

**Department for Infrastructure Annual Report and Accounts
for the year ended 31 March 2018**

*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

2 July 2018

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

financial.accounts@infrastructure-ni.gov.uk

Telephone – (02890) 540909

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DEPARTMENT FOR INFRASTRUCTURE

Resource Accounts for the year ended 31 March 2018

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PERFORMANCE REPORT

The Performance Report has been prepared in accordance with the Financial Reporting Manual.

Overview

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 2018.

The Department's overriding purpose is to connect people and opportunities through our infrastructure. Its functions have a positive impact on the daily lives of everyone living, working and visiting Northern Ireland. As such, we contribute to a number of the last Executive's draft Programme for Government Outcomes – in particular those which relate to unlocking the economic potential of the region, to tackling disadvantage, to protecting the environment and in promoting the health and wellbeing of our citizens.

The Department continues to operate against the backdrop of various challenges, including an uncertain political environment where we have no Minister, budget uncertainty and the Brexit challenge. Throughout the year I chaired a number of meetings of the Staff Engagement Forum where we have raised strategic issues and listened to concerns and suggestions, acting on those that enhance the effectiveness of our day to day activities. We are continuing with our longer term improvement programme across the Roads and Rivers Group which will cover three areas: operational model; estate management; and the use of technology. This phased approach to delivery of the programme may take up to four years to complete. In addition, NI Water continues to make efficiencies through its ambitious Achieving Customer Excellence programme, driving down its operating costs whilst maintaining exceptionally high standards of water quality and waste water treatment. Similarly, a key element of Translink's plan to manage the financial pressures it faces is a programme of continued efficiency savings.

During the past year, conscious of the public interest, Department granted planning permission to a number of applications including the North South Interconnector which was recognised as having significant strategic importance for the development of Northern Ireland. Other significant approvals included the arc21 residual waste treatment facility and a Maritime Museum at Ebrington Square. A High Court judgement on 14 May 2018 has ruled the arc21 planning decision unlawful and the Department has decided to appeal this decision which also potentially has implications beyond planning applications.

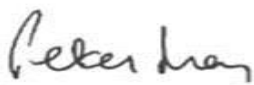
The Driver & Vehicle Agency continues to progress its Digital Transformation Programme which will enhance the services it provides to the public and improve its operational effectiveness, through providing digital channels for customers and mobile technology for staff. From December 2017, customers can now renew their driving licence online, change their address or request a duplicate licence. Further online services are planned, including the development of a new Commercial Licensing system to allow bus and taxi operators and drivers to apply online for their licences.

Whilst the Department faced budget uncertainty and financial constraints during the year, we were able to progress and deliver significant objectives. This included continued support to Translink and local community transport providers which contributed to the delivery of public transport services. We have also continued to progress plans for integrated transport hubs for Belfast and the North West; put in place further infrastructure for the introduction of Belfast Rapid Transit in September 2018 through provision of additional bus lanes; and unveiled the Belfast Rapid Transit Glider. In terms of promoting walking and cycling, the Department announced a £75k investment in Greenways encouraging more people to walk or cycle on their everyday journeys on a traffic free route and upgraded the Comber Greenway.

We have also continued to develop our road network through the completion of major road schemes including the A26 Frosses Road Dualling scheme. In relation to the A6 Executive Flagship Project, our contractor has completed 25% of the work on the Randalstown to Castledawson Dualling scheme. In addition, we have undertaken significant preparatory work on the A6 Dualling schemes from Drumahoe to Dungiven and on the A5 Western Transport Corridor.

A multi-agency review of unprecedented flooding in the North West on 22 and 23 August 2017 was published on 27 March 2018, finding the multi-agency response to be essentially timely and effective. The recommendations and learning points will further enhance our resilience against future flooding.

I am very grateful to DfI staff for their dedication and commitment to deliver our services during such challenging times.



Accounting Officer

27th June 2018

Purpose and Activities

The Department is responsible for much of the transport and water infrastructure that is essential for a modern society and for creating the capacity and connectivity needed to support economic growth. Our range of functions includes:

- regional development policy;
- planning policy and legislation;
- processing regionally significant planning applications;
- transport strategy, accessible and sustainable transport policy;
- provision, management and maintenance of all public roads;
- implementation of a range of sustainable transport and active travel projects;
- public transport policy and performance;
- road safety, vehicle and driver testing, driver licensing and enforcement;
- watercourse and coastal flooding;
- policy on water, sewerage services and drainage and management of the Department's shareholder interest in NI Water;
- developing the recreational and navigational potential of inland waterways;
- regenerating and managing Crumlin Road Gaol and the St. Lucia former military site in Omagh; and
- Ports policy and certain aviation matters.

The Department's Budget 2017-18 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 2017-18 Opening Budget can be found on the Department of Finance website (www.finance-ni.gov.uk).

The Department's Business Plan for 2017-18 set out our vision and key objectives and targets for the year. It can be found on our website (www.infrastructure-ni.gov.uk).

Our vision is ***“Building for the Future”***.

In support of this vision, the Department has three strategic objectives:

- Shaping the region and promoting economic growth;
- Developing our infrastructure in a sustainable way; and
- Connecting people to opportunities and services.

Planning Context

Three key Executive documents set out the planning context for the Department's purpose and activities as contained in our Business Plan for 2017-18: the draft Programme for Government 2016-21 (PfG); the Investment Strategy for Northern Ireland 2011-21; and the Economic Strategy 2030. These documents are underpinned by the Regional Development Strategy 2035, which provides an overarching strategic planning framework spanning a 20 year horizon to facilitate the delivery of balanced sustainable growth across Northern Ireland.

Draft Programme for Government 2016-21

The draft PfG, developed by the last Executive and based on an outcomes focus, sets the strategic priorities and identifies the most significant actions to be taken forward to address them.

It contains 12 strategic outcomes supported by 49 indicators which demonstrate performance in relation to the outcomes and provide a basis to monitor progress and to take corrective action where needed. Outcomes thinking focuses our work on the impact it has on the citizen: this requires a shift on how we prioritise, deliver and evaluate our activities. Whilst the PfG was not finalised during the reporting period, we worked on the basis that the high level Outcomes and Indicators contained therein largely reflected the last Executive's priorities.

The Department contributes to a number of Outcomes, however our key contribution is to Outcome 11 (We connect people and opportunities through our infrastructure). In addition the Department makes a particular contribution to Outcome 2 (We live and work sustainably – protecting the environment). The Department leads on three of the key Indicators relating to infrastructure, namely:

- Indicator 23 (Average journey time on key economic corridors);
- Indicator 25 (% of all journeys made by walking, cycling and public transport); and
- Indicator 47 (Overall Performance Assessment - NI Water).

The draft Delivery Plan for PfG Indicators 23 and 25 sets out a range of actions which the Department will take to support delivery of Outcomes 11 and 2, and wider outcomes. Indicator 47 is linked to the Department's achievement of Outcome 11 and has a positive connection to Outcome 2 (environment) and Outcome 4 (health).

Departmental Business Plan 2017-18

In addition to the key actions to support delivery of the Outcomes, the Department had a further 26 business plan actions for delivery during 2017-18 as set out in its annual Business Plan.

Going forward, the NICS Work Programme 2018-19 sets out the key actions which the Department, working with and through its key delivery partners, will take forward during the year to ensure progress against these indicators and delivery of the wider outcomes. The draft Delivery Plans for Indicators 23, 25 and 47 provide further details on other actions taken forward to support progress.

Performance Summary

Connecting People and Opportunities Through Our Infrastructure

Many of the actions set within the Department's Business Plan relate to key projects and initiatives through which the Department will directly contribute to delivery of the societal level outcomes. Throughout the year, in line with the outcomes based approach, the Department strengthened relationships with key delivery partners within and outside central government, to develop and implement key interventions which will support delivery.

Reducing Journey Times on Key Economic Corridors

The key projects contributing to improvements in average journey times on key economic corridors include the flagship A6 Randalstown-Castledawson Schemes and the A5 Western Transport Corridor, along with the Strategic Park and Ride Delivery Programme. The A6 and A5 schemes are at various stages of development, hence it is too early at present to measure the impact on journey times. However, during the year good progress has been made across these projects with construction commenced or development work underway (further detail is provided below). In addition, a further 454 Park and Ride spaces were established across NI during the year to support people to make multi-modal journeys. Many Park & Ride sites are full on a daily basis, with an average occupancy rate of around 77%, thus helping to ease pressure on the transport corridors.

To increase the uptake of walking, cycling and public transport the Department worked with delivery partners to progress the: development and implementation of the Belfast Rapid Transit Programme; development of the Belfast and Foyle Transport Hubs; construction of the High Street and Middle Path Street bicycle infrastructure schemes; development of greenway schemes; and rollout of the Active School Travel programme. In addition the Department provided funding to Translink to: introduce the hourly Londonderry-Belfast train service, and to support the purchase both of new coaches facilitating development of the important Goldline service, and of high specification commuter buses to serve Park & Ride users. The Department also worked closely with local government to ensure that transport plans are integrated with local development plans (key to supporting a long-term shift towards the use of sustainable transport modes), undertaking local transport studies and providing advice and guidance as required.

Overall Performance Assessment – NI Water

The Overall Performance Assessment (OPA) is intended to help NI Water focus its investment programme on outcomes that will have the most benefit for customers. OPA covers key aspects of NI Water activities including drinking water quality, environmental compliance, customer service and infrastructure improvements. The Department has worked closely with NI Water and the Utility Regulator to provide the right level of funding to help the company achieve the PfG outcome requirements. 2017-18 has been a successful year in this regard with NI Water surpassing the OPA with a score of 235 against a target of 224, subject to audit. This means that NI Water has exceeded the Regulator's requirements for provision of clean drinking water, consistent supply and effective sewerage treatment, all of which contribute to outcomes which benefit the citizen in the form of better health, a cleaner environment and support for economic growth.

In assessing year end performance, of the 26 actions the Performance Analysis section at page 13 provides further information on targets that were not assessed as “achieved”.

Key Issues and Risks

There were a number of challenges the Department has had to overcome during the year, specifically, political and financial. Politically, the absence of political leadership has been very challenging as we strived to keep key services running. The Permanent Secretary has made decisions, on occasion, that would normally have been made by the Minister, for example, in respect of major planning applications such as the North South Interconnector, and the Arc21 Residual Waste Treatment Facility at Hightown Quarry, Co. Antrim. Financially, the trend of severe funding constraint across the public sector over recent years continued during 2017-18, with a particularly difficult resource budget outcome. This has had a negative impact which reduced delivery capacity and required the provision of a reduced routine road maintenance service during the year. In addition, road capital structural maintenance budgets were also constrained resulting in a sub-optimal resurfacing programme. Reduced road maintenance leads to the risk of long term deterioration of the network and the potential for increased risk to public safety. Ongoing constrained budgets and winter weather conditions has led to a visible deterioration in the road network in the early months of 2018, and a sharp rise in vehicle damage claims. Action is being taken now to address this deterioration.

Despite these challenges, we created a strong and committed Department that continued to deliver a wide range of essential services to people living, working and visiting Northern Ireland. This included:

- Investment in more sustainable modes of travel which included:
 - The provision of 454 additional Park & Ride and Park & Share spaces, making a total of over 2700 additional spaces since 2013;
 - Progress on the implementation of Belfast Rapid Transit, including the completion of the works on Albertbridge Road between Castlereagh Street and Newtownards Road and on Andersonstown Road/Stewartstown Road between Finaghy Road North and Michael Ferguson Roundabout; launch of the new Glider brand under which Belfast Rapid Transit will be operated by Translink; and the delivery of the first of the fleet of new Belfast Rapid Transit Glider vehicles;
 - Continued development of the £208m Belfast Transport Hub;
 - The planning application for the Foyle Transport Hub has been approved by the local council and work is planned to start on site of this EU funded project in the summer of 2018; and
 - Support of £5.3 million to provide rural transport services and transport services for people with disabilities.
- Support to Translink which helped maintain train and metro services;
- Securing £33.5m during 2017-18 for a number of key transport projects through a range of European funding programmes including the *Connecting Europe Facility: the INTERREG Va Territorial Programme* and the *Investment for Growth and Jobs Programme*;
- Promotion of walking and cycling as sustainable and healthy means of transport, including, for example, the development of a Belfast Bicycle Network and a further Active School Travel programme which promotes walking and cycling to school;
- Our Active School Travel Programme (2016-21) which works with schools to encourage and promote children to travel more actively to school (cycling, walking, scooting/skating or by park and ride/stride/scoot). The programme, delivered by Sustrans in Northern Ireland on behalf of the Department and the Public Health Agency (PHA), works towards meeting targets in the current Programme for Government, to increase active travel to school;
- The promotion of cycling through the Cycling Proficiency Scheme with training provided to more than 7000 children across 415 schools;

- The promotion of walking through the Practical Child Pedestrian Safety Training Scheme in schools who fall in areas of social deprivation. A total of 33 schools participated in the scheme with training provided to more than 1300 children;
- Through social media and various events and initiatives, the promotion of active travel as a sustainable means of transport;
- Improvements to connectivity across Northern Ireland through the completion of the A26 Dualling scheme, as well as the progression of significant preparatory work in respect of the Executive's flagship A5 Western Transport Corridor and the A6 Londonderry to Dungiven Dualling road schemes. In addition the construction of the flagship A6 Randalstown to Castledawson Dualling scheme commenced;
- Contributing to improved road safety through:
 - the testing, licensing and enforcement of drivers, vehicles and transport operators;
 - provision of over £1.4 million funding for various road safety education and awareness projects. These included public information campaigns, education for children and young people, designed to influence road users' attitudes, behaviours and decision making when using the roads;
 - investment of around £69.5 million on the structural maintenance of our road and footway networks to keep them efficient and safe; and
 - delivery of 50 Local Transport Safety Projects.
- Investment of £11 million in managing flood risk across NI, in an integrated and sustainable way, through the delivery of flood alleviation schemes and the maintenance of flood defences and designated watercourses;
- Enabling NI Water to maintain high quality drinking water and have improved compliance with waste water treatment standards through the investment of over £360 million in water and sewerage infrastructure;
- Maintaining and enhancing the effectiveness of the planning system by:
 - supporting councils through the maintenance / development of strategic policy, legislation, guidance and oversight;
 - working with councils to develop a planning monitoring framework across a wide range of indicators, including quality and outcomes; and
 - developing proposals for a new planning IT system that meets the needs of the Department and councils.
- Investment of over £250,000 to improve facilities at the Crumlin Road Gaol and its Visitor Attraction and Conference Centre. The Gaol welcomed almost 200,000 visitors in

2017-18 and was awarded the visitor experience five star tourism quality grade by Tourism NI in January 2018.

- A review into the North West Flooding event of 22nd and 23rd August 2017 concluded in March 2018. This flood event caused damage to approximately 400 homes, numerous businesses and significant areas of agricultural land. There was significant damage to infrastructure with 210 roads either closed or impacted. Of the 650 bridges affected 89 required remedial action and 5 required total replacement. The review, jointly led by the Department, The Executive Office (TEO) and Derry City and Strabane District Council (DCSDC) gathered evidence from a wide range of sources and examined the local tactical response and regional strategic response to the flooding. The review endorsed the effectiveness of the emergency response to this emergency, whilst also identifying 14 recommendations where improvements could be made to potentially mitigate the impact of any future flooding.

DfI quickly identified £8.7m to progress essential infrastructure repairs with the final cost of repairs estimated to exceed £12m.

- Over 3km of damaged flood defences have been repaired and 122km of river channel works have also been completed. Work to undertake investigations and studies on watercourses associated with flooded properties at a number of locations is underway.
- Investment of £29 million in NI Water to support the purchase of the Alpha Public Private Partnership (PPP), bringing treatment of near 50% of Northern Ireland's drinking water requirements back into Government ownership. NI Water, in consultation with the Department and the Department of Finance (DoF), carefully considered the purchase affordability against the benefits to be gained and identified a clear value for money case that would secure significant savings to the public purse. This will also enable NI Water to apply downward pressure on customer charges and look to further its running costs to release public expenditure for use elsewhere.

Further detail on the risks managed at corporate level during 2017-18 are set out in the Governance Statement at page 44.

Performance Analysis

The Department's five year Corporate Plan and Annual Business Plan was approved by the Departmental Board in May 2017. The Plan set out the Department's vision, strategic objectives, and associated budget allocation and key targets. Progress against targets is usually reported to the Departmental Board on a quarterly basis, including progress and status of significant projects, however due to the introduction of Outcome Based Accountability monitoring of progress against objectives was delayed until the final quarter of the year. Normally, scrutiny of the progress against these targets is carried out in conjunction with regular monitoring reports to the Board on those key risks identified throughout the year in the Department's Corporate Risk and Opportunity Register, and through the monthly financial and human resources monitoring reports.

The full end-year performance report is available on the Department's website (www.infrastructure-ni.gov.uk).

DFI Objectives & Actions

The 2016 OECD Public Governance Review recommended development of an Outcome-based Programme for Government (PfG). The approach that is being adopted is one where the PfG sets out the Outcomes to improve wellbeing for all citizens in Northern Ireland. The approach is based on progress towards Outcomes being measured primarily through a series of population level Indicators, with each Outcome having a small set of supporting Indicators. Progress against each Indicator is being provided separately through PfG monitoring for those activities directly related to Indicators 23, 25 and 47. Progress on the remaining objectives and actions is monitored in the style of Report Cards which ask three key questions:

1. How much did we do?
2. How well did we do it? and
3. Is anyone better off as a result?

The Department is responsible for much of the infrastructure that is essential for a modern society and for creating the capacity and connectivity needed to support economic growth. The Department continues to develop a more integrated response on a range of issues, for example, regional development, active travel, road safety, and flood risk management. To maximise our role as an enabling Department, we work with others ensuring that our plans for transport and water infrastructure dovetail with the plans others have for improving all aspects of society. We are an outward-facing Department, and our people engage with a wide range of partners including Local Government, Community and Voluntary sector and the broad range of stakeholders.

Business Performance Monitoring Report

The end year 2017-18 Performance Monitoring report records the position of objectives and targets as at 31 March 2018 not explicitly linked to Programme for Government indicators 23, 25 and 47, which are reported on separately by means of Delivery Plans and separate updates to the Board.

The report sets out the progress made against 12 objectives and 26 associated actions which have been collated in a 'Report Card' style format to ensure consistency with Outcomes Based Accountability methodology.

Of the 26 actions, seven were missed or partially missed, impacting on six of the 12 objectives. Several of these actions were marginally missed and others were missed due to reasons beyond the Department's control, such as the absence of a Minister and an Assembly, further Brexit related economic studies being undertaken by a consultant, and the delay in receiving medical evidence from claimants or solicitors.

Details on the seven missed targets are as follows:

Action 1.a – Implement the actions in the Road Safety Strategy 2020 to reduce the number of people seriously injured from 826 to 774.

This Action only just missed the target with a figure of 778.

Action 2.a – Progress regionally significant applications to a Ministerial recommendation within 30 weeks of receipt of the application (or environmental statement where applicable)

In terms of meeting the 30 week target where a meaningful Pre-Application Discussion (PAD) has taken place and all environmental information has been submitted, one application met this target and a second is still under consideration after the 30 week period to ensure a sound and robust recommendation will be made.

Action 2.b (3) – Finalise draft legislation to remove permitted developments for oil and gas exploration.

Unable to finalise this legislation due to the absence of a Minister and functioning Assembly.

Action 3.a – Complete research into the economic contribution of Belfast Port and set out recommendations to ensure the Port has the capacity to support the growth of the local economy up to 2055.

Conclusion of this research has been delayed due to increased Brexit related economic studies undertaken by the consultant. It is anticipated the final report will be available by September 2018.

Action 5.a (3) – Issue for public consultation the draft legislation for the introduction of the reservoir safety framework provided for by the Reservoirs Act (NI) 2015 (Subject to timely Transfer of Functions from DAERA and Executive approval).

Unable to complete this objective due to the absence of an Assembly.

Action 11.a – Deal with 90% of all challenges to parking Penalty Charge Notices within 15 working days.

87.65% of challenges dealt with.

Action 12.a – Provide 75% of Personal Injury Claimants with a decision within 6 months from receipt of claim.

A decision was provided in 71% of claims. Some claims require the provision of medical evidence before a decision can issue and it is often only provided after the target timescale has passed.

Financial Performance

The main features arising from the Department's financial performance in 2017-18 are as follows:

Roads and Rivers

In 2017-18, Roads & Rivers total expenditure was some £369 million with around £67 million expended on staffing and administration costs and around £107 million on the provision of service and maintenance activities. In the main, this related to; Roads Maintenance of £25 million, Street Lighting Energy and Maintenance of £16 million, Roads Drainage £21 million, Design Build Finance and Operate (DBFO) contracts of £41 million and £3 million on the maintenance of watercourses, sea defences and management of drainage and flood defences. While Roads maintenance expenditure was some £3 million up on the previous year, it is well below the levels of prior years and continues to reflect the constrained resource funding position across Northern Ireland.

The total capital spend was some £175 million, including £54 million for Structural Maintenance Capital (total Structural Maintenance expenditure was £70 million), around £81 million for Strategic Road Improvement schemes, £13 million on Belfast Rapid Transit Infrastructure, £12 million for Local Transport & Safety Measures and Network Development schemes, and £8 million on Rivers Capital flood alleviation and drainage infrastructure projects.

£1.7 million was realised from the disposal of assets.

Driver & Vehicle Agency

DVA operates as a Trading Fund under the provisions of the Driver & Vehicle Agency Trading Fund (Northern Ireland) Order 2016. This means that all expenditure must be recovered from the fees charged to customers or centrally funded by the Department to match the costs incurred for those defined activities. The Financial Provisions (Northern Ireland) Order 1993 permits the Trading Fund to establish and maintain reserves under Article 8(2), exercisable only with concurrence of the Department of Finance. Reserves are held to finance current operating requirements and future capital investment. A major programme of investment is being planned to meet capacity and regulatory demands.

In 2017-18, DVA received income of £53.8 million, with operating expenditure totalling £44.7 million. £27 million was expended on staffing costs and other operating costs, such as

accommodation and contracted out services which totalled £17.7 million. In addition, the Agency paid a dividend and interest to the Department of £1.5 million and £0.1 million respectively.

The total capital spend was some £3.9 million, including £1.2 million on property, plant and equipment and £2.7 million on intangible assets.

Waterways Ireland

During the year, DfI contributed £4.6m to Waterways Ireland, a North South Implementation Body responsible for the management, maintenance promotion and development, for recreational purposes, of the major waterways across the island of Ireland.

Public Transport

The Department paid the NI Transport Holding Company (NITHC) / Translink £74.9 million in revenue support (including concessionary fare reimbursement of £46.1 million) and £84.7 million in capital support (£45.1 million on railways and £39.6 million on new buses, bus workshops and garages). This includes EU funding. The Department remains NITHC / Translink's primary source of capital funding and one of its main sources of revenue income.

Water and Sewerage

During 2017-18, the Department paid NI Water some £291 million of revenue subsidy as third party consideration on behalf of customers. This was NI Water's main source of income because of the Executive's decision not to implement domestic charging during the year for water and sewerage services.

The amount of subsidy was based upon the NI Authority for Utility Regulation's Price Control 2015 Final Determination of December 2014. The NI Water Board felt unable to sign up to the Final Determination in February 2015 due to funding constraints. However, the Department is working with the Regulator and the Company to seek to deliver the best outcome for customers in line with the PC15 Determination.

In August 2017 NI Water paid a dividend of £24.5 million to the Department relating to the 2016-17 financial year. The Department also received £48.4 million in interest from NI Water during 2017-18. All financial returns are necessary to support process of public financing of the water and sewerage infrastructure in Northern Ireland. These elements do not provide additional spending power to the department.

In addition, NI Water issued some £69 million capital loan notes to the Department during the year. The cumulative total of the capital loan notes issued since 1 April 2007 amounts to £1,082.6 million, which includes £150 million issued on the vesting of the company. NI Water disposed of assets with a Net Book Value of £0.49 million.

Financial Review

Resources

As set out in the Statement of Assembly Supply, the Department was voted Resource Estimate Provision of £809,227,000 in the Spring Supplementary Estimates for 2017-18. Details of Resource Estimate and Outturn are given in Table 1 below (full details are provided in the Statement of Assembly Supply (SOAS) Page 78):

Table 1

	Estimate	Outturn	Variance
	(£000)	(£000)	(£000)
Request for Resources A	809,227	696,668	112,559

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

Line	Variance Under/(Over) £000	Explanation
Line 1 Roads	(12,921)	Income (non cash) from developers was less than anticipated
Line 3 Road Safety Services	1,632	Small underspends in various business areas used to offset overspends in other areas. Also depreciation was less than anticipated.
Line 5 Ferry services, air and sea ports	871	Work planned at Rathlin Harbour did not take place as anticipated.
Line 6 Railway Services	11,778	Underspend on railway PSO and concessionary fares used to offset overspend on bus concessionary fares and rural transport
Line 7 Road Passenger Services	(11,078)	Underspend on railway PSO and concessionary fares used to offset overspend on bus concessionary fares and rural transport
Line 13 Central Policy and Other Services	509	Underspend on salary and GAE across the department
Line 14 Depreciation and Impairment costs	121,687	Mainly due to the fact that the method of condition assessment on non-trunk roads was revised in 2016-17. The condition reduction for 2017-18 was much lower than expected (£110m). Also an estimate of £10m for impairment was not required as no major revaluations took place in year.
Line 17 Waterways Ireland	743	Slippage on projects in Waterways Ireland
Line 18 Notional Charges	(1,560)	The SSE figure did not include a notional cost for NICS HR

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 £55,911,000. The main reason for the variance is as follows:

Line	Variance Under/(Over) £000	Explanation
Acquisition of fixed assets	15,086	Adoption of assets from developers were less than anticipated
Changes in working capital	39,798	<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>Due to the unpredictable nature of when money will be received from the EU, cover was included in the SSE debtor figure in case it was not received before the year end. Some EU money was received.</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. Therefore the Department did not need to draw down as much cash as was anticipated.</p>
Changes in payables due after 1 year	9,159	Payments to creditors were less than anticipated.
Use of provisions	14,287	Land purchases were less than anticipated

Reconciliation of Resource expenditure between Estimates, Accounts and Budgets

	£000
Net Resource Outturn (Estimates)	696,668
<i>Adjustments:</i>	
Less Consolidated Fund Extra Receipts (CFERs) in the Statement of Comprehensive Net Expenditure	(1,654)
Less 'outside the vote' exchange movement	1,018
Net Operating Costs (Accounts)	696,032
Less capital grants paid to finance capital expenditure	(88,846)
Capital grant income	46,947
Remove non budget exchange movement	(1,018)
Resource consumption of NI Water	202,722
Voted expenditure outside budget-NIW	(217,917)
Resource consumption of Waterways Ireland	4,422
Voted expenditure outside budget-Waterways Ireland	(4,627)
Remove inter-departmental notional charges	(14,762)
Resource Budget Outturn (Budget)	622,953
<i>Of which:</i>	
Departmental Expenditure Limits (DEL)	490,185
Annually Managed Expenditure (AME)	132,768

Long Term Expenditure Trends

Due to the restructuring of the departments in May 2016 there are no budgetary outturn or Statement of Assembly Supply outturn comparatives for the Department for Infrastructure prior to 2016-17. The following table and visual illustrations reflect the Departmental spend in the Statement of Assembly Supply (SOAS, page 78) as a two year trend analysis for capital and resource expenditure.

Long term expenditure trends

The following tables and graphs reflect the Departmental spend shown in the Statement of Assembly Supply (SOAS) (page 78).

	2016-17	2017-18
	£000	£000
DEL Admin and Resource Expenditure	291,414	303,108
DEL Capital grants	32,999	43,364
NON Budget	232,366	237,305
AME Admin and Resource	4,773	9,435
AME Depreciation and Impairment	206,957	103,456
XSAR	55,456	-
Total Per SOAS 1	823,965	696,668

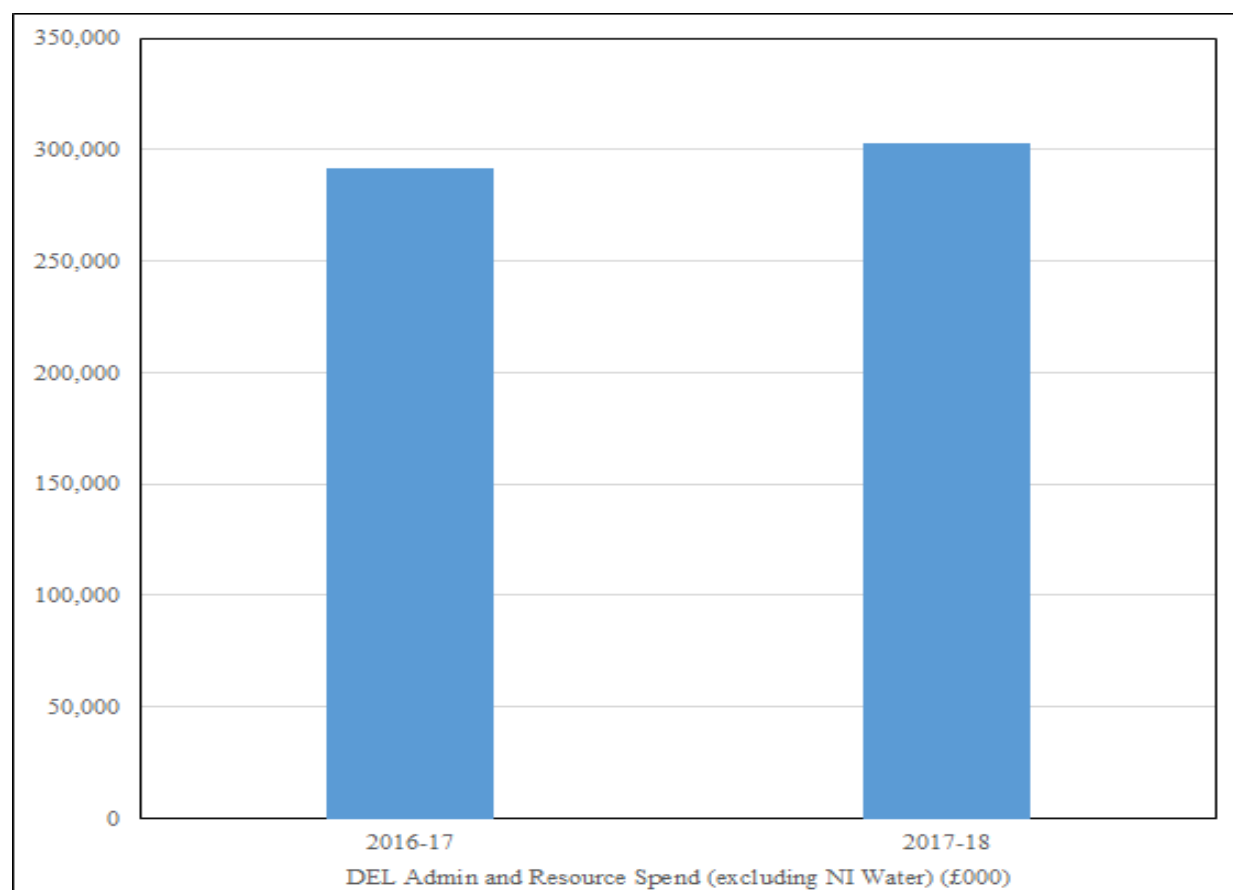
Of which

DEL	291,414	303,108
Depreciation & Impairment Charges	26,092	21,408
Finance Expense	21,310	20,816
Grant /Subsidies	76,069	86,863
Other Operating Expenditure	4,897	3,577
Purchase of Goods and Services	106,931	115,447
Staff Costs	81,401	80,669
Income	(25,286)	(25,672)
DEL Capital	32,999	43,364
Grants	84,261	88,846
Income	(51,262)	(45,482)
AME	211,730	112,891
Depreciation and impairment costs	206,957	103,456
Provisions	4,773	9,435
Non budget	232,366	237,305
Grants/subsidies	288,426	295,431
Income	(70,350)	(72,889)
Notional costs	14,290	14,763
XSAR	55,456	-
Total Per SOAS 1	823,965	696,668

Capital Spend (estimates outturn)

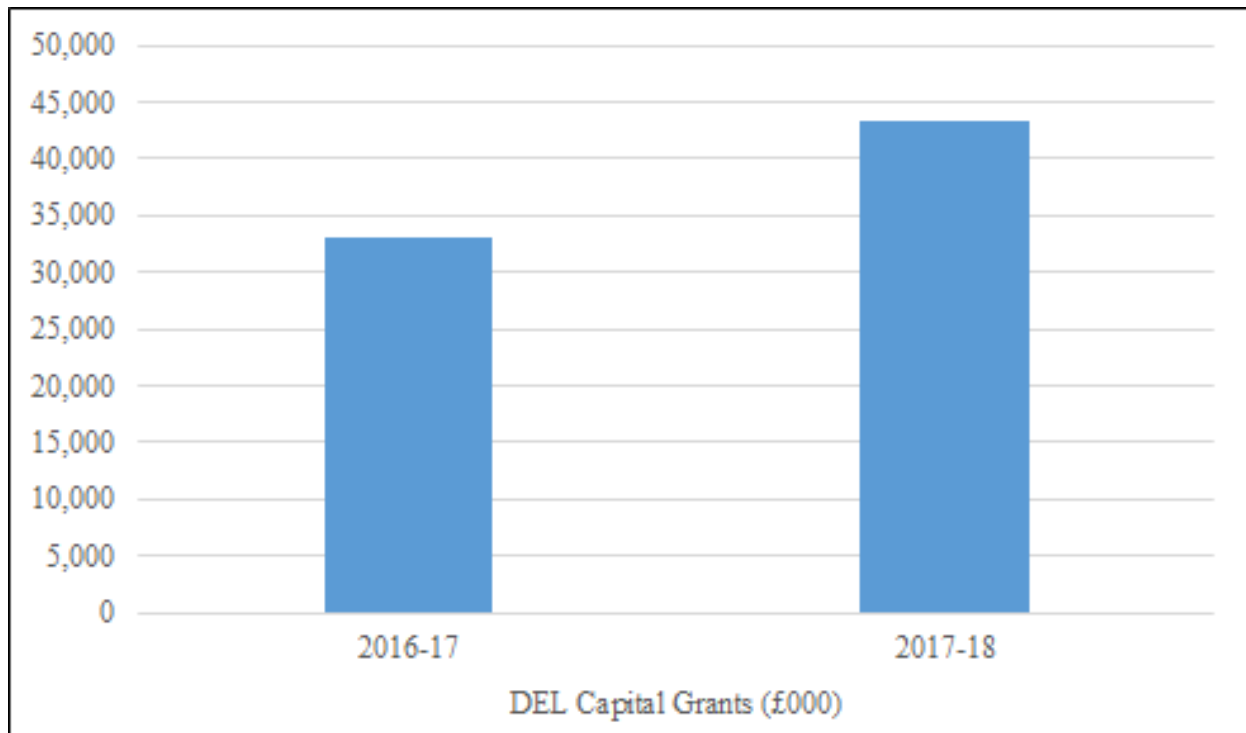
	2016-17	2017-18
	£000	£000
Capital spend (excluding investments)	236,015	204,176

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



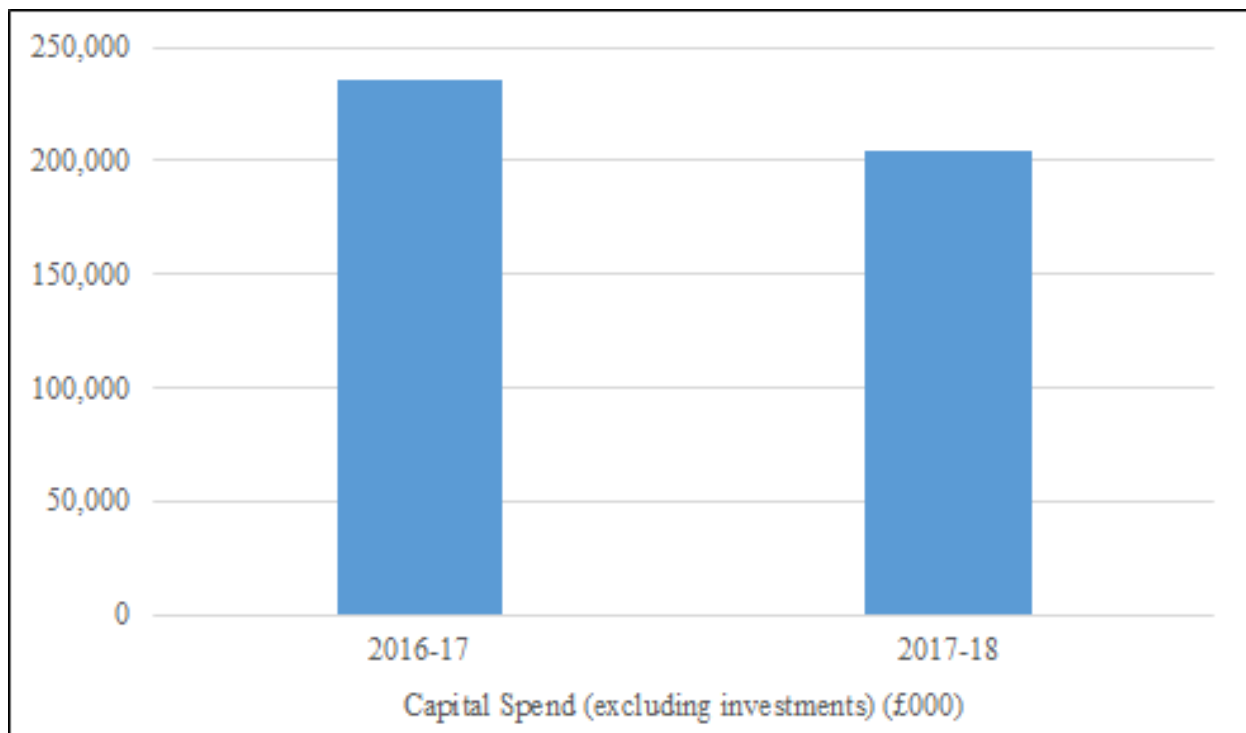
The increase of £12m in the DEL Admin and Resource expenditure mainly relates to an increase in subsidies to both NI Water and Translink.

Departmental Capital DEL grants (net of capital grant income)



An increase in capital grants mainly to Translink for public transport schemes of £2m. There was also less capital grant income in 2017-18.

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



A reduction of £32m mainly as a result of reduced funding available for infrastructure assets.

Key Relationships and Partnership Working

A key feature of the draft Programme for Government is a greater emphasis on collaborative working - not only across government, but across sectors. With this in mind, the Department engaged with a wide range of stakeholders and delivery partners including other Departments, statutory bodies, the business, community, voluntary, and environmental sectors, as well as local and central government and the wider public sector. This has helped inform our policy making and service delivery arrangements. For example:

- we work in partnership with local government in delivering an efficient and effective planning system which promotes economic growth, encourages greater community involvement and puts planning at the heart of the local place-shaping agenda, whilst ensuring the protection of the environment and promotion of sustainable development;
- we co-chair (along with DfC), the Strategic Design Group (SDG), whose membership from across all sectors is representative of the wide spectrum of people/groups involved in the delivery of our urban environment. The group works collectively and collaboratively, sharing knowledge, best practice and promoting good place-making;
- Community Places, a not-for-profit voluntary organisation provides independent planning advice and support, principally to disadvantaged or marginalised individuals and communities;
- the Inclusive Mobility and Transport Advisory Committee, a committee of disabled people and older people as well as others including key transport professionals, advises the Department and others in Northern Ireland on issues that affect the mobility of older people and disabled people;
- there are eight Rural Community Transport Partnerships who deliver the Dial a Lift scheme across Northern Ireland. This transport scheme is specifically for those living in rural areas who are unable to or have difficulty in accessing local based services due to lack of transport and/or reduced mobility;
- Disability Action is the organisation currently responsible for operating the Disability Action Transport Scheme throughout Northern Ireland. This is a local urban transport service for people with disabilities or for those who find it difficult using mainstream public transport and is available in 29 urban areas across Northern Ireland. It is delivered in conjunction with Bridge Accessible Transport in Derry / Londonderry and the Rural Community Transport Partnerships throughout Northern Ireland;

- there are 14 Shopmobility schemes throughout Northern Ireland who hire out or lend mobility equipment including manual wheelchairs, powered wheelchairs & powered scooters to anyone who needs help with mobility to get around;
- The Road Safety Strategy also acknowledges that education, engineering and enforcement are the three essential strategic elements to bring about reductions in road traffic casualties to achieve these challenging targets. The Department continued to work closely with other organisations to help deliver the road safety message. As examples, the Emergency Services, Ulster GAA, the Ministry of Defence (MoD), Coca-Cola, Roadsafes NI, New Driver NI, Barnardos NI, Belfast Harbour Police, local rotary clubs, have all been hugely supportive;
- The Department hosted the Road Safety Forum, established to bring together road safety stakeholders to discuss matters of mutual interest, which includes representatives from other areas within DfI, the Department for Justice, the Police Service for Northern Ireland (PSNI), the Fire and Rescue and Ambulance Services, along with a range of other interested road safety parties;
- Sustrans, the sustainable transport charity, continued to deliver the Active School Travel programme on behalf of the Department and the Public Health Agency;
- The Driver & Vehicle Agency works in partnership with NIAIC, the Northern Ireland Association of Instructors' Council, to help inform and improve the standard of learner drivers presenting for test; and
- DfI Rivers and Local Government jointly chair the Regional Community Resilience Group (RCRG). This multi-agency governance group currently helps over 26 local communities prepare for and respond to weather related emergencies.

Trends and Strategic Direction

Short Term

In the absence of Ministers and a formal Programme for Government, the NICS Work Programme (Outcomes Delivery Plan) will guide the work of departments during 2018-19 by providing meaningful strategic direction to our business and financial plans. The focus of the Plan is on the twelve outcomes of societal wellbeing, which is reflected in the approach taken by the Department in its business planning process.

In the absence of a functioning Executive, the Secretary of State has approved an interim **one year Budget** to cover 2018-19.

While the Department's resource budget is a slight increase on the 2017-18 figure, there remains a significant reliance on in-year funding to deliver core services. The Department's 2018-19 capital budget is some £500m, including Confidence and Supply funding. This will allow the Department to progress a range of infrastructure development projects across its capital programme including Flagship projects. This will include the development and planning of the York Street Interchange project ahead of the construction phase.

Medium / Long Term

Whilst there remains a great deal of political uncertainty, looking further ahead, the Department will play its part in the plans and priorities for the period as set out in the draft Programme for Government 2016-21. The outlook for this period is one of continued constraints on funding in respect of the resource budget with capital funding remaining fairly constant. Alongside the draft Programme for Government and budget, two other Executive Strategies will influence the Department:

- The **Economic Strategy** shows how the Executive aims to improve the economic competitiveness of the Northern Ireland economy and its plans to grow a prosperous local economy over the short, medium and longer term; and
- The **Investment Strategy for Northern Ireland** sets out the forward programme for investment in public infrastructure by providing the framework to create a sustainable 21st century infrastructure. It will identify priority areas for investment in the years ahead, including our transportation and water and sewerage infrastructure.

The Department for Infrastructure's future work continues to be shaped by:

- The **Regional Development Strategy** (RDS), which was published in March 2012, complements the Programme for Government and is closely aligned with the Economic Strategy. It will steer regional development in Northern Ireland up to the year 2035 by providing an overarching strategic planning framework to facilitate and guide the public and private sectors. It addresses key issues including government's approach to balanced regional growth, sustainable communities and the challenge of tackling climate change. It also sets out guidance for the preparation of development plans and policy, helping to drive urban regeneration. The Reform of Local Government and the formation of the new councils has significantly changed the delivery environment of the Regional Development Strategy. Delivery of the Strategy's objectives therefore requires closer co-operation

between central and local government. Engagement with councils and provision of support on delivery of these objectives continues.

- The Department is also undertaking scoping work in respect of the development of a **Regional Infrastructure Delivery Plan** for Northern Ireland to form a vision for the delivery of infrastructure at a regional level up to 2040. The intention is to use the Regionally Significant Infrastructure section and the strategic guidance of the RDS as a basis for development and thereby to give the Delivery Plan a strong spatial focus.
- The Department has led the development of **Sustainable Water - A Long Term Water Strategy for Northern Ireland**. The Strategy promotes a sustainable approach across government to managing all our differing water needs, as well as supporting economic growth and regional development without compromising the environment or increasing flood risk. This cross-departmental Strategy helps progress the delivery of difficult cross-cutting policies, such as enabling economic growth while protecting the water environment, as well as providing strategic direction and a framework for long-term investment plans. The action in the Strategy will form the basis of the priorities for the PC21 investment period.

The Strategy, agreed by the Executive, will also help support delivery of the outcomes in the forthcoming Programme for Government, as well as its European commitments. The Strategy will also inform the Social and Environmental Guidance for water and sewerage services which sets out key investment priorities for the water industry.

The Strategy focuses on four high-level aims:

- i. to provide high quality sustainable supplies of drinking water to households, industry and agriculture;
- ii. to manage flood risk and drainage in a sustainable manner;
- iii. to achieve the environmental requirements of the Water Framework Directive in a sustainable manner; and
- iv. to provide sustainable water and sewerage services that meet customers' needs.

Achieving these aims is progressing as per the Implementation Action Plan which was developed and agreed by stakeholders. This Plan aims to maximise the benefits from

public expenditure funding as and when it becomes available by setting short, medium and long-term targets.

- The **Road Safety Strategy for Northern Ireland to 2020**, published in March 2011, sets four targets to be achieved by 2020:
 - Number of road traffic fatalities in Northern Ireland – Target ≤ 50 ;
 - Number of road traffic serious injuries in Northern Ireland – Target ≤ 611 ;
 - Number of children (0-15 years) killed or seriously injured (KSIs) in road traffic collisions – Target ≤ 58 ; and
 - Number of young people (16-24 years) killed or seriously injured (KSIs) in road traffic collisions – Target ≤ 165 .

Fatality figures for the calendar year 2017 indicate that the number of road deaths was 63. The 63 deaths recorded in 2017 is five fewer deaths than 2016. At 841, the number of people killed or seriously injured on our roads in 2017 was 55 fewer than in 2016. 68 children (under 16 years) were killed or seriously injured in 2017, 14 less than in 2016 and 177 young people (16 -24) were recorded as killed or seriously injured, 50 less than 2016.

Executive's Flagship Projects

The Executive's 2016-17 Budget provided funding certainty for the four years going forward to enable progression of **four flagship projects** for which the Department for Infrastructure has lead responsibility. They are the improvement of the **A5** and **A6** roads, the development of the **Belfast Transport Hub** at Great Victoria Street, Belfast, and the delivery of **Belfast Rapid Transit** as a public transport transformational project.

The A5 Western Transport Corridor project will provide over 85 kilometres of new dual carriageway between Newbuildings and Aughnacloy, greatly improving access to the West and North West. Construction of a first phase of the A5, the Newbuildings to north of Strabane section, was due to commence in late 2017 with an estimated completion date of 2019. However, in December 2017 the Department for Infrastructure received a legal challenge to its decision to proceed with the scheme. The Court hearing is scheduled to commence later this year. Timings for construction are currently unclear pending the outcome of the Judicial Review.

The Department is also progressing two separate projects on the A6 route, which will improve connectivity between Londonderry/Derry and Belfast – these are the Randalstown to Castledawson

and Drumahoe to Dungiven dualling schemes. Construction of the Randalstown to Castledawson scheme had been programmed to commence in autumn 2016. However an application for Judicial Review was lodged in September 2016 challenging a section of the proposed scheme. The application was granted and the hearing took place in February 2017. The Judge dismissed the challenge on the 28 March 2017 and confirmed that the Statutory Orders were preserved. The appellant subsequently submitted an appeal against this decision on 9 May 2017. On the 19 September 2017 the Appeal Court announced its decision and upheld the decision of the Judicial Review court. On 2 May 2017 the Department announced that construction work on the sections of the scheme not affected by the legal challenge would proceed and on the 19 September 2017 the Department announced that work would commence in the sections affected by the legal challenge.

The procurement process for the A6 Drumahoe to Dungiven scheme commenced in February 2017 and successfully completed in March 2018 with the award of the contract. Construction of the scheme will commence in the 2018-19 financial year.

Belfast Rapid Transit - to be known as Glider - is an innovative and ambitious project that will create a new and dynamic public transport system for Belfast. The Glider system will use high quality rapid transit vehicles which will provide a modern, comfortable environment for passengers in terms of space, security and on-board information. The system will also incorporate high quality halts with easy access to vehicles, real time information systems and off-vehicle ticketing to speed up the boarding process. The speed, reliability and comfort of the Glider services will provide an attractive alternative to private car use. The first phase, which is currently being implemented, and which will link East Belfast, West Belfast and Titanic Quarter via the city centre, is scheduled to go live in September 2018.

The project to construct a new Transport Hub for Belfast, known as “Weavers Cross”, is a transport-led regeneration project that aims to provide a state of the art, multi-modal transport interchange at the Great Victoria Street site.

Weavers Cross is to be the main public transport gateway for Belfast, with rail and bus connections to all parts of Northern Ireland, as well as being the main rail and coach link to Dublin. It will also provide direct connections to major airports and provide facilities for walking and cycling. This strategic project is progressing through design and planning and it is envisaged that the project will be completed by 2023.

Other Matters

Sustainability

Good stewardship of our environment is an important aspect of our work, and goes hand in hand with economic growth. The Department has continued to work to promote and embed sustainability principles and practices across its areas of responsibility and in the delivery of key projects.

The Department's strong focus on sustainability and protecting the environment is also outlined within Outcome 2 of the draft Programme for Government: "We live and work sustainably protecting the environment" and in the associated Delivery Plan. The Department will continue to work proactively with delivery partners to support an increase in the uptake of public transport, walking and cycling as sustainable transport modes. Key projects will include the delivery of flagship projects such as Belfast Rapid Transit and the Belfast Transport Hub. However, there are a range of other projects and initiatives through which the Department will seek to promote and support the uptake of sustainable transport modes. This includes progression of the Foyle Transport Hub, the continued development of park and ride facilities and the introduction of the integrated ticketing project.

The Department recognises that a balance needs to be struck in supporting mobility and accessibility to services whilst reducing the need for travel, where possible, and managing the negative impacts of traffic, especially congestion and poor air quality. This requires the sensitive planning of future transport infrastructure and services and their integration with land use planning. The Department has therefore established a new transport planning and modelling function with a key role to prepare local transport plans in conjunction with councils' local development plans.

Sustainable travel and transport measures are a key theme in "Making Life Better" – a whole system strategic framework for public health (2013-23) which underlines the detrimental or beneficial effects that transport modes can have on public health. It underscores the importance of significantly increasing the amount of walking and cycling in our travel. These active and sustainable modes of travel have been promoted, via the Department's social media platforms, engaging with organisations and schools, and with the promotion of the 'Northern Ireland – Changing Gear – A Bicycle Strategy for Northern Ireland', the publication of 'Exercise – Explore

– Enjoy’: a Strategic Plan for Greenways, the development of a draft Belfast Bicycle Network and the leadership of the Plugged in Places ecar project.

The ecar project continues to provide support to the emerging market for plug in electric vehicles, having previously delivered a network of charge points across Northern Ireland, now owned and operated by the Electricity Supply Board. The ecar team has also provided the Northern Ireland context for input into the National Policy Framework for Alternative Fuels Infrastructure and is working with the Office for Low Emission Vehicles in preparing a UK wide strategy for the Ultra Low Emission Vehicles, which is fuel technology neutral.

The new Glider service is a key element for the sustainable growth of Belfast, by encouraging modal shift from the private car to public transport and using the latest diesel electric hybrid rapid transit vehicles. It will contribute to the successful delivery of major strategies for the city including the Belfast Agenda, City Centre Regeneration and Investment Strategy and the Air Quality Action Plan.

We have also continued to provide capital funding to Translink to replace some of its older buses with new ones which comply with European emissions legislation. During 2017-18 we provided Translink £7.4 million capital funding to enable the purchase of 40 new buses.

In addition, the Department complies with Northern Ireland Public Procurement Policy and its related sustainability requirements and initiatives.

The Department's three CoPEs (Centre of Procurement Expertise), Roads, NI Water and Translink, have undergone their Reaccreditation Review during 2017-18 however the outcome will not be formally agreed until the Procurement Board endorses it. This is due to occur in late 2018 and will therefore be reported in the 2018-19 Annual Report and Accounts.

Biodiversity

In relation to biodiversity, the Department and its arms-length bodies have prepared implementation plans to ensure that operations have regard to the need to further the conservation of biodiversity. In addition, our North South Body, Waterways Ireland, is committed to the conservation of biodiversity as demonstrated in its Heritage Plan 2016-20. The Strategic Objectives of the Heritage plan includes “*promoting the integrated management, conservation, protection and sustainable use of the inland navigable waterway asset*”.

We are also mindful of the need to reduce energy use and promote biodiversity within our office estate.

Our investment to improve the performance of water and sewerage infrastructure will improve the quality of our inland and coastal waters. This will contribute to the Water Framework Directive's goal of achieving good ecological status in our waters and provide long term benefits for aquaculture, fish, wildlife and recreational use. NI Water's drive to modernise its treatment works has contributed to record levels of wastewater compliance, which demonstrates its contribution to caring for the natural environment. Further investment in innovative solutions for wastewater treatment and collaboration with statutory partners will help promote environmentally sustainable solutions further.

NI Water continues to achieve the highest levels of drinking water quality and wastewater compliance continues to improve. But this means higher energy costs and NI Water is already Northern Ireland's largest single consumer of electricity. We will continue to support the company's efforts to promote energy efficiency through sustainable drainage systems, catchment management plans, renewable energy deployment and pilot projects for demand management. A significant development in 2017-18 has seen NI Water invest £7 million in solar technology with the development of a solar farm beside Dunlore Waste water Treatment Works on the shores of Lough Neagh. This is a hugely positive step that will reduce energy costs by £500k per year, and contribute to NI Water's aim to increase its use of renewable energy from 13% to 40% by 2021.

"Sustainable Water – A Long-Term water Strategy for Northern Ireland (2015-40)" seeks to fulfil our environmental commitments by reducing pollution and improving the quality of inland and coastal waters, as well as reducing the risk of flooding and supporting economic growth.

The Department launched the "Living with Water Programme" to facilitate the development of a Strategic Drainage Infrastructure Plan for Belfast. Belfast will require major investment in the coming years to meet its drainage and sewerage needs. If that is not forthcoming, it would place at risk new economic and housing developments. The objectives of the plan are to protect against flood risk, enhance the environment and support economic growth by providing increased drainage and wastewater treatment capacity. This work is being overseen by a Board, which includes representatives from across central and local government. A key focus of the programme is to develop integrated and sustainable solutions that will, when implemented, achieve the objectives at

reduced cost and disruption, whilst also securing the necessary community and stakeholder support. This approach aligns fully to the Long-Term Water Strategy.

Society and Community

Equality of Opportunity and Good Relations

In carrying out their functions, powers and duties relating to Northern Ireland, all departments must have due regard to the need to promote equality of opportunity between certain specified groups, and also have regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

In addition, the Disability Discrimination Act 1995 requires public authorities, when carrying out their functions, to have due regard to the need to promote positive attitudes towards people with a disability and encourage the participation of people with a disability in public life.

The Department is committed to fulfilling its obligations under Section 75 and Schedule 9 of the Northern Ireland Act 1998 and has mainstreamed Section 75 across all business areas. How the Department proposes to fulfil these obligations is set out in its Equality Scheme. A new Scheme is currently in development and will be published following consideration of the responses to the recent public consultation exercise. Further actions are being included in a Disability Action Plan and in an Audit of Inequalities Action Plan and Disability Action Plan which is under development.

In accordance with the draft Equality Scheme:

- all new policies have been screened to assess impacts on equality of opportunity and good relations and were subject to a full equality impact assessment as necessary;
- quarterly Section 75 screening forms were published and a quarterly notification sent to Section consultees; and
- bi-annual progress reports on the implementation of the Department's draft Equality Scheme, and draft Disability Action Plan commitments were submitted to the Departmental Board.

An annual progress reports for 2016-17 was submitted to the Equality Commission in September 2017.

Rural Proofing/Impact Assessment

The Rural Needs Act (NI) 2016 became operational on 1 June 2017 for all Departments and local Councils.

This Act places a duty on all staff (Department and Public Authorities), to have due regard to rural needs when developing, adopting, implementing or revising policies, strategies, and plans; and when designing and delivering public services.

The Act also requires the Department to publish information in its annual report on how it complies with the “due regard” duty. Since 1 June 2017 seven rural impact assessments have been completed.

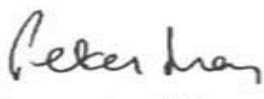
Corporate Social Responsibility Policy

The Department’s Corporate Social Responsibility Policy was developed in April 2016 and covers a three year period. It sets out the Department’s commitment, in line with best practice in the public and private sectors, to be a socially and environmentally responsible organisation and a good employer.

The policy focuses on activities under three key themes of Community; Environment; and Workplace volunteering. It also contains a section on Charitable Partnerships, linked to the Community theme. During 2017-18 one member of staff participated in the Time to Read initiative organised by Business in the Community which helps to improve literacy skills in primary schools. The Department sponsored a number of active travel demonstrations and events to promote the health and well-being of staff, and organised fundraising for Charity Partnerships. Two corporate one-day volunteering events were organised at Newry Hospice and Foyle Hospice involving a total of 50 staff.

Charitable Donations

The Department made no charitable donations during the year.



Accounting Officer

27th June 2018

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

DIRECTORS' REPORT

DfI is one of nine Northern Ireland departments created on 9 May 2016 as a result of the NICS Restructuring Programme which was an outworking of the Stormont House Agreement. The Department is responsible for much of the infrastructure that is essential for a modern society and for creating the capacity and connectivity needed to support economic growth.

The Minister

The Minister normally has overall political responsibility and accountability for all the Department's activities. The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, there was no Minister in place during 2017-18.

The Permanent Secretary

The Permanent Secretary is normally the Minister's principal adviser on all aspects of the Department's responsibilities as well as the Accounting Officer for all Departmental expenditure. Peter May held this position during 2017-18.

The Departmental Board

The Departmental Board supports the Permanent Secretary by contributing to the corporate management of the Department within the strategic policy and resources framework set by the Minister and the Executive.

The Departmental Board follows corporate governance best practice. For 2017-18, the Board had seven executive members. In March 2018 DfI and DVA initiated a recruitment competition for two non-executive members to the Board and Audit and Risk Assurance Committees.

The composition of the Departmental Board during the year was as follows:

Permanent Secretary	- Peter May.
Deputy Secretary for Planning, Water & DVA	- Fiona McCandless.
Deputy Secretary for Roads and Rivers	- Andrew Murray.
Deputy Secretary for Transport and Resources	- John McGrath.
Department of Finance, DfI HR Strategic Business Partner	- Anne Breen.
Director of Finance	- John McNeill.
Director of Strategy, Communications & Change	- Tom Kennedy.

Departmental Accounting Boundary

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

The Department comprised three Core Groups, each managed at Deputy Secretary level:

1. Roads & Rivers;
2. Planning, Water & DVA; and
3. Transport & Resources.

Roads & Rivers

Responsible for the overall performance and operations of Roads and Rivers. This includes the efficient organisation and management of the Roads and Rivers Group.

DfI Roads role is to improve, maintain and manage the road network in Northern Ireland in order to facilitate, in a sustainable way, the safe movement of people, goods and services for the social and economic benefit of all people in Northern Ireland.

DfI 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.

Planning, Water & DVA

Responsible for the Department's planning functions, policy in respect of drainage and water & sewerage services, and management of the Department's shareholder interest in NI Water. The Group also includes the Driver and Vehicle Agency.

Day to day responsibility for the management and operation of the Driver and Vehicle Agency sits with the DVA Chief Executive. In addition, the Chief Executive has been appointed as Agency Accounting Officer with responsibilities set out in their letter of appointment and an Agency Framework Document.

Transport and Resources

Responsible for road safety and vehicle regulation; the development of transportation policy; the delivery of strategic transport planning, policy and legislation. The Group also has responsibility for EU funding and future relations matters, sustainable travel (walking and cycling) and Inland Waterways.

In addition, the Group provides a wide range of corporate support services across the Department and leads on governance arrangements for the Northern Ireland Transport Holding Company / Translink. It also manages the relationship with other transport providers such as Urban and Rural Transport, Harbours and Airports.

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; and
- Waterways Ireland.

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, associated budget allocation 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 Assembly Supply provides a Summary of Resource Outturn for the financial year and compares Outturn with Estimate.

Financial Instruments

Note 11 to the financial statements discloses details of the impact of financial instruments on the Department in accordance with International Financial Reporting Standard 7.

Pension Liabilities

Details on pension liabilities can be found in the Remuneration and Staff Report.

Company Directorships

There are no company Directorships or other significant interests held by Departmental Board members which conflict with their management responsibilities. The Departmental Board Register of Interests is available through the Publications Scheme on the Department's website.

Information Management

Good information management practices remain a priority within the Department and adherence to all relevant statutory requirements and codes of practice is overseen by Information Management Unit. The Department complies with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

Personal Data Related Incidents

The Department has had no reportable breach of the Data Protection Act in this financial year.

Prompt Payment of Suppliers

In accordance with the Late Payment of Commercial Debts (Interest) Act 1998, Late Payment of Commercial Debts Regulations 2002 and British Standard BS 7890 - Achieving Good Payment Performance in Commercial Transactions, the Department is committed to the prompt payment of bills for goods and services received. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on the presentation of a valid invoice, whichever is later. In November 2008, the Executive sought payments to be made within 10 days to help local businesses during the economic downturn. This remains a target for Departments.

In 2017-18, the Department, including its Agency (DVA), paid 98.2% of invoices for goods or services within 30 days or by contract terms (97.7% 2016-17). 94% were paid within 10 days (92.2% 2016-17). Further details are available on the Department of Finance website.

Complaints Handling

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. The Department has a target to respond to all formal complaints within 15 working

days and our website¹ outlines to the public how to make a complaint using our new two-tier complaints procedure which was introduced on 1 April 2018.

In 2017-18, a total of 186 formal complaints were received and processed under the Department's complaints procedure (190 2016-17). In addition to the Department's own complaints procedures, the Department received 21 complaints 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 the Departmental Board in the weekly FOI report.

The Department's Equality Unit provides biannual reports to the Departmental Board, the Minister and the Committee for Infrastructure to apprise of progress on fulfilment of our statutory obligations on equality of opportunity and good relations. This report includes details of any Section 75 complaints received and how they were dealt with. The process for equality related complaints can be seen on the Department's website².

The Department continues to learn, on an ongoing basis, from the complaints it receives and considers lessons learnt to improve its procedures and the services that it delivers. For example, following a meeting between a complainant and DfI Rivers Head of Operations, a memo was issued to Rivers staff to remind them to deal promptly with complaints and of the importance of following up on enforcement action and keeping complainants informed of progress. Staff were also reminded of the need to fully document any decisions and conversations. The Department also continues to adhere to its Customer Charter, which sets a standard for service delivery and for responding to correspondence.

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.

¹ www.infrastructure-ni.gov.uk/dfi-complaints-procedure

² www.infrastructure-ni.gov.uk/dfi-equality-complaints-procedure

The audit of the financial statements for 2017-18 resulted in a notional audit fee of £114,000 and is included in the administration costs in the Statement of Comprehensive Net Expenditure.

The Accounting Officer is content that there is no relevant audit information which the Department's auditors should be aware of. The Accounting Officer has taken all reasonable steps to ensure that both he and the Department's auditors are aware of all relevant audit information.

Contingent Liabilities

In addition to the contingent liabilities disclosed under International Accounting Standard (IAS) 37 in **note 19**, there are no remote contingent liabilities.

Events after the reporting period

A High Court judgement on 14 May 2018 has ruled the Arc21 residual waste treatment facility planning decision unlawful. The Department has appealed this decision, which also potentially has implications beyond planning. The appeal into the judgement was heard on 25 June 2018. The outcome is awaited.

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 Resource Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Department, the Net Resource Outturn, resources applied to objectives, changes in taxpayer's equity, 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; and
- d. prepare the accounts on a going-concern basis.

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.

GOVERNANCE STATEMENT

Accounting Officer's Introduction

1. I am pleased to present the Department for Infrastructure's Governance Statement for 2017-18. This sets out the Department's approach to Corporate Governance – the way in which the organisation is directed and controlled so as to ensure proper and effective financial and risk management.
2. As Permanent Secretary I act as principal adviser to the Minister who approves objectives and targets in the Department's Business Plan in line with our draft Programme for Government indicators. The Minister is kept informed about Departmental performance and of any significant deviation from the achievement of targets. The Minister is accountable to the Assembly, which has established the Committee for Infrastructure to undertake a scrutiny role; to advise and assist in the formulation of policy and legislation; and to advise on Departmental budgets. It is worth noting that we, like all departments, have not had a Minister in post since 2 March 2017 when the election for a new Assembly took place.
3. As Departmental Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Department for Infrastructure's policies, aims and objectives, whilst safeguarding the public funds and Departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money Northern Ireland.
4. The Driver & Vehicle Agency (DVA) is an Executive Agency of the Department with responsibilities that include driver and commercial transport licensing, vehicle and driver testing, compliance and roadside enforcement. DVA is constituted as a Trading Fund which has been designated as a Public Corporation by the Office of National Statistics. The Agency's Chief Executive has been appointed as its Accounting Officer with responsibility for day to day management of its operations and to ensure regularity and propriety is adhered to. A Governance Statement has been prepared by the DVA Accounting Officer which is published as part of the Agency's annual report and accounts.
5. In addition, the Department delivers water & sewerage and public transport services through two associated arms length bodies: NI Water; and NITHC. NI Water's legal status is that of a company, with the Department being its sole shareholder, and it is classified as a non-departmental public body for Public Expenditure purposes. NITHC's status is that of a

Public Corporation. As the Departmental Accounting Officer I have responsibility for safeguarding the public funds which are given to fund both bodies. I am supported in this responsibility by the Chief Executive and Accounting Officer of each body. They are responsible for running their respective bodies and for ensuring regularity and propriety is adhered to within both NI Water and NITHC's operations. As such, individual Governance Statements have been prepared by the Accounting Officer of each body and will be published through their annual report and accounts.

6. The Department also co-sponsors Waterways Ireland, a North South Implementation Body, with the Irish Government's Department of Culture, Heritage and the Gaeltacht. It is responsible for the management, maintenance, development and restoration of navigable waterways throughout the island of Ireland. Waterways Ireland does not have a Board and there is no legislative provision to create one. Following a recommendation in the St Andrew's Agreement, the North South Ministerial Council considered a review of the working arrangements for North South Implementation Bodies. Whilst the Ministerial Council decided not to create a Board for Waterways Ireland, it asked for governance arrangements to be strengthened. This has been delivered through the development of a service level agreement between Waterways Ireland and its sponsor departments. Its key features include a bi-annual assurance process and quarterly meetings between sponsor departments and Waterways Ireland's Chief Executive and Senior Managers. Its Chief Executive is the Accounting Officer for the Body.

Governance Structures

7. The Department's system of internal control is designed to provide a governance structure for decision-making and provide proper controls to ensure the safeguarding of resources and the achievement of value for money. The system of internal control can manage risk to a reasonable level. It is not possible to eliminate all risk of failure to achieve policies, aims and objectives. The system of internal control can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to:
 - identify and prioritise the risks and opportunities to the achievement of departmental policies, aims and objectives;
 - evaluate the likelihood of those risks being realised and the impact should they be realised; and
 - manage them efficiently, effectively and economically.

8. This system of internal control was in place for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts. It accords with the Corporate Governance in Central Government Departments: Code of Good Practice NI 2013.
9. Key elements of the Department's system of internal control in 2017-18 included:
- the Departmental Board, which I chaired, comprising solely of executive members;
 - weekly Business Review meetings;
 - a Departmental Audit and Risk Assurance Committee chaired by a non-executive independent person. I hold regular meetings with the Chair prior to each meeting of the DARAC to discuss and update him on the strategic issues considered at the Departmental Board;
 - a Major Projects Sub-Committee of the Board, which I chaired, to discuss and consider issues associated with existing and proposed major capital projects being undertaken by the Department;
 - a Finance Sub-Committee of the Board, to discuss and consider key strategic finance issues impacting on the Department;
 - an Internal Audit service operating in accordance with Public Sector Internal Audit Standards. It is independent from executive responsibilities and has direct access to the Accounting Officer and the independent chair of the Departmental Audit and Risk Assurance Committee;
 - embedded Business Planning and Risk and Opportunities Management frameworks and procedures, the results of which were presented to the Departmental Board on a regular basis;
 - financial planning and management systems designed to ensure propriety and regularity of expenditure, fraud awareness and prevention, and good value for public money;
 - systems and processes to ensure that whistle-blowing and suspected wrongdoing cases, including cases of suspected fraud, are appropriately acknowledged, investigated and monitored;
 - a Governance and Control Framework gathering key governance and control advice in one place on the Department's intranet site, with links clearly signposted to more detailed guidance and key contacts; and

- information management systems, designed to support the proper handling of information, including the appointment of a Senior Information Risk Owner (SIRO), establishment of a SIRO Council and a network of Information Asset Owners (IAO).
10. The Department's Corporate Governance Framework is available on its website (www.infrastructure-ni.gov.uk).

Departmental Board Structure and Remit

11. The Departmental Board plays a key role in terms of our corporate governance arrangements, providing corporate leadership to the Department and supporting me, as Accounting Officer, on all aspects of corporate governance. It is responsible for the Department's performance within the strategic policy and resources framework usually set by the Minister and the Executive.
12. The Departmental Board follows corporate governance best practice. For 2017-18, the Board had seven executive members. In March 2018 DfI and DVA initiated a recruitment competition to recruit non-executive members to the Board and Audit and Risk Assurance Committees. Interviews are scheduled for June 2018.
13. The composition of the Departmental Board during 2017-18 is provided within the Accountability Report at page 37.
14. During 2017-18 the Board's work included scrutinising and advising on corporate performance, strategic direction, financial management, efficiency, organisational capability and development, risk, and audit. This included:
- monitoring performance against our Programme for Government Delivery Plans and Departmental Business Plan targets, including the progress and status of significant projects;
 - setting out risks to the delivery of Departmental objectives in line with the Department's Risk Management Framework, development and monitoring of the Department's Corporate Risk Register;
 - financial planning and management, including allocation of resources to match delivery requirements; in-year monitoring and management of expenditure

compared to budgets; cash management; procurement plans; and register of direct award contracts;

- finance, human resources and IT strategies affecting long term capability of the Department; and
- corporate governance arrangements within the Department and with our Arm's Length Bodies.

15. The Board maintains a Register of Interests, and also considers how conflicts of interest will be dealt with if they arise. The Board Chair checks at each meeting for any members' potential conflicts of interest on agenda items. There were no major conflicts of interest recorded for the Board or any of its sub-committees during 2017-18.
16. The Board was supported by a **Departmental Audit and Risk Assurance Committee**, which is a sub-committee of the Board with no executive powers. It supports the Board in its responsibilities around risk control and governance, reviewing the reliability and integrity of each business area's assurance statements in order to meet the Board and Accounting Officer's assurance needs. The Committee's composition normally includes three independent members, one of whom is Chair. The tenure of one member ended in December 2017. A recruitment exercise was conducted in autumn 2017 but was unsuccessful and a further exercise was initiated in March 2018 to bring the number of Independent members back up to complement. Meetings are also attended by the Head of Internal Audit and representatives from the NI Audit Office.
17. During the year, the Audit and Risk Assurance Committee considered a range of internal audit issues. For example, the Committee agreed and monitored progress against the 2017-18 Internal Audit Annual Plan and also considered the Head of Internal Audit's Annual Report. The Committee received routine updates on fraud and whistle-blowing cases; NI Water and NITHC Audit Committee business; NI Audit Office audits (both financial and value for money); progress reports on the implementation of Internal Audit recommendations and the Department's Corporate Risk Register. A report was provided to the Departmental Board following each Committee meeting. Reciprocal invitations were made to the Chairs of both the NI Water and NITHC Audit Committees to attend the DfI Audit and Risk Assurance Committee. The Committee received updates, through presentations on: steps being taken by NICS and specifically DfI to address Cyber Security risks; the new General Data Protection Regulation (GDPR).

18. The Board is further supported by its **Major Projects Sub-Committee** which is responsible and accountable to the Board as a whole. The Sub-Committee discussed and considered issues associated with current and proposed major capital projects being taken forward by the Department. This process helped to ensure that a strategic approach was applied to decisions and ensured that the Board was alerted to any risks that could impact on project delivery. Although some capital projects are the direct responsibility of the Department's ALBs, the Sub-Committee ensured there was no duplication with work of ALB Boards /sub committees. Advice was provided to the Departmental Board following each Sub-Committee meeting.
19. The Board is also supported by a **Finance Sub-Committee** which during the reporting year met to discuss and consider key strategic finance issues.
20. The Department is also in the process of constituting two further sub-committees to lead work on Brexit and a HR Sub-Committee. The Brexit Sub-Committee will provide strategic direction on all aspects of the Department's preparations for Northern Ireland to leave the European Union, whilst the HR Sub-Committee will discuss issues of strategic importance. The role/purpose of the Sub-Committee includes ensuring that:
- DfI has an intelligent customer role;
 - a DfI people plan is developed, implemented and reviewed;
 - the processes, plans and resources are in place to support staff engagement;
 - a people survey is undertaken, analysed and addressed in line with the NICS approach; and
 - emerging people issues are considered and addressed.
21. The Terms of Reference for the Departmental Board and each of its sub-committees is set out in the Department's Corporate Governance Framework which is available on the Department's website (www.infrastructure-ni.gov.uk).
22. Board Members' attendance at meetings, including sub-committees, is set out below. Appropriate deputies attended each meeting that an Executive Board member was not available. A number of senior civil service moves took place throughout the 2017-18 year, with the result that Board membership also changed over the course of the year.

Name of Board Member	Meetings Attended during 2017-18 (attendance / number of meetings)			
	Departmental Board	Audit & Risk Assurance Committee	Finance Sub-Committee	Major Projects Sub-Committee
Peter May	11/11	5/5**	3/3	3/4
Fiona McCandless	10/11	4/5**	2/3	2/4
Andrew Murray	9/11	5/5**	3/3	3/4
John McGrath	10/11	5/5**	3/3	2/4
John McNeill	10/11	4/5**	3/3	3/4
Tom Kennedy	10/11	N/A	N/A	N/A
Anne Breen***	11/11	N/A	N/A	N/A
David Gray*	N/A	5/5	N/A	N/A
Robert Gilmore*#	N/A	2/4#	N/A	N/A
Brigitte Worth*	N/A	5/5	N/A	N/A

* Audit and Risk Assurance Committee Member (Non-Executive / Independent).

** Not full members of the Audit Committee (attendees only).

*** Joined Departmental Board on 3rd April 2017

Robert Gilmore's tenure ended 31 December 2017

Departmental Board Performance and Effectiveness

23. In accordance with best practice, the review of the 2017-18 year has utilised a Board Effectiveness Evaluation Questionnaire which was sent to the seven current board members with a response rate of 100%. There were no Independent Board Members in the year 2017-18.

The general view is of a unified cohesive Board that has a settled approach to governance and strategy, and a defined risk appetite. Communication amongst members is constructive and focused on relevant issues.

24. The Annual Report of the Departmental Audit and Risk Assurance Committee is available on the Department's website (www.infrastructure-ni.gov.uk).

Oversight of an Executive Agency

25. As an Executive Agency, DVA has its own separate governance structures in place. This includes the appointment of its Chief Executive as Agency Accounting Officer with responsibility for day to day management of its operations, and to ensure regularity and propriety is adhered to and in line with the Agency Framework Document. The Agency has

a Strategic Management Board and an Audit and Risk Committee. All significant matters are reported in accordance with the Department's Corporate Governance Framework.

Oversight of Arms Length Bodies

NI Transport Holding Company

26. A performance review meeting between the Minister and NITHC took place in December 2016, however, in the absence of a Minister no further Ministerial meetings took place in the period of this report. The Department undertook detailed monitoring throughout the year in accordance with the governance framework set out in the Management Statement and Financial Memorandum (MSFM) and the requirements set out in "Managing Public Money Northern Ireland", which details the main principles for managing public resources.
27. Two accountability meetings took place in September 2017 and March 2018 between senior DfI officials and the NITHC Board. In addition, the Sponsor Division held regular monitoring meetings with the NITHC officials and reported on these at senior management level.

NI Water

28. DfI has adopted a systematic approach to the application of corporate governance best practice in NI Water. The basis of governance between the Department (as owner) and the company (represented by the Board of Directors) is set out in a Management Statement and Financial Memorandum (MSFM). The MSFM is used to accurately describe the financial and governance relationship between the Department and NI Water, and to seek agreement on the responsibilities of each organisation in this regard. The document is being reviewed to adjust governance arrangements to reflect the change in company structure to 'group' status following the purchase of the Alpha PPP contract and the ownership of four new subsidiary companies. This event has prompted a wider governance review which is needed to adjust financial reporting processes and accommodate the consolidation of the subsidiary companies accounts to the group accounts.
29. Shareholder Meetings took place during the course of the year between senior DfI officials and the NI Water Board. Bi-annual reports on the monitoring of NI Water's performance were provided to the Departmental Board in the months of May and November in accordance with the Code of Good Practice NI 2013: Corporate Governance in Central Government Departments.

Long-term funding of Arms Length Bodies

30. Additional funding through monitoring rounds combined with a positive performance of the commercial assets resulted in a small surplus for NITHC in 2017-18. However, given the lack of long term funding certainty, the NITHC Board has signalled the need for assurance on indicative funding levels for 2018-19 and its obligations in the Service Agreement with the Department for Infrastructure as part of the Directors' Going Concern statement for the Company's 2017-18 accounts. The five year Service Agreement between the Department and NITHC obligates the Department to play a role in ensuring that NITHC remains a going concern but also defines service levels and other planning assumptions for NITHC to work to. On this basis, the Department reaffirmed its commitment, to ensure that NITHC / Translink remains a viable financial entity, in a letter on 13 June 2018.
31. In 2017-18, the Department was unable to provide NI Water with the full Public Expenditure allocation for resource Departmental Expenditure Limits, as recommended by the Utility Regulator through the Price Control (PC) 2015 Final Determination. The Department was able to provide additional capital allocation to enable it to complete the purchase of the Alpha PPP subsidiary companies. The Utility Regulator was kept informed throughout the budget movements and company performance and outputs were monitored through the usual processes.
32. The NI Water Board has been advised of the continuing pressure on public expenditure, and they have considered the going concern position accordingly. However, the Department has monitored NI Water's performance outputs and has supplied adequate funding to enable NI Water to provide the expected services. As such, these conditions do not cast a significant doubt on the Company's ability to continue as a going concern. NI Water has stated that the 2017-18 year has been a very good outcome for the company, with strong results in its key performance indicators and financial outturn. The Department acknowledges this and recognises the ability of the company to continue its good performance and deliver the outcomes and services as required by the Utility Regulator within the funding envelope provided.

Oversight of North South Implementation Body

33. Waterways Ireland is a North South Implementation Body which the Department co-sponsors with the Department of Culture, Heritage and the Gaeltacht in the South. A service level agreement is in place between Waterways Ireland and its sponsor departments.

34. During 2017-18 Waterways Ireland provided the Department with bi-annual assurance statements. Quarterly meetings also took place between sponsor departments (senior management) and Waterways Ireland's Chief Executive and Senior Managers.
35. Waterways Ireland has its own Audit Committee which meets quarterly. All Audit Reports for discussion are issued to sponsor departments in advance of each meeting. Minutes of each Audit Committee are also shared with sponsor departments once agreed by the committee. The Independent Chair of the Audit Committee provides an annual assurance to sponsor departments in respect of Waterways Ireland.

Risk Management

36. The Department aims to assess and manage effectively risk to the achievement of its business objectives. Its capacity to manage risk derives from the experience and ability of managers to operate its fully documented risk management process. The Department's Risk Management Framework is in line with best practice set out in the Northern Ireland Audit Office report on "Good Practice in Risk Management".
37. The Framework 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.
38. This approach allowed risks to be identified and managed at all levels and to be escalated as appropriate.
39. The Departmental Board provides leadership and direction in managing the risk environment in which the Department operates. Each Deputy Secretary provides 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.
40. Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. Key risks identified at corporate, group and divisional level were documented in risk registers and reviewed during the year. The Corporate Risk and Opportunity Register was updated and reviewed regularly by the Departmental Board at

its monthly meetings. It was also routinely provided to Departmental Audit and Risk Assurance Committee meetings.

41. Corporate Risks actively monitored and managed by the Departmental Board throughout 2017-18 included:

Budget Resources – As a result of budget uncertainty and insufficient funding for key services (Roads/Water/Translink), infrastructure and network may deteriorate or fail and EU/Quality standards may not be maintained.

- Additional funding secured in 2017-18 to ensure service delivery across the department, albeit at reduced levels in respect of roads maintenance.

Long Term Infrastructure Investment – As a result of underinvestment in key services (Roads/Water/Translink/Flood Protection), infrastructure and network is deteriorating and may lead to significant failure.

- A Living with Water Programme has been established to improve Belfast drainage and we have continued to develop the Belfast Tidal model to identify flood alleviation measures. A Structural Maintenance Funding Plan is in place and we have engaged an independent consultant to review our Structural Maintenance funding requirements. A Road Maintenance Standards policy for safety is in place.

Planning Portal – Need to have a ‘new’ fit for purpose planning IT system in place before existing contract expires.

- The business case for the new planning IT system has identified a shared system as the preferred option. In the meantime work has commenced to procure a new contract for the existing NI Planning Portal. This will come into effect from April 2019 and remain in place until March 2022 or until the new planning IT system is implemented.

People – Need to ensure that the Department has the correct staffing skills and capacity to enable and support successful business delivery.

- DfI Departmental Board has regular engagement with NICS HR on people issues.
- The NICS HR people strategy was considered and ratified at NICS HR Board in April 2018. DfI are currently developing a people plan compiled using the main priorities identified.
- Initial departmental workforce planning has commenced in collaboration with the NICS HR workforce planning team which will address current and future vacancies.
- There is ongoing recruitment at admin, P&T and the industrial grades as well as the ongoing professional training/development of specialist staff.

Resilience – Emergency Planning – Planning and response to catastrophic/major events such as extreme weather event, a drought or a major accident.

- Regular liaisons & co-operation between NI Water and Roads and River's emergency planning structures.

Environmental Compliance –

The Department needs to ensure that it has sufficient skills and capacity to meet its statutory environmental obligations against the backdrop of increased level of challenge to the NI planning system and wider NI government departments on environmental grounds.

- A DfI wide Environmental Compliance working group has been established as well as an Oversight Board in DfI Planning.

42. As Northern Ireland's major infrastructure Department, it is also worth highlighting that we are responsible for the delivery of major capital projects. During 2017-18 we progressed a number of major projects which, given their nature, required close management of risks which is a key component of our project management processes. For example:

- **Belfast Rapid Transit**

This is a complex project with a number of interdependencies. A detailed Risk Register has been developed for the project and this is regularly reviewed and reported on to the Belfast Rapid Transit (BRT) Programme Board. Key risks are escalated to the Departmental Risk Register as appropriate. The current primary risks relate to the delivery of interdependent projects and the scale of

initial operating costs. NITHC is taking forward a replacement ticketing project which links to BRT and wider NITHC ticketing needs.

- **Belfast Transport Hub**

Work is continuing on producing a detailed design for the Hub and the second Outline Business Case has been approved both by the Department and the Department of Finance. Work is also ongoing in relation to gaining planning permission for the new site.

- **Derry / Londonderry Transport Hub**

Translink purchased the old Waterside Train Station in Derry / Londonderry in order that it can construct a new transport hub on the site. Translink is now progressing the project to procurement stage.

- **Strategic Road Improvement Programme**

Our policy and procedures for developing and delivering major road projects have been developed to identify and ameliorate risks. Our processes for bringing a scheme through the critical stages, such as the making of statutory orders and award of contract, where risks could materialise with greatest impact, are clearly defined and benefit from consultation with the public, the construction industry and other key stakeholders. Project risk registers and management structures are adapted accordingly when a scheme moves to the construction phase, reflecting the many variable parameters that impact on a major civil engineering project at this stage.

- **Driver Licensing IT System**

The Driver Licensing System is a key project to replace a 30 year old system which is used to produce Northern Ireland driving licences. The new system went live in November 2016, and a number of online enhancements went live in December 2017 which improved the customer experience. A further phase of online services is planned for 2018-19.

43. 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 completed assurance

statements at both mid-year and the end of 2017-18. The Department also received end-year Assurance Statements from the Chief Executives of DVA, NI Water, NITHC / Translink and Waterways Ireland.

Fraud, Bribery, Wrongdoing and Whistle-blowing

44. The Department takes its responsibilities in respect of fraud seriously and our Anti-Fraud Policy and Fraud Response Plan outlines the Department's approach to tackling fraud, defining staff responsibilities and the actions to be taken in the event of suspected fraud occurring. Fraud, wrongdoing and whistle-blowing updates in respect of the Department and its Arms Length Bodies are regularly reported to the Departmental Audit and Risk Assurance Committee.
45. The Governance and Control Framework on the Department's intranet site includes our Whistle-blowing Policy, the arrangements in place to identify and record Conflicts of Interest, Gifts and Hospitality, as well as procedural guides and checklists for dealing with whistle-blowing and suspected wrongdoing cases, including cases of suspected fraud.
46. During 2017-18, the Department reported 25 cases of suspected fraud to the Comptroller & Auditor General.
47. The Department has an established Anti-Fraud Group which includes representatives from all areas of the Department and its Arms Length Bodies. The Group has committed to considering fraud prevention initiatives, heightening fraud awareness and promoting an anti-fraud culture.
48. 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 Arms Length Bodies continued to participate in the National Fraud Initiative counter fraud data matching exercise in 2017-18 in relation blue badges, payroll & pensions, trade creditors, taxi licensing and concessionary fares. The Department conducted a programme of some 900 investigations including 620 relating to blue badges. No fraud was detected.

49. The Department engages NICS Group Fraud Investigation Services to carry out investigations of suspected fraud cases which are complex or significant in nature

Effectiveness of Internal Control

50. For 2017-18, Internal Audit has provided a satisfactory audit opinion, in overall terms, in respect of the adequacy and effectiveness of the risk management, control and governance processes for the Department.
51. Of the 39 Internal Audit assignments completed in 2017-18, 29 reviews received overall satisfactory opinions and one review received an overall limited opinion. Opinions were not relevant to one special exercise; four follow-up reviews and four consulting exercises were undertaken. Within these reviews, a number of recommendations were made to enhance internal control. An overall limited opinion was provided within Transport Regulation Unit in relation to Public Inquiries. Management are continuing to implement the recommendations and a further review is planned for 2018-19.
52. The Department also relies on DoF's Internal Audit Branch to provide an inter-departmental opinion for the services it provides including Account NI, IT Assist and HR Connect shared services. An overall inter-departmental assurance of satisfactory was provided in the 2017-18 Annual Report and Opinion on Enterprise Shared Services.
53. The Department relies on the external auditors of NI Water, NITHC and Waterways Ireland to provide an opinion on each organisation's Regularity and Financial Statements. The NITHC auditors have delivered unqualified opinions in relation to the 2017-18 accounts and included clear regularity opinions in both. There has been a delay in the finalisation of the NI Water and Waterways Ireland accounts and audit. However, there is nothing to suggest anything other than an unqualified opinion in relation to the accounts and regularity opinion.

The Internal Audit units within each organisation have also provided satisfactory audit opinions, in overall terms, in respect of the adequacy and effectiveness of the risk management, control and governance processes.

54. The NI Audit Office acts as the external auditor for the Department, providing financial and value for money audits. In addition to the annual accounts audit, the Department was the subject of one NI Audit Office investigation – a Value for Money audit was carried out on Rivers Agency Flood Risk Management. Its report "The Rivers Agency: Flood Prevention

and Management” was published in September 2016. Whilst its findings were largely positive, it made a number of key recommendations for future improvement and the Department has developed an action plan to address these. All recommendations raised in the NIAO report have been addressed, with governance provided through the inter-departmental Flood Strategy Steering Group.

2017-18 Budget Position

55. The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, the Northern Ireland Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28th March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2017-18 financial year and a vote on account for the early months of the 2018-19 financial year as if they were Acts of the Northern Ireland Assembly.

2018-19 Budget Position

56. On 8 March 2018, the Secretary of State announced the 2018-19 budget for Northern Ireland, which enables the Department to plan for the incoming financial year. The constrained financial position reinforces the need for departments and the wider public sector to work collaboratively to deliver outcomes for all and maximise the impact of the budget allocations. While this is a challenging Budget for DfI given the broader financial constraints, frontline services have been protected where possible. The capital budget has been set at just over £500m which represents an increase of £100m on 2017-18. This will enable the Department to progress a range of important infrastructure projects.

Ministerial Directions

57. No Ministerial Directions were issued during 2017-18.

Personal Data Related Incidents

58. The Department had no reportable breaches of the Data Protection Act in this financial year.

Significant Internal Control Issues

Waterways Ireland

59. In the absence of a DfI Minister it was not possible to secure North South Ministerial Council (NSMC) approval of 2017 and 2018 Business Plans for Waterways Ireland. While arrangements have been made with DoF to ensure legality of payments in the absence of business plans, expenditure will be irregular until the NSMC approves Business Plans.

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. A grant payment amounting to £379k was made in the 2017-18 financial year to Waterways Ireland without DoF approval. The payment to Waterways Ireland is therefore technically considered illegal because it is not in compliance with this legislative requirement.

Remuneration and Staff Report

Remuneration policy

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

The pay remit (for the NI public sector and SCS) is normally approved by the Minister of Finance but in the absence of an Executive the DoF Permanent Secretary has set the 2017-18 NI public sector pay policy in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17.

Service contracts

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

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

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

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Ministers and most senior management of the department.

Remuneration (including salary) and pension entitlements (this information is subject to audit)

Minister	2017-18				2016-17			
	Salary	Benefits in kind	Pension Benefits **	Total	Salary	Benefits in kind	Pension Benefits **	Total
	£	(nearest £100)	(nearest £1000)	(nearest £1000)	£	(nearest £100)	(nearest £1000)	(nearest £1000)
Chris Hazzard* 25/05/16-02/03/17	-	-	-	-	29,419	Nil	4,000	33,419

*No Minister was in place from 3 March 2017

**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.

Officials	2017-18				2016-17			
	Salary £'000	Benefits in kind (nearest £100)	Pension Benefits* (nearest £1000)	Total £'000	Salary £'000	Benefits in kind (nearest £100)	Pension Benefits* (nearest £1000)	Total £'000
Peter May Permanent Secretary	110-115	Nil	19	130-135	110-115	Nil	60	170-175
John McGrath Deputy Secretary – Transport & Resource	100-105	Nil	(2)	95-100	100-105	Nil	38	135-140
Dr Andrew Murray Deputy Secretary – Roads and Rivers	90-95	Nil	3	90-95	85-90	Nil	37	125-130
Fiona McCandless Deputy Secretary – Planning, Water and DVA	85-90	Nil	26	110-115	85-90	Nil	41	125-130
John McNeill Departmental Director of Finance	70-75	Nil	12	85-90	70-75	Nil	7	75-80
Stewart Barnes Acting Departmental Director of Finance (until 30/04/17)	5-10 (65-70 Full year equivalent)	Nil	14	20-25 (80-85 Full year equivalent)	25-30 (65-70 Full year equivalent)	Nil	59	85-90 (125-130 Full year equivalent)

Officials	2017-18				2016-17			
	Salary £'000	Benefits in kind (nearest £100)	Pension Benefits* (nearest £1000)	Total £'000	Salary £'000	Benefits in kind (nearest £100)	Pension Benefits* (nearest £1000)	Total £'000
Tom Kennedy Director of Strategy, Communication and Change	70-75	Nil	-	70-75	10-15 (70-75 Full year equivalent)	Nil	5	15-20 (75-80 full year equivalent)

* 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.

As highlighted in the Director's Report Anne Breen was a member of the departmental board during the year. However she is the DfI HR Strategic Business Partner and is paid by the Department of Finance.

2017-18		2016-17	
Band of Highest Paid Director's Total Remuneration £000	Median Total Remuneration and Ratio	Band of Highest Paid Director's Total Remuneration £000	Median Total Remuneration and Ratio
110-115	£27,544 4.1	110-115	£27,644 4.1

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

The banded remuneration of the highest-paid director in the Department in the financial year 2017-18 was £110k-£115k (2016-17: £110k-£115k). This was 4.1 times (2016-17: 4.1) the median remuneration of the workforce, which was £27,544 (2016-17: £27,644).

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.

Salary

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

The Northern Ireland Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers ceased to hold office. An Executive was not formed following the 2 March 2017 election. As a consequence, there has been no Minister in place in the department during the 2017-18 year.

Prior to the election on 2 March 2017, the Department for Infrastructure was under the direction and control of Chris Hazzard MLA (25 May 2016 to 2 March 2017). His salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in the prior year comparative figures within these accounts. These amounts do not include costs relating to the Minister’s role as an MLA which are disclosed elsewhere.

Benefits in kind

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

Pension Entitlements (this information is subject to audit)

Officials	Accrued pension at pension age as at 31/3/18 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/18 £'000	CETV at 31/3/17 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (nearest £100)
Peter May Permanent Secretary	50-55 pension plus 60-65 lump sum	0-2.5 pension plus decrease 0-2.5 lump sum	890	832	3	NIL
John McGrath Deputy Secretary – Transport and Resources	50-55 pension plus 150-155 lump sum	0-2.5 pension plus 0-2.5 lump sum	1,066	1,052	(3)	NIL
Dr Andrew Murray Deputy Secretary – Roads and Rivers	45-50 pension plus 75-80 lump sum	0-2.5 pension plus decrease 0-2.5 lump sum	1,044	1,020	2	NIL
Fiona McCandless Deputy Secretary – Planning, Water and DVA	20-25 pension plus 50-55 lump sum	0-2.5 pension plus decrease 0-2.5 lump sum	400	364	10	NIL
John McNeill Departmental Director of Finance	25-30 pension plus 25-30 lump sum	0-2.5 pension plus 0-2.5 lump sum	567	520	11	NIL
Stewart Barnes Acting Departmental Director of Finance (until 30/04/17)	25-30 pension plus 75-80 lump sum (based on acting up)	0-2.5 pension plus 0-2.5 lump sum	523	510	13	NIL
Tom Kennedy Director of Strategy, Communications and Change	30-35 pension plus 100-105 lump sum	0-2.5 pension plus 0-2.5 lump sum	734	690	-	NIL

Northern Ireland Civil Service (NICS) Pension arrangements

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

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

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

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of the scheme membership. The current rate is 2.3%.

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

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 2017 was 3% and HM Treasury has announced that public service pensions will be increased accordingly from April 2018.

Employee contribution rates for all members for the period covering 1 April 2018 – 31 March 2019 are as follows:

Scheme Year 1 April 2018 to 31 March 2019

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha	Contribution rates – All other members
From	To	From 1 April 2018 to 31 March 2019	From 1 April 2018 to 31 March 2019
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,636.99	4.6%	4.6%
£21,637.00	£51,515.99	5.45%	5.45%
£51,516.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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

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

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

Cash Equivalent Transfer Values

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

In 2017-18, the Special Adviser received an exit package in accordance with the Code Governing the Appointment of Special Advisers issued under the Civil Service (Special Advisers) Act (Northern Ireland) 2013.

b. Staff Report (this information is subject to audit)

Staff Costs

Staff costs comprise:

				2017-18 £000	2016-17 £000
	Permanent staff*	Others	Minister	Total	Total
Wages and salaries	69,355	595	-	69,950	70,342
Social security costs	6,690	-	-	6,690	6,848
Other pension costs	13,866	-	-	13,866	14,412
Other staff costs	311	-	-	311	328
Total net costs	90,222	595	-	90,817	91,930
Analysed as:					
RfR A				90,817	90,484
RfR B**				-	1,446
				90,817	91,930
Analysed as:					
Administration costs – continuing operations				66,962	67,465
Minister’s costs (notional)				-	42
Per Statement of Comprehensive Net Expenditure				66,962	67,507
Programme costs – continuing operations				13,707	13,934
Capitalised				10,148	10,489
				90,817	91,930

* There were no staff salary costs incurred in respect of Department’s Special Adviser in 2017-18. The 2016-17 figures include the costs of the Department’s Special Adviser who was paid in the pay band £59,627 to £91,809.

** Request for Resources (RfRs) and units of service were realigned to match operational activities and management controls in 2017-18.

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 most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DoF Superannuation and Other Allowances Annual Report as at 31 March 2018.

For 2017-18, employers’ contributions of £13,832,323 were payable to the NICS pension arrangements (2016-17: £14,366,220) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme’s Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation scheme based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was

used to determine employer contribution rates for the introduction of alpha from April 2015. For 2018-19, the rates will range from 20.8% to 26.3% however the salary bands differ. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £26,636 (2016-17: £26,632) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 8% to 14.75% (2016-17: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition employer contributions of £934, 0.5% (2016-17: £743, 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.

18 people (2016-17: 13 people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £24,089 (2016-17: £47,068).

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 Departmental Annual Report and Accounts.

Objective	2017-18					2016-17
	Total	Permanent staff	Others	Minister	Special Adviser	Total
A	1,998	1,969	29	-	-	2,012
B*	-	-	-	-	-	24
Staff engaged on capital projects	256	256	-	-	-	274
Total	2,254	2,225	29	-	-	2,310

Of which:

* Request for Resources (RfRs) and units of service were realigned to match operational activities and management controls in 2017-18.

Staff Composition

The actual staff numbers as at 31 March 2018 can be broken down as follows:

	2017-18			2016-17		
	Male	Female	Total	Male	Female	Total
Minister	-	-	-	-	-	-
Senior Civil Service	12	5	17	13	6	19
Other Employees	1,710	552	2,262	1,772	607	2,379
Total	1,722	557	2,279	1,785	613	2,398

Reporting of compensation and exit packages for all staff

Exit package cost band	2017-18			2016-17		
	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	-	-	-	-	1	1
£10,000 - £25,000	-	5	5	-	5	5
£25,000 - £50,000	-	1	1	-	16	16
£50,000 - £100,000	-	-	-	-	6	6
£100,000 - £150,000	-	-	-	-	-	-
Total number of exit packages	-	6	6	-	28	28
Total resource £'000	-	128	128	-	1,146	1,146

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. 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.

In 2017-18, the Special Adviser received an exit package in accordance with the Code Governing the Appointment of Special Advisers issued under the Civil Service (Special Advisers) Act (Northern Ireland) 2013.

Off payroll payments

The Department did not have any off payroll engagements at a cost of over £58,200 during the 2017-18 year.

External Consultancy costs

£212,771 (£244,184 2016-17) was spent on external consultancy during 2017-18 year.

Senior Civil Service pay band

Actual staff numbers of Senior Civil Service by pay band for the Department as at 31st March 2018 are as follows:

Pay band – assessed each pay period		Actual staff numbers as at 31 March 2018
From	To	
£68,961	£79,058	14
£88,596	£101,092	3
£114,047	£133,327	1
£153,933	£180,496	-
		18

Employees

Equal Opportunities

The policy of the NI Civil Service 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. The Department is committed to:

- equality of opportunity and to the elimination of all forms of discrimination, harassment and victimisation; and
- creating a working environment where individual differences are valued and respected enabling all staff to give their best.

This means that all staff are entitled to:

- fair and equal treatment irrespective of their gender, marital status, sexual orientation, religious belief, political opinion, race, age, disability or trade union activity;
- a harmonious working environment where no-one feels intimidated or threatened;
- make a complaint under the NI Civil Service Dignity at Work Procedures if they believe that they have been subjected to harassment, discrimination or victimisation; and
- have such a complaint dealt with fairly, thoroughly, sensitively and expeditiously.

The Dignity at Work procedures have been in place since November 2007 and are applied to the investigation and decision making process in all cases.

Diversity

The NICS has developed a People Strategy which details the people priorities over the period 2018 to 2021. It places diversity and inclusion at its centre and includes a range of actions that will help accelerate the NICS' ambition to have a truly inclusive workforce culture and to be a service that reflects the society we serve. In addition to these specific actions the NICS will ensure diversity and inclusion is central to everything it does, including how it communicates, recruits, promotes, develops and manages its workforce.

A diversity action plan has been drawn up to promote diversity and inclusion while additional action plans have been drawn up to address specific issues related to gender and disability.

Work on LGB&T issues has included a survey of staff and the creation of the NICS LGB&T staff network. Further developments in the area are planned including membership of the Stonewall NI Diversity Champions network and the development of advice on Transgender issues.

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).

Disabled Persons

The Department aims to ensure that people with a disability suffer no detriment in recruitment and advancement and that its policies and practices comply with the requirements of the Disability Discrimination Act 1995 and Disability Discrimination (Amendment) Regulations 2003. The consideration and implementation of reasonable adjustments help to ensure that staff with disabilities can fully utilise their skills and abilities.

The role of Disability Liaison Officers is currently under review by NICS HR. The Department will follow the recommendations of NICS HR once the review has been concluded. The Department will continue to provide placement opportunities for people with disabilities through the Employment Support Programme.

Human Capital Management

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. There is a wide range of career development options available within the NICS that support various interventions including secondment and interchange opportunities, elective transfers, temporary promotion, job rotation, job shadowing and mentoring. In line with the NICS People Strategy 2018 - 2021 further development in the area is planned, including Talent Management Proposals to support a more corporate approach to talent management across the NICS.

Centre for Applied Learning

The NICSHR Centre for Applied Learning (CAL) purpose is to enable the achievement of the Programme for Government (PfG) outcomes through the delivery of generic **learning and development** services aligned to the NICS People Strategy. The CAL approach to delivering its services is designed to respond to the changing needs of the NICS and includes the following components:

- Offering a variety of learning delivery channels to enable flexible access to learning;
- Providing an enhanced Learning and Development experience where staff can focus on their personal development using learning interventions that are aligned to corporate need, PfG, People Strategy, NICS of the Future and the NICS Competency Framework;
- Blending different learning solutions into coherent learning pathways;
- Value for money learning through the use of technology to provide concise and focused modules of learning;
- Develop practical capability for learners that incorporates the latest tools and techniques; and
- Work collaboratively with NICSHR colleagues, Suppliers, Departments and the NICS Professions to identify, develop and deliver current and future learning interventions.

Pay Arrangements

Under the Civil Service (NI) Order 1999, the Department of Finance is responsible for the **pay arrangements** of NICS civil servants (apart from those agencies, non-ministerial government departments and other bodies with an agreed pay delegation). The pay award system aims to:

- be a system which will help to recruit, retain and motivate staff to efficiently perform the duties required of them;
- encourage staff to improve their individual performance by providing a direct and regular link between satisfactory performance and pay;
- ensure equity of treatment in respect of pay in accordance with legal requirements and the equal opportunities policy of the NICS;
- secure the confidence of staff that their pay will be determined fairly;
- secure the confidence of the public and their representatives in the system for determining the pay of the staff; and
- enable the Government to reconcile its responsibilities for the control of public expenditure with its responsibilities as an employer.

Current pay scales are available online. NI public sector pay guidance for 2017 is now in place and formal negotiations with trades unions on the 2017 pay award are ongoing.

Employee Involvement/Engagement

The Department places considerable reliance on the involvement of its employees. It keeps staff informed of plans and developments through the monthly newssheet, circulars and publication of business and training plans. The departmental intranet site helps to ensure that staff are kept up to date with ongoing issues, and provides an opportunity for staff to learn about the work of business areas across the department as well as experiences of their peers both inside and outside the working environment.

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. The aims of the Forum are to:

- discuss and communicate with members on any key issues affecting staff and the Department;
- provide our staff with an opportunity to have their opinions heard in how the Department is run and the issues that concern them;
- provide our staff with an opportunity to communicate outcomes of Forum meetings to colleagues in their respective business area and seek feedback; and
- provide mutual support for DfI staff and the DfI Board in taking forward the business of the Department and to help gain co-operation from colleagues across the organisation.

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, NICSHR, has continued to consult on central matters with all recognised Trade Unions throughout the year.

Arrangements also exist at Departmental level to consult on matters specific to that 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. Working relationships at

Whitley Council and Committees have continued to be positive and constructive throughout the year.

Health and Safety

The Department is committed to adhering to all existing legislation on Health and Safety at Work to ensure that staff enjoy the benefits of a safe working environment. Our policy is regularly updated to take account of any changes to Health and Safety legislation.

Sickness Absence Data

There are no agreed DfI Ministerial Sickness Absence Target in place for 2017-18. NISRA statistics at 31 March 2018 indicate that the combined annual sickness absence outturn for industrial staff and non-industrial staff was 12.6 working days lost. This compares to an NICS outturn of 13 working days lost for the same period.

The NICS focus on absenteeism is on compliance targets relating to return to work interviews and the updating and recording of sick certificates.

The latest compliance figures for the Department for 2017-18 are as follows:

Action Required	Target Rate	Compliance Rate
Return to Work Interviews conducted within 2 days of return	85%	60.5%
Certificates updated within 2 weeks from first day of absence or certificate due date	95%	87.7%

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

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires the Department for Infrastructure to prepare a Statement of Assembly Supply (SOAS) and supporting notes to show resource outturn against the Supply Estimate presented to the Assembly, in respect of each request for resources.

Summary of Resource Outturn 2017-18

								2017-18 £000	2016-17 £000
Estimate					Outturn			Net Total Outturn compared with Estimate: saving/ (excess)	Outturn
Request for Resources	Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total		Net Total
A	SOAS1	967,056	(157,829)	809,227	840,710	(144,042)	696,668	112,559	607,863
B*	SOAS1	-	-	-	-	-	-	-	216,102
Total resources	SOAS2	967,056	(157,829)	809,227	840,710	(144,042)	696,668	112,559	823,965
Non-operating Accruing Resources	SOAS3			5,985			5,479	506	-

* Request for Resources (RfRs) and units of service were realigned to match operational activities and management controls in 17-18.

Net cash requirement 2017-18

		2017-18			2016-17
		£000			£000
				Net Total Outturn compared with Estimate: saving/ (excess)	
Note	Estimate		Outturn		Outturn
Net cash requirement	SOAS3	867,073	811,162	55,911	845,228

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).

		Estimate 2017-18 £000		Outturn 2017-18 £000	
	Note	Income	Receipts	Income	Receipts
Total	SOAS4	1,430	<i>1,430</i>	1,654	<i>390</i>

Explanation of variances between Estimate and Outturn are given in SOAS 1 '*Analysis of net resource outturn by function*' (page 80) and the Financial Review on (page 19). A key to Request for Resources is also given in SOAS 1.

The notes on pages 80 to 88 and on pages 98 to 139 form part of the financial statements.

SOAS 1
Analysis of Net Resource Outturn by function

	2017-18 £000										2016-17 £000
	Outturn						Estimate			Outturn	
								Net total Outturn compared with Estimate	Net total Outturn compared with Estimate, adjusted for virements	Prior Year Outturn	
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	NET TOTAL	Net total Outturn compared with Estimate			
Request for Resources A:											
Departmental Expenditure in DEL											
1: Roads	61,560	137,606	50	199,216	(44,228)	154,988	142,067	(12,921)	-	179,194	
2: Rivers	-	15,733	391	16,124	(354)	15,770	15,734	(36)	-	15,076	
3: Road Safety Services	4,586	3,872	5	8,463	(3,233)	5,230	6,862	1,632	-	6,264	
4: Driver and Vehicle Agency	-	3,167	2,416	5,583	(5,289)	294	722	428	-	3,795	
5: Ferry services, air and sea ports	-	806	1,014	1,820	(1,146)	674	1,545	871	-	1,011	
6: Railway services	-	32,291	45,661	77,952	(3,532)	74,420	86,198	11,778	-	88,967	
7: Road passenger services	4,474	33,225	55,700	93,399	(11,879)	81,520	70,442	(11,078)	-	70,997	
8: Water Policy and Other Services*	1,494	-	-	1,494	-	1,494	1,535	41	-	1,462	
9: Inland Waterways	-	69	-	69	-	69	197	128	-	323	
10: Planning and Policy	2,093	5,587	121	7,801	(214)	7,587	7,498	(89)	-	7,264	
11: Reinvestment & Reform	-	750	-	750	(192)	558	547	(11)	-	686	
12: EU Interreg	-	-	1,269	1,269	(1,080)	189	204	15	-	-	
13: Central Policy and Other Services	3,461	223	-	3,684	(6)	3,678	4,187	509	-	4,741	
Annually Managed Expenditure (AME)											
14: Depreciation and Impairment costs	1,226	102,230	-	103,456	-	103,456	225,143	121,687	112,954	206,949	
15: Provisions	641	8,794	-	9,435	-	9,435	9,664	229	229	4,782	
Non-Budget											
16: Northern Ireland Water Limited*	-	290,805	-	290,805	(72,889)	217,916	218,109	193	193	214,640	
17: Waterways Ireland	-	-	4,627	4,627	-	4,627	5,370	743	743	3,523	
18: Notional charges	14,763	-	-	14,763	-	14,763	13,203	(1,560)	(1,560)	14,291	
Resource Outturn	94,298	635,158	111,254	840,710	(144,042)	696,668	809,227	112,559	112,559	823,965	

*Classified as RfRB in 2016-17 prior year outturn. Request for Resources (RfRs) and units of service were realigned to match operational activities and management controls in 2017-18.

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

	Variance Under/(Over) £000	Explanation
RfR A	112,559	The main reason for the variance was an underspend on depreciation costs. This is mainly due to the fact that the method of condition assessment on non-trunk roads was revised in 2016-17. The condition reduction for 2017-18 was much lower than expected (£110m). Also an estimate of £10m for impairment was not required as no major revaluations took place in year.

Explanations of variances between Estimate and outturn are given in Note SOAS1 and in the Financial Review on page 19.

Key to Request for Resources**RfR A**

Building for the future by shaping the region and promoting economic growth; developing our infrastructure in a sustainable way; and connecting people to opportunities and services.

SOAS 2 Reconciliation of Outturn to Net Operating Cost

				2017-18 £000	2016-17 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS1	696,668	809,227	112,559	823,965
Non-supply income (CFERs)	SOAS4	(1,654)	(1,430)	224	(56,245)
Non-voted expenditure		-	-	-	-
Unrealised exchange losses on Non Estimate related EU Receivables		1,018	-	(1,018)	(591)
Trust port Loans (per SSE)		-	769	769	-
Net Operating Cost in Statement of Comprehensive Net Expenditure		696,032	808,566	112,534	767,129

SOAS 3
Reconciliation of Net Resource Outturn to Net Cash Requirement

		Estimate	Outturn	Net Total outturn compared with Estimate: saving/ (excess)
	Note	£000	£000	£000
Resource Outturn	SOAS1	809,227	696,668	112,559
Capital				
Acquisition of property, plant and equipment		219,262	204,176	15,086
Investments		72,000	72,725	(725)
Non-operating Accruing Resources				
Net Book Value of asset disposals		(5,985)	(5,479)	(506)
Accruals to cash adjustments				
Depreciation and revaluation	3,4	(249,078)	(124,858)	(124,220)
New provisions and adjustments to previous provisions (Capital)	3,4	(10,250)	(410)	(9,840)
New provisions and adjustments to previous provisions (Revenue)	3,4	(9,664)	(9,435)	(229)
Other non-cash items	3,4	(13,203)	(14,763)	1,560
Exchange movement non-estimate	SOAS 2	-	1,018	(1,018)
Changes in working capital other than cash	SOAS 3.1	23,967	(15,831)	39,798
Changes in payables falling due after more than one year	17	7,906	(1,253)	9,159
Use of provision	18	22,891	8,604	14,287
Net Cash Requirement		867,073	811,162	55,911

There was an error in a disclosure contained within the Department's 2016-17 Note 16, Trade receivables & other current assets in relation to the split of EU/TEN-T grants between Accruing Resources and CFER. The overall receivables figure and the total amounts due from EU/TEN-T are correct. However, because the split has impacted on CFERs this had an impact on the following:

- The published 2016-17 Net Cash Requirement figure; and
- The 2016-17 'excess vote' on the Net Cash Requirement figure.

The impact of the incorrect split is an increase of £1,737k to the published 2016-17 Net Cash Requirement figure from £845,228k to £846,965k and an increase in the 2016-17 'excess vote' on the Net Cash Requirement figure from £61,530k to £63,267k.

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

		2017-18 £000
	Note	
Increase/(decrease) in inventories	14	(891)
Increase/(decrease) in receivables	16	14,253
Adjustments to movements in receivables		
Movement in CFER related receivables	16	(5,328)
Movement in provision for bad debts	16	2,021
(Increase)/decrease in payables less than 1 year	17	(27,531)
Adjustments to movements in payables less than 1 year		
Increase/(decrease) in amounts due to the Consolidated Fund	17	1,645
Net increase/(decrease) in working capital other than cash recognised in Statement of Assembly Supply		(15,831)

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):

	Estimate 2017-18		Outturn 2017-18		
		£000		£000	
	Note	Income	Receipts	Income	Receipts
Operating income and receipts not classified as Accruing Resources		-	-	-	-
Other operating income and receipts not classified as Accruing Resources		1,430	1,430	1,552	188
Operating income and receipts – excess Accruing Resources		-	-	-	-
Subtotal		1,430	1,430	1,552	188
Exchange gain		-	-	-	-
Exchange loss – Capital		-	-	-	-
Non-operating income and receipts – excess Accruing Resources		-	-	-	-
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		-	-	102	202
Trans European Networks (TENS) funding		-	-	-	-
Total income payable to the Consolidated Fund		1,430	1,430	1654	390

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

		2017-18 £000
	Note	
Operating income	5	145,696
Gross income		145,696
Income authorised to be used as Accruing Resources	SOAS 1	(144,042)
Operating income payable to the Consolidated Fund	SOAS 4	1,654

SOAS 6 Non-operating income – Excess Accruing Resources

	2017-18 £000	2016-17 £000
Non-operating income – Excess Accruing Resources	-	5,117

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

(i) Losses and special payments

Losses Statement

	2017-18		2016-17	
	Cases	£000	Cases	£000
Stores and plant losses	5	0*	5	7
Abandoned Claims	3,668	508	4,558	552
Fruitless Payments	-	-	-	-
Foreign exchange losses	-	-	1	46
Losses of pay allowances and superann	3	2	2	1
Other cash losses	7	0*	2	0*
Administrative Write Offs	-	-	-	-
Other Losses	-	-	-	-
	3,683	510	4,568	606

*Losses value less than £1,000

Details of cases over £250,000

The Department incurred losses relating to penalty charge notice debt of £369,554 (2016-17: £383,221) 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

	2017-18	2016-17
Total number of special Payments	1,445	1,794
Total value of special Payments £000	3,620	5,066

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**

			2017-18 £000	2016-17 £000
	Income	Cost	Surplus/(deficit)	Surplus/(deficit)
Car Parks	12,323	(12,207)	116	(146)
Strangford Ferry	1,266	(2,771)	(1,505)	(1,251)
Total	13,589	(14,978)	(1,389)	(1,397)

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 2017-18 is 100% (2016-17: 100%) recovery of the full cost of providing, updating and maintaining the services. The actual percentage recovery achieved was 101% (2016-17: 99%). Cost recovery has increased slightly for 2017-18 mainly due to an increase in income.

The financial target for the ferry service in 2017-18 is 40% (2016-17: 40%) recovery of the full cost of providing and maintaining the services. The actual percentage recovery achieved was 45.7% (2016-17: 50%). There has been a slight decrease in cost recovery in 2017-18 due to higher costs incurred.

(iii) **Remote Contingent Liabilities**

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

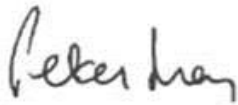
Such contingent liabilities, whether quantifiable or unquantifiable, arise through specific guarantees, indemnities or by the giving of letters of comfort. None of these are contingent liabilities within the meaning of IAS 37 since the likelihood of transfer of economic benefits in settlement is too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

In 2016, the UK Government announced that the Government would guarantee the following EU funded projects after the UK has left the EU:

- a. All structural and investment fund projects signed before the Autumn Statement 2016;
- b. Structural and investment fund projects signed after the Autumn Statement and before we leave the EU, so long as they are good value for money and in line with domestic strategic priorities;

- c. The payment of awards where UK organisations successfully bid directly to the European Commission on a competitive basis for EU funding projects while we remain in the EU;

The financial settlement has now been signed-off by both UK and EU Commission negotiators in a draft Withdrawal Agreement and welcomed by the EU-27 at March European Council. The guarantee will therefore only be called in the event that the Withdrawal Agreement is not ratified. As a result, due to the EU funding the Department for Infrastructure provides, an unquantifiable contingent liability is disclosed.



Accounting Officer

27th June 2018

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 31 March 2018 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the Statement of Assembly Supply, and the related notes, and the information in the Assembly Accountability and Audit 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 31 March 2018 and of its comprehensive net 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 Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2018 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 of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Department for Infrastructure in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, 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.

Other Information

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

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

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department of Finance directions made under the 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.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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.

I am required to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

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 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.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

A handwritten signature in black ink, reading 'K J Donnelly' with a stylized flourish at the end.

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

29 June 2018

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 2018

		2017-18 £000	2016-17 £000
	Note		
Dividend and Interest Income		(74,477)	(71,666)
Income from car park receipts and penalty charge notices		(11,522)	(10,524)
Other Income		(59,697)	(65,497)
Total Operating Income	5	(145,696)	(147,687)
Grants	4	471,140	448,755
Staff Costs	3,4	80,669	81,441
Purchase of goods and services	3,4	96,545	88,750
Other operating expenditure	3,4	4,594	4,306
Depreciation, impairment charges and profit/loss on disposal of assets	3,4	124,864	233,048
Provision expense	3,4	9,435	4,773
Notional charges	3	14,763	14,249
Total Operating Expenditure		802,010	875,322
Net Operating Expenditure		656,314	727,635
PPP Expense	4	39,718	39,494
Net Expenditure for the year		696,032	767,129
Other Comprehensive Net Expenditure (restated)			
Items that will not be reclassified to net operating cost:			
- Net (gain)/loss on revaluation of Property, Plant and Equipment (PPE)	6	(794,556)	(832,215)
- Net (gain)/loss on revaluation of intangibles	7	(274)	(193)
Items that may subsequently be reclassified to net operating costs:			
- Adjustment to Property, Plant and Equipment (PPE) opening balance	6	(150,077)	79,137
- Adjustment to Intangibles opening balance	7	-	338
Comprehensive Net Expenditure for the year		(248,875)	14,196

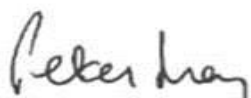
The notes on pages 98 to 139 form part of the financial statements.

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 2018

		31 March 2018	(restated) 31 March 2017
		£000	£000
	Note		
Non-current assets:			
Property, plant and equipment	6	27,099,918	26,078,245
Intangible assets	7	7,383	10,027
Financial assets	12	1,765,032	1,692,307
Total non-current assets		28,872,333	27,780,579
Current assets:			
Assets classified as held for sale	13	1	285
Inventories	14	2,310	3,201
Trade and other receivables	16	58,605	44,349
Cash and cash equivalents	15	7,560	11,244
Total current assets		68,476	59,079
Total assets		28,940,809	27,839,658
Current liabilities:			
Trade and other payables	17	(258,178)	(230,648)
Provisions	18	(6,590)	(3,800)
Total current liabilities		(264,768)	(234,448)
Non-current assets plus/less net current assets/liabilities		28,676,041	27,605,210
Non-current liabilities:			
Other payables	17	(314,100)	(312,847)
Provisions	18	(29,945)	(33,516)
Total non-current liabilities		(344,045)	(346,363)
Assets less liabilities		28,331,996	27,258,847
Taxpayers' equity:			
General fund		16,204,444	16,015,753
Revaluation reserve		12,127,552	11,243,094
Total taxpayers' equity		28,331,996	27,258,847



Accounting Officer

The notes on pages 98 to 139 form part of the financial statements.

27th June 2018

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 generated 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. Cash flows arising from financing activities include Assembly Supply and other cash flows, including borrowing.

For year ended 31 March 2018

		2017-18 £000	2016-17 £000
	Note		
Cash flows from operating activities			
Net operating cost		(696,032)	(767,129)
Adjustments for non-cash transactions	4.2	121,972	214,503
(Increase)/decrease in trade and other receivables	16	(14,255)	6,118
<i>less movements in receivables relating to items not passing through the Net Operating Cost</i>			
Increase/(decrease) in amounts due from Consolidated Fund	16	-	-
Increase in Consolidated fund debtor	16	4,068	-
Movement in provision for bad debt	16	(2,021)	(692)
Receivables due from other department re CFER non cash	16	-	4
(Increase)/decrease in inventories	14	891	278
Increase/(decrease) in trade and other payables	17	28,785	52,884
<i>less movements in payables relating to items not passing through the Net Operating Cost</i>			
(Increase)/decrease in amounts due to Consolidated Fund		(1,645)	(61,661)
Decrease/(increase) in amounts due to capital retentions/accruals		(2,229)	2,975
Bad debt provision	16	(568)	(552)
Use of other revenue provisions	18	(3,995)	(5,573)
Net cash outflow from operating activities		(565,029)	(558,845)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(178,136)	(192,228)
Purchase of intangible assets	7	(353)	(728)
Proceeds of disposal of property, plant and equipment	6	331	155
Proceeds of disposal of intangibles	7	-	-
Proceeds of disposal of assets held for resale		1,418	1,218
Investment additions	12	(69,000)	(34,957)
Net cash outflow from investing activities		(245,740)	(226,540)

Cash flows from financing activities

From the Consolidated Fund (Supply) – current year	807,094	772,913
Loan from the Consolidated Fund	-	11,148
From the Consolidated Fund (Supply) – prior year	-	-
From the Consolidated Fund (non-Supply)	-	-
From EU/TENS – capital grant receipts	-	-
Developer contributions	-	-
<i>Net financing</i>	807,094	784,061
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund	(3,675)	(1,324)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities	-	-
Payments of amounts due to the Consolidated Fund	(9)	(64)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund	(3,684)	(1,388)
Cash and cash equivalents at the beginning of the period	15 11,244	12,632
Cash and cash equivalents at the end of the period	15 7,560	11,244

The notes on pages 98 to 139 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 2018

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2016 (Restated)		15,948,371	10,584,799	26,533,170
Adjustment to Opening Balance		1,156	(79,956)*	(78,800)
Restated balance at 1 April 2016		15,949,527	10,504,843	26,454,370
Net gain/(loss) on revaluation of property, plant and equipment		-	832,216	832,216
Net gain/(loss) on revaluation of intangible assets		-	193	193
Net Assembly Funding - drawn down		772,913	-	772,913
Net Assembly Funding - deemed		10,785	-	10,785
Supply (payable)/receivable	17	-	-	-
CFERs - other		(790)	-	(790)
CFERs - Excess Accruing Resources		(60,572)	-	(60,572)
CFERs - EU capital funding		-	-	-
Recognition of loans and PDC in DVA		2,570	-	2,570
Comprehensive net expenditure for the year		(767,129)	-	(767,129)
Non-Cash Adjustments:				
Non-cash charges - notional cost	3	14,168	-	14,168
Non-cash charges - auditor's remuneration	3	123	-	123
Movement in Reserves:				
Transfers between reserves		94,158	(94,158)	-
Balance at 31 March 2017		16,015,753	11,243,094	27,258,847

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2017 (Restated)		16,015,753	11,243,094	27,258,847
Adjustment to Opening Balance		3	150,076**	150,079
Restated balance at 1 April 2017		16,015,756	11,393,170	27,408,926
Net gain/(loss) on revaluation of property, plant and equipment		-	794,557	794,557
Net gain/(loss) on revaluation of intangible assets		-	274	274
Net Assembly Funding - drawn down		807,094	-	807,094
Net Assembly Funding - deemed		-	-	-
Supply (payable)/receivable	16	4,068	-	4,068
CFERs - other		(1,552)	-	(1,552)
CFERs - Excess Accruing Resources		-	-	-
CFERs - EU capital funding		(102)	-	(102)
Comprehensive net expenditure for the year		(696,032)	-	(696,032)
Non-Cash Adjustments:				
Non-cash charges - notional cost	3	14,649	-	14,649
Non-cash charges - auditor's remuneration	3	114	-	114
Movement in Reserves:				
Transfers between reserves		60,449	(60,449)	-
Balance at 31 March 2018		16,204,444	12,127,552	28,331,996

*Adjustment to opening balance relates to network assets valuation.

** In 2017-18, a number of upgrades to the roads infrastructure survey software were implemented. This represents the culmination of a number of years work to modernise and improve the valuation process for NICS's largest asset. The total financial effect of this implementation was a £150m condition improvement.

The notes on pages 98 to 139 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 2017-18 Government Financial Reporting Manual (FReM) issued by Department of Finance (DoF) (formerly the Department of Finance and Personnel). 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 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. The last such valuation

was 1 April 2016 with indices used to update the valuation as at 31 March 2017. 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 in 2015-16.

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 2018. The modern day replacement value (MDRV) of the flood defence assets is calculated from an in-house developed model using the CESMM4 carbon and price book 2013 to more accurately reflect "Modern Day" construction and procurement practices. The rates derived within the cost models are applied to the network statistics, which are contained within Rivers' Networking Asset Inventory Database. The model is continually updated to take account of additions and condition surveys that have taken place.
- 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 31 March 2013. The next valuation date is 1 April 2018 in line with land assets. These are then be 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	3-10 years
Furniture & Fittings	3-10 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.

1.5 Assets adopted from developers

Assets adopted from developers do not meet the definition of a donated asset and do not qualify for the treatment set out in the FReM for donated assets. These assets are treated as normal property, plant and equipment in accordance with IAS 16. They are capitalised at their current value on receipt and this value is credited to the Statement of Comprehensive Net Expenditure in accordance with IFRIC 18.

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 12. 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.

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 IAS 39. 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%.

Under the requirements of IAS 39 Financial Instruments: Recognition and Measurement, as interpreted by FREM, PDC is reported at historic cost less impairment.

Deeds of Guarantee

In accordance with IAS 39 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.

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 2017 applied to the untaken leave balance at 31 March 2017 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 0.1% 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.

There are 3 new discount rates to be applied for general provisions:

- Short-term (-2.42% applied to cash flows of general provisions between 0 and 5 years)
- medium term (-1.85% after 5 and up to 10 years)
- long-term (-1.56% exceeding 10 years).

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) on an accruals basis. The Statement of Comprehensive Net Expenditure is stated net of VAT. Both trade receivables and trade payables are stated gross of VAT and the VAT account balance is adjusted accordingly.

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. A machine based survey (SCANNER) is now carried out on the B and C class roads as a rolling 4 year programme. On the non-trunk roads a Coarse Visual Inspection survey (CVI) is carried out as a rolling programme over 2 years on the 'B' and 'C' class roads and every 4 years on the 'unclassified roads'. 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.

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 2017-18. 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.

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, 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 2020-21, 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 the new Standards.

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

Management has reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. Management consider that the introduction of the changes to IFRS 9 on Financial Instruments in relation to recognising future credit losses and also to IFRS 16 on leases may have some impact but these are unlikely to have a significant impact on the accounts in the period of initial application.

2. Statement of Operating Expenditure by Operating Segment

During 2017-18 the Department's operating segments reflected the basis of 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 2017-18 the Department comprised of three Groups:

- Planning, Water and DVA,
- Roads and Rivers
- Transport and Resources

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

Planning, Water and DVA

Planning: Strategic & Policy

Strategic Planning Division's role is central to ensuring the effective operation of the planning system. Responsibilities include supporting the councils in delivering their planning functions, as well as ensuring the effective operation of planning functions that remain within central government particularly the processing of regionally significant planning applications. The regeneration of the Crumlin Road Gaol and St Lucia site are also important elements of this Division.

Planning Policy Division 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 Division also provides support to local councils, monitors planning performance and works with councils to identify best practice in order to drive forward continuous improvement.

Water Drainage & Policy

The Group was responsible for the development and maintenance of the policy and regulatory environment to provide a modern, high quality water and sewerage service, at the lowest possible cost.

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

Transport Projects and Business Services

Responsibility for DfI Roads Business Services (Lands, parking Enforcement, Claims Unit) as well as a number of transportation projects including Belfast Rapid Transit.

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; river and sea defence maintenance; construction of flood alleviation schemes and provision of flood maps and risk information.

Transport and Resources**Public Transport**

The Group are 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.

Safe and Sustainable Travel

Responsible for the promotion of improved road safety and the delivery of better regulation of the transport sector. This includes responsibility for coordinating the implementation of the Northern Ireland Road Safety Strategy.

Transport Policy, Strategy and Legislation (TPSLD)

Responsible for the Department's legislative programme, policy on Active Travel, Sustainable Transport, Public Transport and Accessible Transport. They are also responsible for policy and legislation for Northern Ireland's air and sea ports.

Corporate Services

Responsible for a range of corporate services, which includes support for the Permanent Secretary, human resources, strategic planning, information systems, organisational development, finance, internal audit and equality issues.

			2017-18 £'000
	Gross Expenditure	Income	Net Expenditure
Roads	293,999	(45,663)	248,336
Transport Projects	383	(167)	216
Rivers	27,262	(354)	26,908
Planning: Strategic & Policy	6,164	(407)	5,757
Water Drainage & Policy	292,299	(72,889)	219,410
DVA	5,584	(5,288)	296
Public Transport	169,852	(16,346)	153,506
Safe and Sustainable Travel/TPSLD	13,003	(2,876)	10,127
Corporate Services	33,182	(1,706)	31,476
Total Net Expenditure per SoCNE	841,728	(145,696)	696,032

			2016-17 £'000
	Gross Expenditure	Income	Net Expenditure
TNI Roads Service	381,515	(63,385)	318,130
TNI Transport Projects	1,912	(6)	1,906
Rivers	32,235	(209)	32,026
Planning: Strategic & Policy	5,869	(824)	5,045
Water Drainage & Policy	286,364	(70,349)	216,015
DVA	4,554	(1,317)	3,237
Public Transport	162,774	(8,018)	154,756
Road Safety & Vehicle Regulation Division	4,287	(1,509)	2,778
Corporate Services	35,306	(2,070)	33,236
Total Net Expenditure per SoCNE	914,816	(147,687)	767,129

3. Other administration costs

	2017-18 £000	2016-17 £000
Staff Costs³:		
Wages and salaries	49,403	49,289
Social security costs	5,630	5,736
Other pension costs	11,618	11,994
Other staff costs	311	488
Total staff costs	66,962	67,507
Purchase of goods and services:		
Purchase of goods and services	7,526	7,009
Total Purchase of goods and services:	7,526	7,009
Other operating expenditure:		
Rentals under operating leases – land and buildings	71	50
Rentals under operating leases – other	42	53
Other expenditure	4,579	4,972
Less: Own work Capitalised	(1,823)	(1,890)
Total other operating expenditure	2,869	3,185
Non-cash items		
Depreciation, impairment charges and profit/loss on disposal of assets:		
Depreciation of property, plant and equipment	1,177	1,177
Amortisation of intangibles	321	181
Revaluation charge to Statement of Comprehensive Net Expenditure	-	9
Impairment of asset	38	-
(Profit)/Loss on disposal of assets (non-cash)	2	-
Total Depreciation, impairment charges and profit/loss on disposal of assets	1,538	1,367
Provision expense:		
Provided in year	640	(29)
Total Provision expense	640	(29)
Notional charges:		
Notional accommodation	6,404	6,950
Notional Land and Property Services	-	940
NIAO auditors' remuneration	114	123
Other notional costs	8,245	6,236
Total notional charges	14,763	14,249
Total Administration Costs	94,298	93,288

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

4. Programme costs

	2017-18 £000	2016-17 £000
Grants:		
Current grants and subsidies	382,293	364,610
Capital grants and subsidies	88,847	84,145
Total grants	471,140	448,755
Staff Costs⁴:		
Wages and salaries	10,399	10,564
Social security costs	1,060	1,112
Other pension costs	2,248	2,418
Other staff costs	-	(160)
Total staff costs	13,707	13,934
Purchase of goods and services:		
Purchase of goods and services	89,019	81,741
Total Purchase of goods and services:	89,019	81,741
Other operating expenditure:		
Rentals under operating leases – land and buildings	29	36
Rentals under operating leases – other	6	28
Exchange loss / (gain)	(229)	(1,296)
Other expenditure	1,919	2,353
Total other operating expenditure	1,725	1,121
Non-cash items		
Depreciation, impairment charges and profit/ loss on disposal of assets:		
Depreciation of property, plant and equipment	119,927	213,041
Amortisation of intangibles	3,116	3,112
Revaluation charge to Statement of Comprehensive Net Expenditure	(63)	15,802
Impairment of asset	343	(305)
(Profit)/loss on disposal of assets	3	31
Total Depreciation and impairment charges	123,326	231,681
Provision expense:		
Provided in year	6,201	3,509
Borrowing costs on provisions	5	49
Provision for bad debts	2,589	1,244
Total Provision expense	8,795	4,802
PPP expense:		
PPP service charge	18,902	18,183

⁴ Further analysis of staff costs is located in the Staff Report in the Accountability Section

PPP interest on loan	20,816	21,311
Total other operating expenditure	39,718	39,494
Total Programme Costs	747,430	821,528

4.1 Total Operating Expenditure Reconciliation

	Administration Costs £000	Programme Costs £'000	2017-18 Total £000
Grants	-	471,140	471,140
Staff costs	66,962	13,707	80,669
Purchase of goods and services	7,526	89,019	96,545
Other operating expenditure	2,869	1,725	4,594
Depreciation, impairment charges and profit/loss on disposal of assets	1,538	123,326	124,864
Provision expense	640	8,795	9,435
Notional charges	14,763	-	14,763
PPP expense	-	39,718	39,718
Total	94,298	747,430	841,728

	Administration Costs £000	Programme Costs £'000	2016-17 Total £000
Grants	-	448,755	448,755
Staff costs	67,507	13,934	81,441
Purchase of goods and services	7,009	81,741	88,750
Other operating expenditure	3,185	1,121	4,306
Depreciation, impairment charges and profit/loss on disposal of assets	1,367	231,681	233,048
Provision expense	(29)	4,802	4,773
Notional charges	14,249	-	14,249
Finance expense	-	39,494	39,494
Total	93,288	821,528	914,816

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

	2017-18 £000	2016-17 £000
Staff costs	-	42
Non-staff administration costs (see Note 3)	16,941	15,587
Programme costs – (see Note 4)	132,121	236,483
Non cash transfer of land from DoF	(3,700)	-
Investment in DVA	-	5,059
Non cash capital grant / capital grant income	(23,390)	(42,668)
Non-cash transactions (Statement of Cash Flows)	121,972	214,503
Adjust for capital provisions (see note 18)	409	7,788
Exchange (loss)/gain	(1,018)	591
Non cash transfer of land from DoF	3,700	-
Non cash proceeds for capital grant /capital grant income	23,390	42,668
Adjustment for investment in DVA	-	(5,059)
Profit / loss on disposal	(5)	(31)
Non-cash transactions (Statement of Assembly Supply)	148,448	260,460

5. Income

	2017-18 £000		2016-17 £000		
	RfR A	Total	RfR A	RfR B*	Total
Administration income					
Other	2,460	2,460	2,836	-	2,836
	2,460	2,460	2,836	-	2,836
Programme income					
Loan Interest from NI Water	48,365	48,365	-	47,087	47,087
Dividend Income from NI Water	24,524	24,524	-	23,262	23,262
Other capital grant income - Developers Contributions	23,390	23,390	25,709	-	25,709
Other capital grant income – Peace Bridge	-	-	16,941	-	16,941
Car park receipts and penalty charge notices income	11,522	11,522	10,524	-	10,524
EU grant income – Accruing Resources income	15,259	15,259	7,730	-	7,730
EU grant income – CFER income	102	102	483	-	483
Recoverable works	3,037	3,037	3,061	-	3,061
Planning fees	158	158	523	-	523
Public Dividend Capital – dividend receivable	1,473	1,473	1,207	-	1,207
Developers Contributions	1,628	1,628	864	-	864
Other Grant Income	6,827	6,827	256	-	256
Interest from DVA	115	115	110	-	110
Other	6,836	6,836	7,094	-	7,094
	143,236	143,236	74,502	70,349	144,851
Total income	145,696	145,696	77,338	70,349	147,687

*Request for Resources (RfRs) and units of service were realigned to match operational activities and management controls in 17-18.

6. Property, plant and equipment

	Land & Buildings excluding Dwellings	Network Assets	Plant and Machinery	Furniture and Fittings	Payments on Account and Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2017 (restated)	101,179	29,323,228	72,667	3,670	379,020	29,879,764
Opening balance adjustment*	-	(250)	-	-	1	(249)
Additions	15,287	92,031	3,023	425	65,967	176,733
Developer Contributions	1,194	22,196	-	-	-	23,390
Disposals	(109)	-	(5,384)	(80)	-	(5,573)
Transfers	(13,482)	10,840	(18)	-	-	(2,660)
Revaluations	1,512	884,319	1,329	77	-	887,237
Reclassification	644	249,245	6,426	-	(256,921)	(606)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(13)	-	(5)	2	-	(16)
Impairment	(263)	-	(322)	(154)	-	(739)
At 31 March 2018	105,949	30,581,609	77,716	3,940	188,067	30,957,281
Depreciation						
At 1 April 2017	5,170	3,737,730	56,839	1,780	-	3,801,519
Opening balance adjustment**	-	(150,326)	-	-	-	(150,326)
Charged in year	1,109	116,247	3,157	593	-	121,106
Disposals	(15)	-	(5,143)	(79)	-	(5,237)
Transfers	(1,823)	-	(18)	-	-	(1,841)
Revaluations	18	91,203	1,420	40	-	92,681
Reclassification	-	-	(6)	-	-	(6)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(78)	-	(2)	-	-	(80)
Reversal diminution	(3)	-	(311)	(139)	-	(453)
Revaluation						
At 31 March 2018	4,378	3,794,854	55,936	2,195	-	3,857,363
Carrying Amount at 31 March 2018	101,571	26,786,755	21,780	1,745	188,067	27,099,918
Carrying Amount at 1 April 2017	96,009	25,585,498	15,828	1,890	379,020	26,078,245
Asset financing:						
Owned	101,571	26,444,414	21,780	1,745	188,067	26,757,577
On-statement of financial position of PFI contracts	-	342,341	-	-	-	342,341
Carrying Amount at 31 March 2018	101,571	26,786,755	21,780	1,745	188,067	27,099,918
Of the total:						
Core Department	101,571	26,786,755	21,780	1,745	188,067	27,099,918
Agencies	-	-	-	-	-	-
Carrying Amount at 31 March 2018	101,571	26,786,755	21,780	1,745	188,067	27,099,918

Property, plant and equipment (Restated)

	Land & Buildings excluding Dwellings	Network Assets	Plant and Machinery	Furniture and Fittings	Payments on Account and Assets under Construction ***	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2016 (restated)	103,210	28,263,835	74,845	3,875	320,107	28,765,872
Opening balance adjustment	814	422	-	-	-	1,236
Additions	12,133	126,068	2,802	565	67,991	209,559
Developer Contributions	-	25,709	-	-	-	25,709
Disposals	-	-	(3,932)	(25)	-	(3,957)
Transfers	(10,276)	9,062	-	-	-	(1,214)
Revaluations	(858)	900,926	(909)	169	-	899,328
Reclassification	11,469	(2,794)	261	(268)	(9,078)	(410)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(15,313)	-	(643)	14	-	(15,942)
Impairment	-	-	306	-	-	306
Transfers to Public Corporation	-	-	(63)	(660)	-	(723)
At 31 March 2017	101,179	29,323,228	72,667	3,670	379,020	29,879,764
Depreciation						
At 1 April 2016 (restated)	2,275	3,381,062	59,211	1,849	-	3,444,397
Opening balance adjustment	-	80,373	-	-	-	80,373
Charged in year	1,416	209,529	2,752	521	-	214,218
Disposals	-	-	(3,745)	(26)	-	(3,771)
Reclassification	1,462	(1,462)	14	(16)	-	(2)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(3)	-	(136)	8	-	(131)
Revaluation	20	68,228	(1,218)	83	-	67,113
Transfers to Public Corporation	-	-	(39)	(639)	-	(678)
At 31 March 2017	5,170	3,737,730	56,839	1,780	-	3,801,519
Carrying Amount at 31 March 2017	96,009	25,585,498	15,828	1,890	379,020	26,078,245
Carrying Amount at 1 April 2016	100,935	24,882,773	15,634	2,026	320,107	25,321,475
Asset financing:						
Owned	96,009	25,243,157	15,828	1,890	379,020	25,735,904
On-statement of financial position of PFI contracts	-	342,341	-	-	-	342,341
Carrying Amount at 31 March 2017	96,009	25,585,498	15,828	1,890	379,020	26,078,245
Of the total:						
Core Department	96,009	25,585,498	15,828	1,890	379,020	26,078,245
Agencies	-	-	-	-	-	-
Carrying Amount at 31 March 2017	96,009	25,585,498	15,828	1,890	379,020	26,078,245

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 2016 – DfI Assets Various dates – transferee assets	Indicative Land Indices (LPS)
Car Parks	Land & Property Services (LPS)	31 March 2013	Indicative Land Indices (LPS) & BCIS Index (LPS)
Buildings: Depots & Section offices	Land & Property Services (LPS)	31 March 2013	LPS Area Office Index
Networked Assets	Roads and Structures - Atkins (Asset management Consultants) and Professor MS Snaith FREng Flood Defences & Culverts in-house valuation	31 March 2016 31 March 2018	Roads and Structures - Baxter Index (Provisional) Flood Defences & Culverts – annual in-house valuation
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 2018, using the ‘Baxter Index’ for construction in England, Wales and Northern Ireland and revalued unit rates for roads and structures. For 2017-18 a provisional index to 31 December 2017 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.

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.

DfI aims to undertake professional revaluations of land and buildings every five years. A full professional valuation of land for schemes was due as at 31 March 2016 but was carried out by

Land and Property Services (LPS), a directorate within DoF, as at 1 April 2016 in accordance with RICS Valuation - Professional Standards (updated January 2014). Similarly, the Car Park professional revaluation due at 31 March 2018 will be carried out as at 1 April 2018.

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 two years on the “B” and “C” class roads and a visual survey (Coarse Visual Inspection (CVI)) carried out on the “Unclassified” roads as a rolling programme over four years. 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 4 years for unclassified roads. A machine-based survey is currently unsuitable for use on the U class roads.

The machine used to assess the condition of B and C class roads is SCANNER. Since 2012 SCANNER data was collected in anticipation of a change from CVI and to allow for parallel comparisons over the 4 year period to 2016. CVI surveys on the B and C class roads ended in 2015 and they are subject to SCANNER surveys only from 2016 onwards. For the transition from using CVI to SCANNER, our independent engineering consultants Atkins, were employed to provide the valuation. An independent consulting engineer, Professor Martin Snaith assisted with the development of the methodology and undertook a review and challenge role throughout the exercise. Professor Snaith has recommended ‘fine-tuning’ of the methodology and work to incorporate this in to the infrastructure valuation will commence in the 2018-19 financial year.

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.

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

**In 2017-18, a number of upgrades to the roads infrastructure survey software were implemented. This represents the culmination of a number of years work to modernise and improve the valuation process for NICS’s largest asset. The total financial effect of this implementation was a £150m condition improvement reflected in the opening balance.

***During the 2017-18 financial year, following recommendations by NIAO, Roads Infrastructure Assets Under Construction were identified and disclosed. In line with IAS 8 the 2016-17 comparatives have been restated (see Note 23)

7. Intangible assets

	Externally Developed Software	Internally Developed Software	Software Licences	Licences, Trademarks and Artistic Originals	Payments on Account and Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2017	3,553	18,573	1,082	47	1,454	24,709
Opening balance adjustment	-	-	-	-	-	-
Additions	182	-	121	-	50	353
Disposals	-	-	(2)	-	-	(2)
Revaluations	156	737	(13)	-	-	880
Reclassification	258	1,511	-	-	(1,504)	265
Transfers						
Impairment losses	(68)	(128)	(207)	-	-	(403)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	(2)	-	-	-	(2)
At 31 March 2018	4,081	20,691	981	47	-	25,800
Depreciation						
At 1 April 2017 (restated)	1,467	12,691	524	-	-	14,682
Opening balance adjustment	-	-	-	-	-	-
Charged in year	865	2,450	120	-	-	3,435
Disposals	-	-	(2)	-	-	(2)
Transfers	-	-	-	-	-	-
Reclassification	6	-	-	-	-	6
Revaluation	91	542	(27)	-	-	606
Reversal diminution	(64)	(39)	(205)	-	-	(308)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	(2)	-	-	-	(2)
At 31 March 2018	2,365	15,642	410	-	-	18,417
Carrying Amount at 31 March 2018	1,716	5,049	571	47	-	7,383
Carrying Amount at 1 April 2017	2,086	5,882	558	47	1,454	10,027
Asset financing:						
Owned	1,716	5,049	571	47	-	7,383
On-statement of financial position PFI contracts	-	-	-	-	-	-
Carrying Amount at 31 March 2018	1,716	5,049	571	47	-	7,383
Of the total:						
Core Department	1,716	5,049	571	47	-	7,383
Agencies	-	-	-	-	-	-
Carrying Amount at 31 March 2018	1,716	5,049	571	47	-	7,383

Intangible assets

	Externally Developed Software	Internally Developed Software	Software Licences	Licences, Trademarks and Artistic Originals	Payments on Account and Assets under Construction	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2016 (restated)	9,819	17,873	1,365	46	4,796	33,899
Opening balance adjustment	338	-	-	-	-	338
Additions	333	-	160	-	253	746
Disposals	(1,242)	(140)	(149)	-	-	(1,531)
Revaluations	57	436	(111)	1	-	383
Reclassification	6	404	-	-	-	410
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	(7)	-	-	(7)
Transfers to Public Corporation	(5,758)	-	(176)	-	(3,595)	(9,529)
At 31 March 2017	3,553	18,573	1,082	47	1,454	24,709
Depreciation						
At 1 April 2016 (restated)	7,718	10,118	761	-	-	18,597
Opening Balance Adjustment	-	-	-	-	-	-
Charged in year	708	2,409	176	-	-	3,293
Disposals	(1,242)	(140)	(149)	-	-	(1,531)
Transfers	-	-	-	-	-	-
Reclassification	2	-	-	-	-	2
Revaluation	6	304	(120)	-	-	190
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	(7)	-	-	(7)
Transfers to Public Corporation	(5,725)	-	(137)	-	-	(5,862)
At 31 March 2017	1,467	12,691	524	-	-	14,682
Carrying Amount at 31 March 2017	2,086	5,882	558	47	1,454	10,027
Carrying Amount at 1 April 2016	2,101	7,755	604	46	4,796	15,302
Asset financing:						
Owned	2,086	5,882	558	47	1,454	10,027
On-statement of financial position PFI contracts	-	-	-	-	-	-
Carrying Amount at 31 March 2017	2,086	5,882	558	47	1,454	10,027
Of the total:						
Core Department	2,086	5,882	558	47	1,454	10,027
Agencies	-	-	-	-	-	-
Carrying Amount at 31 March 2017	2,086	5,882	558	47	1,454	10,027

8. Impairments

In 2017-18 an impairment expense of £381,601, the bulk of which relates to buildings has been charged to the Statement of Comprehensive Net Expenditure.

9. Capital and other commitments

9.1. Capital commitments

	31 March 2018 £000	31 March 2017 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements	463,263	531,614

9.2 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 2018 £000	31 March 2017 £000
Obligations under operating leases comprise:		
Land & Buildings:		
Not later than one year	31	31
Later than one year and not later than five years	10	41
Later than five years	-	-
Total	41	72
Office Equipment:		
Not later than one year	3	-
Later than one year and not later than five years	1	-
Later than five years	-	-
Total	4	-

9.3. Commitments under PPP contracts

9.3.1 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.

9.3.2 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 2018 £000	31 March 2017 £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	395,625	424,197
	538,484	567,056
<i>Less interest element</i>	(243,103)	(263,919)
Total	295,381	303,137

9.3.3 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 £18,902,932 (2016-17: £18,183,667) 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 2018 £000	31 March 2017 £000
Not later than one year	23,601	21,914
Later than one year and not later than five years	102,442	96,113
Later than five years	590,059	612,316
	716,102	730,343

9.3.4 Off Statement of Financial Position PPP contracts

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

9.4 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 can be drawn upon until 2021. 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 £1,082.56 million (31 March 2017: £1,013.56 million) including the £150 million issued at vesting (**note 12**).

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 2018. Borrowings on the facility are repayable on demand. Interest is payable at a floating rate of the London Interbank Offered Rate (LIBOR) + 0.35%. The facility outlined above was not utilised at 31 March 2018.

10. Financial guarantees

10.1 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.

10.2 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 2017-18 the Subsidy was £291m and for 2018-19 it is estimated to be £299m.

11. 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:

	2017-18				2016-17
	From Interest £000	From Subsequent Measurement At Fair Value £000	Currency Translation £000	Provision for Bad Debt £000	Net gain/(loss) £000
Loans and receivables (Gain)/loss	-	-	(229)	2,589	2,360
Total	-	-	(229)	2,589	2,360

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.

12. 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 31 March 2017	671,690	150,000	866,690	3,927	1,692,307
Additions	-	-	70,863	1,862	72,725
Balance at 31 March 2018	671,690	150,000	937,553	5,789	1,765,032

Comprising:

	Loan Stock & Ordinary Shares £000	Loan on vesting £000	Long-term loan £000	PDC £000	Total £000
NI Water	671,690	150,000	932,561	-	1,754,251
DVA	-	-	4,992	5,789	10,781
Balance at 31 March 2018	671,690	150,000	937,553	5,789	1,765,032

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 2018 the company had issued further loan notes of £933million. 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 2016-17 year. NI Water's results for 2017-18 are not yet available.

	Northern Ireland Water £000
Net assets at 1 April 2017	1,300,838
Turnover for year ended 31 March 2017	422,412
Surplus/profit for the year (before financing)	166,392

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, bringing total PDC to £3,926,948. 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.

Under the requirements of IAS 39 Financial Instruments: Recognition and Measurement, as interpreted by FREM, PDC is reported at historic cost less impairment.

At 31 March 2018 DVA had Net Assets of £49.4m and a surplus for the year amounting to £7.6m.

13. Assets held for sale

	31 March 2018 £000	31 March 2017 £000
At 1 April	285	290
Transfers in	793	1,214
Transfers out	-	-
Disposals	(1,418)	(1,218)
Impairment	-	(1)
Reclassifications	341	-
Total	1	285

The Department intends to dispose of within the next year land it no longer requires. These are being actively marketed.

14. Inventories

	31 March 2018 £000	31 March 2017 £000
Inventories	2,310	3,201
	2,310	3,201

15. Cash and cash equivalents

	Cash and bank balances £000
Balance at 1 April 2016	12,632
Net change in cash and cash equivalents	(1,388)
Balance at 31 March 2017	11,244
Net change in cash and cash equivalents	(3,684)
Balance at 31 March 2018	7,560

	31 March 2018 £'000	31 March 2017 £'000
The following balances at 31 March were held at:		
Commercial banks and cash in hand	7,560	11,244
Total	7,560	11,244

The net balance comprises:

	31 March 2018 £'000	31 March 2017 £'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 17)	63,747	61,626
Amounts issued from the Consolidated Fund for Supply but not spent at year end (see Note 17)	-	-
Loan from the Consolidated Fund	11,148	11,148
Cash due to be received from the Consolidated Fund:		
Consolidated Fund Extra Receipts prepaid to the Consolidated Fund (see Note 16)	-	-
Amounts due from the Consolidated Fund not yet recognised	(67,335)	(61,530)
	7,560	11,244

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 Resource Accounts.

16. Trade receivables and other current assets

	31 March 2018 £000	Restated 31 March 2017 £'000
Amounts falling due within one year:		
Trade receivables	5,889	5,701
Other receivables	4,604	1,390
Prepayments and accrued income	4,513	4,122
VAT	9,993	10,518
EU/TEN-T grants receivable - Accruing Resource*	28,410	21,390
EU/TEN-T grants receivable - CFER*	1,128	1,228
	<hr/> 54,537	<hr/> 44,349
Amounts due from the Consolidated Fund in respect of Supply	4,068	-
	<hr/> 58,605	<hr/> 44,349

EU/TEN-T grants receivable of £1,128k and other receivables of £1,364k (2016-17: £1,228k) are to be surrendered to the Consolidated Fund when received.

*There was an error in a disclosure contained within the Department's 2016-17 Note 16, Trade receivables & other current assets in relation to the split of EU/TEN-T grants between Accruing Resources and CFER. The Accruing Resource receivable was understated by £1,737k and the CFER debtor overstated by £1,737k. The overall receivables figure and the total amounts due from EU/TEN-T are correct.

The following table shows the provision for bad debt included in trade receivables in the table above at the period end:

	31 March 2018 £000	31 March 2017 £000
Balance at 1 April	8,819	8,127
Increase in provision	2,589	2,044
Write back of provision	-	(800)
Use of provision	(568)	(552)
Balance at 31 March	<hr/> 10,840	<hr/> 8,819

In determining the recoverability of a trade receivable, the Department considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

No interest is charged on the trade receivables. The Department has provided fully for all receivables where there is evidence to suggest the debt is not recoverable.

17. Trade payables and other current liabilities

	31 March 2018 £000	Restated 31 March 2017 £'000
Amounts falling due within one year:		
Bank overdraft (Note 15)		-
Trade payables	5,907	3,352
Accruals and deferred income	169,807	145,071
Other taxation and social security	-	-
Other payables	5,076	6,482
Amounts issued from the Consolidated Fund for Supply but not spent at year end		-
Loan from the Consolidated Fund*	11,148	11,148
Consolidated Fund Extra Receipts received and receivable due to be paid to the Consolidated Fund – EU grants / TEN-T Grants**		
– Received	2,681	2,478
– Receivable	1,128	1,228
Consolidated Fund Extra Receipts received and receivable due to be paid to the Consolidated Fund – other**		
– Received	61,067	60,885
– Receivable	1,364	4
	258,178	230,648
Amounts falling due after more than one year:		
Other payables	13,566	8,854
Capital retentions	3,486	205
Deferred payable	1,667	650
Imputed loan on PPP contracts	295,381	303,138
	314,100	312,847

*In 2016-17 a loan from the Consolidated Fund was required as the Department needed more cash to fund its operations than the amount included in the Main Estimate. This would not have been required had the Spring Supplementary Estimates been approved. This loan will remain until the 2016-17 excess Net Cash Requirement is regularised.

**There was an error in a disclosure contained within the Department's 2016-17 Note 17, Trade payables & other current liabilities in relation to the split of CFER EU/TEN-T grants received and receivable (1,737k) and also between CFER EU/TEN-T grants and ordinary CFER liabilities (£741k). The overall payables figure was correct.

18. 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 2017	32,602	1,074	434	-	3,206	-	37,316
Provided in year	3,683	14	126	-	6,274	572	10,669
Provisions not required written back	(3,274)	(5)	-	-	(140)	-	(3,419)
Provisions utilised in year *	(4,041)	(313)	(210)	-	(3,422)	(50)	(8,036)
Borrowing costs (unwinding of discount)	-	5	-	-	-	-	5
Balance 31 March 2018	28,970	775	350	-	5,918	522	36,535

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	-	281	350	-	5,863	96	6,590
Later than one year and not later than five years	28,970	494	-	-	55	27	29,546
Later than five years	-	-	-	-	-	399	399
Balance 31 March 2018	28,970	775	350	-	5,918	522	36,535

*In addition to the above provisions there was £568k of bad debt provisions utilised.

	Land Acquisition for Scheme £000	Early Retirement Provisions £000	Legal Claims £000	Equal Pay £000	Public / Employer Liability £000	Accommodation / Dilapidation Costs £000	Total £000
Balance 1 April 2016 (restated)	29,238	1,411	183	13	5,191	1,178	37,214
Provided in year	10,331	25	443	-	3,278	-	14,077
Provisions not required written back	(2,543)	-	(85)	(8)	(173)	-	(2,809)
Provisions utilised in year *	(4,424)	(411)	(107)	-	(5,055)	-	(9,997)
Borrowing costs (unwinding of discount)	-	49	-	-	-	-	49
Transfers to Public Corporations	-	-	-	(5)	(35)	(1,178)	(1,218)
Balance 31 March 2017	32,602	1,074	434	-	3,206	-	37,316

Analysis of expected timing of discounted flows

	Land Acquisition for Schemes £000	Early Retirement Provisions £000	Legal Claims £000	Equal Pay £000	Public / Employer Liability £000	Accommodation / Dilapidation Costs £000	Total £000
Not later than one year	-	312	434	-	3,054	-	3,800
Later than one year and not later than five years	32,602	718	-	-	152	-	33,472
Later than five years	-	44	-	-	-	-	44
Balance 31 March 2017	32,602	1,074	434	-	3,206	-	37,316

*In addition to the above provisions there was £552k of bad debt provisions utilised.

18.1 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.

18.2 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 0.1% in real terms.

18.3 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 19**.

18.4 Contractors Claims

Claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in **note 19**.

18.5 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.

19. Contingent liabilities disclosed under IAS 37

At March 2018 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 £4,899,490. A contingent liability exists for possible dismissal cases and compensation payments in relation to these cases are estimated at £154,141.

There is also a contingent liability of £624,500 in relation to legal claims which the Department are disputing liability but could lead to a loss.

There is a contingent liability of £10,100,000 in relation to Contractor Legal cases which are pending.

There is a contingent liability of £3,860,000 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 is currently undergoing a HMRC Business Risk Review. In relation to some queries raised on the Construction Industry Scheme the department has applied for offsets, with the outcome not yet determined.

There are a number of strategic litigation cases that have been lodged in relation to holiday pay for Northern Ireland Civil Service employees. Given the nature of these cases and stage of the proceedings it is not possible to determine the outcome or to quantify any potential financial impact.

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 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 2017-18.

22. Events after the Reporting Period

A High Court judgement on 14 May 2018 has ruled the Arc21 residual waste treatment facility planning decision unlawful. The Department has appealed this decision, which also potentially has implications beyond planning. The appeal into the judgement was heard on 25 June 2018. The outcome is awaited.

23. Prior Year Adjustment

- 23.1** The Property, Plant and Equipment (PPE) note 6 reflects a prior period adjustment in relation to the separate disclosure of Roads Infrastructure Assets Under the Course of Construction. In line with IAS 8 the 2016-17 comparatives have been restated.

		Restated 2016-17 £000
	Network Assets	Payments on Account and Assets under Construction
Opening Balance- PPE	28,556,693	27,249
Opening balance adjustment	422	-
Change in disclosure	(292,858)	292,858
Restated Opening Balance- PPE	28,264,257	320,107

- 23.2** There was an error in a disclosure contained within the Department's 2016-17 Note 16, Trade receivables & other current assets in relation to the split of EU/TEN-T grants between Accruing Resources and CFER. The Accruing Resource receivable was understated by £1,737k and the CFER debtor overstated by £1,737k. The overall receivables figure and the total amounts due from EU/TEN-T are correct.

- 23.3** There was an error in a disclosure contained within the Department's 2016-17 Note 17, Trade payables & other current liabilities in relation to the split of CFER EU/TEN-T

grants received and receivable (1,737k) and also between CFER EU/TEN-T grants and ordinary CFER liabilities (£741k). The overall payables figure was correct.

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 29th June 2018.

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.

Arms 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 Chair of NI Water was appointed on 1 April 2015 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 Resource 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 Resource 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.

Since 2 March 2017 there has been no NI Executive and hence no North South Ministerial Council in place.

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 currently classified by the Office for National Statistics as public corporations. Accordingly, all borrowings by the ports must be made from Government and counts as public sector debt. Any borrowings by the Trust Ports count against the Department's Delegated Expenditure Limit.