testing and the associated public consultation, as well as support with other public consultations launched by 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 24 May 2024. These can be found on the Department's website at the following link: [DfI Driver, Vehicle, Operator, and Enforcement Statistics - 2023-24 - Quarter Four | Department for Infrastructure (infrastructure-ni.gov.uk)]

Sustainability reporting

In June 2022 Northern Ireland obtained its first climate legislation with the introduction of the Climate Change Act (Northern Ireland) 2022. This sets a clear statutory target of net zero emissions by 2050 and places a statutory duty on all Government departments to exercise their functions in a manner that is consistent with achieving that target as far as possible. The requirements contained within the Climate Change Act are underpinned by a number of additional key strategic drivers which require actions that contribute to achieving Net Zero, a clean environment rich in biodiversity and promoting a sustainable economy.

The Agency's activities are wide ranging, and a summary of the actions undertaken this year to support our ambition to become a more sustainable organisation and contribute to the government's commitment to reduce its impact on the environment, have been set out below.

As part of our vehicle testing process, we conduct a fully compliant diesel emissions test on all heavy goods vehicles, buses and vans over 3,500kgs, and a partial diesel emissions test for cars and light goods vehicles. The partial diesel emissions test includes a visual inspection of the vehicle's emissions, the testing of components of the exhaust system and a check of the engine Malfunction Indicator Light (introduced in May 2019 as a testable item), which indicates a defect in the vehicle emission control systems. We are working to being able to carry out a full diesel emissions test for cars and light goods vehicles and have completed a design of new test centres that will facilitate the safe and effective introduction of emissions testing for all vehicles. The first of these new test centres at Hydebank in Belfast completed construction during the year, and a second is planned for opening at a new site in Mallusk in Newtownabbey in 2025.

We also monitor new roadworthiness testing technology and best practice. In Autumn 2022, we began investigating the latest emerging technology for measuring emissions. We identified a Particulate Number (PN) counter which conducts emissions tests whilst the vehicle is at idle. This test has been reported to be highly effective in accurately measuring the level of particulate matter produced by vehicles fitted with a Diesel Particulate Filter. As such it is suitable for testing the majority of diesel vehicles fitted with the latest Euro 5b and 6 engines. We are currently assessing several different PN counter models to see if PN testing could be safely introduced at the existing network of test centres as well as at new test centres. If successful, this would enable the Agency to conduct a much more effective and advanced diesel emissions test on Euro 5b and 6 cars and light goods vehicles. This work is subject to the outcome of public consultation and associated legislative amendments.

The design and construction of the new test centre and Depot at Hydebank, completed on 7 February 2024, aligns with the NI Executive's Energy and Green Growth Strategies through the use of modern building materials, interlocking doors, high efficiency boilers, radiant heating, zoned areas and sensors. They also decarbonised power and heat in these buildings through the use of photovoltaic panels and natural light whilst reusing natural resources through rainwater harvesting. We have offset our carbon footprint through our landscape management plans and the planting of a range of indigenous trees, shrubs and herbaceous plants to add to the biodiversity of the area. The design of the new test centre has been used as the template for proposals for the new test centre at Mallusk which is currently being progressed through the technical design phase.

The introduction of new and enhanced online services has greatly reduced the amount of paper generated in the back-office and by customers. For those customers who cannot, or choose not to, use the online services, a telephony service where an agent will complete the online transaction on their behalf is provided. This has enabled the removal of counter services, and therefore reduces the need for customers to travel to complete face-to-face transactions.

The Agency continues to take its responsibility for recycling seriously and operates recycling across its estate. In our buildings, all lighting repairs in our existing buildings, including test centres, have been converted to LED.

The Compliance & Roadside Enforcement section currently has a Goods Enforcement Team operating from bases in Belfast & Craigavon and a Public Service Vehicle (PSV) Enforcement Team operating from Belfast with a fleet of 16 vehicles utilised to carry out roadside enforcement activities throughout Northern Ireland. The fleet of 16 vehicles is comprised of seven fully electric cars, two hybrid cars, four diesel cars and three diesel specialised vans. It is proposed that the remaining diesel-powered cars within our fleet will be replaced with either hybrid or fully electric equivalent vehicles over the next number of years. As well as significant fuel saving benefits, utilising electric or hybrid vehicles has helped promote a cleaner environment whilst making a meaningful contribution towards reducing our carbon footprint. 44% of fleet utilised by the Compliance & Roadside Enforcement section is categorised as Ultra-Low Emission Vehicles.

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 and new building designs 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.

The Agency continues to support the New Ways of Working policy where possible and has supported employees in its implementation to reduce the need to travel and reduce employees carbon footprint. The New Ways of Working policy has also seen a decline in commuting for some of our staff. This alongside the introduction of new and enhanced online services, has 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. As well as reducing the need to commute to an office the Agency has taken advantage of using video conferencing technology such as Microsoft Teams to hold online meetings, which often removes the need to travel to meetings in person. This not only reduced the carbon footprint but also reduced the cost of travel which would normally be reimbursed.

1.6 FINANCIAL PERFORMANCE

Operating deficit

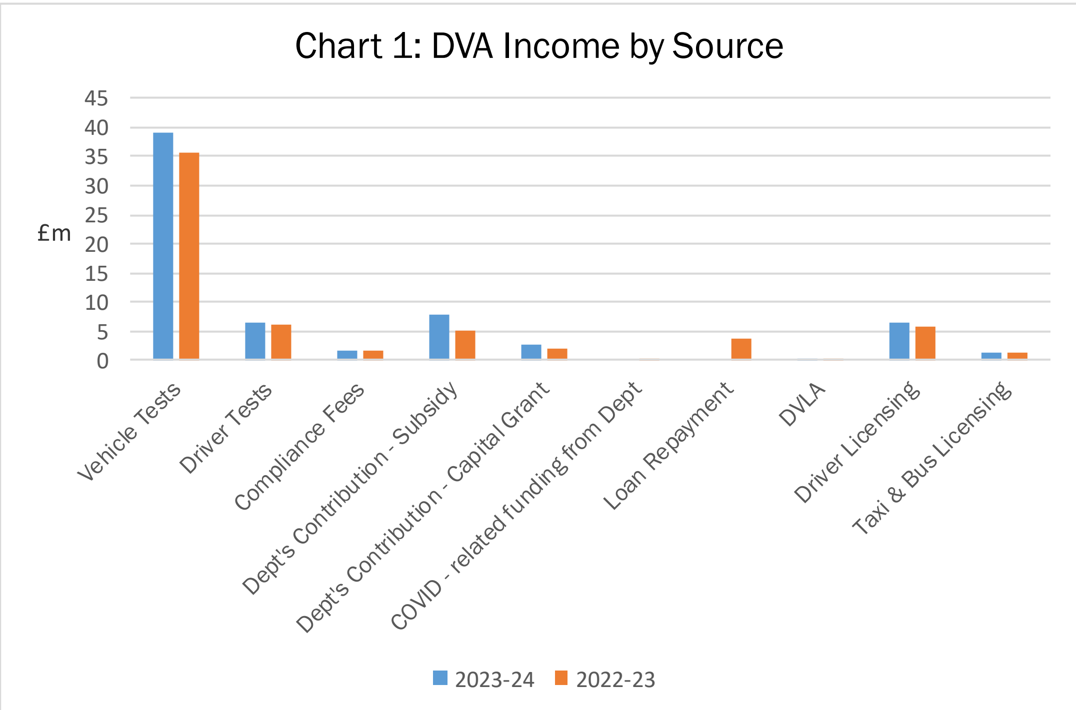
The Agency made a small operating deficit for the year of £0.6m compared with a surplus of £2.9m in the previous year.

Income

The Agency received income of £65.5m during the year (2022-23 £58.0m).

Vehicle test fees increased by £3.4m in 2023-24 to £38.9m (£35.5m 2022-23). Driver test fees increased by £0.2m to £3.7m (£3.5m 2022-23) and theory test fees increased by £0.1m to £2.4m (£2.3m 2022-23).

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



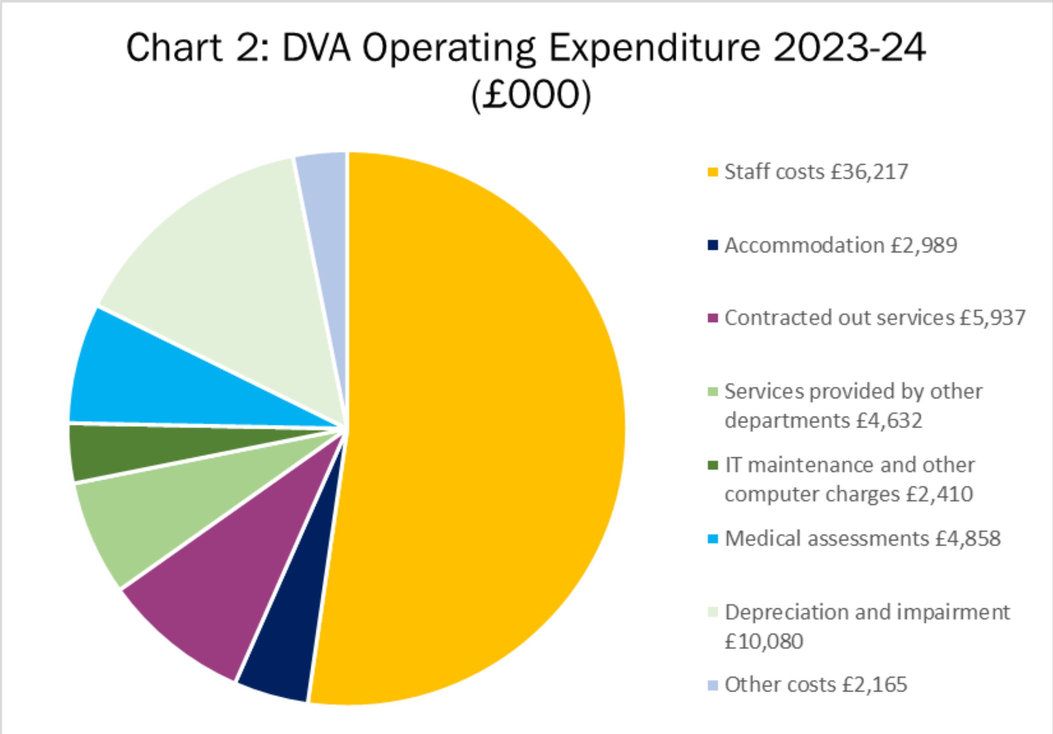
Expenditure

Total operating expenditure during the year was £69.3m, an increase of 23% compared with the previous year's expenditure of £56.3m. Staff costs have increased by £4m (12%) to £36.2m compared with the previous year (2022-23 £32.2m). This is due to the agreed pay award (£3m) and a regrading exercise for technical grade staff in test centres who carry out testing activities (£1m).

Other operating costs have increased by £9m from £24m in 2022-23 to £33m in 2023-24. This is due to a number of factors including a significant increase (£3m) in medical costs associated with assessing medical fitness to drive for driver licensing applicants, IT maintenance has increased by £0.4m, depreciation and amortisation has increased by £1.5m, and a further £3.9m as a result of the impairment of the newly constructed test centre and depot at Hydebank.

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

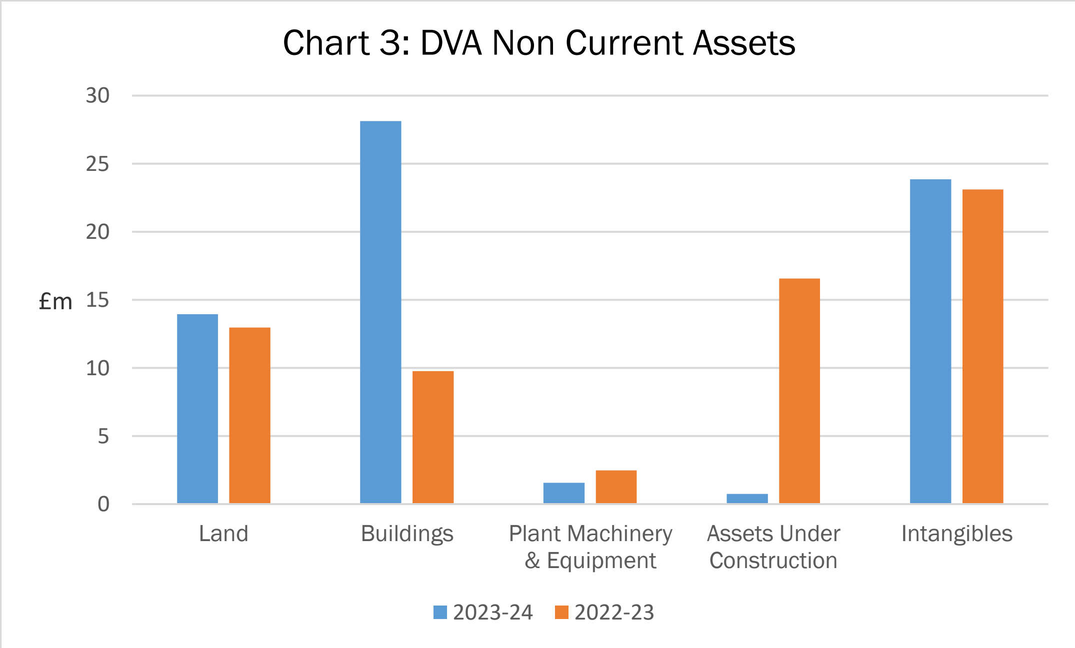
Chart 2 shows the split of 2023-24 total operating costs by key expenditure types.



Non-Current Assets

The Agency's non-current asset book value increased from £64.9m at the end of the previous financial year to £68.3m this year due primarily to the continued development of the Agency's online application systems and continued construction of the new 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.



Key Corporate Financial Targets

The Agency is required to break even (after interest and dividends) taking one year with another. The Agency reported a deficit of £606k for 2023-24 and a retained surplus of £4.2m in 2022-23, therefore the requirement to break even (after interest and dividends) taking one year with another was achieved.

We are also required to achieve a return on capital employed of at least 3.5%, 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. For 2023-24, the operating deficit on ordinary activities measured before interest (both receivable and payable) and dividends amounted to £3.8m, therefore no return on capital employed was generated. The outturn against the target of 3.5% was -4.73% (2022-23: 2.30%).

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 testing equipment;
- WSP (formally Capita Real Estate and Infrastructure) for the design and delivery of new

test centres and a depot;

- OHMG (Holdings) Ltd for the construction of a new test centre and depot at Hydebank;
- Henry Brothers for the construction of a new test centre at Mallusk;
- Worldwide Environmental Products (WEP) for the supply, installation and maintenance of new vehicle testing equipment;
- DVSA for the delivery of the theory test service;
- Serco, through the NI Direct contract, to handle our customer telephone calls;
- Fujitsu as our ICT Strategic Partner;
- 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;
- Expleo, through a NICS contract, for the provision of testing and quality assurance expertise and resource; 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.

Following a public consultation, the Agency implemented increases to vehicle and driver testing fees in October 2023. For vehicle testing this was the first increase to most fees since 2005, and for driver testing since 2009. These increases were necessary due to the increased cost base the Agency was facing for these services. For 2023-24, these increases generated additional fee income in year for tests booked from 1st October 2023.

The Agency's projected financial position remains challenging with an overall in-year deficit position forecast for 2024-25. This deficit relates to the uncertainty around receiving departmental subsidy funding required to cover costs not recovered through fees, including the cost of enforcement functions, medical assessments for determining fitness to drive for driver licensing applicants, and any shortfall in fee income for commercial and driver licensing.

The Agency is progressing with a major capital investment programme which will further develop our IT applications, construct new test centres and replace vehicle testing equipment at existing test centres. The programme aims to increase capacity, deliver efficiencies and improve customer experience. This planned capital investment will be funded from the Agency's reserves and, if required, borrowing (subject to the necessary approvals).

The following chart (Chart 4) shows income and operating expenditure trends over the last five years.

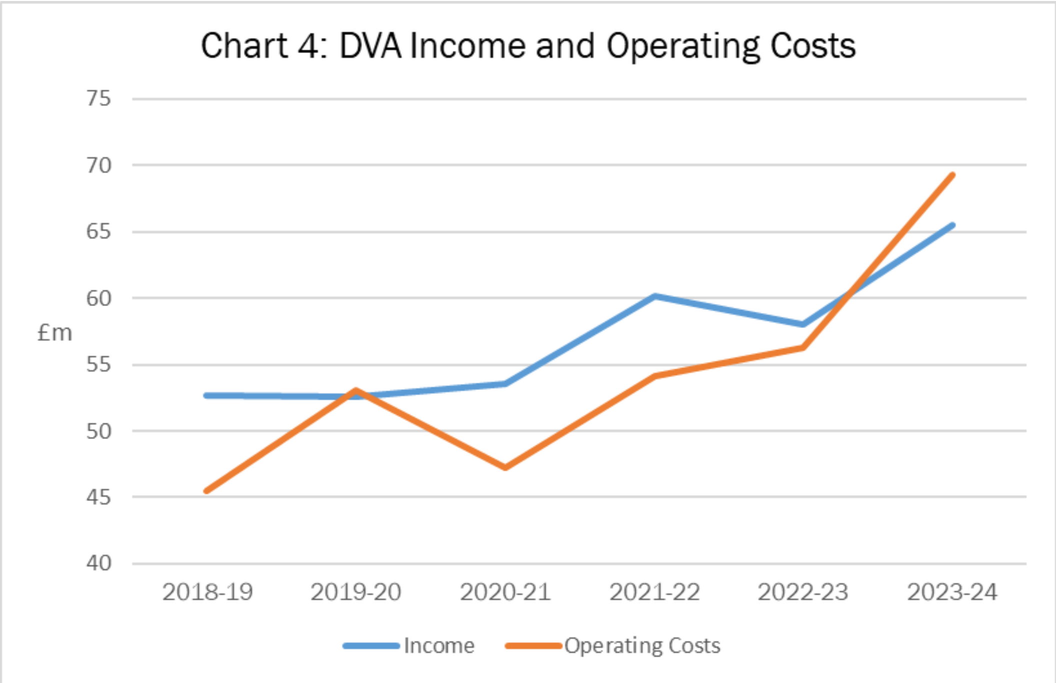
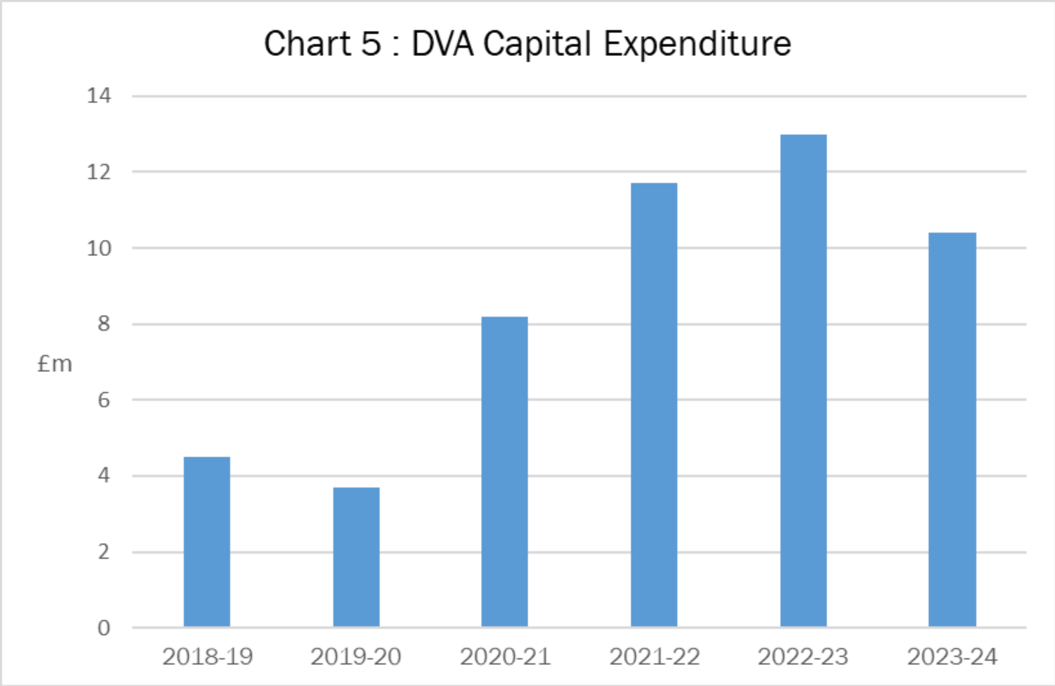


Chart 5 below shows the capital expenditure trends over the last five years. Expenditure in the 2023-24 financial year relates to investment in IT online applications and the continued construction of the new Hydebank test centre and depot.



Jeremy Logan

Chief Executive and Agency Accounting Officer

26 June 2024

2

Accountability Report

2.1 Corporate Governance Report

2.2 Remuneration and Staff Report

2.3 Assembly Accountability and Audit Report

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 56.

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
Pat Delaney	Director of Operations
Jonathan Furphy	Director of Compliance, Enforcement & Licensing
Siobhan Lynn	Director of Financial Management & Corporate Services (Acting)

In addition to the above, Enda McKeever was the Non-Executive Board member.

Directors' Interests

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

Scope of Accounts

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

Financial Instruments

In accordance with International Financial Reporting Standard 7 – "Financial Instruments: Disclosures", details of the impact of financial instruments on the Agency's risk profile are disclosed at note 19 of the accounts on page 115.

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, she and her staff were wholly independent of the Agency, and she reports her findings to the Northern Ireland Assembly.

The audit of the financial statements for 2023-24 resulted in a fee of £29,400 (2022-23: £24,259). 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 56.

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.

During the year to 31 March 2024, the Agency paid 96.3% of the 7,263 invoices (2022-23: 97.7% of the 7,112 invoices) received within 30 days and 90.6% (2022-23: 94.3%) within 10 days.

Corporate Social Responsibility

The Agency continued to support the NHS Blood Donation Service by including leaflets with provisional licences, encouraging people 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 team also conducts period audits on responses to complaints to ensure proper procedures are being followed.

In April 2022 the Agency moved from a three stage complaints process to a two-stage process and the target set was split into two parts, one for stage 1 complaints and one for stage 2 complaints. The performance of responses to complaints is broken down against stage one and stage two complaints to provide greater detail on response performance and targeting of response times. An internal IT system for managing and reporting on complaints introduced in May 2022 continues to improve the ability to analyse and report on complaints.

The Agency's complaints response target is a very challenging 97% of complaints to be responded to within 15 working days for stage one complaints and 10 working days for stage two complaints.

During the year from 1 April 2023 to 31 March 2024 we dealt with 872 complaints. Overall, we responded to 99.4% of stage one complaints and 98.9% of stage two complaints within 10 and 15 days against targets of 97%.

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

YEAR	NUMBER OF COMPLAINTS	PERFORMANCE AGAINST TARGET	
2023-24	872	Stage 1	99.4%
		Stage 2	98.9%
2022-23	873*	Stage 1	91.78%
		Stage 2	98.63%
2021-22	903	All complaints	96.57%

*Total number of complaints restated for 2022-23 following publication of Annual Complaints Report

The number of complaints received in 2023-24 was similar to the number received in 2022-23 and lower than 2021-22. The complaints received during the year were mainly focused on the availability of MOT slots and delays in medical assessments for driver licences.

61 compliments were received during the year (2022-23: 40).

Future Developments and Trends

Our Business Improvement Programme and Infrastructure Project will continue the development of our ICT systems and processes and the modernisation of our property and services.

The Business Improvement Programme includes plans to complete the rostering element of our ICT system by September 2024 for vehicle and driving tests which will automate staff scheduling. The implementation of the new test centre at Hydebank will require amendments to the ICT systems and substantial IT testing. Digital improvement to our other systems will continue, with a series of targeted work-packages to be taken forward, subject to funding availability. The Agency's strategic digital partner Fujitsu will continue to support the Agency with the ongoing development of systems and ways of working.

We are also developing proposals for two further new test centres at Campsie and Enniskillen, which includes completing detailed designs, business case approval, submitting planning applications, and preparing tender documentation to enable a procurement process to commence to appoint a construction contractor. Once complete, approval to proceed with these proposals will be sought subject to further consideration and funding availability.

Work will continue on organisational development as the Agency adapts to the changes which the automation of services and greater customer focus has enabled.

Events after the Reporting Period

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

Personal Data Related Incidents

There were no reportable breaches in 2023-24.

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 Department. 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. A review of the Framework is carried out every three years and the Department is currently taking forward the 2024 review.

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.

We entered the 2023-24 financial year in a context of continued political uncertainty with the Department and the Agency operating without the direction and control of a Minister since 28 October 2022. Following political agreement to restore the Executive, John O'Dowd MLA, was announced as Minister for Infrastructure on 3 February 2024.

During the time without a functioning Executive or Minister in post, the Department was required to take a number of decisions to ensure that we continued to deliver our vital public services. In respect of the Agency, six decisions were taken under The Northern Ireland (Executive Formation etc) Act 2022 between 1 April 2023 and 3 February 2024.

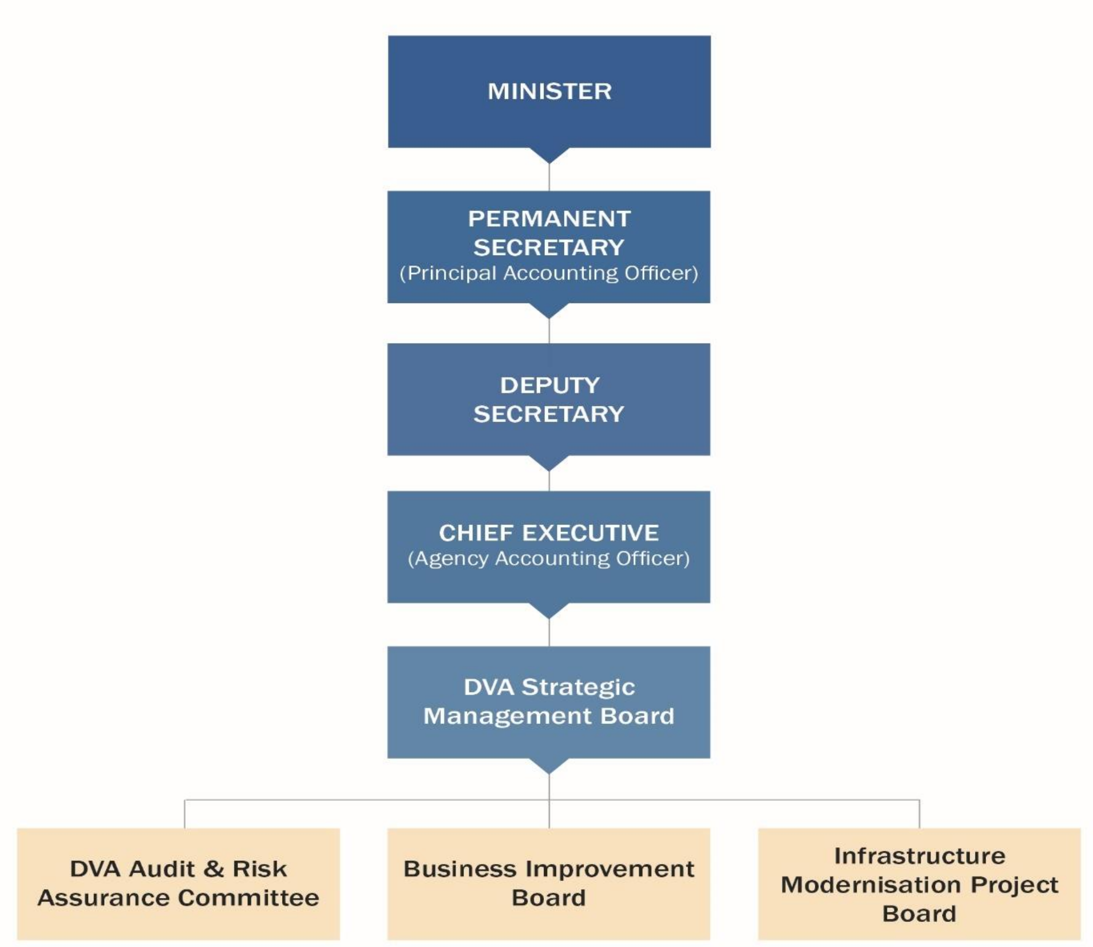
The Department sets the policy, legislative, financial, human resource and procurement frameworks within which the Agency operates. The Department is the contracting and procurement authority for all contracts entered into for goods and services purchased to support services delivered by the Agency.

As Chief Executive of the Agency, I reported directly to the Deputy Secretary of the Climate, Planning and Public Transport 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.

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.

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, including a Finance report and a HR report.

A Board effectiveness review was commissioned in January 2024, and an evaluation presented at the March 2024 meeting of the SMB. Overall, it was concluded that the Board was operating effectively. Actions stemming from the review will be addressed during 2024-25. The next review will be conducted externally and will cover the period January to December 2024, as part of the annual review process.

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 has a Corporate Governance Framework in place which is available at Corporate Governance Framework (infrastructure-ni.gov.uk). The Agency reviewed its Corporate Governance Framework in 2023 and found it fit for purpose.

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

Members	Position	Meetings attended out of meetings eligible to attend
Jeremy Logan	Chief Executive	11/11
Jonathan Furphy	Director of Compliance, Enforcement & Licensing	11/11
Pat Delaney	Director of Operations	9/11
Mike Beare	Director of Business Improvement	11/11
Siobhan Lynn	Director of Financial Management & Corporate Services (Acting)	10/11
Enda McKeever	Non-Executive Board Member	11/11
Attendees		
HR Division Representative		9/11
DfI Communications Representative		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).

The ARAC completed a review of effectiveness during the year in line with recommended best practice. The review was undertaken using the National Audit Office (NAO) 'Audit and Risk Assurance Committee Effectiveness Checklist' which members completed individually. Areas for improvement identified as part of the effectiveness review will be taken forward during 2024-25.

The key issues monitored by the ARAC during the 2023-24 financial year included updates on service delivery and the Agency's financial position. An update on issues associated with the Agency's vehicle testing equipment contract and a report on cyber threats were also provided and considered by the Committee.

The ARAC also discussed the 2022-23 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 meetings eligible to attend
Enda McKeever	Chair	4/4
Andrea Quail[1]	Independent Member (appointed May 2023)	4/4
JoAnne Quinn[2]	Independent Member	3/4
Attendees		
Jeremy Logan	Chief Executive	3/3
Mike Beare	Director of Business Improvement	2/3
Siobhan Lynn	Director of Financial Management and Corporate Services (Acting)	3/4
Christine Ardis	Head of Financial Accounts	3/4
Internal Audit Representation		3/3
External Audit Representation		3/3

1 Andrea Quail, Head of Financial Planning, Strategy and Support, Department of Justice; 2 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 Agency heads of business, also continued to meet regularly during 2023-24 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 the DoF Head of Internal Audit (HIA) to provide an annual inter-departmental assurance report for the services provided to DfI including Account NI, HR Connect and Digital shared services. The HIA has advised that nine satisfactory reports and one limited report were issued in 2023-24 in relation to DoF's Shared Services. The HIA also advised that follow-up was conducted on four limited opinions reported in previous years resulting in one opinion being raised to satisfactory. Significant progress has been made for those reports that remain limited and future follow-ups on these limited opinion reports will be undertaken in 2024-25.

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. Business areas are reminded on a regular basis 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 2023-24 in line with this agreed procedure.

Equality

The Agency is committed to complying with statutory obligations under Section 75 of the Northern Ireland Act 1998 and the Rural Needs (NI) Act 2016 in all that we do. The Department's Equality Scheme sets out how we will ensure equality of opportunity and good relations when carrying out our functions. All Heads of Business and Directors have been reminded of the need to comply fully with our Section 75 equality and good relations duties, particularly when developing or changing policies or working procedures.

The Agency has completed screening analysis for a number of policy changes in the past year and the results have been published by the Department which are available on the Department's website. The Agency is represented on the Department's Equality Working Group and staff continue to avail of available training on Section 75 duties and obligations.

RISK MANAGEMENT AND CONTROL FRAMEWORK

Approach to Risk

The Agency follows the Department's Risk Policy and Framework for Risk Management. 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 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.

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 four times a year, concentrating on progress of actions to avoid and mitigate the key risks. During 2022-23 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 annually for the 13 categories of risk outlined in the Risk Policy and Framework for Risk Management:

- Project/Programme: Open
- 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;
- Cyber Security;
- Health and Safety;
- People;
- Emissions Testing; and

- Commercial.

The key risk relating to fraud is an inherent risk which is continually monitored, with a number of controls and actions in place to mitigate the risk from occurring.
At the beginning of the year, the finance risk was rated as a red (extreme) risk due to the projected in-year financial position for the Agency and the likelihood that the Agency's financial targets would not be achieved. A number of actions were taken forward to mitigate the risk including seeking and securing resource funding from the Department and implementing fees increases for vehicle tests and driving tests. As a result of these actions the risk was reduced to amber (high) risk.

The risk associated with the health & safety of our staff and customers was, as always, prevalent during the year and was rated as an amber (high) risk. Extensive work was carried out on risk assessments and audits of health and safety practices, and the controls in place to mitigate the risk enabled service delivery to continue.

The people risk remained on the risk register during the year and was rated as a red (extreme) risk throughout the year due to the inability to fill vacant posts in a timely manner. A number of recruitment competitions are being taken forward and we continue to engage with NICS HR to explore options in relation to the recruitment and retention of staff.

In respect of the risk on emissions testing, this risk remained on the risk register during the year and was rated as an amber (high) risk throughout the year. Friends of the Earth along with The Public Interest Litigation Support were granted permission from the High Court to bring a legal challenge against the Department for failing to conduct a fully compliant diesel emissions test for diesel cars and light goods vehicles. The Judicial Review hearing took place on 21 September 2023 and 1 March 2024 and the Agency is awaiting the judgement for this case. The Agency is continuing to progress the modernisation of our infrastructure to facilitate inter alia the provision of emissions testing services. The new vehicle testing centre at Hydebank and a further new vehicle test centre at Mallusk, will include facilities to safely deliver fully compliant emissions testing. In addition, detailed proposals for the reintroduction of a fully compliant diesel emissions test for cars and light vehicles, and preparatory work for investment in two further new test centres (subject to funding availability) are being progressed.

The risk associated with the poor performance of a commercial contractor remained on the

Agency's risk register during the year and was rated a red (extreme) risk. Actions have been taken forward throughout the year to seek to reduce this risk and work is continuing with the contractor to progress the contract and associated work.

At the beginning of the year the rating for the risk on Security: Cyber Attack was re-assessed from amber (high) to red (extreme). This was actioned while potential vulnerabilities that emerged from a penetration test on one of the Agency's IT systems were assessed and addressed. Once the exercise was successfully completed and all vulnerabilities were either accepted or mitigated, the risk was re-assessed, and the risk rating was reduced from extreme to high.

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 2024 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 2023-24, 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 2023-24:

Area of activity	Report Status	Audit Opinion
Management Information	Final	Satisfactory
Driver Licensing – Fitness to drive assessments	Draft	Satisfactory
Approved Instructor System	Final	Satisfactory
Management of Health & Safety	Final	Satisfactory

No departmental wide reviews (including the Agency) were carried out during the year.

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.

Testing Quality Unit

The Testing Quality Unit utilises a range of quality control and assurance processes including those associated with ISO accreditation to assist in maintaining and reviewing the effectiveness of our internal control systems. 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. It also completes Technical Quality checks on vehicle examiners to ensure consistent standards are applied and any additional training needs are identified. Continued ISO 9001:2015 certification by Operations (Testing) confirms compliance with these standards and demonstrates a continuing consistent commitment by our staff to deliver an excellent service to all our customers.

STEWARDSHIP OF RESOURCES

Financial Management

The Agency's expenditure and income was closely monitored throughout the year and reported to the monthly SMB. The reports to the SMB 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 closely monitored during the year with cash reserves balances reported to the Board as part of the management of the financial position.

Data Handling, Security and Information Risk

The Agency functions encompass the maintenance of its driver, taxi and operators' registers. Data security is of paramount importance and the Agency 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, including regular refresher training on handling official and personal data. 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 UK General Data Protection Regulation (UKGDPR) was implemented across the Agency to further enhance the protection of individual's personal data. The Department has appointed a Data Protection Officer (DPO) to focus on this important work, who acts as the DPO for the Agency.

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, and where required, action is taken to recover any financial loss. Fraud reports are submitted to the Executive Board and the Audit and Risk Assurance Committee, with regular updates on investigations undertaken.

During the reporting period, there were eight cases of suspected fraud and five cases of actual 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 raising concern case was raised with the Health & Safety Executive Northern Ireland (HSENI) during 2023-24 relating to pedestrian safety at one of the Agency's test centres The Agency's Health and Safety Team met with the HSENI to discuss the concern and outlined the plans for works that were already in place for the test centre. The HSENI did not require any further action to be taken.

SIGNIFICANT ISSUES

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 2021-22 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, contesting the legality of the termination.

The injunction hearing took place on 25 April 2022, and the judgement was handed down on 22 August 2022, which found in favour of the contractor. The Judge applied conditions to the Order and the Agency re-engaged with the contractor, agreed measures to de-risk the project and agreed a work programme to have the new equipment and associated software developed to enable the new test centre at Hydebank to open in 2024. The construction of the new test centre building at Hydebank was completed on 7 February 2024 and handed over to the Agency on that date. The equipment contractor has completed the installation and commissioning of the new vehicle testing equipment and associated software, which is currently undergoing user acceptance testing to ensure it has been installed and commissioned in accordance with the contract specification.

On completion of successful installation, testing and commissioning of equipment and software at Hydebank, the Agency will agree the roll out programme of new equipment for the remaining test centres.

Emissions Testing

The Public Accounts Committee published a report in 2009 on the PFI Contract for Northern Ireland's New Vehicle Testing Facilities and the recommendation stemming from the report regarding the diesel smoke and catalytic converter test being fully EC compliant remains partially implemented.

Friends of the Earth along with The Public Interest Litigation Support were granted permission from the High Court to bring a legal challenge against the Department for failing to conduct a fully compliant diesel emissions test for diesel cars and light goods vehicles. The Judicial Review hearing took place on 21 September 2023 and 1 March 2024 and the Agency is awaiting the judgement for this case.

The Agency is continuing to progress the modernisation of our infrastructure to facilitate inter alia the provision of emissions testing services. The new vehicle testing centre at Hydebank and a further new vehicle test centre at Mallusk, will include facilities to safely deliver fully compliant emissions testing. In addition, detailed proposals for the reintroduction of a fully compliant diesel emissions test for cars and light vehicles, and preparatory work for investment in two further new test centres (subject to funding availability) are being progressed.

Driver Licensing – Medical Fitness to Drive Assessments

The Agency processes between 250,000 to 300,000 driving licences each year. In processing these applications, the Agency (on behalf of the Department) is required to be satisfied that driving licences are issued only to persons who meet the relevant standards in relation to fitness to drive.

Prior to 2023-24, NICS Occupational Health Service (OHS) assessed medical fitness to drive on behalf of the Agency. However, the OHS faced challenges brought about by increased demand upon its services, limited resources, and competing priorities and this resulted in delays for processing driving licence applications where a medical condition was declared. In May 2022, OHS advised the Agency they were withdrawing their service, and it was therefore necessary for the Agency to award a new contract for the provision of professional medical services.

Following contract award, new processes, systems, and governance arrangements were developed and put in place, together with the recruitment and training of new medical officers by the contractor. During 2023-24 existing backlog cases were transferred from OHS to the new contractor and the new arrangements worked effectively.

Vehicle Testing – MOT waiting times

In each of the last two financial years the Agency conducted over 1.1 million vehicle tests, the highest numbers ever recorded. Despite this effort we continue to experience high demand for vehicle testing services and, in some cases, customers may not be able to have their vehicles tested before their current MOT certificate expires. We have taken steps to ensure that motorists are still able to use their vehicles when they are unable to secure an MOT appointment and have consulted with the PSNI and the Association of British Insurers to make them aware of the position and put appropriate mitigations in place.

We will continue to adopt a range of measures to increase our vehicle testing capacity, including the recruitment of additional vehicle examiners, the use of overtime to provide cover for leave and by offering vehicle test appointments on a Sunday and bank holidays, when testing is not normally available. To further increase vehicle testing capacity across our network, we are also investing in new test centres, subject to relevant approvals and funding availability. The construction of a new test centre building at Hydebank, in Belfast, is now completed and the Agency is going through a rigorous process of testing the newly installed equipment and software to ensure it is safe to use and meets the requirements set out in the contract specification. The construction contract for a second new test centre at Mallusk was also awarded during the year and this new test centre is expected to open in 2025. Once fully operational, these two new centres will provide the capacity to test over 200,000 additional vehicles per annum, which will help the Agency meet the future demand for this service.

To help address the immediate waiting time issues, on 30 April 2024, the Minister for Infrastructure announced the introduction of Temporary Exemption Certificates (TECs) for certain categories of vehicles. It is anticipated that the introduction of these TECs will reduce waiting times for an MOT appointment as a result of fewer vehicles requiring a test.

Financial Position

The Agency began the year projecting an overall deficit position for the 2023-24 financial year. This position was closely monitored and reported to the Board on a monthly basis. Following a public consultation, the Agency implemented an increase to vehicle and driving test fees in October 2023. These increases generated additional fee income in the year to cover the increased costs associated with these activities. Additional subsidy funding was secured from the Department to meet a number of pressures. Overall, the outturn for the year was a deficit position of £0.6m.

The Agency's projected financial position remains challenging with an overall in-year deficit position forecast for 2024-25. This deficit relates to the uncertainty around receiving departmental subsidy funding required to cover costs not recovered through fees, including the cost of enforcement functions, medical assessments for determining fitness to drive for driver licensing applicants; and any shortfall in fee income for commercial and driver licensing. If departmental subsidy funding is not provided in-year, this would put the Agency's two statutory financial targets at risk. The Agency is actively taking forward a number of actions to address this potential shortfall in funding, including liaising with the Department to seek funding at all available opportunities.

2.2 REMUNERATION AND STAFF REPORT

Remuneration Report

Remuneration Policy

The pay remit for the Northern Ireland Civil Service, including senior civil servants (SCS), is normally approved by the Minister of Finance. Following the Secretary of State for Northern Ireland's 27th April 2023 Written Ministerial Statement (WMS) on the budget, the NI public sector pay policy guidance was published on 31st May 2023 in FD (DoF) 05/23. This was subsequently updated on 12th March 2024 in FD (DoF) 04/24 to reflect the return of Executive Ministers and revised departmental budgets.

Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS non-industrial staff, including SCS, for 2023-24 has been finalised and is due to be paid in June 2024.

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 by exception to merit.

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)	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
J Logan **Chief Executive**	75-80	75-80	-	-	-10	-17	65-70	55-60
P Delaney **Director**	65-70	65-70	-	-	-24	-48	45-50	20-25
M Beare **Director**	65-70	65-70	-	-	-20	-44	45-50	20-25
J Furphy **Director**	65-70	60-65	-	-	-1	-5	65-70	55-60
S Lynn **Director (Acting)**	60-65	60-65	-	-	12	22	70-75	80-85
E McKeever **Independent Board Member**	5-10	5-10	-	-	-	-	5-10	5-10

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

***The salary bands of senior officials do not include an accrual for pay awards not paid as at 31 March 2024, as individual payment amounts are not known.*

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.

The Northern Ireland Assembly was dissolved from 28 March 2022 with an election taking place on 5 May 2022. An Executive was not initially formed following the 5 May 2022 election. Consequently, the former Ministers retained their roles in a caretaker capacity until 28 October 2022. The Executive was subsequently restored on 3 February 2024, on which date new Ministers were appointed. As such, DVA was under the direction and control of Minister John O'Dowd from this date. His 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 2023-24 was £75,000-£80,000 (2022-23, £75,000-£80,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below.

2023-24	25th percentile	Median	75th percentile
Total remuneration (£)	24,528	27,127	34,011
Pay ratio	3.2:1	2.9:1	2.3:1

2022-23	25th percentile	Median	75th percentile
Total remuneration (£)	24,296	26,575	33,459

2022-23	25th percentile	Median	75th percentile
Pay ratio	3.2:1	2.9:1	2.3:1

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Total remuneration does not include an accrual for pay awards not paid, as at 31 March 2024, individual payment amounts are not known.

For 2023-24 and 2022-23, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

In 2023-24, 0 (2022-23, 1) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £21,000 to £79,000 (2022-23, £19,000 to £77,000).

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:	2023-24 v 2022-23	2022-23 v 2021-22
Average employee salary and allowances	1.91%	-0.74%
Highest paid director's salary and allowances	0%	0%

Pensions Entitlements [audited information]

Officials	Accrued pension at pension age as at 31/03/24 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/03/24	CETV at 31/03/23	Real increase in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	NEAREST £100
J Logan **Chief Executive**	30 - 35 plus a lump sum of 90 - 95	0 – 2.5 plus a lump sum of 0	707	665	-19	-
P Delaney **Director**	35 - 40 plus a lump sum of 100 - 105	-	848	837	-29	-
M Beare **Director**	30 - 35 plus a lump sum of 90 - 95	-	782	771	-26	-
J Furphy **Director**	25 - 30 plus a lump sum of 70 - 75	0 - 2.5 plus a lump sum of 0	585	543	-9	-
S Lynn **Director (Acting)**	20 - 25	0 -2.5	396	357	3	-

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).

McCloud Judgment

In 2018, the Court of Appeal found that the transitional protections put in place back in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, steps have been taken by the Department of Finance to remedy this discrimination.

The Department has now made regulations which remedy the discrimination by:

- ensuring all active members are treated equally for future service as members of the reformed alpha scheme only from 1 April 2022, and
- providing each eligible member with options to have their pension entitlements for the period when the discrimination existed between 1 April 2015 and 31 March 2022 (the remedy period) retrospectively calculated under either the current (reformed) scheme rules, or the old (pre-reform) legacy rules which existed before 2015.

This means that all active NICS Pension Scheme members are in the same pension scheme, alpha, from 1 April 2022 onwards, regardless of age. This removes the discrimination going forwards in providing equal pension provision for all scheme members.

The Department is now implementing the second part of the remedy, which addresses the discrimination which was incurred by affected members between 1 April 2015 and 31 March 2022.

Eligible members with relevant service between 1 April 2015 and 31 March 2022 (the Remedy Period) will now be entitled to a choice of alternative pension benefits in relation to that period. i.e. calculated under the pre-reformed PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' rules or alternatively calculated under the reformed alpha rules. As part of this 'retrospective' remedy most active members will now receive a choice about their remedy period benefits at the point of retirement. This is known as the Deferred Choice Underpin (DCU). For those members who already have pension benefits in payment in relation to the Remedy Period, they will receive an Immediate Choice which will be issued by 31 March 2025.

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, once published, are available at **www.finance-ni.gov.uk/publications/dof-resource-accounts.**

As part of the remedy involves rolling back all remediable service into the relevant legacy PCSPS(NI) arrangement for the 7-Year Remedy Period, the value of pension benefits may change for affected members and some figures previously reported may change. The 2023-24 pension disclosures above are calculated based on HM Treasury guidance using;

a. Rolled back opening balance

b. Rolled back closing balance

c. CETV calculated by CSP on the rolled back basis

d. No restatement of prior year figures where disclosed.

Alpha

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

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

Information on the PCSPS(NI) – Closed Scheme

Staff in post prior to 30 July 2007 were eligible to 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.

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%.

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

Partnership Pension Account

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

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

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 2023 was 6.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2024.

Employee contribution rates for all members for the period covering 1 April 2024 – 31 March 2025 are as follows:

Scheme Year 1 April 2024 to 31 March 2025

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 01 April 2023 to 31 March 2024
£0	£26,302.49	4.6%
£26,302.50	£59,849.99	5.45%
£59,850.00	£160,964.99	7.35%
£160,965.00 and above		8.05%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may have been due when pension benefits are taken. The Lifetime Allowance will end in April 2024 and will be replaced by the Lump Sum Allowance and The Lump Sum And Death Benefit Allowance.

HM Treasury provides the assumptions for discount rates for calculating CETVs payable from the public service pension schemes. On 27 April 2023, HM Treasury published guidance on the basis for setting the discount rates for calculating cash equivalent transfer values payable by public service pension schemes. In their guidance of 27 April 2023, HM Treasury advised that, with immediate effect, the discount rate adopted for calculating CETVs should be in line with the new SCAPE discount rate of 1.7.% above CPI inflation, superseding the previous SCAPE discount rate of 2.4% above CPI inflation. All else being the same, a lower SCAPE discount rate leads to higher CETVs. The HM Treasury Guidance of 27 April 2023 can be found at https://www.gov.uk/government/publications/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes.

Real increase in CETV

This reflects the increase in CETV that is 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 (which therefore disregards the effect of any changes in factors).

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 2024 (2022-23: none).

Staff Report

Staff costs: [audited information]

	Permanently employed staff 2023-24	Others 2023-24	Total 2023-24	Total 2022-23
	£000	£000	£000	£000
Wages & Salaries	25,891	1,499	27,390	23,980
Social security costs	2,403	-	2,403	2,159
Other pension costs	6,425	-	6,425	6.104
Total cost	**34,719**	**1,499**	**36,218**	**32,243**

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

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

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2020 scheme valuation was completed by GAD in October 2023. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2024 to 31 March 2027.

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. Reforms were made to the CCM which was applied to the 2020 scheme valuations and included the introduction of a reformed-scheme-only cost control mechanism which assesses just the costs relating to reformed schemes (alpha for the NICS) and introduced an economic check. Prior to the cost control mechanism reforms, legacy scheme (PCSPS(NI)) costs associated with active members were also captured in the mechanism. The reformed-scheme-only design and the economic check were applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The 2020 scheme valuation outcome was that the core cost cap cost of the scheme lies within the 3% cost cap corridor. As there is no breach of the cost control mechanism, there is no requirement for the Department of Finance to consult on changes to the scheme. 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.

For 2023-24, employers' contributions of £6,181,354 were payable to the NICS pension arrangements (2022-23 £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 £11,863 (2021-22 £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% (2022-23, 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 £417 0.5% (2022-23 £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.

6 people (2022-23: 2) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £15,438 (2022-23: £20,658).

Average number of persons employed [audited information]

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

	PERMANENT STAFF 2023-24	OTHERS 2023-24	TOTAL 2023-24	TOTAL 2022-23
	Number	Number	Number	Number
Directly employed	696	54	750	748
Staff engaged on capital projects	20	-	20	24
Total	**716**	**54**	**770**	**772**

Staff Composition

The actual number of staff in post in the Agency at 31 March 2024 and the gender breakdown as follows:

Actual Staff in Post in DVA at 31 March 2024

	At 31 March 2024			At 31 March 2023		
	Male	**Female**	**Total**	Male	Female	Total
Senior Civil Service	1	-	1	1	-	1
Other Employees	570	183	753	576	179	755
Total	**571**	**183**	**754**	**577**	**179**	**756**

Staff Turnover

DVA Staff Turnover percentage (the number of people that have left the Agency but have moved within the NICS) for 2023-24 is 8.6%, and the general turnover percentage (the people who have left the Agency and have not gone elsewhere in the NICS) is 8%. This has been calculated by NICS HR, based on the Cabinet Office Guidance on calculations for turnover in the Civil Service.

Seconded Staff

There were no seconded staff members during the year 2023-24 (2022-23: 0).

Reporting of compensation and exit packages for all staff 2023-24 [audited information]

The Agency did not have any exit packages in 2023-24 or 2022-23.

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 2023-24 and 2022-23. £nil exit costs were paid in 2023-24, the year of departure (2022-23 £nil). Where the Agency 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 2023-24 year.

Employment, training and advancement of disabled persons

The NICS is a lead partner of Employers for Disability NI (EFDNI) and in 2023 was accredited as a Disability Positive employer.

The NICS delivers an annual programme of communications and training on disability awareness and understanding and has policies in place to support inclusive workplaces. A review of the NICS reasonable adjustment process for in-work support commenced in 2023 and a new reasonable adjustment policy and supporting resources is anticipated to launch during 2024. The NICS Disability Working Group, which includes representatives from the disability sector and colleagues with lived experience is a key stakeholder in the reasonable adjustment policy review.

The NICS is committed to the employment of disabled people and offers work experience for disabled people through the NICS Work Experience Scheme for Disabled People and annual participation in International Job Shadow Day (IJSD).

To encourage job applications from disabled people, positive action advertising and targeted advertising alongside a programme of outreach are used. The NICS operates a Guaranteed Interview Scheme (GIS) which ensures a guaranteed number of disabled applicants, who meet the minimum essential eligibility criteria for the role they have applied for, are offered an interview. Further information can be found on the “Information for disabled applicants” section of the NICS recruit website.

All selection panel members complete mandatory recruitment and selection training, and appointments to the NICS are made on merit on the basis of fair and open competition, adhering to the Recruitment Code.

Equality, Diversity and Inclusion

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

The NICS Diversity Champions Network includes senior colleagues as designated Diversity Champions for each of the nine NICS departments, as well as four thematic leads for gender, race and ethnicity, disability and LGBTQ+. The network alongside the NICS corporate HR function, People and Organisational Development, develops and delivers an annual NICS Diversity Action Plan, which sets out priorities for action by diversity and inclusion theme and cross-cutting priorities.

Equality is a cornerstone consideration in the development and review of all HR policies which determine how staff are recruited and appointed, their terms and conditions, how they are managed and developed, assessed, recognised and rewarded. Further information 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 Northern Ireland Statistics and Research Agency (NISRA)'s website. NI Civil Service Human Resource Statistics | Northern Ireland Statistics and Research Agency (nisra.gov.uk)

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. Although not a statutory requirement, the NICS also conducts a similar formal review of the gender profile of its workforce. The findings from both tri-annual reviews are published in the NICS Workforce Review.

[Equality Statistics for the Northern Ireland Civil Service – 2023 (Updated with 2021 Census data) | Northern Ireland Statistics and Research Agency (nisra.gov.uk)]

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 NICSHR[1]. 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 Agency's Technical Training unit provided 198 training days to our vehicle examiner staff and their managers. A further 59 days of professional development training took place for technical training staff with one completing of his Chartered Institute of Personnel and Development (CIPD) course and another new trainer being inducted into the section.

There were 388 days training provided for existing Driving Examiners, including upskilling and

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

following the change in Covid-19 public health advice the re-introduction of supervision. In addition there were 82 days training in relation to supervising examiners development.

Application of Business Appointment Rules (BARs)

The NICS Standards of Conduct Policy, (Section 8 and Annexes 4) sets out the rules on the acceptance of outside business appointments, employment or self-employment for staff after they leave the NI Civil Service, including procedures to make staff aware of these rules and provides that the Permanent Secretary of the Department is responsible for the effective operation of the Business Appointment Rules within their Department. Further detail is available in the **NICS Standards of Conduct Policy.**

In compliance with Business Appointment rules, the department is transparent in the advice given to individual applications for senior staff, including special advisers. Advice regarding specific business appointments has been published on the Department's website at **www.infrastructure-ni.gov.uk.**

BAR Disclosures

	Total
Number of exits from the Civil Service	61
Number of BARs applications assessed by the Department over the year (by grade)	-
Number of BARs applications where conditions were set (by grade)	-
Number of applications that were found to be unsuitable for the applicant to take up (grade)	-
Number of breaches of the Rules in the preceding year	-

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. People & Organisational Development [2] 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.

[2] HR policy and Industrial Relations policy for the NICS is centralised within People & OD, in the Department of Finance.

Employee Engagement

DVA uses a range of approaches to ensure, as far as possible, that staff are kept informed about important matters and that they also have a chance to raise issues with management. We use the formal Whitley process of staff consultation, which involves regular meetings between management and Trade Union side to discuss relevant matters.

Team briefs continue to be an important way of engaging with colleagues on a regular basis. They provide opportunities to keep staff informed of broader organisational issues as well as matters of more local relevance and interest to teams. They also give opportunities to raise any issues or concerns and for these to be discussed in a timely manner.

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 our Business Improvement Programme.

Our Agency newsletter, 'Connections', provides a further means of engaging with staff. It is a newsletter for staff that is written by staff. It aims to celebrate successes and notable achievements, whilst providing an outlet for updates of the ongoing business improvement work taking place across the organisation.

When launching the 2023 NICS People Survey in April 2023, the Head of the Civil Service issued a message that the frequency of the Survey was changing from yearly to every other year to allow for proper targeting of actions, and so a People Survey is not due to take place in 2024.

The 2023 NICS People Survey is therefore the most recent survey and 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. For the Department for Infrastructure including the Agency, there were 2,990 (2021: 3,125) permanent staff invited to complete the survey, of which 1,088 (2021: 1361) participated, a response rate of 35.4% (2021: 44%). 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%. Responses from Infrastructure staff indicated an Employee Engagement Index of 51% (2021: 53%), compared to the NICS average of 54% (2021: 57%). The full survey can be accessed at https://www.finance-ni.gov.uk/publications/nics-people-survey-results.

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). Consequently, all staff must comply with their responsibilities, as set out in the DVA Health and Safety Manual (Revised December 2022). Health and safety training was available to enable staff to fulfil these responsibilities including the delivery of a Health and Safety Induction programme for all newly appointed Vehicle Examiners. During 2023-24 Risk Assessments relating to vehicle testing, driver testing, enforcement /compliance activities and driving for/at work were reviewed and revised as necessary. A comprehensive health and safety audit programme was undertaken, and this included conducting audits at all Test Centres and reviewing the implementation of recommendations within the audits conducted across other agency business areas during 2022-23.

Sickness Absence

The Agency had an overall sickness absence rate of 16.1 days lost per employee in 2022-23. Annual sickness absence figures can be found in the "Sickness Absence in the Northern Ireland Civil Service 2023-24" report which will be published in due course on the Northern Ireland Statistics and Research Agency website (nisra.gov.uk).

Expenditure on consultancy

During the year £Nil (2022-23 £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) 2023-24.

Accounts Direction

The financial statements have been prepared in accordance with the 2023-24 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

	2023-24	2022-23
Total number of special payments	501	1,483
Total value of special payments £000	149	86

Special Payments include compensation payments relating to cancelled MOTs and includes those arising from Public and Employer Liability Claims and ex gratia payments. No one payment was greater than £300,000.

Losses Statement

	2023-24	2022-23
Total number of losses payments	-	21
Total value of losses payments £000	-	1

Business Activity Attracting Fees and Charges [audited information]

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

	2023-24			2022-23			
	Income	Cost	Annual (surplus)/deficit	Income	Cost	Annual (surplus)/deficit	Objective
	£000	£000	£000	£000	£000	£000	
Vehicle testing	(41,972)	42,224	252	(36,714)[1]	37,818[1]	1,104	Full cost recovery (1)
Driver testing	(6,247)	7,393	1,146	(5,901)[1]	6,556[1]	655	Full cost recovery (2)
Compliance & Enforcement	(1,748)	4,885	3,137	(1,668)	3,865	2,197	
Other activities	(124)	730	606	(138)	626	488	
Driver licensing	(6,369)	6,722	353	(5,811)	6,100[2]	289	(3)
Vehicle licensing court prosecution	(359)	359	-	(327)	327	-	Full cost recovery
Taxi licensing	(1,090)	2,305	1,215	(1,052)	1,958[2]	906	(4)
Bus passenger transport licensing	(260)	392	132	(245)	313	68	Full cost recovery
	(58,169)	**65,010**	**6,841**	**(51,856)**	**57,563**	**5,707**	
DfI Resource subsidy	(7,721)	-	(7,721)	(5,443)	-	(5,443)	
COVID-19 Support Scheme	-	-	-	(32)	-	(32)	(5)
Capital grant release	(2,711)	-	(2,711)	(1,909)	-	(1,909)	
Capital grant for loan repayment	-	-	-	(3,865)	-	(3,865)	(6)
Activities not attracting fees & charges	(81)	5,235	5,154	(38)	2,046[2]	2,008	(7)
Adjustment for notional insurance	-	(957)	(957)	-	(627)	(627)	
Total	**(68,682)**	**69,288**	**606**	**(63,143)**	**58,982**	**(4,161)**	

[1] Figures have been restated to include bank interest received within income. This had previously been included in costs.
[2] Figures have been restated to remove medical costs associated with assessing fitness to drive for licence applicants. These costs were previously included within the driver licensing and taxi licensing fee accounts and have been restated under activities not attracting fees & charges.

(1) Full cost recovery objective not achieved. Costs have increased compared to the prior year including staff costs and impairment charges on the newly constructed test centre and depot at Hydebank. Income has increased mainly due to the increased fees introduced from 1st October 2023 and increased bank interest received. Increased fees were implemented on 1 October 2023.

(2) The 2023-24 deficit on the driver testing fee account is mainly due to a higher cost base including higher salary costs, and maintenance and amortisation of ICT systems. Increased fees were implemented on 1 October 2023.

(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.

(5) £32k of the COVID-19 support funding received in 2021-22 was deferred at 31st March 2022 and released from deferred income during 2022-23 in line with tests conducted during this period. No COVID-19 funding was received in 2023-24.

(6) During 2022-23 the Agency received £3.865m from DfI to repay the long-term loan with the Department.

(7) Costs disclosed under Activities not attracting fees & charges mainly includes medical fees associated with assessing fitness to drive for licence applicants. Income disclosed under Activities not attracting fees & charges includes a number of items including charges to PSNI and GDS for mobile access to the Driver Licensing System.

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 2024, the Agency had no remote contingent liabilities.

Jeremy Logan

Chief Executive and Agency Accounting Officer
26 June 2024

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 2024 under Financial Provisions (Northern Ireland) Order 1993. 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 the preparation of the Driving and Vehicle Agency financial statements 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 Vehicles' affairs as at 31 March 2024 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Financial Provisions (Northern Ireland) Order 1993 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 my certificate.

My staff and I are independent of the 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 the Driver and Vehicle Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the DVA'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 Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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

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 I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the Financial Provisions (Northern Ireland) Order 1993; 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
- 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 are 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;
- preparing the annual report, which includes the Remuneration and Staff Report is prepared in accordance with the applicable financial reporting framework;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Driver and Vehicle Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Driver and Vehicle Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Financial Provisions (Northern Ireland) Order 1993.

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 included the Driver & Vehicle Agency Trading Fund (Northern Ireland) Order 2016 and the Financial Provisions (Northern Ireland) Order 1993;
- making enquires of management and those charged with governance on the Driver and Vehicle Agency's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Driver and Vehicle Agency's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals and significant transactions;
- 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;

- 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; and

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.

Dorinnia Carville

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

BELFAST

BT7 1EU

02 July 2024

3
Financial Statements

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3. FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure
for the year ended 31 March 2024

	Note	2023-24	2022-23
		£000	£000
INCOME			
Revenue from contracts with customers	3	(54,613)	(50,250)
Other operating income	3	(10,870)	(7,791)
Total income		(65,483)	(58,041)
EXPENDITURE			
Staff Costs	4	36,217	32,243
Other operating costs	5	33,071	24,065
Total operating expenditure		69,288	56,308
Operating (surplus)/deficit before net finance income		**3,805**	**(1,733)**
Finance income		(3,199)	(1,237)
Finance costs		-	102
Net finance income		(3,199)	(1,135)
Operating (surplus)/deficit after net finance income		606	(2,868)
Dividends	6	-	2,572
Loan repayment income	3.1	-	(3,865)
Retained (surplus)/deficit for the year		**606**	**(4,161)**
Other Comprehensive Income			
Net gain on revaluation of property, plant & equipment	7	(1,946)	(748)
Net gain on revaluation of intangible assets	8	(1,109)	(2,578)
Comprehensive net (income)/expenditure for the year		**(2,449)**	**(7,487)**

The notes on pages 90 to 115 form part of these accounts

Statement of Financial Position

as at 31 March 2024

	Note	31 March 2024 £000	31 March 2023 £000
NON-CURRENT ASSETS			
Property, plant and equipment	7	44,399	41,762
Intangible assets	8	23,854	23,106
Total non-current assets		68,253	64,868
CURRENT ASSETS			
Inventories	9	37	47
Trade and other receivables	10	4,585	1,656
Cash and cash equivalents	11	67,682	67,410
Total current assets		72,304	69,113
Total assets		**140,557**	**133,981**
CURRENT LIABILITIES			
Trade and other payables	12	(11,388)	(7,327)
Deferred income	12	(43,400)	(43,298)
Provisions for liabilities and charges	13	(275)	(275)
Total current liabilities		(55,063)	(50,900)
Total assets less current liabilities		**85,494**	**83,081**
NON-CURRENT LIABILITIES			
Financial liabilities	12	-	-
Provisions for liabilities and charges	13	(1,944)	(1,980)
Total non-current liabilities		(1,944)	(1,980)
TOTAL ASSETS LESS TOTAL LIABILITIES		**83,550**	**81,101**
TAX PAYERS' EQUITY & OTHER RESERVES			
Public dividend capital		5,414	5,414
Revaluation reserve		13,971	12,210
Retained earnings		64,165	63,477
TOTAL EQUITY		**83,550**	**81,101**

Jeremy Logan

Chief Executive and Agency Accounting Officer
26 June 2024

The notes on pages 90 to 115 form part of these accounts

Statement of Cash Flows
for the year ended 31 March 2024

	Note	2023-24		2022-23	
			£000		£000
Cashflows from operating activities					
Retained surplus /(deficit) for the year			(606)		4,161
Adjustments for non-cash transactions	5		10,164		4,550
Adjustment for items not relating to operations					
Finance income		(3,199)		(1,237)	
Finance costs		-		102	
Dividends	6	-	(3,199)	2,572	1,437
(Increase)/decrease in trade & other receivables	10		(2,929)		(353)
Decrease/(increase) in inventories	9		10		20
(Decrease)/increase in trade & other payables	12		4,163		15,459
Less movements in payables relating to items not passing through the SoCE					
Decrease/(increase) in capital accruals	12	105		(706)	
Decrease in interest receivable		-		-	
Decrease in dividends payable		-		-	
(Decrease)/increase in interest payable			105		(706)
Adjustment for non-cash movements on transfer of assets & extension of Trading Fund					
Net tangible assets transferred in	7	-	-	-	-
Net intangible assets transferred in	8	-	-	-	-
Increase in long term loan	12	-		(3,865)	
Revaluation reserve transferred in		-		-	
Increase in Public Dividend Capital		-		-	
Decrease in retained earnings		-	-	-	(3,865)
Use of provisions	13		(120)		(85)
Net cash inflow from operating activities			7,588		20,618

Statement of Cash Flows (continued)
for the year ended 31 March 2024

	Note	2023-24	2022-23
		£000	£000
Cashflows from investing activities			
Purchase of property, plant & equipment		(6,075)	(6,859)
Purchase of intangible assets		(4,440)	(5,389)
Interest received		3,199	1,237
Net cash outflow from investing activities		(7,316)	(11,011)
Cashflows from financing activities			
Dividends paid		-	(2,572)
Interest paid		-	(102)
Net cash outflow from financing activities		-	(2,674)
Net increase in cash & cash equivalents in the year	11	272	6,933
Cash & cash equivalents at the beginning of the year	11	67,410	60,477
Cash & cash equivalents at the end of the year	11	67,682	67,410

The notes on pages 90 to 115 form part of these accounts

Statement of Changes in Taxpayers' Equity
for the year ended 31 March 2024

	Note	Retained Earnings	Revaluation Reserve	Public Dividend Capital	Total Equity
		£000	£000	£000	£000
Balance as at 31 March 2022		58,673	9,527	5,414	73,614
Net gain on revaluation of property, plant & equipment	7	-	748	-	748
Net gain on revaluation of intangible assets	8	-	2,578	-	2,578
Transfer between reserves for realised depreciation		643	(643)	-	-
Retained surplus/ (deficit) for the year		4,161	-	-	4,161
Balance as at 31 March 2023		**63,477**	**12,210**	**5,414**	**81,101**
Net gain on revaluation of property, plant & equipment	7	-	1,946	-	1,946
Net gain on revaluation of intangible assets	8	-	1,109	-	1,109
Transfer between reserves for realised depreciation		1,294	(1,294)	-	-
Retained surplus/ (deficit) for the year		(606)	-	-	(606)
Balance as at 31 March 2024		**64,165**	**13,971**	**5,414**	**83,550**

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 90 to 115 form part of these accounts

NOTES TO THE ACCOUNTS

1 Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2023-24 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 2023-24. 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.

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

IFRS 17 Insurance Contracts will replace IFRS 4 Insurance Contracts and is effective for accounting periods beginning on or after 1 January 2023. In line with the requirements of the

FReM, IFRS 17 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2025. Management consider that the introduction of the changes to IFRS 17 on insurance contracts does not have a significant impact on the accounts in the period of initial application.

IFRS 18 (Presentation and Disclosure in Financial Statements) was issued in April 2024, replacing IAS 1 (Presentation of Financial Statements), and is effective for accounting periods beginning on or after 1 January 2027. IFRS 18 will be implemented, as interpreted and adapted for the public sector if required, from a future date (not before 2027-28) that will be determined by the UK Financial Reporting Advisory Board in conjunction with HM Treasury following analysis of this new standard.

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 Expenditure to the extent the downward revaluation has been recognised, with the remainder credited to the revaluation reserve. Downward revaluations of property, plant and equipment are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward valuation recognised in the Statement of Comprehensive Net Expenditure.

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

1.4 Intangible Assets

Intangible assets comprise software development and software licences.

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

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

Software licences are capitalised when the licence is perpetual, that is purchased one time only and can be used indefinitely. Subscription, or term licenses, e.g. those that are renewed annually, are expensed, and amortized over the term of the subscription. Software as a Service (SaaS) is in general expensed, however, where material personalisation is required, the initial development costs of this are capitalised.

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 Expenditure 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 Expenditure are therefore exclusive of VAT.

1.9 Leases

Initial recognition

At the commencement of a lease the Agency will recognise a right-of-use asset and a lease liability. The lease liability will be measured as the payments for the remaining lease term, excluding value added tax, discounted by HM Treasury incremental cost of borrowing rate. The incremental cost of borrowing rate required to be applied by HM Treasury for leases commencing, transitioning or being remeasured in the 2023 calendar year to IFRS 16 was 3.51%. DVA did not enter into any new leases during the 2023-24 year.

The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date.

Subsequent measurement

Where the lease is subsequently measured the liability is adjusted for the accrual of interest, repayments, and reassessments and modifications. These are measured by rediscounting the revised cash flows; the impact is reflected in the lease liability and a corresponding adjustment is made to the carrying amount of the right-of-use asset or is charged to the Statement of Comprehensive Net Expenditure.

Lease expenditure

Expenditure includes interest and straight-line depreciation. Lease payments are debited against the liability. The interest element of the finance lease payment is charged to the Statement of Comprehensive Net Expenditure over the period of the lease at a constant rate in relation to the balance outstanding.

Short term leases and leases of low-value assets

The Agency has elected not to recognise right-of-use assets and lease liabilities for leases of low-value items and short term leases. The Agency will recognise the lease payments associated with these leases as a charge to the Statement of Comprehensive Net Expenditure 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 biofuels 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 17).

1.15 Finance Income and Finance Costs

Finance income comprises interest on monies deposited with the Northern Ireland Consolidated Fund. Interest income is recognised on a receivable basis in the Statement of Comprehensive Net Expenditure.

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 Agency does not report this information in accordance with IFRS 8.

	Testing Division 2023-24	Enforcement Division 2023-24	Driver & Passenger Transport Licensing 2023-24	Vehicle Licensing 2023-24	TOTAL 2023-24
	£000	£000	£000	£000	£000
Gross Expenditure	49,422	4,842	14,645	359	69,288
Income	(49,112)	(4,713)	(14,498)	(359)	(68,682)
Net Expenditure (Income)	**330**	**129**	**147**	**-**	**606**

	Testing Division 2022-23	Enforceme nt Division 2022-23	Driver & Passenger Transport Licensing 2022-23	Vehicle Licensing 2022-23	TOTAL 2022-23
	£000	£000	£000	£000	£000
Gross Expenditure	44,380[1]	3,865	10,410	327	58,982
Income	(45,943)[1]	(5,087)	(11,786)	(327)	(63,143)
Net Expenditure (Income)	**(1,563)**	**(1,222)**	**(1,376)**	**-**	**(4,161)**

[1] Figures have been restated to include bank interest received within income. This had previously been included in costs.

3. Operating Income

	2023-24	2022-23
	£000	£000
Revenue from contracts with customers		
Vehicle test fees	38,935	35,539
Practical driving test fees	3,699	3,526
Driving theory test fees	2,388	2,313
Other fees and licences	283	176
Enforcement fees	1,586	1,585
Driver licensing fees	6,372	5,814
Taxi licensing fees	941	882
Taxi operator fees	149	170
Bus passenger transport licensing fees	260	245
	54,613	50,250
Other operating income		
Subsidy from parent department	7,721	5,443
COVID Support Income	-	32
Release of capital grant income	2,710	1,909
Vehicle licensing enforcement	439	407
	10,870	7,791
Total income	**65,483**	**58,041**

£10.8m of deferred income which had been included in the deferred income opening balance has been recognised as income during the current year.

3.1 Loan repayment income

	2023-24	2022-23
	£000	£000
Loan repayment income	-	3,865
	-	**3,865**

During 2022-23 the Agency received £3.865m from DfI, this was provided in order to repay the long term loan to the Department. No such income was received during 2023-24.

4. Staff Costs

Staff costs comprise:

	2023-24	2022-23
	£000	£000
Wages and salaries	27,389	23,980
Social security costs	2,403	2,159
Other pension costs	6,425	6,104
Total cost	**36,217**	**32,243**

A breakdown of the above costs into permanent staff and others can be found in the Staff Report within the Accountability Report on page 66.

5. Other Operating Costs

	2023-24	2022-23
	£000	£000
Travel and subsistence	187	186
Rates and accommodation costs	2,989	3,424
IT system maintenance and other computer charges	2,410	2,018
Office services	268	298
Contracted out services:		
- Driving theory test	2,074	1,915
- Vehicle testing service charge	1,716	1,601
- Booking system service charge	-	-
- Security, cleaning and other	737	707
- Licence card production	1,410	1,379
Medical costs	4,858	1,734
Plant, equipment and vehicle costs	324	190
Bank and credit card charges	395	359
Auditor's remuneration*	24	25
Other expenditure	883	841
Services provided by parent department	1,295	1,293
Services provided by other NI government departments	3,337	3,544
Non-cash items:		
Depreciation and amortisation:		
- Property, plant and equipment	2,127	1,827
- Intangible assets	3,974	2,802
Revaluation charge to SoCNE	3,979	41
Provisions:		
- Provided in year	166	128
- Provisions written back	(58)	(98)
- Cost of borrowing	(24)	(149)
Total cost	**33,071**	**24,065**

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

6. Dividends

	2023-24	2022-23
	£000	£000
Interim dividend paid	-	2,572
Final dividend payable	-	-
Total dividends	**-**	**2,572**

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. During 2023-24 the Minister approved the removal of the requirement for the Agency to pay a dividend to DfI to further increase the financial resilience of the Agency.

7. Property, Plant and Equipment

2023-24	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 2023	12,963	9,755	4,253	415	705	16,557	44,648
Additions	1,620	1,100	233	75	60	3,709	6,797
Disposals	-	-	-	-	-	-	-
Reclassifications	-	19,526	-	-	-	(19,526)	-
Revaluation	130	1,123	19	3	(581)	-	694
Reval charged SCNE	(760)	(3,366)	(652)	-	(2)	-	(4,780)
At 31 March 2024	**13,953**	**28,138**	**3,853**	**493**	**182**	**740**	**47,359**
Depreciation							
At 1 April 2023	-	-	2,290	28	568	-	2,886
Opening balance adjustment	-	-	-	-	-	-	-
Charged in year	-	808	1,110	130	79	-	2,127
Disposals	-	-	-	-	-	-	-
Revaluation	-	(643)	(29)	-	(580)	-	(1,252)
Reval charged SCNE	-	(165)	(635)	-	(1)	-	(801)
At 31 March 2024	-	-	**2,736**	**158**	**66**	-	**2,960**
Net book value at 31 March 2024	**13,953**	**28,138**	**1,117**	**335**	**116**	**740**	**44,399**
Net book value at 31 March 2023	12,963	9,755	1,963	387	137	16,557	41,762
Asset financing							
Owned	13,953	28,138	1,117	335	116	740	44,399
Net book value at 31 March 2024	**13,953**	**28,138**	**1,117**	**335**	**116**	**740**	**44,399**

7. Property, Plant and Equipment (continued)

2022-23	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 2022	12,937	9,722	3,635	279	635	8,989	36,197
Additions	1	151	410	251	78	7,568	8,459
Disposals	-	-	-	-	-	-	-
Revaluation	25	(21)	390	(70)	(18)	-	306
Reval charged SCNE	-	(97)	(182)	(45)	10	-	(314)
At 31 March 2023	**12,963**	**9,755**	**4,253**	**415**	**705**	**16,557**	**44,648**
Depreciation							
At 1 April 2022	-	-	1,296	95	383	-	1,774
Opening balance adjustment	-	-	-	-	-	-	-
Charged in year	-	597	972	61	197	-	1,827
Disposals	-	-	-	-	-	-	-
Revaluation	-	(535)	199	(84)	(22)	-	(442)
Reval charged SCNE	-	(62)	(177)	(44)	10	-	(273)
At 31 March 2023	**-**	**-**	**2,290**	**28**	**568**	**-**	**2,886**
Net book value at 31 March 2023	**12,963**	**9,755**	**1,963**	**387**	**137**	**16,557**	**41,762**
Net book value at 31 March 2022	12,937	9,722	2,339	184	252	8,989	34,423
Asset financing							
Owned	12,963	9,755	1,963	387	137	16,557	41,762
Net book value at 31 March 2023	**12,963**	**9,755**	**1,963**	**387**	**137**	**16,557**	**41,762**

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 31st March 2024 at £ 36,606,287(2023: £13,660,000) on an existing use basis. This valuation includes freehold land not depreciated of £7,577,000 (2023: £4,475,000) and long leasehold land not depreciated of £2,420,000 (2023: £2,420,000).

The Agency's properties associated with Enforcement operations (including the weighbridges) were valued by LPS on 31st March 2024 at £2,731,608 (2023: £2,756,374) on a depreciated replacement cost basis. This valuation includes weighbridge land not depreciated of £1,435,000 (2023: £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.

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

8. Intangible Assets

2023-24	Information Technology	Internally Developed Software	Software Licences	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2023	32,347	11	79	498	32,935
Opening balance adjustment	-	-	-	-	-
Additions	3,261	-	3	349	3,613
Disposals	-	-	-	-	-
Revaluation	1,817	-	4	-	1,821
Impairment	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2024	**37,425**	**11**	**86**	**847**	**38,369**
Depreciation					
At 1 April 2023	9,772	6	51	-	9,829
Opening balance adjustment	-	-	-	-	-
Charged in year	3,965	1	8	-	3,974
Revaluation	709	-	3	-	712
At 31 March 2024	**14,446**	**7**	**62**	**-**	**14,515**
Net book value at 31 March 2024	**22,979**	**4**	**24**	**847**	**23,854**
Net book value at 31 March 2023	22,575	5	28	498	23,106
Asset financing					
Owned	22,979	4	24	847	23,854
Net book value at 31 March 2024	**22,979**	**4**	**24**	**847**	**23,854**

8. Intangible Assets (Continued)

2022-23

	Information Technology	Internally Developed Software	Software Licences	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2022	24,234	10	70	384	24,698
Opening balance adjustment	-	1	-	(1)	-
Additions	4,380	-	-	115	4,495
Disposals	-	-	-	-	-
Revaluation	3,733	-	9	-	3,742
Impairment	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2023	**32,347**	**11**	**79**	**498**	**32,935**
Depreciation					
At 1 April 2022	5,821	4	38	-	5,863
Opening balance adjustment	-	-	-	-	-
Charged in year	2,793	2	7	-	2,802
Revaluation	1,158	-	6	-	1,164
At 31 March 2023	**9,772**	**6**	**51**	**-**	**9,829**
Net book value at 31 March 2023	**22,575**	**5**	**28**	**498**	**23,106**
Net book value at 31 March 2022	18,413	6	32	384	18,835
Asset financing					
Owned	22,575	5	28	498	23,106
Net book value at 31 March 2023	**22,575**	**5**	**28**	**498**	**23,106**

9. Inventories

	31 March 2024	31 March 2023
	£000	£000
Fuel stock	37	47
Total inventories	**37**	**47**

10. Trade and Other Receivables

	31 March 2024	31 March 2023
	£000	£000
Trade receivables	4	11
Other receivables	355	303
Prepayments and accrued income	3,491	302
VAT	735	1,040
Total receivables	**4,585**	**1,656**

11. Cash and Cash Equivalents

	31 March 2024	31 March 2023
	£000	£000
Balance at 1 April	67,410	60,477
Net change in cash and cash equivalent balances	272	6,933
Balance at 31 March	**67,682**	**67,410**
Commercial banks and cash in hand	1,576	516
Short term investments	66,106	66,894
Balance at 31 March	**67,682**	**67,410**

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 2024 £000	31 March 2023 £000
Amounts due within one year		
Trade payables	646	795
Other payables	43	32
Accruals	8,377	4,073
Capital accruals – Property, plant and equipment	1,960	1,600
Capital accruals – Intangible assets	362	827
	11,388	**7,327**
Deferred Income		
Deferred Income –Fees	9,341	6,528
Deferred Income –Capital Grant	34,059	36,770
	43,400	**43,298**
Amounts due after more than one year		
	-	-
Total payables	**54,788**	**50,625**

13. Provisions for Liabilities and Charges

2023-24	Employee Liability £000	Public Liability £000	Early Departure £000	Equal Pay £000	Injury Pensions £000	Legal Claims £000	TOTAL £000
Balance at 1 April 2023	311	15	20	8	416	1,485	2,255
Opening balance adjustment	1	(1)	-	-	-	-	-
Provided in the year	130	-	-	-	36	-	166
Provisions not required written back	(58)	-	-	-	-	-	(58)
Provisions utilised in the year	(72)	-	(20)	-	(28)	-	(120)
Borrowing costs	-	-	-		(24)	-	(24)
Balance at 31 March 2024	**312**	**14**	**-**	**8**	**400**	**1,485**	**2,219**

Analysis of expected timing of provisions:

2023-24	Employee Liability £000	Public Liability £000	Early Departure £000	Equal Pay £000	Injury Pensions £000	Legal Claims £000	TOTAL £000
Not later than one year	-	-	-	-	29	275	304
Later than one year and not later than five years	312	14	-	8	112	1,210	1,656
Later than five years	-	-	-	-	259	-	259
Balance at 31 March 2024	**312**	**14**	**-**	**8**	**400**	**1,485**	**2,219**

13. Provisions for Liabilities and Charges (Continued)

2022-23	Employee Liability £000	Public Liability £000	Early Departure £000	Equal Pay £000	Injury Pensions £000	Legal Claims £000	TOTAL £000
Balance at 1 April 2022	246	36	46	8	638	1,485	2,459
Opening balance adjustment	-	-	-	-	-	-	-
Provided in the year	122	5	1	-	-	-	128
Provisions not required written back	(30)	(20)	-	-	(48)	-	(98)
Provisions utilised in the year	(27)	(6)	(26)	-	(26)	-	(85)
Borrowing costs	-	-	(1)	-	(148)	-	(149)
Balance at 31 March 2023	**311**	**15**	**20**	**8**	**416**	**1,485**	**2,255**

Analysis of expected timing of provisions:

2022-23	Employee Liability £000	Public Liability £000	Early Departure £000	Equal Pay £000	Injury Pensions £000	Legal Claims £000	TOTAL £000
Not later than one year	-	-	-	-	-	275	275
Later than one year and not later than five years	311	15	20	8	416	1,210	1,980
Later than five years	-	-	-	-	-	-	-
Balance at 31 March 2023	**311**	**15**	**20**	**8**	**416**	**1,485**	**2,255**

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. The rate is currently -1.5% as set (with effect from 22 March 2022) by the Government Actuary under the Damages Act 1996 as amended by the Damages (Return on Investment) Act (Northern Ireland) 2022. Under the 1996 Act as amended, the Government Actuary must begin a review of the discount rate on 1 July 2024 and conclude the review within 90 days. Any new discount rate arising from the review would not come into effect until during the 2024-25 financial year.

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 was subsequently adjourned and re-listed for December 2022. The 2023-24 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

During the year Friends of the Earth along with The Public Interest Litigation Support were granted permission from the High Court to bring a legal challenge against the Department for failing to conduct a fully compliant diesel emissions test for diesel cars and light goods vehicles. The Judicial Review hearing was held on 21 September 2023 and 1 March 2024 and judgement is awaited.

15. Capital Commitments

At 31 March 2024, the Agency had £21,213k (2023: £15,759k) of contracted capital (Property, Plant and Equipment) commitments not otherwise included within the accounts.

16. 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 2024	31 March 2023
	£000	£000
Not later than one year	4,843	4,444
Later than one year but not later than five years	4,242	6,340
Later than 5 years	-	4,104
Balance at 31 March	**9,085**	**14,888**

17. Corporate Financial Target

	2024		2023	
	Actual	Target	Actual	Target
Return on average capital employed	-4.73%	3.5%	2.30%	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.

18. 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.

19. 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.

20. 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 2nd July 2024.

ISBN 978-1-78522-013-5