



Department for Infrastructure Annual Report and Accounts
for the year ended 31 March 2019

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On

3rd July 2019



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Any enquiries regarding this document should be sent to us at:
financial.accounts@infrastructure-ni.gov.uk

Telephone – (02890) 540899

You can download this publication from our website at:

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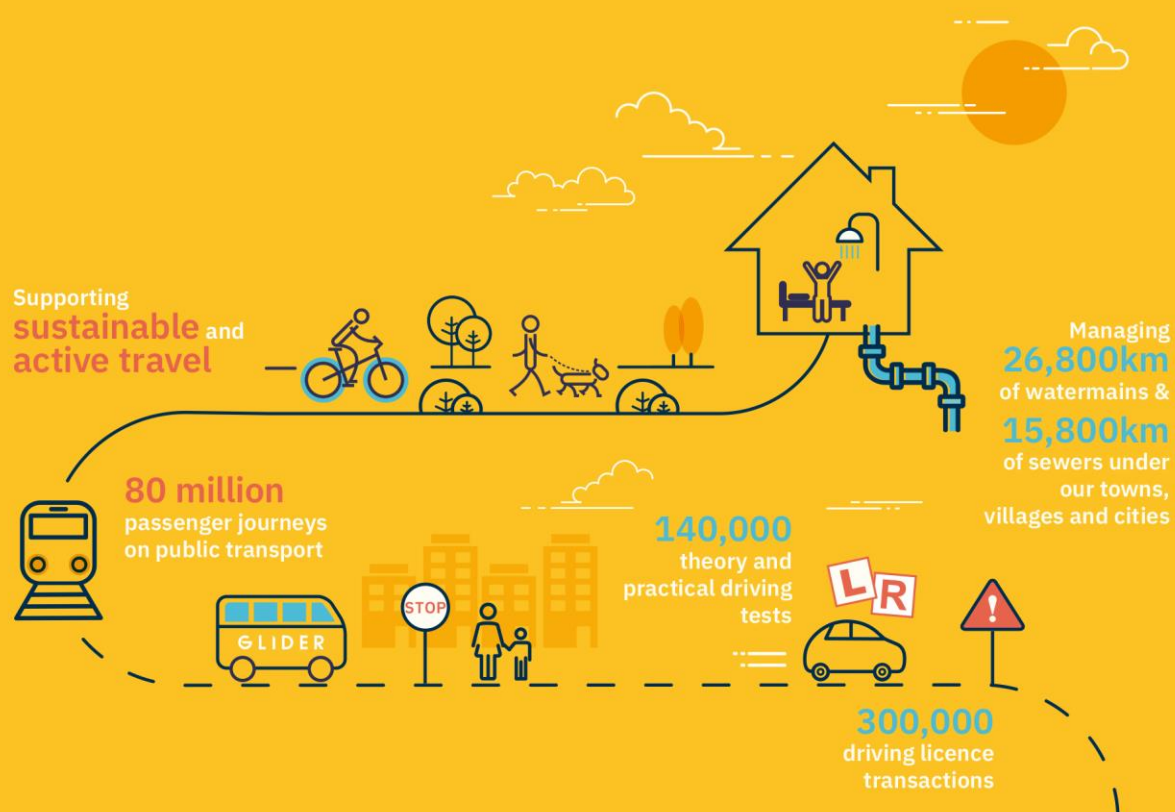
DEPARTMENT FOR INFRASTRUCTURE

Resource Accounts for the year ended 31 March 2019

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Section 1: Performance Report



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 2019.

The Department's key focus is on shaping the region and promoting economic growth; developing our infrastructure in a sustainable way; and connecting people to opportunities and services. Its functions have a positive impact on the daily lives of everyone living in, working in and visiting Northern Ireland. We make a significant contribution to many of the Outcomes agreed by the previous Executive in its draft Programme for Government and now set out in the Outcome Delivery Plan – in particular those which relate to driving economic growth; protecting our environment; tackling disadvantage; and promoting the health and wellbeing of our citizens.

During 2018 - 19, the Department has continued to operate in a highly uncertain political context and a constrained public expenditure environment. It has had to deal with and respond to the unique challenges associated with delivering public services in the absence of ministerial direction and has also had to face and respond to the additional uncertainties associated with the arrangements for the UK's exit from the EU. Despite these many and unprecedented challenges, the Department has made good progress in delivering core services and progressing improvements designed to make a positive difference for those who rely on the services we provide.

The independent Review of the Structural Maintenance Funding Requirements for DfI Roads (the Barton Report), completed for the Department in November 2018, recognised the very challenging economic climate in which the Department has to operate and also highlighted the very damaging impacts, in terms of public safety and value for money consequences, if the right level of investment is not made at the right time in maintaining our roads infrastructure. It also emphasised the need for certainty around longer term stable budgets. The report also highlighted the Department's recent reliance on late in year funding for structural maintenance, which it noted reduces its ability to plan this work properly and carry more of it out in periods of better weather. These themes were also picked up by the NIAO in its VFM report into Structural Maintenance, published on 26 March 2019. These issues apply equally to our water and sewerage and public transport infrastructure.

The Department has worked to deliver key projects designed to improve journey times and safety for road users, including major roads schemes such as the A6, new park and ride sites and Greenway projects designed to encourage walking and cycling. To promote public transport the Department has, in partnership with Translink, successfully delivered the first

phase of the Belfast Rapid Transit project, with the new Glider services launched in September 2018 and now making a real difference to how people travel in Belfast. It has also continued to progress the integrated transport hub in the North West and, following approval of planning permission, has put in place the project management structures needed to deliver the Belfast Transport Hub at Weaver's Cross.

The Department has also continued to support the effective and efficient operation of the new 2-tier planning system, providing, guidance support and oversight to council planning authorities and other stakeholders. Challenges during 2018 - 19 included the High Court Judgement on 14 May 2018 which ruled the Arc21 planning decision unlawful and the subsequent decision of the Court of Appeal on 6 July 2018 which confirmed this and referred the application back to the Department for determination. The North South Interconnector planning approval was also subject to a judicial challenge and, after carefully considering this matter, the Department requested the Court quash the approval on 8 February 2019. Subsequently, the Court referred the applications back to the Department for determination and that process is underway.

Work on the flagship A5 Western Transport Corridor project has also slowed during 2018 - 19, due to a legal challenge and in November 2018 the Department decided on advice to concede the legal challenge to the A5 and to proceed to make a fresh decision on this important scheme. Separately, the Department faced a legal challenge relating to the procurement of the York Street Interchange scheme; a ruling from the Court of Appeal is awaited.

The Department has oversight responsibility for the Driver and Vehicle Agency (DVA) and for three arm's length bodies (ALBS): the NI Transport Holding Company (NITHC); NI Water; and the Drainage Council.

The Driver & Vehicle Agency is making steady progress with 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. 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.

NI Water has, in a challenging context, driven down its operating costs whilst maintaining high standards of water quality and waste water treatment.

Translink, also in a very challenging environment, has managed to increase public transport usage with significant increases in passenger numbers on bus and rail over the past year.

The Drainage Council is responsible for ensuring the impartial and uniform application of the DfI Rivers' drainage and flood defence programme throughout Northern Ireland. The Council is a non-Departmental Public Body constituted under the Drainage (NI) Order 1973. The Members do not receive remuneration and the Council has no budget.

As noted above, the year just ending has presented new and very significant challenges in terms of EU Exit preparedness and the Department has worked tirelessly to identify risks and ensure action is taken to ensure, as far as possible, the continuation of essential water and transport

services. To oversee this work, the DfI Board established a Brexit Project Board sub-committee in June 2018 which has provided strategic direction to guide and test the Department's preparations. Various exercises and stress tests were conducted to identify functions that may be impacted by EU exit, including identifying and examining all statutory and regulatory instruments relevant to the Department. Contingency plans encompassing Command, Control and Co-ordination (C3) structures, and UK wide Operation Yellowhammer preparations were also put in place to minimise disruption to services and remain ready for reactivation should this be necessary in the months ahead.

Following the Buick Court of Appeal decision in relation to ARC 21 there was a period during which the Department's ability to make key decisions needed for the effective delivery of public services was severely constrained. The Secretary of State for Northern Ireland brought forward the Executive Formation and Exercise of Functions (NI) Act 2018 which gained Royal Assent. Following the introduction of the Act, I have taken and approved a range of decisions which are provided for in the Act and which I am satisfied are in the public interest to progress at this time. They include the granting of full planning permission for the Belfast Transport Hub and the issue of a Notice of Opinion to approve a gas-fired power station in Belfast Harbour Estate, the reappointment of the Chairs of Londonderry Port and Harbour Commissioners and Belfast Harbour Commissioners and the publication of the NI Flood Risk Management Plan 2021 - 27. These decisions are reported publicly on a monthly basis.

Throughout the year the Department maintained a state of readiness as Lead Government Department to provide a co-ordinated response to a major flooding incident for the purposes of preventing an emergency and/or reducing, controlling or mitigating its effects. A 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. The Northern Ireland Flood Risk Assessment (NIFRA) was published on 21 December 2018 providing an analysis of the potential impacts of flooding and an assessment of the areas to be at greatest flood risk.

I am very grateful to colleagues in every part of DfI for their dedication and commitment to public service and for their determination to deliver the highest possible quality of public services during a particularly challenging year.



Accounting Officer

26 June 2019

Non-Executives Board Members Report

The year to 31 March 2019 has been one of intense activity for the Department for Infrastructure. Katrina Godfrey joined the Department in September 2018 as Permanent Secretary and Accounting Officer, bringing a wealth of knowledge and experience to her new remit. The three core groups within the Department performed to a high standard, despite the very difficult budget constraints, the political uncertainty within Northern Ireland and the uncertain environment experienced as the UK plans its exit from the European Union. Likewise, the Agency, Non-Departmental Public Bodies and other organisations within DfI have also performed above expectation.

On 1 November 2018 the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 was given Royal Assent. The Act enabled senior officers of the Department to take certain decisions having regard to the accompanying guidance published by the Secretary of State, subject to the guidance, in the absence of Ministers. Decisions taken are reported to the Board at every meeting.

UK exit from EU

The Department allocated significant resources to the preparations for the UK exit from the European Union. Preparations in Northern Ireland were led jointly by the NICS and NIO and DfI was an active contributor to the plans via board membership and working group participation. A Brexit Project Board and Brexit Planning Team were established within the Department. Key priority areas were identified, including ensuring appropriate legislation is in place for the exit and ensuring the regulatory environment is clear and suitable. The Department also succeeded in putting in place all the requirements of contingency planning and it was reassuring that, following a detailed risk assessment, it became apparent that the Department already has many tried and tested resilience and contingency plans in place, primarily because of its specific responsibilities for transport and water. In order to support the Accounting Officer, the Departmental Audit and Risk Assurance Committee (DARAC) held an additional meeting devoted entirely to EU Exit preparedness, following which we were able to advise the Accounting Officer and the Board that the processes for risk, control and governance, in relation to the UK departure from the EU, are considered to be satisfactory.

Major Projects

The Department delivered Belfast Rapid Transit in September 2018 and continues to be committed to delivering the remaining three flagship projects; whilst significant progress has been made on the A6, delays caused by legal challenge have impacted on the A5. The Department is managing these delays and the prospects for imminent progress are good. The Department can be very proud of its achievements in the year in relation to the Belfast Rapid Transit system and the introduction of the Glider vehicles; the uptake in passenger numbers,

the reduced journey times and the positive sustainability outcomes all contribute to the achievement of Programme for Government outcomes.

Other major projects under the remit of the Department include a new Planning IT system for NI, the infrastructure and Digital Transformation programmes for the Driver and Vehicle Agency and the significant work carried out in the Foyle Transport Hub and the Portrush Train Station to support the July 2019 hosting of the British Open Golf Championship in Royal Portrush.

Governance

In line with best practice, DfI now has two Non-Executive Board Members (NEBMs) who attended their first Board meeting in September 2018. The NEBMs are committed to monitoring and challenging the Department's performance in relation to objectives and strategic plans, including Departmental budgets. They are also committed to identifying and contributing to new initiatives and opportunities and look forward to contributing to the excellent work achieved by the Department.

The NEBMs are grateful to the Accounting Officer and her executive team for their openness and leadership throughout the year.

Purpose and Activities

The Department is responsible for planning policy and oversight of planning functions now delegated to local councils and for advancing planning applications of regional significance. It also carries responsibility for 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;
- regional oversight of the planning system;
- planning policy and legislation;
- processing regionally significant planning applications [and others referred to the Department for determination];
- 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;
- the management of flood risk from watercourses and the sea;
- policy on water, sewerage services, flooding 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 2018 - 19 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 2018 - 19 Opening Budget can be found on the Department of Finance website (www.finance-ni.gov.uk).

The Department's Business Plan for 2018 - 19 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

While it will be for an incoming Executive to set out its priorities, the former Executive had agreed to develop a Programme for Government focused on *improving wellbeing for all – by tackling disadvantage and driving economic growth*. At its centre is a framework of outcomes for societal wellbeing, designed to target those things that will make real improvements to people's quality of life.

In the absence of an agreed Programme for Government, the *Outcomes Delivery Plan 2018 - 19* was published in June 2018. The plan is based on the outcomes agreed by previous ministers in their draft Programme for Government and has served as a work programme for all NICS departments, including DfI. It has therefore also provided the planning context for the Department's purpose and activities as contained in our Business Plan for 2018 - 19.

Outcomes Delivery Plan 2018 - 19

The Outcomes Delivery Plan sets out actions that NICS departments would take during 2018 - 19 to ensure progress in each outcome area. The plan also reflects the responsibilities placed on departments by the previous Assembly and Executive to work collaboratively, be more strongly focused on impact as opposed to activity, and less constrained by silo thinking and departmental structures.

Progress against the Plan is measured at two levels: at outcome level, each outcome has a dashboard focusing on several population indicators designed to give an indication of the extent of progress in each outcome. The population indicators provide a basis to monitor progress over the longer term and to take corrective action where needed. At the level of individual actions, measurement is at performance level, with a focus on the impact of the action. Outcomes thinking focuses our work on the impact it has on the citizen: this requires a shift in how we prioritise, deliver and evaluate our activities.

The Department contributes significantly to a number of Outcomes, in particular Outcome 11 (We connect people and opportunities through our infrastructure) and also Outcome 2 (We live

and work sustainably – protecting the environment). It also takes responsibility for monitoring progress on three of the key population Indicators, 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).

Performance Summary

Connecting People and Opportunities Through Our Infrastructure

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. It maintained a particular focus on the following priority areas identified by previous ministers and set out in the Outcomes Delivery Plan.

Reducing Journey Times on Key Economic Corridors

Work to finalise the statistical measurement of this indicator has continued. While this is happening, there has also been a focus on delivering key projects which evidence shows can contribute to improvements in average journey times on key economic corridors. These include the flagship A6 Randalstown-Castledawson and Londonderry/Derry to Dungiven Schemes and the Strategic Park and Ride Delivery Programme. Good progress has been made across these projects with construction commenced or development work underway (further detail is provided below). In addition, a further 750 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 over 80%, thus helping to ease pressure on the transport corridors. As noted above, work is also continuing to advance the A5 Western Transport Corridor scheme following legal challenge.

Journeys made walking, cycling and public transport

To increase the uptake of walking, cycling and public transport the Department worked with delivery partners to progress the: introduction of the Belfast Rapid Transit system; development of the Belfast and Foyle Transport Hubs; construction of Middlepath Street bicycle infrastructure scheme; development of greenway schemes; and rollout of the Active School Travel programme. In addition the Department provided funding to Translink 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 the key population indicator for water quality and is a measure independently determined by the Utility Regulator and 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, and customer service and infrastructure improvements. Despite the Department being unable to fund in full the Utility Regulator's Financial Determination, NI Water has managed to exceed the OPA for 2018 - 19 with a score of 244 against a target of 227, subject to audit. This means that NI Water has more than met 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. This is a credit to the company, though the continued underfunding of this vital utility will result in the need for significant additional funding in the longer term.

A summary of the Department's progress in delivering the actions it committed to delivering in the Outcomes Delivery Plan is provided below.

Outcomes Delivery Plan Action – Position at 31 March 2019

Action	Progress Update
<p>Progressing the delivery of major road schemes including flagship projects such as:</p> <p>A6 Randalstown-Castledawson</p> <p>A6 Derry-Dungiven</p> <p>A5 New Buildings-North of Strabane</p>	<p>Excellent progress has been made with the Randalstown to Toome section substantively complete, the new pedestrian bridge and a new, larger Park and Ride (with disabled parking spaces and electric car charging points) opened at the Drumderg roundabout at Toome.</p> <p>Significant earthworks are ongoing at a number of locations, including rock-blasting activities in the vicinity of Foreglen. Good progress made with the construction of culverts, an underpass, 10km of fencing and 80% of the site clearance.</p> <p>Work is being carried out to enable a fresh decision on the scheme to be taken following the Department's concession to a legal challenge to its decision to proceed with Phase 1A of the scheme. In March 2019, we consulted on an addendum to the existing Environmental Statement.</p>
Publish by autumn 2018 the Regional Strategic Transport Network Transport Plan. (RSTNTP)	Document under development - Technical tasks relating to evidence base have been completed including comparisons of travel

Action	Progress Update
	times and collation of pre-existing scheme details. Project governance now formally includes Councils through the Society of Local Authority Chief Executives (SOLACE). A Draft RSTNTP document for discussion is due to be completed in Summer 2019.
Introducing the Belfast Rapid Transit (BRT) service, connecting East Belfast, West Belfast and Titanic Quarter via the city centre using new eco-friendly Glider vehicles carrying on average an additional 5,800 passengers per day (or circa 8m total passengers per annum by 2022).	Completed - 30 BRT vehicles and 18 feeder vehicles in service. Launched on 3 September 2018, the system has already delivered unprecedented growth in public transport in Belfast, with over 45,000 additional passenger journeys on the routes each week, representing a 30% increase.
Progressing the development of the Belfast Multi-Modal Transport Hub at Weavers Cross (catering for 8-13m passenger journeys).	Design work has been on-going to ensure the Hub will be fully inclusive for all and a catalyst for the regeneration of the area and that we have the right infrastructure in place to encourage modal shift and attract more people to choose public transport. Work is also being undertaken to complement other key initiatives such as to enhance the public realm and deliver walking trails and cycle schemes to promote active travel. Planning approval for the Hub was granted in March 2019.
Progressing the development of the North West Multi-Modal Transport Hub incorporating a new train terminus, bus stands, park and ride facility, bicycle parking and services.	Project underway - early-stage work commenced on-site in September 2018 adding over 150 construction based jobs. Work has centred on stripping out the old building in preparation for its transformation into a multi-modal station. Work has also progressed well on the Greenway link to the City Centre via the Peace Bridge and laying the foundations for the new track and signalling elements of the project.
Develop the greenways programme including upgrading the Comber Greenway to include a pedestrian/cyclist bridge to Dundonald Ice Bowl along with	Work ongoing - Grant provided to Lisburn and Castlereagh City Council to build Dundonald Ice Bowl Bridge linking the Greenway with services and local

Action	Progress Update
new and upgraded walking and cycling linkages across Northern Ireland.	communities. In conjunction with the Public Health Agency, we have grant funded Councils to progress 8 greenway schemes to design stage. In 2018 - 2019 we created an additional 7.65kms of new/improved cycle ways, 1.68km of new/improved walkways and 7 new/improved walking and cycling crossings.
Completing transport strategies focusing on modal shift to public transport and active travel to be completed for all Council areas during 2018/19.	Under development - A Draft Transport Strategy for Fermanagh and Omagh was completed in January 2019 and strategies covering other council areas are being prepared in line with council timetables. Technical work on the Belfast Metropolitan Transport Strategy and North West Transport Strategy is nearing completion with strategies programmed for summer 2019.
Deliver the Active Schools Travel Programme 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.	In 2017 - 18 academic year 289 schools (15,903 people) participated in the programme. In 2016 - 17 there was a 25% increase in number of pupils who travel actively to schools at the end of the year compared to the start - in 2017 - 18 there was a 29% increase. (2018-19 figures not yet available)
<p>Improve water and wastewater services by:</p> <ul style="list-style-type: none"> • Upgrading 167 km of water mains and 12 km of the sewer network; • Alleviating low pressure problems for 159 properties; • Alleviating the risk of flooding at eight properties; and • Preventing intermittent pollution to watercourses at eight locations 	NI Water continues to invest in maintaining and upgrading its assets. This includes water mains and sewers to improve water supply and drinking water quality and to reduce pollution incidents and out-of-sewer flooding, particularly during periods of extreme weather. NI Water is forecasting to achieve its annual targets for 2018 - 19 (subject to audit) and the cumulative outturn against the 6 year PC15 target is broadly on track.
Deliver the Northern Ireland Concessionary Fares Scheme which promotes accessible public transport for members of the community who are	Approximately 14m journeys were made by 244,521 SmartPass holders (an increase of 9,219) in 2018 - 19. There were 23,361 new applicants.

Action	Progress Update
most at risk of social exclusion, through discounted and free fares.	The Department for Infrastructure worked with Imtac and Translink on the design and delivery of the new Glider service in Belfast. This engagement has contributed towards a 26% increase in patronage on comparative Metro services by concessionary fare customers since the launch of Glider in September 2018.
Working with Road Safety Partners DfI will continue to educate the Northern Ireland public about road safety issues with a view to reducing the number of road traffic fatalities and serious injuries.	<p>DfI has delivered a number of road safety information campaigns addressing poor road user behaviours, which are designed to contribute to a reduction in the number of people killed and seriously injured on our roads.</p> <p>At 31 March 2019 there were 61 fatalities for the year 2018 - 19, which is the same figure as for the year 2017 - 18. At 31 December 2018, 563 people were seriously injured, compared to 583 for the same nine month period in 2017 - 18, a reduction of 20 people.</p>

Departmental Business Plan

The Department's five year Corporate Plan and Annual Business Plan was approved by the Departmental Board in May 2018. The Plan sets out the Department's vision, strategic objectives, and associated budget allocation and key objectives. Progress against objectives is usually reported to the Departmental Board on a six monthly basis, including progress and status of significant projects. Normally, scrutiny of the progress against these objectives 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.

Of the eleven objectives and nineteen actions, all objectives were fully or partially achieved and fourteen actions were achieved, five actions were missed or partially missed, some of these actions were marginally missed and others were missed due to reasons beyond the Department's control, including as a result of the absence of ministers and of a sitting Assembly, or the reliance on third parties.

The full end-year performance report is available on the Department's website (www.infrastructure-ni.gov.uk). Particular achievements are highlighted in the table below:

Performance Report

Objective	Outcome
<p>1. Maintain a safe, fit for purpose road network and transportation system.</p> <p>Overall objective partially achieved</p>	<p>Action 1.a. The Road Safety 2020 strategy is on track for achievement with a reduction in people killed and seriously injured. – Achieved</p> <p>Action 1.b. 92% (target 70%) of the motorway and road trunk network is in satisfactory structural condition. – Achieved</p> <p>Action 1.c. DVA vehicle test and practical test applications timeframe were not achieved for a variety of reasons including the introduction of new technology. – Not achieved</p>
<p>2. Maintaining and enhancing the effectiveness of the planning system.</p> <p>Overall objective partially achieved</p>	<p>Action 2.a. There were no regionally significant applications to process for ministerial recommendation during 18-19.- Achieved</p> <p>Action 2.b. The Department's planning teams have engaged extensively with the local government and key stakeholders, have introduced a new planning monitoring framework and developed an Environmental Governance Work Programme.</p> <p>Two from a target of 4 Regional Infrastructure Delivery Plan (RIDP) research commissions were completed by December 2018. - Not Achieved</p>
<p>3. Increased competitiveness of the economy.</p> <p>Objective achieved</p>	<p>Action 3.a. A draft report has been prepared on the economic contribution of Belfast Port with the intention of informing future decisions and increasing its contribution to the economy.- Achieved</p> <p>Action 3.b. Representing the Department within the wider context of the NI Executive's economic priorities associated with the UK's decision to leave the European Union. – Achieved</p>
<p>4. Improved regional balance Of economic prosperity through increased employment.</p>	<p>Action 4.a. The department has met with stakeholders regarding Narrow Water Bridge Project and presented options and costings. The intention of any future design will be to aid and enhance the active tourism industry in the area. - Achieved</p>

Objective	Outcome
Objective achieved	
<p>5. Integrate water and drainage policy and manage flood risk in an integrated and sustainable way</p> <p>Objective Partially achieved</p>	<p>Action 5.a. The implementation of actions within the Sustainable Water Strategy is improving water quality to the public and approval has been given to an outline case for the Living with Water Programme. A timetable and works programme for the review of Flood Risk Management plans was published for Consultation on 21st December 2018.</p> <p>Draft subordinate legislation for the introduction of the Reservoir Safety Network is 90% complete. – Partially achieved</p> <p>Action 5.b. Issues with a third party contractor meant that the action in respect of repairing at least 4km of culverts was 80% complete. – Not achieved</p>
<p>6. Managing our budget effectively to maximise efficiency and utilise resources widely.</p> <p>Objective achieved</p>	<p>Action 6.a. The Department exceeded its target in keeping underspend below 1.5%. Achieved</p> <p>Action 6.b. Target in relation to surplus land disposals was exceeded by over 53%. Achieved</p> <p>Action 6.c. Recovery of income from Parking Penalty Charge Notices were exceeded. Achieved</p>
<p>7. Provide strategic, timely, responsive, quality and customer focused HR services.</p> <p>Objective achieved</p>	<p>Action 7.a. HR Business Partner works closely with the Department and has raised issues with NICS HR. Achieved</p>
<p>8. Improve business outcomes by maximising the use of information systems and digital services.</p> <p>Objective achieved</p>	<p>Action 8.a. Overall online transactions will have increased by 5%. Achieved</p> <p>Action 8.b. Tablet devices have been introduced within DVA to support and enhance the enforcement function and improve the efficiency of the driving test assessment. Achieved</p>
<p>9. Enhance DVA service delivery.</p> <p>Objective achieved</p>	<p>Action 9. DVA was awarded the EFQM Gold Star Excellence award for customer service standards, procedures and performance and was designated Role Model status, the only organisation in NI with such an accolade. ISO 9001:2015 certification was retained. Achieved</p>
<p>10. Managing the Blue Badge Scheme.</p>	<p>Action 10.a. 99.3% of Blue Badge applications are processed within the 8 week timeframe resulting in</p>

Objective	Outcome
Objective achieved	those vulnerable in society having the opportunity to avail of its benefits and their entitlements in a timely manner to the betterment of their quality of life. Achieved
11. Process Roads related Public Liability Claims. Objective partially achieved	Decisions in respect of personal injury claims and property damage claims exceeded targets timeframes resulting in savings to the taxpayer. The action relating to vehicle damage claims was not met due to the unprecedented number of claims received. Partially achieved

Financial Performance

The main features arising from the Department's financial performance in 2018 - 19 are as follows:

Water and Sewerage

During 2018 - 19, the Department paid NI Water some £300 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 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 2018 NI Water paid a dividend of £26.5 million to the Department relating to the 2017 - 18 financial year. The Department also received £49.8 million in interest from NI Water in respect of 2018 - 19. 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 £64 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 £1,146.6 million, which includes £150 million issued on the vesting of the company. NI Water disposed of assets with a Net Book Value of £0.1 million.

Roads and Rivers

In 2018 - 19, Roads & Rivers total expenditure was some £439 million with around £66 million expended on staffing and administration costs and around £108 million on the provision of service and maintenance activities. In the main, this related to: Roads Maintenance of £24 million, Street Lighting Energy and Maintenance of £16 million, Roads Drainage £22 million, Design Build Finance and Operate (DBFO) contracts of £42 million and £3 million on the maintenance of watercourses, sea defences and management of drainage and flood defences. Roads maintenance expenditure is some £1 million down on the previous year, reflecting the constrained resource funding position.

The total capital spend was some £244 million, an increase of some £69m on prior year outturn; this reflects the commencement of construction works on the A6 Trunk Road which accounted for some £78m of the total spend achieved. Capital spend also includes around £21 million for other Strategic Road Improvement schemes, £92 million for Structural

Maintenance Capital (total Structural Maintenance expenditure was £108 million), a welcome increase in spend given the significant backlog of structural maintenance, £2 million on Belfast Rapid Transit Infrastructure, £15 million for Local Transport & Safety Measures and Network Development schemes, and £8 million on Rivers Capital flood alleviation and drainage infrastructure projects. £0.7 million was realised from the disposal of assets.

Public Transport

The Department paid the NI Transport Holding Company (NITHC) / Translink £82.5 million in revenue support (including concessionary fare reimbursement of £47.1 million) and £112.7 million in capital support £67.1 million on railways, £45.6 million on new buses, bus workshops and garages. The Department remains NITHC / Translink's primary source of capital funding and one of its main sources of revenue income.

The Service Agreement entered into between the Department for Infrastructure and Translink includes a commitment from the Department that Public Service Obligation payments for public transport services will be maintained at such a level to ensure that, as a minimum, Translink is able to meet its 'Going Concern' obligations.

In 2015/16, the annual subsidy provided to Translink to provide the public transport network within Northern Ireland was reduced by some £13m by the then Minister following a difficult budget settlement. Those funds have not been restored recurrently which has led to a situation where the Company's financial reserves have been diminished despite making significant efficiencies. These issues could become acute in 2019/20 as the company may breach its working capital threshold. In any event, it could not sustain a deficit in 2020/21 as its reserves will have been significantly depleted.

The Department is actively working with the Department of Finance to seek to redress the deficit within Translink's finances.

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 taken forward to meet capacity and regulatory demands.

In 2018 - 19, DVA received income of £55.9 million, with operating expenditure totalling £45.5 million. £27.5 million was expended on staffing costs and other operating costs, such as

accommodation and contracted out services which totalled £18 million. In addition, the Agency paid a dividend and interest to the Department of £1.7 million and £0.2 million respectively.

The total capital spend was some £4.4 million, including £0.7 million on property, plant and equipment and £3.7 million on intangible assets. The majority of this relates to spend on the DVA Transformation Programme.

Waterways Ireland

During the year, DfI contributed £4.174m 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.

Financial Review

Resources

As set out in the Statement of Assembly Supply, the Department was voted Resource Estimate Provision of £787,828,000 in the Spring Supplementary Estimates for 2018 - 19. Details of Resource Estimate and Outturn are given in Table 1 below (full details are provided in the Statement of Assembly Supply (SOAS) Page 82):

Table 1

	Estimate	Outturn	Variance
	(£000)	(£000)	(£000)
Request for Resources A	787,828	717,528	70,300

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

Line	Variance Under/(Over) £000	Explanation
Line 3 Road Safety Services	828	Small underspends in various business areas used to offset overspends in other areas. Also depreciation was less than anticipated.
Line 14 Depreciation and Impairment costs	60,181	Non-trunk depreciation is calculated using a condition assessment. This assessment is carried out in March (post Spring Supplementary Estimates). The condition reduction for 2018-19 was lower than expected.
Line 15 Provisions	5,764	Public liability claims were less than anticipated and there was also a receipt of a long outstanding debt that had been previously provided for.

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 £31,219,000. The main reason for the variance is as follows:

Line	Variance Under/(Over) £000	Explanation
Acquisition of fixed assets	11,643	Adoption of assets from developers were less than anticipated
Changes in working capital	16,011	<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	1,676	Payments to creditors were less than anticipated.
Use of provisions	6,863	Land purchases were less than anticipated

Reconciliation of Resource expenditure between Estimates, Accounts and Budgets

£000	
Net Resource Outturn (Estimates)	717,528
<i>Adjustments:</i>	
Less Consolidated Fund Extra Receipts (CFERs) in the Statement of Comprehensive Net Expenditure	(5,120)
Less 'outside the vote' exchange movement	15
Net Operating Costs (Accounts)	712,423
Less capital grants paid to finance capital expenditure	(126,698)
Capital grant income	48,775
Remove non budget exchange movement	-
Resource consumption of NI Water	193,478
Voted expenditure outside budget-NIW	(224,086)
Resource consumption of Waterways Ireland	4,666
Voted expenditure outside budget-Waterways Ireland	(4,174)
Remove inter-departmental notional charges	(13,934)
Resource Budget Outturn (Budget)	590,450
<i>Of which:</i>	
Departmental Expenditure Limits (DEL)	508,259
Annually Managed Expenditure (AME)	82,191

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 82) as a three year trend analysis for capital and resource expenditure.

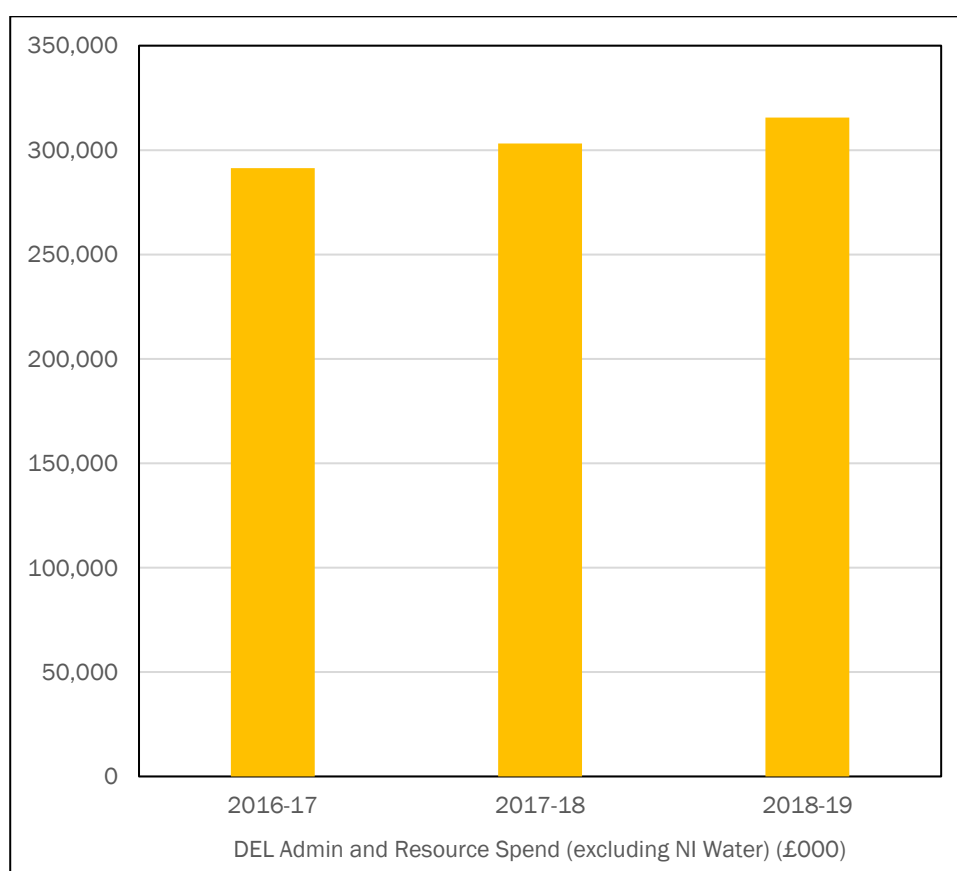
Long term expenditure trends

The following tables and graphs reflect the Departmental spend shown in the Statement of Assembly Supply (SOAS) (page 82).

	2018-19 £000	2017-18 £000	2016-17 £000
DEL Admin and Resource Expenditure	315,628	303,108	291,414
DEL Capital grants	77,941	43,364	32,999
NON Budget	242,194	237,305	232,366
AME Admin and Resource	3,186	9,435	4,773
AME Depreciation and Impairment	73,666	103,456	206,957
Excess Accruing Resources	4,913	-	55,456
Total Per SOAS 1	717,528	696,668	823,965
<i>Of which</i>			
DEL	315,628	303,108	291,414
Depreciation & Impairment Charges	24,900	21,408	26,092
Finance Expense	20,287	20,816	21,310
Grant /Subsidies	95,841	86,863	76,069
Other Operating Expenditure	4,069	3,577	4,897
Purchase of Goods and Services	117,140	115,447	106,931
Staff Costs	79,342	80,669	81,401
Income	(25,951)	(25,672)	(25,286)
DEL Capital	77,941	43,364	32,999
Grants	119,592	88,846	84,261
Income	(41,651)	(45,482)	(51,262)
AME	76,852	112,891	211,730
Depreciation and impairment costs	73,666	103,456	206,957
Provisions	3,186	9,435	4,773
Non budget	242,194	237,305	232,366
Grants/subsidies	304,510	295,431	288,426
Income	(76,250)	(72,889)	(70,350)
Notional costs	13,934	14,763	14,290
Excess Accruing Resources	4,913	-	55,456
Total Per SOAS 1	717,528	696,668	823,965

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

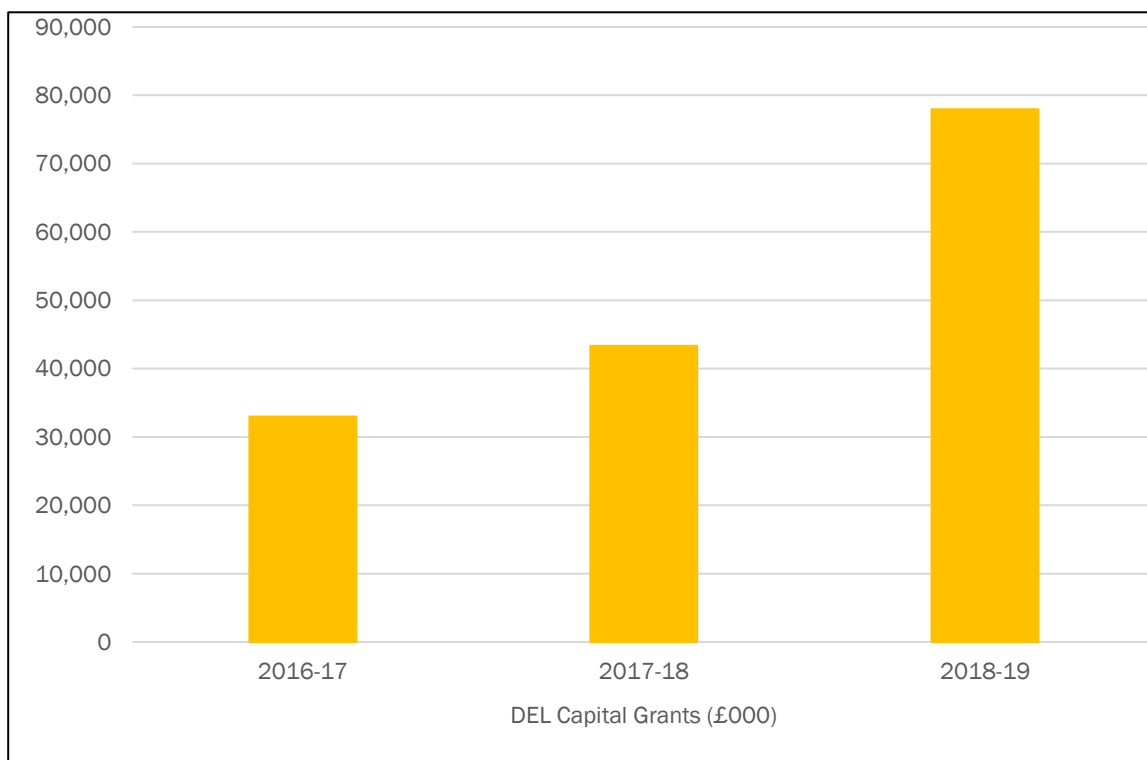
	2016-17 £000	2017-18 £000	2018-19 £000
Departmental DEL Admin & Resource expenditure (excludes NIW)	291,414	303,108	315,628



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)

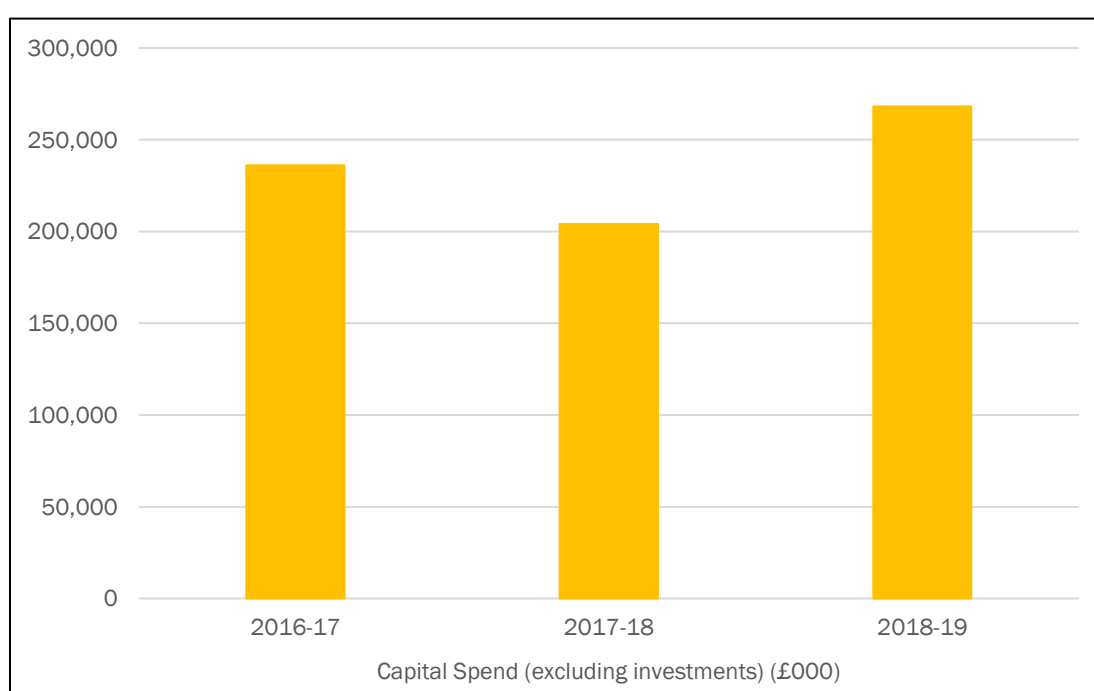
	2016-17 £000	2017-18 £000	2018-19 £000
Departmental Capital DEL grants (net of capital grant income)	32,999	43,364	77,941



There was an increase in capital grants mainly to Translink for public transport schemes and new buses and trains.

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

	2016-17 £000	2017-18 £000	2018-19 £000
Capital spend (excluding investments)	236,015	204,176	268,213



The increase in spend from prior year reflects the commencement of construction works on the A6 Trunk Road which accounted for some £78m of the total spend achieved. Capital spend also includes around £21 million for other Strategic Road Improvement schemes, £92 million for Structural Maintenance Capital (total Structural Maintenance expenditure was £108 million), £2 million on Belfast Rapid Transit Infrastructure, £15 million for Local Transport & Safety Measures and Network Development schemes and £8 million on Rivers Capital flood alleviation and drainage infrastructure projects.

Trends and Strategic Direction

Short Term

In the absence of Ministers and a formal Programme for Government, the NICS Work Programme (Outcomes Delivery Plan) has guided the work of departments during 2018 - 19 by providing direction for those who deliver public services, helping to ensure that the operational business of government is discharged as effectively as possible and in a coordinated manner. 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 and financial planning processes.

The Budget for 2019 - 20, was determined by the Secretary of State on 28 February 2019. Following notification of the allocations the Secretary of State determined should be provided to DfI, departmental allocations were approved by the Permanent Secretary under the provisions of the Executive Formation and Exercise of Functions Act. While an increase on the opening Resource budget for 2018 - 19, it will still pose challenges given inflationary increases and emerging pressures.

It should enable the maintenance of drinking water and sewerage networks but the maintenance of the road network will be problematic given its continuing deterioration and increases in raw material costs. Similarly the continued provision of public transport services, particularly maintenance of the railway infrastructure will be challenging. Maintaining current levels of service which were dependent on in-year funding in 2018 - 19 will be unlikely.

The 2019 - 20 DfI Capital budget decided on by the Secretary of State represents a £31m reduction from the budget allocation for 2018 - 19. In determining its allocation of the funds provided to it the Department has had to strike a balance between maintaining existing infrastructure in water and sewerage, the road network and public transport, and new development, particularly in pursuit of the draft Programme for Government outcomes.

Medium / Long Term

Whilst there remains a great deal of political uncertainty, looking further ahead, the Department will play its part in progressing the outcomes set out in the draft Programme for Government and the Outcomes Delivery Plan. The outlook for this period is one of continued constraints on funding in respect of the resource budget with capital funding remaining fairly constant.

The Department for Infrastructure's future work will also continue to be shaped by:

- The **Regional Development Strategy (RDS)**, which was published in March 2012, which continues to steer regional development in Northern Ireland 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.

- **Sustainable Water - A Long Term Water Strategy for Northern Ireland 2015 – 2040**, agreed by the Executive in 2016 which 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 focuses on four high-level aims: to provide high quality sustainable supplies of drinking water to households, industry and agriculture; to manage flood risk and drainage in a sustainable manner; to achieve the environmental requirements of the Water Framework Directive in a sustainable manner; and to provide sustainable water and sewerage services that meet customers' needs. The actions in the strategy will form the basis of the priorities for the PC21 investment period. 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 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 2018 indicate that the number of road deaths was 55. The 55 deaths recorded in 2018 is eight fewer deaths than 2017. At 785, the number of people killed or seriously injured on our roads in 2018 was 56 fewer than in 2017. 63 children (under 16 years) were killed or seriously injured in 2018, 5 less than in 2017 and 173 young people (16 -24) were recorded as killed or seriously injured, 4 less than 2017.

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. Delays caused by legal challenge have impacted progress, however work is ongoing to enable a fresh decision on the scheme to be taken, including the publication for consultation of an addendum to the existing Environmental Statement on 26 March 2019.

The Department is also progressing two separate projects on the strategically important A6 route, which will improve connectivity between Londonderry/Derry and Belfast – these are the 15km Randalstown to the Castledawson and the 25.5km Drumahoe to Dungiven dualling schemes. Both projects are progressing well, construction of the Randalstown to Castledawson scheme having commenced in June 2017 followed by the Dungiven to Drumahoe dualling scheme which commenced in September 2018.

Belfast Rapid Transit – under the brand name Glider - is a new and dynamic public transport system for Belfast which commenced service on 3 September 2018. The Glider system uses high quality rapid transit vehicles and new bespoke halts with easy access to vehicles, real time information systems and off-vehicle ticketing to speed up the boarding process. The Glider services have proved extremely popular with patronage figures on the corridors showing increases of over 20%, equivalent to over 40,000 additional passenger journeys per week, when compared to the same period in 2017 - 18.

The project to construct a new Transport Hub for Belfast 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. The Belfast Transport Hub 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. The planning application for the project was approved in March 2019 and work will now progress towards tendering and awarding the build contract.

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: "We live and work sustainably protecting the environment". The success of the new Belfast Rapid Transit Glider services is making a significant contribution to the increase in public transport use and the Department will continue to work proactively with delivery partners to support further increases in the uptake of walking and cycling and public transport, as sustainable transport modes. A key project will be 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 as set out in the Belfast Metropolitan Transport Plan (2003). 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 but more work needs to be done on delivery.

The ecar project continues to provide support to the emerging market for ultra-low emission vehicles, having previously delivered a network of electric vehicle charge points across Northern Ireland. On 9 July 2018, the Government published the UK-wide Ultra Low Emission Vehicle Strategy. The Department's ecar team is continuing to engage with officials in the Department for Transport (DfT) and the Office for Low Emission Vehicles on the out workings of the strategy. This engagement will help provide a regionally focused approach to addressing capability and infrastructure delivery in the future.

The new Glider service is a key element for the sustainable growth of Belfast, encouraging modal shift from the private car to public transport and utilising the latest diesel electric hybrid Glider vehicles. Its success is contributing 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 2018 - 19 we provided Translink £18.7 million capital funding to enable the purchase of 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, were successful in a NI-wide Reaccreditation Review carried out by an independent

team between November 2017 and March 2018. Roads and Translink's COPEs were awarded a pass with recommendations. Action plans have been put in place to address all recommendations. NI Water's COPE was the only organisation to record an outright pass.

The General Data protection Regulation (GDPR) was implemented across DfI to further enhance the protection of individual's personal data which include the appointment of a Data Protection Officer to focus on this important work.

Biodiversity

In relation to biodiversity, the Department and its Arm's 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. NI Water is exploring alternative energy supply solutions, most notably demonstrated by its £7 million investment in a solar farm beside Dunore Waste water Treatment Works on the shores of Lough Neagh. The company is currently exploring other projects, such as the integration of energy storage technologies across its business. These measures will contribute to NI Water's aim to increase its use of renewable energy from 13% to 40% by 2021.

Through the implementation of "Sustainable Water – A Long-Term Water Strategy for Northern Ireland (2015 - 40)" the Department, along with associated stakeholders, is seeking to fulfil its 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 Living With Water Programme (LWWP) brings together DfI (Water and Drainage Policy Division, Roads and Rivers), DAERA/NIEA, DoF, SIB, Belfast City Council, DfC and NI Water. The high level aim for the LWWP is to develop a Strategic Drainage Infrastructure Plan (SDIP) that will manage flood risk in Belfast, improve environmental standards and support economic growth. 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 the economic development of Belfast and restrict Belfast City Council's ambitions detailed in its Local Development Plan and the Belfast Region City Deal. The "Living with Water Programme" has been launched with objectives to protect against flood risk, enhance the environment and support economic growth by providing increased drainage and wastewater treatment capacity. 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

Section 75 Equality 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 (DDA 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's Disability Action Plan includes actions showing how the Department intends to fulfil these duties.

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 in development and will be published following consideration of the responses to the public consultation exercise. Actions to fulfil the Section 75 obligations will be included in an Audit of Inequalities 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 Disability Action Plan commitments were submitted to the Departmental Board.

The annual progress report for 2017 - 18 was submitted to the Equality Commission in September 2018, providing an overview of activities undertaken by the Department to fulfil its statutory equality and good relation duties.

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 April 2018 eleven 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 2018 - 19 12 members 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 15 Health & Wellbeing events where undertaken this year for staff. Three corporate one-day volunteering events were organised at Newry Hospice, Foyle Hospice and Welcome Organisation, Belfast with a total of 50 staff taking part. The Department also raised money for charity organisations by running quizzes, coffee mornings and a Craft Fair.

Charitable Donations

The Department made no charitable donations during the year.



Accounting Officer

26 June 2019

Section 2: 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 or 2018 - 19.

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 up to September 2018 and Katrina Godfrey for the remainder of the year.

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 2018 - 19, the Board had seven executive members. In March 2018 DfI and DVA initiated a recruitment competition for non-executive members to their respective Boards and Audit and Risk Assurance Committees. Mary O'Dwyer and Trevor Conway joined the DfI Board in July 2018 and Kathy Graham joined DVA in July 2018. Their primary role is to contribute to the good governance of the Department. Non-Executive Board Members (NEBMs) offer constructive challenge across the Department's business ensuring that all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency. All three appointments are for a period of three years. Mary and Trevor also sit on the Department's Audit and Risk Assurance Committee, Mary as Chair.

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

Permanent Secretary	Peter May / Katrina Godfrey – 06/09/2018
Deputy Secretary for Planning, Water & DVA	Fiona McCandless 01/06/2019 / John Irvine -18/06/2018
Deputy Secretary for Roads and Rivers	Dr Andrew Murray
Deputy Secretary for Transport and Resources	John McGrath
Department of Finance, DfI HR Strategic Business Partner	Anne Breen / Linda Barlow- 01/10/2018
Director of Finance	John McNeill
Director of Strategy, Communications & Change	Tom Kennedy / Chris Hughes - 11/02/2019
Non-Executive Board Members	Mary O'Dwyer & Trevor Conway - 23/07/2018

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 flooding, 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 rests 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, active and 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. The Department has appointed a Data Protection Officer to meet its requirements under the General Data Protection Regulation (GDPR).

Personal Data Related Incidents

The General Data protection Regulation (GDPR) was implemented across DfI to further enhance the protection of individual's personal data which include the appointment of a Data Protection Officer to focus on this important work.

The Department had one reportable breach of the GDPR in this financial year. The circumstances around the breach are currently under police investigation, and an initial report was sent to the Comptroller and Auditor General in late March 2019.

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 2018 - 19, the Department, including its Agency (DVA), paid 98.3% of invoices for goods or services within 30 days or by contract terms (98.2% 2017 - 18). 95.3% were paid within 10 days (94% 2017 -18). 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. The Department has had 23 requests for reviews about the handling of requests for information.

In 2018 - 19, a total of 129 formal complaints were received and processed under the Department's complaints procedure (186 2017 - 18). In addition to the Department's own complaints procedures, the Department received 23 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, the Complaints Handling Guide has recently been updated to include a section on dealing with vexatious complaints. The Department 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.

The audit of the financial statements for 2018 - 19 resulted in a notional audit fee of £114,000 and is included in the administration costs in the Statement of Comprehensive Net Expenditure.

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

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

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

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

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

The 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 2018 - 19. 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. In the absence of a Minister as Permanent Secretary I approve the Department's Business Plan, ensuring that it reflects fully the outcomes and priorities set out in the previous Executive's draft Programme for Government. I am supported by a Departmental Board which is kept informed about Departmental performance and of any significant deviation from the delivery of agreed actions. In more normal circumstances, the Department's Minister would be accountable to the Assembly, which would establish a 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. In the absence of Ministers and of a sitting Assembly, like all departments, we have had to operate in the absence of political direction and Assembly scrutiny.
3. As Departmental Accounting Officer, I maintain 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. Assurance Statements from my Grade 3s provide me with assurance over the quality of information reported to the Departmental Board.
4. I am the Principal Accounting Officer in relation to arm's lengths bodies that are accountable to the Department
5. 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 reports to one of my Deputy Secretaries and 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.
6. The Department delivers water & sewerage and public transport services through two separate Arm's Length Bodies: NI Water; and the NI Transport Holding Company (NITHC). NI Water and NITHC are both wholly owned by the government. The Department is the sole shareholder of NI Water which is classified as a non-departmental public body for Public Expenditure purposes. NITHC's status is that of a Public Corporation; it was established under Section 47 of the Transport Act (Northern Ireland) 1967.

7. 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.
8. The Department 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

9. 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. Effective operation of the system of internal control ensures that risk is managed to a reasonable level as defined in the Department's Risk Management Framework. It is of course 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.
10. This system of internal control was in place and operating effectively for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts. It reflects the Corporate Governance in Central Government Departments: Code of Good Practice NI 2013.

11. Key elements of the Department's governance framework and system of internal control in 2018 - 19 included:

- the Departmental Board, which I chaired, comprising executive and non-executive members;
- weekly Business Review meetings;
- a Departmental Audit and Risk Assurance Committee (DARAC) chaired by a non-executive independent member of the Board. The Chair fulfils the requirement of significant financial experience, she has 25 years' experience in senior finance roles both within the private and public sectors, since qualifying as a chartered accountant. I also attend meetings of the DARAC;
- 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;
- a Brexit Project Board, operating as a sub-committee of the Departmental Board, to provide strategic direction on all aspects of the Department's preparations for EU Exit;
- 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).

12. The Department's Corporate Governance Framework is available on its website (www.infrastructure-ni.gov.uk). It is currently being reviewed to ensure that it fully reflects and responds to the governance needs of the Department.

Departmental Board Structure and Remit

13. 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.
14. The Departmental Board follows corporate governance best practice as laid down in the Department of Finance guidance, 'Corporate Governance in central government departments: code of good practice NI (2013) and also 'Partnerships between Departments and Arm's Length Bodies: NI Code of Good Practice (2019). For 2018 - 19 there have been no departures from the Codes and the Board had seven executive members. In March 2018 DfI and DVA initiated a recruitment competition of non-executive members to their respective Boards and Audit and Risk Assurance Committees. Mary O'Dwyer and Trevor Conway joined the DfI Board in July 2018 and Kathy Graham joined DVA in July 2018.
15. The composition of the Departmental Board during 2018 - 19 is provided within the Accountability Report at page 40.
16. During 2018 - 19 the Board's work included challenging, scrutinising and advising on corporate performance, strategic direction, financial management, efficiency, organisational capability and development, risk management and audit. This included:
- monitoring performance against our Outcomes Delivery Plan 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 and Opportunity 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.

17. 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 2018 - 19.
18. 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 consists of three independent members, one of whom is Chair. In July 2018 Mary O'Dwyer and Trevor Conway were appointed to the Departmental Board as non-executive members. They were also appointed to the Audit and Risk Assurance Committee, Mary as Chair. The third independent member is Brigitte Worth, Investment Director, Department of Health. Meetings are also attended by the Head of Internal Audit and representatives from the NI Audit Office.
19. During the year, the Audit and Risk Assurance Committee considered a range of internal audit issues. For example, the Committee recommended agreement to and monitored progress against the 2018 - 19 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; updates from Waterways Ireland; 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. The Committee received a presentation and guided tour of the Roads Traffic & Information Control Centre. Also, an exceptional DARAC meeting was convened on DfI preparedness for EU exit. The DARAC provided me with additional assurance over the arrangements in place to prepare for EU exit.
20. 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.
21. The Board is also supported by a Finance Sub-Committee which during the reporting year met to discuss and consider key strategic finance issues.
22. The Board established the Brexit Project Board during 2018 - 19 which operates as a sub-committee to the Departmental Board. The project board provided overall direction for the

Department's EU Exit preparations including, day one readiness and contingency planning for a no-deal outcome.

23. The Board has also recently set up a People Sub-Committee to consider people issues of strategic importance. The role/purpose of the Sub-Committee includes ensuring that:

- DfI is clear about its people needs and challenges, and that it works in partnership with NICS HR to meet these;
- 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.

24. 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).

25. 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 2018 - 19 year, with the result that Board membership also changed over the course of the year.

The composition of the Departmental Board during the year 2018 - 2019 was as follows:

Meetings Attended during 2018 - 19 (attendance/number of meetings)						
Name of Board/Sub-Committee Member	Departmental Board (11)	Audit & Risk Assurance Committee (7)	Finance Sub-Committee (11)	Major Projects Sub-Committee (3)	Brexit Sub-Committee (7)	People Sub-Committee (1)
Peter May	3/4	2/2*	5/5	1/1	2/2	
Katrina Godfrey	7/7	3/4*	6/6	1/2	5/5	1/1
Andrew Murray	9/11	3/6*	8/11	2/3	2/4**	
John McGrath	6/11	5/6*	9/11	3/3	4/7	
John McNeill	11/11	5/6*	11/11	3/3	6/7	
Tom Kennedy	6/9				1/1***	0/1
Chris Hughes	2/2					
Anne Breen	3/5					
John Irvine (Acting DS)	9/9	3/5	9/11	3/3	6/7	
Linda Barlow (HR)	7/7					1/1
Fiona McCandless	2/2		2/4			
Tom Reid					7/7	
Liz Loughran					6/7	1/1
Moirá Doherty					4/5	
Angus Kerr					3/7	
Paul Duffy					3/7	1/1
Linda MacHugh					4/7	
Sian Kerr					1/1	
D Mackle						1/1
Mary O'Dwyer (NEBM)	7/7	5/5				
Trevor Conway (NEBM)	7/7	5/5				
David Gray****		2/2				
Brigitte Worth****		6/7				
Adrian Murphy *****		1/1				

John Irvine became Acting Deputy Secretary for Planning, Water & DVA on 18 June 2018.

Fiona McCandless, Deputy Secretary for Planning, Water & DVA left this position as of 1 June 2018

Peter May was Permanent Secretary until 6 September 2018

Katrina Godfrey was appointed Permanent Secretary on 6 September 2018.

Mary O'Dwyer and Trevor Conway started as NEBM's as of 23 July 2018, their first Board meeting was Sept 18.

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

** Brexit - Andrew Murray ad-hoc member for first three meetings but formally added to attendee list from fourth meeting

*** Brexit - Tom Kennedy co-opted onto the Project Board when tasked with leading the DfI C3 response arrangements

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

***** Adrian Murphy co-opted member of DARAC for June meeting to maintain quorum.

Departmental Board Performance and Effectiveness

26. In accordance with best practice and the Board's annual review cycle, the Board Effectiveness Review conducted over the 2018 - 19 year was more extensive than the normal annual questionnaire. The effectiveness review was externally facilitated by DoF Business Consultancy Services (BCS). The agreed Terms of Reference for BCS's involvement in this assignment is outlined below:

- To review how the Board currently assesses its performance;
- To undertake an independent assessment of the Board's current performance; and
- To identify recommendations (where appropriate) in order to enhance Board effectiveness going forward.

27. The Cabinet Office Corporate Governance in Central Government Departments Code of Practice (2011 and updated in 2017) is widely considered to be the most effective approach to evaluating Board Effectiveness and the review was completed in line with this guidance. The Code of Good Practice scope and approach were based on self-assessment supported by external facilitation. The review was therefore focused on views of Board members and not a detailed compliance exercise. It provided an opportunity for discussion so the Board could review its operation and identify opportunities to improve its effectiveness.

28. The findings were very positive and identified that the Board is clear in its risk appetite, The Senior Leadership Team (SLT) regularly report to the Board on key outcomes and targets that flow directly from the strategy, identifying any remedial action where necessary. Performance information is integrated with financial reporting. The Board get early warning notification of problems that will adversely affect key outcomes, targets or financial performance. Overall, the Board and its sub-committees are adding value to the Department. Further comments and recommendations on how the Board and its sub-committees could be further enhanced or improved were accepted and are in the process of being implemented.

Oversight of an Executive Agency

29. 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 Arm's Length Bodies

NI Transport Holding Company

30. 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. A formal accountability meeting took place in September 2018, chaired by the Principal Accounting Officer and involving the NITHC Accounting Officer, 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.
31. The term of appointment for the NITHC Chair will end on the 30th June 2019. Due to the specific legislative provisions of appointments to the NITHC Board, the Department has been unable to re-appoint or extend this public appointment in the absence of a Minister. Interim arrangements have been established to ensure that the Board is able to function appropriately.

NI Water

32. 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 document has been 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 prompted a wider governance review which was needed to adjust financial reporting processes and accommodate the consolidation of the subsidiary companies accounts to the group accounts. The revised MSFM is in final draft and awaiting DoF approval. 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 April and October in accordance with the Code of Good Practice NI 2013: Corporate Governance in Central Government Departments.

Long-term funding of Arm's Length Bodies

33. Given the lack of long term funding certainty that the Department can provide to NITHC, the NITHC Board has signalled the need for assurance on indicative funding levels for 2019 - 20 and its obligations in the Service Agreement with the Department for Infrastructure as part of the Directors' Going Concern statement for the Company's 2018 - 19 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.

34. In 2015 - 16, the annual subsidy provided to Translink to provide the public transport network within Northern Ireland was reduced by some £13m by the then Minister following a difficult budget settlement. Those funds have not been restored recurrently which has led to a situation where the Company's financial reserves have been diminished despite making significant efficiencies. These issues could become acute in 2019 - 20 as the company may breach its working capital threshold. In any event, it could not sustain a deficit in 2020 - 21 as its reserves will have been significantly depleted.
35. The Department is actively working with the Department of Finance to seek to redress the deficit within Translink's finances. On this basis, the Department has issued a letter of comfort to NITHC for the 2019 - 20 financial year.
36. In 2018 - 19, 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 budget which enabled the company to accelerate delivery of the Price Control outputs. The Utility Regulator was kept informed throughout the budget movements and company performance and outputs were monitored through the usual processes.
37. 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 2018 - 19 year has been another strong year, with good 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. However, continued underfunding is impacting on NI Water's ability to meet the demands placed on it in some areas in terms of new waste water connections, and this is a growing concern.

Oversight of North South Implementation Body

38. 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.
39. During 2018 - 19 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.
40. 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

41. 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.
42. This approach allowed risks to be identified and managed at all levels and to be escalated as appropriate.
43. The Departmental Board provides leadership and direction in managing the risk environment in which the Department operates. Each Deputy Secretary maintains a Group Risk Register from which corporate risks are identified and escalated to the Corporate Risk Register as appropriate. They provide leadership to the risk management process in their particular areas of responsibility, as well as corporately through their involvement in the Departmental Board, the Departmental Audit and Risk Assurance Committee and local management meetings.
44. 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.

45. Corporate Risks actively monitored and managed by the Departmental Board throughout 2018 - 19 included the following:

RISK AREA	Brief description
Budget Resources	As a result of insufficient funding for key services (Roads/Water/Translink), infrastructure and public transport services may deteriorate.
Long Term Infrastructure Investment	As a result of underinvestment in maintaining our asset base (Roads/water drainage/sewerage/rail and public transport/flood protection, infrastructure and network) it is deteriorating and may lead to significant failure.
Planning Portal	Ensure functioning IT system that supports the planning system.
People	Need to ensure that the Department has the correct staffing skills and capacity to enable and support successful business delivery.
Resilience	Emergency Planning – Planning and response to catastrophic/major events such as EU Exit, extreme weather event, a drought or a major accident.
Environmental Compliance	As a result of increasing regulatory demands challenges through the courts and/or at European level, this may lead to significant financial and reputational damage if insufficient resource and competence to meet these needs.
Ministerial Authority	The continued absence of an Executive, ministers and the Assembly could impact on decision making.
Data Breach	As a result of near miss data breaches involving Claims Management Systems (CMS), it has been confirmed that database design, lack of segregation between systems and security issues mean that systems could be vulnerable to bugs & potential security issues leading to an actual data breach.

46. As Northern Ireland's major infrastructure Department, it is also worth highlighting that we are responsible for the delivery of major capital projects. During 2018 - 19 we progressed a number of major projects which required close management of risks, a key component of our project management processes. For example:

Belfast Rapid Transit

This complex project, which went live on 3 September 2018, had a number of interdependencies. A detailed Risk Register was developed for the project and this was regularly reviewed and reported on at meetings of the Belfast Rapid Transit Programme Board. Key risks were escalated, as required, to the Departmental Risk Register.

Belfast Transport Hub

The Belfast Hub is an important gateway to Belfast. This transport-led regeneration project will see the development of a world class, modern interchange that will become the main transport hub for Northern Ireland within a wider master plan known as 'Weavers Cross' that aims to regenerate and improve a large tract of Belfast City Centre. A planning application for the Transport Hub was approved on 29th March 2019 and work will now progress towards tendering and awarding the contract to build this vital infrastructure project.

Derry / Londonderry Transport Hub

The first phase of the works, which commenced in September 2018, will see the reopening of the original waterside train station and associated track improvement works. In phase 2 work will then commence which will involve the demolition of the existing station, the creation of a Park & Ride facility and environmental improvements.

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.

Belfast Tidal

The Belfast Tidal Project aims to reduce the significant threat from tidal flooding to Belfast City Centre. Flood defences are planned along the tidal reach of the River Lagan as far as the Stranmillis Weir. Taking account of climate change, the scheme will provide flood protection to some 7,000 properties. The Outline Design stage, which includes detailed Stakeholder/Landowner negotiations and the procurement of a Design and Build Contractor is being progressed. Land Agreements are currently being finalised and the procurement of the Design and Build Contractor is due to commence in May 19. It is planned that construction works will commence towards the end of the 2019 - 20 financial year.

DVA Digital Transformation Programme

Key deliverables from the Digital Transformation Programme in 2018 - 19, have been the use of the new Driver Licensing System online services which have exceeded expectations, with 76% of duplicate licence requests, 34% of change of address requests and 21% of renewal applications now being conducted online. A further phase of online services is going live on 30 April 2019 which will fully automate the renewal process for car, motorbike and tractor licences by introducing the functionality to upload photographs – this is expected to significantly increase the online uptake.

In addition, a digital solution was implemented to support the delivery of Category B (cars) driving tests (which is approximately 85% of all driving tests conducted) across Northern Ireland. Since December 2018, all driving examiners have been using the new application on a tablet device to conduct driving tests – this replaces the previous paper process. The application also automatically links to the new Driver Licensing System to notify successful tests and trigger the automatic production of driving licences. Further major application releases are planned for 2019.

47. 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 2018 - 19. 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

48. The Department takes a zero tolerance approach to fraud 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 Arm's Length Bodies are regularly reported to the Departmental Audit and Risk Assurance Committee.
49. 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.
50. During 2018 - 19, the Department reported 38 cases of suspected fraud to the Comptroller & Auditor General.
51. The Department has an established Anti-Fraud Group which includes representatives from all areas of the Department and its Arm's Length Bodies. The Group has committed to

considering fraud prevention initiatives, heightening fraud awareness and promoting an anti-fraud culture.

52. The Comptroller and Auditor General (C&AG) for Northern Ireland has been given statutory powers to conduct data matching exercises for the purposes of prevention and detection of fraud. The Department and its Arm's Length Bodies continued to participate in the National Fraud Initiative counter fraud data matching exercise in 2018 - 19 in relation to blue badges, payroll & pensions, trade creditors, taxi licensing and concessionary fares. The Blue Badge Unit completed a data matching exercise for Blue Badge Permits to Department of Works & Pensions (DWP) Deceased records. 6812 matches were returned with 10% of these investigated – No fraud was identified.
53. 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

54. For 2018 - 19, 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.
55. Of the 30 Internal Audit assignments completed in 2018 - 19 (DfI & DVA), 18 reviews received overall satisfactory opinions; one review received an overall limited opinion. Opinions were not relevant to eleven consulting/special exercises which were undertaken. Within these reviews, a number of recommendations were made to enhance internal control. The overall limited audit opinion provided within Transport Regulation Unit (Public Inquiries) during 2017 - 18 remains, and further issues relating to workflow management and the receipt and resolution of Most Serious Infringements (MSIs) committed in GB by NI-licensed goods vehicle operators were identified within a Special Exercise completed in this area during 2018 - 19. Management continue to make progress towards the implementation of these recommendations, however further action is dependent upon the Department taking forward a strategic review of the functions and structure of the business area. A full review of this business area is planned for 2019 - 20.
56. 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. In 2018 - 19 an overall inter-departmental assurance of satisfactory has been provided.
57. The Department relies on the external auditors of NI Water, NITHC, DVA and Waterways Ireland to provide an opinion on each organisation's Regularity and Financial Statements. The NI Water and NITHC auditors have delivered unqualified opinions in relation to the 2018 - 19 accounts and included clear regularity opinions. The DVA accounts are not yet certified, however the DVA auditors propose an unqualified audit opinion on the 2018-19 accounts.

58. Waterways Ireland Internal Audit have identified a number of issues in a review of payroll. Most relate to allowances payable to staff. The allowances have been paid since the establishment of the organisation however, there is little documentation available regarding the origins of the allowances and the criteria for paying them. The NIAO also identified a number of payroll issues during the audit of the 2018 accounts and made recommendations for improvement which have been accepted by Waterways Ireland management. The accounts are not yet certified but the issues identified will not result in a qualified audit opinion.
59. 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.
60. The NIAO acts as the external auditor for the Department, providing financial and value for money audits. In addition to the annual accounts audit, during the year the NIAO published a Value for Money report on the “Structural Maintenance of the Road Network” in March 2019. The Department will monitor and report progress against agreed commitments via the Accountability Monitoring Grid. The report highlighted similar themes to those identified in the independent Review of Structural Maintenance Funding Requirements for DfI Roads (the Barton Report) completed for the Department in November 2018. In September 2016 the NIAO published a Value for Money report “The Rivers Agency: Flood Prevention and Management”. Whilst its findings were largely positive, it made a number of key recommendations for future improvement. All recommendations raised in the NIAO report have now been addressed, with governance provided through the inter-departmental Flood Strategy Steering Group.

Budget Position

61. In the continuing absence of an Executive and a sitting Assembly the Northern Ireland Budget Act 2018 was progressed through Westminster, receiving Royal Assent on 20th July 2018, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 which received Royal Assent on 15th March 2019. The authorisations, appropriations and limits in these Acts provide the authority for the 2018 - 19 financial year and a vote on account for the early months of the 2019 - 20 financial year as if they were Acts of the Northern Ireland Assembly.
62. While the opening Resource Budget for 2018 - 19 was a challenging one, significant in-year funds were obtained by the Department which enabled the delivery of a full range of public services by the Department and its Arm's Length Bodies. The capital budget of just over £500m represented an increase of some £100m on 2017 - 18. This has enabled the Department to invest in existing public assets and progress a range of important infrastructure projects. The Department's Resource Budget allocation for 2019 - 20, while an increase on the opening budget for 2018 - 19, will still pose challenges given inflationary increases and emerging pressures. It should enable the maintenance of drinking water and

sewerage networks but the maintenance of the road network will be problematic given its continuing deterioration and increases in raw material costs. Similarly the continued provision of public transport services, particularly maintenance of the railway infrastructure will be challenging. Maintaining current levels which were dependent on in-year funding in 2018 - 19 will be unlikely.

63. The 2019 - 20 DfI Capital budget represents a £31m reduction from the budget allocation for 2018 - 19. It will allow:

- The progression of three flagship projects; the A5 and A6 road projects and the Belfast Transport Hub.
- The continued development of the York Street Interchange project ahead of the construction phase.
- The Department to continue with existing commitments including sustaining the procurement of new buses and additional rail carriages commenced last year. This additional capacity will improve customer journeys and enhance the take-up of public transport.

In determining its allocation of the remaining funds the Department will have to strike a balance between maintaining existing infrastructure in water and sewerage, the road network and public transport and new development, particularly in pursuit of the draft Programme for Government outcomes.

Ministerial Directions

64. No Ministerial Directions were issued during 2018 - 19.

Personal Data Related Incidents

65. The Department had one reportable breach of the GDPR in this financial year. The circumstances around the breach are currently under police investigation, and an initial report was sent to the Comptroller and Auditor General in late March 2019.

Significant Internal Control Issues

Waterways Ireland

66. In the absence of a DfI Minister it was not possible to secure North South Ministerial Council (NSMC) approval of 2018 and 2019 Business Plans & Budgets 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 Budgets.

67. It is a legislative requirement under the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 that any grants paid to bodies by a Northern Ireland Sponsor

Department must be approved by DoF. Where such an approval is absent any expenditure is illegal and retrospective consent cannot confer legality. No grant payments were made in the 2018 - 19 (2017 - 18: £379k) financial year without DoF approval.

Remuneration and Staff Report

Remuneration Policy

The pay remit for the Northern Ireland (NI) public sector, including senior civil servants (SCS), is normally approved by the Minister of Finance. In the absence of an Executive, the Department of Finance's Permanent Secretary has set the 2018 - 19 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. The pay award for SCS staff for 2018 - 19 has been finalised but not yet paid.

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

Service Contracts

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

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

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

Remuneration and pension entitlements

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

Remuneration and pension entitlements – Ministers

There was no Minister in place during 2018 - 19 and 2017 - 18.

Remuneration and pension entitlements - Officials

Officials	2018-19				2017-18			
	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
Katrina Godfrey Permanent Secretary (from 6/09/2018)	65-70 (full year equivalent (115-120))	Nil	113	175-180 (full year equivalent (225-230))	N/A	N/A	N/A	N/A
Peter May Permanent Secretary (until 6/09/2018)	50-55 (full year equivalent (115-120))	Nil	53	100-105 (full year equivalent (170-175))	110-115	Nil	19	130-135
John McGrath Deputy Secretary -Transport & Resource	100 - 105	Nil	5	105-110	100-105	Nil	(2)	95-100
Dr Andrew Murray Deputy Secretary – Roads and Rivers	90-95	Nil	30	120-125	90-95	Nil	3	90-95
Fiona McCandless Deputy Secretary – Planning, Water and DVA (until 01/06/2018)	15-20 (full year equivalent 90-95)	Nil	16	30-35 (full year equivalent (105-110))	85-90	Nil	26	110-115
John Irvine Acting Deputy Secretary - Planning, Water and DVA (from 18/06/2018)	70-75 (full year equivalent 85-90)	Nil	127	195-200 (full year equivalent (215-220))	N/A	N/A	N/A	N/A

Officials	2018-19				2017-18			
	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
John McNeill Departmental Director of Finance	75-80	Nil	9	85-90	70-75	Nil	12	85-90
Tom Kennedy Director of Strategy, Communication and Change (until 11/02/2019)	65-70 (full year equivalent 70-75)	Nil	21	85-90 (full year equivalent 95-100)	70-75	Nil	-	70-75
Chris Hughes** Director of Strategy, Communication and Change (from 11/02/2019)	5-10 (full year equivalent 70-75)	Nil	2	5-10 (full year equivalent 70-75)	N/A	N/A	N/A	N/A
Mary O'Dwyer Non-Executive Director (from 23/07/2018)	5-10	Nil	N/A	5-10	N/A	N/A	N/A	N/A
Trevor Conway Non-Executive Director (from 23/07/2018)	5-10	Nil	N/A	5-10	N/A	N/A	N/A	N/A

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

**Chris Hughes joined the Departmental Board in February 2019. His February salary was paid by the Department for Communities.

As highlighted in the Director's Report Anne Breen was a member of the Departmental Board until July 2018. However she is the DfI HR Strategic Business Partner and is paid by the Department of Finance. Anne Breen was replaced on the Departmental Board by Linda Barlow in July 2018. Linda Barlow is the DfI HR Strategic Business Partner and is paid by the Department of Finance.

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 on 26 January 2017. An Executive was not formed following the 2 March 2017 election, and from this date Ministers ceased to hold office. As a consequence, no Minister has been in place in the department during the 2017 - 18 and 2018 -19.

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.

Fair Pay Disclosures

	2018-19	2017-18
Band of Highest Paid Director's Total Remuneration* (£000)	115-120	110-115
Median Total Remuneration *(£)	27,819	27,544
Ratio	4.2	4.1

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

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 for Infrastructure in the financial year 2018 - 19 was £115k-£120k (2017 - 18: £110k-£115k). This was 4.2 times (2017 - 18: 4.1) the median remuneration of the workforce, which was £27,819 (2017 - 18: £27,544).

In 2018 - 19 no (2017 - 18: nil) employees received remuneration in excess of the highest paid director.

Remuneration ranged from £17k to £102k (2017 - 18, £16k to £101k) excluding the highest paid director.

Pension Entitlements – Ministers

There was no Minister in place during 2018 - 19 and 2017 - 18.

Pension Entitlements (this information is subject to audit)

Officials	Accrued pension at pension age as at 31/3/19 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/19 £'000	CETV at 31/3/18 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (nearest £100)
Katrina Godfrey Permanent Secretary (from 06/09/2018)	40-45 pension plus 95-100 lump sum	5-7.5 pension plus 10-12.5 lump sum	773	637	93	NIL
Peter May Permanent Secretary (until 06/09/2018)	55-60 pension plus 65-70 lump sum	2.5-5 pension plus 0-2.5 lump sum	965	890	36	NIL
John McGrath Deputy Secretary – Transport and Resources	50-55 pension plus 155-160 lump sum	0-2.5 pension plus 0-2.5 lump sum	1,088	1,066	4	NIL
Dr Andrew Murray Deputy Secretary – Roads and Rivers	50-55 pension plus 80-85 lump sum	0-2.5 pension plus 0-2.5 lump sum	1,124	1,044	30	NIL
Fiona McCandless Deputy Secretary – Planning, Water and DVA (until 01/06/2019)	25-30 pension plus 55-60 lump sum	0-2.5 pension plus 0-2.5 lump sum	413	400	11	NIL
John Irvine Acting Deputy Secretary - Planning, Water & DVA (from 18/06/2018)	35-40 pension plus 105-110 lump sum	5-7.5 pension plus 15-17.5 lump sum	800	622	125	NIL

Officials	Accrued pension at pension age as at 31/3/19 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/19 £'000	CETV at 31/3/18 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (nearest £100)
John McNeill Departmental Director of Finance	30-35 pension plus 30-35 lump sum	0-2.5 pension plus 0 lump sum	630	567	9	NIL
Tom Kennedy Director of Strategy, Communication and Change (until 11/02/2019)	35-40 pension plus 105-110 lump sum	0-2.5 pension plus 2.5-5 lump sum	820	734	21	NIL
Chris Hughes Director of Strategy, Communication and Change (from 11/02/2019)	25-30 pension plus 60-65 lump sum	0-2.5 pension plus 0 lump sum	512	509	1	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 2018 was 2.4% and HM Treasury has announced that public service pensions will be increased accordingly from April 2019.

Employee contribution rates for all members for the period covering 1 April 2019 – 31 March 2020 are as follows:

Scheme Year 1 April 2019 to 31 March 2020

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 1 April 2019 to 31 March 2020
£0	£23,500.99	4.6%
£23,501.00	£54,500.99	5.45%
£54,501.00	£150,000	7.35%
£150,001.00 and above		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

There was no compensation for loss of office paid in 2018 - 19.

Staff Report

Staff Costs

The following is subject to audit

				2018-19 £000	2017-18 £000
	Permanently employed staff*	Others	Minister	Total	Total
Wages and salaries	67,804	773	-	68,577	69,950
Social security costs	6,623	-	-	6,623	6,690
Other pension costs	13,952	-	-	13,952	13,866
Other staff costs	327	-	-	327	311
Sub Total					
Less recoveries in respect of outward secondments				-	-
Total net costs**	88,706	773	-	89,479	90,817
Analysed as:					
Administration costs – continuing operations				66,176	66,962
Programme costs – continuing operations				13,167	13,707
				<u>79,343</u>	<u>80,669</u>
Capitalised				10,136	10,148
				<u>89,479</u>	<u>90,817</u>

* There were no staff salary costs incurred in respect of a Departmental Special Adviser in 2018-19 and 2017-18.

** Of the total, £10,136k has been charged to capital. (2017 - 18 £10,148k)

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 Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years

following the scheme valuation. The 2012 scheme valuation was completed by GAD in February 2015. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2015 to 31 March 2019.

For 2018 - 19, employers' contributions of £13,981,961 were payable to the NICS pension arrangements (2017 - 18: £13,832,323) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands.

Work was completed on the 2016 valuation, based on the position as at 31 March 2016. The outcome of this scheme valuation informed employer contribution rates for 2019 - 20. Employer contribution rates payable will range from 28.7% to 34.2% of pensionable pay, based on salary bands. This change is primarily due to the reduction in the SCAPE discount rate (as announced at Budget 2018) to 2.4% pa above CPI. The contribution rates are set to meet the cost of the benefits accruing during 2019 - 20 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 £22,986 (2017 - 18: £26,636) were paid to one or more of a panel of two appointed stakeholder pension providers. Employer contributions are age related and range from 8% to 14.75% (2017 - 18: 8% to 14.75%) of pensionable pay.

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

Employer contributions of £776, 0.5% (2017 - 18: £934, 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 were £nil. Contributions prepaid at that date were £nil.

9 people (2017 - 18: 18 people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £25,499 (2017 - 18: £24,089).

Average number of persons employed

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

Objective	2018-19				2017-18
	Permanent staff	Others	Minister	Special Adviser	Total
A	1,910	35	-	-	1,945
Staff engaged on capital projects	272	-	-	-	272
Total	2,182	35	-	-	2,217

Staff Composition

The actual staff numbers as at 31 March 2019 can be broken down as follows:

	2018-19			2017-18		
	Male	Female	Total	Male	Female	Total
Minister	-	-	-	-	-	-
Senior Civil Service	11	4	15	12	5	17
Other Employees	1,696	531	2,227	1,710	552	2,262
Total	1,707	535	2,242	1,722	557	2,279

Reporting of compensation and exit packages for all staff

The following section is subject to audit

Exit package cost band	2018-19			2017-18		
	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	-	3	3	-	5	5
£25,000 - £50,000	-	2	2	-	1	1
£50,000 - £100,000	-	1	1	-	-	-
£100,000 - £150,000	-	-	-	-	-	-
Total number of exit packages		7	7	-	6	6
Total resource £'000	-	179	179	-	128	128

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.

Off payroll payments

The Department did not have any off payroll engagements during the 2018 - 19 year.

External Consultancy costs

£142,291 (2017 - 18: £212,771) was spent on external consultancy during 2018 - 19 year.

Senior Civil Service pay band

Actual staff numbers of Senior Civil Service by pay band for the Department as at 31st March 2019 are as follows:

Pay band – assessed each pay period		Actual staff numbers as at 31 March 2019
From	To	
£69,651	£79,849	11
£89,482	£102,103	3
£115,187	£134,660	1
£155,472	£182,301	0
		15

Employees

Equal Opportunities

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

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

The NICS continues to carry out its statutory obligations under fair employment legislation, including the annual return to the Equality Commission for NI. A wide range of human resource statistics are also published by the NICS.

The NICS People Strategy 2018 - 2021 places diversity and inclusion at its centre and includes a range of actions that will assist the NICS and the Department's ambition to be a service that reflects the society that it serves.

Diversity & Inclusion

The NICS has developed a People Strategy which details the people priorities over the period 2018 - 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. DfI has a dedicated Diversity Champion to promote diversity and inclusion throughout the Department as well as establishing a Diversity Focus Group.

One of the key actions as a result of the LGBT staff survey was the launch of the NICS LGBT Staff Network. The NICS LGBT Network participated for the first time in the 2018 Belfast Pride with plans to participate in the three Northern Ireland Prides in 2019. Members from the NICS LGBT Staff Network and NICS HR are currently working together to attain membership of the Stonewall Workplace Equality Index. Members of the LGBT Network also assisted NICS HR in development of a guide 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).

People with disabilities

To maintain and promote a diverse and inclusive workforce, the NICS has policies in place to support any alterations to the working environment required by staff with disabilities. It 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 NICS has an active network of Diversity Champions and has appointed a Permanent Secretary as the NICS Diversity Lead for disability. There is an active Disability Working Group and the NICS is a lead partner with Employers for Disability Northern Ireland. Through this collaboration the NICS is working towards creating an inclusive workplace where all staff feel valued. The NICS promotes a number of schemes for staff with disabilities, including a successful work experience scheme for people with disabilities.

Staff Career Development/Talent 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 NICS recognises the importance of having skilled and engaged employees and continues to invest in learning and development. The Centre for Applied Learning (CAL) is responsible for development and delivery of all generic staff training. It offers a variety of learning delivery channels to enable flexible access to learning, blending different learning solutions into coherent learning pathways that are aligned to both corporate need and the NICS Competency Framework.

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

Talent Management is a key theme of the NICS People Strategy and work is underway to develop a more corporate approach to managing talent across the NICS.

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 perform efficiently 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 2018 is now in place and formal negotiations with trades unions on the 2018 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 (and others connected with our undertakings) enjoy the benefits of a safe working environment. Our policy is regularly updated to take account of any changes to Health and Safety legislation through the Departmental Health and Safety Committee. This Committee is supported by one of the Department's Deputy Secretaries, Andrew Murray, who has been appointed Health and Safety Champion for the Department.

Sickness Absence Data

NISRA statistics at 31 March 2019 indicate that the combined annual sickness absence outturn for industrial staff and non-industrial staff in the Department is *12.6 working days lost. This compares to an NICS 17/18 outturn of *12.6 working days lost for the same period.

The latest compliance figures for the Department for 2018-19 are as follows:

Action Required	Target Rate	Compliance Rate
Return to Work Interviews conducted within 2 days of return	85%	62.4%
Certificates updated within 2 weeks from first day of absence or certificate due date	95%	53.6%

Note: 1. Data supplied by NISRA
2. Compliant sick absences are those that are correctly recorded and all days are either self-certification or covered by medical evidence.

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

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Department for Infrastructure to prepare a Statement of 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. The SOAS and related notes are subject to audit.

Summary of Resource Outturn 2018 - 19

								2018-19 £000	2017-18 £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	926,767	(138,939)	787,828	856,467	(138,939)	717,528	70,300	696,668
Total resources	SOAS2	926,767	(138,939)	787,828	856,467	(138,939)	717,528	70,300	696,668
Non- operating Accruing Resources				649			649	-	5,479

Net cash requirement 2018 - 19

			2018-19		2017-18
			£000		£000
				Net Total Outturn compared with Estimate: saving/ (excess)	
Note	Estimate		Outturn		Outturn
Net cash requirement	SOAS3	979,083	947,864	31,219	811,162

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 2018-19 £000		Outturn 2018-19 £000	
	Note	Income	Receipts	Income	Receipts
Total	SOAS4	151	<i>151</i>	5,170	<i>7,059</i>

Explanation of variances between Estimate and outturn are given in Note SOAS 1 '*Analysis of net resource outturn by function*' (page 85) and in the Performance Report (Financial Review) on (page 24).

The notes on pages 91 to 99 and on pages 104 to 147 form part of the financial statements.

SOAS 1 Analysis of Net Resource Outturn by function

	2018-19 £000									2017-18 £000
	Outturn						Estimate			Outturn
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	NET TOTAL	Net total Outturn compared with Estimate	Net total Outturn compared with Estimate, adjusted for virements	Prior Year Outturn
Request for Resources A:										
Departmental Expenditure in DEL										
1: Roads	59,161	141,343	-	200,504	(41,194)	159,310	161,229	1,919	1,171	154,988
2: Rivers	-	14,978	224	15,202	(213)	14,989	15,660	671	671	15,770
3: Road Safety Services	4,520	3,589	10	8,119	(2,480)	5,639	6,467	828	828	5,230
4: Driver and Vehicle Agency	-	4,650	3,539	8,189	(1,861)	6,328	6,488	160	160	294
5: Ferry Services, Air and Sea Ports	-	795	1,155	1,950	(1,172)	778	730	(48)	-	674
6: Railway Services	-	34,088	66,810	100,898	(4,364)	96,534	98,052	1,518	391	74,420
7: Road Passenger Services	4,572	34,156	69,253	107,981	(8,251)	99,730	98,758	(972)	-	81,520
8: Water Policy and Other Services	1,542	71	-	1,613	-	1,613	1,600	(13)	-	1,494
9: Inland Waterways	-	303	-	303	-	303	413	110	110	69
10: Planning and Policy	2,240	5,995	111	8,346	(302)	8,044	8,248	204	204	7,587
11: Reinvestment & Reform	-	707	-	707	(245)	462	496	34	34	558
12: EU Interreg	-	-	3,043	3,043	(2,586)	457	363	(94)	-	189
13: Central Policy and Other Services	4,099	217	-	4,316	(21)	4,295	4,602	307	307	3,678
Annually Managed Expenditure (AME)										
14: Depreciation and Impairment Costs	1,120	72,546	-	73,666	-	73,666	133,847	60,181	60,181	103,456
15: Provisions	1,785	1,401	-	3,186	-	3,186	8,950	5,764	5,764	9,435
Non-Budget										
16: Northern Ireland Water Limited	-	300,336	-	300,336	(76,250)	224,086	223,338	(748)	-	217,916
17: Waterways Ireland	-	-	4,174	4,174	-	4,174	4,577	403	403	4,627
18: Notional Charges	13,934	-	-	13,934	-	13,934	14,010	76	76	14,763
Resource Outturn	92,973	615,175	148,319	856,467	(138,939)	717,528	787,828	70,300	70,300	696,668

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

	Variance Under/(Over) £000	Explanation
RfR A	70,300	Non-trunk depreciation is calculated using a condition assessment. This assessment is carried out in March (post Spring Supplementary Estimates). The condition reduction for 2018-19 was lower than expected.

Detailed explanations of the variances between estimate and outturn are given in the performance report on page 24.

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

				2018-19 £000	2017-18 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Outturn
Net Resource Outturn	SOAS1	717,528	787,828	70,300	696,668
Non-supply income (CFERs)	SOAS4	(5,126)	(151)	4,975	(1,654)
Non-voted expenditure		-	-	-	-
Unrealised exchange losses on Non Estimate related EU Receivables		-	-	-	1,018
CFER exchange loss		19	-	(19)	-
Net Operating Cost in Statement of Comprehensive Net Expenditure		712,421	787,677	75,256	696,032

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	787,828	717,528	70,300
Capital				
Acquisition of property, plant and equipment		279,856	268,213	11,643
Investments		64,000	64,000	-
Non-operating Accruing Resources				
Net Book Value of asset disposals		(649)	(649)	-
Accruals to cash adjustments				
Depreciation and revaluation	3,4	(160,781)	(98,595)	(62,186)
New provisions and adjustments to previous provisions (Capital)	3,4	(3,500)	3,746	(7,246)
New provisions and adjustments to previous provisions (Revenue)	3,4	(8,950)	(3,185)	(5,765)
Other non-cash items	3,4	(14,010)	(13,933)	(77)
Changes in working capital other than cash	SOAS 3.1	13,504	(2,507)	16,011
Changes in payables falling due after more than one year	17	8,375	6,699	1,676
Use of provision	18	13,410	6,547	6,863
Net Cash Requirement		979,083	947,864	31,219

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

		2018-19 £000
	Note	
Increase/(decrease) in inventories	14	629
Increase/(decrease) in receivables	16	1,177
Adjustments to movements in receivables		
Movement in CFER related receivables	16	(12,308)
Movement in provision for bad debts	16	(757)
(Increase)/decrease in payables less than 1 year	17	6,757
Adjustments to movements in payables less than 1 year		
Increase/(decrease) in amounts due to the Consolidated Fund	17	1,995
Net increase/(decrease) in working capital other than cash recognised in Statement of Assembly Supply		(2,507)

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 2018-19 £000		Outturn 2018-19 £000	
	Note	Income	<i>Receipts</i>	Income	<i>Receipts</i>
Other operating income and receipts not classified as Accruing Resources		151	151	201	1,556
EU Grants income and receipts		-	-	12	526
Operating income and receipts – excess Accruing Resources		-	-	4,913	4,913
Subtotal		151	151	5,126	6,995
Exchange gain		-	-	-	-
Exchange loss – Capital		-	-	-	-
Non-operating income and receipts – excess Accruing Resources		-	-	64	64
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		-	-	(20)	-
Trans-European Networks (TENS) funding		-	-	-	-
Total income payable to the Consolidated Fund		151	151	5,170	7,059

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

		2018-19 £000
	Note	
Operating income	5	144,065
Gross income		144,065
Income authorised to be used as Accruing Resources	SOAS 1	(138,939)
Operating income payable to the Consolidated Fund	SOAS 4	5,126

SOAS 6 Non-operating income – Excess Accruing Resources

	2018-19 £000	2017-18 £000
Non-operating income – Excess Accruing Resources	64	-

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

(i) Losses and special payments

Losses Statement

	2018-19		2017-18	
	Cases	£000	Cases	£000
Stores and plant losses	3	2	5	0*
Abandoned Claims	6,370	718	3,668	508
Fruitless Payments	-	-	-	-
Foreign exchange losses	11	95	-	-
Losses of pay allowances and superann	-	-	3	2
Other cash losses	-	-	7	0*
Administrative Write Offs	-	-	-	-
Other Losses	-	-	-	-
	6,384	815	3,683	510

*Losses value less than £1,000

Details of cases over £250,000

The Department incurred losses relating to penalty charge notice debt of £599,690 (2017-18: £369,554) 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

	2018-19	2017-18
Total number of special Payments	3,990	1,445
Total value of special Payments £000	4,372	3,620

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

			2018-19 £000	2017-18 £000
	Income	Cost	Surplus/(deficit)	Surplus/(deficit)
Car Parks	12,427	(12,809)	(382)	116
Strangford Ferry	1,291	(2,816)	(1,525)	(1,505)
Total	13,718	(15,625)	(1,907)	(1,389)

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 2018 - 19 is 100% recovery (2017 - 18: 100%) of the full cost of providing updating and maintaining the services. The actual percentage recovery achieved was 97% (2017 - 18: 101%). Cost recovery has slightly decreased for 2018-19 mainly due to higher costs incurred.

The financial target for the ferry service in 2018 - 19 is 40% (2017 - 18: 40%) recovery of the full cost of providing updating and maintaining the services. The actual percentage recovery achieved was 45.9% (2017 - 18: 45.7%).

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 July 2018, the UK Government announced an extension of its guarantee of EU-funded projects after the UK has left the EU. The guarantee was originally announced in 2016. The guarantee now covers the following:

- The full Multiannual Financial Framework allocation for structural and investment funds over the 2014 - 20 funding period, with payments to beneficiaries made up to the end of 2023;
- 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 (e.g. before Exit day), for the lifetime of the project;

- c) The payment of awards where UK organisations successfully bid to the European Commission on a competitive basis to participate as a 3rd country after Exit, and until the end of 2020, for the lifetime of the project.

The financial settlement was agreed in principle by both the UK and EU, as set out in the draft Withdrawal Agreement of 25th November 2018. The guarantee will therefore only be called in the event that the Withdrawal Agreement is not ratified in the case of no deal, and UK organisations are unable to access EU funding. As a result, and due to the EU funding DfI provides, an unquantifiable contingent liability is disclosed.

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 started a two-year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. It is possible that, should such changes occur, consequential (and currently unquantifiable) contingent liabilities could materialise.



Accounting Officer

26 June 2019

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 2019 under the Government Resources and Accounts Act (Northern Ireland) 2001. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. 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 Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Department's affairs as at 31 March 2019 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Assembly Supply properly presents the outturn against voted Assembly control totals for the year ended 31 March 2019 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. 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's 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.

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

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

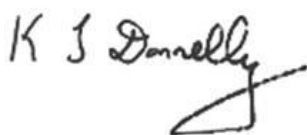
I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- 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

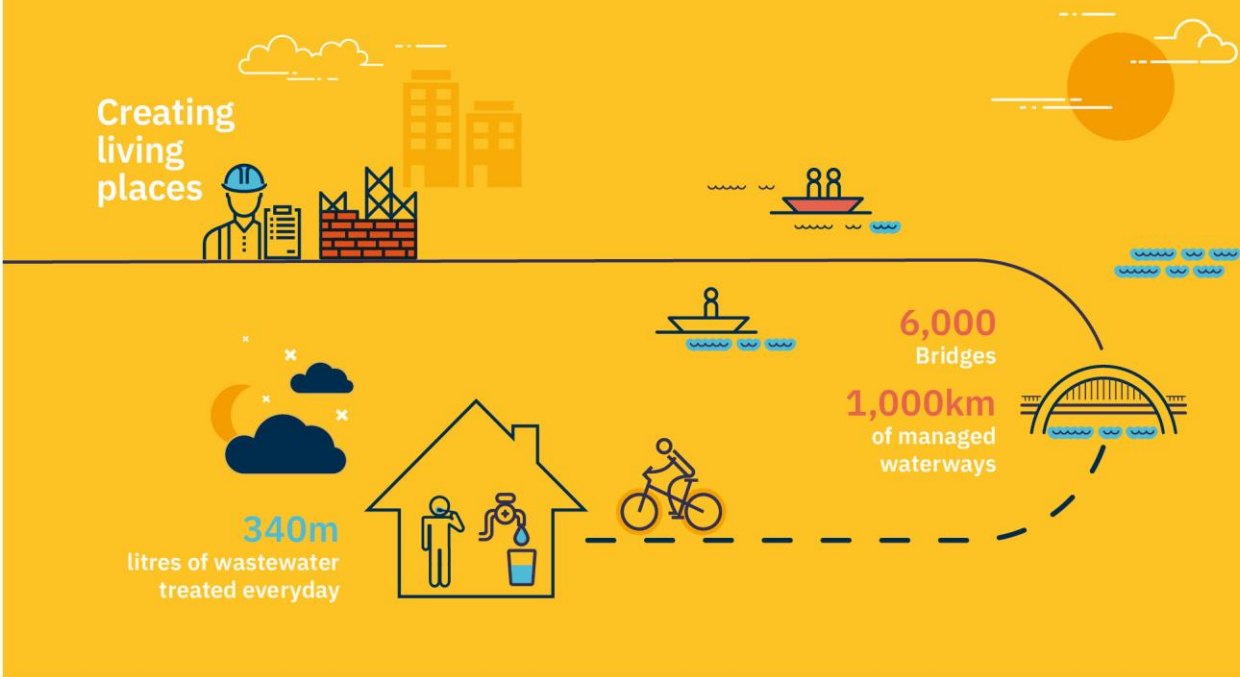
I have no observations to make on these financial statements.



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

28 June 2019

Section 3: 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 2019

		2018-19 £000	2017-18 £000
	Note		
Revenue from contracts with customers		(24,716)	(25,641)
Other operating income		(119,349)	(120,055)
Total Operating Income	5	(144,065)	(145,696)
Grants	4	519,943	471,140
Staff Costs	3,4	79,343	80,669
Purchase of goods and services	3,4	97,432	96,545
Other operating expenditure	3,4	4,089	4,594
Depreciation, impairment charges and profit/loss on disposal of assets	3,4	98,565	124,864
Provision expense	3,4	3,185	9,435
Notional charges	3	13,934	14,763
Total Operating Expenditure		816,491	802,010
Net Operating Expenditure		672,426	656,314
PPP Expense	4	39,995	39,718
Net Expenditure for the year		712,421	696,032

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	(1,247,939)	(794,556)
- Net (gain)/loss on revaluation of intangibles	7	(88)	(274)

Items that may subsequently be reclassified to net operating costs:

- Adjustment to Property, Plant and Equipment (PPE) opening balance	6	(21,511)	(150,077)
- Adjustment to Intangibles opening balance	7	-	-

Comprehensive Net Expenditure for the year		(557,117)	(248,875)
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The notes on pages 104 to 147 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 2019

		31 March 2019 £000	31 March 2018 £000
	Note		
Non-current assets:			
Property, plant and equipment	6	28,542,033	27,099,918
Intangible assets	7	3,714	7,383
Financial assets	12	1,829,032	1,765,032
Total non-current assets		30,374,779	28,872,333
Current assets:			
Assets classified as held for sale	13	1	1
Inventories	14	2,939	2,310
Trade and other receivables	16	59,782	58,605
Cash and cash equivalents	15	31	7,560
Total current assets		62,753	68,476
Total assets		30,437,532	28,940,809
Current liabilities:			
Trade and other payables	17	(254,205)	(258,178)
Provisions	18	(5,287)	(6,590)
Total current liabilities		(259,492)	(264,768)
Non-current assets plus/less net current assets/liabilities		30,178,040	28,676,041
Non-current liabilities:			
Other payables	17	(307,401)	(314,100)
Provisions	18	(24,897)	(29,945)
Total non-current liabilities		(332,298)	(344,045)
Assets less liabilities		29,845,742	28,331,996
General fund		16,493,404	16,204,444
Revaluation reserve		13,352,338	12,127,552
Total taxpayers' equity		29,845,742	28,331,996



Accounting Officer

26 June 2019

The notes on pages 104 to 147 form part of the financial statements.

Statement of Cash Flows

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Department during the reporting period. The statement shows how the Department 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 2019

		2018-19 £000	2017-18 £000
	Note		
Cash flows from operating activities			
Net operating cost		(712,421)	(696,032)
Adjustments for non-cash transactions	4.2	90,066	121,972
(Increase)/decrease in trade and other receivables	16	(1,179)	(14,255)
<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	14,197	4,068
Movement in provision for bad debt	16	757	(2,021)
Receivables due from other department re CFER non cash	16	-	-
(Increase)/decrease in inventories	14	(629)	891
Increase/(decrease) in trade and other payables	17	(13,456)	28,785
<i>less movements in payables relating to items not passing through the Net Operating Cost</i>			
(Increase)/decrease in amounts due to Consolidated Fund		(1,995)	(1,645)
Decrease/(increase) in amounts due to capital retentions/accruals		(4,121)	(2,229)
Decrease /(increase) in amounts due to imputed loan on PPP contracts		8,284	7,757
Bad debt provision	16	(692)	(568)
Use of other revenue provisions	18	(4,672)	(3,995)
Net cash outflow from operating activities		(625,861)	(557,272)

		2018-19 £000	2017-18 £000
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(243,198)	(178,136)
Purchase of intangible assets	7	(207)	(353)
Proceeds of disposal of property, plant and equipment	6	256	331
Proceeds of disposal of intangibles	7	-	-
Proceeds of disposal of assets held for resale		489	1,418
Investment additions	12	(64,000)	(69,000)
Net cash outflow from investing activities		(306,660)	(245,740)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		929,599	807,094
Loan from the Consolidated Fund		-	-
From the Consolidated Fund (Supply) – prior year		4,068	-
From the Consolidated Fund (non-Supply)		-	-
From EU/TENS – capital grant receipts		-	-
On Balance Sheet PFI Contracts		(8,284)	(7,757)
Net financing		925,383	799,337
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(7,138)	(3,675)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		(3,175)	(9)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(10,313)	(3,684)
Cash and cash equivalents at the beginning of the period	15	7,560	11,244
Cash and cash equivalents at the end of the period	15	(2,753)	7,560

The notes on pages 104 to 147 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 2019

	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

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2018 (Restated)		16,204,444	12,127,552	28,331,996
Adjustment to Opening Balance		-	21,511*	21,511
Restated balance at 1 April 2018		16,204,444	12,149,063	28,353,507
Net gain/(loss) on revaluation of property, plant and equipment		-	1,247,941	1,247,941
Net gain/(loss) on revaluation of intangible assets		-	88	88
Net Assembly Funding - drawn down		929,599	-	929,599
Net Assembly Funding - deemed		-	-	-
Supply (payable)/receivable	16	18,265	-	18,265
CFERs - other		(213)	-	(213)
CFERs - Excess Accruing Resources		(4,977)	-	(4,977)
CFERs - EU capital funding		-	-	-
Comprehensive net expenditure for the year		(712,421)	-	(712,421)
Non-Cash Adjustments:				
Non-cash charges - notional cost	3	13,820	-	13,820
Non-cash charges - auditor's remuneration	3	114	-	114
Non-cash charges – foreign exchange CFER		19	-	19
Movement in Reserves:				
Transfers between reserves		44,754	(44,754)	-
Balance at 31 March 2019		16,493,404	13,352,338	29,845,742

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

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2018 - 19 Government Financial Reporting Manual (FReM) issued by Department of Finance (DoF). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare one additional primary statement. The Statement of 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 and the next revaluation will be carried out in 2019-20. 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 1 April 2018. 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
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Furniture & Fittings	3 - 10 years
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- 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 are capitalised at their current value on receipt and this value is credited to the Statement of Comprehensive Net Expenditure in accordance with IFRS 15.

1.6 Intangible assets

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

(a) Intangible assets acquired separately

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

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

(b) Internally-generated intangible assets

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

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

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

1.7 Impairment of tangible, intangible and financial assets

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

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

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

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

In the case of the Department's shareholding and loan interests in NI Water, a review of indications that assets may have suffered an impairment loss is carried out under IAS 36, particularly paragraph 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. The Department applies the simplified approach for expected credit losses as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable.

Cash and cash equivalents

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

Trade payables

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

Shareholding in NI Water and loans issued to NI Water

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

Public dividend capital and loans in DVA

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

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

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

Deeds of Guarantee

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

1.11 Grant funding (including EU funding)

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

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

1.12 Operating income

Operating income relates directly to the operating activities of the Department. It principally comprises fees and charges for services provided on a full-cost basis to external customers, as well as public repayment work, but it also includes other income such as that from investments. It includes both income appropriated-in-aid of the Estimate and income payable to the

Consolidated Fund. Operating income is stated net of VAT. IFRS 15 has not resulted in any changes for the Department. Revenue is recognised when the Department has satisfied its performance obligations in respect of the contract with the customer.

1.13 Administration and programme expenditure

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

1.14 Foreign exchange

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

1.15 Employee benefits including pensions

Staff costs

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave that has been earned at the year end. This cost has been estimated using staff salaries at March 2019 applied to the untaken leave balance at 31 March 2019 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 0.29% in real terms. In past years, the Department settled some or all of its liability in advance by making a payment to the DoF Superannuation Vote. The amount provided is shown net of any such payments.

1.16 Leases

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

1.17 Public Private Partnership (PPP) Transactions

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

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

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

1.18 Grants and subsidies payable

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

1.19 Provisions

The Department provides for legal or constructive obligations which are of uncertain timing or amount at the Statement of Financial Position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by Treasury.

1.20 Contingent liabilities

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

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

1.21 Value Added Tax

VAT is recovered centrally by the Department (from DoF) 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. On the non-trunk roads a machine-based survey (SCANNER) is now carried out on the B and C class roads as a rolling 4 year programme. A Coarse Visual Inspection survey (CVI) is carried out on 10-15% of the 'unclassified roads' annually. An independent consulting engineer's opinion is sought on the output from the CVI survey and on the methodology used to calculate the condition assessment.

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

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 2018 - 19. These have been reviewed and the assessment is that their adoption has not had any significant impact on the amounts reported in these financial statements. There have been no substantial updates to the FReM as a result of these changes.

Management has also reviewed new accounting standards that have been issued but are not yet effective, nor adopted early for these accounts. IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2020. Management consider that the introduction of the changes to IFRS 16 on leases may have some impact but these are unlikely to have a significant impact on the accounts in the period of initial application.

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.

2. Statement of Operating Expenditure by Operating Segment

During 2018 - 19 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 2018 - 19 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 Directorate is responsible for processing planning applications deemed to be of regional significance or those which may be 'called in' from the local councils. In addition, the Directorate carries out a plan scrutiny role as part of the two-tier planning system and oversees the regeneration of the Crumlin Road Gaol and St Lucia sites.

Regional Planning Directorate is responsible for the development of planning legislation and policy in line with Ministerial direction, including the development and implementation of the Regional Development Strategy. The 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.

	2018-19 £'000		
	Gross Expenditure	Income	Net Expenditure
Roads	261,600	(47,467)	214,133
Transport Projects	49	(62)	(13)
Rivers	26,207	(213)	25,994
Planning: Strategic & Policy	5,739	(548)	5,191
Water Drainage & Policy	301,949	(76,250)	225,699
DVA	8,189	(1,861)	6,328
Public Transport	204,727	(12,121)	192,606
Safe and Sustainable Travel/TPSLD	16,294	(4,115)	12,179
Corporate Services	31,732	(1,428)	30,304
Total Net Expenditure per SoCNE	856,486	(144,065)	712,421

	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

3. Other administration costs

	2018-19 £000	2017-18 £000
Staff Costs³:		
Wages and salaries	48,550	49,403
Social security costs	5,590	5,630
Other pension costs	11,711	11,618
Other staff costs	325	311
Total staff costs	66,176	66,962
Purchase of goods and services	7,350	7,526
Other operating expenditure:		
Rentals under operating leases – land and buildings	27	42
Rentals under operating leases – other	76	71
Other expenditure	4,447	4,579
Less: Own work Capitalised	(1,978)	(1,823)
Total other operating expenditure	2,572	2,869
Non-cash items		
Depreciation, impairment charges and profit/loss on disposal of assets:		
Depreciation of property, plant and equipment	1,274	1,177
Amortisation of intangibles	120	321
Revaluation charge to Statement of Comprehensive Net Expenditure	(282)	-
Impairment of asset	45	38
(Profit)/Loss on disposal of assets (non-cash)	-	2
Total Depreciation, impairment charges and profit/loss on disposal of assets	1,157	1,538
Increase/Decrease in Provisions	1,784	640
Notional charges:		
Notional accommodation	5,127	6,404
Notional Land and Property Services	-	-
NIAO auditors' remuneration	114	114
Other notional costs	8,693	8,245
Total notional charges	13,934	14,763
Total Administration Costs	92,973	94,298

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

4. Programme costs

	2018-19 £000	2017-18 £000
Grants:		
Current grants and subsidies	399,396	382,293
Capital grants and subsidies	120,547	88,847
Total grants	519,943	471,140
Staff Costs⁴:		
Wages and salaries	9,891	10,399
Social security costs	1,033	1,060
Other pension costs	2,241	2,248
Other staff costs	2	-
Total staff costs	13,167	13,707
Purchase of goods and services	90,082	89,019
Other operating expenditure:		
Rentals under operating leases – land and buildings	23	29
Rentals under operating leases – other	9	6
Exchange loss / (gain)	(437)	(229)
Other expenditure	1,922	1,919
Total other operating expenditure	1,517	1,725
Non-cash items		
Depreciation, impairment charges and profit/ loss on disposal of assets:		
Depreciation of property, plant and equipment	92,069	119,927
Amortisation of intangibles	3,845	3,116
Revaluation charge to Statement of Comprehensive Net Expenditure	1,440	(63)
Impairment of asset	84	343
(Profit)/loss on disposal of assets	(30)	3
Total Depreciation and impairment charges	97,408	123,326
Provision expense:		
Provided in year	1,467	6,201
Borrowing costs on provisions	(1)	5
Provision for bad debts	(65)	2,589
Total Provision expense	1,401	8,795

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

PPP expense:

PPP service charge	19,708	18,902
PPP interest on loan	20,287	20,816
Total other operating expenditure	39,995	39,718
Total Programme Costs	763,513	747,430

4.1 Total Operating Expenditure Reconciliation

	Administration Costs £000	Programme Costs £'000	2018-19 Total £000
Grants	-	519,943	519,943
Staff costs	66,176	13,167	79,343
Purchase of goods and services	7,350	90,082	97,432
Other operating expenditure	2,572	1,517	4,089
Depreciation, impairment charges and profit/loss on disposal of assets	1,157	97,408	98,565
Provision expense	1,784	1,401	3,185
Notional charges	13,934	-	13,934
PPP expense	-	39,995	39,995
Total	92,973	763,513	856,486

	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
Finance expense	-	39,718	39,718
Total	94,298	747,430	841,728

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

	2018-19 £000	2017-18 £000
Non-staff administration costs (see Note 3)	16,875	16,941
Programme costs – (see Note 4)	98,809	132,121
Non cash transfer of land from DoF	-	(3,700)
Non cash capital grant / capital grant income	(25,618)	(23,390)
Non-cash transactions (Statement of Cash Flows)	90,066	121,972
Adjust for capital provisions (see note 18)	(3,746)	409
Exchange (loss)/gain	-	(1,018)
Non cash transfer of land from DoF	-	3,700
Non cash proceeds for capital grant /capital grant income	25,617	23,390
Profit / loss on disposal	30	(5)
Non-cash transactions (Statement of Assembly Supply)	111,967	148,448

5. Income

	2018-19 £000	2017-18 £000
	Total	Total
Revenue from Contracts with Customers		
Administration income		
Other	1,779	2,460
Programme income		
Car park receipts and penalty charge notices income	11,451	11,522
Recoverable works	3,469	3,037
Planning fees	264	158
Developers contributions	874	1,628
Other	6,879	6,836
	24,716	25,641
Other operating income		
Other capital grant income – Developer contributions	25,618	23,390
Loan interest from NI Water	49,789	48,365
Dividend income from NI Water	26,461	24,524
EU grant income – Accruing Resources income	11,530	15,259
EU grant income – CFER income	12	102
Public Dividend Capital – dividend receivable	1,687	1,473
Other Grant Income	4,078	6,827
Interest from DVA	174	115
	119,349	120,055
Total income	144,065	145,696

IFRS 15 has not resulted in any changes for the Department. Revenue is recognised when the Department has satisfied its performance obligations in respect of the contract with the customer. The 2017 - 18 income has been re-analysed due to the introduction of IFRS 15.

6. Property, plant and equipment

	Land & Buildings excluding Dwellings £000	Network Assets £000	Plant and Machinery £000	Furniture and Fittings £000	Payments on Account and Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2018	105,949	30,581,609	77,716	3,940	188,067	30,957,281
Opening balance adjustment*	87	(98,027)	-	-	116,455	18,515
Additions	(54)	144,905	8,312	699	88,528	242,390
Developer Contributions	5,453	20,163	-	-	-	25,616
Disposals	(68)	-	(5,979)	(40)	-	(6,087)
Transfers	(890)	780	-	2	-	(108)
Revaluations	(1,483)	1,279,436	912	20	(1,413)	1,277,472
Reclassification	(249)	-	-	-	(173)	(422)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(1,703)	-	3	-	-	(1,700)
Impairment	(14)	-	(283)	(741)	-	(1,038)
At 31 March 2019	107,028	31,928,866	80,681	3,880	391,464	32,511,919
Depreciation						
At 1 April 2018	4,378	3,794,854	55,936	2,195	-	3,857,363
Opening balance adjustment*	-	(2,999)	-	3	-	(2,996)
Charged in year	1,505	87,932	3,243	663	-	93,343
Disposals	(48)	-	(5,777)	(36)	-	(5,861)
Transfers	(45)	-	-	-	-	(45)
Revaluations	(3,367)	31,759	1,129	12	-	29,533
Reclassification	-	-	-	-	-	-
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(555)	-	13	-	-	(542)
Reversal diminution	45	-	(224)	(730)	-	(909)
Revaluation						
At 31 March 2019	1,913	3,911,546	54,320	2,107	-	3,969,886
Carrying Amount at 31 March 2019	105,115	28,017,320	26,361	1,773	391,464	28,542,033
Carrying Amount at 1 April 2018	101,571	26,786,755	21,780	1,745	188,067	27,099,918
Asset financing:						
Owned	105,115	27,674,979	26,361	1,773	391,464	28,199,692
On-statement of financial position of PFI contracts	-	342,341	-	-	-	342,341
Carrying Amount at 31 March 2019	105,115	28,017,320	26,361	1,773	391,464	28,542,033
Of the total:						
Core Department	105,115	28,017,320	26,361	1,773	391,464	28,542,033
Agencies	-	-	-	-	-	-
Carrying Amount at 31 March 2019	105,115	28,017,320	26,361	1,773	391,464	28,542,033

Property, plant and equipment

	Land & Buildings excluding Dwellings £000	Network Assets £000	Plant and Machinery £000	Furniture and Fittings £000	Payments on Account and Assets under Construction *** £000	Total £000
Cost or valuation						
At 1 April 2017	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)
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

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)	01 April 2018	Indicative Land Indices (LPS) & BCIS Index (LPS)
Buildings: Depots & Section offices	Land & Property Services (LPS)	01 April 2018	LPS Area Office Index
Networked Assets	Roads and Structures - Atkins (Asset management Consultants) and Professor MS Snaith FREng Flood Defences & Culverts in-house valuation	31 March 2016 31 March 2019	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 2019, using the ‘Baxter Index’ for construction in England, Wales and Northern Ireland and revalued unit rates for roads and structures. For 2018 - 19 a provisional index to 31 December 2018 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 Car Parks and Buildings was due as at 31 March 2018 but was carried out by Land and Property Services (LPS), a directorate within DoF, as at 1 April 2018 in accordance with RICS Valuation - Professional Standards.

Condition Surveys for the Road Network

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

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

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

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 was completed 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.

7. Intangible assets

	Externally Developed Software £000	Internally Developed Software £000	Software Licences £000	Licences, Trademarks and Artistic Originals £000	Payments on Account and Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2018	4,081	20,691	981	47	-	25,800
Additions	246	-	(39)	-	-	207
Disposals	-	-	-	-	-	-
Revaluations	46	108	14	2	-	170
Reclassification	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Impairment losses	-	-	(2)	-	-	(2)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	2	-	-	-	2
At 31 March 2019	4,373	20,801	954	49	-	26,177
Depreciation						
At 1 April 2018 (restated)	2,365	15,642	410	-	-	18,417
Charged in year	975	2,887	103	-	-	3,965
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Revaluation	23	50	8	-	-	81
Reversal diminution	-	-	(2)	-	-	(2)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	2	-	-	-	2
At 31 March 2019	3,363	18,581	519	-	-	22,463
Carrying Amount at 31 March 2019	1,010	2,220	435	49	-	3,714
Carrying Amount at 1 April 2018	1,716	5,049	571	47	-	7,383
Asset financing:						
Owned	1,010	2,220	435	49	-	3,714
Carrying Amount at 31 March 2019	1,010	2,220	435	49	-	3,714
Of the total:						
Core Department	1,010	2,220	435	49	-	3,714
Carrying Amount at 31 March 2019	1,010	2,220	435	49	-	3,714

Intangible assets

	Externally Developed Software £000	Internally Developed Software £000	Software Licences £000	Licences, Trademarks and Artistic Originals £000	Payments on Account and Assets under Construction £000	Total £000
Cost or valuation						
At 1 April 2017	3,553	18,573	1,082	47	1,454	24,709
Additions	182	-	121	-	50	353
Disposals	-	-	(2)	-	-	(2)
Revaluations	156	737	(13)	-	-	880
Reclassification	258	1,511	-	-	(1,504)	265
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
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
Core Department	1,716	5,049	571	47	-	7,383
Carrying Amount at 31 March 2018	1,716	5,049	571	47	-	7,383

8. Impairments

In 2018 - 19 an impairment expense of £128,770, 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 2019 £000	31 March 2018 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements	453,704	463,263

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 2019 £000	31 March 2018 £000
Obligations under operating leases comprise:		
Land & Buildings:		
Not later than one year	21	31
Later than one year and not later than five years	34	10
Later than five years	-	-
Total	55	41
Office Equipment:		
Not later than one year	1	3
Later than one year and not later than five years	-	1
Later than five years	-	-
Total	1	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 2019 £000	31 March 2018 £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	367,053	395,625
	509,912	538,484
Less interest element	(222,816)	(243,103)
Total	287,096	295,381

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 £19,707,616 (2017-18: £18,902,932) 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 2019 £000	31 March 2018 £000
Not later than one year	24,876	23,601
Later than one year and not later than five years	109,071	102,442
Later than five years	566,336	590,059
	700,283	716,102

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 £1,146.56 million (31 March 2018: £1,082.56 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 2019. 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 2019.

10. Financial guarantees

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

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

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

Subsidy payments to Northern Ireland Water

The Subsidy is paid under Article 213(3) of the Water and Sewerage Services (NI) Order 2006 which requires the Department for Infrastructure (DfI) to, "make grants to relevant undertakers of amounts appearing to the Department to be equal to discounts provided by undertakers in respect of any charges payable to them in, or in respect of, the initial period" [extended to 31 March 2017 by the Water and Sewerage Services Act (NI) 2016 and subsequently to 31 March 2022 by the Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2017]. During 2018 - 19 the Subsidy was £299.9m and for 2019 - 20 it is estimated to be £310.1m.

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:

	2018-19				2017-18
	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	-	-	(437)	(65)	(502)
Total	-	-	(437)	(65)	(502)

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 2018	671,690	150,000	937,553	5,789	1,765,032
Additions	-	-	64,000	-	64,000
Balance at 31 March 2019	671,690	150,000	1,001,553	5,789	1,829,032

Comprising:

	Loan Stock & Ordinary Shares £000	Loan on vesting £000	Long-term loan £000	PDC £000	Total £000
NI Water	671,690	150,000	996,561	-	1,818,251
DVA	-	-	4,992	5,789	10,781
Balance at 31 March 2019	671,690	150,000	1,001,553	5,789	1,829,032

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 2019 the company had issued further loan notes of £997million. 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 2018-19 year.

	Northern Ireland Water
	£000
Net assets at 1 April 2019	1,102,535
Turnover for year ended 31 March 2019	416,442
Surplus/profit for the year (before financing)	141,734

DVA

Under Article 5(2) of the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 1996, Public Dividend Capital (PDC) of £2,100,000 was created in the old Department of the Environment in order to facilitate commencement of operations of the Driver & Vehicle Testing Agency. On 1 April 2016 DVA transferred to the Department for Infrastructure as a result of the reorganisation of departments. It also became a full Trading Fund at that point under the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 2016. There were loans of £3,129,932 and additional PDC of £1,826,948 created to facilitate an extension of operations. During 2017 - 18 further loans of £1,862,500 and PDC of £1,862,500 were issued as a result of the transfer of assets from the department to DVA, bringing total PDC to £5,789,000 and loans to £4,992,000.

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 2019 DVA had Net Assets of £58.5m and a surplus for the year amounting to £8.7m.

13. Assets held for sale

	31 March 2019	31 March 2018
	£000	£000
At 1 April	1	285
Transfers in	112	793
Transfers out	-	-
Disposals	(489)	(1,418)
Impairment	-	-
Reclassifications	377	341
Total	1	1

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

14. Inventories

	31 March 2019 £000	31 March 2018 £000
Inventories	2,939	2,310
	2,939	2,310

15. Cash and cash equivalents

	Cash and bank balances £000
Balance at 1 April 2017	11,244
Net change in cash and cash equivalents	(3,684)
Balance at 31 March 2018	7,560
Net change in cash and cash equivalents	(10,313)
Balance at 31 March 2019	(2,753)

	31 March 2019 £'000	31 March 2018 £'000
The following balances at 31 March were held at:		
Commercial banks and cash in hand	(2,753)	7,560
Total	(2,753)	7,560

The net balance comprises:

	31 March 2019 £'000	31 March 2018 £'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)	67,631	63,747
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 for Supply	(18,265)	(4,068)
Amounts due from the Consolidated Fund not yet recognised	(63,267)	(63,267)
	(2,753)	7,560

The Department is a signatory on the following bank account:

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

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

16. Trade receivables and other current assets

	31 March 2019 £000	31 March 2018 £'000
Amounts falling due within one year:		
Trade receivables	6,131	5,889
Other receivables	3,644	4,604
Prepayments and accrued income	5,241	4,513
VAT	12,324	9,993
EU/TEN-T grants receivable - Accruing Resource	13,574	28,410
EU/TEN-T grants receivable - CFER	603	1,128
	41,517	54,537
Amounts due from the Consolidated Fund in respect of Supply	18,265	4,068
	59,782	58,605

EU/TEN-T grants receivable of £603k (2017 - 18: £1,128k) are to be surrendered to the Consolidated Fund when received.

Allowance for expected credit losses

Trade receivables are stated net of an allowance of £10m for estimated irrecoverable amounts. The following table shows the allowance for expected credit losses included in receivables in the table above at the period end:

	31 March 2019 £000	31 March 2018 £000
Balance at 1 April	10,840	8,819
Increase in provision	2,306	2,589
Write back of provision	(2,371)	-
Use of provision	(692)	(568)
Balance at 31 March	10,083	10,840

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 2019 £000	31 March 2018 £'000
Amounts falling due within one year:		
Bank overdraft (Note 15)	2,784	-
Trade payables	10,011	5,907
Accruals and deferred income	156,094	169,807
Other taxation and social security	-	-
Other payables	5,933	5,076
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	538	2,681
– Receivable	603	1,128
Consolidated Fund Extra Receipts received and receivable due to be paid to the Consolidated Fund – other		
– Received	67,094	61,067
– Receivable	-	1,364
	254,205	258,178
Amounts falling due after more than one year:		
Other payables	13,507	13,566
Capital retentions	4,804	3,486
Deferred payable	1,993	1,667
Imputed loan on PPP contracts	287,097	295,381
	307,401	314,100

*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.

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 2018	28,970	775	350	-	5,918	522	36,535
Provided in year	504	1	1	-	2,892	439	3,837
Provisions not required written back	(4,250)	-	-	-	(10)	(53)	(4,313)
Provisions utilised in year *	(1,183)	(281)	(69)	-	(4,021)	(301)	(5,855)
Borrowing costs (unwinding of discount)	-	(1)	-	-	-	(19)	(20)
Balance 31 March 2019	24,041	494	282	-	4,779	588	30,184

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	-	175	282	-	4,723	107	5,287
Later than one year and not later than five years	24,041	319	-	-	56	47	24,463
Later than five years	-	-	-	-	-	434	434
Balance 31 March 2019	24,041	494	282	-	4,779	588	30,184

*In addition to the above provisions there was £692k of bad debt provisions utilised.

	Land Acquisition for Scheme £000	Early Retirement Provisions £000	Legal Claims £000	Equal Pay £000	Public / Employer Liability £000	Other Costs £000	Total £000
Balance 1 April 2017 (restated)	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 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	-	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.

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 0.29% 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 2019 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 £1,954,658. A contingent liability exists for possible dismissal cases and compensation payments in relation to these cases are estimated at £291,114.

- There is also a contingent liability of £270,500 in relation to legal claims which the Department are disputing liability but could lead to a loss.
- There is a contingent liability of £12,000,000 in relation to Contractor Legal cases which are pending.
- There is a contingent liability of £3,994,000 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.
- On 17th June 2019 the Court of Appeal ruled in respect of Northern Ireland Industrial Tribunal's November 2018 decision on cases taken against the PSNI on backdated Holiday Pay. It is recognised that the final detail remains to be determined by the Industrial Tribunal who will be guided by the Court of Appeal's Judgement.

This is an extremely rare and complex case with a significant number of issues that still need to be resolved, including further legal advice with regards to the Judgement; the scope; timescales; process of appeals and engagement with Trade Unions. The legal issues arising from this judgement and the implications for the Northern Ireland Civil Service (NICS) and wider public sector will need further consideration. The Department of Finance (DoF) is leading a piece of work across the NICS, reviewing the implications for each of the major staffing groups across the public sector.

Until there is further clarity when this work has concluded, and based on the inherent uncertainties in the final decision that will be made, a reliable estimate cannot be provided at this stage.

20. Related-party transactions

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

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

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

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

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

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

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

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

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

21. Entities within the departmental boundary

There are no other entities within the Departmental boundary in 2018 - 19.

22. Events after the Reporting Period

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

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 28 June 2019.

Appendix A

Entities outside the Departmental Boundary

Executive Agency

Driver and Vehicle Agency

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

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

Arm's Length Bodies

Northern Ireland Water

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

The Department monitors NI Water's business performance and outlook and engages with the company Board, Chair and Executive Team on strategic and shareholder matters. In keeping with the company's Articles of Association, the Department is responsible for making appointments to the Board of NI Water. The current Chair of NI Water was appointed on 1 April 2015 for a period of four years and extended for a further year to 1 April 2020. We are also responsible for making loans and paying subsidy to the company and this expenditure is reflected within the Department's Annual Report and Accounts.

Northern Ireland Transport Holding Company

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

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

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

North South Implementation Body-Waterways Ireland

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

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

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

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.



Department for

Infrastructure

An Roinn

Bonneagair

www.infrastructure-ni.gov.uk

Department for Infrastructure

Finance Division

Clarence Court

10-18 Adelaide Street

Belfast

BT2 8GB