



Department for
Infrastructure

An Roinn

Bonneagair

Department für

Infrastructure

www.infrastructure-ni.gov.uk

ANNUAL REPORT + ACCOUNTS

01/04/2021

31/03/2022



Department for Infrastructure
Annual Report and Accounts
for the year ended 31 March 2022

Laid before the Northern Ireland Assembly by the
Department of Finance under section 10(4) of the Government
Resources and Accounts Act (Northern Ireland) 2001

On
1st July 2022



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PERFORMANCE REPORT



OVERVIEW

The purpose of this overview is to provide a short summary of the Department for Infrastructure's structure, purpose and performance during the year. It also sets out the key risks to the achievement of our objectives, providing sufficient information for users to form a high level understanding of our organisation and its performance.

ACCOUNTING OFFICER'S STATEMENT

I am pleased to present the Department for Infrastructure's (DfI) Annual Report and Accounts for the year ended 31 March 2022.

At the start of the 2021-22 financial year, the Department continued to operate against the backdrop of various challenges, including the continued impact of the COVID-19 pandemic. While some restrictions had been lifted by the Executive, the 'Stay At Home' message remained in place. As the rollout of the vaccine progressed, the Executive agreed a pathway out of restrictions which saw the return to a more normal way of life, including the full return of students to school, the reopening of shops and the removal of the stay at home message.

These changes had a major impact on travel patterns with both the amount of traffic and the number of people using public transport increasing. While the patronage on our buses and trains remained well below pre pandemic levels, mitigations such as the implementation of social distancing and the mandatory use of face coverings continued to be extremely important in providing a safe public transport service. The reduction in passenger numbers had an associated impact on the financial position of the public transport provider, Translink, which was supported by funding from the Executive.

Given our Minister's focus on aiding a green recovery from the pandemic to help address climate change, significant improvements to the public transport network were made to encourage a shift away from the car to more sustainable transport. 145 zero and low emission buses including 80 battery electric and 20 hydrogen fuelled buses costing £74million began to go into service. In addition the Department invested £30million for the purchase of 38 new zero emission battery electric buses for the Foyle Metro fleet, which will make Derry one of the first cities across the UK and Ireland to have a zero emission urban bus fleet. The year also saw the start of the delivery of £66million investment of 21 new railway carriages to the NI Railways fleet, the initiation of the All Island Strategic Rail Review, the commencement of the main works for the flagship Belfast Transport Hub, and more recently, in the face of the rising cost of living, the freezing of public transport fares. These initiatives will all help to attract more people to use public transport and together with the blue/green infrastructure fund to support the transformation of our communities, the continued promotion of active travel, and our commitment to have a zero emission car and van fleet, along with other NI departments, by 2035, demonstrate how DfI is continuing to play its part in helping to cut transport carbon emissions.

This financial year also saw the first year of a new six year price control period for NI Water, known as Price Control 21 (PC21) 2021-27. To begin addressing the historic underfunding of our water and sewerage infrastructure, the Minister allocated £370.6million for essential water and sewerage services. This was the first time in many years that the Department had been able

to fully fund this essential public service as recommended by the Utility Regulator. However, as the biggest single user of electricity in Northern Ireland, the impact of the rise in energy costs had very significant financial implications for the Company towards the end of the financial year. While the in-year pressure was met by the Executive, as we move into the new financial year, the unprecedented rises in energy costs will continue to present significant funding challenges.

The Driver and Vehicle Agency (DVA) continued to be affected throughout the year by the pandemic. Following the resumption of driving tests on 23 April 2021, the DVA worked tirelessly to increase its capacity to help meet the high demand for these services. While vehicle testing did not stop during the 2020/21 lockdowns, normal vehicle testing times were not resumed until 26 July 2021, when the use of Temporary Exemption Certificates ceased. This resulted in the remarkable achievement during the latter part of the year whereby the DVA conducted more driving tests and full vehicle tests than the previous five-year average. This is testament to the dedication and hard work of both the staff and management in the Agency.

To help improve the movement of people and goods the Department also continued to invest in maintaining and developing the road network. This includes significant work on structural maintenance of the road network and new Local Transport and Safety Measures including progressing part time speed limits at a further 112 schools. The Drumahoe to Dungiven section of the A6 Executive flagship project was progressed and is nearing completion and a public consultation was also initiated on environmental documentation for the A5 Western Transport Corridor flagship project. Other vital infrastructure projects including the A1 Junctions safety programme, York Street Interchange and a range of bypass projects are all moving forward. In addition, the Department is also continuing to support the Irish Government in delivering the Narrow Water Bridge and is leading the delivery of a number of city and growth deal projects. All of these will have economic multiplier effects and help to address safety, connectivity and regional imbalance.

During the year we continued to see the impact of climate change on our weather. In July 2021 we experienced a sustained period of hot weather which led to exceptionally high demand for water and resulted in the first ever amber heat warning to be issued here. In February 2022 we experienced four days with three separate named storms in a row. During these times and on other occasions, both NI Water and our own Departmental staff continued to work on the ground in challenging circumstances to respond to weather related emergencies, clear roads and prevent flooding where possible.

The Department has continued to plan for the long term impact of climate change and invested in infrastructure for the prevention of flooding with the launch of the 12-year, £1.4bn Living with Water in Belfast Plan, the allocation of £19million for flood protection schemes in Newcastle, Lisburn and Newry, and the start of construction of the Belfast Tidal project. These plans and schemes will help to protect homes and businesses from the devastation of flooding, which can be a distressing and frightening experience for those affected.

On the 1st February, the Northern Ireland Audit Office published its report into Planning in Northern Ireland. This report considers how the planning system has operated since April 2015, when responsibility for delivering the majority of operational planning functions passed from central government to local councils. The key message from the report is that the planning

system is not operating effectively, and in many aspects is not delivering for the economy, communities or the environment. The Assembly's Public Accounts Committee (PAC) published its report on Planning in Northern Ireland on 24 March. The PAC report contains a number of fundamental recommendations with regards to improving the planning system and the Department is currently in the process of considering these with councils and other planning stakeholders to ensure we work together to make the changes that are required.

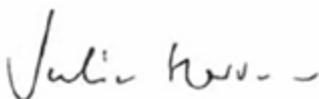
Lockdowns and the need to minimise face to face contact to reduce the spread of the virus has, in some cases, resulted in more efficient ways to provide the Department's services utilising online technology. However, in acknowledging the successes it is important that we acknowledge that in some cases there are added benefits that come with face to face communication and interaction. It is also important to acknowledge that many within our workforce deliver front line services which cannot by their nature be delivered from home so appropriate risk assessments and safe ways of working remained in place to protect people doing their day to day work.

While home working has been necessary for many of us over the past two years, the NICS Board has agreed that this is not an optimal solution when all of the added benefits that come with face to face interaction are taken into consideration. For those of us whose jobs lend themselves to this arrangement, hybrid working, a mix of both home/remote working and workplace based working, will allow the NICS workforce to take account of business need while also giving more flexibility to individuals. It also provides new opportunities for us to reduce unnecessary car journeys into city and town centres and contribute to a green recovery.

During the year two Non-Executive Board members, Mary O'Dwyer and Trevor Conway completed their term on the Board. In January 2022 two new Non Executive Board Members, Moya Johnston and Professor Frank Kirkland were appointed to the Board following an open recruitment competition.

In closing it is only right to pay particular tribute to Katrina Godfrey who was Permanent Secretary of the Department throughout 2021-22, and who helped the Department navigate through the very many challenges of the year which have been outlined.

Although I have only recently joined the Department, I have been struck by the amount of essential work but also the innovation that has taken place during the year, much of which has happened in challenging and uncertain times. I am pleased to lead the DfI team and look forward to continuing to help deliver the key infrastructure projects and services which are so vital to aid COVID recovery and to improve people's lives.



JULIE HARRISON
Accounting Officer

29 June 2022

NON-EXECUTIVE BOARD MEMBERS' REPORT

The year to 31 March 2022 has continued to be one of challenge due to the ongoing impact of COVID-19. This, combined with the recent sustained rise in inflation and energy prices has led to the Department once again facing significant challenges in delivering its core services. The Department has, however, responded admirably to these challenges and has maintained its key services during sometimes very difficult circumstances. The Department and its Arm's Length Bodies continued to perform to a high standard, despite very difficult operational and budget constraints.

In our brief time on the Board we have been struck by the wide variety of work undertaken in the Department. We also recognise the many challenges which face the Department including the impact of COVID, budget pressures and the number of staff vacancies.

We also want to pay tribute to the work of both Mary O'Dwyer and Trevor Conway who both completed their terms as Non-Executive Board members during the year.

As NEMs, we continue to have every confidence in the Board's operation and resilience, and the commitment of both the DfI Senior Leadership Team and wider staff in delivering the everyday essential public services delivered by the Department and its Arm's Length Bodies.

Governance

During the year the Departmental Audit and Risk Assurance Committee (DARAC) and Major Project Committee (MPC) worked closely with the Departmental Board to scrutinise the work of the Department. A major focus for the year was on how the Department was responding to the challenges brought about through the COVID pandemic, especially later in the year with the emergence of the Omicron variant and specifically how the Department and its ALBs would respond to changing travel and lifestyle behaviour as a result of the virus. Both the Board and DARAC were also committed to ensuring the health and safety of both staff and the general public was prioritised throughout what was another year of exceptional circumstances.

Following on from the updated Risk Policy and Framework for Risk Management which was agreed in 2020-21, a significant amount of work was undertaken during the year to revise and scrutinise the Department's corporate Risk Register. A number of 'deep dives' were undertaken by DARAC on the register and it continues to be updated to adapt to the ever changing context in which the Department operates.

Throughout this time the Department has continued to undertake robust business planning for the year. The business plan was tailored to deliver achievable actions for the Department based on the availability of both budgets and staff.

A challenge throughout the year was the continued strain on the budget due to circumstances outside the control of the Department. Extreme pressure was put on the budgets for NI Water, Translink and the Department during the year due to fall in passenger numbers in Translink and more latterly the global rise in energy costs and impact of inflation. This required substantial additional funding from the Executive to ensure that essential public services delivered by the Department and its ALBs continued to be provided. Looking forward the Department will continue

to require additional funding to mitigate against these rising costs to ensure the continued delivery of public services.

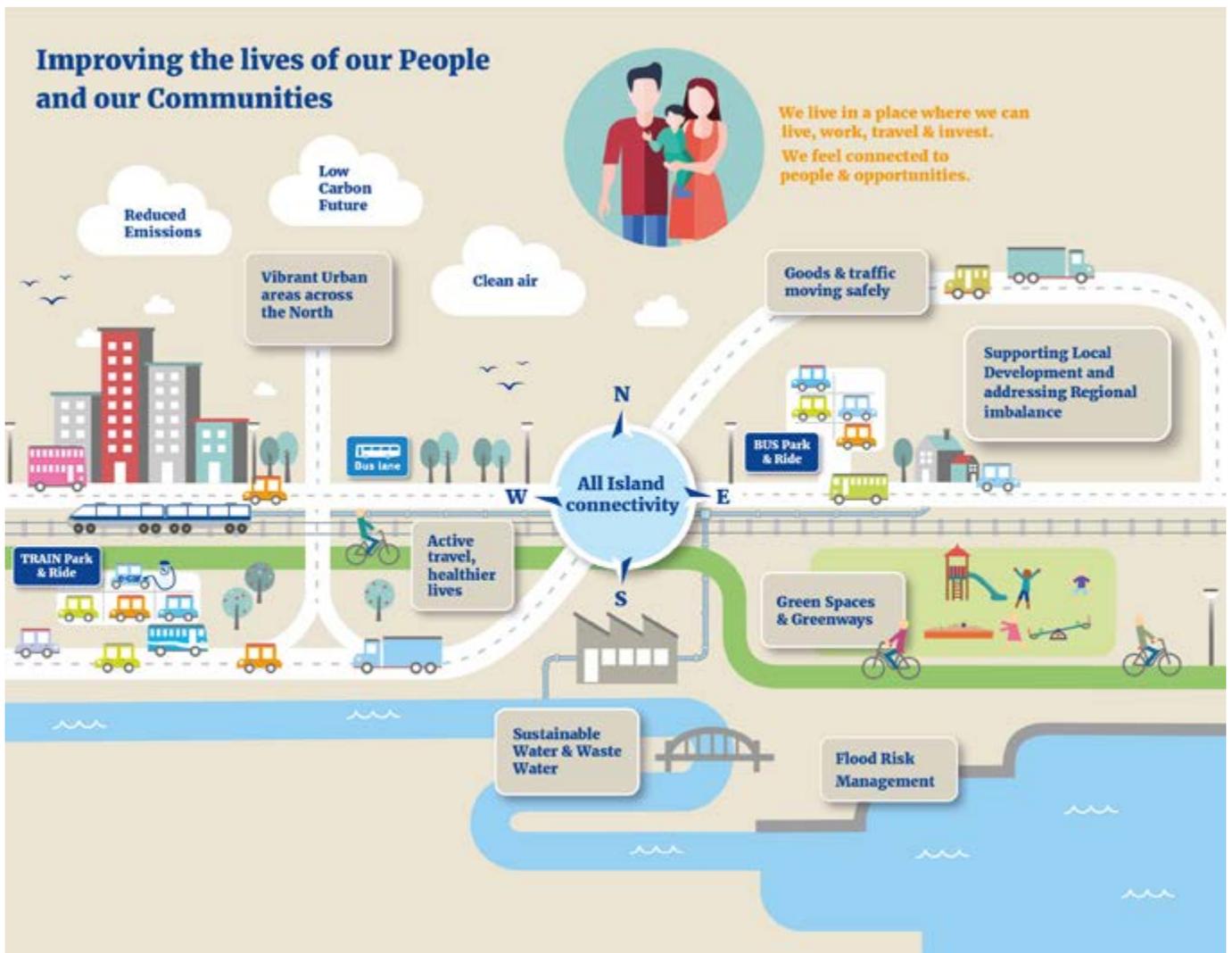
During the year, the Major Projects Committee continued to scrutinise issues associated with existing and proposed major projects being taken forward by the Department. This process ensures that a strategic approach is taken to management of capital projects and that the Board is fully aware of any major risks that would potentially impact on project delivery. The Committee's focus for the year has been to continue to examine the three NI Executive flagship projects, namely the A5, the A6 and the Belfast Transport Hub as well as other projects which are currently in the design, procurement or construction stage. The COVID-19 pandemic has had an impact on all of the major projects for the Department but officials and contractors have been working in new ways to ensure any delays are kept to a minimum. The Major Projects Committee also began a review of its reporting model to ensure that it was fit for purpose and its focus was correct.

PURPOSE AND ACTIVITIES

The Department for Infrastructure every day connects people safely, supports opportunities and creates sustainable living places.

Who We Are

The Department was established in May 2016, bringing together a range of functions from the former Department of Agriculture, the former Department for Culture, Arts and Leisure, the former Department of the Environment, the former Office of the First and Deputy First Ministers and the former Department for Regional Development. The Department has approximately 3,000 staff. We are industrial, professional and technical staff, engineers, planners, policy makers and administrators. We are all one DfI.



What We Do

From 1st April 2021 to 31st March 2022 the Department was under the direction and control of the Minister for Infrastructure, Nichola Mallon MLA

The Department delivers essential services every day and works to improve the lives of all those living in, working in and visiting Northern Ireland.

We provide and maintain the connections for safe travel and transport for people and goods; we support opportunities for economic growth and sustainable development; and we ensure that the creation of living places is properly planned and supported by the necessary infrastructure.

We maintain road and rail networks to enable daily travel and transport of goods. Safety is a top priority for us and for the Driver and Vehicle Agency (DVA). This includes working to reduce road fatalities, developing safety campaigns, maintenance and expansion of the existing roads network and licensing of drivers and vehicles. We sponsor the NI Transport Holding Company (NITHC) which trades as Translink, which is an Arm's Length Body (ALB) of the Department, and the parent company of the publicly owned bus and rail companies in the region. Prior to the emergence of COVID-19, Translink normally delivered over 80 million passenger journeys each year, however patronage has been impacted significantly over the course of the pandemic.

All of our work activities are carried out in such a way as to protect our workers and others who might be affected as a result of these activities. Health and Safety Management Systems have been established and are regularly up-dated to ensure that we comply with all current statutory obligations whilst also ensuring best practice.

We also sponsor Northern Ireland Water, another ALB, which is the statutory water and sewerage undertaker, providing sewage management and 560 million litres of drinking water every day to 669,000 households and businesses. Having the right drinking water and sewerage infrastructure is essential for enabling development and realising future opportunities.

The Department also sponsor a third ALB, the Drainage Council, which determines which watercourses and sea defences should be maintained at public expense to manage the risk of flooding. The Department also undertakes a wide range of flood risk management activities to protect life and property and these include river and sea defence maintenance, construction of flood alleviation schemes, developing flood maps and providing flood risk information.

As the Lead Government Department for the strategic co-ordination of the emergency response to flooding, emergency plans and processes are developed in conjunction with our multi-agency partners. They are tested as necessary to ensure they are not only effective but also communicated to key staff.

The Department, along with the Department of Housing, Local Government and Heritage, also co-sponsors Waterways Ireland. Waterways Ireland is a cross-border body responsible for the management, maintenance, development and restoration of navigable waterways throughout the island of Ireland.

The Department works with partners in local government and the wider community to create healthy living places. We do this through our governance and policy oversight of the planning system, our responsibility for regional planning and regionally significant planning applications, by supporting a planning IT system and promoting sustainable transport. We work with local government to support councils in preparing their local development plans and local transport plans.

The importance of the work of the Department is firmly reflected in ‘New Decade, New Approach’. It recognises that modern and sustainable water, drainage and transport infrastructure are the building blocks that need to be in place if the Executive’s wider commitments on health, housing, the economy, environmental protection and climate change are to be met. This central role of infrastructure as an enabler in growing the economy and impacting positively on our societal and environmental wellbeing is also reflected within **‘Building Forward’ the Executive’s Consolidated COVID Recovery Plan**.

The Department is committed to complying with its 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 continues to implement its Equality Scheme to promote equality of opportunity and good relations.

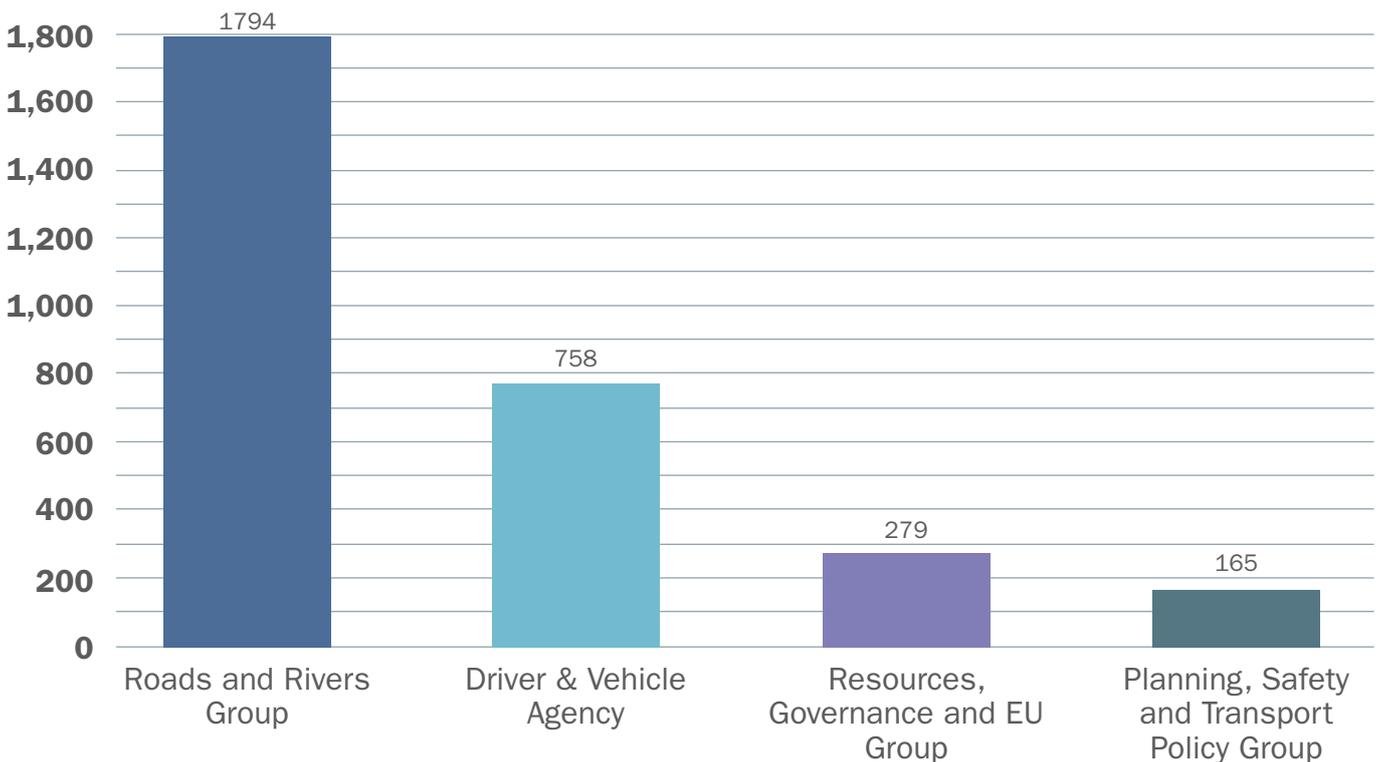
The Department’s Business Plan for 2021-22 can be found on our website (<https://www.infrastructure-ni.gov.uk/sites/default/files/publications/infrastructure/dfi-business-plan-202122.pdf>). Our progress in delivering against our business plan is outlined within the Performance Summary section of this Performance Report.



The Department’s Budget 2021-22 settlement provided the funding framework for the delivery of our services with further adjustments made through in-year monitoring rounds and other financial exercises. Details of the Department’s 2021-22 Opening Budget can be found on the Department of Finance: www.finance-ni.gov.uk.



BREAKDOWN OF DFI STAFF BY GROUP AS OF 31ST MARCH 2022
TOTAL HEADCOUNT OF 2996, WITH 2,866.89 FULL TIME EQUIVALENT



Our People

We deliver our challenging work programme through teams of dedicated and committed people located throughout the region. We also work in partnership with our sponsor bodies, private contractors, other departments and local government.

Our industrial, technical and engineering staff design, build, maintain and repair roads, bridges and street lights. They ensure that flood risks are addressed, water courses are managed. They ensure effective licensing and enforcement. Much of this work takes place outside offices, and outside office hours. Many of our staff work anti-social hours in very difficult conditions when necessary: to grit roads; to deal with the aftermath of storms, flooding and fallen trees; and to ensure the enforcement of driver and vehicle licensing laws in the interests of public safety.

Our policy and administrative staff implement existing policies for the benefit of the public. The DVA, an agency of the Department, administers theory and practical driving tests, vehicle tests and issues driving licences. The Department also administers the Blue Badge scheme. We work across government to implement commitments within 'New Decade, New Approach' to deliver a long-term water strategy, support shifts to more sustainable forms of transport, and increase the efficiency of our key economic corridors.



Departmental Structure



JULIE HARRISON
Permanent Secretary



**RESOURCES, GOVERNANCE
AND EU GROUP**

DECLAN MCGEOWN
Deputy Secretary

SUSAN ANDERSON
Director of Finance



LINDA MACHUGH
Director of Corporate Services



CLAIRE COCKERILL
Acting Director of Gateways & EU Relations



ALISON CLYDESDALE
Director of Water & Drainage



JACKIE ROBINSON
Director of Public Transport



SIAN KERR
Director of Corporate Policy and Planning



SIMON RICHARDSON
Director of the Living With Water Programme



ROADS AND RIVERS

COLIN WOODS
Deputy Secretary

CONOR LOUGHREY
Director of Network Services



DAVID PORTER
Director of Engineering



JONATHAN MCKEE
Director of Rivers



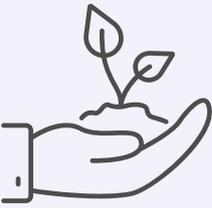
KAINE LYNCH
Director of Major Projects and Procurement

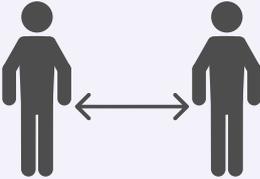


Senior Management Team as of May 2022

KEY ISSUES AND RISKS

A number of challenges within our operating environment are outlined below.

CHALLENGE	ASSOCIATED ISSUES
<p>Resourcing & People Management</p> 	<ul style="list-style-type: none"> Throughout the year the pandemic has had a direct impact on working practices of staff, with many continuing to work from home while those that cannot work from home have had safe systems of work employed using the latest public health and Health and Safety advice. There has continued to be significant challenges matching the ambitions for delivery that we have with the funding and availability of staff to deliver on these ambitions. The pandemic has continued to significantly slow the NICS' ability to recruit staff and fill vacancies.
<p>Safeguarding our Infrastructure</p> 	<ul style="list-style-type: none"> We continue to operate in a very difficult public expenditure context with inadequate funding of our infrastructure. NI Water for the first time received a fully funded year 1 of their PC21 Business Plan, however the rise in energy costs has subsequently put this funding under significant pressure. Inadequate funding leads to underinvestment in maintaining our asset base. New development constraints due to waste water treatment works being at capacity. Significant investment required for public transport network. Funding for road network is insufficient to maintain at current state of repair.
<p>Climate Change</p> 	<ul style="list-style-type: none"> Transport remains the second highest contributor to greenhouse gases. Additional investment required to develop sustainable drainage and protect infrastructure against flooding. Additional investment needed to encourage people out of their cars and onto alternative forms of transport, together with a move to more sustainable engines for our cars and buses. Department will be required to begin the process of reviewing the implications of new Climate Change Bill passed in March 2022. Additional investment needed to develop potential decarbonisation opportunities from NI Water's public sector asset base.

CHALLENGE	ASSOCIATED ISSUES
<p>Response to COVID-19 Pandemic</p> 	<ul style="list-style-type: none"> • COVID-19 and particularly the Omicron variant has significantly impacted the activities of the Department over the past year. • The Department and its ALBs undertook a range of contingency planning scenarios for the large increase in positive cases later in the year. This resulted in most essential services continuing unaffected during the surge in winter 2021. • The Department has continued to work with the NI Executive in implementing the COVID-19 Recovery Plan.
	<ul style="list-style-type: none"> • Department continues to work to ensure Departmental policies and activities are in line with its obligations under the TCA and NI Protocol.
<p>Technology, and Data Security</p> 	<ul style="list-style-type: none"> • Technology continues to be key to delivering public services more accessibility and enabling staff to work more flexibly through the implementation of New Ways of Working.
<p>Emergency Planning – weather events, pandemic</p> 	<ul style="list-style-type: none"> • Lead Department in responding to weather events. • Reorganisation of staff and resources, together with reprioritisation of work areas, to deal with the COVID-19 pandemic.
<p>Reservoir Safety</p> 	<ul style="list-style-type: none"> • Legislation and investment is required to fully commence the Reservoirs Act to ensure reservoir managers can minimise any public safety risk and enable effective long term management of reservoir safety in Northern Ireland.
<p>Regulation</p> 	<ul style="list-style-type: none"> • Environmental compliance.

PERFORMANCE SUMMARY



19,478
received emails
in the Department's main
correspondence mailbox

RESPONDED TO

416

FOI Requests

130

citizens provided
their personal data
upon request

REPAIRED

923m

OF CULVERTS

3.152km

OF FLUVIAL FLOOD
DEFENCES



Maintained
THREE HUNDRED &
EIGHTY-NINE
rural open
watercourses



RECEIVED

2,477

Ministerial

Letters & Invitations

4,017

General Correspondence

CASES RECEIVED



894,128

vehicle tests

conducted
(full & retests)



65,192

driving tests

conducted
(full & retests)

298,064
driving licences

PROCESSED
**forty-six
thousand
one
hundred
and
seven**

Blue Badge
Applications



PROGRESSED
THREE
EXECUTIVE
FLAGSHIP
PROJECTS

121



NOTIFICATIONS
WERE PROCESSED
IN RELATION TO
COUNCIL PLANNING
APPLICATIONS



FLOOD ALLEVIATION
£19.7m

6 Flood Alleviation
Schemes completed

**COMMENCED
CONSTRUCTION**

work on several Flood Alleviation
Schemes including Shimna River
Flood Alleviation Scheme and
Belfast Tidal Alleviation Scheme



**IMPLEMENTED AN
e-bike and e-car
transport scheme
on Rathlin Island**



**BEGAN DELIVERY OF
21 NEW RAILWAY
CARRIAGES**



£30million
ORDER PLACED FOR

38 zero emission battery
electric buses for Derry

All Island Strategic Rail Review
and Public Consultation undertaken

£10.7m

FUNDED CONCESSIONARY
FARE JOURNEYS

Includes figures for school
children and reduced adult fares

£4.2m

FOR DEMAND RESPONSIVE
Community Transport
and Shopmobility Schemes

**SUPPORTED
RATHLIN FERRY
SERVICE TO CARRY
91,833 PASSENGERS
4,357 CARS**



BUS/COACH SCHEME
£4m

Budget to provide support to the
private bus sector who have been
impacted by Covid between April 21
and January 22



**INFRASTRUCTURE
COMPLETION
OF THE A6**

**RANDALSTOWN TO
CASTLEDAWSON**
flagship project in May 2021
and the continued delivery of
**A6 DRUMAHOE
TO DUNGIVEN SCHEME**

£227m

Belfast Transport Hub
Regeneration Project

Main works contract awarded
for Belfast Transport Hub

Budget Position 2021-22

The Department was allocated baseline funding of £420.7m (an increase of £2.8m (0.6%) from 2020-21) in Resource and £722.5m in Capital (an increase of £164.3m from 2020-21), following the 2021-22 Budget announcement on 1 April. The capital allocated was the largest of any Department here to date.

The baseline funding of £420.7m fell short of the funding required given the financial pressures facing the Department. This has meant that the Department has continued to rely on in year funding as has been the case for a number of years.

The 2021-22 year has been dominated by the Covid-19 pandemic which has had significant financial implications for the Department. In total an additional £73.5m was received in-year to support the operation of the Department and its Arm's Length Bodies. The majority was to replace lost income in public transport providers, DVA and in the Department and to secure the viability of these organisations into the future.

The Capital Budget has allowed the continuation of investment necessary to deliver priorities, to invest in our water and wastewater infrastructure, ensuring a regionally balanced approach and to enhance all-island connectivity and address the climate emergency.

It has enabled the maintenance of clean drinking water supplies and continuation of vital investment in the sewerage network which has been historically underfunded, leading to increasing numbers of areas where no new connections could be accepted, restricting development.

The Budget has also confirmed the Executive's intention to match the funding from the UK Government for Northern Ireland City and Growth Deals including the Belfast Region City Deal.

With the remaining funds, the Minister had to strike a balance between maintaining existing infrastructure in water and sewerage, public transport and the road network and investing in new development, particularly in pursuit of the draft Programme for Government outcomes.

The Department is responsible for the upkeep of existing infrastructure valued in excess of £30bn. The Minister increased the level of investment in structural maintenance from £75m to £89m. The budget for Structural Maintenance included £17m for a Rural Roads Fund, to help address the growing problem of potholes which should go some way to improving road standards and safety for all road users.

£87.5m was allocated to rail safety work and £220m for our water and waste water infrastructure. These are sizeable investments that are key to providing an immediate boost to our recovery – maintenance programmes are an important source of work for local businesses and local people and, through their multiplier effects, have a much wider impact in local communities.

In Capital, £8m was set aside for the development of Strategic Road Improvement schemes. £82m was invested in zero and low emission buses in Translink in an effort to take further steps towards addressing climate change and making public transport more attractive and efficient as an alternative to private cars.



On Active Travel, a £20m Blue/Green fund was made available to act as a catalyst for positive infrastructure and cultural change in the way we live and travel, building on current initiatives. £2m was invested to introduce 20 mph speed limits around 100 schools; £9m for investment in low energy LED street lights and £2m for intelligent Transport Systems with funds for the establishment over the next two years of a new DVA Test Centre at Hydebank which will be capable of delivering the legally required emissions testing on all vehicles.



Forward Look Financial Position

Following the resignation of the First Minister and the subsequent lack of an Executive, a Budget for 2022-23 could not be finalised. The Finance Minister wrote to departments to set out a way forward in the absence of an Executive to agree a Budget. This process involved DoF issuing departments with contingency planning envelopes for the 2022-23 financial year. These envelopes provided departments with an assessment of the minimum funding they could reasonably expect for 2022-23 and allowed departments to plan for expenditure until such times as a Budget could be agreed.

Due to the ongoing budget uncertainty, the Department provided both NI Water and Translink with an assurance letter in relation to going concern considerations, to enable the companies to continue to trade and meet their liabilities as they fall due for at least 12 months following the date of signing the 2021-22 financial statements. The Department will work with both NI Water and Translink regarding any contingency arrangements that may need to be put in place for the 2022-23 financial year.

Programme for Government

The Department’s strategic approach is rooted in the outcomes-based methodology which has been at the centre of NICS business planning since 2016. From 25 January to 22 March 2021 the Executive Office led a public consultation on a draft Outcomes Framework of nine wellbeing outcomes proposed as the starting point for a new Programme for Government. The outcomes are set out below. This draft Framework remains subject to Executive approval.



The Department for Infrastructure’s Business Plan 2021-2022 was embedded in the draft outcomes and principles of the outcomes-based approach. It also sought to capture both what we did (how much and how well) and the impact we aimed to have by taking the actions it contained.



All of the Business Plan actions were linked to one of more of the draft Outcomes to which the Department contributes:

- Our economy is globally competitive, regionally balanced and carbon-neutral
- We live and work sustainably – protecting the environment
- People want to live, work, and visit here
- We have a caring society that supports people throughout their lives
- We all enjoy long, healthy, active, lives
- Our children and young people have the best start in life

Flagship Projects

A6

During the year, the Department has continued to progress two separate projects on the A6 route: the Randalstown to Castledawson and the Derry to Dungiven dualling schemes. These schemes will greatly enhance the connectivity of the North West, reduce journey times, boost journey time reliability and improve road safety for all road users. The construction of both these schemes has secured many jobs in the local construction industry.

The Randalstown to Castledawson project fully opened to traffic in May 2021. Phase 1 of the Derry to Dungiven project, between Drumahoe and Dungiven, is well-advanced and scheduled to complete later in 2022. At the end of the financial year, all 22 structures were substantially complete and more than 50% of the surface course was already laid along the main carriageway.

A5

The A5 Western Transport Corridor project, on completion, will provide 85km of new high standard dual carriageway between New Buildings and the border just south of Aughnacloy. Like the A6, it will also greatly enhance the connectivity of the North West, reduce journey times, boost journey time reliability and improve road safety for all road users.

Following the adjournment of the public inquiry on the A5 Western Transport Corridor in early 2020, the Department received the Inspector's Interim Report in September 2020. In March 2021, having considered the Report and having taken legal advice, the Minister published the Inspector's Report and an Interim Departmental Statement and set out the next steps, to include the publication of consultation of the new Environmental Statement Addendum leading to a reconvened public inquiry. This new Environmental Statement Addendum and associated documentation was published in March 2022 and it is hoped the public inquiry can be reconvened later this year.

Other Strategic Road Schemes

The Department has continued to advance a number of other strategic road schemes – A4 Enniskillen Southern Bypass, A24 Ballynahinch Bypass, A1 Junctions Phase 2, A29 Cookstown Bypass and A2 Buncrana Road.

A number of key milestones on these schemes were achieved this financial year:

- A1 Junctions – Direction Order operative
- A4 Enniskillen Southern Bypass – Minister announced her intention to proceed with the scheme and make the Direction and Vesting Orders.
- A24 Ballynahinch Bypass – Direction Order made.
- A29 Cookstown Bypass – Stage 2 Preferred Route approved.

Belfast Transport Hub and Weavers Cross Regeneration Project

The Belfast Transport Hub is a transport-led regeneration project planned to be a key driver of economic growth and prosperity for Belfast and Northern Ireland. The first element of the project relates to the development of a new integrated public transport hub which will deliver a step change in the provision of public and sustainable transport. The Hub will replace the existing Europa Bus Centre and the Great Victoria Street Rail Station on a new 22 acre site.

The enabling works element of the project, which has been ongoing since 2020 are now nearing completion and work on the new main station building commenced in February 2022. The new station will provide greater capacity with an increase to 26 bus stands, eight railway platforms, enhanced walking and cycling connectivity, greater comfort and accessibility encouraging greener, active travel for a healthier, smarter city. The Weavers Cross development delivered as part of the project will regenerate the lands around the transport hub and facilitate economic growth and urban regeneration.

Funding of the Public Transport Network

The Transport Act (Northern Ireland) 2011 requires the Department to enter into a Public Service Agreement with NITHC/Translink for the delivery of the majority of public transport services here. The Department funded Translink with £156.5m of revenue support (including concessionary fare reimbursement of £29.4m) as well as £241.5m in capital support in the delivery of our public transport network. Through the Public Service Agreement the Department includes a commitment that funding should be maintained at such a level to ensure that the public service obligation activities performed by Translink enable it to maintain its financial viability over the life of the Corporate Plan. In light of this, the Department remains Translink's primary source of capital funding and one of its main sources of revenue income.

The level of annual subsidy provided to Translink to provide the public transport network has led to the organisation sustaining significant losses and depleting its cash reserves following a difficult budget settlement in 2015-16. While the Department has been able to secure Translink's funding position through in year bids, there is still a gap in funding to deliver the network in a normal financial year which will need to be addressed. This continues to be further exacerbated by the ongoing impact of COVID-19 which includes a change in travel patterns and, as such, means that Translink's fare income is not yet at pre-Covid levels. Recognising the statutory requirements placed on it, the Department continues to work to secure the funding allocations needed to preserve and build on our public transport network.

City and Growth Deals

The Department has continued to play a lead role in supporting the preparation and development of proposals for Northern Ireland to benefit from investment via City and Growth Deals, working collaboratively with other NI Departments, UK Government and local councils.

As part of the Belfast Region City Deal, the Department continued the development of Newry Southern Relief Road, Lagan Pedestrian and Cycle Bridge and Belfast Rapid Transit 2. This has included the carrying out of the environmental assessments for Newry Southern Relief Road,

preparations to move to procurement for Lagan Pedestrian and Cycle Bridge and consultation to inform the route selection for Belfast Rapid Transit 2.

The Department has also been working closely with Derry City and Strabane City Deal partners on the development of the Strabane Town Centre Regeneration projects and the Derry Riverfront project, contained in the Heads of Terms, signed off in February 2021. In addition, officials have been engaging with Mid-South West Growth Deal partners and Causeway Coast and Glens on the transport projects they are considering as part of their deals.

Living With Water Programme

On 9 November 2021, the Minister published Living with Water in Belfast: An Integrated Plan for Drainage and Wastewater Management in Greater Belfast. This Executive endorsed Plan aims to deliver a long-term approach to drainage and wastewater management that will protect from flooding, provide a cleaner and greener environment and ensure that Belfast is open for business and investment. The Plan includes upgrades to the sewerage systems, drainage networks, treatment works and where feasible blue/green infrastructure such as rivers and green spaces. NI Water currently estimates that around £1.2bn of investment will be needed in the wastewater and drainage infrastructure as part of the Belfast SDIP over the next 12 years with a further £200m of investment needed on other drainage infrastructure including rivers, roads and green spaces. In June 2021, the Minister also announced the development of a similar strategic plan for drainage and wastewater management for Derry through the Living with Water Programme Plan and as part of this work DfI is currently engaging with key partners including Derry City and Strabane District Council, NI Water, Department for Communities and the NI Housing Executive to deliver a potential SuDS pilot.

Maintenance of Infrastructure Assets

The Department is responsible for the upkeep of existing infrastructure valued in excess of £30bn. This requires a balance between maintaining and investing in existing infrastructure assets against investing in new projects and infrastructure. Independent advice suggests that an investment of some c£700m per year is needed to safeguard our essential existing public assets, which is far more than the balance available once Executive priorities, regulatory and contractual commitments have been funded.

Delivery of the Business Plan

The Department developed a Business Plan for the year 2021-22. The business plan had a focus to: ‘develop a sustainable water, drainage and transport infrastructure that improves people’s lives, connects people across this island, unlocks our economic potential and importantly, plays our part in tackling the climate emergency’.

The Business plan was launched in autumn 2021 and was used to shape the work of the Department for the year. It is available on the Departments website at:

<https://www.infrastructure-ni.gov.uk/sites/default/files/publications/infrastructure/dfi-business-plan-202122.pdf>



The business plan was aligned to the Draft Programme for Government outcomes with each of the 58 actions helping to fulfil a number of these outcomes within the draft PfG framework. DfI also identified five objectives for the work which was to be undertaken during the year, these include:

- Objective 1: Fulfilling our statutory duties;
- Objective 2: Connecting People and Communities;
- Objective 3: Addressing regional imbalance and growing the all island economy;
- Objective 4: Tackling the Climate Emergency; and
- Objective 5: COVID 19 - Green Recovery.

Monitoring reports were undertaken on the business plan, for Q2, Q3 and the End Year Monitoring. Of the 58 actions contained within the 2021-22 Business Plan, 39 were delivered in full and within the agreed timescales, 15 were either partially delivered within the timescales or were delivered late, and four were not delivered. The full end-year performance report is available on the Department's website at: <https://www.infrastructure-ni.gov.uk/publications>.

Some of the highlights include:

Action	Status as of 31st March 2022
Begin construction on the main works of the Belfast Transport Hub Flagship Project in 2022, whilst ensuring a delivery date of late 2025 can be achieved.	The main station building contract was awarded in February 2022 and the station is on schedule to open in Autumn 2025.
Complete the feasibility study for the Phase 3 upgrade of the Derry – Coleraine railway line by December 2021.	Feasibility study was completed in December 2021.
Support Translink in the development and improvement of our public transport network by continuing to invest in zero and low emission buses and 21 new railway carriages .	Delivery of the new carriages has continued and the project remains on track to be completed as scheduled in 2022/23.
Complete and open the upgraded A6 Randalstown to Castledawson .	A6 Randalstown to Castledawson - full 15km scheme opened to traffic in May 2021.
Continue the construction of the A6 Drumahoe to Dungiven .	A6 Drumahoe to Dungiven - Scheme will be completed in 2022, largely as planned.
Finalise and publish the Belfast Strategic Drainage Infrastructure Plan by September 2021 and begin its implementation.	The final 'Living With Water in Belfast' plan was approved by the Minister in September 2021 and was endorsed by the Executive on 21 October 2021. The Department published the final plan on 9 November 2021.
Develop and publish a final Northern Ireland Flood Risk Management Plan (FRMP) 2021-2027 by 22 December 2022	The FRMP was published on 20 December 2021.

Action	Status as of 31st March 2022
<p>Appoint a contractor and begin construction on the Belfast Tidal Flood Alleviation Scheme.</p>	<p>Lagan Construction Ltd was awarded the Design & Build Contract for the Belfast Tidal Flood Alleviation Scheme on the 7th September 2021. There has been some delay to the finalisation of the design, however some construction activities have already commenced on site to help mitigate risks to the construction programme such as tree clearance, service identification / diversions etc. The detailed design and full construction stages are estimated to take at least 18 months to complete.</p>
<p>Develop policy options to decarbonise transport, based on evidence and stakeholder engagement, taking account of the implications of COVID-19 pandemic and wider UK decarbonisation plans, as part of the cross departmental Energy Strategy led by DfE.</p>	<p>An Executive Energy Strategy was published in December 2021 and contained key commitments to develop a Local Transport Strategy and EV Infrastructure Action Plan to set NI approach to transport decarbonisation.</p>
<p>By October 2021 consult on options for the development of a new Road Safety Strategy.</p>	<p>The Draft Road Safety Strategy for Northern Ireland to 2030 was consulted on between November and early January 2022. Finalisation and publication of the Strategy has not been possible due to the absence of an Executive but this will be revisited early in the new Assembly mandate.</p>
<p>Establish a youth forum to inform future decision making and policy prioritisation within the Department.</p>	<p>An Infrastructure Youth Assembly event was held on 22nd March in collaboration with the Northern Ireland Youth Forum.</p>

FINANCIAL REVIEW

Resources

As set out in the Statement of Assembly Supply, the Department was voted Resource Estimate Provision of £1,108,976,000 in the Spring Supplementary Estimates for 2021-22. Details of Resource Estimate and Outturn are given in Table 1 below (full details are provided in the Statement of Assembly Supply (SOAS) Page 85):

Table 1

	Outturn (£000)	Estimate (£000)	Variance (£000)
Request for Resources A	935,591	1,108,976	173,385

Explanation of significant variances (over £500,000 and in excess of 10%) between and Outturn (net total resources), before virement:

Line	Variance Under/(Over) £000	Explanation
Line 4 Driver and Vehicle Agency	(2,460)	DVA was not required to pay a dividend to the Department this year to allow DVA to re-invest.
Line 10 Planning and Policy	516	Variance mainly relates to the capitalisation of salaries.
Line 15 Depreciation and Impairment costs	139,210	A condition improvement of assets in Roads and Rivers has meant depreciation charges were less than anticipated.
Line 16 Provisions	2,230	Provision for Roads programmes less than forecast, and other small variances within provisions.

Explanation of significant variances (over £500,000 and in excess of 10%) between Estimate Net Cash Requirement and Outturn Net Cash Requirement.

The variance between the Estimate Net Cash Requirement and Outturn Net Cash requirement is £102,141,000. The main reason for the variance is as follows:

Provisions	Variance Under/(Over) £000	Explanation
Investments	10,000	Less capital loan notes required by Northern Ireland Water than anticipated.
Changes in working capital	61,101	<p>The working capital figure comprises debtors, creditors and stock. Any change in these figures from year to year will impact on the Net Cash Requirement.</p> <p>Creditors were more than anticipated due to timing of payments. Due to the large scale projects within the Department this figure can fluctuate year on year. Also, as the Budget Bill did not receive Royal Assent until late in March the Department had to control some of its expenditure and therefore payments were less than forecast.</p>
Changes in payables due after 1 year	(3,638)	Long term creditors were less than anticipated at 31 March as more retentions had been paid out.
Use of provisions	4,939	Land purchases were less than anticipated

Reconciliation of Resource expenditure between Estimates, Accounts and Budgets

	£000
Net Resource Outturn (Estimates)	935,591
Adjustments:	
Less Consolidated Fund Extra Receipts (CFERs) in the Statement of Comprehensive Net Expenditure	(203)
Exchange Loss/(Gain) on EU receivables- non budget, non estimate	-
Net Operating Costs (Accounts)	935,388
Less capital grants paid to finance capital expenditure	(257,432)
Capital grant income	24,562
Remove non budget exchange movement	-
Resource consumption of NI Water	320,920
Voted expenditure outside budget-NIW	(233,863)
Resource consumption of Waterways Ireland	5,249
Voted expenditure outside budget-Waterways Ireland	(4,973)
Remove inter-departmental notional charges	(12,685)
Resource Budget Outturn (Budget)	777,166
Of which:	
Departmental Expenditure Limits (DEL)	689,541
Annually Managed Expenditure (AME)	87,625

Budgeting Framework

The Department of Finance (DoF) is responsible for management of the NI Executive Budget process in line with a budgetary framework set by Treasury.

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

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

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

As DEL budgets are understood and controllable, Treasury sets firm limits for DEL budgets for Whitehall departments and Devolved Administrations at each Spending Review. The NI Executive, based on advice from the Finance Minister, will in turn agree a local Budget that will set DEL controls for Executive departments.

DEL budgets are classified into resource and capital.

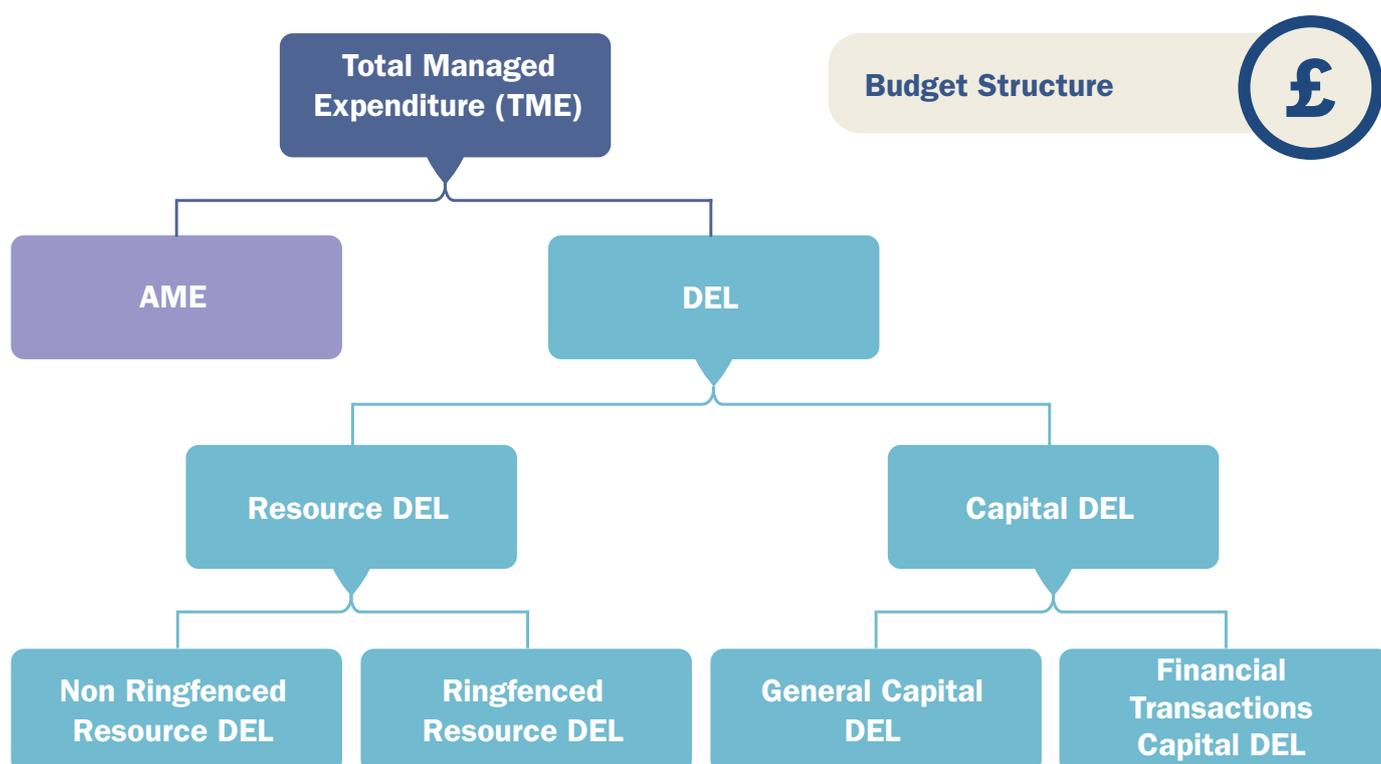
- Resource budgets are further split into non-ring-fenced resource that pays for programme delivery and departmental running costs, and separately ring-fenced resource that covers non-cash charges for depreciation and impairment of assets.
- Capital DEL is split into 'financial transactions' for loans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

The information contained within budgetary controls does not currently read directly to financial information presented in Financial Statements due to a number of misalignments. It is intended that the Executive's Review of Financial Process will help address these differences and improve transparency.

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

<https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2021-to-2022>.





Budgetary Performance

Details of the Department's performance against Budgetary Control totals is set out in the table below.

	Final Plan 2021-22 £000	Provisional Outturn 2021-22 £000	Underspend / (Overspend) £000
Resource DEL	692,172	689,542	2,630
including			
Non-ringfenced	573,219	572,261	958
Ringfenced depreciation / impairment	118,953	117,281	1,672
Capital DEL	754,679	753,293	1,386
including			
General capital	754,679	753,293	1,386
Total DEL	1,446,851	1,442,835	4,016
AME	237,342	85,070	152,272
including			
AME Resource	230,665	87,622	143,043
AME Capital	6,677	(2,552)	9,229
Total Managed Expenditure	1,684,193	1,527,905	156,288

Explanation of Variances

The £1m (0.17%) variance in Non-ring fenced Resource DEL is primarily due to Covid related schemes (£0.5m).

DEL ring-fenced depreciation/ impairment expenditure in the main relates to an underspend in depreciation for NI Water and Departmental assets being less than forecasted following year end accounting processes.

Capital Variances

The largest single element of the capital underspend of £1.4m is £0.55m which relates to sustainable travel grants and expenditure.

AME Variances

AME is expenditure which is outside DEL, reflects highly unpredictable or volatile expenditure. In DfI, AME budget cover is required for accounting entries such as provisions for uncertain liabilities and depreciation for the non-trunk road network. For 2021-22, an improvement in the road condition of £4.3m against a budget position of £125m depreciation has been reported, this represents the largest element of the AME underspend.

Long Term Expenditure Trends

The following tables and visual illustrations reflect the Departmental spend in the Statement of Assembly Supply (SOAS, page 85) as a five year trend analysis for capital and resource expenditure.

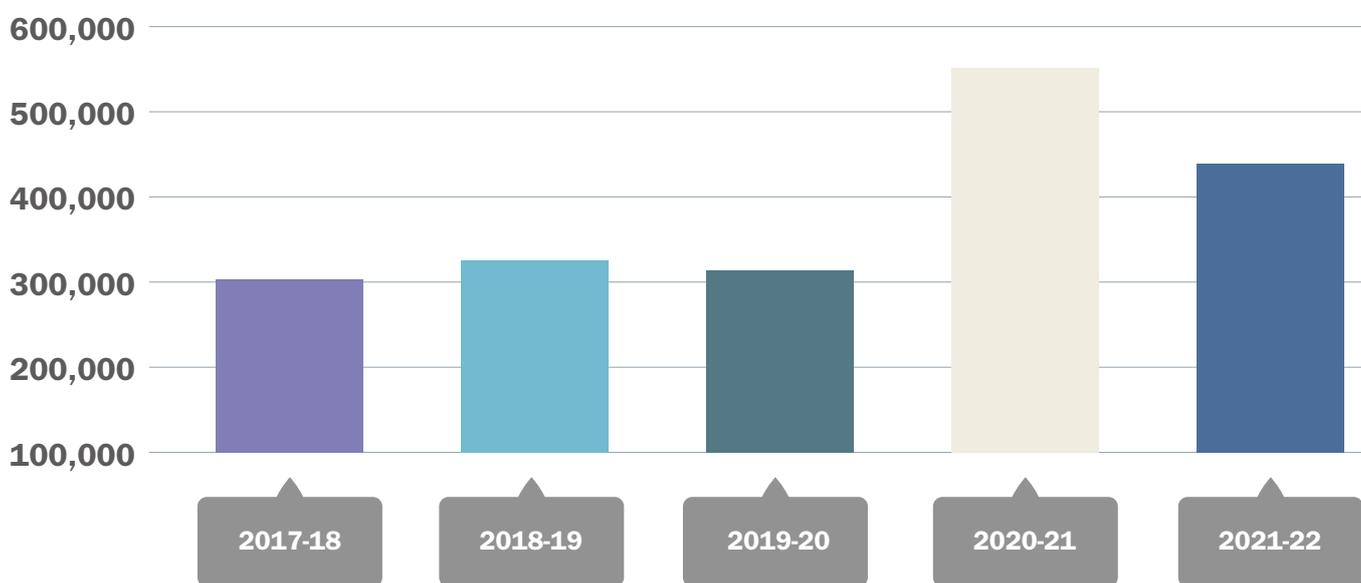
	2021-22 £000	2020-21 £000	2019-20 £000	2018-19 £000	2017-18 £000
DEL Admin and Resource Expenditure	441,778	550,366	310,609	315,628	303,108
DEL Capital grants	232,875	145,131	84,120	77,941	43,364
NON Budget	251,522	248,963	247,999	242,194	237,305
AME Admin and Resource	4,841	3,353	20,328	3,186	9,435
AME Depreciation and Impairment	4,575	103,610	15,516	73,666	103,456
Excess Accruing Resources	-	-	-	4,913	-
Total Per SOAS 1	935,591	1,051,423	678,572	717,528	696,668

Of which

DEL	441,778	550,366	310,609	315,628	303,108
Depreciation & Impairment Charges	31,112	24,569	21,233	24,900	21,408
Finance Expense	18,474	19,119	19,722	20,287	20,816
Grant /Subsidies	185,048	304,254	86,716	95,841	86,863
Other Operating Expenditure	3,479	3,535	4,258	4,069	3,577
Purchase of Goods and Services	133,868	121,915	116,383	117,140	115,447
Staff Costs	87,841	90,255	86,418	79,342	80,669
Income	(18,044)	(13,281)	(24,121)	(25,951)	(25,672)
DEL Capital	232,875	145,131	84,120	77,941	43,364
Grants	256,992	168,699	120,220	119,592	88,846
Income	(24,117)	(23,568)	(36,100)	(41,651)	(45,482)
AME	9,416	106,963	35,844	76,852	112,891
Depreciation and impairment costs	4,575	103,610	15,516	73,666	103,456
Provisions	4,841	3,353	20,328	3,186	9,435
Non budget	251,522	248,963	247,999	242,194	237,305
Grants/subsidies	324,104	318,448	313,657	304,510	295,431
Income	(85,267)	(82,019)	(79,544)	(76,250)	(72,889)
Notional costs	12,685	12,534	13,886	13,934	14,763
Excess Accruing Resources	-	-	-	4,913	-
Total Per SOAS 1	935,591	1,051,423	678,572	717,528	696,668

Departmental DEL Admin & Resource expenditure (excludes NIW) (£000)

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Departmental DEL Admin & Resource expenditure (excludes NIW)	303,108	315,628	310,609	550,366	441,778

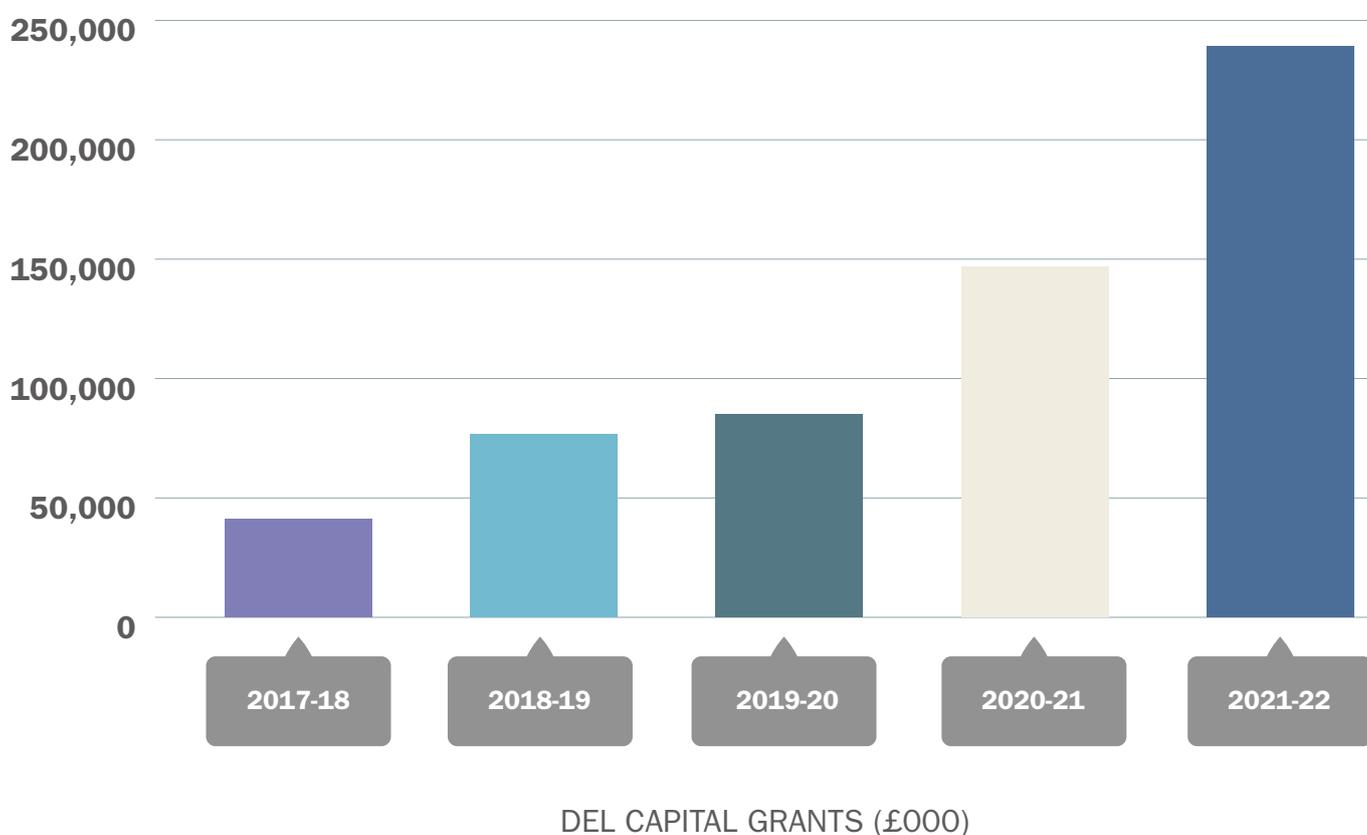


DEL ADMIN & RESOURCE SPEND (EXCLUDING NI WATER) (£000)

The decrease of £108m in the DEL Admin and Resource expenditure mainly relates to the reductions in COVID-19 funding to both DVA and Translink for lost income and also financial support packages for the private bus and taxi industries. This has been offset by an increase in concessionary fares due to the relaxation of covid restrictions and restored public confidence and an increase in energy costs.

Departmental Capital DEL grants (net of capital grant income)

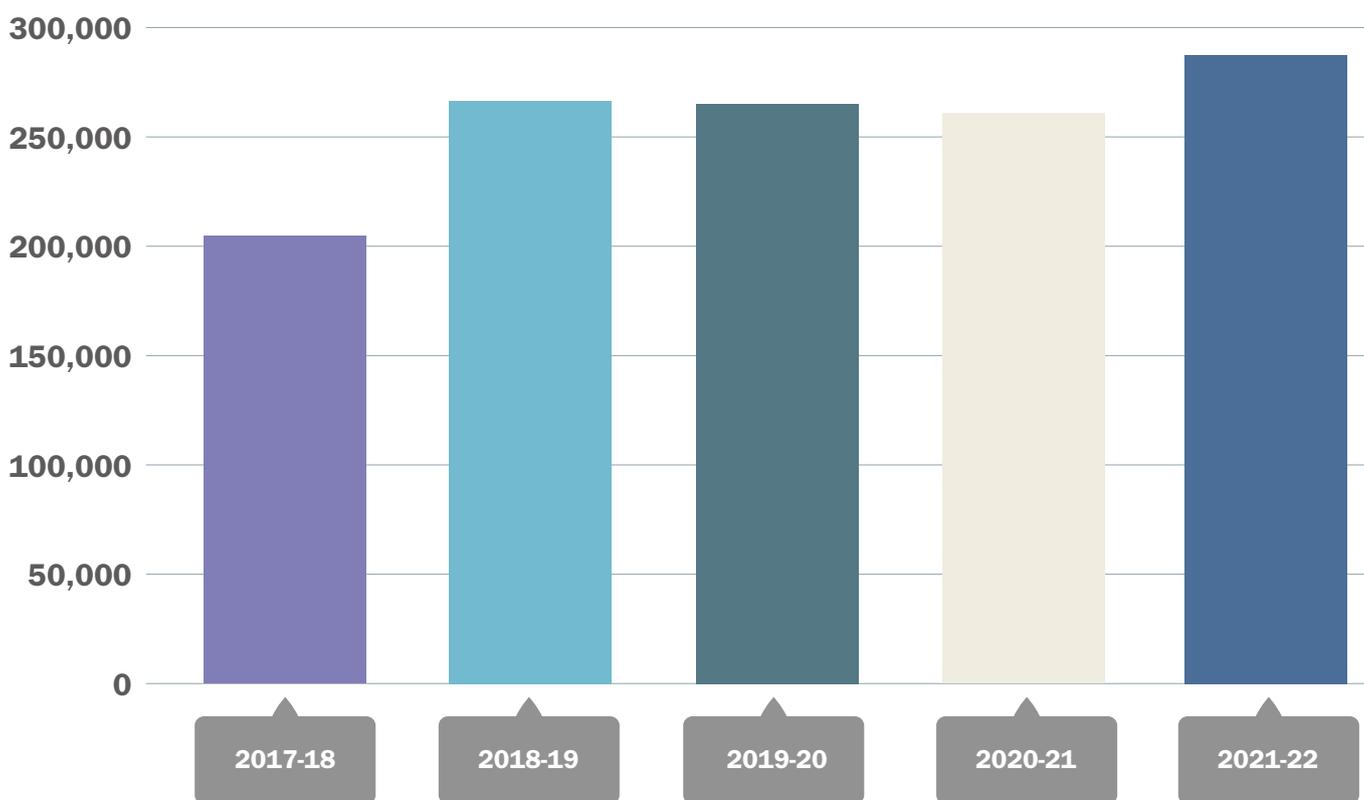
	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Departmental Capital DEL grants (net of capital grant income)	43,364	77,941	84,120	145,131	232,875



The increase in capital grants (net of income) partly reflects increased spend to Translink for new trains, ongoing railway projects and new buses. There was also increased spend on the Belfast Transport Hub and to DVA to help fund the building of the Hydebank test centre.

Departmental capital spend (excludes NI Water spend and loans to NI Water)

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Capital spend (excluding investments)	204,176	268,213	267,848	261,892	285,949



CAPITAL SPEND (EXCLUDING INVESTMENTS) (£000)

Capital spend mainly consists of spend on the Roads Flagship and Road Improvement Schemes.

Impact of COVID-19

COVID pandemic has continued to have a significant impact on the day-to-day running of the Department during 2021-22. The focus of the year was to continue to maintain the public services which the Department and its ALBs deliver while also complying with all relevant Public Health Agency advice to prioritise the health and safety of both staff and the general public.

One of the biggest impacts of COVID on the Department was on DVA and their delivery of vehicle and driving tests due to ongoing restrictions. This, combined with the increased demand for services from the previous year put significant strain on the Agency. Following changes to the restrictions driving tests resumed on 23 April 2021 and the DVA worked tirelessly to increase its capacity to help meet the high demand for these services. In just over 11 months since driving tests resumed DVA conducted 65,061 driving tests, which is 12% more than the total number of tests conducted in 2018-19, the last full year when driving tests were not affected by COVID-19 restrictions and is 43% more than the five year average for this period. Similarly, they adopted a range of measures to increase vehicle testing capacity, including the recruitment of additional vehicle examiners, the use of overtime to provide cover for leave and sick absence and offering test appointments on Sundays and bank holidays at most test centres. Normal vehicle testing times resumed from 26 July 2021, when the use of Temporary Exemption Certificates ceased. These actions have helped DVA meet the increasing demand for vehicle testing and from 1 September 2021 to 31 March 2022, they conducted 498,734 full vehicle tests, which is 13% more than the five-year average for this period.

The pandemic also continued to have a substantial impact on the operation and performance of Translink. Translink continued to implement measures to keep its passengers and staff safe which included the continued use of face coverings in addition to a number of other measures including enhanced cleaning of vehicles, encouraging the use of cashless and contactless tickets and increasing public transport services in areas which had capacity constraints including on some school services. As a result of these Translink increased passenger number to approx. 70% of 2018-19 levels which was a substantial improvement on passenger numbers from the year before but still well below normal levels. Due to the lost income from these passengers and the subsequent funding gap Translink received additional funding from the executive of £47m to ensure that it was able to continue to provide the essential public services.

During 2021-22 the Department also continued to normalise services as much as possible to pre pandemic levels. In May 2022 the Department announced the resumption of full parking enforcement to pre lockdown levels while the temporary suspension for the requirement to hold public consultations as part of pre-application community consultation for major planning applications also ended in 2022.

Lockdown also had a significant impact on the amount of traffic on our roads with traffic levels well below normal at the start of the year. These levels increased to just below pre pandemic levels following the removal of many of the travel restrictions. Throughout this time the Department continued to work alongside the Department of Health to undertake a range of measures to reduce the transmission of virus while also promoting public health messages. This included the use of overhead road signs on key strategic routes to display public health messages to support the ongoing fight against COVID.

Staff within the Department continued to follow the Executive advice to work from home where possible. Laptops continued to be rolled out to all staff who required them while detailed risk assessments were undertaken for those staff who were not able to work from home. During this time the Department and Translink also rolled out COVID-19 workplace testing with Lateral Flow Tests available at various locations for staff to undertake regular testing.

A number of initiatives were introduced during 2021-22 to support a range of individuals and sectors who had been particularly impacted by COVID. In July the Department announced the extension of free public transport for healthcare workers scheme to cover the period up to the 31st August 2021. In February 2022 the Department also opened a third financial support scheme for the bus and coach sector. This scheme followed on from the two previous schemes implemented in 2020-21 and covered the 10 month period from April 2021 to January 2022. The Department secured funding of £4m to provide assistance to those business who experienced difficult trading conditions during the latest period of COVID-19 uncertainty.

Throughout this time NI Water also continued to provide water and sewerage services and implemented a range of initiatives to ensure that the spread of COVID did not impact these services. This included prioritising essential work and changing work practices to ensure that social distancing rules are adhered to.

During the year the Department also undertook significant planning for COVID recovery. COVID Green recovery was one of the five objectives contained within the Departmental Business Plan and the Department worked alongside the NI Executive to delivery against the Executive's COVID Recovery Plan.

In 2021-22 the Department received COVID funding to support the core services that it provides. The total Covid funding received by DfI was £73.5m. There was a £0.5m total underspend made up of small underspends in more than one area.

A breakdown of the COVID funding is shown below.

Description	Funding £m
Resource:	
Translink Lost passenger revenues and PPE	47.0
NI Water loss of non-domestic water rates and increase in costs	9.3
DVA Lost Revenue	9.0
Bus & Coach Industry Support	3.7
Taxi Sectoral Support	0.2
Roads Parking and Enforcement Income	3.1
Winter Service	0.6
City Of Derry Airport support due to lost income	(0.2)*
Strangford and Rathlin Ferry Services Lost Income	0.2
Crumlin Road Gaol – lost income	0.2
Community Transport Providers – lost income	0.5
	73.5
*Overaccrual in 2020-21	

Figures may not add up due to rounding.

In December 2021 the number of COVID-19 positive cases rose dramatically due to the increased transmissibility of the Omicron variant. Along with colleagues within the Civil Contingences Policy Division within The Executive Office (TEO) a substantial amount of scenario planning was undertaken due to a likely increase in staff absences early in the New Year and any impact this would have to essential services. Due to this detailed planning the Department and its ALBs were able to run a largely unaffected range of services even with substantially increased staff absences due to illness or self-isolation with only some very minor and localised disruption.

In early February 2022 the majority of COVID restrictions were removed and the Department is currently in the process of gradually returning to a more normal way of operating. It is however conscious that the pandemic is not over and is continuing to monitor the situation carefully.

Include Fraud and error analysis on COVID-19 government support schemes

In administering COVID grant schemes the Department has taken advice and appropriate action on any suspected fraud. Both the taxi and bus/coach schemes were subject to checks to ensure claims were valid and to detect possible fraud. For the taxi scheme this involved 100% checks on claimant eligibility in the first scheme, and a random 10% check in the second. For both bus/coach schemes this involved each claim being signed off by an external accountant, each of which were checked internally, then signed off by an NICS accountant.

EU Exit/Future Relations with EU

Following the transition period, the UK exited from the EU on 1 January 2021. Since Exiting the EU, Departmental officials have continued to liaise extensively across government and with key stakeholders to ensure the implications of the UK withdrawal and our unique position have been understood. This included ensuring that the Department had a fully effective statute book post transition period.

The Trade and Co-operation Agreement (TCA) between the UK and EU was agreed on 24 December 2020 and ratified by Parliament on 30 December 2020. On the 10 December 2020 agreement was reached by the Withdrawal Agreement Joint Committee regarding the implementation of the Northern Ireland Protocol.

The Department will continue to implement and monitor the implications of the obligations brought about by the TCA and NI Protocol to ensure continued effective delivery of departmental services.

Sustainability, environmental, social and community matters

In November 2021, the international climate conference COP26 was held in Glasgow. The COP26 summit brought parties together to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change and highlighted the climate emergency that we are all in. The Department takes its responsibilities on climate change seriously. One of the five objectives of the 2021-22 Departmental Business Plan was 'Tackling the Climate Emergency' while our response to COVID-19 also focused on the potential green opportunities to build back in a fairer, more responsible, sustainable and environmentally friendly way. The Department has continued to refocus the work we do on sustainability principles and practices across our areas of responsibility and in the delivery of our projects.

In Northern Ireland, Transport continues to be the second biggest contributor of greenhouse gases, next to agriculture. In June 2021 as part of the Department's response to the Climate Emergency it published 'Planning for the Future of Transport – Time for Change'. In this Minister Mallon set out the Department's future priorities for transport, highlighting the need to refocus and reprioritise the Department's aims in order to meet the new and emerging challenges facing our communities, and in particular climate change.

The Department has continued to support the transformation of our communities, promote active travel and shape our places to live in the new normal through the continued investment in the Blue Green Infrastructure Fund. This has included investment in active travel schemes including the Blaris and Strathfoyle Greenways, piloting scheme to light the Comber Greenway, launching a 10 year Belfast Cycling network plan and delivery plan as well as delivering various other active travel schemes.

This year has also seen the start of the delivery of new zero emission vehicles here with the delivery of the first of 100 zero emission battery and hydrogen buses for Belfast Metro, a pilot scheme for zero emission community transport buses, the commitment to make Foyle Metro zero carbon with the introduction of 38 zero emission battery buses and the creation of a new e-transport scheme in Rathlin island.

The publication of the Living with Water Plan in December also signalled a new era in the in planning for how we manage water and wastewater in Belfast. This plan is part of £1.4 billion 12 year investment package which will help protect people and business from flooding, provide a cleaner and greener environment and ensure that Belfast is open for business and investment. In addition, the Minister also supported the publication of NI Water's 'Power of Water' report in November 2021, which sets out the potential opportunities for NI Water to contribute to energy decarbonisation through its publicly-owned asset base.

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

Responding to the Covid-19 pandemic has continued to be a major focus throughout the year and to help with the ongoing need for social distancing, the Department continued to work in partnership with Councils and Business Improvement Districts to deliver a number of placemaking schemes which reimagined the use of road space to provide outdoor spaces for people to enjoy.

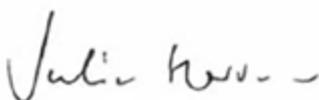
As part of an investment to help save lives during the year the Department also funded 134 defibrillators which are position across 80 locations on the bus and train network here. These defibrillators are accessible to everyone in a life threatening emergency at these stations and will help to improve survival rates for cardiac arrests.

The Department also continued to take its responsibility for recycling seriously and operated recycling initiatives across its estate. The continued guidance to work from home dramatically 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.

The pandemic has, however, also continued to curtail any opportunities for staff to undertake volunteering in the community with volunteering days, Time to Read and the Time to Count initiatives suspended during the pandemic.

During the pandemic the Department continued to make use of webinars and online awareness seminars for a range of issues, including on topics like: health (bowel, breast, skin and prostate cancer), mental health, think well sessions, stop smoking, how to sleep better. These were provided in collaboration with a range of charities including the Samaritans, and the Charity for Civil Servants.

It should be noted that, as a corporate entity, the Department made no charitable donations during the year.



JULIE HARRISON
Accounting Officer

29 June 2022

ACCOUNTABILITY REPORT



CORPORATE GOVERNANCE REPORT

The purpose of the Corporate Governance Report is to explain the composition and organisation of the Department for Infrastructure's governance structures and outline how they support the achievement of our objectives.

DIRECTORS' REPORT

An organisational chart of the Department's senior management team is provided on page 11 of the Performance Report.

Departmental Accounting Boundary

The Resource Accounts for the Department have been prepared in accordance with the provisions of the Government Financial Reporting Manual.

Entities outside the Departmental Boundary

The following bodies are outside the Departmental resource accounting boundary:

- Driver & Vehicle Agency;
- Northern Ireland Water;
- Northern Ireland Transport Holding Company;
- Waterways Ireland; and
- Northern Ireland Trust Ports.

Details of these bodies, including how the costs associated with them have been reflected in the Department's Resource Accounts, can be found at Appendix A.

Departmental Reporting Cycle

The Departmental Business Plan sets out the Department's vision, objectives and key targets. The Department also produces a Main Estimate each year which sets out its detailed spending plans that underpin the resource and cash provision sought by the Department. A Supplementary Estimate was also produced to seek authority for additional resources and / or cash to that sought in the Main Estimate. The Estimate is structured on an objective and function basis. The Statement of Outturn against Assembly Supply provides a Summary of Resource Outturn for the financial year and compares Outturn with Estimate.

Financial Instruments

Note 10 to the financial statements discloses details of the impact of financial instruments on the Department in accordance with International Financial Reporting Standard 7.

Personal Data Related Incidents

The Department had two breaches of personal data reportable to the Information Commissioner's Office in 2021-22. On both occasions, no further action was taken by the Commissioner following the Department's report.

Prompt Payment of Suppliers

In 2021-22, the Department, including its Agency (DVA), paid 97.9% of invoices for goods or services within 30 days or by contract terms (compared to 98.2% in 2020-21). 94.7% were paid within 10 days (compared to 93.9% in 2020-21). Further details are available on the Department of Finance website.

Health and Safety

The Department is committed to adhering to all current Health and Safety at Work legislation to ensure that staff (and others connected with our undertakings) enjoy the benefits of a safe working environment. Our Health and Safety Policy Statement is regularly updated to take account of any changes to Health and Safety legislation through the Departmental Health and Safety Committee.

The Committee continues to embrace a participatory style of health and safety leadership in response to many challenges including the ongoing COVID-19 pandemic. We adopt an innovative and agile approach to policy development which includes engagement with staff, Trade Unions, external policy experts such as the Public Health Agency and the Health and Safety Executive for Northern Ireland.

This Committee is chaired by a professionally qualified health and safety practitioner and is supported by one of the Department's Deputy Secretaries, Colin Woods, who fulfils the role of the Health and Safety Champion for the Department and provides strategic health and safety leadership and direction.

Complaints

The Department is committed to providing a high quality service to the public and, as such, welcomes all feedback, both positive and negative, which is used to assist with the improvement of our services. In 2021-22, 78 formal complaints were received and processed under the Department's complaints procedure (compared to 103 in 2020-21).

The Department operates a two-stage complaints process which is overseen centrally. The complaints procedure is kept up-to-date and in line with guidance from the NI Public Services Ombudsman's Office (NIPSO). The Complaints Procedure is available on our Internet site at [DfI complaints procedure | Department for Infrastructure \(infrastructure-ni.gov.uk\)](#). A central complaints register for the Department is maintained, which contains details of complaints received and lessons learned. The information gathered is then used to produce an annual report on complaints handling for the Departmental Board. This report includes details of performance against complaints targets and examples of any lessons learned and any policies or procedures which have been amended as a result of dealing with complaints throughout the year. The Department has in place a Complaints Working Group consisting of representatives from each business area to help raise the profile of complaints handling, ensure consistency of approach and share good practice. The Department continues to learn, on an ongoing basis, from the complaints it receives and considers any lessons learnt to improve its procedures and the services that it delivers where possible. The Department continues to adhere to its Customer Charter, which sets a standard for service delivery and for responding to correspondence.

In addition to the Department's own complaints procedures, the Department received 9 complaints in 2021-22 about the handling of requests for information. These complaints, known as internal reviews, were processed in line with the requirements of the Freedom of Information Act 2000 and Environmental Information Regulations 2004, which require public authorities to process internal reviews within 20 and 40 working days respectively. The outcome of each internal review is reported to Senior Management in the weekly Freedom of Information report.

Auditors

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

The audit of the financial statements for 2021-22 resulted in a notional audit fee of £105,000 and is included in the administration costs in the Statement of Comprehensive Net Expenditure.

Contingent Liabilities

In addition to the contingent liabilities disclosed under International Accounting Standard (IAS) 37 in note 18, there are remote contingent liabilities disclosed in other Assembly Accountability Disclosures.

Events after the reporting period

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

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Government Resources and Accounts Act (Northern Ireland) 2001, the Department is required to prepare resource accounts for each financial year in conformity with a direction from the Department of Finance (DoF). These detail the resources acquired, held, or disposed of during the year and the use of resources by the Department during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Principal Accounting Officer is required to comply with the Government Financial Reporting Manual and in particular to:

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

DoF has appointed the Permanent Secretary of the Department as Principal Accounting Officer of the Department. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the Department's assets, are set out in the Accounting Officers' Memorandum issued by DoF and published in Managing Public Money Northern Ireland.

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 NIAO 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

As Principal Accounting Officer, I have personal responsibility for maintaining effective governance that supports the achievement of the Department for Infrastructure's policies, aims and objectives, while safeguarding public funds and Departmental assets. This governance statement sets out how I have discharged those responsibilities during 2021-22, including in relation to both corporate governance and risk management.

Our Governance Framework

The Department has in place a Corporate Governance Framework that is available on our website at: <http://nics.intranet.nigov.net/infrastructure/documents/corporate-governance-framework-2020>. This reflects the key principles in '[Corporate governance in central government departments: Code of good practice NI \(2013\)](#)' and sets out details of the Department's corporate governance arrangements.

The key organisational structures which support the delivery of our outcomes and performance measures include the Departmental Board and its committees. Management assurance is a vital element in the internal control framework. It helps me, as Accounting Officer, supported by the Board, to identify potential areas of concern and focus resources to remedy these. The Department's Deputy Secretaries complete twice-yearly assurance statements. I also receive mid and end-year Assurance Statements from the Accounting Officers for DVA, NI Water, NITHC and Waterways Ireland.

The Principal Accounting Officer and the Board are independently advised by an internal audit service operating in accordance with Public Sector Internal Audit Standards. The primary objective of Internal Audit is to provide me, in my capacity as Principal Accounting Officer, the Departmental Audit and Risk Assurance Committee and Management with an independent and objective opinion on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the Department's agreed objectives.

The Departmental Board

The Terms of Reference for the Departmental Board and each of its sub-committees are set out in the Corporate Governance Framework. The Board Operating Model is in full compliance with the role of the Board as set out in '[Corporate governance in central government departments: Code of good practice NI](#)' (2013).

The Departmental Board supports me by contributing to the corporate management of the Department within the strategic policy and resources framework set by Minister and the Executive. The Board operates as a collective forum, to manage the Department.

The Board is not the principal policy making body within the Department, as policy is determined by the Minister. However, the Board may discuss policy in the context of monitoring implementation, strategic planning and operational management. In the policy area, the Board operates in an advisory and consultative capacity, offering guidance when sought.

The Board relies on data from a number of sources to inform its work. These include:

- Statistical information;
- Financial information;
- HR data;
- Information provided by its ALBs; and
- Other evidence and data from a range of sources, including internal and external audit, academic research and information provided by professional bodies.

In terms of the quality of data, it takes assurance from the designation of statistical information as 'official statistics' or 'national statistics' and also from the advance scrutiny of other information, particularly HR and financial data by professional staff before it is presented to the Board. It also takes assurance from the validation and test drilling that is carried out by finance, economist and audit teams.

The Board has two sub-committees: the Departmental Audit and Risk Assurance Committee; and the Major Projects Committee.

The two Non-Executive Board Members offer constructive challenge across the Department's business ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency. Their appointments are for a period of three years. During the year Mary O'Dwyer completed her tenure in July 2021 while Trevor Conway completed his in December 2021.

An external recruitment competition was undertaken for new Non-Executive Board members during 2021. This resulted in the appointment of Moya Johnston and Professor Frank Kirkland in January 2022. Moya also chairs the Audit Committee while Frank chairs the Major Projects Committee.

During 2021-22 the Departmental Board also agreed to participate in the Boardroom Apprentice Scheme. Jonathan Hanna joined the Board as a non voting member in September 2021 for a 12 month period.

The Board meets on a bi-monthly basis. The composition of the Departmental Board during the year and its attendance records are set out in the table below:

Name of Board Member	Position	Board Meetings in 2021-22 (Total of 6)
Katrina Godfrey	Accounting Officer and Chair of Departmental Board	6/6
Trevor Conway	Non-Executive Board Member and Chair of Major Projects Committee (until 31 December 2021)	4/4
Mary O'Dwyer	Non-Executive Board Member and Chair of DARAC (until 22 July 2021)	1/1
Frank Kirkland	Non-Executive Board Member and Chair of Major Projects Committee (from 4 January 2022)	2/2
Moya Johnston	Non-Executive Board Member and Chair of DARAC (from 4 January 2022)	2/2
Andrew Murray	Deputy Secretary Roads & Rivers Group (until 28 February 2022)	5/5
Colin Woods	Deputy Secretary Roads & Rivers Group (from 7 February 2022)	1/1
Declan McGeown	Deputy Secretary Resources, Governance & EU Group	6/6
Julie Thompson	Deputy Secretary Planning, Safety & Transport Policy Group	6/6
Sian Kerr	Director of Corporate Policy & Planning	6/6
Susan Anderson	Finance Director	6/6

The Department manages perceived or actual conflicts of interest in line with its 'Conflicts of Interest' policy. A register of interests is maintained for the members of the Departmental Board. The Register of Interests is available at: <https://www.infrastructure-ni.gov.uk/departamental-board-register-interests>. [The Register of Ministers' and Special Advisers'](#) Interests is published on the DoF website.

Rules on the Acceptance of Outside Business Appointments, Employment or Self-Employment by Civil Servants after leaving the NI Civil Service are set out in the NICS HR Handbook ([HR Policy 6.01 Standards of Conduct](#)). These rules include a requirement that, for up to two years from their last day of employment in the NICS *"Before accepting any new business appointment, employment or self-employment all serving or former civil servants must consider whether or not an application under the rules is required, and approach NICS HR Employee Relations as early as possible."* The Department works with NICS HR to assess applications, as received.

Departmental Board Performance and Effectiveness

The Departmental Board has continued to follow the COVID-19 guidance and met virtually throughout the year. Following the lifting of restrictions in early 2022 the March Board meeting was held 'socially distanced and in person' at the Belfast Transport Hub site office.

There have been a number of changes to personnel within the Board during 2021-22. Two Non Executives completed their terms and were replaced by two new Non Executives in January 2022. Two new Deputy Secretaries were also appointed to the Board during this time. Due to these changes in March 2022 the Board agreed to postpone the Annual Board Effectiveness Review as three of the eight members were new to the board and would only have been in attendance at one Board meeting. It was agreed that the Review would be postponed to Autumn 2022 which would allow for more time for the new members to reflect on the effectiveness of the Board.

Committees of the Departmental Board

The Departmental Audit and Risk Assurance Committee is a committee of the Board with no executive powers. The role of the Audit and Risk Assurance Committee is to support the Board in its responsibilities for issues of risk control and governance. This includes reviewing the comprehensiveness of assurances in meeting the Board's and Principal Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances. The DARAC is chaired by Non-Executive Board member and the remaining members include the other Non-Executive Board member and two additional external members with the relevant skills and expertise appointed from other government departments.

Throughout the year, the Audit and Risk Assurance Committee considered a range of internal audit issues. For example, during this year it has focused on reviewing the DfI Risk Register by performing two deep dives into a number of the Department's risks which included our health and safety risks and people capacity and capability. The Committee received routine updates on fraud and whistle-blowing cases; NI Water and NITHC Audit Committee business; updates from Waterways Ireland; NI

Audit Office audits (both financial and value for money) and the implementation of Gifts and Hospitality and Conflicts of Interest Guidance. A report was provided to the Departmental Board following each Committee meeting on the progress of the implementation of both Internal Audit recommendations and on the implementation of recommendations from the public accounts committee through the Accountability Grid system.

During 2021-22, the Committee also supported the Accounting Officer through its regular scrutiny of progress by the DVA in addressing the actions in the Action Plan produced to respond to the recommendations from the Investigation into Vehicle Lift Faults.

Fraud, wrongdoing and whistleblowing updates in respect of the Department and its Arm's Length Bodies are regularly reported to the Departmental Audit and Risk Assurance Committee. During 2021-22, the Department reported 44 cases of suspected fraud to the Comptroller & Auditor General. The Comptroller and Auditor General (C&AG) for Northern Ireland has been given statutory powers to conduct data matching exercises for the purposes of prevention and detection of fraud. The Department and its Arm's Length Bodies continued to participate in the National Fraud Initiative counter fraud data matching exercise in 2021-22 in relation to blue badges, payroll and pensions, trade creditors, taxi licensing and concessionary fares. The Department completed a data matching exercise for Blue Badge Permits to Department of Works & Pensions Deceased records. 3,023 matches were returned with 10% of these investigated – no fraud was identified.

The Major Projects Committee discusses and considers issues associated with existing and proposed major projects being taken forward by the Department. This process ensures that a strategic approach is taken to management of capital projects and that the Board is fully aware of any major risks that would potentially impact on project delivery. The Committee is responsible and accountable at all times and in all decisions to the Departmental Board as a whole. Reflecting the role of the Committee in providing assurance to the Accounting Officer, the Committee is chaired by one of the Department's Non-Executive Board Members and its members include the Department's other Non-Executive Board Member and the relevant senior officers.

During the year the Major Projects Committee focused on an agreed list of major projects. Additionally the Committee updated the format for Senior Reporting Officer (SRO) reports which are scrutinised at each Committee meeting and reviewed and discussed how best to give effect within the Department to the new requirements in DAO 02/20 for project delivery.

Details of members and attendance records for both committees are provided in the tables below:

Audit & Risk Assurance Committee			
Name of Committee Member	Attendance in 2021-22 (Total of 5)	Name of Committee Member	Attendance in 2021-22 (Total of 5)
Mary O'Dwyer (Chair until 22 July 2021)	2/2	David Polley (DfC)	5/5
Trevor Conway (Chair between 23 July 2021 and 31 December 2021)	4/4	Lisa Rocks (DoJ)	1/5
Moya Johnston (Chair from 4 January 2022)	1/1	Frank Kirkland (from 4 January 2022)	1/1

Major Projects Committee			
Name of Committee Member	Attendance in 2021-22 (Total of 3)	Name of Committee Member	Attendance in 2021-22 (Total of 3)
Trevor Conway (Chair until 31 December 2021)	2/2	Frank Kirkland (Chair)	1/1
Mary O'Dwyer (until 22 July 2021)	1/1	Moya Johnston	1/1
Andrew Murray (until 28 February 2022)	3/3	Julie Thompson	3/3
Declan McGeown	3/3	Susan Anderson	3/3

Ministerial Directions

As part of my Governance Statement, I am required to provide details of any Ministerial Directions. During the financial year, two Ministerial Directions were sought and received by the Department.

The first Ministerial Direction occurred in March 2022 and relates to the Belfast Distillery Company Limited (BDCL) within the Crumlin Road Gaol (CRG). The CRG is a Grade A listed building, currently owned by the Department for Infrastructure (DfI) which has a legal responsibility to maintain its integrity under the protocol for the care of listed buildings.

In May 2012, BDCL was awarded preferred developer status to convert A Wing at the Crumlin Road Gaol into a small operational whiskey distillery with tasting room, bar, restaurant, café and whiskey visitor attraction. Construction commenced in 2015, however was paused in July 2015 by BDCL due to a shortfall in funding. BDCL has a new owner and management and a constructive working relationship between the Department and the company has been established.

In October 2019, BDCL advised that it had submitted a new planning application for the change of use to a visitor attraction aligned to the distillery and subsequently Belfast City Council (BCC) which is the relevant planning authority and the Department for Communities Historic Environment Division undertook an inspection of the works to date in A Wing which identified evidence of unauthorised works which resulted in a caution being given to DfI.

Any new terms negotiated should include either a Personal Guarantee or a Bond in order to protect the Department, in line with legal advice. Without either, should BDCL not complete the works to the Department's satisfaction, the Department would be left in a position of having to take legal action against BDCL for breach of contract or incur the costs of restoring the building from the public purse.

BDCL has not provided DfI with either a Personal Guarantee or a Bond. The Bond figure is £870k, based on the estimated costs for the reinstatement works to A Wing and its requirement is considered essential to protect the Department and ensure value for money. As one of the requirements of Managing Public Money NI cannot be met if the project were to proceed without the Bond being in place. The Accounting Officer at the time (Katrina Godfrey) sought and obtained a Ministerial Direction for this. Approval for the Direction was received from the Minister of Finance on 25th March 2022, and the Comptroller and Auditor General was informed.

The second Ministerial Direction is in relation to a decision by the Minister of Infrastructure in March 2022 to provide resource funding to Derry City and Strabane Council (DC&SC) for City of Derry Airport. DC&SC requested financial support to be provided by the Executive to CoDA on an interim and longer term basis and a business case was submitted. Officials from both the Department for Infrastructure (DfI) and the Department of Finance (DoF) undertook reviews of the Business Case provided by the Council. However, the key requirements of Managing Public Money NI (MPMNI) around Value for Money (VfM) could not be demonstrated for both interim and longer term support. Further concerns were raised around any commitment to a longer term support package, in light of difficulties in predicting how the aviation sector will recover from the pandemic. Additionally, the Accounting Officer at the time (Katrina Godfrey) also had concerns about regularity.

To ensure that the airport continues to remain operational in the short term, the Minister directed that up to £3m of funding should be provided by DfI to DC&SDC. Previous funding interventions to support CoDA have also been provided under Ministerial Direction. Approval for the Direction was received from the Minister of Finance on 25th March 2022, and the Comptroller and Auditor General was informed.

I have declared a Conflict of Interest with the City of Derry Airport and all matters relating to it have been delegated to be handled by Declan McGeown, Deputy Secretary of Resources, Governance and EU Group.

North/South Bodies

It is a legislative requirement under the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 that any grants paid to bodies by a Northern Ireland Sponsor Department must be approved by DoF. Where such an approval is absent, any expenditure is illegal and retrospective consent cannot confer legality. No grant payments were made in the 2021-22 (2020-21: £0) financial year without DoF approval.

Budget Position and Authority

The Assembly passed the Budget Act (Northern Ireland) 2022 in March 2022 which authorised the cash and use of resources for all departments for the 2021-22 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2022 also included a Vote on Account which authorised departments' access to cash and use of resources for the early months of the 2022-23 financial year. The cash and resource balance to complete for the remainder of 2022-23 will be authorised by the 2022-23 Main Estimates and the associated Budget Bill based on an agreed 2022-23 Budget. In the event that this is delayed, then the powers available to the Permanent Secretary of the Department of Finance under Section 59 of the Northern Ireland Act 1998 and Section 7 of the Government Resources and Accounts Act (Northern Ireland) 2001 will be used to authorise the cash, and the use of resources during the intervening period.

Risks and Challenges

The Department's Risk Policy and Framework for Risk Management was updated in May 2021 and details the Department's approach to risk management, including: risk appetite; the hierarchy for managing risks; the risk identification and escalation process; and the roles and responsibilities of the various levels of management. This approach allows risks to be identified and managed at all levels and to be escalated as appropriate.

The Departmental Board provides leadership and direction in managing the risk environment in which the Department operates. Each Deputy Secretary maintains a Group Risk Register from which corporate risks are identified and escalated to the Corporate Risk Register as appropriate. They provide leadership to the risk management process in their particular areas of responsibility, as well

as corporately through their involvement in the Departmental Board, the Departmental Audit and Risk Assurance Committee and local management meetings.

Each business area assesses its own risks and these are included within Directorate Level Risk Registers. Any Risks which require escalation to the Group or Corporate Risk Register are agreed with the appropriate deputy secretary before escalation. The Departmental Audit and Risk Assurance Committee obtains assurances on the risk management and internal control framework. It is not responsible for the management of Corporate Risks – this role is undertaken by the Departmental Board.

In 2021-22 the Audit and Risk Committee undertook a number of ‘deep dives’ into a number of corporate risks within the Risk Register, including People – Health and Safety and People Capacity and Capability. Following these deep dives the Risk Register was reviewed by the Risk owner and revised appropriately.

During 2021-22 the Department has also been engaging with The Executive Office as part of a process to determine a NI wide Risk Register for NI Civil Contingencies which is hoped will be agreed in summer 2022.

The Corporate Risks contained within the Corporate Risk Register actively monitored and managed by the Departmental Board throughout 2021-22 include the following:

Risk Area	Brief description
People - Health and Safety	<ul style="list-style-type: none"> • Risk of not complying with the relevant Health and Safety requirements or guidance results in our workforce, visitors, contractors and the general public not being kept safe. • Health & Safety issues relating to the impact of COVID.
People - Capacity and Capability	<ul style="list-style-type: none"> • Risk that our workforce does not have the capacity and / or capability to deliver services, including statutory duties and Ministerial priorities as set out in the Departmental Business Plan. • Impact of COVID on staff wellbeing and capacity. • High vacancy rates which the Department is having difficulty filling. • Risk around New Ways of Working.
Cyber	<ul style="list-style-type: none"> • Risk our workforce is not able to access IT network or applications due to cyber-attack.
Technology and data Security	<ul style="list-style-type: none"> • Risk our workforce does not have the technology or connectivity to do their work. • Risk of loss of personal data by DfI. • Risks relating to the switch off of the Public Switched Telephone Network (PSTN) in December 2025.

Risk Area	Brief description
Financial - Budget	<ul style="list-style-type: none"> • Risk that our 2022-23 capital and resource budgets are not managed effectively. • Risk of the impact of COVID and recent price rises has to the Department and its ALBs especially NI Water and Translink.
Strategic Asset Management	<ul style="list-style-type: none"> • Budget pressures lead to sub-optimal asset maintenance regimes.
Environmental Compliance	<ul style="list-style-type: none"> • Failure to comply with relevant environmental regulation resulting in legal challenges to key infrastructure projects and a lack of preparedness to respond to an increasing focus on decarbonisation.
Operational – Reservoirs	<ul style="list-style-type: none"> • The absence of full commencement of the Reservoirs Act means that the Department does not have the legislative framework to manage reservoir safety in Northern Ireland and the associated public safety risk.
Operational – Emergency Response	<ul style="list-style-type: none"> • Risk of failing to respond adequately to emergency weather events leading to loss of life, damage to property or critical infrastructure and to consequential financial loss and reputational damage.

New and Particularly Challenging Risks and Issues

As part of my governance and risk management arrangements, there were some risks that proved particularly challenging to manage during 2021-22. These are summarised below.

Rise in Energy Costs / Inflation

There has been a sustained and substantial rise in both energy costs and inflation since winter 2021 due to ongoing COVID issues and the current conflict in Ukraine. This has a substantial impact on the Department and its ALBs. In particular NI Water has been severely impacted as it is the largest user of electricity here. The Department has also seen its costs rising due to the cost of materials increasing, as well as increasing energy costs. This risk has been reflected within the Corporate Risk Register of the Department and will be further examined in the coming months.

Climate Change Legislation

The NI Assembly passed a Climate Change Bill in March 2022. The Department is currently undertaking further scrutiny of the Bill to assess its impact on the services we currently provide and on priorities and commitments from a policy perspective. The legislation, when enacted, will require the Department to put in place a transport sectoral plan and an infrastructure sectoral plan for combatting climate change and will introduce new statutory responsibilities around how budgets should be used to deliver the net zero 2050 target set out in the legislation. Significant cross -

departmental collaboration will be required over the coming months in order to put in place the mechanisms which will ensure compliance with climate change legislation and also to support the delivery of the related Green Growth Strategy, Energy Strategy, Clean Air Strategy and Biodiversity Strategy.

Arm's Length Bodies

The COVID-19 pandemic has had a significant impact on the income of both NITHC and NI Water. Additional COVID funding from the Executive (as reported in the performance report) has been welcome. There remains, however, a concern regarding the ongoing impact of COVID, particularly for NITHC where it may take some time for passenger numbers to return to pre pandemic levels.

Health and Safety

The Department is committed to adhering to all current Health and Safety at Work legislation to ensure that staff (and others connected with our undertakings) enjoy the benefits of a safe working environment. Our Health and Safety Policy Statement is regularly updated to take account of any changes to Health and Safety legislation through the Departmental Health and Safety Committee. The Committee continues to embrace a participatory style of health and safety leadership in response to many challenges including the ongoing COVID-19 pandemic. We adopt an innovative and agile approach to policy development which includes extensive engagement with staff, Trade Unions, external policy experts such as the Public Health Agency and the Health and Safety Executive for Northern Ireland.

This Committee is chaired by a professionally qualified health and safety practitioner and is supported by one of the Department's Deputy Secretaries, Colin Woods, who fulfils the role of the Health and Safety Champion for the Department and provides strategic health and safety leadership and direction.

The Department continues to co-operate fully with any investigations currently being undertaken.

Staff Welfare

During 2021-22, we continued to experience significant staff pressures as a result of heavy workloads and staff under-resourcing due, in part, to the impact of COVID-19 and the changes in working practices. A dedicated portal was established by NICS HR to provide up to date information and advice to all NICS staff including guidance on home working, staff management and health and wellbeing. Through our DfI Well Champion and NICS HR, staff were encouraged to avail of a range of online sessions aimed at helping wellbeing during the pandemic.

Cyber Security

The increasingly sophisticated cyber-attack attempts on organisations and the challenges in keeping ICT networks secure and addressing new potential vulnerabilities necessitate the need to continually carry out cyber threat assessments, build cyber resilience and to ensure that robust incident response plans are in place. The Department worked with colleagues across the NICS to introduce service-wide

communications plans, and continues to assess and mitigate the threats to its business from cyber attacks.

Reservoir Safety

During the year, we also had to manage the absence of a complete legislative framework to deal with reservoir safety issues. By progressing short term actions wherever possible and undertaking work to support the transfer of the required functions to the Department, we have worked to help ensure that the safety of controlled reservoirs continues to be closely monitored.

Out of Hours Allowances

As reported in 2020-21, an issue emerged relating to the payment of out of hours allowances to some groups of operational staff who are required to deliver emergency and winter services which, by their nature, can be unpredictable. The issue related to payments that had been made over many years without documented approvals being in place. Work on the permanent solution, led by the Roads and Rivers Group in conjunction with DoF is ongoing, however, arrangements are in place to ensure regular expenditure until the permanent arrangement has been implemented.

Effectiveness of Internal Control

For 2021-22, Internal Audit has provided an overall 'satisfactory' audit opinion, in respect of the adequacy and effectiveness of the Department's framework of governance, risk management and control. This opinion is based mainly on the results of the internal audit activity carried out during 2021-22 and cumulative assurances derived from the previous three years 2018-2021.

In 2021-22 Internal Audit issued one limited opinion in relation to Gifts and Hospitality. The limited opinion was attributed due to issues relating to recording and evidencing approvals of gifts and hospitality. A follow-up review will be undertaken as part of the 2022-23 Internal Audit Plan.

During 2021-22 Internal Audit followed up two previous 2020-21 limited opinion reports relation to Temporary Promotions and Road to Zero and raised the limited opinions for both audits to Satisfactory.

In 2020-21 Internal Audit provided a limited opinion to Roads and Rivers Group's Performance in relation to their Statutory Responsibilities in the Planning Process. During 2021-22 Management advised Internal Audit that whilst the Department had actioned the recommendations the effective implementation of a number of the key recommendations is dependent on securing additional resources. The limited opinion therefore remains and a follow-up is scheduled to be performed during 2022-23.

Internal Audit attributed a limited opinion to Commercial Bus Service Permits during 2020-21. Management that the recommendations were not yet fully implemented and the follow-up did not proceed during 2021-22 and the limited remains and will be followed-up in 2022-23.

Internal Audit performed a follow-up of the unacceptable 2020-21 audit opinion of Compliance with GDPR within Accessible and Community Transport Branch. Whilst we acknowledge the efforts made by management to devise a Retention Disposal Schedule this remains in draft (with DfI Information Management Unit (IMU)) and has not been laid before the Assembly. Internal Audit therefore reassessed the 'Unacceptable' opinion as 'Limited.

Significant issues were identified within the Transport Regulation Unit (TRU) during 2017-18 and 2018-19. Internal Audit performed a follow-up review during 2020-21 which acknowledged that progress had been made, however, this was slower than expected due to the impact of COVID. As a result the overall 'limited' audit opinion remained, mainly due to insufficient progress relating to outstanding public inquiries; historical Most Serious Infringements and the strategic review of TRU. During 2021-22 we confirmed with Management that they continue to make progress towards the implementation of the outstanding / new recommendations and Internal Audit agreed to undertake a further follow-up once recommendations are recorded as implemented.

I also rely on DoF Head of Internal Audit to provide an annual inter-departmental report for the services it provided including Account NI, IT Assist and HR Connect shared services. Due to significant resource issues and the COVID-19 pandemic some audits have been carried forward into 2022-23. DoF Internal Audit have advised that two audits received a limited opinion with all remaining audits awarded a satisfactory audit opinion.

DVA

The Public Accounts Committee (PAC) published its report on the DVA 2019-20 in June 2021. The report contained three recommendations, two of which were completed during the year. The third recommendation in respect of a review of the arrangements for the Agency including assessing effectiveness of customer service, is being progressed.

Internal Audit has provided an overall 'satisfactory' audit opinion in respect of the adequacy and effectiveness of the Agency's framework of governance, risk management and control. This opinion is based mainly on the results of the internal audit activity carried out during 2021-22 and cumulative assurances derived from the previous three years 2018-21.

Outcome of Roads Contract Appeal

In April 2021, the Court of Appeal found that there had been a manifest error in the Department's approach to the procurement of term contracts for asphalt resurfacing in 2015. The judgement concluded that the Department's post-tender evaluation and scoring interaction with one of the tenderers, and the resulting contract award decisions were not in accordance with the governing EU legal rules and principles, and were not permitted by the competition rules.

An independent investigation was subsequently established in relation to the 2015 procurement competition. The independent investigation, led by Ms Sarah Hannaford QC, concluded in March 2022. The report generally accords with the court's findings and notes that some significant

improvements have been made to the Department's procurement practices since. It also recommends consideration of further potential improvements and work is ongoing in relation to these.

Roads & Rivers Procurement

During 2021-22, Procurement Branch continued to experience staff resource pressures that impacted the timely letting of some contracts. An independent review of Procurement Branch was also completed in September 2021 and made 10 recommendations to optimise delivery. Work is ongoing to address the review recommendations, more effectively prioritise procurement exercises and enhance the current risk management arrangements.

REMUNERATION AND STAFF REPORT

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS) in the NICS, is approved by the Minister of Finance. The Minister set the 2021-22 NI public sector pay policy (March 2021).

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

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

Service Contracts

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

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

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

Remuneration and pension entitlements

The following sections provide details of the remuneration and pension interests of the Minister and most senior management (i.e. Board Members) of the department.

Remuneration and pension entitlements – Ministers (this information is subject to audit)

Ministers	Salary £		Benefits in kind (to nearest £100)		Pension Benefits * (to nearest £1000)		Total (to nearest £1000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Minister Nichola Mallon MLA	38,000	38,000	Nil	Nil	6	5	44	43

* 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.

Remuneration and pension entitlements – Officials (this information is subject to audit)

Officials	Salary £'000		Benefits in kind (nearest £100)		Pension Benefits * (nearest £1000)		Total £'000	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Katrina Godfrey Permanent Secretary	130-135	120-125	Nil	Nil	72	82	200-205	205-210
Julie Thompson Deputy Secretary – Planning	105-110	105-110	Nil	Nil	25	49	130-135	155-160
Dr Andrew Murray Deputy Secretary – Roads and Rivers (until 28/2/22)	95-100 (full year equivalent 105-110)	100-105	Nil	Nil	44	67	140-145 (full year equivalent 145-150)	170-175
Linda MacHugh Acting Deputy Secretary – Transport & Resource (until 16/5/2021)	10-15 (full year equivalent 90-95)	55-60 (full year equivalent 90-95)	Nil	Nil	24	55	35-40 (full year equivalent 115-120)	110-115 (full year equivalent 145-150)
Declan McGeown Deputy Secretary- Transport & Resource (from 17/5/2021)	85-90 (full year equivalent 95-100)	N/A	Nil	N/A	97	45	180-185 (full year equivalent 190-195)	N/A
Colin Woods Deputy Secretary – Roads and Rivers (from 7/2/22)	10-15 (full year equivalent 95-100)	N/A	Nil	N/A	7	28	20-25 (full year equivalent 100-105)	N/A
Susan Anderson Departmental Director of Finance	75-80	30-35 (full year equivalent 70-75)	Nil	Nil	61	32	135-140	60-65 (full year equivalent 100-105)
Sian Kerr Director of Corporate Policy and Planning	75-80	35-40 (full year equivalent 70-75)	Nil	Nil	64	11	140-145	45-50 (full year equivalent 80-85)

Officials	Salary £'000		Benefits in kind (nearest £100)		Pension Benefits * (nearest £1000)		Total £'000	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Mary O'Dwyer Non-Executive Director (until 22/07/21)	0-5 (full year equivalent 5-10)	5-10	Nil	Nil	N/A	N/A	0-5 (full year equivalent 5-10)	5-10
Trevor Conway Non-Executive Director (until 31/12/21)	5-10 (full year equivalent 5-10)	5-10	Nil	Nil	N/A	N/A	5-10 (full year equivalent 5-10)	5-10
Moya Johnston Non-Executive Director (from 4/1/22)	0-5 (full year equivalent 5-10)	N/A	Nil	N/A	N/A	N/A	0-5 (full year equivalent 5-10)	N/A
Frank Kirkland Non-Executive Director (from 4/1/22)	0-5 (full year equivalent 5-10)	N/A	Nil	N/A	N/A	N/A	0-5 (full year equivalent 5-10)	N/A

* 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.

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 Department for Infrastructure and thus recorded in these accounts.

The Department for Infrastructure was under the direction and control of Minister Nichola Mallon MLA during the financial year. Her salary and allowances were paid by the department and have been included in these 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 Disclosures

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 the Department in the financial year 2021-22 £130,000 - £135,000 (2020-21, £120,000 - £125,000). The relationship between the mid-point of this band and the remuneration of the organisation’s workforce is disclosed below. This calculation excludes staff on statutory payments as this may impact the disclosure given that temporary staff may be replacing them at a different cost.

2021-22	25 th percentile *	Median	75 th percentile *
Total remuneration (£)	23,956	29,307	40,711
Pay ratio	5.5:1	4.5:1	3.3:1

2020-21	Median
Total remuneration (£)	28,730
Pay ratio	4.3:1

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

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

The values for the salary component of remuneration for the 25th percentile, median and 75th percentile were £23,956, £29,307 and £40,711 respectively.

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

Remuneration ranged from £17,000 to £123,000 (2020-21, £18,000 to £105,000).

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

Percentage change for:	2021-22 v 2020-21
Average employee salary and allowances	4.65%
Highest paid director's salary and allowances	6.82%

Pension Entitlements – Ministers (this information is subject to audit)

Ministers	Accrued pension at pension age as at 31/3/22 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/22 £'000	CETV at 31/3/21 £'000	Real increase in CETV £'000
Minister Nichola Mallon	10-15	0-2.5	18	10	5

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS). In 2011, the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011 establishing a panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. The tenure of the first Panel ended in July 2016. As a consequence of the Assembly Commission's desire to consider a reform of the Panel and the political situation between March 2017 and January 2020, a new Panel was not appointed. Legislation to reform the Panel, although started, was not completed before the dissolution of the Assembly on 28 March 2022, therefore, the legislation and appointment of the Panel will be taken forward during the next mandate.

In April 2016 the Independent Financial Review Panel (IFRP) issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016 which introduced a Career Average Revalued Earnings scheme for new and existing members. The scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016.

Assembly Members aged 55 or over on 1 April 2015 and in continuous service between 1 April 2015 and 6 May 2016 retained their Final Salary pension arrangements under transitional protection until 6 May 2021. The McCloud judgement found that the transitional protection offered to members of the Judiciary and Firefighters Schemes when their schemes were reformed was discriminatory on grounds of age. In light of this decision, the government has agreed to provide remedy to eligible members across the main public sector schemes. This judgement could have an impact on Members who missed out on the Transitional Protection policy in the AMPS because of their age. However the applicability of, and approach to, the McCloud judgement in relation to this scheme is not a matter for the Assembly Commission, instead it is a matter for IFRP. Therefore, this matter will be given further consideration once a new panel is appointed.

As Ministers are Members of the Legislative Assembly they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional

protection arrangements are provided on a “contribution factor” basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLAs’ benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Up to the 6 May 2021 those Ministers under the transitional protection arrangements paid contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. The contribution paid by Ministers in the CARE Scheme is 9% of the Ministerial salary. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. Following the publication of the triennial valuation of the AMPS by the Government Actuary’s Department, this was increased from 14.4% to 17.1% of Ministerial salary, effective from 1 April 2021. The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension age aligned to their State Pension Age.

The Cash Equivalent Transfer Value (CETV)

This 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. It 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 pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister. 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 reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the increase in accrued pension due to the department’s contributions to the AMPS, and excludes increases due to inflation and contributions paid by the Minister and is calculated using valuation factors for the start and end of the period.

Pension Entitlements - Officials (this information is subject to audit)

Officials	Accrued pension at pension age as at 31/3/22 (or leaving date) and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/22 or leaving date £'000	CETV at 31/3/21 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (nearest £100)
Katrina Godfrey Permanent Secretary	55-60 plus a lump sum of 115-120	2.5-5 plus a lump sum of 2.5-5	1,113	1,003	52	Nil
Julie Thompson Deputy Secretary – Planning, Safety & Transport Policy	45-50	0-2.5	785	734	9	Nil
Dr Andrew Murray Deputy Secretary – Roads and Rivers (until 28/2/22)	60-65 plus a lump sum of 90-95	0-2.5 Plus a lump sum of 0-2.5	1,268	1,216	40	Nil
Linda MacHugh Acting Deputy Secretary – Transport and Resources (until 16/5/21)	25-30	0-2.5	498	475	23	Nil
Declan McGeown Deputy Secretary – Transport and Resources (from 17/5/21)	30-35 plus a lump sum of 65-70	2.5-5 plus a lump sum of 7.5-10	572	472	70	Nil
Colin Woods Deputy Secretary – Roads and Rivers (from 7/2/22)	25-30	0-2.5	308	291	3	Nil
Susan Anderson Departmental Director of Finance	20-25	2.5-5	323	269	36	Nil
Sian Kerr Director of Corporate Policy and Planning	25-30	2.5-5	321	263	37	Nil

Northern Ireland Civil Service (NICS) Pension Schemes

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

The alpha pension scheme was initially introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the classic, premium, classic plus and nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. At that time, members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age (tapered protection).

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

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

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

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

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

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

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

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal scheme pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy Classic, Premium, and Classic Plus arrangements and 65 for any benefits accrued in 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 2021 was 3.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2022.

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

Scheme Year 1 April 2022 to 31 March 2023

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 1 April 2022 to 31 March 2023
£0	£24,449.99	4.6%
£24,450.00	£56,399.99	5.45%
£56,400.00	£153,299.99	7.35%
£153,500.00 and above		8.05%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation for loss of office

There was no compensation for loss of office paid in 2021-22.

STAFF REPORT

Staff Costs

The following is subject to audit

				2021-22 £000	2020-21 £000
	Permanently employed staff*	Others	Minister	Total	Total
Wages and salaries	71,328	1,029	38	72,395	73,075
Social security costs	7,175	-	5	7,180	6,823
Other pension costs	20,091	-	6	20,097	19,487
Other staff costs	347	-	-	347	299
Sub Total	98,941	1,029	49	100,019	99,684
Less recoveries in respect of outward secondments	-	-	-	-	-
Total net costs**	98,941	1,029	49	100,019	99,684

Analysed as:		
Administration costs -	73,302	75,732
Programme costs -	14,490	14,571
Minister's Salary***	49	-
	87,841	90,303
Capitalised	12,178	9,381
	100,019	99,684

* The 2021-22 figures include the cost of the Department's Special Adviser who was paid in the pay band £0 - £54,999 (2020-21 £0 - £54,999).

** Of the total, £12,178k has been charged to capital. (2020-21 £9,381k)

*** Minister's salary hard charged in 2021-22, notionally charged in prior years

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

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

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

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

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

For 2021-22, employers' contributions of £20,323,001 were payable to the NICS pension arrangements (2020-21 £19,428,306) 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 £48,554 (2020-21 £50,969) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2020-21, 8% to 14.75%) of pensionable pay.

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

Employer contributions of £1,501, 0.5% (2020-21 £1,586 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.

11 persons (2020-21: 8 persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £33,714(2020-21: £22,089).

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows. These figures include those working in the department as well as in agencies and other bodies included within the consolidated departmental Accounts

					2021-22 Number	2020-21 Number
Objective	Permanent staff	Others	Minister	Special Adviser	Total	Total
A	1,969	61	1	1	2,032	2,084
Staff engaged on capital projects	231				231	215
Total	2,200	61	1	1	2,263	2,299

Ministers salary is paid to NI Assembly and not included on HR reports

Staff Composition

The actual staff numbers as at 31 March 2022 can be broken down as follows:

			2021-22			2020-21		
	Male	Female	Total	Male	Female	Total		
Minister		1	1	-	1	1		
Senior Civil Service	10	10	20	11	8	19		
Other Employees	1,673	545	2,218	1,680	548	2,228		
Total	1,683	556	2,239	1,691	557	2,248		

Staff Turnover

The Department for Infrastructure Staff Turnover percentage (the number of people that have left the Department but have moved within the NICS for 2021-22 is 5.6%, and the general turnover

percentage (the people who have left the Department and have not gone elsewhere in the NICS) is 4.4%. 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 staff seconded from the Department during the 2021-22 year.

Reporting of compensation and exit packages for all staff

The following section is subject to audit

2021-22				2020-21		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	1	1	-	-	-
£25,000 - £50,000	-	1	1	-	-	-
£50,000 - £100,000	-	2	2	-	-	-
£100,000 - £150,000	-	-	-	-	-	-
Total number of exit packages	-	4	4	-	-	-
Total resource £'000	-	168	168	-	-	-

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. The table above shows the total cost of exit packages agreed and accounted for in 2021-22 and 2020-21. £156k exit costs were paid in 2021-22, the year of departure (2020-21 £55k). Where the Department has agreed early retirements, the additional costs are met by the Department 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 Department did not have any off payroll engagements during the 2021-22 year.

External Consultancy costs

£108,164 (2020-21: £88,688) was spent on external consultancy during 2021-22 year.

Senior Civil Service pay band

Actual staff numbers of Senior Civil Service by pay band for the Department as at 31st March 2022 are as follows:

Pay band – assessed each pay period		Actual staff numbers as at 31 March 2022
From	To	
£74,912	£84,122	15
£96,170	£107,566	3
£124,282	£141,866	1
£167,829	£192,057	-

Equal Opportunities

In line with the NI Civil Service (NICS) the Department applies the recruitment principles as set out in the Recruitment Code of the Civil Service Commissioners for Northern Ireland, appointing candidates based on merit through fair and open competition. The policy of the NICS is that all eligible persons should have equality of opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work.

Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all panel members on recruitment panels. The NICS also has in place mandatory unconscious bias training for all staff across the Department.

The NICS continues to carry out its statutory obligations under fair employment legislation including the annual return to the Equality Commission for NI and the triennial reviews of the workforce profile which are published on the Department of Finance website (www.finance-ni.gov.uk).

Staff Career Development

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

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS) in the NICS, is approved by the Minister of Finance. The Minister set the 2021-22 NI public sector pay policy (March 2021).

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

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

Employee Engagement

The Department has established a Staff Engagement Forum. The Forum is chaired by the Permanent Secretary and membership is representative of all staff within the Department, including grade, gender and discipline given the diverse structure within the organisation. Non-industrial and Industrial TUS representatives also participate in the Forum. Due to the COVID-19 pandemic meetings of the Forum were held virtually on 7 October 2021 and 27 January 2022.

Staff also have access to trade union membership. The Department of Finance is responsible for the policy on how the Northern Ireland Civil Service consults and negotiates with its staff through industrial relations. The centralised human resource function, NICS HR, has continued to consult on central matters with all recognised Trade Unions throughout the year.

Arrangements also exist to consult on matters specific to each Department. In DfI, we have a Departmental Whitley Council which is supplemented by local Committees for DVA and Roads & Rivers. The Whitley Council and Committees provide an agreed forum for discussion and are attended by both employer and trade union representatives. In this way staff views are represented and information for employees is promulgated.

Due to the ongoing pandemic and lockdown restrictions the Engagement Forum hasn't had an opportunity to meet for any discussions. However it is intended to re-establish the Forum in the near future.

NICS People Survey

The 2021 NICS People Survey was conducted by NISRA across the nine NICS ministerial Departments as well as the Public Prosecution Service and the Health & Safety Executive for NI. All staff working in these organisations were invited to take part in the survey. As the 2020 survey related primarily to the impact of Covid-19 and did not include engagement themes, the latest year for which direct comparisons can be made is 2019. For DfI there were 3,125 staff invited to complete the survey (2019: 3,074), of which 1,361 participated (2019: 1,635), a response rate of 44% (2019: 53%). The Employee Engagement Index is the weighted average of the responses to the five employee engagement questions, and it ranges from 0% to 100%. DfI responses indicated an Employee Engagement Index of 53% (2019: 51%), compared to the NICS average of 57% (2019: 51%). The full survey can be accessed at <https://www.finance-ni.gov.uk/publications/nics-people-survey-results>

Sickness Absence Data

The Department/Agency had an overall sickness absence rate of 9.7 days lost per employee in 2020-21. Annual sickness absence figures can be found in the "Sickness Absence in the Northern Ireland Civil Service 2021-22" report at [Sickness Absence in the Northern Ireland Civil Service 2021/22 | Northern Ireland Statistics and Research Agency \(nisra.gov.uk\)](#). Figures for the 2021-22 financial year will be published by the end of June 2022.

Employment, training and advancement of disabled persons

The NICS is committed to working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS has a wide and active network of Diversity Champions. The NICS Disability Champion is supported by the NICS Disability Working Group, a consultative group that works to promote disability equality and inclusion across the NICS.

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

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

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

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

Learning & Development

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

Development and delivery of generic staff training is centralised in NICSHR¹. Training is delivered using a variety of learning delivery channels (including on-line, webinars), providing flexible access to learning. Coherent learning pathways are aligned to both corporate need and the NICS Competency Framework.

Talent management is a key theme of the NICS People Strategy and this year the focus continued on promoting the importance of improving the quality of the development conversation between managers and staff, with additional resources being added to the existing talent management toolkit.

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

Employee Consultation and Trade Union Relationships

The Department of Finance is responsible for the NICS Industrial Relations Policy. NICSHR, 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.

Equality, Diversity and Inclusion

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

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

As a key element of the People Strategy, our ambitious diversity and inclusion programme of work is delivered through the implementation of an annual NICS Diversity Action Plan, and overseen by the leadership of the NICS Board, the NICS Diversity Champions Network, Departmental Diversity

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

Champions and Thematic Diversity Champions, NICS colleague networks and NICS HR, as well as through partnership working with stakeholder organisations.

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

The Strategy places diversity and inclusion at its centre and includes a range of actions that will assist the NICS and the Department's ambition to be a service that reflects the society that it serves. A Diversity and Inclusion Champion has been appointed for the Department who, together with a focus group made up of a cross-section of staff from across the Department, help to further support our diverse workforce and consider methods that will help to improve communication and awareness about diversity and inclusion amongst our dispersed workforce.

A DfI Diversity and Inclusion Action Plan for 2021-22 was developed by the focus group and was endorsed by the Departmental Board, in support of the NICS Diversity and Inclusion Action Plan. A number of actions have been delivered during the year including intranet articles, videos, support for the International Job Shadow Day for those with disabilities and proactive encouragement of diversity in our recruitment.

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

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

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

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

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

As a public authority, the NICS has due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the

Section 75 of the Northern Ireland Act 1998 in carrying out its functions. Further information on the department's equality scheme is available on its website <https://www.infrastructure-ni.gov.uk/dfi-equality-scheme> .

Statement of Outturn against Assembly Supply (SOAS) (this information is subject to audit)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Department for Infrastructure to prepare a Statement of Outturn against Assembly Supply (SOAS) and supporting notes.

The SOAS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly.

The SOAS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision for resource and cash (drawn primarily from the Consolidated Fund), that the Assembly gives statutory authority for entities to utilise. The Estimate details Supply and is voted on by the Assembly at the start of the financial year and is then normally revised by a Supplementary Estimate at the end of the financial year. It is the final Estimate, normally the Spring Supplementary Estimate, which forms the basis of the SOAS.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOAS mirrors the Supply Estimates to enable comparability between what the Assembly approves and the final outturn. The Supply Estimates are voted by the Assembly and published on the DoF website.

The supporting notes detail the following: Outturn detailed by Estimate line, providing a more detailed breakdown (SOAS 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SOAS to the financial statements (SOAS 2); a reconciliation of net resource outturn to net cash requirement (SOAS 3); an analysis of income payable to the Consolidated Fund (SOAS 4), a reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund (SOAS 5); and detail on non-operating income – excess Accruing Resources (SOAS 6).

The SOAS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 30, in the financial review section of the performance report. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk.

The SOAS provides a detailed view of financial performance, in a form that is voted on and recognised by the Assembly. The financial review, in the Performance Report, provides a summarised discussion of outturn against estimate and functions as an introduction to the SOAS disclosures.

Summary of Resource Outturn 2021 - 22

								2021-22 £000	2020-21 £000
Outturn				Estimate					Outturn
Request for Resources	Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Outturn vs Estimate, saving / (excess) Net Total	Prior Year Net Total
A	SOAS1	1,060,051	(124,460)	935,591	1,237,938	(128,962)	1,108,976	173,385	1,051,423
Total resources	SOAS2	1,060,051	(124,460)	935,591	1,237,938	(128,962)	1,108,976	173,385	1,051,423
Non-operating Accruing Resources				700			700	-	-

Net cash requirement 2021 - 22

				2021-22 £000	2020-21 £000
	Note	Outturn	Estimate	Outturn vs Estimate, saving / (excess)	Prior Year Outturn
Net cash requirement	SOAS3	1,328,623	1,430,764	102,141	1,213,877

Summary of income payable to the Consolidated Fund

In addition to accruing resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics).

		Forecast 2021-22 £000		Outturn 2021-22 £000	
	Note	Income	Receipts	Income	Receipts
Total	SOAS4	144	<i>144</i>	230	<i>224</i>

Explanation of variances between Estimate and outturn are given in Note SOAS 1 'Analysis of net resource outturn by function' (page 85) and in the Performance Report (Financial Review) on (page 27).

The notes on pages 85 to 94 and on pages 107 to 153 form part of the financial statements.

SOAS 1 Outturn detail, by Estimate line

										2021-22	2020-21
										£000	£000
Outturn							Estimate			Outturn v Estimate (inc virements), saving / (excess)	Outturn
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total	Virements *	Net Total inc. virements		Prior Year Outturn
Request for Resources A:											
Departmental Expenditure in DEL											
1: Roads	65,177	160,853	-	226,030	(32,093)	193,937	199,442	(5,116)	194,326	389	185,542
2: Rivers	-	15,797	27	15,824	(200)	15,624	16,428	(804)	15,624	-	15,621
3: Road Safety Services	6,531	5,192	102	11,825	(1,979)	9,846	9,412	434	9,846	-	7,386
4: Driver and Vehicle Agency	-	16,093	10,932	27,025	(135)	26,890	24,430	2,460	26,890	-	49,116
5: Ferry Services, Air and Sea Ports	-	864	916	1,780	(1,175)	605	880	-	880	275	8,097
6: Railway Services	-	87,946	151,578	239,524	-	239,524	254,200	(655)	253,545	14,021	226,518
7: Road Passenger Services	4,255	21,601	149,050	174,906	(227)	174,679	171,219	3,460	174,679	-	168,384
8: Water Policy and Other Services	1,691	11	436	2,138	-	2,138	1,829	309	2,138	-	2,001
9: Inland Waterways	-	261	-	261	-	261	754	-	754	493	330
10: Planning and Policy	2,129	2,822	116	5,067	(2,646)	2,421	2,937	-	2,937	516	3,370
11: Reinvestment & Reform	-	458	-	458	(122)	336	598	(88)	510	174	600
12: EU Interreg	-	-	717	717	(610)	107	221	-	221	114	516
13: Central Policy and Other Services	4,403	173	-	4,576	(6)	4,570	5,012	-	5,012	442	6,737
14: Taxi and Coach Industries	-	-	3,715	3,715	-	3,715	3,723	-	3,723	8	21,279
Annually Managed Expenditure (AME)											
15: Depreciation and Impairment Costs	1,427	3,149	-	4,576	-	4,576	143,786	-	143,786	139,210	103,610
16: Provisions	672	4,169	-	4,841	-	4,841	7,071	-	7,071	2,230	3,353
Non-Budget											
17: Northern Ireland Water Limited	-	319,130	-	319,130	(85,267)	233,863	248,583	-	248,583	14,720	231,949

											2021-22	2020-21
											£000	£000
Outturn							Estimate			Outturn v Estimate (inc virements), saving / (excess)	Outturn	
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total	Virements *	Net Total inc. virements		Prior Year Outturn	
18: Waterways Ireland	-	-	4,973	4,973	-	4,973	5,398	-	5,398	425	4,480	
19: Notional Charges	12,685	-	-	12,685	-	12,685	13,053	-	13,053	368	12,534	
Resource Outturn	98,970	638,519	322,562	1,060,051	(124,460)	935,591	1,108,976	-	1,108,976	173,385	1,051,423	

* Virements are the reallocation of provision in the Estimates that do not require Assembly authority (because the Assembly does not vote to that level of detail and delegates to DoF). Further information on virements are provided in the Supply Estimates in Northern Ireland Guidance Manual, available on the DoF website.

Explanation of the variation between Estimate and Outturn (net total resources):

	Variance Under/(Over) £000	Explanation
RfR A	173,385	Lower than anticipated depreciation charges on the Roads Infrastructure, which is dependent upon the outcome of annual inspections; as such, roads depreciation charge is therefore very volatile and inherently challenging to forecast.

Detailed explanations of the variances between estimate and outturn are given in the performance report on page 27.

Key to Request for Resources

RfR A

Connecting people safely, supporting opportunities and creating sustainable living places.

SOAS 2 Reconciliation of Outturn to Net Operating Expenditure

					2021-22 £000	2020-21 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Prior Year Outturn	
Net Resource Outturn	SOAS1	935,591	1,108,976	173,385	1,051,423	
Non-supply income (CFERs)	SOAS4	(203)	(144)	59	(440)	
Non-voted expenditure		-	-	-	-	
Unrealised exchange losses/(gain) on Non Estimate related EU Receivables		-	-	-	220	
CFER exchange loss		-	-	-	-	
Net Operating Cost in Statement of Comprehensive Net Expenditure		935,388	1,108,832	173,444	1,051,203	

As noted in the introduction to the SOAS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this note reconciles the resource outturn to net operating expenditure, linking the SOAS to the financial statements.

SOAS 3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Outturn £000	Estimate £000	Outturn vs Estimate, saving / (excess) £000
Resource Outturn	SOAS1	935,591	1,108,976	173,385
Capital				
Acquisition of property, plant and equipment		285,949	296,888	10,939
Investments	11	170,000	180,000	10,000
Non-operating Accruing Resources				
Net Book Value of asset disposals		(700)	(700)	-
Accruals to cash adjustments				
Depreciation and revaluation	3,4	(35,677)	(175,693)	(140,016)
New provisions and adjustments to previous provisions (Capital)	17	1,469	-	(1,469)
New provisions and adjustments to previous provisions (Revenue)	3,4	(4,839)	(17,571)	(12,732)
Other non-cash items	3,4	(12,685)	(13,053)	(368)
Changes in working capital other than cash	SOAS 3.1	(34,833)	26,268	61,101
Changes in payables falling due after more than one year	16	13,436	9,798	(3,638)
Use of provision	17	10,912	15,851	4,939
Net Cash Requirement		1,328,623	1,430,764	102,141

As noted in the introduction to the SOAS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. This reconciliation bridges the resource outturn to the net cash requirement.

SOAS 3.1 Movements in working capital used in the Reconciliation of Resources to Net Cash Requirement

		2021-22 £000
	Note	
Increase/(decrease) in inventories	13	(196)
Increase/(decrease) in receivables	15	31,491
Adjustments to movements in receivables		
Movement in CFER related receivables	15	(16,437)
Movement in provision for bad debts	15	(1,898)
(Increase)/decrease in payables less than 1 year	16	(36,606)
Adjustments to movements in payables less than 1 year		
Increase/(decrease) in amounts due to the Consolidated Fund	16	(11,187)
Net increase/(decrease) in working capital other than cash recognised in Statement of Assembly Supply		(34,833)

SOAS 4 Analysis of income payable to the Consolidated Fund

In addition to Accruing Resources, the following income relates to the Department and is payable to the Consolidated Fund (cash receipts being shown in italics):

	Note	Forecast 2021-22 £000		Outturn 2021-22 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Other operating income and receipts not classified as Accruing Resources		144	<i>144</i>	197	<i>197</i>
EU Grants income and receipts		-	-	6	-
Operating income and receipts – excess Accruing Resources		-	-	-	-
Subtotal		144	<i>144</i>	203	<i>197</i>
Exchange gain		-	-	-	-
Exchange loss – Capital		-	-	-	-
Non-operating income and receipts – excess Accruing Resources		-	-	27	<i>27</i>
Other non-operating income and receipts not classified as Accruing Resources		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
EU capital grant income and receipts		-	-	-	-
Trans-European Networks (TENS) funding		-	-	-	-
Total income payable to the Consolidated Fund		144	<i>144</i>	230	<i>224</i>

SOAS 5 Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

		2021-22 £000	2020-21 £000
	Note		
Operating income	5	127,631	119,307
Gross income		127,631	119,307
Income authorised to be used as Accruing Resources	SOAS 1	(124,460)	(118,867)
Covid funding netted off accruing resource		(2,968)	-
Operating income payable to the Consolidated Fund	SOAS 4	203	440

SOAS 6 Non-operating income – Excess Accruing Resources

	2021-22 £000	2020-21 £000
Non-operating income – Excess Accruing Resources	27	903

Other Assembly Accountability Disclosures (this information is subject to audit)

(i) Losses and special payments

Losses Statement

	2021-22		2020-21	
	Cases	£000	Cases	£000
Stores and plant losses	15	14	6	2
Abandoned Claims	23,842	3,220	36,846	4,837
Fruitless Payments	-	-	-	-
Foreign exchange losses	8	100	9	68
Other cash losses	-	-	3	15
Administrative Write Offs	-	-	-	-
	23,865	3,334	36,864	4,922

*Losses value less than £1,000

Details of cases over £250,000

The Department incurred losses relating to penalty charge notice debt of £3,033,448 (2020-21: £4,380,656) during the financial year. The penalty charge notices were all more than 6 months old and all steps possible to recover the debt were taken. The loss was categorised as 'claims waived or abandoned' in accordance with Managing Public Money (NI).

Special Payments

	2021-22	2020-21
Total number of special Payments	2,087	1,625
Total value of special Payments £000	6,307	3,748

Special Payments includes compensation payments including those arising from Public and Employer Liability Claims and ex gratia payments. No one payment was greater than £250,000.

(ii) Business activities attracting fees and charges

			2021-22 £000	2020-21 £000
	Income	Cost	Surplus/(deficit)	Surplus/(deficit)
Car Parks	10,788	(13,347)	(2,559)	(6,774)
Strangford Ferry	1,315	(3,092)	(1,777)	(2,200)
Total	12,103	(16,439)	(4,336)	(8,974)

This note is provided for fees and charges purposes and not for the International Financial Reporting Standard (IFRS) 8 purposes.

The financial target for car parking services in 2021-22 is 100% recovery (2020-21: 100%) of the full cost of providing, updating and maintaining the services. The actual percentage recovery achieved was 81% (2020-21: 47%). Cost recovery has increased for 2021-22 mainly due to the significant impact of Covid restrictions easing on income levels.

The financial target for the ferry service in 2021-22 is 40% (2020-21: 40%) recovery of the full cost of providing, updating and maintaining the services. The actual percentage recovery achieved was 43% (2020-21: 26%). Cost recovery has increased for 2021-22 mainly due to the impact of Covid restrictions being eased which increased customer numbers.

Remote Contingent Liabilities

Contingent Liabilities not required to be disclosed under International Accounting Standard (IAS 37) but included for Assembly reporting and accountability purposes

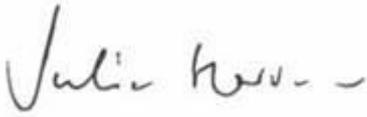
Such contingent liabilities, whether quantifiable or unquantifiable, arise through specific guarantees, indemnities or by the giving of letters of comfort. None of these are contingent liabilities within the meaning of IAS 37 since the likelihood of transfer of economic benefits in settlement is too remote.

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU.

Should any subsequent changes in legislation, regulation and funding arrangements occur, consequential (and currently unquantifiable) contingent liabilities could materialise.

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption for the 2021-22 reporting period. This uncertainty is expected to continue

throughout 2022. The Department continues to engage with DoF on the resulting pressures arising within the Department and its ALBs. A funding assurance letter has issued to Translink.

A handwritten signature in black ink, appearing to read "Julie Howson".

Accounting Officer

29 June 2022

DEPARTMENT FOR INFRASTRUCTURE

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 Department for Infrastructure for the year ended 31st March 2022 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the Statement of Outturn against Assembly Supply, and the related notes, and 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 Department's affairs as at 31st March 2022 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31st March 2022 and shows that those totals have not been exceeded; and
- the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

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

My staff and I are independent of Department for Infrastructure 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 Department for Infrastructure'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 Department for Infrastructure'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 Department for Infrastructure is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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

Other Information

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

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

I have nothing to report in this regard.

Opinion on other matters

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of the Department for Infrastructure and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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

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

Responsibilities of the Accounting Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Department for Infrastructure'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 Department for Infrastructure will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department for Infrastructure through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Government Resources and Accounts Act (Northern Ireland) 2001;
- making enquires of management and those charged with governance on Department for Infrastructure'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 Department for Infrastructure'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: expenditure recognition, posting of unusual journals and estimates;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate, and
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
 - investigating significant or unusual transactions made outside of the normal course of business; 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 Statement of Outturn against Assembly Supply properly presents the outturn against voted Assembly control totals and that those totals have not been exceeded. I am also 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 Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



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

30th June 2022

FINANCIAL STATEMENTS



Statement of Comprehensive Net Expenditure

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

For the year ended 31 March 2022

		2021-22 £000	2020-21 £000
	Note		
Revenue from contracts with customers		(18,381)	(14,197)
Other operating income		(109,250)	(105,110)
Total Operating Income	5	(127,631)	(119,307)
Grants	4	766,144	791,402
Staff Costs	3,4	87,841	90,303
Purchase of goods and services	3,4	108,810	97,868
Other operating expenditure	3,4	3,584	3,755
Depreciation, impairment charges and profit/loss on disposal of assets	3,4	35,688	128,176
Provision expense	3,4	4,839	3,353
Notional charges	3	12,685	12,486
Total Operating Expenditure		1,019,591	1,127,343
Net Operating Expenditure		891,960	1,008,036
PPP Expense	4	43,428	43,167
Net Expenditure for the year		935,388	1,051,203
Other Comprehensive Net Expenditure			
Items that will not be reclassified to net operating cost:			
- Net (gain)/loss on revaluation of Property, Plant and Equipment (PPE)	6	(2,886,396)	(325,987)
- Net (gain)/loss on revaluation of intangibles	7	(221)	(37)
- Adjustment to Property, Plant and Equipment (PPE) opening balance	6	(1,816)	(850)
- Adjustment to Intangibles opening balance	7	-	-
Comprehensive Net Expenditure for the year		(1,953,045)	1,376,303

The notes on pages 107 to 153 form part of the financial statements.

Statement of Financial Position

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

As at 31 March 2022

		31 March 2022 £000	Restated 31 March 2021 £000
	Note		
Non-current assets:			
Property, plant and equipment	6	31,906,041	28,767,687
Intangible assets	7	3,189	3,565
Financial assets	11	2,120,529	1,950,529
Total non-current assets		34,029,759	30,721,781
Current assets:			
Assets classified as held for sale	12	-	-
Inventories	13	2,493	2,689
Trade and other receivables	15	61,800	30,309
Cash and cash equivalents	14	11	12,664
Total current assets		64,304	45,662
Total assets		34,094,063	30,767,443
Current liabilities:			
Trade and other payables	16	(289,302)	(237,725)
Provisions	17	(9,520)	(10,030)
Total current liabilities		(298,822)	(247,755)
Non-current assets plus/less net current assets/liabilities		33,795,241	30,519,688
Non-current liabilities:			
Other payables	16	(272,850)	(286,286)
Provisions	17	(24,559)	(29,693)
Total non-current liabilities		(297,409)	(315,979)
Assets less liabilities		33,497,832	30,203,709
Equity:			
General fund		17,475,726	17,058,854
Revaluation reserve		16,022,106	13,144,855
Total taxpayers' equity		33,497,832	30,203,709



Accounting Officer

29 June 2022

The notes on pages 107 to 153 form part of the financial statements.

Statement of Cash Flows

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

For year ended 31 March 2022

		2021-22 £000	2020-21 £000
	Note		
Cash flows from operating activities			
Net operating expenditure		(935,388)	(1,051,203)
Adjustments for non-cash transactions	4.2	32,608	127,729
(Increase)/decrease in trade and other receivables	15	(31,491)	19,470
less movements in receivables relating to items not passing through the Net Operating Expenditure			
Increase/(decrease) in amounts due from Consolidated Fund	15	-	-
Increase in Consolidated fund debtor	15	16,431	(13,040)
Movement in provision for bad debt	15	1,898	3,399
Receivables due from other department re CFER non cash	15	-	-
(Increase)/decrease in inventories	13	196	(166)
Increase/(decrease) in trade and other payables	16	23,170	(23,198)
less movements in payables relating to items not passing through the Net Operating Expenditure			
(Increase)/decrease in amounts due to Consolidated Fund	16	11,187	60,990
Decrease/(increase) in amounts due to capital retentions/accruals		(3,260)	(1,972)
Decrease /(increase) in amounts due to imputed loan on PPP contracts		10,158	9,453
Bad debt provision	15	(3,190)	(4,843)
Use of other revenue provisions	17	(6,617)	(4,245)
Net cash outflow from operating activities		(884,298)	(877,626)

		2021-22 £000	2020-21 £000
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(263,811)	(242,061)
Purchase of intangible assets	7	(848)	(1,038)
Proceeds of disposal of property, plant and equipment	6	359	294
Proceeds of disposal of assets held for resale	12	357	608
Investment additions	11	(170,000)	(83,000)
Net cash outflow from investing activities		(433,943)	(325,197)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		1,301,859	1,224,210
From the Consolidated Fund (Supply) – prior year		-	76,307
Loan from Consolidated Fund repaid		-	(11,147)
On Balance Sheet PFI Contracts		(10,158)	(9,453)
Net financing		1,291,701	1,279,917
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(26,540)	77,094
Payments of amounts due to the Consolidated Fund		(1,084)	(61,518)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(27,624)	(15,576)
Cash and cash equivalents at the beginning of the period	14	12,664	(2,912)
Cash and cash equivalents at the end of the period	14	(14,960)	12,664

The notes on pages 107 to 153 form part of the financial statements.

Statement of Changes in Taxpayers' Equity

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

For year ended 31 March 2022

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 1 April 2020		16,770,646	13,521,031	30,291,677
Adjustment to opening balance *		-	850	850
Net gain/(loss) on revaluation of property, plant and equipment		-	(325,987)	(325,987)
Net gain/(loss) on revaluation of intangible assets		-	37	37
Net Assembly Funding - drawn down		1,224,210	-	1,224,210
Net Assembly Funding - deemed		-	-	-
Supply (payable)/receivable - prior year**		63,267	-	63,267
Supply (payable)/receivable	16	(10,333)	-	(10,333)
CFERs - other		(440)	-	(440)
CFERs - Excess Accruing Resources		(903)	-	(903)
CFERs - EU capital funding		-	-	-
Comprehensive net expenditure for the year		(1,051,203)	-	(1,051,203)
Non-Cash Adjustments:				
Non-cash charges - notional cost	3	12,433	-	12,433
Non-cash charges - auditor's remuneration	3	101	-	101
Non-cash charges - foreign exchange CFER		-	-	-
Movement in Reserves:				
Transfers between reserves		51,076	(51,076)	-
Balance at 31 March 2021		17,058,854	13,144,855	30,203,709

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2021		17,058,854	13,144,855	30,203,709
Adjustment to Opening Balance *		-	1,816	1,816
Net gain/(loss) on revaluation of property, plant and equipment		-	2,886,396	2,886,396
Net gain/(loss) on revaluation of intangible assets		-	221	221
Net Assembly Funding - drawn down		1,301,859	-	1,301,859
Net Assembly Funding - deemed		10,333	-	10,333
Supply (payable)/receivable - current year	15	16,431	-	16,431
CFERs - other		(203)	-	(203)
CFERs - Excess Accruing Resources		(27)	-	(27)
CFERs - EU capital funding		-	-	-
Comprehensive net expenditure for the year		(935,388)	-	(935,388)
Non-Cash Adjustments:				
Non-cash charges - notional cost	3	12,580	-	12,580
Non-cash charges - auditor's remuneration	3	105	-	105
Non-cash charges - foreign exchange CFER		-	-	-
Movement in Reserves:				
Transfers between reserves		11,182	(11,182)	-
Balance at 31 March 2022		17,475,726	16,022,106	33,497,832

*Revaluation Reserve

Opening balance adjustment on Network Assets relates to valuation reports received in line with the infrastructure valuation methodology.

** Supply receivable (prior year)

This relates to the 'Supply' receivable from the 2016-17 year when the Spring Supplementary Estimates were not approved. This was regularised in the 2020-21 year and the 'Supply' monies paid over from the Consolidated Fund.

The notes on pages 107 to 153 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2021-22 Government Financial Reporting Manual (FReM) issued by 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.

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 Department for Infrastructure for the purpose of giving a true and fair view has been selected. The particular policies adopted by the department are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare one additional primary statement. The Statement of Outturn against Assembly Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting convention

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

1.2 Basis of consolidation

There are no other entities within the Departmental boundary as defined in the FReM, interpreted for Northern Ireland.

1.3 Property, plant and equipment

The minimum level for capitalisation of property, plant and equipment is £500 for IT equipment and £1,000 for all other assets, except for land for which there is no threshold, and car park additional works where the threshold is £5,000. Where material, assets have been grouped so as to reflect property, plant and equipment holdings more accurately.

Maintenance which replaces or enhances the service potential of the road network is capitalised. This includes reconstruction and resurfacing costs, together with any other spend directly leading to the enhancement of the service potential of the road surface. Staff costs directly attributable to these maintenance activities are capitalised.

On initial recognition property, plant and equipment is measured at historic cost including any costs, such as installation, directly attributable to bringing it into working condition. With the exception of items under construction, all property, plant and equipment is carried at fair value.

Property, plant and equipment, together with its valuation basis, comprises the following:

Land

Land is valued by Land and Property Services and is updated annually to reflect both subsequent expenditure and the movement in appropriate published indices. DfI aims to have land and buildings valued by LPS every five years. A valuation was carried out on 1 April 2021 with indices used to update the valuation as at 31 March 2022. The exception to this is Crumlin Road Gaol which is valued by Land and Property Services every year because no suitable indices exist for this type of asset.

Network Assets – Roads and Structures

The road surface is recognised as a single asset and is held at Depreciated Replacement Cost (DRC). The structures and communications are also held at DRC. The infrastructure asset's valuation has been prepared by in-house professionally qualified engineers, supported by external valuers.

Every five years DfI aims to carry out a review of the unit rates used to value roads and structures. These rates are built up from the actual outturn costs of new construction schemes. The last revaluation of Network Assets (Roads & Bridges) was completed for the 2015-16 accounts. Due to the limited range of new scheme information in 2021-22, it has not been possible to update these rates. As such the baxter indices have been applied.

Network Assets – Flood Defence Assets and Culverts

Rivers assets are extremely specialised in nature, location and function. There are three categories of asset; below ground, above ground and hydrometric assets.

A revaluation of the flood defence assets was carried out as at 31 March 2022. The valuation closing date for flood defence assets was 31 March 2021, but updated to take into account provisional indexation to December 2021, as this was the most up to date available at the time of the production of the valuation in April 2022 which relates to the accounting period as at 31 March 2022. The Rivers valuation is now undertaken by Atkins, having been incorporated into the Roads Authorities Asset Valuation System (RAAVS) which is used by Roads.

Assets are held at Depreciated Replacement Cost (DRC) in the Statement of Financial Position.

Car Parks and Buildings

Car parks and buildings were valued by Land and Property Services at 1 April 2018. These are then updated annually to reflect both subsequent expenditure and, as above, the movement in appropriate published indices.

Plant and Machinery

Plant and machinery is valued at depreciated replacement cost or at open market value where obtainable and restated for inflation by appropriate inflation indices.

Information Technology & Furniture and Fittings

Information Technology and Furniture and Fittings assets are valued at depreciated replacement cost and restated for inflation by appropriate indices.

Surpluses arising on revaluation are taken to the relevant reserve. Losses on revaluation are debited to the relevant reserve to the extent that revaluation gains have been recorded previously, otherwise they are debited to the Statement of Comprehensive Net Expenditure. In accordance with International Accounting Standard (IAS) 16, staff costs directly attributable to capital schemes are included in additions to property, plant and equipment.

1.4 Depreciation

Property, plant and equipment is depreciated at rates calculated to write down to estimated residual value on a straight-line basis over its estimated useful lives. Depreciation is charged in the month of acquisition. Payments on account and assets in the course of construction are depreciated from the point at which the asset is brought into use. No depreciation is provided on freehold land as it has an unlimited or very long estimated useful life.

Depreciation is calculated as follows:

- Freehold Land – not depreciated.
- Buildings, Operating Assets and Information Technology are depreciated on a straight-line basis over their useful lives. Estimated useful lives by asset category are as follows:

Freehold Buildings	10 – 100 years
Leasehold Buildings	Length of lease
Plant and Machinery	3 - 40 years
Information Technology	3 - 17 years
Furniture & Fittings	3 - 22 years

- Assets in the course of construction are not depreciated until they have been brought into use.
- Road network assets – depreciation is the value of the service potential replaced through the maintenance programme. As the value of the network is enhanced by carrying out maintenance, the element being replaced is removed from the infrastructure value. The value

of the replaced part is approximated to the value of the enhanced part and is written off as depreciation. The depreciation charge is adjusted by the output of an annual condition survey.

- Rivers network assets are depreciated over their useful economic life being 120 years for below ground, 50 years for above ground and 20 years for hydrometric assets. The depreciation charge is adjusted by the output of annual condition surveys.

1.5 Assets adopted from developers

Assets adopted from developers are capitalised at their current value on receipt and this value is credited to the Statement of Comprehensive Net Expenditure in accordance with IFRS 15.

1.6 Intangible assets

Intangible assets are capitalised where expenditure of £1,000 or more is incurred.

(a) Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and impairment losses. Amortisation is charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over their estimated useful lives.

Provided reliable evidence of current value can be readily ascertained, these are restated to current value each year in accordance with the movement in the Retail Price Index. Software licences are amortised over the term of the licence. Other intangible assets are amortised over 2-15 years.

(b) Internally-generated intangible assets

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria.

Following recognition, internally-generated intangible assets valuation is the sum of subsequent directly attributable expenditure incurred to create, produce and prepare the asset so that it is capable of operating in the manner intended by management.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

1.7 Impairment of tangible, intangible and financial assets

At each Statement of Financial Position date, a review is undertaken to determine whether there is any indication that assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the impairment of an asset on an individual basis, the Department will estimate the impairment to the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Net Expenditure, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease through the Revaluation Reserve to the extent of previous gains recognised in the reserve.

However, any impairments resulting from the consumption of economic benefit will be charged to the Statement of Comprehensive Net Expenditure.

An impairment of a networked asset is defined as the loss of service potential for more than one year.

In the case of the Department's shareholding and loan interests in NI Water, a review of indications that assets may have suffered an impairment loss is carried out under IAS 36, particularly paragraph 11. As part of this review the Department considers the views of NI Water on whether there is an indication that its assets may have suffered an impairment loss. The company's review includes consideration of its projected discounted cashflows.

1.8 Non-current assets held for resale

The Department classifies a non-current asset as held for sale where its value is expected to be realised principally through a sale transaction rather than through continuing use. In order to meet this definition IFRS 5 requires that the asset must be immediately available for sale in its current condition and that its sale is highly probable. A sale is regarded as highly probable where an active plan is in place to find a buyer for the asset through appropriate marketing at a reasonable price and the sale is considered likely to be concluded within one year. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

1.9 Inventories

Inventories are valued at the lower of cost or net realisable value. Cost includes labour, material, transport and an element of overheads, with the majority being valued on a first-in, first-out basis.

Work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value.

1.10 Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial instrument is recognised when, and only when, the entity becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when, and only when, either the contractual rights to the cash flows from that asset expire, or the entity transfers the asset such that the transfer qualified for derecognition, i.e. it has transferred

substantially all the risks and reward of the asset. A financial liability is derecognised when, and only when, it is extinguished.

The Department has the following financial instruments:

Trade Receivables

Trade receivables are recognised and carried at fair value less any provision for impairment. A provision for impairment is established when the probability of recovery is assessed as being remote. The Department applies the simplified approach for expected credit losses as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and balances at commercial banks.

Trade payables

Trade payables are not interest bearing and are recognised initially at fair value.

Shareholding in NI Water and loans issued to NI Water

The FReM states that loans and investments in public bodies outside the departmental boundary should be reported in line with IFRS 9. However, in accordance with DoF guidance the Department's shareholding in NI Water and the loans issued to NI Water continue to be carried at historical cost, less any impairment.

Public dividend capital and loans in DVA

Under Article 5(2) of the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 1996, Public Dividend Capital (PDC) was created in the old Department of the Environment in order to facilitate commencement of operations of the Driver & Vehicle Testing Agency. On 1 April 2016 DVA transferred to the Department for Infrastructure as a result of the reorganisation of the departments. It also became a full Trading Fund at that point under the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 2016. Additional PDC and loans were created to facilitate an extension of operations.

The Northern Ireland Guide to the Establishment and Operation of Trading Funds states that the opening net assets of a Trading Fund are funded by a combination of loan capital, public dividend capital and reserves. The Guide also states that the general policy is for loan capital to represent at least 50% of the opening value of net assets with reserves and PDC together forming the remaining 50%.

The PDC and loans are reported at historic cost less impairment in line with DoF guidance.

Deeds of Guarantee

In accordance with IFRS 9 the Department's deeds of guarantee in respect of PPP contracts held by NI Water are held at fair value.

1.11 Grant funding (including EU funding)

Unconditional Grants received are recognised in the Statement of Comprehensive Net Expenditure so as to match them with the expenditure towards which they are intended to contribute.

Conditional Grants will be treated as Deferred Income and credited to Statement of Comprehensive Net Expenditure when all conditions have been met.

1.12 Operating income

Operating income relates directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full-cost basis to external customers, as well as public repayment work, but it also includes other income such as that from investments. It includes both income appropriated-in-aid of the Estimate and income payable to the Consolidated Fund. Operating income is stated net of VAT. IFRS 15 has not resulted in any changes for the Department. Revenue is recognised when the Department has satisfied its performance obligations in respect of the contract with the customer.

1.13 Administration and programme expenditure

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. The classification of expenditure and income as administration or as programme follows the definition of administration costs set out in the most recent guidance on Estimates issued by DoF.

1.14 Foreign exchange

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. At the end of the reporting period monetary items are translated at the closing rate applicable at the statement of financial position date.

1.15 Employee benefits including pensions

Staff costs

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using staff salaries at March 2022 applied to the untaken leave balance at 31 March 2022 as recorded in the payroll system.

Pensions

Past and present employees are covered by the provisions of the Northern Ireland Civil Service Pension Scheme which is a defined benefit scheme and is unfunded. The Department 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 Northern Ireland Civil Service Pension Scheme of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the Northern Ireland Civil Service Pension Scheme. Staff in post prior to 30 July 2007 may be in one of three statutory based "final salary" defined benefit schemes (classic, premium and classic plus). From April 2011 pensions payable under classic, premium and classic plus are increased annually in line with changes in the Consumer Price Index (CPI). Prior to 2001, pensions were increased in line with Retail Price Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining good quality "money purchase" stakeholder based arrangement with a significant employer contribution (partnership pension account). New entrants after 30 July 2007 are eligible for membership of nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement.

In respect of the defined contribution scheme, the Department recognises the contributions payable for the year.

Early departure costs

The Department 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 Department 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. The provision is discounted by the Treasury discount rate of (1.30)% in real terms. In past years, the Department settled some or all of its liability in advance by making a payment to the DoF Superannuation Vote. The amount provided is shown net of any such payments.

1.16 Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Department, the asset is recorded as property, plant and equipment and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. 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. Other leases are regarded as operating leases and the rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.17 Public Private Partnership (PPP) Transactions

The Department's PPP transactions are accounted for in accordance with International Financial Reporting Interpretations Committee (IFRIC) 12 'Service Concession Arrangements'.

Where the balance of risks and rewards of ownership of the PPP property is borne by the Department, the property is recognised as a non-current asset and the liability to pay for it accounted for as an imputed loan, from the point at which the asset is available for use. Contract payments to the PPP provider are apportioned between the element associated with the repayment of the imputed loan and the level of service provided.

Where the balance of risks and rewards of ownership of the PPP property are borne by the PPP operator, the PPP payments are recorded as an operating cost. Where the Department has contributed assets, a prepayment for their fair value is recognised and subsequently charged as an operating cost over the life of the PPP contract. Where at the end of the PPP contract all or part of the property reverts to the Department, the difference between the expected fair value of the residual on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year.

1.18 Grants and subsidies payable

The Department recognises such expenditure in the period in which the recipient carries out the activity which creates an entitlement to the grant support or subsidy, in so far as is practicable to do so.

1.19 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position 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 Treasury.

1.20 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Department discloses for Assembly reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to the NI Assembly in accordance with Managing Public Money Northern Ireland.

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 Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.21 Value Added Tax

VAT is recovered centrally by the Department from DoF. The Statement of Comprehensive Net Expenditure is stated net of VAT. Any amounts of irrecoverable VAT is charged to the relevant expenditure category.

1.22 Funding from Assembly Supply

Supply funding is not treated as income on the face of the Statement of Comprehensive Net Expenditure, but is credited to the General Fund.

1.23 Notional costs

Since Resource Accounts are required to show the full economic cost of delivery of public services, the Statement of Comprehensive Net Expenditure includes certain notional items of expenditure.

1.24 Vesting of property

In certain instances the Department will vest property. In such circumstances the Department assumes ownership at the date of which the vesting order becomes operative and hence the property is capitalised.

1.25 Estimation techniques

In the application of the accounting policies above, the Department is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The significant estimation techniques for the Department include the valuation of the road network and land acquisition for schemes values.

For the road network valuation a condition survey is undertaken. For the motorway and trunk road network and the rest of the 'A' class roads a machine based survey (deflectograph) is carried out as a rolling 3 year programme. On the non-trunk roads a machine-based survey (SCANNER) is now carried out on the B and C class roads as a rolling 4 year programme. A Coarse Visual Inspection survey (CVI) is carried out on 10-15% of the 'unclassified roads' annually. An independent consulting engineer's

opinion is sought on the output from the CVI survey and on the methodology used to calculate the condition assessment.

Land acquisition values are provided for when it is probable that a future payment will be made. This will be when the vesting order becomes operative. Advice on the value of the claim is obtained from professional valuers within Land and Property Services.

Rivers network valuation is updated to reflect the findings from annual condition surveys in relation to below and above ground assets.

1.26 Impending application of newly issued accounting standards not yet effective

The International Accounting Standards Board has issued new and amended standards that are effective for the first time in 2021-22. These have been reviewed and the assessment is that their adoption has not had any significant impact on the amounts reported in these financial statements. There have been no substantial updates to the FReM as a result of these changes.

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

IFRS 16 *Leases* replaces IAS 17 *Leases* and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. The department has assessed the impact that the application of IFRS 16 will have on the the Statement of Comprehensive Net Expenditure for the year ending 31 March 2023 and on the Statement of Financial Position as at 31 March 2023. The following table sets out the expected impact:

Cambane		2021-22 Current Treatment		2022-23 Adopting IFRS 16				Net Impact 2022-23
		Depreciate Asset	Cash Paid	Recognise Asset	Depreciate Asset	Interest	Cash Paid	
		£000	£000	£000	£000	£000	£000	
SoCNE	Income	-	-	-	-	-	-	-
	Expense	-	64	-	53	13	-	130
SoFP	Asset	-	-	682	(53)	-	-	629
	Cash	-	(64)	-	-	-	(64)	(128)
	Liability	-	-	(682)	-	(13)	64	(631)
	Equity	-	-	-	-	-	-	-
Overall		-	-	-	-	-	-	-

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.

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

Accounting boundary IFRS are currently adapted in the FReM so that the Westminster departmental accounting boundary is based on ONS control criteria, as designated by Treasury. A similar review in NI (Review of Financial Process), which will bring NI departments under the same adaptation, has been carried out and the resulting recommendations were agreed by the Executive in December 2016. With effect from 2022-23, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of these Standards.

Implementation of Review of Financial Process (RoFP)

The Department for Infrastructure is implementing Review of Financial Process in 2022-23. The aim of RoFP is to align the boundaries of budgets, estimates and accounts as far as is practicable, including consolidation of NDPBs and other central government bodies in estimates and accounts. The body intended for inclusion within the 2022-23 departmental boundary is Waterways Ireland. The bodies to be included within the departmental boundary will be designated each year in and Estimates and Accounts (Designation of Bodies) Order for consolidation into the Department for Infrastructure's annual Estimates and Accounts. The impact on the Department's financial statements when implemented is not expected to be material.

The designation on NI Water within the departmental accounting boundary will be subject to future consideration.

2. Statement of Operating Expenditure by Operating Segment

During 2021-22 the Department's operating segments reflected the basis of bi-monthly financial reporting to the Departmental Board.

The financial information presented to the Board was based on the Outturn at budget category level. There are some differences between this budget Outturn and the Statement of Comprehensive Net Expenditure. This is reconciled in the Financial Review section of the Annual Report.

During 2021-22 the Department comprised of three reporting groups:

- Planning, Safety and Transport Policy;
- Roads and Rivers; and
- Resources, Governance and EU.

When reporting to the Departmental Board the financial information was broken down into the following groups:

Planning, Safety and Transport Policy

Planning: Strategic & Regional

Strategic Planning Directorate is responsible for processing planning applications deemed to be of regional significance or those which may be 'called in' from the local councils. In addition, the Directorate carries out a plan scrutiny role as part of the two-tier planning system and oversees the regeneration of the Crumlin Road Gaol and St Lucia sites.

Regional Planning Directorate is responsible for the development of planning legislation and policy in line with Ministerial direction, including the development and implementation of the Regional Development Strategy. The Directorate also provides support to local councils, monitors planning performance and works with councils to identify best practice in order to drive forward continuous improvement.

Safe and Accessible Travel

Responsible for the safe movement of people and goods through the regulation of vehicles and drivers (both private and commercial); road safety promotion and outreach; and accessibility.

Transport Policy

Responsible for transport policy, strategy and modelling. Its high level aims will be the development of strategic transport plans; liaison with local government in respect of local development plans; Programme for Government; and leading the DfI Climate Change Agenda.

DVA

The Driver and Vehicle Agency (DVA) is the Department's only agency. The agency aims to deliver improved road safety and better regulation of the transport sector. Responsibilities include driver licensing, vehicle and driver testing, responsibility for those who drive for a living and roadside enforcement.

Roads and Rivers

Roads

Responsibility for maintaining, managing and improving the road network to keep it safe, effective and reliable.

Rivers

Rivers aims to reduce the risk to life and damage to property from flooding from rivers and the sea and to undertake watercourse and coastal flood management in a sustainable manner. The key areas of responsibility are; implementation of sustainable flood risk management policies to facilitate development management and planning decisions; river and sea defence maintenance; construction of flood alleviation schemes and provision of flood maps and risk information.

Resources, Governance & EU

Public Transport Division

Responsible for transport policy, strategy and legislation and certain responsibilities for air and sea ports.

They are also responsible for Public Transport budgets, performance monitoring, Accessible Transport and the Department's governance and sponsorship role of the NI Transport Holding Company (NITHC) / Translink.

Gateways & EU Relations

Responsible for EU exit preparations and future relations post exit. It is also responsible for gateways, rail safety and for oversight of the Department's north/south implementation body, Waterways Ireland.

Water Drainage & Policy

Responsible for advising ministers on policy in relation to the water and sewerage industry and for carrying out the Department for Infrastructure's statutory and other duties under the Water & Sewerage Services (NI) Order 2006.

Corporate Policy, Finance & IT

Responsible for a range of corporate services, which includes support for the Permanent Secretary, digital and information services, finance, internal audit and equality issues.

			2021-22 £'000
	Gross Expenditure	Income	Net Expenditure
Roads	227,731	(36,428)	191,303
Rivers	22,573	(201)	22,372
Planning: Strategic & Regional	5,464	(2,767)	2,697
Transport Policy	6,480	(227)	6,253
Safe & Accessible Travel	9,010	(682)	8,328
DVA	27,008	(135)	26,873
Gateways & EU Relations	6,959	(609)	6,350
Public Transport	408,768	(3)	408,765
Water Drainage & Policy	321,288	(85,267)	236,021
Corporate Policy, Finance & IT	27,738	(1,312)	26,426
Total Net Expenditure per SoCNE	1,063,019	(127,631)	935,388

			2020-21 £'000
	Gross Expenditure	Income	Net Expenditure
Roads	302,559	(28,098)	274,461
Rivers	32,998	(367)	32,631
Planning: Strategic & Regional	5,338	(1,931)	3,407
Transport Policy	5,274	(2)	5,272
Safe & Accessible Travel	26,519	(1,038)	25,481
DVA	49,251	(135)	49,116
Gateways & EU Relations	15,081	(2,920)	12,161
Public Transport	392,699	(1,367)	391,332
Water Drainage & Policy	315,970	(82,019)	233,951
Corporate Policy, Finance & IT	24,821	(1,430)	23,391
Total Net Expenditure per SoCNE	1,170,510	(119,307)	1,051,203

3. Other administration costs

	2021-22 £000	2020-21 £000
Staff Costs²:		
Wages and salaries	50,095	53,328
Social security costs	6,062	5,768
Other pension costs	16,847	16,323
Other staff costs	347	313
Total staff costs	73,351	75,732
Purchase of goods and services	8,338	7,581
Other operating expenditure:		
Rentals under operating leases – land and buildings	47	50
Rentals under operating leases – other	85	83
Other expenditure	4,082	3,847
Less: Own work Capitalised	(1,945)	(1,412)
Total other operating expenditure	2,269	2,568
Non-cash items		
Depreciation, impairment charges and profit/loss on disposal of assets:		
Depreciation of property, plant and equipment	1,358	1,415
Amortisation of intangibles	277	270
Revaluation charge to Statement of Comprehensive Net Expenditure	4	3
Impairment of asset	-	-
(Profit)/Loss on disposal of assets (non-cash)	-	-
Total Depreciation, impairment charges and profit/loss on disposal of assets	1,639	1,688
Increase/Decrease in Provisions	672	370
Notional charges:		
Notional accommodation	4,887	4,844
NIAO auditors' remuneration	105	101
Other notional costs	7,693	7,541
Total notional charges	12,685	12,486
Total Administration Costs	98,954	100,425

² Further analysis of staff costs is located in the Staff Report in the Accountability Section

4. Programme costs

	2021-22 £000	2020-21 £000
Grants:		
Current grants and subsidies	507,546	621,436
Capital grants and subsidies	258,598	169,966
Total grants	766,144	791,402
Staff Costs³:		
Wages and salaries	10,122	10,366
Social security costs	1,117	1,055
Other pension costs	3,251	3,164
Other staff costs	-	(14)
Total staff costs	14,490	14,571
Purchase of goods and services	100,472	90,287
Other operating expenditure:		
Rentals under operating leases – land and buildings	13	35
Rentals under operating leases – other	9	9
Exchange loss / (gain)	106	66
Other expenditure	1,187	1,077
Total other operating expenditure	1,315	1,187
Non-cash items		
Depreciation, impairment charges and profit/ loss on disposal of assets:		
Depreciation of property, plant and equipment	32,160	125,001
Amortisation of intangibles	1,168	1,249
Revaluation charge to Statement of Comprehensive Net Expenditure	660	237
Impairment of asset	49	-
(Profit)/loss on disposal of assets	12	1
Total Depreciation and impairment charges	34,049	126,488
Provision expense:		
Provided in year	2,876	1,540
Borrowing costs on provisions	(1)	(1)
Provision for bad debts	1,292	1,444
Total Provision expense	4,167	2,983

³ Further analysis of staff costs is located in the Staff Report in the Accountability Section

PPP expense:		
PPP service charge	24,954	24,048
PPP interest on loan	18,474	19,119
Total other operating expenditure	43,428	43,167
Total Programme Costs	964,065	1,070,085

4.1 Total Operating Expenditure Reconciliation

	Administration Costs £000	Programme Costs £'000	2021-22 Total £000
Grants	-	766,144	766,144
Staff costs	73,351	14,490	87,841
Purchase of goods and services	8,338	100,472	108,810
Other operating expenditure	2,269	1,315	3,584
Depreciation, impairment charges and profit/loss on disposal of assets	1,639	34,049	35,688
Provision expense	672	4,167	4,839
Notional charges	12,685	-	12,685
PPP expense	-	43,428	43,428
Total	98,954	964,065	1,063,019

	Administration Costs £000	Programme Costs £000	2020-21 Total £000
Grants	-	791,402	791,402
Staff costs	75,732	14,571	90,303
Purchase of goods and services	7,581	90,287	97,868
Other operating expenditure	2,568	1,187	3,755
Depreciation, impairment charges and profit/loss on disposal of assets	1,688	126,488	128,176
Provision expense	370	2,983	3,353
Notional charges	12,486	-	12,486
PPE expense	-	43,167	43,167
Total	100,425	1,070,085	1,170,510

4.2 Analysis of non-cash items for Statement of Cash Flows and Statement of Assembly Supply

	2021-22 £000	2020-21 £000
Staff costs	-	48
Non-staff administration costs (see Note 3)	14,996	14,544
Programme costs - (see Note 4)	38,216	129,471
Non cash transfer of land from DoF	-	-
Non cash capital grant / capital grant income	(20,604)	(16,334)
Non-cash transactions (Statement of Cash Flows)	32,608	127,729
Adjust for capital provisions (see note 18)	(1,469)	1,800
Exchange (loss)/gain	-	(220)
Non cash proceeds for capital grant /capital grant income	20,605	16,333
Profit / loss on disposal	(12)	(1)
Non-cash transactions (Statement of Outturn against Assembly Supply)	51,732	145,641

5. Income

	2021-22 £000	2020-21 £000
Revenue from Contracts with Customers		
Administration income		
Other	1,303	1,410
Programme income		
Car park receipts and penalty charge notices income	8,835	4,929
Recoverable works	951	1,632
Planning fees	204	244
Developers contributions	500	911
Other	6,588	5,071
Sub-total	18,381	14,197
Other operating income		
Other capital grant income – Developer contributions	20,604	16,334
Loan interest from NI Water	54,098	52,134
Dividend income from NI Water	31,169	29,885
EU grant income – Accruing Resources income	615	3,332
EU grant income – CFER income	6	67
Public Dividend Capital – dividend receivable	-	-
Other Grant Income	2,623	3,223
Interest from DVA	135	135
Sub-total	109,250	105,110
Total income	127,631	119,307

6. Property, plant and equipment

	Land & Buildings excluding Dwellings £000	Network Assets £000	Plant and Machinery £000	Information Technology & Furniture and Fittings £000	Payments on Account and Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2021	116,285	31,927,023	80,920	3,183	484,129	32,611,540
Opening balance adjustment*	-	2,834	-	-	-	2,834
Additions	2,000	145,267	9,126	493	107,611	264,497
Developer Contributions	-	20,263	-	-	-	20,263
Disposals	-	-	(7,683)	-	-	(7,683)
Transfers	-	-	-	-	-	-
Revaluations	799	3,291,300	4,237	(755)	(165)	3,295,416
Reclassification	(65)	-	-	-	-	(65)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(655)	-	(73)	(56)	-	(784)
At 31 March 2022	118,364	35,386,687	86,527	2,865	591,575	36,186,018
Depreciation						
At 1 April 2021	5,742	3,775,218	60,560	2,333	-	3,843,853
Opening balance adjustment*	-	1,018	-	-	-	1,018
Charged in year	2,024	28,260	2,810	424	-	33,518
Disposals	-	-	(7,312)	-	-	(7,312)
Transfers	-	-	-	-	-	-
Revaluations	(421)	413,008	(2,812)	(755)	-	409,020
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	3	-	(73)	(50)	-	(120)
At 31 March 2022	7,348	4,217,504	53,173	1,952	-	4,279,977
Carrying Amount at 31 March 2022	111,016	31,169,183	33,354	913	591,575	31,906,041
Carrying Amount at 1 April 2021	110,543	28,151,805	20,360	850	484,129	28,767,687
Asset financing:						
Owned	111,016	30,826,842	33,354	913	591,575	31,563,700
On-statement of financial position of PFI contracts	-	342,341	-	-	-	342,341
Carrying Amount at 31 March 2022	111,016	31,169,183	33,354	913	591,575	31,906,041
Of the total:						
Core Department	111,016	31,169,183	33,354	913	591,575	31,906,041
Agencies	-	-	-	-	-	-
Carrying Amount at 31 March 2022	111,016	31,169,183	33,354	913	591,575	31,906,041

Property, plant and equipment

	Land & Buildings excluding Dwellings	Network Assets	Plant and Machinery	Information Technology & Furniture and Fittings	Payments on Account and Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2020	110,589	32,237,605	80,924	3,962	380,777	32,813,857
Opening balance adjustment*	-	144	-	-	-	144
Additions	5,727	130,503	1,199	24	107,067	244,520
Developer Contributions	-	16,155	-	-	-	16,155
Disposals	(295)	-	(533)	-	-	(828)
Transfers	758	(758)	-	(13)	-	(13)
Revaluations	261	(456,626)	(507)	(673)	(3,715)	(461,260)
Reclassification	(429)	-	-	-	-	(429)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(326)	-	(163)	(117)	-	(606)
At 31 March 2021	116,285	31,927,023	80,920	3,183	484,129	32,611,540
Depreciation						
At 1 April 2020	3,823	3,790,831	57,112	2,562	-	3,854,328
Opening balance adjustment*	-	(706)	-	-	-	(706)
Charged in year	2,017	119,524	4,303	572	-	126,416
Disposals	-	-	(533)	-	-	(533)
Transfers	-	-	-	(13)	-	(13)
Revaluations	(8)	(134,431)	(160)	(674)	-	(135,273)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(90)	-	(162)	(114)	-	(366)
At 31 March 2021	5,742	3,775,218	60,560	2,333	-	3,843,853
Carrying Amount at 31 March 2021	110,543	28,151,805	20,360	850	484,129	28,767,687
Carrying Amount at 1 April 2020	106,766	28,446,774	23,812	1,400	380,777	28,959,529
Asset financing:						
Owned	110,543	27,809,464	20,360	850	484,129	28,425,346
On-statement of financial position of PFI contracts	-	342,341	-	-	-	342,341
Carrying Amount at 31 March 2021	110,543	28,151,805	20,360	850	484,129	28,767,687
Of the total:						
Core Department	110,543	28,151,805	20,360	850	484,129	28,767,687
Agencies	-	-	-	-	-	-
Carrying Amount at 31 March 2021	110,543	28,151,805	20,360	850	484,129	28,767,687

The following valuers have been involved in valuing the property, plant and equipment at the dates specified:

Asset category	Valuer name and qualifications	Date of last Valuation	Valuation method in intervening years
Network Assets - Land	Land & Property Services (LPS)	N/A	Indicative Land Indices (LPS)
Land for schemes	Land & Property Services (LPS)	1 April 2021 – DfI Assets Various dates – transferee assets	Indicative Land Indices (LPS)
Car Parks	Land & Property Services (LPS)	01 April 2018	Indicative Land Indices (LPS) & BCIS Index (LPS)
Buildings: Depots & Section offices	Land & Property Services (LPS)	01 April 2018	LPS Area Office Index
Networked Assets	Roads and Structures - Atkins (Asset Management Consultants) and Professor MS Snaith FREng	31 March 2016	Roads and Structures - Baxter Index (Provisional)
	Flood Defences & Culverts – Atkins (Asset Management Consultants)	31 March 2022	Flood Defences & Culverts – Atkins (Asset Management Consultants) Baxter Index
Plant and Machinery - Ferry	Blyth Bridges (Marine Consultants)	31 March 2017	Index provided by Marine Consultants
Plant and Machinery - Vehicles	N/A	N/A	Adjusted National Statistics Office SIC 2007
Plant and Machinery - General	N/A	N/A	Adjusted National Statistics Office SIC 2007
Furniture and Fittings	N/A	N/A	Retail Price Index
Information Technology	N/A	N/A	Adjusted National Statistics Office SIC 2007

All property, plant and equipment are restated to fair value each year except for assets in the course of construction.

The roads and structures infrastructure valuation was performed on a depreciated replacement cost basis as at 31 March 2022, using the ‘Baxter Index’ for construction in England, Wales and Northern Ireland and revalued unit rates for roads and structures. For 2021-22 a provisional index to 31 December 2021 was applied, as this was the most up to date available at the time of the production of the valuation.

Flood defences and culverts are also valued on a depreciated replacement cost basis.

Every five years DfI aims to carry out a review of the unit rates used to value roads and structures. These rates are built up from the actual outturn costs of new construction schemes. The last revaluation of Network Assets (Roads & Bridges) was completed for the 2015-16 accounts. Due to the limited range of new scheme information in 2021-22, it has not been possible to update these rates. As such the baxter indices have been applied.

For valuation purposes footways have been assumed to be maintained in a “steady state”.

The valuation of plant and machinery, furniture and fittings and information technology has been indexed using the appropriate indices as outlined in the above table.

Condition Surveys for the Road Network

Depreciated replacement cost accounting as outlined in the Statement of Accounting Policies requires that an annual condition survey be undertaken to inform the decision on whether depreciation should be charged and whether any adjustment is necessary in respect of the condition of the network.

On the motorway and trunk road network and the rest of the “A” class roads this condition survey is a machine based survey (Deflectograph) carried out as a three year rolling programme. On the non-trunk roads, the condition survey comprises two survey types; a machine based survey (SCANNER) carried out as a rolling programme over four years on the “B” and “C” class roads and a visual survey (Coarse Visual Inspection (CVI)) carried out on 10-15% of the “Unclassified” roads annually. An independent consulting engineer’s opinion is sought on the output from the both the CVI and SCANNER survey and on the methodology used to calculate the condition assessment.

CVI is the only physical survey currently suitable for the majority of non-trunk roads. However CVI is a visual as opposed to a machine based survey and is therefore subjective and has limited repeatability. To overcome this problem the results of each year’s survey are aggregated over 8-10 years for unclassified roads. A machine-based survey is currently unsuitable for use on the U class roads.

An independent consulting engineer, Professor Martin Snaith assisted with the development of the methodology and undertook a review and challenge role throughout the exercise.

To date the annual output from the CVI survey and the methodology used to calculate the condition assessment is used by Atkins, who provide infrastructure valuation services to all UK Road Authorities, including DfI under a joint contract. Each year the methodology and output produced by the valuation consultant is quality assured by Professor Snaith.

CVI surveys recommenced in 2021-22 following their postponement in 2020-21 in response to the pandemic and the Covid 19 restrictions that were put in place to safeguard the NHS and the health and safety of the population to ensure compliance with the restrictions that were in place at that time.

Rivers network valuation is updated to reflect the findings from annual condition surveys in relation to below and above ground assets.

* The opening balance adjustment on the Network Assets relates to valuation reports received in line with the infrastructure valuation methodology.

7. Intangible assets

	Externally Developed Software £000	Internally Developed Software £000	Software Licences £000	Licences, Trademarks and Artistic Originals £000	Payments on Account and Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2021	6,818	21,068	1,068	51	-	29,005
Additions	848	-	-	-	-	848
Disposals	-	-	-	-	-	-
Revaluations	271	124	45	4	-	444
Reclassification	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	-	-	-	-
At 31 March 2022	7,937	21,192	1,113	55	-	30,297
Depreciation						
At 1 April 2021	4,601	20,070	769	-	-	25,440
Charged in year	780	549	116	-	-	1,445
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Revaluation	103	93	27	-	-	223
Impairments	-	-	-	-	-	-
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	-	-	-	-
At 31 March 2022	5,484	20,712	912	-	-	27,108
Carrying Amount at 31 March 2022	2,453	480	201	55	-	3,189
Carrying Amount at 1 April 2021	2,217	998	299	51	-	3,565
Asset financing:						
Owned	2,453	480	201	55	-	3,189
Carrying Amount at 31 March 2022	2,453	480	201	55	-	3,189
Of the total:						
Core Department	2,453	480	201	55	-	3,189
Carrying Amount at 31 March 2022	2,453	480	201	55	-	3,189

Intangible assets

	Externally Developed Software £000	Internally Developed Software £000	Software Licences £000	Licences, Trademarks and Artistic Originals £000	Payments on Account and Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2020	5,891	20,988	917	50	-	27,846
Additions	894	-	144	-	-	1,038
Disposals	-	-	-	-	-	-
Revaluations	33	80	7	1	-	121
Reclassification	-	-	-	-	-	-
Impairments	-	-	-	-	-	-
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	-	-	-	-
At 31 March 2021	6,818	21,068	1,068	51	-	29,005
Depreciation						
At 1 April 2020	3,895	19,311	631	-	-	23,837
Charged in year	694	691	134	-	-	1,519
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Revaluation	12	68	4	-	-	84
Impairments	-	-	-	-	-	-
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	-	-	-	-
At 31 March 2021	4,601	20,070	769	-	-	25,440
Carrying Amount at 31 March 2021	2,217	998	299	51	-	3,565
Carrying Amount at 1 April 2020	1,996	1,677	286	50	-	4,009
Asset financing:						
Owned	2,217	998	299	51	-	3,565
Carrying Amount at 31 March 2021	2,217	998	299	51	-	3,565
Of the total:						
Core Department	2,217	998	299	51	-	3,565
Carrying Amount at 31 March 2021	2,217	998	299	51	-	3,565

8. Impairments

In 2021-22 an impairment expense of £49,410 has been charged to the Statement of Comprehensive Net Expenditure.

9. Financial guarantees and Letters of Comfort

Deeds of Guarantee

The Department has entered into two separate deeds of guarantee in respect of the 'Alpha' water PPP contract and the 'Omega' wastewater PPP contract held by NI Water.

The deeds for both projects guarantee the financial obligations payable under the relevant contract in the event of NI Water becoming insolvent.

In the absence of a mature market for the underlying risk, the fair value attributed by the Department has to reflect the likely impact on the public sector. In this case the Department considers the risk of the guarantee being called upon as so small that the value attributable to the guarantee should be nil.

Subsidy payments to Northern Ireland Water

The Subsidy is paid under Article 213(3) of the Water and Sewerage Services (NI) Order 2006 which requires the Department for Infrastructure (DfI) to, "make grants to relevant undertakers of amounts appearing to the Department to be equal to discounts provided by undertakers in respect of any charges payable to them in, or in respect of, the initial period" [extended to 31 March 2017 by the Water and Sewerage Services Act (NI) 2016 and subsequently to 31 March 2022 by the Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2017]. During 2021-22 the Subsidy was £318.7m and for 2022-23 it is estimated to be £346.2m.

Future funding

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption just before the financial year end.

The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2022. The Department is actively working with the Department of Finance to seek to redress funding pressures within the Department and its Arms Length Bodies. A funding assurance letter has issued to Translink.

10. Financial instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Department's expected purchase and usage requirements and the Department is therefore exposed to little credit, liquidity or market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Department is not exposed to significant credit risk as the majority of receivable balances are with other government bodies. The Department manages its credit risk by ensuring regular review of receivables and prompt follow up of unpaid invoices. The maximum exposure to credit risk is represented by the carrying amounts of the trade receivables carried in the Statement of Financial Position.

Liquidity risk

The Department's net revenue resource requirements are financed by resources voted annually by the Assembly, as is its capital expenditure. It is not, therefore, exposed to significant liquidity risks.

Currency Risk

The Department receives reimbursement of certain grant payments from the European Union. Transactions with the EU are denominated in euro and therefore exposed to currency risk. The Department translates its EU Receivable balances at the relevant exchange rate at each year end.

The Department does not have the authority to manage currency risk through hedging.

Interest Rate Risk

The interest rate on loan notes issued after 31 March 2010 to NI Water is 0.85% per annum above the Reference Gilt rate on the relevant issue date, such rate priced from the yield to maturity published on such date by the UK Government Debt Management Office. All of the Department's other financial assets and liabilities carry nil or fixed rates of interest.

Gains/losses

The following table shows the net gains/losses recognised through the Statement of Comprehensive Net Expenditure by measurement category:

					2021-22	2020-21
		From Subsequent Measurement				
	From Interest £000	At Fair Value £000	Currency Translation £000	Provision for Bad Debt £000	Net gain/(loss) £000	Net gain/(loss) £000
Loans and receivables (Gain)/loss	-	-	106	1,292	1,398	1,510
Total	-	-	106	1,292	1,398	1,510

The Department recognises the components of net gain/loss through the Statement of Comprehensive Net Expenditure. The net currency translation gains on financial assets classified as loans and receivables are attributable to monies due from the EU in respect of grant payments.

The impairment/reversal of impairment relates to bad debts written off or provided through the Statement of Comprehensive Net Expenditure.

11. Investment and loans in other public sector bodies

	Loan Stock & Ordinary Shares £000	Loan on vesting £000	Long-term loan £000	PDC £000	Total £000
Balance at 1 April 2020	671,690	150,000	1,040,426	5,413	1,867,529
Additions	-	-	83,000	-	83,000
Balance at 31 March 2021	671,690	150,000	1,123,426	5,413	1,950,529
Additions	-	-	170,000	-	-
Balance at 31 March 2022	671,690	150,000	1,293,426	5,413	2,120,529

Comprising:

	Loan Stock & Ordinary Shares £000	Loan on vesting £000	Long-term loan £000	PDC £000	Total £000
NI Water	671,690	150,000	1,289,561	-	2,111,251
DVA	-	-	3,865	5,413	9,278
Balance at 31 March 2022	671,690	150,000	1,293,426	5,413	2,120,529

All investments are held within the Department.

NI Water

On 1 April 2007 the responsibility for the provision of water and sewerage services transferred from Water Service, an executive agency of the Department, to Northern Ireland Water Limited, a private limited company wholly owned by the Department. As a consequence of the vesting in the company of the assets and liabilities of Water Service (value at 1 April 2007 £822 million), the Department was issued with £150 million of loan notes under the Subscription Agreement and maintained an equity interest of £672 million. In addition, the Subscription Agreement provides for the company to issue and the Department to subscribe in cash for additional loan notes. At the 31 March 2022 the company had issued further loan notes of £1,439.6million including the £150m issued at vesting. The interest rate on loan notes issued up to 31 March 2010 and the initial loan notes is 5.25%, fixed for the term of the loan. The interest rate on loan notes issued after 31 March 2010 is 0.85% per annum above the Reference Gilt rate on the relevant issue date, such rate priced from the yield to maturity published on such date by the UK Government Debt Management Office.

The investment is shown at historical cost less any provision for impairment.

The Department's share of the net assets and results of NI Water is summarised below for the 2021-22 year.

	Northern Ireland Water £000
Net assets at 31 March 2022	1,087,197
Turnover for year ended 31 March 2022	441,191
Surplus/profit for the year (before financing)	105,400

DVA

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 the old Department of the Environment in order to facilitate commencement of operations of the Driver & Vehicle Testing Agency. On 1 April 2016 DVA transferred to the Department for Infrastructure as a result of the reorganisation of departments. It also became a full Trading Fund at that point under the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 2016. There were loans of £3,129,932 and additional PDC of £1,826,948 created to facilitate an extension of operations. During 2017-18 further loans of £1,862,500 and PDC of £1,862,500 were issued as a result of the transfer of assets from the department to DVA, bringing total PDC to £5,789,000 and loans to £4,992,000. In 2019-20 the value of the PDC was reduced by £375,875 to £5,413,573 and the value of the loans were reduced by £1,127,000 to £3,865,000.

At 31 March 2022 DVA had Net Assets of £73.6m and a surplus for the year amounting to £6m.

12. Assets held for sale

	31 March 2022 £000	31 March 2021 £000
At 1 April	-	-
Transfers in	341	179
Transfers out	-	-
Disposals	(357)	(608)
Impairment	(49)	-
Reclassifications	65	429
Total	-	-

At year end there was no land categorised as assets held for sale that the Department intended to dispose of within the next year.

13. Inventories

	31 March 2022 £000	31 March 2021 £000
Inventories	2,493	2,689
	2,493	2,689

14. Cash and cash equivalents

Cash and bank balances	
£000	
Balance at 1 April 2020	(2,912)
Net change in cash and cash equivalents	15,576
Balance at 31 March 2021	(12,664)
Net change in cash and cash equivalents	(27,624)
Balance at 31 March 2022	(14,960)

	31 March 2022 £'000	31 March 2021 £'000
The following balances at 31 March were held at:		
Commercial banks and cash in hand	(14,960)	12,664
Balance at 31 March	(14,960)	12,664

The net balance comprises:

	31 March 2022 £'000	31 March 2021 £'000
Cash due to be paid to the Consolidated Fund:		
Consolidated Fund Extra Receipts received and due to be paid to the Consolidated Fund (see Note 16)	1,471	2,331
Amounts issued from the Consolidated Fund for Supply but not spent at year end (see Note 16)	-	10,333
Loan from the Consolidated Fund	-	-
Cash due to be received from the Consolidated Fund:		
Consolidated Fund Extra Receipts prepaid to the Consolidated Fund (see Note 15)	-	-
Amounts due from the Consolidated Fund for Supply (note 15)	(16,431)	-
Amounts due from the Consolidated Fund not yet recognised	-	-
	(14,960)	12,664

The Department is a signatory on the following bank account:

-Highway Mgmt (City) Ltd & Department for Infrastructure (NI) – DFI Insurance Account

Department funds do not go through this account and so have not been included in the Departmental Annual Report and Accounts.

14.1 Reconciliation of liabilities arising from financing activities

The Department's main source of financing is from the Consolidated Fund. Any asset or liability arising from the Consolidated Fund is settled with the Department of Finance on an annual basis and so the year end asset of liability is shown in the appropriate note.

	2021 £000	Cashflows £000	Non-Cash Changes			2022 £000
			Acquisition £000	Forex Movements £000	Fair Value Changes £000	
PFI liabilities	268,794	(10,158)	-	-	-	258,636
Total liabilities from financing activities	268,794	(10,158)	-	-	-	258,636

15. Trade receivables and other current assets

	31 March 2022 £000	31 March 2021 £'000
Amounts falling due within one year:		
Trade receivables	7,237	5,111
Other receivables	2,353	2,287
Prepayments and accrued income	18,939	4,756
VAT	13,872	14,208
EU/TEN-T grants receivable - Accruing Resource	2,712	3,697
EU/TEN-T grants receivable - CFER	256	250
	45,369	30,309
Amounts due from the Consolidated Fund in respect of Supply	16,431	-
	61,800	30,309

EU/TEN-T grants receivable of £256k (2020-21: £250k) are to be surrendered to the Consolidated Fund when received.

Allowance for expected credit losses

Trade receivables are stated net of an allowance of £7m for estimated irrecoverable amounts. The following table shows the allowance for expected credit losses included in receivables in the table above at the period end:

	31 March 2022 £000	31 March 2021 £000
Balance at 1 April	8,797	12,196
Increase in provision	1,292	1,444
Write back of provision	-	-
Use of provision	(3,190)	(4,843)
Balance at 31 March	6,899	8,797

The Department has provided fully for all receivables where there is evidence to suggest the debt is not recoverable. These relate to potential irrecoverable debts in relation to fines charged and income due from services provided by the Department.

16. Trade payables and other current liabilities

	31 March 2022 £'000	Restated 31 March 2021 £'000
Amounts falling due within one year:		
Bank overdraft (Note 16)	14,971	-
Trade payables	785	2,155
Accruals and deferred income	254,478	207,052
Other taxation and social security	-	-
Other payables	6,553	5,506
Imputed loan on PPP Contracts	10,788	10,098
Amounts issued from the Consolidated Fund for Supply but not spent at year end	-	10,333
Consolidated Fund Extra Receipts received and receivable due to be paid to the Consolidated Fund – EU grants / TEN-T Grants		
– Received	10	12
– Receivable	256	250
Consolidated Fund Extra Receipts received and receivable due to be paid to the Consolidated Fund – other		
– Received	1,461	2,319
– Receivable	-	-
	289,302	237,725
Amounts falling due after more than one year:		
Other payables	18,564	17,110
Capital retentions	4,761	8,593
Deferred payable	1,677	1,887
Imputed loan on PPP contracts	247,848	258,696
	272,850	286,286

17. Provisions for liabilities and charges

	Land Acquisition for Scheme £000	Early Retirement Provisions £000	Legal Claims £000	Equal Pay £000	Public / Employer Liability £000	Other Costs £000	Total £000
Balance 1 April 2021	23,596	123	252	-	6,657	9,095	39,723
Provided in year	331	1	199	-	5,717	258	6,506
Provisions not required written back	(1,800)	(2)	(5)	-	-	(2,669)	(4,476)
Provisions utilised in year *	(1,105)	(101)	(72)	-	(6,256)	(188)	(7,722)
Borrowing costs (unwinding of discount)	-	(1)	-	-	-	49	48
Balance 31 March 2022	21,022	20	374	-	6,118	6,545	34,079

Analysis of expected timing of discounted flows

	Land Acquisition for Scheme £000	Early Retirement Provisions £000	Legal Claims £000	Equal Pay £000	Public / Employer Liability £000	Other Costs £000	Total £000
Not later than one year	-	20	374	-	6,096	3,030	9,520
Later than one year and not later than five years	21,022	-	-	-	22	2,671	23,715
Later than five years	-	-	-	-	-	844	844
Balance 31 March 2022	21,022	20	374	-	6,118	6,545	34,079

*In addition to the above provisions there was £3,190k of bad debt provisions utilised.

	Land Acquisition for Scheme £000	Early Retirement Provisions £000	Legal Claims £000	Equal Pay £000	Public / Employer Liability £000	Other Costs £000	Total £000
Balance 1 April 2020	23,109	280	231	-	6,986	10,966	41,572
Provided in year	1,800	-	70	-	4,019	3,696	9,585
Provisions not required written back	-	-	-	(10)	(418)	(5,527)	(5,955)
Provisions utilised in year *	(1,313)	(156)	(49)	10	(3,930)	(120)	(5,558)
Borrowing costs (unwinding of discount)	-	(1)	-	-	-	80	79
Balance 31 March 2021	23,596	123	252	-	6,657	9,095	39,723

Analysis of expected timing of discounted flows

	Land Acquisition for Scheme £000	Early Retirement Provisions £000	Legal Claims £000	Equal Pay £000	Public / Employer Liability £000	Other Costs £000	Total £000
Not later than one year	-	101	252	-	6,634	3,043	10,030
Later than one year and not later than five years	23,596	22	-	-	23	4,937	28,578
Later than five years	-	-	-	-	-	1,115	1,115
Balance 31 March 2021	23,596	123	252	-	6,657	9,095	39,723

*In addition to the above provisions there was £4,843k of bad debt provisions utilised.

17.1 Land Acquisition for Schemes

Land acquisition values are provided for when it is probable that a future payment will be made. This will be when the vesting order becomes operative. Advice on the value of the claim is obtained from professional valuers within Land and Property Services.

17.2 Early Retirement Provisions

The Department meets the additional costs of benefits beyond the normal benefits in respect of employees who retire early by paying the required amounts annually over the period between early departure and normal retirement date. The Department provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of (1.30)% in real terms.

17.3 Legal Claims

Provision has been made for various legal claims against the Department. The provision reflects all known claims where legal advice indicates that it is more than 50% probable that the claim will be successful and the amount of the claim can be reliably estimated. The amount provided is on a percentage expected probability basis. Expenditure is likely to be incurred over a period of five years. The provision is based on the estimated cash flows discounted by the Treasury discount rates. No reimbursement will be received in respect of any of these claims. Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in note 18.

17.4 Equal Pay

The provision represents the settlement payment to be made to staff as the result of an agreement with NIPSA in respect of equal pay. All equal pay claims have now been settled.

17.5 Public and Employer 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 the amount of the claim can be reasonably estimated. Claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in note 18.

17.6 Other

Other provisions include injury pensions for former employees who were medically retired and awarded an additional pension sum in relation to injury which is payable for life.

A discount rate is applied by courts to a lump-sum award of damages for future financial loss in a personal injury case to take account of the return that can be earned from investment. Previously, the rate in Northern Ireland was set by the Department of Justice in accordance with principles set out by

the House of Lords in *Wells v Wells*, and was changed under the framework (from 2.5%) to -1.75% with effect from 31 May 2021. Following enactment of the Damages (Return on Investment) Act (Northern Ireland) 2022 in February 2022, the rate is now determined by the Government Actuary who completed his first review under the new legislative framework in March 2022, resulting in the rate changing again in -1.5% with effect from 22 March 2022.

Also included within other provisions is an amount for holiday pay. The Court of Appeal (CoA) judgment from 17 June 2019 (*PSNI v Agnew*) determined that claims for holiday pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. The Supreme Court hearing was scheduled for June 2021 but this has subsequently been adjourned and re-listed for December 2022. The 2021-22 Holiday Pay provision has been estimated by NICS HR and covers the period from November 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

1. The appeal to the Supreme Court (as detailed above);
2. Lack of accessible data for years previous to 2011;
3. Ongoing negotiations with Trade Unions; and
4. Obtaining relevant approvals.

18. Contingent liabilities disclosed under IAS 37

At March 2022 there were unsettled public and employer liability cases in which the Department are disputing liability but which could lead to a loss. A review of outstanding cases by the Central Claims Unit, which are considered unlikely to succeed, has indicated possible liabilities estimated at £11,868,768. A contingent liability exists for possible dismissal cases and compensation payments in relation to these cases are estimated at £157,600.

There is also a contingent liability of £110,000 in relation to legal claims which the Department are disputing liability but could lead to a loss.

There is a contingent liability of £3,340,000 in relation to Contractor Legal cases which are pending.

There is a contingent liability of £4,542,000 in relation to land for schemes.

The Department is defending a number of judicial reviews of planning application decisions where it is not probable that the judgement will be in the applicants' favour and/or where the amounts involved cannot be estimated reliably, therefore it has not been considered appropriate to make a provision under the criteria set out in IAS37.

The department has been included as a respondent to a claim submitted to the NI Employment Tribunal. If the claim is successful the department may have a financial liability. The work of the tribunal was suspended during lockdown and we do not know when it is likely to resume.

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption for the 2020-21 and 2021-22 reporting period. This uncertainty is expected to continue throughout 2022. The Department continues to engage with DoF on the resulting pressures arising within the Department and its ALBs. A funding assurance letter has issued to Translink.

19. Capital and other commitments

19.1. Capital commitments

	31 March 2022 £000	31 March 2021 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements	488,556	342,775

19.2 Commitments under leases

Operating leases

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

	31 March 2022 £000	31 March 2022 £000
Obligations under operating leases comprise:		
Land & Buildings:		
Not later than one year	64	80
Later than one year and not later than five years	256	295
Later than five years	421	421
Total	741	796
Office Equipment:		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	-	-

19.3. Commitments under PPP contracts

19.3.1 The Department has entered into the following on-Statement of Financial Position PPP contract for the Design, Build, Finance and Operations of sections of the road network:

PPP Package 1:

- M1/Westlink upgrade
- Grosvenor Road
- M2 Crosskennan slip roads at Antrim Hospital
- M2 widening between Sandyknowes and Greencastle
- Operation and maintenance of 65km of the motorway/trunk roads network.

PPP Package 1 commenced on 3 February 2006 and was completed on 28 November 2009. The contract was for 30 years and ends on 31 March 2036.

The capital value of this PPP Package 1 is £118,219,000.

PPP Package 2:

- A1 dualling between Beech Hill and Cloghogue
- Improving the safety junctions on the A1
- A4 dualling between Dungannon and Ballygawley
- Improving A4 Annaghilla and A5 at Tullyvar
- Operation and maintenance of 125km of the motorway/trunk roads network.

PPP Package 2 commenced on 16 November 2007 and was completed on 5 May 2011. The contract was for 30 years and ends on 31 March 2038.

The capital value of PPP Package 2 is £224,123,000.

19.3.2 On Statement of Financial Position (SoFP)

PPP Package 1 and Package 2

Under IFRIC 12, these assets are treated as assets of the Department. The substance of the contract is that the Department has two finance leases. Payments to the PPP providers comprise two elements – imputed finance lease charges and service charges.

Total obligations under on-Statement of Financial Position PPP contracts for the following periods comprise:

	31 March 2022 £000	31 March 2021 £000
Not later than one year	28,572	28,572
Later than one year and not later than five years	114,287	114,287
Later than five years	281,278	309,910
	424,137	452,769
Less interest element	(165,501)	(183,975)
Total	258,636	268,794

19.3.3 Charges to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged in the Statement of Comprehensive Net Expenditure in respect of the service element of on Statement of Financial position PPP transactions was £24,953,605 (2020-21: £24,047,876) and the payments to which the Department and its agencies are committed, analysed by the period during which commitment expires is as follows:

	31 March 2022 £000	31 March 2021 £000
Not later than one year	32,075	27,088
Later than one year and not later than five years	130,666	123,151
Later than five years	484,113	513,417
	646,854	663,656

19.3.4 Off Statement of Financial Position PPP contracts

The Department has no off Statement of Financial Position PPP contracts.

19.4 Other financial commitments

The Department has entered into debt facilities with Northern Ireland Water Limited.

Capital loan notes are issued under the instrument constituting £1,280,200,000 Fixed Coupon Unsecured Loan Notes 2027. As this facility was originally put in place for a period of 7 years until 31 March 2014 the Department extended the arrangement until 31 March 2016 in line with Executive

policy. A new Fixed Coupon Unsecured Loan Notes Instrument 2034 came into effect from 1 April 2016 and could be drawn upon until 31 March 2021. The Department extended the arrangement until 31 March 2022 in line with Executive policy. The actual amounts issued are determined by the progress of NI Water's capital programme and its cash requirement. The loans are due to be redeemed in 2027 and 2034 respectively (or earlier if refinanced). To date NI Water has issued loan notes with a value of £1,439.56 million (31 March 2021: £1,269.56 million) including the £150 million issued at vesting (note 11).

A new Fixed Coupon Unsecured Loan Notes Instrument 2042 constituting £1,750,000,000 came into effect from 1 April 2022 and can be drawn upon until 31 March 2027. The actual amounts issued are determined by the progress of NI Water's capital programme and its cash requirement. The loans are due to be redeemed in 2042 (or earlier if refinanced). The Department had also entered into a commitment to provide two further credit facilities but these were not renewed when they expired on 31 March 2014 as they had never been utilised. The Revolving Credit Facility A for £55 million was for funding for additional unforeseen expenditure by NI Water which was envisaged to be recovered through the regulatory mechanism. The Revolving Credit Facility B (up to the limit of the unused element of the £55 million) was for additional unforeseen expenditure which was not envisaged to be recovered through the regulatory mechanism. Any amounts drawn down on these two facilities would have required DfI approval to ensure that the expenditure fell within the agreed parameters set out in the agreements.

During the year the Department provided a £20m working capital facility to NI Water for the period to 31 March 2023. Borrowings on the facility are repayable on demand. Interest was payable at a floating rate of the London Interbank Offered Rate (LIBOR) + 0.35%. Following LIBOR transition the interest rate was amended to Bank of England Base Rate +0.35%. The facility outlined above was not utilised at 31 March 2022.

20. Related-party transactions

DfI is the sponsor of the Northern Ireland Transport Holding Company Limited, which is a public corporation.

NI Water is a government owned company, the Department being the sole shareholder. The Department provides NI Water with subsidy and loan finance. For public expenditure purposes NI Water is defined as a non-departmental public body and its expenditure directly impacts on the Department's budget.

DVA is a Trading Fund of the Department. The Department provides DVA with subsidy and capital grants. DVA's accounts are not consolidated into the departmental accounts. For public expenditure purposes DVA is defined as a Public Corporation.

Waterways Ireland is an Implementation Body of the North South Ministerial Council which is co-sponsored by DfI and the Department of Arts, Heritage, Regional, Rural and Gaeltacht Affairs in the South. DfI provides grants to Waterways Ireland.

DfI is also responsible for ports policy and the legislative framework within which ports operate.

The Department of Finance provides services such as Account NI, accommodation, recruitment, land and property services, Internal Audit and legal services to the Department at a notional cost.

All of the above are regarded as related parties with which the DfI had various material transactions during the year.

In addition, DfI has had a small number of transactions with other government departments and other government bodies, the majority of which are Northern Ireland Departments.

Neither the Minister nor any of the Board members, key managerial staff or other related parties has undertaken any material transactions with the Department during the year.

21. Entities within the departmental boundary

There are no other entities within the Departmental boundary in 2021-22.

22. Events after the Reporting Period

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

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 30 June 2022.

Appendix A

Entities outside the Departmental Boundary

Executive Agency

Driver and Vehicle Agency

This Executive Agency is constituted as a Trading Fund and designated as a Public Corporation by the Office of National Statistics.

As Accounting Officer, the Agency's Chief Executive, along with its Strategic Management Board, is responsible for ensuring that appropriate financial and management controls are in place and that compliance with those controls is effectively monitored.

Arm's Length Bodies

Northern Ireland Water

NI Water is a company, with the Department being its sole shareholder. It is appointed as the statutory water and sewerage undertaker, operating under licence and at arm's length from central government structures. It is also a non-departmental public body for public expenditure purposes. The Minister is responsible for the policy and legislative framework and sets strategic objectives. The delivery of water and sewerage services is the responsibility of the company, subject to regulatory oversight by the NI Authority for Utility Regulation and environmental regulators. As Accounting Officer, the Chief Executive, along with the NI Water Board, is responsible for ensuring that appropriate financial and management controls are in place and that compliance with those controls is effectively monitored. A Management Statement and Financial Memorandum (MSFM) operates.

The Department monitors NI Water's business performance and outlook and engages with the company Board, Chair and Executive Team on strategic and shareholder matters. In keeping with the company's Articles of Association, the Department is responsible for making appointments to the Board of NI Water. The current Non Executive Board Members were appointed on 1 February 2020 for a period of four years and the Chair of NI Water was re-appointed on 1 April 2020, again also for a period of four years. We are also responsible for making loans and paying subsidy to the company and this expenditure is reflected within the Department's Annual Report and Accounts.

Northern Ireland Transport Holding Company

NITHC is a public corporation and the parent company of the publicly owned bus and rail companies in the region. These companies, Northern Ireland Railways, Ulsterbus and Citybus (trading as Metro) operate under the brand name of Translink. NITHC's statutory duties are to manage public transport properties and to oversee the activities of Translink.

The Department entered into a five year Service Agreement with NITHC in October 2015 for the provision of public passenger transport services. This Agreement includes a series of Key Performance obligations and associated targets for NITHC and the Department is responsible for monitoring the extent to which these targets are achieved. Furthermore, we are also responsible for ensuring that appropriate financial and management controls are in place and that compliance with those controls is effectively monitored. The Minister is responsible for appointing the Chair and members of the NITHC Board. The arrangements are governed and carried out within an agreed financial framework, which is subject to regular review. A Management Statement and Financial Memorandum (MSFM) operates.

The Department provides financial assistance to Translink as part of the Executive's investment in public transport here and this expenditure is reflected within the Department's Annual Report and Accounts.

North South Implementation Body-Waterways Ireland

Waterways Ireland is a North South Implementation Body which is co-sponsored by DfI and the Department of Culture, Heritage and Gaeltacht in the South. It is responsible for the management, maintenance, development and restoration of specific navigable waterways throughout the island of Ireland.

Waterways Ireland does not have a Board. Any plan to create one would require legislation to be enacted in both jurisdictions. However, a service level agreement between Waterways Ireland and its sponsor departments is in place. Sponsor departments monitor the body's performance through quarterly meetings with its Chief Executive and Senior Management and through monitoring of the Service Level Agreement and the bi-annual assurance Statement.

Waterways Ireland submits a Corporate Plan, with budgets for each Corporate Planning period. From the Corporate Plan, it also produces more detailed Annual Business Plans and budgets in line with guidance from the Finance Departments (north and south). All Plans and Budgets are approved by officials in the sponsor departments, officials in the Finance Departments, Sponsor Ministers and Finance Ministers. Plans are then sent to the North South Ministerial Council for approval. In addition, the budget for Waterways Ireland must have Finance Ministers' approval before funding can legally be released. Once all approvals are in place, funding is released through a monthly drawdown process.

Northern Ireland Trust Ports

The Department also has responsibility for ports policy and the legislative framework within which ports operate in Northern Ireland. There are five commercial ports in Northern Ireland – four Public Trust Ports (Belfast, Londonderry, Warrenpoint and Coleraine) and one in private ownership (Larne). Public Trust Ports are autonomous, self-financing statutory bodies whose constitutions are set out in legislation. They operate on a commercial basis with the profit generated by their activities re-invested to improve their facilities.

The Department has responsibility for the appointment of the Chair and members of the Harbour Commissioners at Belfast, Londonderry and Warrenpoint. The Causeway Coast and Glens Borough Council has responsibility for the appointment of Commissioners for Coleraine.

The Trust Ports are classified by the Office for National Statistics as public corporations. Accordingly, all financing raised by borrowing, both commercial borrowing and loans from the Department, must be recorded in the Department's budget.



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