



Department for
Infrastructure

An Roinn

Bonneagair

www.infrastructure-ni.gov.uk

ANNUAL REPORT + ACCOUNTS

01/04/2019

- 31/03/2020



Department for Infrastructure
Annual Report and Accounts
for the year ended 31 March 2020

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

On
23rd October 2020



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Section 1

Performance Report



Overview

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

ACCOUNTING OFFICER'S STATEMENT

I am pleased to present the Department for Infrastructure's (DfI) Annual Report and Accounts for the year ended 31 March 2020.

Unlike most years, the end of the 2019-2020 reporting year looked very different from how it began. We started the year without an Executive or a Minister and were largely consumed with detailed planning for our exit from the EU, including the possibility of a no deal exit. We continued to operate in the very difficult situation that was the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018, taking decisions in the public interest where we could but recognising that it was far from ideal and no substitute for a properly functioning Executive and Assembly. We did this all in a difficult financial context with ongoing single year budgets continuing to stifle our ability to undertake any form of medium to long term planning to achieve better value for money.

However, in January, we were delighted to welcome our new Minister, Nichola Mallon MLA and support her in delivering the new Executive's priorities.

But we ended the year with the unprecedented COVID-19 outbreak being declared a public health emergency and a global pandemic.

Throughout this changing context we have continued to focus on the Department's role in connecting people safely; supporting opportunities; and creating sustainable living places. The work we do matters. It makes a huge difference to people and their wellbeing and contributes significantly to the Executive's aim of improving wellbeing for all by tackling disadvantage and driving economic growth. The delivery of projects and services that contribute to economic and societal wellbeing often rely on a collaborative effort between the Department and a range of partners. I would like to take this opportunity to highlight some of this year's key achievements.

The North-West Transport Hub opened its enhanced passenger facilities and platforms in October 2019. Planned and delivered by Translink, the Hub is a £27m investment, with part funding received from the EU's INTERREG VA Programme, managed by the Special EU Programmes Body. Additional funding was provided by the Department for Transport, Tourism and Sport in Ireland, as well as support from Derry City and Strabane District Council. The next phase of works, including the park and ride site, enhanced public realm and bus turning circle, is due to be completed by November 2020 and will mark the completion of the project.

The Department, Translink and NI Water provided important support to the 148th Open Golf played in July 2019, and this contributed significantly to the overall success of the event. The redevelopment of Portrush Train Station, funded by DfI and the Department for Communities, and delivered by Translink, was an integral part of the overall Traffic and Transport Plan, which ensured that visitors to the event and the wider area were able to travel safely and efficiently. The road network, the public water and sewerage services and our public transport were all able to operate near to capacity throughout the event thanks to the efforts of the staff in DfI, NI Water and Translink. During the year, Translink also ordered Northern Ireland's first three hydrogen buses. The £4m investment was supported by the government's Office for Low Emission Vehicles.

NI Water invested £151m in improving its services in 2019-20, including the completion of a new £5.3m service reservoir at Lough Fea, providing security of supply to customers of Pomeroy and Cookstown. On the wastewater side, NI Water completed a £5m project to upgrade major sewers within the Ormeau Avenue/Lower Ormeau Road, Dublin Road, Bruce Street, Sandy Row and Joy Street areas of Belfast. This was successful in the Royal Institution of Chartered Surveyors' Social Impact Awards – the only nationally recognised awards applauding the built environment's transformative contribution to society. NI Water also built a £3m treatment works at Ballintoy, improving the water quality in this holiday hotspot, and supporting the growth of leisure and tourism in the wider region.

The opening of the first phase of the £185m scheme to upgrade almost 15km of the A6 North Western Transport Corridor between Randalstown and Castledawson took place in September 2019. The completed section between Toome and Randalstown will help to reduce journey times for the 20,000 vehicles using the route each day.

The year also saw a number of achievements within the Driver and Vehicle Agency (DVA) including the launch of a photograph upload facility providing a one-step application to renew a driving licence online, an extension of the digital marking system used by driving examiners for car tests, so that it can now be used for additional categories of driving test, including category C heavy goods vehicles and development of the Commercial Licensing System. In November 2019 three members of staff from DVA won their category at the NICS Awards in Customer Service, Digital Services and the Inspirational Leadership award.

At the start of the year I appointed a new Diversity and Inclusion Champion. Together with a focus group made up of a cross-section of staff from across the Department, the Champion is helping to support further our diverse workforce and consider methods that will help to improve communication and awareness about diversity and inclusion amongst our dispersed workforce. The Minister and I were also delighted to build on this work by supporting International Women's Day in March. Rainbow lanyards have been provided for those staff who want them and the Department has become JAM Card friendly, with sufficient staff trained in how to provide extra support and better customer service to those who need it.

However, the year has also brought with it a number of governance challenges.

During the 2019-20 financial year, the term of the NI Transport Holding Company (NITHC) Board Chair expired and could not be renewed as at that time the Department had no power to extend his term under the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018. With the return of the NI Executive, Minister Mallon appointed Dr Mark Sweeney as Interim Chair on 12 February 2020 until such times as a public appointment competition for a Chair could be held.

As the Non-Executive Board Members' terms were due to expire on 1 January 2020, on 15 November 2019, in the absence of a Minister, the Secretary of State agreed to extend their terms of appointment until 30 September 2020 to allow for a public appointment competition to run. However, due to the impact of COVID-19, Minister Mallon suspended all Departmental public appointments processes in March 2020.

The procurement process to award a contract for the detailed design phase of York Street Interchange was halted in early 2017 when a Writ was served by an unsuccessful tenderer. The Court ruled against the Department and in October 2018 set aside the decision to award the contract. The Department appealed this decision, however in September 2019 the Appeal Court upheld the original judgment. A new procurement strategy is currently under consideration.

Following faults identified in relation to vehicle lifts in MOT Test Centres operated by the DVA, all lifts exhibiting signs of fatigue were suspended from 27 January 2020, which caused significant disruption to DVA's vehicle testing service. The Minister commissioned two separate independent reviews, first to investigate the circumstances that gave rise to the situation and resulted in the lifts being suspended from use and second, to help determine the next steps to return the MOT centres to full service again.

The DVA has developed a detailed action plan in response to these reviews and I am satisfied that it is comprehensive and capable, when fully implemented, of addressing the findings and recommendations from both reports.

Historic underinvestment, together with the current constrained public expenditure environment, means that both our water and waste water and transport networks face a backlog of maintenance. The direct consequences of this are that development will have to be curtailed in over one hundred areas across Northern Ireland due to inadequate wastewater infrastructure, claims on the road network have increased significantly and the continued delivery of our public transport system is seriously threatened.

Of course, these challenges now pale in comparison to our combined efforts to fight back against the coronavirus pandemic. The lockdown and social distancing measures have forced us to rethink how we conduct our business, with home working and video conferencing quickly becoming embedded. The DfI workforce has adapted well, right across the board, and I would like to place on record my thanks to all of my colleagues for their efforts in this regard. As we continue to adapt and work to mitigate the impact of the pandemic, I remain grateful to Departmental colleagues for their ongoing professionalism, pride and commitment to delivering the highest possible quality of public services, not only in these unprecedented times, but throughout the year.



KATRINA GODFREY
Accounting Officer

16 October 2020

NON-EXECUTIVE BOARD MEMBERS' REPORT

The year to 31 March 2020 has been extremely challenging for the Department. For the majority of the year the Department continued to operate without a NI Executive and the uncertainty around medium term funding continued. During this period the Department made decisions and reported under the guidelines of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 and the decisions taken were reviewed by the Board at every meeting. The NI Assembly and Executive resumed their functions in January 2020 and the department was delighted to welcome its new Minister, Nichola Mallon, to her role.

In January 2020 the ratification of the EU Withdrawal Agreement shifted the Department's focus from exit to transition preparation. The Brexit sub Committee of the NI Executive met and the DfI Minister was supported by the DfI Accounting Officer and the DfI Brexit Planning Team. The Department continues to have in place rigorously tested and resilient contingency plans during the transition period.

The early months of 2020 were dominated by the intensive efforts of all public servants to reduce the impact of the COVID-19 virus on the people of NI.

The Accounting Officer, supported by the senior team, has led the Department through these testing times; the three core groups within the Department performed well, despite uncertainties and challenges and the Non-Executive Board Members' (NEBM) confidence in the Board's operation remains strong.

Driver Vehicle Agency

During the year the DVA dealt with several major challenges. Upon identification of weaknesses in vehicle lifts at numerous testing centres, it was necessary to suspend all MOT testing for cars and light goods vehicles with immediate effect, thereby securing the health and safety of staff and customers. The Minister subsequently commissioned two reviews with the outcomes and recommendations being implemented.

Good progress in its Digital Transformation Programme has transformed the accessibility and efficiency of many aspects of the work of the Agency, from driving licence renewal to examiners digital testing. Their efforts were recognised in the achievement of a number of industry awards. Work on enhancing built infrastructure continues, thereby enabling compliance with environmental requirements for the increasing vehicle numbers on NI roads.

Major Projects

The Department for Infrastructure leads on three of the NI Executive flagship projects, namely the A5, the A6 and the Belfast Transport Hub. Further significant progress has been made on the A6 and on 12 September 2019 the section of the dual carriageway between Toome and Randalstown was officially opened; work on the section from Castledawson to Toome is well advanced, as is work on the Drumahoe to Dungiven section. Phase 1 of the new Northwest Multimodal Transport Hub was opened in October 2019 and work on phase 2 is progressing well.

Other major projects that moved forward during the year included the Belfast Transport Hub, Lurgan Area Track Renewal and the regional Planning IT system. Work is ongoing on the flagship A5 project, the York Street Interchange, Living with Water programme and the Belfast Tidal Flood Risk project. The Department welcomed the report of the NIAO in December 2019 in relation to Major Capital Projects and will seek to implement recommendations contained in the report.

The Department is justifiably proud of the significant contribution it made to the enormously successful holding of The Open in Royal Portrush in July 2019, via improvement schemes for the Portrush Train Station and for many of the roads that facilitated the 200,000 plus visitors.

Governance

During the year the Board carried out a thorough review of the Department's Corporate Governance Framework to ensure close alignment to the Corporate Governance in central government departments; Code of good practice NI. Two of the outworkings of the review were the reduction in the number of Board Committees to two, a reformed Major Projects Committee, chaired by Trevor Conway, NEBM and the Departmental Audit and Risk Assurance Committee, chaired by Mary O'Dwyer, NEBM.

The Department is cognisant of the 44 recommendations contained in the RHI report of March 2020 and will consider the relevance of the recommendations to its processes.

The Department has raised concerns in regard to the short to medium term funding risk of the NI Transport Holding Company and has been persistent in its efforts to seek a resolution.

As NEBMs we remain committed to monitoring and challenging the Department's performance in relation to objectives and strategic plans, including Departmental budgets. We are also committed to identifying and contributing to new initiatives and opportunities and continue to look forward to contributing to the excellent work achieved by the Department. We are grateful to the Accounting Officer and her executive team for their openness and leadership throughout the year.

PURPOSE AND ACTIVITIES

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

Who We Are

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

What We Do

Under the direction and control of the Minister for Infrastructure, Nichola Mallon MLA, the Department delivers essential services every day to those living in, working in and visiting Northern Ireland.

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

We maintain road and rail networks to enable daily travel and transport of goods. Safety is a top priority for us. This includes working to reduce road fatalities, developing safety campaigns,



maintenance and expansion of the existing network, and licensing of drivers and vehicles. We sponsor the NITHC, which is an Arm's Length Body (ALB) of the Department, and the parent company of the publicly owned bus and rail companies in the region, collectively known as Translink, which deliver over 80 million passenger journeys each year.

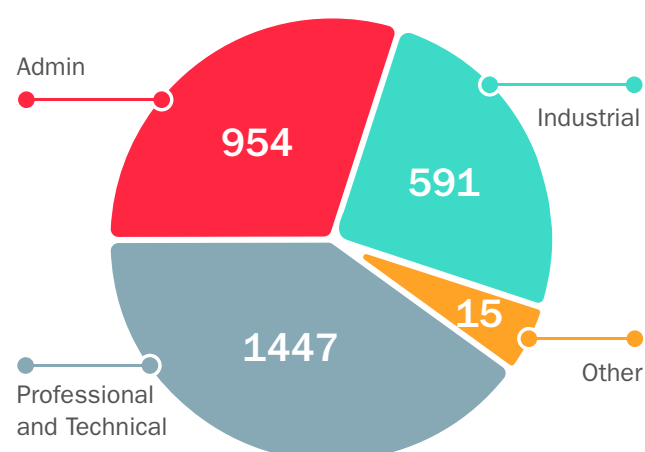
We also sponsor Northern Ireland Water, another ALB, which is the statutory water and sewerage undertaker, providing sewage management and 585 million litres of drinking water every day to 883,000 households and businesses. Having the right drinking water and sewerage infrastructure is essential for enabling development and realising future opportunities. The Department also sponsors a third ALB, the Drainage Council, which decides which designated watercourses and sea defences should be maintained at public expense to address the risk of flooding, protect existing developments, and enable future development.

The Department, along with the Department of Culture, Heritage and the Gaeltacht, also co-sponsors Waterways Ireland. Waterways Ireland is a North South Implementation Body responsible for the management, maintenance, development and restoration of navigable waterways throughout the island of Ireland.

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

The work of the Department is firmly embedded within 'New Decade, New Approach'. This document recognises that modern and sustainable water, drainage and transport infrastructure are the building blocks that need to be in place if the Executive's wider commitments on health, housing, the economy and climate change are to be met. This central role in growing the economy and well-being is also reflected within the draft Programme for Government and NICS Outcome Delivery Plan.

BREAKDOWN OF DFI STAFF AS AT 1 APRIL 2019 -
TOTAL 3007



The Department's Business Plan for 2019-20 can be found on our website (www.infrastructure-ni.gov.uk). Our progress in delivering against our business plan is outlined within the Performance Summary section of this Performance Report.

The Department's Budget 2019-20

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 2019-20 Opening Budget can be found on the Department of Finance website: www.finance-ni.gov.uk

Our People

We deliver our challenging work programme through teams of dedicated and committed people located throughout the region.

We also work in partnership with our sponsor bodies, private contractors, other departments and local government.

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

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



PLANNING, WATER AND DVA

JULIE THOMPSON
Deputy Secretary



ALISTAIR BEGGS
Director of
Strategic Planning



ANGUS KERR
Chief Planner and
Director of Regional
Planning



PAUL DUFFY
Chief Executive of
DVA



LINDA MACHUGH
Director of Water
and Drainage Policy



SIMON RICHARDSON
Director of the
Living With Water
Programme

Departmental Structure



NICHOLA MALLON MLA
Minister



KATRINA GODFREY
Permanent Secretary



TRANSPORT AND RESOURCES

JOHN MC GRATH
Deputy Secretary

JOHN MCNEILL
Director of Finance



TOM KENNEDY
Director of Digital and Information Services



TOM REID
Director of Public Transport



JACKIE ROBINSON
Director of Gateways & EU Relations



MICHAELA GLASS
Director of Corporate Policy and Planning



LIZ LOUGHRAN
Director of Transport Policy



CHRIS HUGHES
Director of Safe and Accessible Travel



ROADS AND RIVERS

ANDREW MURRAY
Deputy Secretary

CONOR LOUGHREY
Director of Network Services



DEIDRE MACKLE
Director of Engineering



JONATHAN MCKEE
Director of Rivers




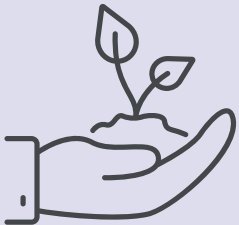






JOHN IRVINE
Director of Major Projects and Procurement



KEY ISSUES AND RISKS

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

CHALLENGE	ASSOCIATED ISSUES
Safeguarding our Infrastructure 	<ul style="list-style-type: none"> • The Department continues to operate in a very difficult financial environment • Underinvestment in maintaining our asset base • New development constraints due to waste water treatment works being at capacity • Significant investment required for public transport network • Funding for road network is insufficient to maintain at current state of repair
EU Exit 	<ul style="list-style-type: none"> • Significant time, effort and resource have gone into ensuring that appropriate legislation, preparations and contingency planning are in place.
Political Uncertainty 	<ul style="list-style-type: none"> • Prior to Restoration, decision making under the terms of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 • Implementation of 'New Decade, New Approach'
Climate Change 	<ul style="list-style-type: none"> • Transport second highest contributor to greenhouse gases • Additional investment required to develop sustainable drainage and protect infrastructure against flooding • Additional investment needed to encourage people out of their cars and onto alternative forms of transport, together with a move to more sustainable engines for our cars and buses

CHALLENGE	ASSOCIATED ISSUES
Resourcing 	<ul style="list-style-type: none">• Ageing workforce• Staff resilience and well-being
Emergency Planning – weather events, pandemic 	<ul style="list-style-type: none">• Lead Department in responding to weather events• Reorganisation of staff and resources, together with re-prioritisation of work areas, to deal with EU Exit and COVID-19 pandemic
Reservoirs 	<ul style="list-style-type: none">• Engagement with The Department of Agriculture, Environment and Rural Affairs around reservoir safety
Regulation 	<ul style="list-style-type: none">• Environmental compliance

PERFORMANCE SUMMARY



RESPONDED TO
790

Assembly Questions
Between 11 Jan and 31 March



54,325
RECEIVED
Emails

in the Department's main
correspondence mailbox

REPAIRED

2.27km
OF CULVERTS

6.12km
OF FLUVIAL FLOOD
DEFENCES



Maintained

**THREE HUNDRED &
SEVENTY-THREE**
rural open watercourses



RECEIVED
1,475

Ministerial
Letters & Invitations
Between 11 Jan and 31 March



FUNDED

22,874,776

CONCESSIONARY FARES
Includes Figures For School
Children and Reduced Adult Fares.

313,419

COMMUNITY TRANSPORT JOURNEYS

SUPPORTED

**RATHLIN FERRY
SERVICE TO CARRY
109,708 PASSENGERS
3,511 CARS**

PROCESSED

**forty-four
thousand
three
hundred
and fifty-
three**

Blue Badge
Applications



PROGRESSED
THREE

EXECUTIVE
FLAGSHIP
PROJECTS

BROUGHT

TWELVE
STRATEGIC
PLANNING
APPLICATIONS TO
A CONCLUSION

PROCESSED

96



notifications in relation
to council planning
applications

Budget Position

The Department was allocated funding of £384.4m in Resource and £469.0m in Capital, following the Secretary of State's 2019-20 Budget announcement on 28 February 2019.

While an increase on the 2018-19 opening Resource budget, the challenge to cope with inflationary increases and emerging pressures has been substantial. The allocation fell well short of meeting the Department's needs. The maintenance of the road network has been challenging given its continuing deterioration and increases in raw material costs. Similarly, the continued provision of public transport services, particularly maintenance of the railway infrastructure has been challenging.

Since 2013 the Department has relied on in-year funding to deliver core services including public transport and winter gritting. This continued to be the case for 2019 - 20.

In Capital, the 2019 - 20 allocation represented a reduction from the previous year. Almost 70% of the budget was taken up with committed or priority projects and this left insufficient budget to meet the Department's responsibilities as custodian of some £30bn of public assets; the water and sewerage network and the roads and public transport systems.

The recent Barton Review and NI Audit Office Report on Structural Maintenance both highlighted that for a number of years, funding for road maintenance has been below the level required to maintain the structural integrity of the road network. Therefore, the opening funding for roads structural maintenance was retained at the 2018 - 19 levels of £75m. From that allocation, £10m was set aside for a Roads Recovery Fund to address areas of immediate need across the rural road network.

The Capital budget funding allowed the Department to progress the flagship projects approved by the Executive including the A6 and the Belfast Transport Hub. Other capital projects on roads, public transport and the water and sewerage network were taken forward as funding allowed, including procurement of new buses and additional rail carriages which commenced in 2018 and which will increase capacity, improve customer journeys and enhance the take-up of public transport.

In-year funding of some £17m in Resource and £57m in Capital supplemented the opening budgets. Of this some £3m Resource and £16.5m Capital was provided to enable preparations for EU exit. The Resource funding allowed NI Water to maximise chemical stock levels in the event of a 'no-deal' and Capital funding was used to improve access to the border and ports (£8m), extend park and ride sites and improve motorway camera and communications equipment. Some £2.5m was offered to ports to assist in their Brexit preparations.

The majority of in year Resource funding was utilised to support public transport (£8m) and roads maintenance-including winter gritting. £40.5m of the in-year Capital funding received was also used for roads and street lighting maintenance (£23.3m), bus and rail safety (£10.0m), purchase of new buses (£2.0m) and infrastructure improvements on the water and sewerage system (£3.0m).

Programme For Government & NICS Outcomes Delivery Plan

The Department's strategic approach is rooted in and fully supports the wider vision set out in the draft Programme for Government (PfG). In the absence of an Executive, the NICS Outcomes Delivery Plan provided a cross-departmental basis for the coordinated delivery of effective public services. It brought together the headline actions that departments were taking forward to contribute towards the PfG overarching objective of "Improving wellbeing for all - by tackling disadvantage and driving economic growth"

In December 2019, the Plan was updated pending the return of Ministers and the production of a new Programme for Government. An updated Plan is available at: <https://www.executiveoffice-ni.gov.uk/publications/outcomes-delivery-plan-december-2019>



It continues to be structured around the framework of 12 outcomes of economic, environmental and social wellbeing agreed previously, and its purpose is to give renewed focus to the actions likely to achieve the biggest impact in the immediate future. Unlike the Outcomes Delivery Plan for 2018 - 19, the updated Plan does not cover a fixed period but, rather, the intention is to maintain it as a more responsive "live" document that can be amended or added to as priorities and actions change.





We have a more
equal society



We are an
innovative,
creative society,
where people
can fulfil their
potential

PROGRAMME FOR GOVERNMENT OUTCOMES FRAMEWORK

Improving wellbeing for all –
by tackling disadvantage and
driving economic growth.



We are a
shared, welcoming
and confident
society that
respects
diversity



We have a safe
community where we
respect the law,
and each other



We give our
children and young
people the best
start in life

We have created a
place where people
want to live and work,
to visit and invest

connect
le and
tunities
gh our
structure

Most actions led by the Department for Infrastructure relate to Outcome 11 (We connect people and opportunities through our infrastructure) but the Department also contributes to other outcomes, principally:

- **Outcome 2:**
We live and work sustainably – protecting the environment;
- **Outcome 3:**
We have a more equal society;
- **Outcome 4:**
We enjoy long, healthy, active lives; and,
- **Outcome 12:**
We give our children and young people the best start in life.

In the short term, our progress is measured against DfI specific actions contained within the Outcomes Delivery Plan. The Executive Office's arrangements for monitoring of departments' progress in delivering the Outcomes Delivery Plan actions, including through the development of a new dedicated PfG website, has been temporarily suspended for the duration of the COVID-19 emergency. In the longer term, we will measure our impact against the wider outcomes through a range of population indicators.

The current position and progress against each of the outcomes can be viewed online through the 'Outcomes Viewer' at:

<https://infogram.com/1p2xqrzq6gjlwc0nxnjyd3n1rtr1k3nre7>



The Department's main focus is on the following three indicators:

- a) Average journey time on key economic corridors;
- b) % of all journeys which are made by walking, cycling and public transport; and
- c) NI Water Overall Performance Assessment.

Under the 'New Decade, New Approach' document, published in early January 2020, the parties agreed that the incoming Executive would publish a new PfG. This had not occurred before the COVID-19 emergency began and so at the moment the current Outcomes Delivery Plan remains live.

Flagship Projects

The Department has responsibility for four 'flagship projects' which have been identified as a funding priority by the Executive. These are the delivery of Belfast Rapid Transit (BRT) as a public transport transformational project; the improvement of the A5; the improvement of the A6; and the development of the Belfast Transport Hub and Weaver's Cross at Great Victoria Street, Belfast.

Belfast Rapid Transit (BRT)

The Glider service completed its first 12 months of service in September 2019 and represented a step change in the delivery of public transport in Belfast. There has been a very positive public response since the introduction of the new Glider services and this is reflected in the increased passenger numbers. There have been over two million Glider passenger journeys compared to previous journeys taken along the route – an increase of over 30% – reducing car journeys by 1.67 million.

Using 40% more fuel efficient vehicles with vastly reduced nitrogen oxides and particulate emissions, the Glider's popularity contributed to Translink's record 84.5 million passenger journeys across Northern Ireland in 2018 - 19. This contribution has continued in the 2019 - 20 financial year with 84.2 million journeys over a comparable 52 - week period with the Glider playing a major role in delivering increased Metro patronage.

Providing the first cross-city service connecting east and west Belfast the Glider has also impacted positively on wellbeing by improving people's connectivity to services and jobs and by helping to boost social cohesion.

A5 Western Transport Corridor

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

Following a public consultation on an addendum to the Environmental Statement for the project concluding in May 2019, and in the absence of Ministers, officials judged that the best way of securing progress was to hold a further Public Inquiry. The Inquiry opened on 18 February 2020 and was held over seven days from 18 - 21 February and 11 - 13 March 2020.

A6 Transport Corridor

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

The first section of the 15km Randalstown to Castledawson scheme was formally opened on 12 September 2019 and the remainder had been on programme for completion in early 2021. Construction of the 25.5km Drumahoe to Dungiven section of the Derry to Dungiven dualling scheme commenced in September 2018 and had been expected to be completed by spring 2022. The COVID-19 restrictions may adversely impact the delivery of both schemes, however it is too early to determine to what extent.

The second section of the Derry to Dungiven dualling project is the 7.1km section from Drumahoe to A2 Caw Roundabout. It is too early to commit to a timescale for delivery of this scheme.

Belfast Transport Hub

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

In the third quarter of 2019 - 20, a contractor was appointed to take forward the 'enabling works' phase of the project which represents circa £20m of investment. This phase of the project will involve the clearance and remediation of the Belfast Transport Hub site to prepare for the main works contract to begin. Work was also initiated during the year to appoint a contractor for the 'main works' phase of the Hub and this process is ongoing.

City and Growth Deals

The Department has during 2019-20 played a lead role in the preparation and development of proposals for Northern Ireland to benefit from investment via City and Growth Deals, working collaboratively with other NI departments, UK government and local councils. It is taking forward the development of proposals for three major infrastructure projects as part of the Belfast Region City Deal: Belfast Rapid Transit 2; the Lagan Pedestrian and Cycle Bridge; and the Newry Southern Relief Road. It has worked closely with Derry City and Strabane District Council to shape proposals for its City Deal and will also play an active role in delivering the regeneration projects that form part of that Deal. The Department has also worked with The UK government and local councils on the early stages of new growth deals for the Mid South West region and Causeway Coast and Glens.

Living With Water Programme

Through the Living with Water Programme we have continued to progress development of a strategic drainage infrastructure plan (SDIP) for Belfast which will include upgrades to the sewerage systems, drainage networks, treatment works and where feasible blue / green infrastructure such as rivers and green spaces. NI Water currently estimates that around £1.25bn of investment will be needed in the wastewater and drainage infrastructure as part of the Belfast SDIP over the next 13 years with a further £200m of investment needed on other drainage infrastructure including rivers, roads and green spaces. NI Water submitted its PC21 Business Plan to Northern Ireland Authority for Utility Regulation on 31 January 2020 which will include the sewerage and investment requirements for the Belfast SDIP during the 2021 - 22 to 2027 - 28 period. The first significant milestone is development of the draft Belfast SDIP which is to be issued for public consultation later in 2020.

Funding of the Public Transport Network

The Transport Act (Northern Ireland) 2011 requires the Department to enter into a Public Service Agreement with NITHC/Translink for the delivery of the majority of public transport services within Northern Ireland. The Department funded Translink just over £71.2m in revenue support (including concessionary fare reimbursement of approximately £41m) as well as £98.6m in capital support in the delivery of our public transport network. Through the Public Service Agreement the Department is contractually committed to ensuring that, as a minimum, Translink is able to meet 'Going Concern' obligations. In light of this, the Department remains Translink's primary source of capital funding and one of its main sources of revenue income.

The annual subsidy provided to Translink to provide the public transport network has led to the organisation sustaining significant losses and depleting its cash reserves following a difficult budget settlement in 2015 - 16. While the Department received an enhanced baseline budget for public transport in 2020 - 21, there is still a gap in funding to deliver the network in a normal financial year which will need to be addressed. This has been further exacerbated by the impact of COVID - 19 which, as people abide by government advice not to travel, has led to a dramatic decrease in fare income for Translink. Recognising the statutory requirements placed on it, the Department has secured a commitment from the Executive that it will sustain Translink's financial viability both throughout the COVID-19 pandemic and as we seek to recover from the associated restrictions and is working to ensure that this commitment is translated into the funding allocations needed to preserve and build on our public transport network.

Maintenance of Infrastructure Assets

The Department is responsible for the upkeep of existing infrastructure valued in excess of £30bn. This requires a balance between maintaining and investing in existing infrastructure assets against investing in new projects and infrastructure. Independent advice suggests that an investment of some £400m - £500m per year is needed to safeguard our essential existing public assets, which is far more than the balance available once Executive priorities, regulatory and contractual commitments have been funded.

The Department's Capital Budget allocation for 2019 - 20 has however allowed the funding necessary to begin to deliver the Minister's priorities: to invest in our water and wastewater infrastructure, ensure a regionally balanced approach, enhance all-island connectivity and address the climate emergency.

Delivery of the Business Plan

Progress against the Department's business plan is reported to the Departmental Board on a six monthly basis. 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 financial and human resources monitoring reports.

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



Every Day Connecting People Safely

Action	Position as of 31 March 2020
Implement a new Compliance and Enforcement digital solution with roadside technology to improve the effectiveness and efficiency of enforcement operations by December 2019.	A replacement digital system has been introduced and is working effectively, which allows key intelligence information to issue remotely and securely to staff at the roadside.
Through the Commercial Bus Service Permit system, facilitate the provision of additional services that complement Translink's network.	There are currently 63 live permits across NI to complement the services provided by Translink.
Investing in the motorway and trunk road network so that at least 85% is in satisfactory structural condition i.e. a residual life of greater than five years.	The final outcome of this target showed that 93.4% is in satisfactory structural condition.

Creating Sustainable Living Places

Action	Position as of 31 March 2020
By summer 2019 commence the procurement of the new Planning IT system and award contract by January 2020.	The procurement was completed in March 2020 with a preferred bidder identified.
Improve environmental governance and compliance in the planning system.	Environmental Governance Work Programme endorsed by Departmental Board. An external Environmental Impact Assessment specialist, widely recognised as an expert in this area, has been contracted. Full engagement across all NI councils.

Supporting Opportunities

Action	Position as of 31 March 2020
Lead the delivery of Sustainable Water – a Long-term Water Strategy and prepare and agree the third annual report for the Executive.	The third annual report was completed on time, approved by the Strategy Project Board and DfI Board and sent to the Executive.
Progress the development of a draft Flood Risk Management Plan for the period 2021 - 27, including the completion of a consultation report on the published timetable and works programme for the review of Flood Risk Management Plans by 30 September 2019 and the review of existing flood hazard and flood risk maps by 22 December 2019.	Achieved with one minor delay – Consultation report completed in early October rather than by the end of September.
Maintain our drainage and flood defence infrastructure to protect people and property by repairing at least 2km of designated culverts and 6km of fluvial defences.	2.27km of designated culverts and 6.12km of fluvial defences were completed, which exceeded both targets.
Construct infrastructure to offer enhanced flood protection to 85 properties.	Target exceeded by 7%.

FINANCIAL REVIEW

Resources

As set out in the Statement of Assembly Supply, the Department was voted Resource Estimate Provision of £830,579,000 in the Spring Supplementary Estimates for 2019 - 20. Details of Resource Estimate and Outturn are given in Table 1 below (full details are provided in the Statement of Assembly Supply (SOAS) Page 69):

Table 1

	Outturn (£000)	Estimate (£000)	Variance (£000)
Request for Resources A	678,572	830,579	152,007

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 14 Depreciation and Impairment costs	129,270	<p>Lower than anticipated depreciation charges on the roads infrastructure, which is dependent upon the outcome of annual inspections.</p> <p>Rivers assets transferred to a new rivers infrastructure valuation model resulting in lower in year depreciation than forecast.</p> <p>Impairment charge was also lower than anticipated.</p>
Line 15 Provisions	18,557	A Provision for backdated holiday pay was lower than expected.
Line 17 Waterways Ireland	2,157	Some capital and resource spend in Waterways Ireland did not materialise as planned.

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 £29,666,000. The main reason for the variance is as follows:

Line	Variance Under/(Over) £000	Explanation
Changes in working capital	17,818	<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 less 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	2,866	Payments to creditors were less than anticipated.
Use of provisions	4,439	Land purchases were less than anticipated

Reconciliation of Resource expenditure between Estimates, Accounts and Budgets

	£000
Net Resource Outturn (Estimates)	678,572
Adjustments:	
Less Consolidated Fund Extra Receipts (CFERs) in the Statement of Comprehensive Net Expenditure	(292)
Exchange Loss/(Gain) on EU receivables- non budget, non estimate	(220)
Net Operating Costs (Accounts)	678,060
Less capital grants paid to finance capital expenditure	(132,637)
Capital grant income	48,648
Remove non budget exchange movement	220
Resource consumption of NI Water	231,617
Voted expenditure outside budget-NIW	(230,992)
Resource consumption of Waterways Ireland	4,768
Voted expenditure outside budget-Waterways Ireland	(3,121)
Remove inter-departmental notional charges	(13,886)
Resource Budget Outturn (Budget)	582,677
Of which:	
Departmental Expenditure Limits (DEL)	505,933
Annually Managed Expenditure (AME)	76,744

Long Term Expenditure Trends

The following tables and visual illustrations reflect the Departmental spend in the Statement of Assembly Supply (SOAS, page 69) as a three year trend analysis for capital and resource expenditure.

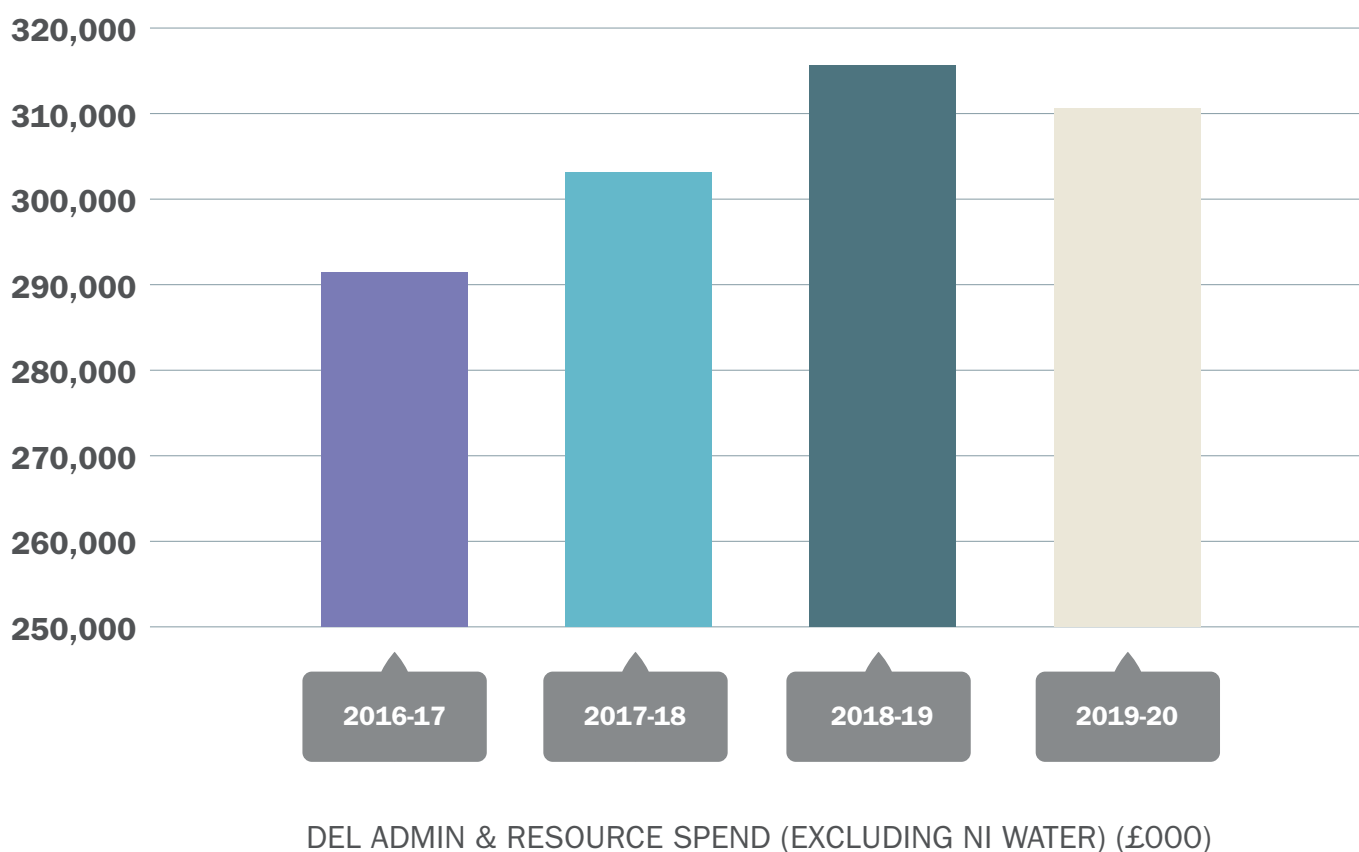
	2019-20 £000	2018-19 £000	2017-18 £000	2016-17 £000
DEL Admin and Resource Expenditure	310,609	315,628	303,108	291,414
DEL Capital grants	84,120	77,941	43,364	32,999
NON Budget	247,999	242,194	237,305	232,366
AME Admin and Resource	20,328	3,186	9,435	4,773
AME Depreciation and Impairment	15,516	73,666	103,456	206,957
Excess Accruing Resources	-	4,913	-	55,456
Total Per SOAS 1	678,572	717,528	696,668	823,965

of which

DEL	310,609	315,628	303,108	291,414
Depreciation & Impairment Charges	21,233	24,900	21,408	26,092
Finance Expense	19,722	20,287	20,816	21,310
Grant /Subsidies	86,716	95,841	86,863	76,069
Other Operating Expenditure	4,258	4,069	3,577	4,897
Purchase of Goods and Services	116,383	117,140	115,447	106,931
Staff Costs	86,418	79,342	80,669	81,401
Income	(24,121)	(25,951)	(25,672)	(25,286)
DEL Capital	84,120	77,941	43,364	32,999
Grants	120,220	119,592	88,846	84,261
Income	(36,100)	(41,651)	(45,482)	(51,262)
AME	35,844	76,852	112,891	211,730
Depreciation and impairment costs	15,516	73,666	103,456	206,957
Provisions	20,328	3,186	9,435	4,773
Non budget	247,999	242,194	237,305	232,366
Grants/subsidies	313,657	304,510	295,431	288,426
Income	(79,544)	(76,250)	(72,889)	(70,350)
Notional costs	13,886	13,934	14,763	14,290
Excess Accruing Resources	-	4,913	-	55,456
Total Per SOAS 1	678,572	717,528	696,668	823,965

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

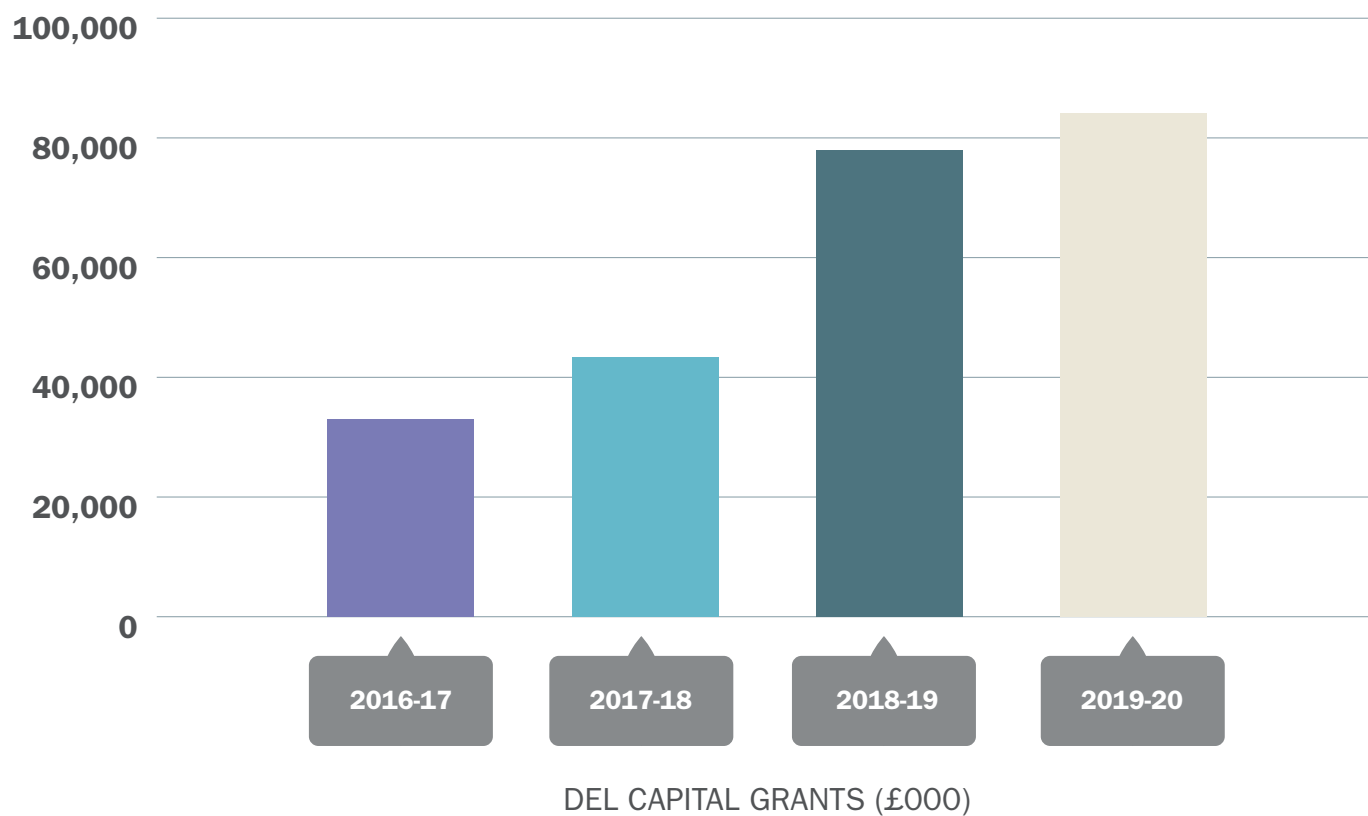
	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
Departmental DEL Admin & Resource expenditure (excludes NIW)	291,414	303,108	315,628	310,609



The decrease of £5m in the DEL Admin and Resource expenditure mainly relates to a decrease in grants/subsidies to Translink and a decrease in depreciation charges offset by an increase in staff costs due to employer pension rates increasing.

Departmental Capital DEL grants (net of capital grant income)

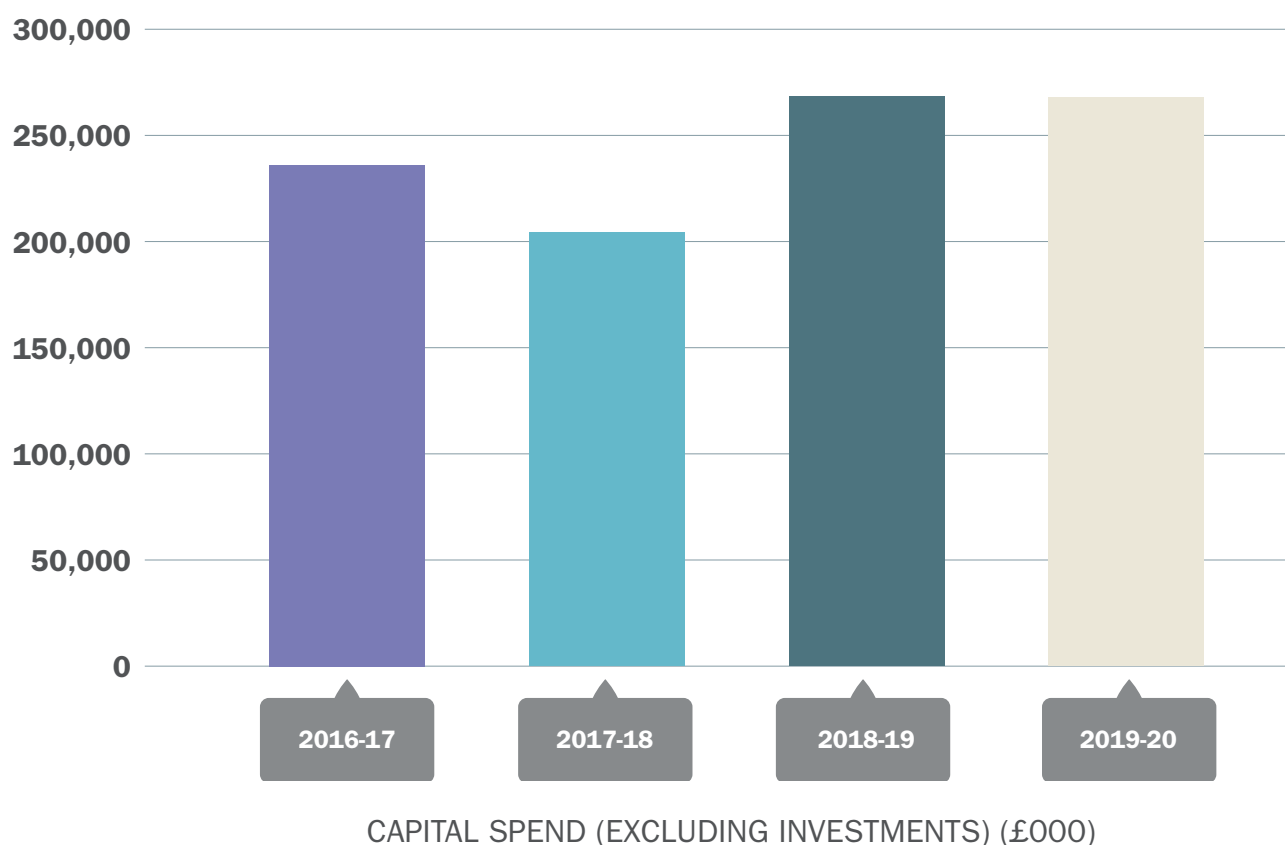
	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
Departmental Capital DEL grants (net of capital grant income)	32,999	43,364	77,941	84,120



The increase in capital grants (net of income) reflects a fall in capital grant income relating mainly to Developers Contributions.

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

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
Capital spend (excluding investments)	236,015	204,176	268,213	267,848



No significant variance. The Department's capital spend reflects the continuing progress on the NI Executive's Flagship A6 Trunk Road project which accounted for some £105m of the total capital spend. Capital spend also includes approximately £15 million for other Strategic Road Improvement schemes, £93 million for Structural Maintenance Capital (total Structural Maintenance expenditure was £106 million), £12 million on making Street Lighting safer and more efficient, £14 million for Local Transport & Safety Measures and Network Development schemes (includes some £3.5m on pedestrian and cycling measures to enhance active travel opportunities) and £7 million on Rivers Capital flood alleviation and drainage infrastructure projects.

Impact of COVID-19

As the year approached its end, Northern Ireland was in the grip of a major public health emergency, with all departments working to do everything they could to support the public health response, prevent the spread of the virus and help to save lives.

Following the standing up of the Civil Contingencies Group (NI) to coordinate the NI wide response to the coronavirus pandemic, the Department's Major Emergency Response Plan was activated on 18th March to ensure that we could respond effectively.

The resourcing of emergency planning structures to focus on our immediate response, together with the need to implement social distancing measures in line with The Health Protection (Coronavirus, Restrictions) (Northern Ireland) Regulations 2020, had an immediate impact across the Department and its ALBs. This impact included the necessary suspension of a number of services within the DVA and within the Department, particularly affecting the work of our Roads Engineering, Roads Network Services and Rivers Directorates. While immediate work was undertaken to increase the number of staff who were IT enabled and able to work from home, the early weeks of the pandemic saw many staff unable to work at home or on site.

The need for our available workforce to focus on the delivery of essential services and functions led to a reprioritisation of work in the last few weeks of March. This significantly impacted on many end year processes, including the preparation of the Annual Report and Accounts, and the delivery of planned maintenance and transport schemes. Coronavirus restrictions are likely to have ongoing implications throughout 2020-21.

LPS have advised that whilst it is still too early to determine the extent of impact on the local property market, it is almost certain that the decisions taken and provisions implemented by both the UK government and the NI Executive as a result of the response to COVID-19 will have an effect. It is highly likely that values across all property sectors will not be maintained at current levels and that a reduction in property values over the next few years is anticipated – but just how far values will fall and for how long is too early to say with any certainty at this stage.

The implementation of coronavirus restrictions also had a significant impact on our ALBs. The lockdown resulted in a dramatic reduction in Translink's fare income leading to a larger than predicted financial deficit for 2019 - 20. NI Water's non domestic income also dropped significantly creating an unavoidable deficit for the financial year.

The UK's Withdrawal from the EU

The contingency planning structures established throughout 2018-19 were also activated in March 2019 and again in October 2019 to deal with the possibility of a 'No Deal' EU Exit. Resourcing these structures on a permanent basis has involved the reorganisation and redeployment of staff, together with reprioritisation of work areas.

Throughout this period, and following the agreement of a transition period, resources across the Department have remained focused on planning for Exit. Some £3.2m was expended in resource allocations, mainly to NI Water, to maximise chemical stock levels. Capital funding of £14.0m was allocated to improve the condition of roads providing access to ports and park and ride sites

as well as enhanced motorway cameras and communications equipment. Considerable planning and policy work has been taken forward with colleagues across the UK and Ireland including the amendment of 45 pieces of legislation.

Internal programme management mechanisms have helped to create a strong and responsive communications apparatus capable of identifying issues at an early stage and allowing for appropriate plans and mitigation strategies to be developed.

The Department ran an application process in 2019 for funding from a Port EU Exit Infrastructure fund that provided additional funding, by way of grant, to help the Ports in their efforts to deal with the challenges an EU Exit would bring. The grant fund has allowed the scale and timing of preparations to be significantly enhanced. A total of £2.5m was awarded to three ports that successfully applied for funding.

Sustainability, Environmental, Social and Community Matters

Good stewardship of the environment is central to our work and we have continued to promote and embed sustainability principles and practices across our areas of responsibility and in the delivery of our projects.

One important aspect of our work in this area has been to encourage more people to choose sustainable transport options. We continue to work proactively with delivery partners to support further increases in the uptake of walking, cycling and public transport.

This is also supported within the workplace. A car share scheme operates in Clarence Court to reduce the number of cars travelling into the city centre. There are currently 41 car share passes and this facilitates 121 passengers. A Departmental ecar, with associated charging points, and a bike pool in Clarence Court, are available for staff to use to travel to meetings. Improved facilities for walkers and cyclists, including storage racks for up to 80 bicycles and dedicated showering, changing, drying and storage facilities, became fully operational this year. Our Minister, Nichola Mallon MLA, uses the ecar wherever possible for her official travel. Staff are also encouraged to travel to and from work using more sustainable modes.

We are committed to ‘greening’ our infrastructure and plan to plant 114,000 trees as part of the A6 Randalstown to Castledawson dual carriageway project and a further 150,000 trees in association with the A6 Derry to Dungiven scheme, both of which are currently under construction. The Department is keen to be involved, where possible, in the Million Trees for Belfast initiative and we are committed to the DAERA led cross departmental and local government Afforestation Forum which seeks to develop an enhanced afforestation programme.

The Department is also actively involved in the ‘Don’t Mow, Let It Grow’ initiative. This is a partnership with Causeway Coast and Glens Borough Council, DfI Roads and the Northern Ireland Environment Agency and is seeking to change the way we manage some of our public grasslands for the benefit of biodiversity. The project was initially funded through the Heritage Lottery Fund. It involves the management of 36 areas of roadside verges and Council park grasslands across the Causeway Coast and Glens Borough.

As a Department, we seek to minimise our impact on the environment and maximise our contribution to the local communities in which we operate. We continue to work to promote and embed sustainability principles and practices across our many areas of responsibility and in the delivery of our projects. This ethos is shared with our ALBs.

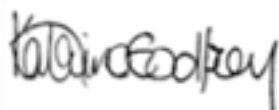
The Department has an ongoing programme to replace sodium discharge street lighting with energy efficient LED units. LED street lights offer better quality lighting and average energy savings of up to 60% as well as a reduction in maintenance costs and fewer outages on the network. Since 2015 we have replaced almost 83,000 lanterns, which is approximately 29% of our total stock and have reduced our energy consumption from 103 GWh to 86 GWh.

We operate recycling initiatives across our estate and have introduced a number of measures to reduce the amount of paper and other consumables used. In addition, where appropriate and practical, we issue Departmental reports and documents electronically.

In recognising the positive impact that volunteering can have, we arranged two corporate one-day volunteering events at the Newry Hospice and Foyle Hospice, with a total of 28 staff taking part. We also encouraged our business areas to organise volunteering challenges at a local level.

During 2019 - 20 we were actively involved in Business in the Community's Time to Read and Time to Count Initiatives - with 12 staff helping to improve literacy and numeracy skills in primary schools. We also sponsored a number of active travel demonstrations and organised 35 Health & Wellbeing events for staff.

In the last year we have also supported the 'Wear it Pink' campaign - to increase breast cancer awareness; blood donation sessions; Children In Need; Lifeboat Fund; Poppy Appeal; Charity for Civil Servants; and a number of specific fund raising events throughout the year in support of various charities (including Welcome, St Vincent de Paul, Simon Community, Children's Cancer Charity, Save the Children and Macmillan). It should be noted that, as a corporate entity, the Department made no charitable donations during the year.



KATRINA GODFREY
Accounting Officer

16 October 2020

Section 2

Accountability Report



CORPORATE GOVERNANCE REPORT

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

DIRECTORS' REPORT

An organisational chart of the Department's senior management team is provided on pages 11 and 12 of the Performance Report.

Departmental Accounting Boundary

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

Entities outside the Departmental Boundary

The following bodies are outside the Departmental resource accounting boundary:

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

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

Departmental Reporting Cycle

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

Personal Data Related Incidents

The Department had no data breaches reportable to the Information Commissioner's Office in 2019-20.

Prompt Payment of Suppliers

In 2019-20, the Department, including its Agency (DVA), paid 98% of invoices for goods or services within 30 days or by contract terms (compared to 98.3% in 2018-19). 95.1% were paid within 10 days (compared to 95.3% in 2018-19). Further details are available on the Department of Finance website.

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. The Committee embraced a participatory leadership approach in response to challenges such as the unprecedented COVID-19 pandemic, adopting an innovative and agile approach to policy development which included extensive engagement with both staff and external policy experts such as the Public Health Authority and the Health and Safety Executive for Northern Ireland.

This Committee is supported by one of the Department's Deputy Secretaries, Dr Andrew Murray, who has been appointed Health and Safety Champion for the Department and provides strategic health and safety leadership and direction.

Complaints

The Department is committed to providing a high quality service to the public and, as such, welcomes all feedback, both positive and negative, which is used to assist with the improvement of our services. In 2019-20, 146 formal complaints were received and processed under the Department's complaints procedure (compared to 129 in 2018-19).

During 2019-20 the Department established a Complaints Working Group to help raise the profile of complaints handling and ensure consistency of approach. The group consists of representatives from each business area and met for the first time on 4 October 2019. 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. The Department continues to adhere to its Customer Charter, which sets a standard for service delivery and for responding to correspondence.

In addition to the Department's own complaints procedures, the Department received 20 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 Senior Management in the weekly Freedom of Information report.

Auditors

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

The audit of the financial statements for 2019-20 resulted in a notional audit fee of £97,000 and is included in the administration costs in the Statement of Comprehensive Net Expenditure.

The Accounting Officer is content that there is no relevant audit information which the Department's auditors should be aware of. The Accounting Officer has taken all reasonable steps to ensure that both 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 remote contingent liabilities disclosed in other Assembly Accountability Disclosures.

Events after the reporting period

The Working Time (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020 came into operation on 24 April 2020 and allows those workers who are unable to take annual leave as result of the pandemic to carry over up to four weeks' annual leave into the next two leave years. Any exemption will apply only to circumstances where workers are unable to take their leave as a result of the outbreak, and carry over of annual leave will be limited to the next two leave years. The change in regulations may lead to an increase in the value of accrued annual leave carried over in the next two years by the Department. It is not possible for the Department to give a reasonable estimate of the impact at this time.

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

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

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

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

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that NIAO are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

GOVERNANCE STATEMENT

Introduction

As 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 direct report Deputy Secretaries provide me with assurance over the quality of information reported to the Departmental Board.

Structure of Governance

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

The key organisational structures which support the delivery of our outcomes and performance measures include the Departmental Board and the following sub-committees:

- Departmental Audit and Risk Assurance Committee (DARAC); and
- Major Projects Committee (MPC).

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

The Departmental Board

The Terms of Reference for the Departmental Board and each of its sub-committees are set out in the Corporate Governance Framework. Following an external review and revision of the Board Operating Model, the People, Finance and Brexit groups ceased to be sub-committees of the Board from 1 January 2020. The Model is in full compliance with the role of the Board as set out in 'Corporate governance in central government departments: Code of good practice NI' (2013).

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

Department. The Board is not the principal policy making body within the Department, as policy is determined by the Minister. However, the Board may discuss policy in the context of monitoring implementation, strategic planning and operational management. In the policy area, the Board operates in an advisory and consultative capacity, offering guidance when sought. The two 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. Their appointments are for a period of three years. The Board meets on a bi-monthly basis.

The findings of the external Board Effectiveness Review conducted by DoF Business Consultancy Services (BCS) over 2018-19 year were implemented in January 2020. It was deemed more effective to carry out the annual internal review later in the year to allow time for the changes to the Board to bed in and be more effectively assessed. The Cabinet Office Corporate Governance Departments Code of Practice (2011 and updated in 2017) is widely considered to be the most effective approach to evaluating Board Effectiveness and the questionnaire will be completed in line with this guidance.

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. The Board receives relevant, good quality papers on a timely basis. Data relating to financial information and performance is derived from NICS wide systems such as Account NI and HR Connect. The Departmental Board takes assurance on the quality of this data from the internal controls in place in the Department and the scrutiny of the Account NI and HR Connect systems by the Department of Finance's Internal Audit Service. Overall, the Board and its committees are adding value to the Department.

The composition of the Departmental Board, the Audit and Risk Assurance Committee and Major Projects Sub Committee during the year was as follows:

Meetings Attended during 2019-20 (attendance /number of meetings)			
Name of Board/Sub-Committee Member	Departmental Board Members (10)	Audit & Risk Assurance Committee (5)	Major Projects Sub-Committee (3)
Katrina Godfrey	10/10	N/A	3/3**
Andrew Murray	8/10	N/A	2/3
John McGrath	10/10	N/A	3/3
Julie Thompson	8/10	N/A	3/3
Michaela Glass	6/6	N/A	N/A

Meetings Attended during 2019-20 (attendance /number of meetings)			
Name of Board/Sub-Committee Member	Departmental Board Members (10)	Audit & Risk Assurance Committee (5)	Major Projects Sub-Committee (3)
Gary Boyd (TP) from 28/01/2020	2/2	N/A	1/1
John McNeill to 24/09/2019	5/5	N/A	2/2
Mary O'Dwyer (NEBM)	9/10	5/5	1/1*
Trevor Conway (NEBM)	10/10	5/5	1/1*
Brigitte Worth - to 12/02/2020	N/A	4/5	N/A
Lisa Rocks from 01/02/2020	N/A	1/1	N/A
David Polley from 01/02/2020	N/A	0/1	N/A

* Members of Major Project's Committee (MPC) from January 2020

** Member of MPC until January 2020, remains an attendee.

(TP) Temporarily Promoted

The Departmental Audit and Risk Assurance Committee is a committee of the Board with no executive powers. The role of the Audit and Risk Assurance Committee is to support the Board in its responsibilities for issues of risk control and governance. This includes reviewing the comprehensiveness of assurances in meeting the Board's and Principal Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances. During the year, two senior civil servants from outside the Department were appointed to the Audit and Risk Assurance Committee in recognition of the benefit of further scrutiny.

Throughout 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 2019-20 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 Major Projects Committee was established to discuss and consider issues associated with existing and proposed major projects being taken forward by the Department. This process will ensure that a strategic approach will be taken to decisions around capital projects and will ensure that the Board is fully aware of any major risks that would potentially impact on project delivery. The Committee is responsible and accountable at all times and in all decisions to the Departmental Board as a whole. Reflecting the role of the Committee in providing assurance to the Accounting Officer, the Committee is now chaired by one of the Department's Non-Executive Board Members.

The Board maintains a Register of Interests which is reviewed and updated on a regular basis. It is available through the Publications Scheme on the Department's website. There were no major conflicts of interest recorded for the Board or any of its sub-committees during 2019-20.

Arm's Length Bodies

I am the Principal Accounting Officer in relation to arm's length bodies that are accountable to the Department.

The 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.

The Department delivers water and 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. 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.

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 Andrews 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 Interim Chief Executive and Senior Managers. Its Chief Executive is the Accounting Officer for the Body.

Long Term Funding of Arm's Length Bodies (ALBs)

Although the annual subsidy to Translink to provide the public transport network within Northern Ireland was increased in-year in 2019-20 and by £20m following the 2020-21 Budget settlement, this was insufficient to fully meet its needs. Given the shortfall, the NITHC Board has signalled the need for assurance on the indicative funding levels for 2020-21 and its obligations in the service agreement with the Department for Infrastructure as part of the Directors' Going Concern statement for the company's 2019-20 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.

The Department is actively working with the Department of Finance to seek to redress the shortfall within Translink's finances. On this basis, the Department has issued a letter of comfort to NITHC for the 2020-21 financial year.

In 2019-20, 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 Utility Regulator was kept informed throughout the budget movements and company performance and outputs were monitored through the usual processes.

The NI Water Board has been advised of the continuing pressure on public expenditure, and it has considered the going concern position accordingly. However, the Department has monitored NI Water's performance outputs and had 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. However, continued underfunding is impacting on NI Water's ability to meet demands placed on it in some areas in terms of new waste connections, and this is a growing concern.

The suspension of all MOT testing for cars and light vehicles in DVA in January 2020, as a result of the faults/safety issues identified in some of the scissor lifts, caused serious disruption for customers and also resulted in the loss of income.

The impact of the Covid-19 pandemic on the Department, DVA and its Arm's Length Bodies has had a significant effect, particularly on expected income. This has become apparent in the final month of the 2019-20 financial year. The Department has developed interim measures to support its ALBs and has registered bids with the Department of Finance for consideration by the Executive to fund the lost income and associated costs which have arisen. The Executive has pledged to support public

Transport provision and has provided significant funding to meet the pressures experienced in the department and its ALBs.

Risk Management and Control

The Department's Risk 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. This approach allowed risks to be identified and managed at all levels and to be escalated as appropriate.

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

Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. The Departmental Audit and Risk Assurance Committee obtains assurances on the risk management and internal control framework. It is not responsible for the management of Corporate Risks – this role is undertaken by the Departmental Board.

Corporate Risks actively monitored and managed by the Departmental Board throughout 2019-20 included the following:

Risk Area	Brief description
Budget Resources	Risk of deterioration in key services (Roads/Water/Translink), infrastructure and public transport services as a result of insufficient funding.
Long Term Infrastructure Investment	Underinvestment in maintaining our asset base (Roads/water drainage/sewerage/rail and public transport/flood protection, infrastructure and network) means it is deteriorating and may lead to significant failure.
Planning Portal	Ensure functioning IT system that supports the planning system.
People	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 including an extreme weather event, a drought or a major incident.

Risk Area	Brief description
Environmental Compliance	Meeting our environmental responsibilities – The Departments Need to ensure it has the skills and resources to meet its environmental obligations and responsibilities
Reservoir Safety	Risk that gaps in the legislative framework mean the Department is unable to take adequate action to ensure that reservoirs are effectively managed and do not present a major flooding risk.
Cyber Attack/ Data Breach	Increased risk of cyber-attack to critical departmental systems and/or services disrupted sensitive or personal information could be lost.
Translink Funding	The Department may not be able to meet its statutory requirement to maintain Translink's going concern status and liquidity, and public transport provision could be compromised.
Ministerial Authority	The continued absence of an Executive, ministers and the Assembly could impact on decision making. This Risk ceased from January with the reformation of the Executive and Assembly.

Management Assurance

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 end year assurance statements 2019-20. The Department also received end-year Assurance Statements from the Chief Executives of DVA, NI Water, NITHC / Translink and Waterways Ireland.

Budget Position and Authority

The Assembly passed the Budget Act (Northern Ireland) 2020 in March 2020 which authorised the cash and use of resources for all departments for the 2019-20 year, based on the Executive's final expenditure plans for the year. The Budget Act (Northern Ireland) 2020 also authorised a Vote on Account to authorise departments' access to cash and use of resources for the early months of the 2020-21 financial year. While it would be normal for this to be followed by the 2020-21 Main Estimates and the associated Budget (No. 2) Bill before the summer recess, the COVID-19 emergency and the unprecedented level of allocations which the Executive has agreed in response, has necessitated that the Budget (No. 2) Bill is instead authorising a further Vote on Account to ensure departments have access to the cash and resources through to the end of October 2020, when the Main Estimates will be brought to the Assembly and the public expenditure position is more stable.

Fraud, Wrongdoing and Whistle-blowing

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. During 2019-20, the Department reported 65 cases of suspected fraud to the Comptroller & Auditor General.

The Comptroller and Auditor General (C&AG) for Northern Ireland has been given statutory powers to conduct data matching exercises for the purposes of prevention and detection of fraud. The Department and its Arm's Length Bodies continued to participate in the National Fraud Initiative counter fraud data matching exercise in 2019 - 20 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 Deceased records. 6812 matches were returned with 10% of these investigated – no fraud was identified.

Effectiveness of Internal Control

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the Internal Auditor.

For 2019-20, Internal Audit has provided an overall satisfactory audit opinion, in respect of the adequacy and effectiveness of the Department's framework of governance, risk management and control arrangements. This opinion is based mainly on the results of the internal audit activity carried out during 2019-20 and cumulative assurances derived from the internal audit activity during the previous three years 2016-2019. During 2019-20 two audit assignments received overall limited audit opinions – The Rathlin Ferry Contract and The Road to Zero Programme Compliance with GDPR. These reviews will be followed up by Internal Audit during 2020-21.

Significant issues were identified within the Transport Regulation Unit during 2017-18 and 2018-19 relating to public enquiries, the backlog of referrals, European Register of Road Transport Undertakings notifications and the receipt and resolution of Most Serious Infringements. Management continue to make progress towards the implementation of these recommendations. An internal audit review of this business area is planned for 2020-21.

The Department also relies on DoF's Internal Audit Branch to provide an inter-departmental report for the services it provides including Account NI, IT Assist and HR Connect shared services. The annual report has been provided with findings on each relevant business area and no significant issues were identified. Due to resource issues and the impact of COVID-19 some audits have been carried over into future years.

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 2019-20 accounts and included clear regularity opinions. The DVA audit is in the final stages of completion and the auditors have indicated that they will issue an unqualified opinion in relation to the 2019-20 accounts and a clear

regularity opinion. A Report, on the suspension of most vehicle testing services at MOT centres due to faults identified in the scissor lifts, will accompany the audit opinion for DVA.

The Internal Audit for DVA has provided an overall “limited” annual audit opinion. The results of the Internal Audit Plan 2019-20 and cumulative assurances derived from Internal Audit activity during the previous three years indicated a satisfactory framework of governance, risk management and control. However on 27 January 2020, all MOT testing for cars and light vehicles was suspended with immediate effect following fault/safety issues being identified in 48 of 55 vehicle scissor lifts. Internal Audit completed an investigation and while they concluded it was reasonable for DVA to place reliance on MAHA’s inspection reports and recommendations on repairs, a number of wider control weaknesses were raised. The suspension of all MOT testing for cars and light vehicles, as well as causing serious disruption for customers, resulted in the loss of income and meant that DVA did not achieve the Key Performance Target “conduct over one million annual road worthiness vehicle tests”.

The NIAO identified a number of payroll issues during the audit of the Waterways Ireland 2018 accounts and made recommendations for improvements which have been accepted by Waterways Ireland management. The 2019 audit is ongoing.

The Internal Audit units within each organisation have also provided 30 audit opinions, in overall terms, in respect of the adequacy and effectiveness of the risk management, control and governance processes.

The NI Audit Office acts as the external auditor for the Department, providing financial and value for money audits. In addition to the annual accounts audit, the Department was included in the NI Audit Office’s investigation of ‘Major Capital Projects’, published on 18 December 2019. This is now subject to consideration by the Public Accounts Committee. A number of hearings were held in March 2020. The hearing with Departmental officials, which was scheduled for 26 March, was postponed as a result of the Covid-19 pandemic. It subsequently took place on 8 July 2020.

In March 2019, the NIAO published a value for money report on the effectiveness of structural maintenance of our roads network. The Report recognised that for many years the funding for road maintenance has been below the level required to maintain the structural integrity of the road network and echo many of the findings of a separate independent review commissioned by the Department (the Barton Report) and published at the end of 2018.

The Department, along with the Department of Finance, has responded to the report in a memorandum of reply published and laid in the Assembly in May 2019, accepting the recommendations and setting out a number of actions to address the issues raised. These actions are being progressed with routine updates provided to the Departmental Audit & Risk Assurance Committee.”

Ministerial Directions

No Ministerial Directions were issued during 2019-20.

Significant Internal Control Issues

Waterways Ireland

In the absence of a DfI Minister until 11 January 2020, it was not possible to secure North South Ministerial Council (NSMC) approval of 2019 and 2020 Business Plans for Waterways Ireland. While arrangements have been made with DoF to ensure legality of payments in the absence of business plans, expenditure will be irregular until the NSMC approves business plans.

It is a legislative requirement under the North/South Co-operation (Implementation Bodies) (Northern Ireland) Order 1999 that any grants paid to bodies by a Northern Ireland Sponsor Department must be approved by DoF. Where such an approval is absent any expenditure is illegal and retrospective consent cannot confer legality. No grant payments were made in the 2019-20 financial year without DoF approval.

REMUNERATION AND STAFF REPORT

Remuneration Policy

The pay policy 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 2019-20 NI public sector pay policy (October 2019) in line with the overarching HMT parameters and in a manner consistent with the approach taken by the previous Finance Minister in 2016-17. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS staff, for 2019-20 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.

Ministers	Salary £		Benefits in kind (to nearest £100)		Pension Benefits * (to nearest £1000)		Total (to nearest £1000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Minister Nichola Mallon MLA (from 11 th January 2020)	8,478 (full year equivalent 38,000)	N/a	Nil	N/a	1 (full year equivalent 5)	N/a	9 (full year equivalent 43)	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.

Remuneration and pension entitlements – Officials

Single total figure of remuneration										
Officials	Salary £'000		Bonus Payments £'000		Benefits in kind (nearest £100)		Pension Benefits * (nearest £1000)		Total £'000	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Katrina Godfrey Permanent Secretary (from 6/09/2018)	115-120	65-70 (full year equivalent (115-120))	Nil	Nil	Nil	Nil	117	113	230-235	175-180 (full year equivalent (225-230))
John McGrath Deputy Secretary - Transport & Resource	100-105	100-105	Nil	Nil	Nil	Nil	17	5	120-125	105-110
Dr Andrew Murray Deputy Secretary - Roads and Rivers	95-100	90-95	Nil	Nil	Nil	Nil	42	30	140-145	120-125
Julie Thompson** Deputy Secretary - Planning (from 02/04/2019)	100-105	N/a	Nil	N/a	Nil	N/a	43	N/a	145-150	N/a
John Irvine Acting Deputy Secretary - Planning, Water and DVA (from 18/06/2018 to 31/03/2019)	N/a	70-75 (full year equivalent 85- 90)	N/a	Nil	N/a	Nil	N/a	127	N/a	195-200 (full year equivalent (215-220))
John McNeill Departmental Director of Finance	75-80	75-80	Nil	Nil	Nil	Nil	30	9	105-110	85-90

Single total figure of remuneration										
Officials	Salary £'000		Bonus Payments £'000		Benefits in kind (nearest £100)		Pension Benefits * (nearest £1000)		Total £'000	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Gary Boyd Acting Departmental Director of Finance (from 27/01/2020)	10-15 (full year equivalent 70-75)	N/a	Nil	N/a	Nil	N/a	8	N/a	20-25 (full year equivalent 80-85)	N/a
Michaela Glass** Director of Corporate Policy (from 09/09/2019)	30-35 (full year equivalent 70-75)	N/a	Nil	N/a	Nil	N/a	17	N/a	45-50 (full year equivalent - 90-95)	N/a
Chris Hughes** Director of Strategy, Communication and Change (until 06/09/2019)	30-35 (full year equivalent 75-80)	5-10 (full year equivalent 70-75)	Nil	Nil	Nil	Nil	24	2	55-60 (full year equivalent 100-105)	5-10 (full year equivalent 70-75)
Mary O'Dwyer Non-Executive Director (from 23/07/2018)	5-10	5-10	Nil	Nil	Nil	Nil	N/a	N/a	5-10	5-10
Trevor Conway Non-Executive Director (from 23/07/2018)	5-10	5-10	Nil	Nil	Nil	Nil	N/a	N/a	5-10	5-10

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

**Julie Thompson joined the Departmental board in April 2019, and Michaela Glass joined the Departmental board in September 2019. Chris Hughes was on the Departmental Board until September 2019.

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 from 26 January 2017 until an Executive was formed on 11 January 2020. Ministers were not in place during this time. From 11 January 2020, the Department for Infrastructure was under the direction and control of Minister Nichola Mallon MLA. Her salary and allowances were paid by the Northern Ireland Assembly and have been included as a notional cost in these accounts. These amounts do not include costs relating to the Minister's role as MLA/MP/MEP which are disclosed in the appropriate legislature accounts.

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

	2019-20	2018-19
Band of Highest Paid Director's Total Remuneration* (£000)	115-120	115-120
Median Total Remuneration * (£)	28,168	27,819
Ratio	4.2	4.2

**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 2019-20 was £115k-£120k (2018-19: £115k-£120k). This was 4.2 times (2018-19: 4.2) the median remuneration of the workforce, which was £28,168 (2018-19: £27,819).

In 2019-20 no (2018-19: nil) employees received remuneration in excess of the highest paid director.

Remuneration ranged from £16k to £103k (2018-19, £17k to £102k) excluding the highest paid director.

Pension Entitlements – Ministers

Ministers	Accrued pension at pension age as at 31/3/20 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/20	CETV at 31/3/19	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Minister Nichola Mallon (from 11 th January 2020)	0-5	0-2.5	2	N/A	1

There was no Minister in place during 2018-19.

Ministerial pensions

Pension benefits for Ministers are provided by the Assembly Members' Pension Scheme (Northern Ireland) 2016 (AMPS). In 2011 the Assembly passed the Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) establishing a Panel to make determinations in relation to the salaries, allowances and pensions payable to members of the Northern Ireland Assembly. In April 2016 the Independent Financial Review Panel issued The Assembly Members (Pensions) Determination (Northern Ireland) 2016 which introduced a Career Average Revalued Earnings scheme for new and existing members. The new scheme is named Assembly Members' Pension Scheme (Northern Ireland) 2016 and replaces the 2012 scheme. Existing members born on or before 1 April 1960 retain their Final Salary pension arrangements under transitional protection until 6 May 2021. The final decision on the McCloud judgement has yet to be agreed and the outcome may have an impact on Members affected by the Transitional Protection policy.

As Ministers are Members of the Legislative Assembly they also accrue an MLA's pension under the AMPS (details of which are not included in this report). Pension benefits for Ministers under transitional protection arrangements are provided on a "contribution factor" basis which takes account of service as a Minister. The contribution factor is the relationship between salary as a Minister and salary as a Member for each year of service as a Minister. Pension benefits as a Minister are based on the accrual rate (1/50th or 1/40th) multiplied by the cumulative contribution factors and the relevant final salary as a Member. Pension benefits for all other Ministers are provided on a career average (CARE) basis.

Benefits for Ministers are payable at the same time as MLAs' benefits become payable under the AMPS. Pensions are increased annually in line with changes in the Consumer Prices Index. Ministers pay contributions of either 9% or 12.5% of their Ministerial salary, depending on the accrual rate. There is also an employer contribution paid by the Consolidated Fund out of money appropriated by Act of Assembly for that purpose representing the balance of cost. This is currently 14.4% of the Ministerial salary.

The accrued pension quoted is the pension the Minister is entitled to receive when they reach normal pension age for their section of the Scheme. Ministers under transitional protection arrangements may retire at age 65. Ministers in the CARE scheme have a pension age aligned to their State Pension Age.

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total office holder service, not just their current appointment as a Minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) Regulations 1996 (as amended) and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

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

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

Officials	Accrued pension at pension age as at 31/3/20 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/20 £'000	CETV at 31/3/19 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (nearest £100)
Katrina Godfrey Permanent Secretary (from 06/09/2018)	45-50 plus a lump sum of 105-110	5-7.5 plus a lump sum of 7.5-10	906	774*	91	Nil
John McGrath Deputy Secretary – Transport and Resources	55-60 plus a lump sum of 165-170	0-2.5 plus a lump sum of 2.5-5	1,097	1,088	13	Nil
Dr Andrew Murray Deputy Secretary – Roads and Rivers	55-60 plus a lump sum of 80-85	0-2.5 plus a lump sum of 0-2.5	1,170	1,131*	41	Nil

Officials	Accrued pension at pension age as at 31/3/20 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/20 £'000	CETV at 31/3/19 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (nearest £100)
Julie Thompson Deputy Secretary – Planning, Water & DVA (from 02/04/2019)	40-45 plus a lump sum of 0-2.5	2.5-5 plus a lump sum of 0-2.5	676	619	24	Nil
John McNeill Departmental Director of Finance	30-35 plus a lump sum of 30-35	0-2.5 plus a lump sum of 0-2.5	693	631*	30	Nil
Gary Boyd Acting Departmental Director of Finance (from 27/01/2020)	45-50 plus a lump sum of 30-35	0-2.5 plus a lump sum of 0-2.5	783	774	5	Nil
Michaela Glass Director of Corporate Policy and Planning (from 09/09/2019)	25-30 plus a lump sum of 65-70	0-2.5 plus a lump sum of 0-2.5	498	468	13	Nil
Chris Hughes Director of Strategy, Communication and Change (until 06/09/2019)	25-30 plus a lump sum of 60-65	0-2.5 plus a lump sum of 0-2.5	536	513*	17	Nil

* As advised by CSP, 2018-19 CETV comparatives amendment was due to a revision on last year's CETV figure. The Guaranteed Minimum Pension (GMP) figure is no longer part of the calculation.

Northern Ireland Civil Service (NICS) Pension Schemes

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 moved 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 current accrual rate is 2.32%.

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

New entrants 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 accrual 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 2019 was 1.7% and HM Treasury has announced that public service pensions will be increased accordingly from April 2020.

Employee contribution rates for all members for the period covering 1 April 2020 – 31 March 2021 are as follows:

Scheme Year 1 April 2020 to 31 March 2021

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – All members
From	To	From 1 April 2020 to 31 March 2021
£0	£23,999.99	4.6%
£24,000.00	£55,499.99	5.45%
£55,500.00	£152,499.99	7.35%
£152,500.00 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 scheme 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 schemes can be found at the website www.finance-ni.gov.uk/civilservicepensions-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 2019-20.

STAFF REPORT

Staff Costs

The following is subject to audit

	2019-20 £000				2018-19 £000
	Permanently employed staff*	Others	Minister	Total	Total
Wages and salaries	69,375	1,115	9	70,499	68,577
Social security costs	6,769	-	1	6,770	6,623
Other pension costs	18,857	-	1	18,858	13,952
Other staff costs	318	-	-	318	327
Sub Total	95,319	1,115	11	96,445	89,479
Less recoveries in respect of outward secondments	-	-	-	-	-
Total net costs**	95,319	1,115	11	96,445	89,479

Analysed as:		
Administration costs -	72,155	66,176
Programme costs -	14,274	13,167
	86,429	79,343
Capitalised	10,016	10,136
	96,445	89,479

* There were no staff salary costs incurred in respect of the Department's Special Adviser in 2018-19. The 2019-20 figures include the cost of the Department's Special Adviser who was paid in the pay band £0 - £54,999.

** Of the total, £10,016k has been charged to capital. (2018-19 £10,136k)

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 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2021.

For 2019-20, employers' contributions of £18,783,079 were payable to the NICS pension arrangements (2018 - 19: £13,981,961) at one of three rates in the range 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% per annum 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 £38,767 (2018-19: £22,986) 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% (2018-19: 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 £1,218, 0.5% (2018-19: £776, 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.

7 people (2018-19: 9 people) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £6,157 (2018-19: £25,499).

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.

					2019-20 Number	2018-19 Number
Objective	Permanent staff	Others	Minister*	Special Adviser*	Total	Total
A	1,944	126	1	1	2,072	1,945
Staff engaged on capital projects	237	-	-	-	237	272
Total	2,181	126	1	1	2,309	2,217

Minister is notionally charged and not included on HR Reports

* The Minister was in post from 11th January 2020 and the Special Advisor was in post from January 2020.

Staff Composition

The actual staff numbers as at 31 March 2020 can be broken down as follows:

2019-20				2018-19		
	Male	Female	Total	Male	Female	Total
Minister	-	1	1	-	-	-
Senior Civil Service	12	8	20	11	4	15
Other Employees	1,710	557	2,267	1,696	531	2,227
Total	1,722	566	2,288	1,707	535	2,242

Reporting of compensation and exit packages for all staff

The following section is subject to audit

2019-20				2018-19		
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-	-	1	1
£10,000 - £25,000	-	3	3	-	3	3
£25,000 - £50,000	-	3	3	-	2	2
£50,000 - £100,000	-	1	1	-	1	1
£100,000 - £150,000	-	-	-	-	-	-
Total number of exit packages	-	7	7	-	7	7
Total resource £'000	-	210	210	-	179	179

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. The table above shows the total cost of exit packages agreed and accounted for in 2019-20 and 2018-19. £174k exit costs were paid in 2019-20, the year of departure (2018-19 £162k). 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 2019-20 year.

External Consultancy costs

£69,614 (2018-19: £142,291) was spent on external consultancy during 2019-20 year.

Senior Civil Service pay band

Actual staff numbers of Senior Civil Service by pay band for the Department as at 31st March 2020 are as follows:

Pay band – assessed each pay period		Actual staff numbers as at 31 March 2020
From	To	
£71,932	£82,464	16
£92,413	£105,447	3
£118,960	£139,070	1
£160,563	£188,272	-

Employees

Equal Opportunities

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

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

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

Employment, training and advancement of disabled persons

The Northern Ireland Civil Service applies 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. Recruitment and selection training, which includes raising awareness of unconscious bias, is offered to all members of NICS recruitment panels. Unconscious bias training is available to all staff. To maintain and promote a diverse and inclusive workforce, the NICS has policies in place to support alterations to the working environment required by disabled persons. The NICS has a wide and active network of Diversity champions and has appointed one of its' Deputy Secretaries as the NICS Diversity Lead for Disability. The NICS has a committed Disability Working Group and is a lead partner with Employers for Disability Northern Ireland. Through this collaboration the NICS is working towards creating a truly inclusive workplace where all colleagues feel valued. The NICS promotes a

number of schemes for disabled colleagues, including a Work Experience Scheme for People with Disabilities.

Diversity & Inclusion

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. A Diversity and Inclusion Champion has been appointed for the Department who, together with a focus group made up of a cross-section of staff from across the Department, will help to further support our diverse workforce and consider methods that will help to improve communication and awareness about diversity and inclusion amongst our dispersed workforce.

Other Employee Matters

The 2018-21 NICS People Strategy sets out the shared view of the people priorities across the NICS under the following themes:

- A well led NICS
- High performing NICS
- Outcomes-focused NICS
- An inclusive NICS in which diversity is truly – a great place to work

Staff Career Development

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

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).

Current pay scales are available online.

Employee Engagement Forum

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.

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.

Sickness Absence Data

NISRA statistics for NICS during 2019-20 indicate that the combined annual sickness absence outturn for industrial staff and non-industrial staff in the Department is 13.4 working days lost. This compares to an NICS 2018-19 outturn of 12.6 working days lost for the same period.

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

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

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

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

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

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

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

Summary of Resource Outturn 2019 - 20

								2019-20 £000	2018-19 £000
Outturn					Estimate				Outturn
Request for Resources	Note	Gross Expenditure	Accruing Resources	Net Total	Gross Expenditure	Accruing Resources	Net Total	Outturn vs Estimate, saving/ (excess) Net Total	Prior Year Net Total
A	SOAS1	818,338	(139,766)	678,572	980,257	(149,678)	830,579	152,007	717,528
Total resources	SOAS2	818,338	(139,766)	678,572	980,257	(149,678)	830,579	152,007	717,528
Non-operating Accruing Resources				1,044			1,044	-	649

Net cash requirement 2019 - 20

				2019-20 £000	2018-19 £000
	Note	Outturn	Estimate	Outturn vs Estimate, saving/ (excess)	Prior Year Outturn
Net cash requirement	SOAS3	924,237	953,903	29,666	947,864

Summary of income payable to the Consolidated Fund

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

Forecast 2019-20 £000				Outturn 2019-20 £000	
	Note	Income	Receipts	Income	Receipts
Total	SOAS4	215	<i>215</i>	588	<i>683</i>

Explanation of variances between Estimate and outturn are given in Note SOAS 1 '*Analysis of net resource outturn by function*' (page 71) and in the Performance Report (Financial Review) on (page 25).

The notes on pages 71 to 80 and on pages 91 to 136 form part of the financial statements.

SOAS 1 Outturn detail, by Estimate line

										2019-20 £000	2018-19 £000
	Outturn						Estimate		Outturn v Estimate (inc virements), saving / (excess)	Outturn	
	Admin	Other current	Grants	Gross resource expenditure	Accruing Resources	Net Total	Net Total	Virements *	Net Total inc. virements	Prior Year Outturn	
Request for Resources A:											
Departmental Expenditure in DEL											
1: Roads	63,824	140,051	-	203,875	(37,488)	166,387	164,589	1,798	166,387	-	159,310
2: Rivers	-	15,751	188	15,939	(226)	15,713	15,782	(64)	15,718	5	14,989
3: Road Safety Services	4,578	3,689	10	8,277	(2,242)	6,035	6,624	(330)	6,294	259	5,639
4: Driver and Vehicle Agency	-	7,859	1,574	9,433	(1,852)	7,581	7,025	556	7,581	-	6,328
5: Ferry Services, Air and Sea Ports	-	778	3,411	4,189	(1,113)	3,076	3,325	(101)	3,224	148	778
6: Railway Services	-	35,201	85,657	120,858	(10,427)	110,431	112,000	(1,569)	110,431	-	96,534
7: Road Passenger Services	5,699	28,838	39,004	73,541	(358)	73,183	70,513	2,670	73,183	-	99,730
8: Water Policy and Other Services	1,618	84	-	1,702	-	1,702	1,787	-	1,787	85	1,613
9: Inland Waterways	-	132	-	132	-	132	550	(66)	484	352	303
10: Planning and Policy	2,328	2,709	116	5,153	(547)	4,606	7,982	(3,275)	4,707	101	8,044
11: Reinvestment & Reform	-	743	-	743	(209)	534	468	66	534	-	462
12: EU Interreg	-	-	6,777	6,777	(5,759)	1,018	953	65	1,018	-	457
13: Central Policy and Other Services	4,122	210	-	4,332	(1)	4,331	4,383	-	4,383	52	4,295
Annually Managed Expenditure (AME)											
14: Depreciation and Impairment Costs	1,373	14,143	-	15,516	-	15,516	144,786	-	144,786	129,270	73,666
15: Provisions	1,402	18,925	-	20,327	-	20,327	38,884	-	38,884	18,557	3,186
Non-Budget											
16: Northern Ireland Water Limited	-	310,537	-	310,537	(79,544)	230,993	230,743	250	230,993	-	224,086
17: Waterways Ireland	-	-	3,121	3,121	-	3,121	5,278	-	5,278	2,157	4,174
18: Notional Charges	13,886	-	-	13,886	-	13,886	14,907	-	14,907	1,021	13,934
Resource Outturn	98,830	579,650	139,858	818,338	(139,766)	678,572	830,579	-	830,579	152,007	717,528

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

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

	Variance Under/(Over) £000	Explanation
RfR A	152,007	Lower than anticipated depreciation charges on the Roads infrastructure which is dependent upon the outcome of annual inspections. Also, Rivers assets transferred to a new rivers infrastructure valuation model resulting in lower in year depreciation than forecast. Impairment charge was also lower than anticipated. Within provisions a £10m provision for backdated holiday pay was lower than expected.

Detailed explanations of the variances between estimate and outturn are given in the performance report on page 25.

Key to Request for Resources

RfR A

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

SOAS 2 Reconciliation of Outturn to Net Operating Expenditure

					2019-20 £000	2018-19 £000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate	Prior Year Outturn	
Net Resource Outturn	SOAS1	678,572	830,579	152,007	717,528	
Non-supply income (CFERs)	SOAS4	(292)	(215)	77	(5,126)	
Non-voted expenditure		-	-	-	-	
Unrealised exchange losses/(gain) on Non Estimate related EU Receivables		(220)	-	220	-	
CFER exchange loss		-	-	-	19	
Net Operating Cost in Statement of Comprehensive Net Expenditure		678,060	830,364	152,304	712,421	

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

SOAS 3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	Note	Outturn £000	Estimate £000	Outturn vs Estimate, saving / (excess) £000
Resource Outturn	SOAS1	678,572	830,579	152,007
Capital				
Acquisition of property, plant and equipment		267,848	280,836	12,988
Investments		40,000	40,000	-
Non-operating Accruing Resources				
Net Book Value of asset disposals		(1,044)	(1,044)	-
Accruals to cash adjustments				
Depreciation and revaluation	3,4	(36,681)	(174,509)	(137,828)
New provisions and adjustments to previous provisions (Capital)	3,4	(233)	(3,500)	(3,267)
New provisions and adjustments to previous provisions (Revenue)	3,4	(20,328)	(38,884)	(18,556)
Other non-cash items	3,4	(14,106)	(14,907)	(801)
Changes in working capital other than cash	SOAS 3.1	(2,936)	14,882	17,818
Changes in payables falling due after more than one year	17	6,085	8,951	2,866
Use of provision	18	7,060	11,499	4,439
Net Cash Requirement		924,237	953,903	29,666

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

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

		2019-20 £000
	Note	
Increase/(decrease) in inventories	14	(416)
Increase/(decrease) in receivables	16	(10,003)
Adjustments to movements in receivables		
Movement in CFER related receivables	16	5,320
Movement in provision for bad debts	16	2,113
(Increase)/decrease in payables less than 1 year	17	5,529
Adjustments to movements in payables less than 1 year		
Increase/(decrease) in amounts due to the Consolidated Fund	17	(5,479)
Net increase/(decrease) in working capital other than cash recognised in Statement of Assembly Supply		(2,936)

SOAS 4 Analysis of income payable to the Consolidated Fund

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

	Note	Forecast 2019-20 £000		Outturn 2019-20 £000	
		Income	<i>Receipts</i>	Income	<i>Receipts</i>
Other operating income and receipts not classified as Accruing Resources		215	215	161	161
EU Grants income and receipts		-	-	131	226
Operating income and receipts – excess Accruing Resources		-	-	-	-
Subtotal		215	215	292	387
Exchange gain		-	-	-	-
Exchange loss – Capital		-	-	-	-
Non-operating income and receipts – excess Accruing Resources		-	-	296	296
Other non-operating income and receipts not classified as Accruing Resources		-	-	-	-
Other amounts collectable on behalf of the Consolidated Fund		-	-	-	-
EU capital grant income and receipts		-	-	-	-
Trans-European Networks (TENS) funding		-	-	-	-
Total income payable to the Consolidated Fund		215	215	588	683

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

		2019-20 £000	2018-19 £000
	Note		
Operating income	5	140,058	144,065
Gross income		140,058	144,065
Income authorised to be used as Accruing Resources	SOAS 1	(139,766)	(138,939)
Operating income payable to the Consolidated Fund	SOAS 4	292	5,126

SOAS 6 Non-operating income – Excess Accruing Resources

	2019-20 £000	2018-19 £000
Non-operating income – Excess Accruing Resources	296	64

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

(i) Losses and special payments

Losses Statement

	2019-20		2018-19	
	Cases	£000	Cases	£000
Stores and plant losses	2	*	3	2
Abandoned Claims	2,064	376	6,370	718
Fruitless Payments	1	1	-	-
Foreign exchange losses	8	791	11	95
Other cash losses	2	*	-	-
Administrative Write Offs	1	2	-	-
	2,078	1,170	6,384	815

*Losses value less than £1,000

Details of cases over £250,000

The Department incurred losses relating to penalty charge notice debt of £224,608 (2018-19: £599,690) 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

	2019-20	2018-19
Total number of special Payments	1,628	3,990
Total value of special Payments £000	5,091	4,372

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

	2019-20 £000			2018-19 £000
	Income	Cost	Surplus/(deficit)	Surplus/(deficit)
Car Parks	12,116	(13,513)	(1,397)	(382)
Strangford Ferry	1,233	(2,842)	(1,609)	(1,525)
Total	13,349	(16,355)	(3,006)	(1,907)

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 2019-20 is 100% recovery (2018-19: 100%) of the full cost of providing, updating and maintaining the services. The actual percentage recovery achieved was 90% (2018-19: 97%). Cost recovery has decreased for 2019-20 mainly due to reduced income and higher costs incurred.

The financial target for the ferry service in 2019-20 is 40% (2018-19: 40%) recovery of the full cost of providing, updating and maintaining the services. The actual percentage recovery achieved was 43.3% (2019-20: 45.9%). Cost recovery has slightly decreased for 2019-20 mainly due to increased pension costs and reduced income.

Remote Contingent Liabilities

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

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

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU. The future relationship between the EU and the UK will be determined by negotiations taking place during a transition period ending 31 December 2020.

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.

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

The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2020. The Department is actively working with the Department of Finance to seek to redress funding pressures within the Department and its Arms Length Bodies. Funding assurance letters have issued to both Translink and NI Water.

The Department has also agreed to provide additional financial support by way of increased subsidy payments to the Rathlin ferry operator in 2020-21, Rathlin Island Ferry Ltd (RIFL) to mitigate against the impacts of COVID 19.



Accounting Officer

16 October 2020

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 2020 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 2020 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 2020 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.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Department for Infrastructure's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Department for Infrastructure has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Department for Infrastructure's ability to continue to adopt the going concern basis.

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

21st October 2020

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 2020

		2019-20 £000	2018-19 £000
	Note		
Revenue from contracts with customers		(23,450)	(24,716)
Other operating income		(116,608)	(119,349)
Total Operating Income	5	(140,058)	(144,065)
Grants	4	520,595	519,943
Staff Costs	3,4	86,429	79,343
Purchase of goods and services	3,4	94,427	97,432
Other operating expenditure	3,4	4,040	4,089
Depreciation, impairment charges and profit/loss on disposal of assets	3,4	36,747	98,565
Provision expense	3,4	20,328	3,185
Notional charges	3	13,875	13,934
Total Operating Expenditure		776,441	816,491
Net Operating Expenditure		636,383	672,426
PPP Expense	4	41,677	39,995
Net Expenditure for the year		678,060	712,421
Other Comprehensive Net Expenditure			
Items that will not be reclassified to net operating cost:			
- Net (gain)/loss on revaluation of Property, Plant and Equipment (PPE)	6	(199,759)	(1,247,939)
- Net (gain)/loss on revaluation of intangibles	7	(78)	(88)
Items that may subsequently be reclassified to net operating costs:			
- Adjustment to Property, Plant and Equipment (PPE) opening balance	6	11,874	(21,511)
- Adjustment to Intangibles opening balance	7	-	-
Comprehensive Net Expenditure for the year		490,097	(557,117)

The notes on pages 91 to 136 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 2020

		31 March 2020 £000	31 March 2019 Restated £000	1 April 2018 Restated £000
	Note			
Non-current assets:				
Property, plant and equipment	6	28,959,529	28,542,033	27,099,918
Intangible assets	7	4,009	3,714	7,383
Financial assets	12	1,867,529	1,827,529	1,763,529
Total non-current assets		30,831,067	30,373,276	28,870,830
Current assets:				
Assets classified as held for sale	13	-	1	1
Inventories	14	2,523	2,939	2,310
Trade and other receivables	16	49,779	59,782	58,605
Cash and cash equivalents	15	11	31	7,560
Total current assets		52,313	62,753	68,476
Total assets		30,883,380	30,436,029	28,939,306
Current liabilities:				
Trade and other payables	17	(248,815)	(254,205)	(258,178)
Provisions	18	(7,442)	(5,287)	(6,590)
Total current liabilities		(256,257)	(259,492)	(264,768)
Non-current assets plus/less net current assets/liabilities		30,627,123	30,176,537	28,674,538
Non-current liabilities:				
Other payables	17	(301,316)	(307,401)	(314,100)
Provisions	18	(34,130)	(24,897)	(29,945)
Total non-current liabilities		(335,446)	(332,298)	(344,045)
Assets less liabilities		30,291,677	29,844,239	28,330,493
General fund		16,770,646	16,491,901	16,202,941
Revaluation reserve		13,521,031	13,352,338	12,127,552
Total taxpayers' equity		30,291,677	29,844,239	28,330,493



Accounting Officer

16 October 2020

The notes on pages 91 to 136 form part of the financial statements.

Statement of Cash Flows

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

For year ended 31 March 2020

		2019-20 £000	2018-19 £000
	Note		
Cash flows from operating activities			
Net operating expenditure		(678,060)	(712,421)
Adjustments for non-cash transactions	4.2	53,554	90,066
(Increase)/decrease in trade and other receivables	16	10,003	(1,179)
<i>less movements in receivables relating to items not passing through the Net Operating Expenditure</i>			
Increase/(decrease) in amounts due from Consolidated Fund	16	-	-
Increase in Consolidated fund debtor	16	(5,225)	14,197
Movement in provision for bad debt	16	(2,113)	757
Receivables due from other department re CFER non cash	16	-	-
(Increase)/decrease in inventories	14	416	(629)
Increase/(decrease) in trade and other payables	17	(11,614)	(13,456)
<i>less movements in payables relating to items not passing through the Net Operating Expenditure</i>			
(Increase)/decrease in amounts due to Consolidated Fund		5,479	(1,995)
Decrease/(increase) in amounts due to capital retentions/accruals		(1,086)	(4,121)
Decrease /(increase) in amounts due to imputed loan on PPP contracts		8,850	8,284
Bad debt provision	16	(363)	(692)
Use of other revenue provisions	18	(5,532)	(4,672)
Net cash outflow from operating activities		(625,691)	(625,861)

		2019-20 £000	2018-19 £000
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(248,782)	(243,198)
Purchase of intangible assets	7	(1,505)	(207)
Proceeds of disposal of property, plant and equipment	6	459	256
Proceeds of disposal of assets held for resale		815	489
Investment additions	12	(40,000)	(64,000)
Net cash outflow from investing activities		(289,013)	(306,660)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		911,197	929,599
From the Consolidated Fund (Supply) – prior year		18,265	4,068
On Balance Sheet PFI Contracts		(8,850)	(8,284)
Net financing		920,612	925,383
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		5,908	(7,138)
Payments of amounts due to the Consolidated Fund		(6,067)	(3,175)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(159)	(10,313)
Cash and cash equivalents at the beginning of the period	15	(2,753)	7,560
Cash and cash equivalents at the end of the period	15	(2,912)	(2,753)

The notes on pages 91 to 136 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 2020

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 1 April 2018 (Restated)		16,204,444	12,127,552	28,331,996
Adjustment to opening balance *			21,511	21,511
Prior period adjustment **	12.1	(1,503)	-	(1,503)
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 (Restated)		16,491,901	13,352,338	29,844,239

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 March 2019 (Restated)		16,491,901	13,352,338	29,844,239
Adjustment to Opening Balance *		-	(11,874)	(11,874)
Net gain/(loss) on revaluation of property, plant and equipment		-	199,759	199,759
Net gain/(loss) on revaluation of intangible assets		-	78	78
Net Assembly Funding - drawn down		911,197	-	911,197
Net Assembly Funding - deemed		-	-	-
Supply (payable)/receivable	16	13,040		13,040
CFERs - other		(292)	-	(292)
CFERs - Excess Accruing Resources		(296)	-	(296)
CFERs - EU capital funding		-	-	-
Comprehensive net expenditure for the year		(678,060)	-	(678,060)
Non-Cash Adjustments:				
Non-cash charges - notional cost	3	13,789	-	13,789
Non-cash charges - auditor's remuneration	3	97	-	97
Non-cash charges - foreign exchange CFER		-	-	-
Movement in Reserves:				
Transfers between reserves		19,270	(19,270)	-
Balance at 31 March 2020		16,770,646	13,521,031	30,291,677

*Revaluation Reserve

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

**General Fund

Prior year adjustment relates to the valuation of loans and PDC in DVA. See Note 12.1

The notes on pages 91 to 136 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

These financial statements have been prepared in accordance with the 2019-20 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 2020 for the 2018-19 year by Atkins, and the next revaluation will be carried out in 2021 for the 2019-20 period. The Rivers valuation is now undertaken by Atkins, having been incorporated into the Roads Authorities Asset Valuation System (RAAVS) which is used by Roads.

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

Car Parks and Buildings

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

Plant and Machinery

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

Information Technology & Furniture and Fittings

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

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

1.4 Depreciation

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

Depreciation is calculated as follows:

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

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

- Assets in the course of construction are not depreciated until they have been brought into use.
- Road network assets – depreciation is the value of the service potential replaced through the maintenance programme. As the value of the network is enhanced by carrying out maintenance, the element being replaced is removed from the infrastructure value. The value of the replaced part is approximated to the value of the enhanced part and is written off as depreciation. The depreciation charge is adjusted by the output of an annual condition survey.
- Rivers network assets are depreciated over their useful economic life being 120 years for below ground, 50 years for above ground and 20 years for hydrometric assets.

1.5 Assets adopted from developers

Assets adopted from developers 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 2020 applied to the untaken leave balance at 31 March 2020 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 (0.5)% in real terms. In past years, the Department settled some or all of its liability in advance by making a payment to the DoF Superannuation Vote. The amount provided is shown net of any such payments.

1.16 Leases

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

1.17 Public Private Partnership (PPP) Transactions

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

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

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

1.18 Grants and subsidies payable

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

1.19 Provisions

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

1.20 Contingent liabilities

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

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

1.21 Value Added Tax

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

1.22 Funding from Assembly Supply

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

1.23 Notional costs

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

1.24 Vesting of property

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

1.25 Estimation techniques

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

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

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

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

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

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 2019-20. 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. Due to the circumstances caused by Covid-19, The Financial Reporting Advisory Board (FRAB) have agreed to defer the implementation of IFRS 16 in Central Government until 1 April 2021, this represents a one year deferral from the initial effective date of 1 April 2020. 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 2021. 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 2022-23, the accounting boundary for departments will change and there will also be an impact on departments around the disclosure requirements under IFRS 12. ALBs apply IFRS in full and their consolidation boundary may change as a result of the new Standards.

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

1.27 Prior Period Adjustment

A prior year adjustment was necessary in respect of the valuation of the loans and PDC with DVA. This was due to a change in an accounting policy within DVA in relation to the treatment of capital grant income from the Department. The impact on the valuation of this prior year adjustment is shown at note 12.1.

2. Statement of Operating Expenditure by Operating Segment

During 2019-20 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 2019-20 the Department comprised 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 & Regional

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

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

Water Drainage & Policy

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

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 Division

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

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

Gateways & EU Relations

Responsible for EU exit preparations and future relations post exit. It is also responsible for gateways, future mobility / future technology in transport, rail safety, sustainable travel (including walking, cycling and inland waterways policy) and for oversight of the Department's north/south implementation body, Waterways Ireland.

Safe and Accessible Travel

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

Transport Policy

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

Corporate Services

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

			2019-20 £'000
	Gross Expenditure	Income	Net Expenditure
Roads Service	228,708	(38,819)	189,889
Transport Projects & Business Services	275	-	275
Rivers	11,051	(228)	10,823
Planning: Strategic & Regional	5,461	(739)	4,722
Water Drainage & Policy	312,340	(79,544)	232,796
DVA	9,433	(1,852)	7,581
Public Transport Division	189,947	(10,652)	179,295
Gateways & EU Relations; Transport Policy and Safe & Accessible Travel	7,122	(1,136)	5,986
Corporate Services	53,781	(7,088)	46,693
Total Net Expenditure per SoCNE	818,118	(140,058)	678,060

			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

3. Other administration costs

	2019-20 £000	2018-19 £000
Staff Costs¹:		
Wages and salaries	50,325	48,550
Social security costs	5,717	5,590
Other pension costs	15,795	11,711
Other staff costs	318	325
Total staff costs	72,155	66,176
Purchase of goods and services	7,302	7,350
Other operating expenditure:		
Rentals under operating leases – land and buildings	48	27
Rentals under operating leases – other	78	76
Other expenditure	4,388	4,447
Less: Own work Capitalised	(1,901)	(1,978)
Total other operating expenditure	2,613	2,572
Non-cash items		
Depreciation, impairment charges and profit/loss on disposal of assets:		
Depreciation of property, plant and equipment	1,278	1,274
Amortisation of intangibles	205	120
Revaluation charge to Statement of Comprehensive Net Expenditure	-	(282)
Impairment of asset	-	45
(Profit)/Loss on disposal of assets (non-cash)	-	-
Total Depreciation, impairment charges and profit/loss on disposal of assets	1,483	1,157
Increase/Decrease in Provisions	1,402	1,784
Notional charges:		
Notional accommodation	5,130	5,127
NIAO auditors' remuneration	97	114
Other notional costs	8,648	8,693
Total notional charges	13,875	13,934
Total Administration Costs	98,830	92,973

¹ Further analysis of staff costs is located in the Staff Report in the Accountability Section

4. Programme costs

	2019-20 £000	2018-19 £000
Grants:		
Current grants and subsidies	400,374	399,396
Capital grants and subsidies	120,221	120,547
Total grants	520,595	519,943
Staff Costs²:		
Wages and salaries	10,158	9,891
Social security costs	1,053	1,033
Other pension costs	3,063	2,241
Other staff costs	-	2
Total staff costs	14,274	13,167
Purchase of goods and services	87,125	90,082
Other operating expenditure:		
Rentals under operating leases – land and buildings	26	23
Rentals under operating leases – other	8	9
Exchange loss / (gain)	438	(437)
Other expenditure	955	1,922
Total other operating expenditure	1,427	1,517
Non-cash items		
Depreciation, impairment charges and profit/ loss on disposal of assets:		
Depreciation of property, plant and equipment	34,358	92,069
Amortisation of intangibles	1,083	3,845
Revaluation charge to Statement of Comprehensive Net Expenditure	(249)	1,440
Impairment of asset	6	84
(Profit)/loss on disposal of assets	66	(30)
Total Depreciation and impairment charges	35,264	97,408
Provision expense:		
Provided in year	16,445	1,467
Borrowing costs on provisions	5	(1)
Provision for bad debts	2,476	(65)
Total Provision expense	18,926	1,401

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

PPP expense:		
PPP service charge	21,955	19,708
PPP interest on loan	19,722	20,287
Total other operating expenditure	41,677	39,995
Total Programme Costs	719,288	763,513

4.1 Total Operating Expenditure Reconciliation

	Administration Costs £000	Programme Costs £'000	2019-20 Total £000
Grants	-	520,595	520,595
Staff costs	72,155	14,274	86,429
Purchase of goods and services	7,302	87,125	94,427
Other operating expenditure	2,613	1,427	4,040
Depreciation, impairment charges and profit/loss on disposal of assets	1,483	35,264	36,747
Provision expense	1,402	18,926	20,328
Notional charges	13,875	-	13,875
PPP expense	-	41,677	41,677
Total	98,830	719,288	818,118

	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
Finance expense	-	39,995	39,995
Total	92,973	763,513	856,486

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

	2019-20 £000	2018-19 £000
Staff costs	11	-
Non-staff administration costs (see Note 3)	16,760	16,875
Programme costs – (see Note 4)	54,190	98,809
Non cash transfer of land from DoF	-	-
Non cash capital grant / capital grant income	(17,407)	(25,618)
Non-cash transactions (Statement of Cash Flows)	53,554	90,066
Adjust for capital provisions (see note 18)	233	(3,746)
Exchange (loss)/gain	220	-
Non cash proceeds for capital grant /capital grant income	17,407	25,617
Profit / loss on disposal	(66)	30
Non-cash transactions (Statement of Assembly Supply)	71,348	111,967

5. Income

	2019-20 £000	2018-19 £000
Revenue from Contracts with Customers		
Administration income		
Other	1,557	1,779
Programme income		
Car park receipts and penalty charge notices income	10,875	11,451
Recoverable works	2,790	3,469
Planning fees	85	264
Developers contributions	1,219	874
Other	6,924	6,879
Sub-total	23,450	24,716
Other operating income		
Other capital grant income – Developer contributions	17,407	25,618
Loan interest from NI Water	51,272	49,789
Dividend income from NI Water	28,272	26,461
EU grant income – Accruing Resources income	6,723	11,530
EU grant income – CFER income	130	12
Public Dividend Capital – dividend receivable	1,717	1,687
Other Grant Income	10,952	4,078
Interest from DVA	135	174
Sub-total	116,608	119,349
Total income	140,058	144,065

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 2019	107,028	31,928,866	80,681	3,880	391,464	32,511,919
Opening balance adjustment*	-	(104,019)	-	-	-	(104,019)
Opening balance adjustment**	-	116,456			(116,456)	-
Additions	2,615	128,703	2,860	124	114,634	248,936
Developer Contributions	289	17,118	-	-	-	17,407
Disposals	(362)	-	(3,279)	-	-	(3,641)
Transfers	1,372	(1,372)	-	-	-	-
Revaluations	327	151,853	721	(42)	(8,865)	143,994
Reclassification	(820)	-	-	-	-	(820)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	140	-	(59)	-	-	81
At 31 March 2020	110,589	32,237,605	80,924	3,962	380,777	32,813,857
Depreciation						
At 1 April 2019	1,913	3,911,546	54,320	2,107	-	3,969,886
Opening balance adjustment*	-	(92,145)	-	-	-	(92,145)
Charged in year	1,998	27,837	5,302	499	-	35,636
Disposals	-	-	(3,116)	-	-	(3,116)
Revaluations	22	(56,407)	664	(44)	-	(55,765)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(110)	-	(58)	-	-	(168)
At 31 March 2020	3,823	3,790,831	57,112	2,562	-	3,854,328
Carrying Amount at 31 March 2020	106,766	28,446,774	23,812	1,400	380,777	28,959,529
Carrying Amount at 1 April 2019	105,115	28,017,320	26,361	1,773	391,464	28,542,033
Asset financing:						
Owned	106,766	28,104,433	23,812	1,400	380,777	28,617,188
On-statement of financial position of PFI contracts	-	342,341	-	-	-	342,341
Carrying Amount at 31 March 2020	106,766	28,446,774	23,812	1,400	380,777	28,959,529
Of the total:						
Core Department	106,766	28,446,774	23,812	1,400	380,777	28,959,529
Agencies	-	-	-	-	-	-
Carrying Amount at 31 March 2020	106,766	28,446,774	23,812	1,400	380,777	28,959,529

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
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	(555)	-	13	-	-	(542)
Reversal diminution	45	-	(224)	(730)	-	(909)
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

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	31 March 2016	Roads and Structures - Baxter Index (Provisional)
	Flood Defences & Culverts – Atkins (Asset Management Consultants)	31 March 2020	Flood Defences & Culverts – Atkins (Asset Management Consultants)
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 2020, using the ‘Baxter Index’ for construction in England, Wales and Northern Ireland and revalued unit rates for roads and structures. For 2019-20 a provisional index to 31 December 2019 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.

**Reclassification between Network Assets and Assets under the Course of Construction.

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 2019	4,373	20,801	954	49	-	26,177
Additions	1,479	78	(52)	-	-	1,505
Disposals	-	-	-	-	-	-
Revaluations	42	109	15	1	-	167
Reclassification	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Impairments	(3)	-	-	-	-	(3)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	-	-	-	-
At 31 March 2020	5,891	20,988	917	50	-	27,846
Depreciation						
At 1 April 2019	3,363	18,581	519	-	-	22,463
Charged in year	527	658	103	-	-	1,288
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-
Revaluation	8	72	9	-	-	89
Impairments	(3)	-	-	-	-	(3)
Revaluation/indexation charge to the Statement of Comprehensive Net Expenditure	-	-	-	-	-	-
At 31 March 2020	3,895	19,311	631	-	-	23,837
Carrying Amount at 31 March 2020	1,996	1,677	286	50	-	4,009
Carrying Amount at 1 April 2019	1,010	2,220	435	49	-	3,714
Asset financing:						
Owned	1,996	1,677	286	50	-	4,009
Carrying Amount at 31 March 2020	1,996	1,677	286	50	-	4,009
Of the total:						
Core Department	1,996	1,677	286	50	-	4,009
Carrying Amount at 31 March 2020	1,996	1,677	286	50	-	4,009

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	-	-	-	-	-	-
Impairments	-	-	(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
Impairments	-	-	(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
Core Department	1,010	2,220	435	49	-	3,714
Carrying Amount at 31 March 2019	1,010	2,220	435	49	-	3,714

8. Impairments

In 2019-20 an impairment expense of £6,300 has been charged to the Statement of Comprehensive Net Expenditure.

9. Capital and other commitments

9.1. Capital commitments

	31 March 2020 £000	31 March 2019 £000
Contracted capital commitments at 31 March not otherwise included in these financial statements	338,300	453,704

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 2020 £000	31 March 2019 £000
Obligations under operating leases comprise:		
Land & Buildings:		
Not later than one year	80	21
Later than one year and not later than five years	295	34
Later than five years	485	-
Total	860	55
Office Equipment:		
Not later than one year	-	1
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	-	1

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 2020 £000	31 March 2019 £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	338,481	367,053
	481,340	509,912
Less interest element	(203,093)	(222,816)
Total	278,247	287,096

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 £21,955,168 (2018-19: £19,707,616) 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 2020 £000	31 March 2019 £000
Not later than one year	26,282	24,876
Later than one year and not later than five years	115,968	109,071
Later than five years	540,820	566,336
	683,070	700,283

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 £1,186.56 million (31 March 2019: £1,146.56 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 2020. 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 2020.

10. Financial guarantees and Letters of Comfort

Deeds of Guarantee

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

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

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

Subsidy payments to Northern Ireland Water

The Subsidy is paid under Article 213(3) of the Water and Sewerage Services (NI) Order 2006 which requires the Department for Infrastructure (DfI) to, "make grants to relevant undertakers of amounts appearing to the Department to be equal to discounts provided by undertakers in respect of any charges payable to them in, or in respect of, the initial period" [extended to 31 March 2017 by the Water and Sewerage Services Act (NI) 2016 and subsequently to 31 March 2022 by the Grants to Water and Sewerage Undertakers Order (Northern Ireland) 2017]. During 2019-20 the Subsidy was £310.3m and for 2020-21 it is estimated to be £313.7m.

Future funding

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

The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2020. The Department is actively working with the Department of Finance to seek to redress funding pressures within the Department and its Arms Length Bodies. Funding assurance letters have issued to both Translink and NI Water.

The Department has also agreed to provide additional financial support by way of increased subsidy payments to the Rathlin ferry operator in 2020-21, Rathlin Island Ferry Ltd (RIFL) to mitigate against the impacts of COVID 19.

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:

					2019-20	2018-19
	From Interest £000	From Subsequent Measurement			Net gain/(loss) £000	Net gain/(loss) £000
		At Fair Value £000	Currency Translation £000	Provision for Bad Debt £000		
Loans and receivables (Gain)/loss	-	-	438	2,476	2,914	(502)
Total	-	-	438	2,476	2,914	(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 1 April 2018 (restated)	671,690	150,000	936,426	5,413	1,763,529
Additions	-	-	64,000	-	64,000
Balance at 31 March 2019 (restated)	671,690	150,000	1,000,426	5,413	1,827,529
Additions	-	-	40,000	-	40,000
Balance at 31 March 2020	671,690	150,000	1,040,426	5,413	1,867,529

Comprising:

	Loan Stock & Ordinary Shares £000	Loan on vesting £000	Long-term loan £000	PDC £000	Total £000
NI Water	671,690	150,000	1,036,561	-	1,858,251
DVA	-	-	3,865	5,413	9,278
Balance at 31 March 2020	671,690	150,000	1,040,426	5,413	1,867,529

All investments are held within the Department.

NI Water

On 1 April 2007 the responsibility for the provision of water and sewerage services transferred from Water Service, an executive agency of the Department, to Northern Ireland Water Limited, a private limited company wholly owned by the Department. As a consequence of the vesting in the company of the assets and liabilities of Water Service (value at 1 April 2007 £822 million), the Department was issued with £150 million of loan notes under the Subscription Agreement and maintained an equity interest of £672 million. In addition, the Subscription Agreement provides for the company to issue and the Department to subscribe in cash for additional loan notes. At the 31 March 2020 the company had issued further loan notes of £1,037million. 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 2019-20 year.

	Northern Ireland Water £000
Net assets at 31 March 2020	1,122,354
Turnover for year ended 31 March 2020	429,114
Surplus/profit for the year (before financing)	147,280

DVA

Under Article 5(2) of the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 1996, Public Dividend Capital (PDC) of £2,100,000 was created in the old Department of the Environment in order to facilitate commencement of operations of the Driver & Vehicle Testing Agency. On 1 April 2016 DVA transferred to the Department for Infrastructure as a result of the reorganisation of departments. It also became a full Trading Fund at that point under the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 2016. There were loans of £3,129,932 and additional PDC of £1,826,948 created to facilitate an extension of operations. During 2017-18 further loans of £1,862,500 and PDC of £1,862,500 were issued as a result of the transfer of assets from the department to DVA, bringing total PDC to £5,789,000 and loans to £4,992,000. In 2019-20 the value of the PDC was reduced by £375,875 to £5,413,573 and the value of the loans were reduced by £1,127,000 to £3,865,000. This was the impact of the prior year adjustment in relation to the deferral of the capital grant income in DVA.

At 31 March 2020 DVA had Net Assets of £48.9m and a deficit for the year amounting to £2.1m.

12.1 Prior year adjustment

A prior year adjustment was necessary in respect of the valuation of the loans and PDC with DVA. This was due to a change in an accounting policy within DVA in relation to the treatment of capital grants from the Department. There is an option in the FReM to defer the capital grant income and release it to the Statement of Comprehensive Net Expenditure in line with the depreciation of the capital assets. DVA have now availed of this option. The impact on the valuation of this prior year adjustment in DfI is as follows:

	Loans £000	PDC £000
Balance at 1 April 2018 (as previously stated)	937,553	5,789
Prior year adjustment	(1,127)	(376)
Balance at 1 April 2018 (restated)	936,426	5,413

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

13. Assets held for sale

	31 March 2020 £000	31 March 2019 £000
At 1 April	1	1
Transfers in	289	112
Transfers out	-	-
Disposals	(815)	(489)
Impairment	(6)	-
Reclassifications	531	377
Total	-	1

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

14. Inventories

	31 March 2020 £000	31 March 2019 £000
Inventories	2,523	2,939
	2,523	2,939

15. Cash and cash equivalents

Cash and bank balances	
	£000
Balance at 1 April 2018	7,560
Net change in cash and cash equivalents	(10,313)
Balance at 31 March 2019	(2,753)
Net change in cash and cash equivalents	(159)
Balance at 31 March 2020	(2,912)

	31 March 2020 £'000	31 March 2019 £'000
The following balances at 31 March were held at:		
Commercial banks and cash in hand	(2,912)	(2,753)
Total	(2,912)	(2,753)

The net balance comprises:

	31 March 2020 £'000	31 March 2019 £'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)	62,247	67,631
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	(13,040)	(18,265)
Amounts due from the Consolidated Fund not yet recognised	(63,267)	(63,267)
	(2,912)	(2,753)

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.

15.1 Reconciliation of liabilities arising from financing activities

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

		Cashflows	Non-Cash Changes				
	2019 £000	£000	Acquisition £000	Forex Movements £000	Fair Value Changes £000	Other Changes £000	2020 £000
PFI liabilities	(287,097)	(8,850)	-	-	-	-	(278,247)
Total liabilities from financing activities	(287,097)	(8,850)	-	-	-	-	(278,247)

16. Trade receivables and other current assets

	31 March 2020 £000	31 March 2019 £'000
Amounts falling due within one year:		
Trade receivables	4,488	6,131
Other receivables	5,062	3,644
Prepayments and accrued income	6,027	5,241
VAT	15,121	12,324
EU/TEN-T grants receivable - Accruing Resource	5,533	13,574
EU/TEN-T grants receivable - CFER	508	603
	36,739	41,517
Amounts due from the Consolidated Fund in respect of Supply	13,040	18,265
	49,779	59,782

EU/TEN-T grants receivable of £508k (2018-19: £603k) are to be surrendered to the Consolidated Fund when received.

Allowance for expected credit losses

Trade receivables are stated net of an allowance of £12m 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 2020 £000	31 March 2019 £000
Balance at 1 April	10,083	10,840
Increase in provision	2,476	2,306
Write back of provision	-	(2,371)
Use of provision	(363)	(692)
Balance at 31 March	12,196	10,083

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 2020 £'000	31 March 2019 £'000
Amounts falling due within one year:		
Bank overdraft (Note 15)	2,923	2,784
Trade payables	7,815	10,011
Accruals and deferred income	159,037	156,094
Other taxation and social security	-	-
Other payables	5,136	5,933
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	764	538
– Receivable	508	603
Consolidated Fund Extra Receipts received and receivable due to be paid to the Consolidated Fund – other		
– Received	61,484	67,094
– Receivable	-	-
	248,815	254,205
Amounts falling due after more than one year:		
Other payables	14,716	13,507
Capital retentions	6,227	4,804
Deferred payable	2,126	1,993
Imputed loan on PPP contracts	278,247	287,097
	301,316	307,401

*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	Public / Employer Liability £000	Other Costs £000	Total £000
Balance 1 April 2019	24,041	494	282	4,779	588	30,184
Provided in year	1,686	-	46	7,321	10,576	19,629
Provisions not required written back	(1,453)	(2)	(88)	(12)	(75)	(1,630)
Provisions utilised in year *	(1,165)	(217)	(9)	(5,102)	(204)	(6,697)
Borrowing costs (unwinding of discount)	-	5	-	-	81	86
Balance 31 March 2020	23,109	280	231	6,986	10,966	41,572

Analysis of expected timing of discounted flows

	Land Acquisition for Scheme £000	Early Retirement Provisions £000	Legal Claims £000	Public / Employer Liability £000	Other Costs £000	Total £000
Not later than one year	-	156	231	6,908	147	7,442
Later than one year and not later than five years	23,109	124	-	78	10,353	33,664
Later than five years	-	-	-	-	466	466
Balance 31 March 2020	23,109	280	231	6,986	10,966	41,572

*In addition to the above provisions there was £363k 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 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 Schemes £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.

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 (0.5)% 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.

The Department of Justice has power to set the personal injury discount rate for Northern Ireland in consultation with the Government Actuary and the Department of Finance. The rate is currently 2.5% however, the Department has consulted the statutory consultees on a proposed change to the rate to -1.75%. Once their responses are received, the Minister will consider these and make a final decision. Should the discount rate change from 2.5% to -1.75%, it is not possible to determine the impact on the Department.

In Northern Ireland the discount rate currently has to be set in accordance with legal principles set out by the House of Lords in *Wells v Wells*. However, the Department also proposes to take forward a consultation on changing how the rate is set. Both England, Wales and Scotland have already made

primary legislation which changed how their discount rates are set and have reviewed their rates under these new legislative frameworks.

A provision has been included relating to a large number of industrial tribunal cases lodged against the NICS in respect of holiday pay. This is an extremely rare and complex case. 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. The Court of Appeal (CoA) judgment from 17 June 2019 (PSNI v Agnew) determined that claims for Holiday Pay shortfall can be taken back to 1998. However, the PSNI has appealed the CoA judgment to the Supreme Court. Due to delays in relation to the Covid-19 situation, it is expected that this will not be heard until 2021 but could result in a decision which either reduces the period of liability or confirms the full period back to 1998. The 2019-20 Holiday Pay provision covers the period from 1998 to 31 March 2020. There are still some very significant elements of uncertainty around this estimate for a number of reasons:

1. The appeal to the Supreme Court (as detailed above);
2. Lack of accessible data for years previous to 2011 and for some groups of staff beyond 2011;
3. Ongoing negotiations with Trade Unions; and
4. The provision is gross (inclusive of Employee National Insurance and PAYE) and also includes an uplift of 13.8% for Employer National Insurance Contributions (NI). Taxation issues are still under discussion with HMRC so the position is subject to change.

19. Contingent liabilities disclosed under IAS 37

At March 2020 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 £7,328,202. A contingent liability exists for possible dismissal cases and compensation payments in relation to these cases are estimated at £162,574.

There is also a contingent liability of £115,800 in relation to legal claims which the Department are disputing liability but could lead to a loss.

There is a contingent liability of £13,000,000 in relation to Contractor Legal cases which are pending.

There is a contingent liability of £2,984,000 in relation to land for schemes.

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

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

The ongoing disruption caused by the COVID 19 pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2020. The Department is actively working with the Department of Finance to seek to redress funding pressures within the Department and its Arms Length Bodies. Funding assurance letters have issued to both Translink and NI Water.

The Department has also agreed to provide additional financial support by way of increased subsidy payments to the Rathlin ferry operator in 2020-21, Rathlin Island Ferry Ltd (RIFL) to mitigate against the impacts of COVID 19.

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 2019-20.

22. Events after the Reporting Period

The Working Time (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020 came into operation on 24 April 2020 and allows those workers who are unable to take annual leave as result of the pandemic to carry over up to four weeks' annual leave into the next two leave years. Any exemption will apply only to circumstances where workers are unable to take their leave as a result of the outbreak, and carry over of annual leave will be limited to the next two leave years. The change in regulations may lead to an increase in the value of accrued annual leave carried over in the next two years by the department. It is not possible for the department to give a reasonable estimate of the impact at this time.

Date of authorisation for issue

The Accounting Officer authorised these financial statements for issue on 21 October 2020.

Appendix A

Entities outside the Departmental Boundary

Executive Agency

Driver and Vehicle Agency

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

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

Arm's Length Bodies

Northern Ireland Water

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

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

Northern Ireland Transport Holding Company

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

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

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

North South Implementation Body-Waterways Ireland

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

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

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

In the absence of a DfI Minister until 11 January 2020, it was not possible to secure North South Ministerial Council (NSMC) approval of 2019 and 2020 Business Plans for Waterways Ireland.

However, arrangements have been made with DoF to ensure legality of payments in the absence of business plans.

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.



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